



H.P. THREAD

19th

ANNUAL REPORT 1999-2000

H. P. COTTON
TEXTILE MILLS LTD.



H.P. THREAD

H. P. Cotton Textile Mills Limited

19TH ANNUAL GENERAL MEETING

Day : Friday
Date : 29-09-2000
Time : 5.00 P.M.
Venue : 272, Model Town, Hisar-125005

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BOARD OF DIRECTORS :

Shri Arjun Das Agarwal, Chairman.
Shri Kashmiri Lal Agarwal, Managing Director.
Shri Ashok Kumar Agarwal, Executive Director.
Shri Kailash Kumar Agarwal, Director Incharge.
Shri Krishan Kumar Agarwal.
Shri Ram Gopal Patwari.
Lt. Gen. (Retd.) Depinder Singh.
Shri Anil Aggarwalla

REGISTERED AND ADMINISTRATIVE OFFICE:

272, Model Town, Hisar-125 005 (Haryana)

WORKS:

15 K.M. Stone (Near Mayar Village)
Delhi Road, Hisar-125 044 (HARYANA)

BRANCHES:

Delhi, Calcutta, Mumbai, Ahmedabad, Kanpur, Tirupur

BANKERS:

State Bank of Patiala
Oriental Bank of Commerce

AUDITORS:

M/s A.K. Associates, New Delhi	- Statutory Auditor.
M/s R. J. Goel & Co., New Delhi	- Cost Auditor



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NOTICE :

Please be informed that the Nineteenth Annual General Meeting of the Shareholders of H.P.Cotton Textile Mills Ltd., Hisar will be held on Friday the 29th September, 2000 at 05.00 p.m. at the Registered office of the Company at 272 Model Town, Hisar (Haryana) to transact the following Business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and Profit and Loss Account for the year ended on that date together with Directors' Report and the Auditor's Report thereon.
2. To appoint Director in place of Shri Ram Gopal Patwari who retires by rotation.
3. To appoint Director in place of Shri Kailash Kumar Agarwal who retires by rotation and being eligible, offers himself for re-appointment .
4. To re-appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider, and if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION :
"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner.

- (i) Directors may refuse to register transfers : In Article 41, substitute the words "Section 111" in the first line with the words "Section 111A"

Now this Article reads as under :
Article '41'

Notice of refusal to be given to transferor/and transferee :

"If the Company refuses to register the transfer of any share or transmission of any right therein, the Company within two months from the date on which the instrument of transfer or intimation or transmission was lodged with the Company, will send notice of refusal to the transferee and the transferor or to the person giving intimation of the transmission, as the case may be and thereupon the provisions of Section 111A of the Act or any statutory modification of the said provisions for the time being in force shall apply."

- (ii) Title to share of deceased Member : Insert the following words at the being of Article. "Subject to the provisions of Section 109A" Now this Article reads as under :

Now this Article reads as under :
Article '44'

Title to share of deceased holder :

"Subject to the provision of Sec. 109A of the Act, the executor or administrator of a deceased member or holder of a succession certificate shall be the only person recognised such executor or administrator or holder of a succession certificate unless such executor shall have first obtained Probate, Letters of Administration or other legal representation as the case may be, from a duly constituted Court in India or from any authority empowered by any law to grant such other legal representation, provided that in any case, where the Board in its absolute discretion think fit the Board may dispense with the production of Probate or Letter of Administration or other legal representation and under the next Article, register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member upon such terms as to indemnity or otherwise as the Directors may deem fit."



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(iii) Dematerialisation of Securities : After Article 16 insert the following Articles as Article 16A & 16B.

16A - (1) For the purpose of this Article :

Definitions :

'Beneficial Owner' means a person who opts to hold his securities with a Depository, and whose name is recorded as such with a depository;

'SEBI' means the Securities and Exchange Board of India;

'Depository' means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and 'Security' means such security as maybe specified by SEBI from time to time.

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|---|--|
| Dematerialisation of Securities: | (2) The Company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its shares, debentures and other securities held in the Depository and/or offer its fresh shares and debentures and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any. |
| Options for Investors : | (3) Every person subscribing to securities offered by the Company, and every Member or Debenture holder shall have the option to either hold the securities in the form of security, certificates or to hold the securities with a Depository when permitted. Where any holder of securities surrenders his Certificate of Securities held in the Company in accordance with Section 6 of the Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, the Company shall cancel the certificate and substitute in its records the name of the relevant Depository and inform the Depository accordingly. The Company shall maintain a record of certificates of securities that have been so dematerialised and destroyed. Such persons who hold their securities with a Depository can at any time opt out of the Depository, if permitted by law, and the Company shall in such manner and within such time as prescribed by law, issue to such persons the requisite certificates of securities. If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security. |
| Securities in depositories to be in fungible form : | (4) All securities held by a depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C & 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners. |
| Rights of Depositories : | (5) a) Notwithstanding anything to the contrary contained in the Act or this Article, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owners.

b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

c) The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository. |
| Service of documents : | (6) Notwithstanding anything in the Act or this Article to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs. |



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Register & Indices of
Beneficial owners :

(7) For the purposes of this Article, the Registers & Indices of Members & Debenture holders shall be deemed to include the Registers and Indices of Beneficial Owners maintained under the Depositories Act, 1996 by every Depository in respect of securities issued by the company.

Nomination 16B

Notwithstanding anything contained herein, a Member has a right to nominate one or more persons as his/her nominee(s) to be entitled to the rights and privileges as may be permitted under the law in the event of death of the said member/s subject to the provisions of the Companies Act, 1956, and other applicable laws".

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days between 11.00 A.M. to 1.00 P.M. up to the date of the Annual General Meeting.
3. The register of transfers and share transfer books of the Company will remain closed from 1st September, 2000 to 15th September, 2000
4. Members are requested to quote their folio numbers in all their correspondence.
5. Shareholders intending to enquire about accounts, to be explained in the meeting, are requested to forward their queries to the Company at least 10 days in advance , so that the papers relating thereto may be made available, if the Chairman so permits .
6. Members are requested to immediately intimate to the Company any change in their address as registered with the company, mentioning the Pin Code Number.

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ANNEXURE TO THE NOTICE :

Explanatory statement as required by Section 173(2) of the

ITEM NO. 5 :

As per the notification no. SMDRP/POLICY/CIR-23/2000 DATED 29.05.2000 issued by SEBI trading of the scrip of our Company would be compulsory in dematerialised form w.e.f. March 26, 2001

Also some of the provisions of the Companies Act, 1956 have been amended consequent upon passing of the Depositories Act, 1996. Further the Companies (Amendment) Act, 1999 has also amended the Act to provide for nomination facility to the shareholders. It is, therefore, necessary to alter the Articles of Association of the Company as proposed in the Resolution as set out under Item No. 5 of the accompanying Notice so that they conform to the amended provisions of the Companies Act, 1956 and the Depositories Act, 1996.

The Directors commend the Resolution for approval of the Members.

A copy of the Memorandum and Articles of Association of the Company is available for inspection to the members at the Registered Office between 10.30 a.m. to 1.00 p.m. on all working days of the Company upto and including the day of the Meeting.

By order of the Board

PLACE : HISAR
DATED : 29th July 2000

ARJUN DAS AGARWAL
DIRECTOR



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H. P. Cotton Textile Mills Limited

DIRECTOR'S REPORT

To the Members

Your Directors are pleased to present the Nineteenth Annual Report of your Company together with audited accounts for the year ended on March 31, 2000.

FINANCIAL RESULTS :

	1999-2000		(Rs. in lacs) 1998-99	
	Rupees	%age	Rupees	%age
Production value	6134	100.00	6217	100.00
Excise payment	386	6.29	293	4.71
Net production	5748	93.71	5924	95.29
Raw materials/Consumables	3323	54.17	3616	58.16
Other expenses	1565	25.51	1476	23.74
Depreciation	166	2.71	167	2.69
Financial Expenses	254	4.14	255	4.10
Selling expenses	432	7.04	428	6.88
Operating profit	8	0.14	(18)	(0.28)
Other Income	10	0.16	20	0.32
Profit before tax	18	0.30	2	0.04
Income tax	2	0.04	-	-
Net Profit	16	0.28	2	0.04

PERFORMANCE

There was no improvement in recessionary conditions in our product segment till October 1999. Consequently, many weak and inefficient Mills had to close down. However, since November 1999, after arrival of the new cotton crop, the market has started showing signs of improvement and it is hoped that the year 2000-2001 will turnout to be a good year for the textile industry.

DIVIDENDS

Your Directors, after considering all the relevant financial and other constraints, very reluctantly decided not to recommend distribution of dividend for this year also.

EXPORTS

Intensified export promotion efforts made by the Company have added many new Countries and Overseas Customers as regular indenters for a number of our existing and newly developed range of sewing threads. Inspite of weak and challenging market conditions, we have maintained our direct export earnings to Rupees 738 Lacs during the year (Previous Year Rupees 731 Lacs).

Y2K COMPLIANT

After identifying the requirements scientifically, the Company had initiated effective steps towards Y2K compliance and therefore your company has successfully managed Y2K transition without any disruption and rollover to the new millennium in a smooth manner.

SAFETY HEALTH AND ENVIRONMENT

Your company continues to maintain high level of awareness amongst all employees by integrating safety, health and environment as essential part of the business process. The company is adhering to all the regulatory principles prescribed by the Government and local authorities. Recently the company has received National Safety Award for the Year 1996.



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ENERGY CONSERVATION, TECHNOLOGY AND FOREIGN EXCHANGE

All out efforts for energy conservation at every stage of production are being made and standards reviewed regularly. Maximum captive power generation is encouraged with optimum fuel efficiency. Details/disclosures of particulars in the report of Directors (Rule 1988) is appended as annexure I hereto and forms part of this report.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company continued its efforts to enhance and maximise the contribution of human resources towards optimising organisational goals and to meet the challenges of changing business environment. As in the past, harmonious and congenial industrial relations have been maintained through out the year.

Since none of the employees has been paid emoluments above the prescribed limit of disclosure hence no detail is being submitted under sub section 2(A) of section 217 of the Companies Act 1956.

INSURANCE

All the properties and insurable interests of the company including building, plant, machinery and stocks etc. wherever necessary and to the extent desirable are adequately insured against fire and natural calamities.

FIXED DEPOSITS

The Company has not invited/ accepted fixed deposits in terms of Section 58 A of the Companies Act, 1956.

COMPLIANCE OF GUIDELINES OF SEBI/STOCK EXCHANGE

The performance of your Company as to compliance of various guidelines issued by SEBI and Stock Exchange(s) from time to time, is satisfactory. The shares of the Company are listed at Delhi, Mumbai, Calcutta, Ludhiana and Jaipur Stock Exchanges.

AUDITORS

M/s A.K.Associates, New Delhi were appointed Auditors of the Company to hold office till the conclusion of 19th Annual General Meeting. Accordingly the said Auditors retire on the conclusion of ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Auditors have furnished to the Company the requisite certificate (under section 224(1) of the Companies Act 1956) that their appointment, if made, would be within the prescribed limit.

COST AUDITORS

As prescribed under the order of the Central Government, the Company maintains required cost accounting records and has appointed M/s R.J.Goel & Co. Cost Auditors, New Delhi to audit such records and report thereon.

DIRECTORS

In accordance with the requirement of Companies Act 1956 and the Article of Association of the Company, Shri Kailash Kumar Agarwal and Sh R. G. Patwari retire in rotation at the Annual General Meeting. Shri Kailash Kumar Agarwal eligible had offered themselves for re-appointment.

ACKNOWLEDGMENT

Your Directors wish to place on record their deep appreciation for the continued support and co-operation received and confidence reposed in the Company and the Management by the Financial Institutions, Consortium Bankers, Share Holders, Indenters, Customers and Suppliers, the State and Central Governments and other agencies. The Company also wishes to thank all the employees for their dedicated service.

For and on behalf of the Board

PLACE : HISAR

DATED : 29th July, 2000

ARJUN DAS AGARWAL
CHAIRMAN



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H. P. Cotton Textile Mills Limited

ANNEXURE TO THE DIRECTORS' REPORT

ENERGY CONSERVATION

The system of continuous evaluation of energy consumption has been further strengthened to optimise efficiency, reduce transmission losses and curtail unproductive power and fuel consumption.

Captive power generating sets have been converted to L.D.O. based fuel from High Speed Diesel for minimising the cost of power generated.

Studies to reduce energy consumption and achieve maximum efficiency is an on going process and suitable investment will continue to be made in these areas in future also.

RESEARCH AND DEVELOPMENT

Several new quality/range of product mix have been developed to meet the requirements of end users.

Developmental work towards identification of operating conditions suitable for plant operation at higher efficiency has been undertaken. Through careful study/evaluation/appraisal of operational/ manufacturing and quality parameters, reduction in machine downtime, usages of fresh water and emissions in manufacturing process/ operations have been achieved.

Common equipment and facilities are used for operational as well as R & D activities. No separate account is maintained and as such expenditure on R & D is not separately ascertainable.

TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

Modification of process equipments and products are carried out to suit market requirements and to achieve optimum operational efficiency.

Continuous efforts are being made by the company to keep pace in improving the technologies obtained, emphasis being on technology upgradation, energy conservation and optimization to reduce the variable operating cost and increasing the safety in and around work place.

The plant performance is closely monitored for optimization of plant operation to reduce the consumption of raw material, chemicals and spares.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earned	Rs. 738.11 Lacs
Foreign Exchange used.	Rs. 57.08 Lacs