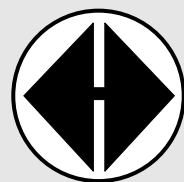




29<sup>th</sup> ANNUAL REPORT  
2009-2010



**H.P. THREAD**

**H. P. Cotton Textile Mills Limited**

# **29<sup>th</sup> ANNUAL GENERAL MEETING**

**Day : TUESDAY**

**Date : 21<sup>st</sup> SEPTEMBER, 2010**

**Time : 4:00 P.M.**

**Venue : 15<sup>th</sup> K.M. Stone, Delhi Road, V.P.O. Mayar,  
HISAR - 125 044 (Haryana)**

## **REGISTERED / CORPORATE OFFICE AND WORKS:**

Regd. Office : 15th K.M. Stone, Delhi Road, V.P.O. Mayar,  
& HISAR - 125 044 (Haryana). Ph. (01662) 261425-26-27, 261483,  
Works Fax no.(01662)261417, E-mail : hisar@hpthread.com

Kolkatta branch : 405, Manglam Building, 24 Hament Basu Sarani, Kolkatta.  
Ph. (033) 22316763,22135501  
Fax no.(033)22135502, E-mail : hpctcal@vsnl.net

New Delhi Branch : 1E/12, Jhandewalan Extention, Sewak Bhawan, New-Delhi  
Ph. (011) 23524439/41, 23636663/64, 41540471  
Fax no. (011) 23541076, (011) 23610076  
E-mail : info@hpthread.com

Ahmedabad Branch : 85, Hira Bhai Market, Ahmedabad  
Ph. (079) 25467482, Fax no. (079) 25467459

Mumbai Branch : Shah & Nahar (Worli) Industrial Estate, Unit No. 506,  
5<sup>th</sup> Floor, Dr. E.Moses Road, Worli, Mumbai 400018  
Ph. (022) 24950532/38, Fax no.(022)24946474,  
E-mail : hpexports@hotmail.com

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**Founder Chairman**  
**Late Sh. Arjun Das Agarwal**  
(1928 – 2010)

Sh. Arjun Dass Agarwal, patriarch of H.P.Cotton, was born on 29<sup>th</sup> November, 1928 in a small village SATROD of Distt. Hisar. In 1962, he started his industrial career with a small textile manufacturing unit by establishing & promoting the unit under the brand name DORA at kolkata which requires no introduction. In 1981, he commissioned a large factory under the name H. P. Cotton Textile Mills Ltd. He was honored with prestigious awards like UDYOG RATAN etc. for promoting textile industry. As Chairman of the company, he gave new heights with valuable ideas.

He was not only a good administrator but also a good heart fellow. He had feelings for every employee of the company. He breathed his last on 10<sup>th</sup> February, 2010. His sad demise is certainly a big loss for the company.

We are proud and privileged to inherit this invaluable legacy.





H.P. THREAD

H.P. Cotton Textile Mills Limited

## **BOARD OF DIRECTORS :**

Shri Ashok Kumar Agarwal, Deputy Managing Director

Shri Kailash Kumar Agarwal, Deputy Managing Director

Shri Parshotam Das Agarwal, Director

Shri Bibhuti Charan Talukdar, Director

Shri Anil Aggarwalla, Director

Shri Mohan Lal Jain, Additional Director

## **BANKERS :**

State Bank of Patiala

Oriental Bank of Commerce

IDBI BANK

## **AUDITORS OF THE COMPANY**

Statutory Auditors            M/s. A.K. Associates, Chartered Accountants, New Delhi

Internal Auditors            M/s. Ashok Kumar Goyal & Co., Chartered Accountants, Hisar

Cost Auditors                M/s. N.K. Goel, Cost Accountants, New Delhi

Tax Auditors                 M/s. HPS Associates, Chartered Accountants, New Delhi

## **REGISTRAR & SHARE TRANSFER AGENT:**

M/S. Alankit Assignments Ltd.

2E/21, Alankit House, Jhandewalan Extension,

New Delhi - 110 055

Tel. No.: 23541234-42541234

Fax No. : 23552001

Website: [www.alankit.com](http://www.alankit.com)



H.P. THREAD

## H.P. Cotton Textile Mills Limited

### NOTICE:

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Members of H.P.Cotton Textile Mills Limited will be held on Tuesday, the 21<sup>st</sup> day of September, 2010 at 4:00 p.m. at the Registered Office of the Company at 15th K.M.Stone, Delhi Road, V.P.O. Mayar, Hisar-125044 (Haryana) to transact the following business:

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt Audited Balance Sheet of the Company as at 31st March, 2010 and the Profit and Loss Account for the financial year ended on that date along with the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Ashok Kumar Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sh. Bibhuti Charan Talukdar who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration

#### **SPECIAL BUSINESS**

5. **To consider and if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution:-**

"Resolved that In accordance with the provisions of sec.260 of Companies Act, 1956 Shri Mohan Lal Jain (who was appointed as an Additional Director of the Company on 23.01.2010 by the Board of Directors) holds office u/s 260 only upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing along with a deposit of Rs.500 in terms of Section 257 of the Companies' Act 1956, from a member proposing the candidature of Sh. Mohan Lal Jain for the office of Director be and is hereby elected and appointed as director of the Company and who shall be subject to retire by rotation."

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT 1956**

##### **Item No. 5**

The Board of Directors appointed Shri Mohan Lal Jain as an Additional Director of the Company on 23.01.2010. By virtue of Section 260 of the Companies Act 1956 read with Article 101 of the Articles of Association of the Company he holds office up to the date of this Annual General Meeting. The Company has received a notice from a shareholder proposing his name for the Directorship under Section 257 of the Companies' Act 1956. The resolution is put before the Members for their approval.

Memorandum of Interest: Shri Mohan Lal Jain is interested in the resolution to the extent of his appointment as Director. No other Director of the Company is in any way concerned or interested in the proposed resolution.

A Brief Resume of Shri Mohan Lal Jain as required in terms of Clause 49 of the Listing Agreement is appended here under.

For and on Behalf of the Board of Directors

Ashok Kumar Agarwal  
Deputy Managing Director

Kailash Kumar Agarwal  
Deputy Managing Director

Place: New Delhi  
Date: 12.08.2010



### DETAILS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT AT THE ANNUAL GENERAL MEETING (pursuant to Clause 49 of the Listing Agreement)

1.	Name of the Director	Shri Ashok Kumar Agarwal
	DIN NO.	00046627
	Date of Birth	04.10.1957
	Date of Appointment	03.09.1989
	Expertise in specific functional Area	29 years experience with this Company itself.
	Qualification	B.Com.
	Director ship in other limited Companies	Atishay Investment & Finance Pvt. Ltd.
	Membership of the Committee	NIL
	Number of share held	75896
2.	Name of the Director	Shri Bibhuti Charan Talukdar
	DIN NO.	00024015
	Date of Birth	01.03.1936
	Date of Appointment	30.10.2004
	Expertise in specific functional Area	Corporate Executive having experience in corporate law and finance over 52 years
	Qualification	Post Graduate in Business Management
	Director ship in other limited Companies	Nagreeka Exports Ltd. Nagreeka Capital & Infrastructure Ltd. Prabhu Switch Gear private Ltd.
	Membership of the Committee	Audit Committee, Remuneration committee, Investors Grievances Committee, Share Transfer Committee of the Company
	Number of share held	NIL
3.	Name of the Director	Shri Mohan Lal Jain
	DIN NO.	00063240
	Date of Birth	01.03.1959
	Date of Appointment	23.01.2010
	Expertise in specific functional Area	25 years Experience in Finance & Audit
	Qualification	B.Com.,(Hons) F.C.A.
	Director ship in other limited Companies	Emfin Services India Pvt.Ltd., MJ Softech Pvt.Ltd. Flair Studio Private Limited MLJ Financial Consultants Pvt.Ltd.
	Membership of the Committee	NIL
	Number of share held	NIL

#### NOTES

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
- The Company must receive instrument of Proxies in order to be effective not less than 48 hours before the meeting.
- Members/proxies should bring the enclosed attendance slip duly filed in, for attending the meeting along with the Annual Report.
- The Register of members and the Share transfer Books of the Company shall remain closed from 14th Sept., 2010 to 20th Sept., 2010 both days inclusive.
- Nomination facility--- Members holding Shares in physical form may obtain the nomination forms from the Company's Registrar and Share Transfer Agent. Members holding shares in electronic form may obtain the nomination forms from their respective depository participants.
- A member desirous of getting any information in respect of the contents of the Annual Reports is required to forward their queries to the Company at least ten days prior to the Meeting so that, if the Chairman so permits, the required information can be made available at the meeting.
- Members are requested to notify change in address, if any immediately to Co.'s registrars M/s Alankit Assignments Ltd., 2E/21, Alankit House, Jhandewalan Extension, New Delhi - 110 055



H.P. THREAD

H.P. Cotton Textile Mills Limited

## **DIRECTORS' REPORT**

To  
The Share Holders  
H.P.Cotton Textile Mills Ltd.,

Your Directors have pleasure in presenting the Twenty Ninth Annual Report together with the Audited Statements of Accounts of the Company for the year ended 31st March 2010.

### **FINANCIAL HIGHLIGHTS**

The financial results of the Company for the year under review are compared below with the previous year's results for your consideration.

(Amt. in Crores)

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Sales and other Income	59.53	51.18
Profit/ (Loss) before financial charges and depreciation	3.90	3.01
Financial charges	(2.23)	(2.30)
Profit / (Loss) before depreciation	1.67	0.71
Depreciation	(1.60)	(1.60)
Profit before tax	0.07	(0.89)
Income tax provision	0.02	0.00
FBT Provision	0.00	0.05
Profit after Tax	0.05	(0.94)
Deferred Tax Assets	(0.12)	0.25
Prior year adjustment	0.10	0.08
Transferred to Reserve	0.03	(0.61)

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

#### **INDUSTRY STRUCTURE, DEVELOPMENT AND OUTLOOK**

The Indian textiles industry has an unbalanced structure, 95% of the industry is the unorganized and only 5% is the organized. Sector consolidation process in certain segments, to take advantage of economies of scale is necessary. This will generate more employment, as smaller operations affect cost and competitiveness.

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. It contributes about 14 per cent to industrial production, 4 per cent to the GDP, and 16.63 per cent to the country's export earnings. It provides direct employment to over 35 million people (app.) which includes a substantial number of people from less privileged sections of society. The textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.



**OPPORTUNITIES, THREATS, RISK AND CONCERN:**

European Countries are showing resurgence which would help the Indian textile industry to sustain. Uncertainty in availability and volatility in prices of key raw materials is a major concern. The industry is dependent on the cotton and production of the cotton is declining year after year and prices are moving upward. Fluctuating Rupee and crude oil prices are likely to affect the performance. The likely shrinking of demand for Indian yarn in the international market is a matter of concern. The expected reduction in cotton fiber and yarn prices is a threat to the textile industry.

**OPERATIONAL PERFORMANCE:**

During the year under review the prices of cotton and other inputs were on rising trend and labour of requisite quantity and quality was also not available. Despite all these Your directors are glad to announce that company has earned cash profit of Rs. 1.66 crores and net profit of Rs. 4.28 lacs after tax. Packed production for the year was 2491MT. as compared to 2083 MT. in last year. The Export of the Company for the year was Rs.2991 lacs showing an increase of 22.18% over the last year. Your directors would like to inform you even though the overall economy has started showing a sign of recovery but textile sector is still struggling. The high cotton prices along with other input cost continue to pose pressures on the company bottom line. Your management is trying hard to meet the prevailing challenges by focusing its efforts on further reduction of cost and by improving operational efficiencies so as to remain globally competitive.

**QUALITY MANAGEMENT SYSTEM**

The company continues to lay emphasis on excellence in quality and services and is committed to total customer satisfaction. The high quality of the company products is reflected in the company ability to export its product in quality conscious European markets. The company continues to be on a mission to provide customer with products that can match with international standards and will surpass their expectations.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACIES**

The Company has adequate Internal Control systems in all areas of operations commensurating with the size of the operation. Your Company has an adequate and effective internal control system to ensure that assets and interests of the Company are safeguarded and reliability of accounting data and accuracy are ensured with proper checks and balances.

The internal control system is improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements. The Audit Committee of the Board of Directors, Statutory Auditors and the business heads are periodically appraised of the internal audit findings and the corrective actions taken. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal controls systems and suggests improvements for strengthening them.

**AWARDS AND ACHIEVEMENTS**

During the year company has been honored by **Ministry of Commerce & Industry, Govt. of INDIA** by recognizing the company as EXPORT HOUSE. Further Company has got certificate from AITEX (Institute of International Association for Research and testing in the field of Textile Ecology (Oeko-Tex)).

**HUMAN RESOURCES AND SAFETY OF WORKERS**

During the year under review, there were no strikes, lockout or any other Industrial disputes. The Industrial relationship was cordial during the year. Yarn manufacturing is labour intensive and there shall remain acute problem in sourcing labours and retaining them. Your company continues to develop facilities for labours and their welfare.



Your Company has maintained the systems and procedures that are safe for the health of the employees. Moreover proper training is also provided to employees to take all the safety measures during the operational activities. Though most of the employees are covered under the contributory E.S.I. Scheme of the Government but the Company at its own is also providing regular in-house medical facilities under the supervision of a qualified Medical Practitioner.

**REMUNERATION OF EMPLOYEES**

Since no employee was in receipt of remuneration equal to or exceeding Rs.24 lacs per annum, if employed for the full year or exceeding Rs. 2 lacs per month if employed for part of the year, hence statement showing particulars of the employees as required under Section 217(2A) of the Companies Act 1956 reads with the Companies (Particulars of employees) Rules, 1975 as amended, has not been given.

The total number of people employed in the Company as on 31.03.2010 is 942. Your Directors would like to record their appreciation of the efficient and loyal service rendered by the Company's employees.

**ENVIRONMENT AND POLLUTION CONTROL**

The Company is conscious of the importance of environmentally clean and safe operations. The company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

**DIRECTORS**

During the Year Company has to bear the irrecoverable loss of its promoter director Sh. Arjun Dass Agarwal. Sh. Mohan Lal Jain was appointed as additional director of the company and offer himself for appointment as a director. In accordance with Article 110 of the Articles of the Association of the Company Shri B.C. Talukdar and Shri Ashok Kumar Agarwal Directors are liable to retire by rotation and being eligible, offer themselves for reappointment.

The information on the particulars of Directors seeking re-appointment as stipulated under Clause 49 of Listing Agreements with the Stock Exchanges, are provided in the notes to Notice forming part of the Annual Report.

**AUDITORS AND AUDIT REPORT**

The retiring Statutory Auditors M/s A.K. Associates, Chartered Accountants, hold office until the conclusion of the ensuring Annual General Meeting. The Company has received a letter from them that their reappointment, if made, would be with in the prescribed limits under section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such appointment/ reappointment with in the meaning of section 226 of the said Act or any other Act rules or regulations applicable for such appointment/ reappointment. The report of the Statutory Auditors on the Balance Sheet & Profit & Loss for the year ended 31st March, 2010 is self explanatory and does not require any statement from the company.

In respect of auditors observation in point no. (xi) of Annexure to Auditors Report regarding certain delay in repayment of dues to IDBI, we wish to inform that company has requested IDBI for deferment of installment & interest falling due on 01.04.2009 & 01.07.2009 amounting to Rs.3132708/- & Rs. 3167286/- respectively. However IDBI has accepted partly deferment of installment & interest and accordingly installment & interest has been repaid.

**COST AUDITORS**

In pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, the Company has appointed M/s Naresh Goel, Cost Auditors to conduct the audit of the products manufactured by the Company for the period under review.