

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

**Day : THURS DAY**

**Date : 29<sup>th</sup> SEPTEMBER, 2011**

**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 & Works	: 15th K.M. Stone, Delhi Road, V.P.O. Mayar, HISAR - 125 044 (Haryana). Ph. (01662) 261425-26-27, 261483, Fax no. (01662) 261417, E-mail : hisar@hpthread.com
New Delhi Office	: 1E/12, Jhandewalan Extention, Sewak Bhawan, New Delhi - 110055 Ph. (011) 23524439/41, 23636663/64, 41540471 Fax no. (011) 23541076, (011) 23610076 E-mail : info@hpthread.com
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## **C O N T E N T S**

Notice.....	02
Directors' Report.....	06
Report on Corporate Governance .....	12
Auditors' Report .....	24
Balance Sheet.....	28
Profit & Loss Account.....	29
Schedule & Notes to Accounts .....	30
Cash Flow Statement .....	44
Proxy Form .....	45
Request for E-mail Address.....	47



**BOARD OF DIRECTORS :**

Shri Ashok Kumar Agarwal, Deputy Managing Director

Shri Kailash Kumar Agarwal, Deputy Managing Director

Shri Raj Kumar Agarwal, Additional Director (w.e.f.01.07.2011)

Shri Parshotam Das Agarwal, Director

Shri Bibhuti Charan Talukdar, Director

Shri Anil Agarwalla, Director

Shri Mohan Lal Jain, Director

**BANKERS :**

State Bank of Patiala

Oriental Bank of Commerce

IDBI Bank Limited

**AUDITORS OF THE COMPANY**

M/s. A.K. 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. : (011) 23541234-42541234

Fax No. : (011) 23552001

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

**NOTICE:**

Notice is hereby given that the Thirtieth Annual General Meeting of the Members of H.P. Cotton Textile Mills Limited will be held on Thursday, the 29th day of September, 2011 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 2011 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. Parshotam Das Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sh. Anil Agarwalla who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to 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:-

**Appointment of Shri Raj Kumar Agarwal as a Director of the Company**

"RESOLVED THAT Shri Raj Kumar Agarwal who was appointed by the Board of directors as an additional director of the Company with effect from 1st July, 2011 and who holds office upto the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("the Act") be and is hereby appointed a Director of the Company and who shall be liable to retire by rotation."

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

**Appointment of Shri Raj Kumar Agarwal as a Whole Time Director of the Company**

"Resolved that pursuant to the provisions of Sections 198, 269, 309, 310 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and such other approvals/consents/sanctions/permissions as may be necessary and pursuant to the recommendation of the Remuneration Committee of the Board, the approval of the members be and is hereby accorded for the appointment Shri Raj Kumar Agarwal as Whole Time Director of the Company for a period of 5 years w.e.f. 1st July, 2011 on the following terms: -

- 1) Salary Basic : Rs. 40500 - 2500 - 50500 per month.
- 2) HRA : HRA 25% of Basic salary
- 3) Medical : Re-imbursement of medical expenses for self and family upto a limit of 5% of Basic salary per annum.
- 4) LTA : Re-imbursement of Leave Travel Concession expenses for self and family upto a limit of 5% of Basic salary per annum.
- 5) Bonus : As per company rule.
- 6) Encashment of unavailed leave at the time of retirement / cessation of service shall not be included in the computation of the ceiling on remuneration

**Resolve Further that** Shri Raj Kumar Agarwal will hold the office as Whole Time Director and he shall be subject to the same provisions as to resignation, removal and vacation of office as the other directors and if he ceases to hold office of director for any cause he shall ipsofacto and immediately cease to be the Whole Time Director.

**RESOLVED FURTHER THAT** the Board of Directors of the company be and is hereby authorized, to do all such acts, deeds and things as may be required in order to comply with the provisions of the Companies Act 1956 and to give effect to the above resolution."

7. To consider and if thought fit, to pass, with or without modification, the following Resolution as Special Resolution:

**"RESOLVED** that pursuant to section 314 (1B) read with Director's Relative (Office or Place of Profit) Rules, 2003 [as amended from time to time] and other applicable provisions, if any, and subject to such other requisite approvals, if any, approval of the members be and is hereby accorded to the revision in the terms and conditions of appointment including remuneration payable to Shri Ravindra Agarwal, President (Commercial) of the Company, For a period of 5 years with effect from July 1, 2011, as specified herein below:

- |                 |   |  |
|-----------------|---|--|
| 1) Salary Basic | : | Rs. 37500 – 2500 - 47500 per month.  |
| 2) HRA          | : | HRA 25% of Basic salary  |
| 3) Medical      | : | Re-imbursement of medical expenses for self and family upto a limit of 5% of Basic salary per annum.                 |
| 4) LTA          | : | Re-imbursement of Leave Travel Concession expenses for self and family upto a limit of 5% of Basic salary per annum. |
| 5) P.F.         | : | As per Law.  |
| 6) Bonus        | : | As per company rule.   |
| 7) Gratuity     | : | As per Law   |

**RESOLVED FURTHER THAT** the Board of Directors of the company be and is hereby authorized, to do all such acts, deeds and things as may be required in order to comply with the provisions of the Companies Act 1956 and to give effect to the above resolution."

8. To consider and if thought fit, to pass, with or without modification, the following Resolution as Special Resolution:

"RESOLVED that pursuant to section 314 (1B) read with Director's Relative (Office or Place of Profit) Rules, 2003 [as amended from time to time] and other applicable provisions, if any, and subject to such other requisite approvals, if any, approval of the members be and is hereby accorded to the revision in the terms and conditions of appointment including remuneration payable to Shri Kashmiri Lal Agarwal, Advisor (Commercial & Technical) of the Company for a period of three years, with effect from August 1, 2011, on the following remuneration:

Salary : Rs 75000 (consolidated) Per Month

**RESOLVED FURTHER THAT** the Board of Directors of the company be and is hereby authorized, to do all such acts, deeds and things as may be required in order to comply with the provisions of the Companies Act 1956 and to give effect to the above resolution."

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

**Item No. 5 & 6**

Shri Raj Kumar Agarwal was appointed as an Additional Director of the Company at the meeting of the

Board of Directors held on 29th June, 2011 w.e.f. 1st July, 2011. Shri Raj Kumar Agarwal aged about 58 years is a B.Com. Prior to such appointment Shri Raj Kumar Agarwal was an employee of the Company and had been working in the capacity as President Export. He is attached with the Export Business for last ten years and therefore his induction on the Board would be beneficial to the company.

Further Shri Raj Kumar Agarwal appointed as Whole Time Director for a period for the five years w.e.f. 01st July, 2011 on the following remuneration terms:

- 1) Salary Basic : Rs. 40500 - 2500 - 50500 per month.
- 2) HRA : HRA 25% of Basic salary
- 3) Medical : Re-imbursement of medical expenses for self and family upto a limit of 5% of Basic salary per annum.
- 4) LTA : Re-imbursement of Leave Travel Concession expenses for self and family upto a limit of 5% of Basic salary per annum.
- 5) Bonus : As per company rule.
- 6) Encashment of unavailed leave at the time of retirement / cessation of service shall not be included in the computation of the ceiling on remuneration

The Board of directors recommends both the resolutions for your approval.

Shri Raj Kumar Agarwal is interested in this resolution as it relates to his appointment as Director of the Company and payment of remuneration to him., Shri Ashok Kumar Agarwal & Shri Kailash Kumar Agarwal are interested in this resolution as relatives of Shri Raj Kumar Agarwal. No other Director of the Company is in any way concerned or interested in the proposed resolution.

The above information be considered as a relevant abstract, as required under Section 302 of the Companies, Act 1956.

#### **Item No. 7**

The remuneration payable to Shri Ravindra Agarwal, was approved by the shareholders at the 25th AGM held on 16th September, 2006. The revision in the existing terms and conditions between the Company and Shri Ravindra Agarwal as contained as per the statement. The Board of Directors, thereafter, in their meeting held on 5th May, 2011, decided to recommend for his re-appointment for a period of 5 years w.e.f. 1st July, 2011 and to revised terms and conditions of service of Shri Ravindra Agarwal as set out in the resolution.

Shri Ashok Kumar Agarwal, Shri Kailash Kumar Agarwal and Shri Raj Kumar Agarwal are interested in this resolution as relatives of Shri Ravindra Agarwal. No other Director of the Company is in any way concerned or interested in the proposed resolution.

#### **Item No. 8**

The remuneration payable to Shri Kashmiri Lal Agarwal, was approved by the shareholders at the 27th AGM held on 20th September, 2008. The revision in the existing terms and conditions between the Company and Shri Kashmiri Lal Agarwal as contained as per the statement. The Board of Directors, thereafter, in their meeting held on 29th July, 2011, decided to recommend for his reappointment for a period of three years w.e.f. 1st August, 2011 and to revised terms and conditions of service of Shri Kashmiri Lal Agarwal as set out in the resolution.

Shri Ashok Kumar Agarwal, Shri Kailash Kumar Agarwal and Shri Raj Kumar Agarwal are interested in this resolution as relatives of Shri Kashmiri Lal Agarwal. No other Director of the Company is in any way concerned or interested in the proposed resolution

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: 29.07.2011

**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 Parshotam DasAgarwal
	DIN NO.	00063017
	Date of Birth	09.10.1946
	Date of Appointment	09.08.2004
	Expertise in specific functional Area	40 years experience in Textile & Paper industry.
	Qualification	B.Com., L.L.B., M.B.A.
	Director ship in other limited Companies	Nil
	Membership of the Committee	Audit Committee, Remuneration committee, Investors Grievances Committee, Share Transfer Committee of the Company
	Number of share held	Nil
2.	Name of the Director	Shri Anil Agarwalla
	DIN NO.	00046615
	Date of Birth	01.01.1964
	Date of Appointment	29.07.1999
	Expertise in specific functional Area	Practicing Advocate at Supreme Court of India, New Delhi having more than 20 years experience.
	Qualification	L.L.B.
	Director ship in other limited Companies	M/s Promain 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 Raj Kumar Agarwal
	DIN NO.	02950710
	Date of Birth	04.10.1952
	Date of Appointment	01.07.2011
	Expertise in specific functional Area	25 Years in Textile Industry.
	Qualification	B.Com
	Director ship in other limited Companies	Nil
	Membership of the Committee	NIL
	Number of share held	6786

**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., 2011 to 21st Sept., 2011 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..

## DIRECTORS REPORT

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

Your Directors have pleasure in presenting the Thirtieth Annual Report together with the Audited Statements of Accounts of the Company for the year ended 31st March 2011.

### 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.

(Rupees in Lacs)

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Sales and other Income	7383.59	5953.00
Profit/(Loss) before financial charges and depreciation	414.49	390.09
Financial charges	(232.04)	(223.66)
Profit /(Loss) before depreciation	182.45	166.43
Depreciation	(146.12)	(159.60)
Profit before tax	36.33	6.83
Prior year Adjustment	8.43	10.41
Less: Provision for Tax		
-Current Tax	(8.30)	(2.55)
-Deferred Tax	(14.29)	(12.08)
Profit after Tax	22.17	2.61
Provision for Deferred Tax Written Back	4.77	--
Surplus as per last year	2.77	0.16
Surplus carried forward to next year	29.71	2.77

### DIVIDEND

To conserve the resources for working capital and capital expenditure the Directors do not recommend any dividend for the financial year under review.

### OPERATIONAL PERFORMANCE :

Your directors regret to inform you that "On 14th September, 2010" violent mob attacked the Company's premises and set on fire the Raw Material Godown, Cotton Waste (Scrap) Godown, Store, Factory and part of office premises. The mob also damaged the office premises, furniture & fixtures, office equipment, computer, vehicles, some machines and also looted cash. However the Company's properties being insured, claim for such loss has been lodged with the insurance company. In addition to captioned mishappening, 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. 182.45 lacs and net profit of Rs. 22.17 lacs after tax. Packed production for the year was 2480 MT.



as compared to 2491 MT. in last year. The Export of the Company for the year was Rs.4258.10 lacs showing an increase of 49.86 % 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.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### a) Industry Structure & Development:

The Textile industries faces a particularly acute challenge as the price of its raw material, viz. cotton, has increased by more than 100 percent in just the last one year. The industry has not been able to take the advantage of investments made in recent years because of lack of demand particularly in the export market, The prices realizable are not remunerative. The importing countries are still not fully out of the demand recession and the adverse rupee dollar parity does not encourage exports. Allowing export of cotton has created an acute shortage of this commodity. This factor coupled with increased cost to an unprecedented level and partial restrictions on the export of yarn up to March, 2011 have added to the problem of the industry. Unless export policies get stabilized on a sound footing, it will be difficult for the industry to improve substantially in the near future.

### b) Opportunities and Threats:

In view of rising income levels and resultant higher demand, the industry has an opportunity for the growth which has to be fully exploited in both domestic and export markets. Once the global demand recession is over, opportunities for exports should increase and to take full advantage, improvement in quality will have to be given priority. As the textile up gradation fund has been restarted by the Government, it would definitely provide support to the industry to gain fully from the opportunity for expansion and sustained and profitable growth.

In view of the rising input costs including those of raw materials, it will be difficult to compete and those countries, where manufacturing costs can be controlled with support of their Governments, would be better placed.

### c) Risks and Concerns:

The regular availability of cotton at reasonable prices particularly in view of increasing global demand for cotton may prove an obstacle in continuing uninterrupted manufacturing operations. Coupled with this, the availability of skilled labour in states where the textile industry is located has become difficult. The strength of migrating textile workers from different States has reduced resulting in this acute shortage, which is a matter of concern. Moreover, the increased incentives being provided by our competitors like China, Pakistan, Bangladesh, Vietnam etc. are enabling the manufacturers in those countries to get ahead of us in the various export markets.

### d) Outlook:

In spite of the current stressful outlined above, the demand for cotton textiles in the long run should remain strong in India and abroad. Our continued efforts to maintain quality, variety in product mix and scouting for new and better markets should promote growth and we hope to achieve a better performance in the near future.

**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.

**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. Your Directors would like to record their appreciation of the efficient and loyal service rendered by the Company's employees.

**REMUNERATION OF EMPLOYEES**

Since no employee was in receipt of remuneration equal to or exceeding Rs.60 lacs per annum, if employed for the full year or exceeding Rs. 5 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 read with the Companies (Particulars of employees) Rules, 1975 as amended, has not been given.

**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**

Sh. Raj Kumar Agarwal was appointed as additional director of the Company w.e.f. 1.07.2011 and holds office upto the date of the ensuing Annual General Meeting. The Company has received notice from a member proposing the candidature of Shri Raj Kumar Agarwal.

Shri Parshotam Das Agarwal and Shri Anil Agarwalla Directors are liable to retire by rotation and being eligible, offer themselves for re-appointment. The information on the particulars of Directors seeking appointment and 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 certificate from them that their