



**NINTH
ANNUAL REPORT**

1998-99

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HPM *Industries Limited*

HPM INDUSTRIES LTD.*Ninth Annual Report, 1998-99***BOARD OF DIRECTORS**

Prem Prakash Aggarwal	<i>Managing Director</i>
Dr. S. K. Mukerjee	<i>Director</i>
Mrs. Padma Saxena	<i>RIICO Nominee</i>
Ajay Kumar Aggarwal	<i>Whole-time Director</i>

COMPANY SECRETARY

Arun Kumar Goel

AUDITORS

M/s S. K. Jain Associates
Chartered Accountants,
 1/1293, Naiwala, Karol Bagh,
 New Delhi - 110 005

BANKERS

State Bank of India

REGISTERED OFFICE

5/66, K. C. House
 Padam Singh Road
 Karol Bagh
 New Delhi-110 005

WORKS

209, Matsya Industrial Area
 Alwar, Rajasthan

SHARE TRANSFER AGENTS

Sun Grow Datasoft (P) Limited
 3822/7, Khanaiya Nagar, Trinagar
 Delhi-110 035

SHARE LISTING

The Delhi Stock Exchange Association Limited
 West Plaza, Indira Gandhi Stadium
 Indraprastha Estate
 New Delhi - 110 002

The Stock Exchange, Mumbai
 Phiroze Jeejeebhoy Towers
 25th Floor, Dalal Street
 Mumbai - 400 001

Jaipur Stock Exchange Ltd.
 Stock Exchange Building
 J.L.N. Marg, Malviya Nagar
 Jaipur - 302 017

The Stock Exchange Ahmedabad
 Kamdhenu Complex
 Opp. Sahajanand College
 Panjaropole
 Ahmedabad - 380 015

The Calcutta Stock Exchange Association Ltd.
 7, Lyons Range
 Calcutta - 700 001

Annual listing fee has been paid as under :

Bombay	upto 31.03.2000
Delhi	upto 31.03.1999
Calcutta	upto 31.03.1999
Jaipur	upto 31.03.1997
Ahmedabad	upto 31.03.1996

HPM INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the Ninth Annual General Meeting of the shareholders of HPM INDUSTRIES LTD. will be held on Tuesday, the 28th September, 1999 at 9.00 A.M. at Garg Farm, Village Zingola, via Bakhtawarpur, G. T. Karnal Road, Delhi, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet of the Company as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date and the Report of the Directors and Auditors.
2. To appoint a Director in place of Shri Ajay Kumar Aggarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :
Resolved, subject to approvals of Calcutta and Ahmedabad Stock Exchanges respectively and of any other authority, that consent be and is hereby granted to Company to take necessary steps for voluntary delisting of equity shares at Calcutta and Ahmedabad Stock Exchanges.

Resolved further that Company be and is hereby authorised to provide an exit opportunity to shareholders allowing the promoters/directors to make arrangements for buying the shares of such shareholders residing in the State of West Bengal and Gujarat as per the guidelines issued by Securities and Exchange Board of India.

By order of the Board of Directors
for HPM Industries Ltd.

Place : New Delhi
Dated : 31st August, 1999

Prem Prakash Aggarwal
Managing Director

NOTES

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. A proxy form is sent herewith. The proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting.
2. Members are requested to notify immediately any change in their address to the Company quoting their folio number.
3. Explanatory Statement in respect to Item No. 4 of the notice as required under Section 173 of the Companies Act, 1956 is annexed herewith.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO. 4

At present shares of the Company are listed on five stock exchanges viz. Bombay, Delhi, Jaipur, Ahmedabad & Calcutta. Trading volume at Calcutta & Ahmedabad Stock Exchanges is negligible and number of shareholders in the respective regions very small.

Hence, Board of Directors of your Company proposed to get shares of the Company delisted at Calcutta & Ahmedabad Stock Exchanges, which unnecessarily increasing financial burden on the Company.

The holders of shares in the respective region viz. States of West Bengal & Gujarat will be given an exit opportunity to sell their shares to the promoters or persons nominated by the promoters after fixing a record date specifically for this purpose and at a price which will not be less than the weighted average of the traded price of the shares in the preceding six months at any of the exchanges on which the shares are listed. In case there was no trading at any of the Exchanges during the preceding six months, the price for the purposes of the buying of the shares should be a fair price to be computed by the auditors of the Company.

None of the Directors is interested or concerned in the said resolution except to the extent that any director may become interested on purchase of shares.

HPM INDUSTRIES LIMITED**DIRECTORS' REPORT**

The Members of **HPM Industries Ltd.**

Your Directors submit their report on Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

(Rs. in Lacs)

	Current Year 1999	Previous Year 1998
Sales	2431.43	2416.58
Profit before Depreciation & Interest	211.19	215.05
Profit/(Loss) before Tax and Extraordinary Items	(99.64)	7.87
Profit/(Loss) for the Year	(113.26)	6.43
Profit/(Loss) Brought Forward	25.12	18.69
Balance Profit/(Loss) Carried Forward	(88.15)	25.12

OPERATIONS

During the year 1998-99, the Company successfully launched two new molecules and exported one of them. Despite adverse market conditions, the Company was able to maintain its sales level. There is a reduction in the prices by 30%, the value addition were not able to cover the interest burden on the Company resulting in a net loss. The Company is also evolving strategies by increase in production to improve the margins and to meet out the high interest cost.

DIVIDEND

Keeping in view the loss during the year, the Directors are unable to recommend any dividend for the financial year 1998-99.

DIRECTORS

The Industrial Development Bank of India (IDBI) withdrew their nomination of Shri Madan Lal on 19.07.1999.

Shri Ram Avtar Garg, non-executive Director of the Company resigned from the Board of Directors of the Company with effect from 30.07.1999.

Your Directors place on record their appreciation for the valuable advice and support provided by Shri Madan Lal and Shri Ram Avtar Garg during their tenure.

In accordance with the Section 255 of the Companies Act, 1956, and pursuant to the Article 106 of the Article of Association of the Company, Shri Ajay Kumar Aggarwal, will be retiring by rotation and being eligible, offer himself for re-appointment.

AUDITORS

The Auditors, M/s S. K. Jain Associates, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment. The observations made by the Auditors with reference to the Notes on the Accounts for the year under report are self-explanatory and need no further explanation except regarding non-confirmation of balances. Regarding the same we wish to clarify that inspite of our request, few parties have not sent their confirmation letters which we are trying to obtain during the current year.

EMPLOYEES

No employee of the Company is in receipt of the remuneration prescribed under Section 217 (2A) of the Companies Act, 1956.

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 with respect to Conservation of Energy, Technology, Absorption and Foreign Exchange/Outgo is appended hereto and forms part of this Report.

Y2K COMPLIANCE

All the hardwares and softwares available in the Company have been tested and confirmed to be Y2K complaint.

PROJECTED v/s ACTUAL PROFITABILITY

Your Directors are pleased to report comparison of performance of the year 1998-99 vis-a-vis Projections in the prospectus dated 11th December, 1995 in terms of Clause 43 of the Listing Agreement.

	Projections	Actual
Total Sales (Rs. in Lacs)	5104	2431
Profit/(Loss) after Tax (Rs. in Lacs)	344	(113)
Dividend (%)	20	—
EPS (Rs.)	4.34	—

ACKNOWLEDGEMENTS

Your Directors acknowledge with gratitude the co-operation and assistance received from various agencies of the Central and State Governments, IDBI, IIBI, RICCO, State Bank of India. Your Directors thank the shareholders and depositors and other business constituents for their continued support and place on record their appreciation of the contribution made by the employees at all levels.

For and on behalf of the Board

Place : New Delhi
Dated : 31st August, 1999

Prem Parkash Aggarwal
Managing Director

Ajay Kumar Aggarwal
Whole-time Director

HPM INDUSTRIES LIMITED**ANNEXURE TO THE DIRECTORS' REPORT**

INFORMATION AS REQUIRED UNDER SECTION 217 (1) (e) READ WITH THE COMPANIES
(DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY**a. Energy Conservation Measures taken**

The Company on the recommendations of Indian Institute of Chemical Technology (IICT), Hyderabad had installed the energy saving system. The Company is now considering to produce its own energy for captive consumption.

b. Additional Investments and proposals being implemented for reduction of consumption of the energy

The Company had commenced production during the year 1995-96 and installed all latest energy saving devices on the recommendations of the technical consultants. Hence no additional investment required to be made in the year under report.

c. Impact of measures taken at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

The impact of the measures taken above, would result in substantial reduction in energy consumption.

d. The energy consumption and energy consumption per unit of production as per Form A of the annexure to the rules in respect of industries specified in the schedule thereto :**FORM 'A'****A) Power and Fuel Consumption****1. Electricity****a) Purchase**

	<u>1998-99</u>	<u>1997-98</u>
— KWH	1514817	1977138
— Total Cost (Rs.)	5921603	6724472
— Rate per Unit (Rs.)	3.90	3.40

b) Own Generation through Diesel Generator

— KWH	31200	23425
— KWH generated per ltr. of Diesel Oil	3.75	3.50
— Cost/Unit	3.89	3.78

2. Furnace Oil used for Steam Generation through Boilers

— Quantity	217640	297935
— Total Cost (Rs.)	1326466	1938871
— Average Rate/Ltr.	6.09	6.51

B) Consumption per Ton of Production**1. Electricity**

— Technical Plant	5023	3935
— Formulation Plant	89	39

2. Furnace Oil

— Technical Plant	786	651
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B. TECHNOLOGY ABSORPTION

The management continued its efforts to bring in cost effectiveness and technological innovations. Total quality management and product development have been the prime thrust areas.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information is contained in Notes forming part of accounts in Schedule 'M'.