

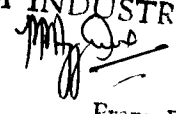
HPM INDUSTRIES LIMITED



TWELFTH ANNUAL REPORT 2001-2002

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HPM INDUSTRIES LTD.

Prem P. Aggarwal
(Managing Director)

HPM *Industries Limited*

HPM INDUSTRIES LIMITED

HPM INDUSTRIES LIMITED Twelfth Annual Report Limited (2001-2002)

BOARD OF DIRECTORS

Prem Prakash Aggarwal Managing Director
Dr. S.K. Mukerjee Director
Ajay Kumar Aggarwal Whole Time Director

BANKERS

State Bank of India

REGISTERED OFFICE & SHARE DEPARTMENT

102, 1st Floor, Laxmi Tower
Azadpur Commercial Complex,
Azadpur, Delhi-110 033

WORKS

209, Matsya Industrial Area,
Alwar, Rajasthan

SHARE LISTING

The Delhi Stock Exchange Association Limited
DSE House, 3/1, Asaf Ali Road, New Delhi-2

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

The Jaipur Stock Exchange Ltd.
Stock Exchange Building,
J.L.N. Marg Malviya Nagar,
Jaipur-302017

The Stock Exchange, Ahmedabad
Kamdheenu Complex,
Opp. Sahajanand College,
Panjarapole
Ahmedabad-380 015

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

Annual Listing Fee has been paid as under :

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

AUDITORS

Ahmad Shukla Jain & Associates
303, 1/926, Naiwala
Karol Bagh, New Delhi-110 005

HPM INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the shareholders of HPM Industries Ltd. will be held on Monday, the 30th September 2002 at 10.00 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, 2002 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 Dr. S.K. Mukherjee, 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 modification(s) the following resolution as a Special resolution :-

"Resolved that pursuant to Section 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the company hereby approves of the re appointment and terms of remunerations of Mr. Prem Prakash Aggarwal, Managing Director of the Company for a further period of five years with effect from 15th September, 2002, as set out below :

1. **Salary**

Rs.20000.00 per month.

2. **Perquisites & allowances**

- a) In addition to the salary and commission payable, the Managing Director shall also be entitled to such perquisites, allowances and reimbursement of expenses as may be agreed by the Board of Directors
- b) For the purposes of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable in the absence of any such Rules, perquisites shall be evaluated at actual cost. Provision for use of the company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- c) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, gratuity payable as per the rules of the company and encashment or leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

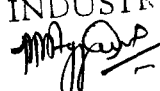
3. **Minimum Remuneration**

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and perquisites and allowances as specified above.

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

Place: New Delhi
Dated: 02.09.2002

Prem Parkash Aggarwal
Managing Director

HPM INDUSTRIES LTD.

Prem P. Aggarwal
(Managing Director)

HPM INDUSTRIES LIMITED

NOTES:

1. A Member entitled to attend and vote is also 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 u/s 173 (2) of the Companies Act 1956 pertaining to special business as aforesaid is enclosed.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO. 4

Mr. Prem Prakash Aggarwal was appointed Managing Director of the company from 15th September 1997 for a period of five years. The Board at its meeting held on 2nd September 2002 reappointed Mr. Aggarwal as the Managing Director of the company for a further period of five years w.e.f. 15th September 2002. Subject to the approval of the shareholders, on the existing remuneration.

Mr. Aggarwal having experience of more than 30 years in pesticides industry has been exclusively associated with the company since the inception of the company and has been contributing extremely on the growth of the company.

Mr. Ajay Aggarwal, Director is concerned or interested with the resolution.

By the order of the Board of Directors

(Director)

HPM INDUSTRIES LIMITED**DIRECTOR'S REPORT**

The Members of HPM Industries Ltd.

Your Directors submit their report on accounts of the Company for the year ended 31st March, 2002

FINANCIAL RESULTS

	Current Year 2002	Previous Year 2001
	(Rs. in lacs)	
Sales	818.24	2076.47
Material Consumed	538.99	1787.97
Manufacturing Cost	288.50	314.48
Gross Profit	(-)9.25	(-)25.98
Loss before depreciation & interest	112.31	430.62
Interest	0.00	278.02
Depreciation	60.27	60.98
Loss for the year	172.58	769.62
Prior Period Expenses	199.70	185.99
Loss brought forward	1198.02	242.41
Balance loss carried forward	1570.31	1198.02

OPERATIONS

During the year 2001-2002, the Company was successful in launching new products, Iso Technical & Malathion Technical but on account of heavy recession in the Industry the results are not satisfactory.

Considering change in scenario your directors have revised the production plans to make a basket of products which can yield good profits.

DIVIDEND

Since your Company has not made any profits during the year under review, your Directors have not recommended any dividend.

DEPOSITS

During the year the company has not accepted any deposit from public.

DIRECTORS

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, Dr. S.K. Mukherjee, will be retiring by rotation and being eligible, offer himself for re-appointment.

COMPANY SECRETARY

Mr. Arun Kumar Goyal, Company Secretary of the company resigned from the company w.e.f. 15-7-2001. The Board of Directors thank him for his in valuable contribution during his association with the Company.

HPM INDUSTRIES LIMITED

RECOVERY FROM DEBTORS

The company has to recover Rs.45451977/- from M/s Chemicide India Ltd. The debtor has not been able to pay the dues of the company. The management has initiated the legal action for recovering its dues from the debtor in terms of decision of the Board of Directors.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Director's confirm that

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- (ii) Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31.03.2002 and of the profit or loss of the company for that period;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) The companies net worth has been fully eroded. The company had made a reference to the BIFR under clause (O) of sub section (1) of section (3) of the Sick Industrial Companies (Special Provisions) Act 1985 and reference has been rejected by the BIFR vide its order dated 12-7-2002. The management considers that it has made arrangements for production of new product namely Iso Technical & Malathion and accordingly the annual accounts have been prepared on a going concern basis. Further the Board of Directors have decided to file once again the reference to the BIFR.

AUDITORS

M/s Ahmad Shukla Jain & Associates, Chartered Accountants, retire at the ensuring 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 efforts, some of parties are not responding to our request to confirm their balances. Due to the financial difficulties the company is not in a position to employ full time company secretary, appoint an audit committee and ensure the compliance of corporate governance.

EMPLOYEES

During the year no employee, whether employed for the whole or part of the year was drawing remuneration exceeding the limits mentioned under Section 217(2A) of the Companies Act, 1956. Hence, the information required under Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975, is not required to be given.

The Industrial Relations remained harmonious & cordial throughout the year. The Board of Directors wishes to express its appreciation to all the employees for their contribution.

ENERGY CONSERVATION, TECHNOLOGY & 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, and Absorption is not applicable because the company has taken power from generator on rent basis.

Foreign Exchange Income/Outgo	Current Year (Rs.)	Previous Year (Rs.)
A) Earnings in Foreign Exchange		
Export of goods (FOB)	Nil	Nil
B) Outgo in Foreign Exchange		
CIF Value of Raw Material Imported	12018572	3786948
Advance to Suppliers	Nil	4297653

ACKNOWLEDGMENTS

Your Directors would like to express their grateful appreciation for the co-operation & assistance received from the Banks, Central & State Government departments, Shareholders & business constituents during the year.

For and on behalf of the Board

Place : New Delhi
Dated : 02.09.2002

Prem Parkash Aggarwal
Managing Director

HPM INDUSTRIES LIMITED

AUDITOR'S REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of **M/S HPM INDUSTRIES LTD.** as on **31st March, 2002** and also the Profit & Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government of India in terms of sub-section 227(4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, statement on the matters specified in paragraphs 4 and 5 of the said order.

2. Further to our comments in the annexure referred to in paragraph 1 above we draw attention to :

- a. Non confirmation/reconciliation of balances with parties (refer note No.4)
- b. The net worth of associate company M/s Chemicide India Ltd. included in the debtors has been fully eroded and provision for bad & doubtful debts Rs.26840688/- has been computed on the basis of accumulated losses of the said company as per their audited Balance Sheet as on 31-3-2002 (refer note No.9).
- c. Slow moving/non moving items forming part of the inventory of the company included and valued in the stocks of packing material Rs.6551076/- and stores & spares Rs.2025528/-. The management has assumed that there is no deterioration in the condition of such items and can be used as and when required. Consequential effect of the diminuation in the value of the same on losses and value of closing stocks cannot be determined being technical matter (refer note No.10).
- d. The companies net worth has been fully eroded. The company had made a reference to the BIFR under clause (O) of sub section (1) of section (3) of the Sick Industrial Companies (Special Provisions) Act 1985 and reference has been rejected by the BIFR vide its order dated 12-7-2002. The management considers that it has made arrangements for production of new product namely Iso Technical & Malathion Technical and accordingly accounts has been prepared under 'Going Concern Concept'. Being technical matter, we are unable to express our opinion on the same (refer note No.11).
- e. Non provision of interest Rs 37747601 payable to SBI, IDBI & IIBI and resultant net loss for the period, accumulated losses and liabilities to Financial Institutions and Bank are understated to the same extent. (Refer note 13)
- f. For the purpose of accounting the management has prepared copies of some Excise Records resumed by the Excise Authorities and in the absense of the same we have relied on the records prepared by the management (refer note No.19).
- g. The company has not appointed full time company secretary as required under the provisions of section 383A of the companies Act since 15-7-2001.

HPM INDUSTRIES LIMITED

- h. The company has not paid the listing fees and has also not made any arrangement for compliance of listing agreement, related to appointment of audit committee, Corporate Governance and in the absence of the same the effect on the liabilities of the company cannot be ascertained.
3. Further to our comments in the Annexure referred to above we report that:
- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - iii. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - iv. In our opinion Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act. 1956.
 - v. On the basis of written representations received from the directors, as on 31-03-2002 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31-03-2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, subject to our comments in para 2 above the said Accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2002 and
- b) in the case of Profit & Loss Account, of the **Loss** for the year ended on that date.

**for AHMAD SHUKLA JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS**

Address : 926/1, Naiwala, Karol Bagh
New Delhi-110005
Date : 02-09-2002

U.A. Khairi
Partner