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HITKARI FIBRES LIMITED

13TH ANNUAL REPORT

1998-99



THIRTEENTH ANNUAL REPORT

HITKARI FIBRES LIMITED

BOARD OF DIRECTORS (as on 25.08.99)

Mr. Anil Hitkari

Chairman & Managing Director

Mr. R. R. Singh

Dr. (Mrs.) Chandni Hitkari

Mr. Aditya Hitkari

Mr. Sanjay Sahni

BANKERS

State Bank of India

AUDITORS

MALPANI & PASARI

(Chartered Accountants)

REGISTERED OFFICE

'Hitkari House',

284, Shahid Bhagat Singh Road,

Fort, Mumbai - 400 001.

ADMINISTRATIVE OFFICE

Trishul Apartments,

"A" Building, Ground Floor,

Road No. 8, Sindhi Society,

Chembur, Mumbai - 400 071.

FACTORIES

Plot No. B-10, M.I.D.C.,

Mahad (Dist. Raigad, Maharashtra)

Plot No. 42, Udyog Vihar, Phase-1,

Dundahera,

Gurgaon - 122016.

C/o. HARYANA INDUSTRIES

Plot No. 318, Phase-II,

Udyog Vihar, Gurgaon - 122016.

REGISTRAR & SHARE TRANSFER AGENTS

Datamatics Financial Services Ltd.,

Plot No. A, 16 & 17, M.I.D.C.,

Part - B, Cross Lane,

Marol, Andheri (East),

Mumbai - 400 093.



NOTICE

NOTICE IS HEREBY GIVEN THAT THE 13TH ANNUAL GENERAL MEETING OF THE MEMBERS OF HITKARI FIBRES LIMITED WILL BE HELD AT CHEMBUR GYMKHANA, 16TH ROAD, CHEMBUR, MUMBAI 400 071 ON WEDNESDAY, THE 29TH SEPTEMBER, 1999 AT 2.00 P.M. TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS :

- 1) To consider, approve and adopt the Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2) To appoint a Director in place of Dr.(Mrs.) Chandni Hitkari, who retires by rotation and being eligible, offers herself for re-appointment.
- 3) To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

- 4) To appoint a Director, in place of Mr.R.R. Singh, who was appointed as a Director by the Board of Directors on 25th August, 1999 to fill the casual vacancy caused by the resignation of Mr. Shanker Swamy and who holds the office until this Annual General Meeting under Article 86 of the Articles of Association of the Company read with Section 262 of the Companies Act, 1956. Mr.R.R. Singh being eligible offers himself for appointment. A Notice in writing from a member proposing his candidature for the office of Director has been received by the Company, pursuant to Section 257 of the Companies Act, 1956.
- 5) To consider, and if thought fit, to pass with or without modifications, 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, Articles 108, 109, 110 and 111 togetherwith the Title and Marginal notes thereto, of the Articles of Association of the Company, be amended in the following manner:

 - A) In the Article 108 and the Title thereto, the words, 'and or Whole-Time Director or Directors', be inserted after the words 'Managing Director' wherever they appear.
 - B) The existing Article 109 and the Marginal note thereto, be deleted and the following Article together with Marginal note thereto be substituted in place thereof:

TO WHAT 'PROVISIONS DIRECTOR OR WHOLE-TIME DIRECTOR SHALL BE SUBJECTED	109. Subject to the provisions of Section 255 of the Act and Article 89 (d) hereof a Managing Director shall not while he continues to hold that office, be subject to retirement by rotation, and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire. However, a Managing Director or Whole-Time Director (Subject to the provisions of any contract between him and the Company) shall be subjected to the same provisions as to resignation and removal as the other Directors and he shall, ipso facto and immediately, cease to be a Managing Director or Whole-Time Director if he ceases to hold the office of Director for any cause.'
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 - C) The existing Article 110 alongwith Marginal note thereto be deleted and the following Article togetherwith Marginal note be substituted in place thereof:

REMUNE-RATION OF MANAGING OR WHOLE-TIME DIRECTOR	110. Subject to the provisions of Sections 198, 269, 309, 310 and 311 of the Act, a Managing Director and / or Whole-Time Director shall, in addition to the remuneration payable to him as a Director of the Company under the Articles, receive such additional remuneration as may from time to time be sanctioned by the Board or the Company in General Meeting.'
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 - D) In Article 111 of and the Marginal note thereto, the words 'and or Whole-Time Director', be inserted after the words 'Managing Director' wherever they appear."



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- 6) To consider, and if thought fit to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and subject to the overall ceiling specified in the Section II(1) of the Part II of the Schedule XIII to the Act, or any amendment thereto or re-enactment thereof, consent of the Company be and is hereby accorded to an increase in the salary payable to Mr. Anil Hitkari from Rs.20,000/- per month to Rs.30,000/- per month and the consequential increase in the perquisites based on the salary, to which he is entitled to with effect from 1st September, 1999, until the expiry of his present term of appointment.

RESOLVED FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution."

NOTES :

- The relative Explanatory Statement pursuant to Sec.173(2) of the Companies Act, 1956, in respect of the business under item Nos. 4 to 6 is annexed hereto.
- A MEMEBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT PROXY NEED NOT BE A MEMBER.
- Members are requested to intimate to the company, changes, if any, in their registered address.
- The Transfer Books and Register of Members shall be kept closed from 23rd September, 1999 to 29th September, 1999. (Both days inclusive.)

By Order of the Board

ANIL HITKARI
CHAIRMAN & MANAGING DIRECTOR

Registered Office:

Hitkari House,
284, Shahid Bhagat Singh Road
Fort, Mumbai - 400 001

Dated : 25th August, 1999

EXPLANATORY STATEMENT

(Annexure to the Notice)

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to Items 4, 5 and 6 mentioned in the accompanying Notice dated 25th August 1999 and should be taken as forming part of the Notice.

ITEM NO.4 : Mr.R.R. Singh was appointed as a Director of the Company on 25th August, 1999 under Article No.86 of the Articles of Association of the Company. Under the said Article and Section 262 of the Companies Act, 1956, Mr.R.R. Singh ceases to hold office on the date of this Annual General Meeting, but is eligible for appointment. Mr.R.R. Singh is an Engineer from IIT and is a businessman having business experience in Production, Marketing, Administration, Banking etc. His experience as a businessman will be of immense value and will promote the business of the Company.

A notice under Section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose Mr.R.R. Singh's appointment as a Director. Directors recommend that his appointment be approved.

Except Mr.R.R. Singh, no other Director of the company is in any way concerned or interested in his appointment.

ITEM NO.5 : The Articles of Association of the Company do not provide for appointment of a Whole-Time Director or Directors. The Board of Directors feel that with the growth of the business of the Company it may become necessary in

**HITKARI FIBRES LIMITED**

future to appoint a Whole Time-Director or Directors for the smooth functioning of the Company. Keeping this in view the relevant Articles of the Articles of Association of the Company are required to be amended .

The Resolution at the item No.5 of the notice is proposed to be passed as a Special Resolution as required under Section 31 of the Companies Act, 1956.

The Board of Directors recommend to the members to approve the amendments as proposed in the item No.5 of the Notice.

None of the Directors of the Company, is in any way, concerned or interested in this resolution.

ITEM No. 6 : Mr. Anil Hitkari was appointed as a Managing Director of the Company with effect from 1st May, 1995. Considering the vigorous efforts made by him since his appointment as Managing Director of the Company and the inflationary trend and the prevailing cost of living, it is desirable to increase his remuneration. Mr. Anil Hitkari, has strived hard to improve the Company's financial position.

Except the increase in salary and certain perquisites based on salary of Mr. Anil Hitkari, the other terms and conditions stated in the resolution passed in 9th Annual General Meeting held on 20th November, 1995 remain unaltered.

The perquisites which are calculated with reference to the salary including medical reimbursement and leave travel concession and deduction in respect of residential accommodation would be computed with reference to the revised salary.

The Board of Directors recommend that the resolution as set out at Item no.6 of this Notice be approved by the members.

Except Mr. Anil Hitkari, Dr.(Mrs.) Chandni Hitkari and Mr. Aditya Hitkari, no other Director of the Company is in any way concerned or interested in this resolution.

It may be noted that the revision in the remuneration payable to Mr. Anil Hitkari is within the limits of minimum remuneration as prescribed in Section II (1) of part II of the Schedule XIII to the Companies Act, 1956.

This revision in the remuneration of Mr. Anil Hitkari as set out in Item No.6 of the notice together with the Explanatory Statement and Memorandum of interest of Directors stated above may be treated as an abstract of the material terms and conditions of revision in the remuneration of Mr. Anil Hitkari pursuant to Section 302 of the Companies Act. 1956.

By Order of the Board

ANIL HITKARI
CHAIRMAN & MANAGING DIRECTOR

Registered Office:

Hitkari House,
284, Shahid Bhagat Singh Road
Fort, Mumbai - 400 001

Dated : 25th August, 1999

**THIRTEENTH ANNUAL REPORT****DIRECTORS' REPORT**

To The Members,

The Directors have pleasure in presenting the 13th Annual Report together with the Audited Statement of Accounts for the Financial year ended 31st March, 1999.

FINANCIAL RESULTS

	(Rupees in Lacs)	
	1998-99	1997-98
Sales & Other Income	1445.58	1386.23
Less : Excise Duty	175.13	164.12
Net Sales & Other Income	1270.45	1222.11
Profit before Interest, Finance Charges and Depreciation	192.15	267.57
Interest & Finance Charges	93.26	125.03
Depreciation	70.00	65.73
Net Profit	28.89	76.81

DIVIDEND

In view of the accumulated losses of the earlier years, your Directors do not recommend any dividend.

YEAR IN RETROSPECT

During the year under review, the Company's growth in sales and profitability were affected mainly due to recessionary condition in the market and stiff competition from imported materials which were available at cheaper rates. Due to this, the Company's business of Home Carpets suffered heavily and even though the Company has done more Productions and Sales in quantitative terms, the sales in value has declined as compared to the previous financial year. This has also effected the profitability of the Company.

FINANCE

Under the One Time Settlement arrived at with the Financial Institutions, the Company has already paid Rs.676 Lacs (Principal amount) as on 31.03.1999. Subsequently the Company has repaid the balance amount along with accrued interest. With repayment of the loans to the Financial Institutions, the interest burden of the Company will reduce substantially in the subsequent years. This will help the Company to show better results and strengthen the financial position of the Company.

PROJECT & FUTURE PROSPECTS

Previously, the Company was supplying Moulded Carpets to Maruti Udyog Limited and General Motors (India) Limited. During the year the Company has commenced supplying carpets to Hanil Lear (India) Pvt.Limited for the Santro Model of Hyundai Motors. Besides this, the Company has also negotiated and finalised the supply of moulded carpets to leading Automotive Manufacturers viz. TELCO, Hindustan Motors, Indo Auto (Fiat), etc. The supply of moulded carpets have already commenced from the current year to these automobile giants, which will increase the sales and consequently the profitability of the Company.

The Company has captured about 90% of the Automobile market for its products and this will constitute about 85 to 90 % of its turnover in the current year.

DIRECTORS

Mr.K.M.Bhole, Nominee Director of Industrial Credit and Investment Corporation of India Limited, ceased to be a Director of the Company as his nomination was withdrawn by ICICI with effect from 30.01.1999.

Mr. Shanker Swamy resigned from his office as a Director with effect from 29.04.1999.

The Board places on record its appreciation for the valuable guidance and co-operation received from the said Directors during their tenure as Directors.


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Dr.(Mrs.) Chandni Hitkari retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

Mr.R. R. Singh was appointed as a Director of the Company on 25th August, 1999 in the casual vacancy caused by the resignation of Director Mr. Shanker Swamy and he holds the office until this Annual General Meeting. The company has received a Notice under Section 257 of the Companies Act, 1956, proposing his appointment as a Director.

The Board recommends the appointment of both these Directors.

AUDITORS

The terms of the current Auditors of the Company, Messrs. Malpani & Pasari, Chartered Accountants, Mumbai, expires at the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956, and they are eligible for appointment. Members are requested to appoint Auditors and fix their remuneration. The notes to the accounts referred to in the Auditors' Report are self explanatory and hence do not call for any further comments.

PERSONNEL

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. All the same, as per the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Finance Manager at the Registered Office of the Company.

DEPOSITS

During the year under review, the Company has not accepted any Deposit for which information is required to be given.

PARTICULARS OF ENERGY CONSERVATION, FOREIGN EXCHANGE EARNING & OUTGO :

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

INDUSTRIAL RELATIONS

During the period, industrial relations have been cordial and your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company.

Y2K COMPLIANCE

The Company has taken appropriate and effective steps to be Y2K Compliant by September, 1999. The expenditure for achieving Y2K Compliance is not expected to have any material financial impact.

ACKNOWLEDGMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions.

Your Directors also wish to thank the Banks, Customers, Distributors and Dealers, Suppliers, Employees and Shareholders for their continued support and co-operation.

For and on Behalf of the Board

ANIL HITKARI
CHAIRMAN & MANAGING DIRECTOR

Mumbai.

Dated : 25th August, 1999



THIRTEENTH ANNUAL REPORT

ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST MARCH, 1999.

1) CONSERVATION OF ENERGY :

Since the Company has the most modern imported plant and having inbuilt features for minimum energy consumption, the company does not have any plan for additional investment on this account. The energy consumption is given in the prescribed form as below :

FORM A

Form for disclosure of particulars with respect to conservation of energy.

a) POWER AND FUEL CONSUMPTION :

	Current year	Previous year
1. Power		
a) Purchased		
Unit (KWH)	8,16,474.00	6,89,362.00
Total Amount (Rs.)	35,72,163.00	29,28,197.00
Rate / Unit (Rs.)	4.38	4.25
b) Own Generation		
i) Through Diesel Generation	N.A.	N.A.
ii) Through Steam Generation	N.A.	N.A.
2. Coal	N.A.	N.A.
3. Furnace Oil		
a) LDO		
Unit (KL)	122.00	120.00
Total Amount (Rs.)	10,18,700.00	12,85,575.00
Avg. Rate (per KL)	8,350.00	10,238.13

NOTE :

As the Company produces various products having different quantitative measurements, per unit consumption of energy cannot be assessed.

2) TECHNOLOGY ABSORPTION :

1. Research & Development

No research and development work has been carried out by the Company and, therefore, no expenditure on this head nor any benefit accrued from it.

2. Technology Absorption

The Company has imported most modern Moulding Plant consisting of Powder Scattering unit for lamination to produce Moulding Carpet for Automobile Sector under Lease arrangement with Maruti Udyog limited & I.D.B.I. However, no technology has been imported.

3. Foreign exchange earnings and outgo

During the year 1998-99 exchange earning was 0.79 and the total foreign exchange outgo was 17.47lacs. Details as per Schedule 15.

For and on Behalf of the Board

ANIL HITKARI
CHAIRMAN & MANAGING DIRECTOR

Mumbai.

Dated : 25th August, 1999