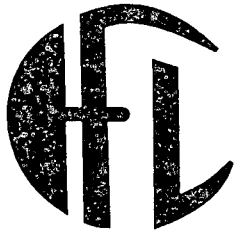
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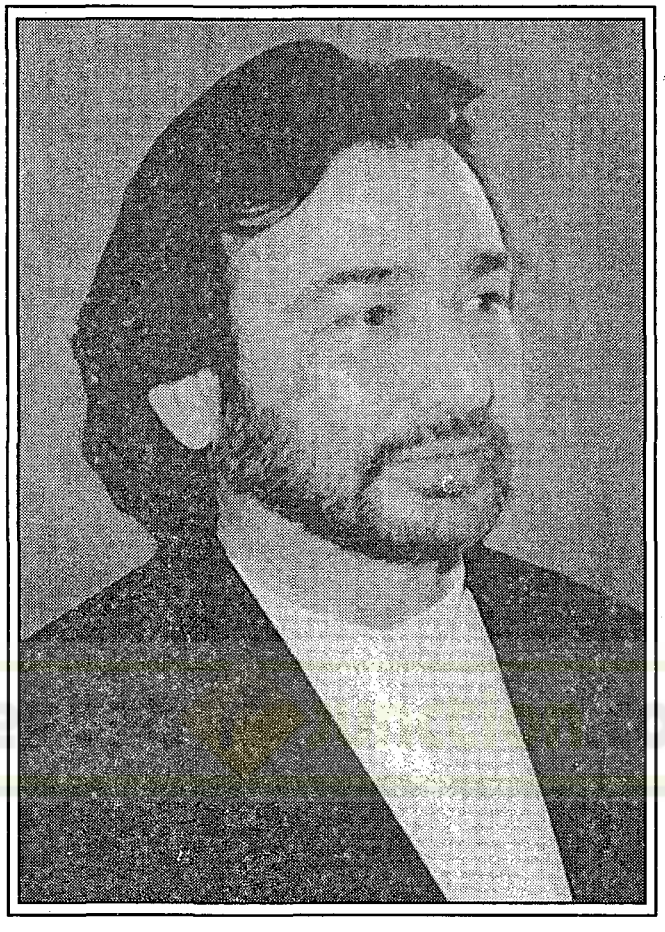
HITKARI FIBRES LIMITED

20th ANNUAL REPORT

2006-2007

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Shri. Anil Nitkari

9th Oct. 1950 - 22nd Dec. 2004

Beloved Chairman & Managing Director

तस्मादसक्तः सततं कार्यं कर्म समाचर ।।
असक्तो ह्याचरन्कर्म परमाप्नोति पूरुषः ।।

Therefore, go on efficiently doing your duty without attachment.
Doing work without attachment, man attains the Supreme.

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HITKARI FIBRES LIMITED

BOARD OF DIRECTORS

Dr.(Mrs.) Chandni Hitkari
Chairperson

Shri Aditya Hitkari
Managing Director

Dr. E.K. Ajit Kumar
Director

Dr. Narayanan Balasubramanian
Director

Shri Inderjit Singh Sehgel
Director

Shri Mahesh Menon
Director

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AUDITORS
Pratap B. Sheth & Co.

BANKERS
Bank of India

FACTORY:
Plot No.B-10, M.I.D.C
Mahad, Dist. Raigad 402301
Maharashtra

REGISTERED OFFICE :
Hitkari House, 1st floor,
284,Shahid Bhagat Singh Road,
Fort, Mumbai - 400001

REGISTRARS & TRANSFER AGENTS :
Datamatics Software Services Ltd.
Plot No.B-5, Part-B. Cross Lane, MIDC,
Marol, Andheri (East), Mumbai 400093.

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NOTICE

Notice is hereby given that 20th Annual General Meeting of the members of Hitkari Fibres Limited will be held on Thursday the 27th day of September 2007 at 11.30 a.m. at Hitkari House, Ground Floor, 284 Sahid Bhagat Singh Marg, Fort, Mumbai to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March 2007, the Balance Sheet as on that date and Report of the Directors and Auditors thereon.

2. To appoint Mr Narayanan Balasubramanian, Director, who retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

3. To appoint Mr. Inderjit Singh Sehgal, Director, who retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

4. To appoint the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board
For **Hitkari Fibres Ltd.**

Dr (Mrs.) Chandni Hitkari
Chairperson

Regd. Office:
Hitkari House, 1st floor,
284,Shahid Bhagat Singh Road,
Fort, Mumbai-400001

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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.
2. Proxies in order to be effective must be deposited at the registered office of the company not later than 48 hours before the commencement of the meeting.
3. Register of Members and Share Transfer Books of the Company shall remain closed from 25th to 27th September 2007 (both days inclusive).
4. Share holders seeking any information with regard to accounts are requested to write to the Company early so as to enable the management to keep the information ready.

By order of the Board
For **Hitkari Fibres Limited.**

Dr. (Mrs.) Chandni A. Hitkari
Chairperson

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Regd. Office :
Hitkari House, 1st floor,
284,Shahid Bhagat Singh Road,
Fort, Mumbai 400001

Place: Mumbai
Dated:31st August 2007.

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 20th Annual Report of the Company along with the Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS :

PARTICULARS	31.03.2007	31.03.2006 (9 MONTHS)
Sales and other income	1027.82	1070.11
Less Excise duty	80.54	61.14
Net sales & other income	960.12	1008.97
Profit before depreciation, Tax and interest	77.97	115.91
Interest	17.74	4.75
Profit before depreciation and tax	60.23	111.16
Depreciation for the year	55.83	63.68
Profit before tax	4.40	47.48
Provision for tax	Nil	Nil
Net Profit	4.40	47.48
Provision for FBT	(3.00)	(5.00)
Amount transferred from capital Reserve	nil	20.00
Ad/(Less) balance brought forward	142.60	205.08
Balance carried to Balance Sheet	141.20	142.60

OPERATIONS :

Your company has achieved gross turnover of Rs.947.28 lacs as compared to Rs.713.89 lacs for previous 9 months period..The margins were under pressure and the company could earn only a nominal profit of Rs.4.40 lacs and after providing for FBT Rs.4 lacs, the net profit for the year is only Rs.1.40 lacs.

FIXED ASSETS :

The Company has added fixed asset of Rs.15.54 lacs during the year and the net block at 31st March 2007 stood at Rs.305.01 lacs. During the year the company has also written back the revaluation amount of Rs.647 lacs and also reduced the depreciation provided on the amount of revaluation.

DIVIDEND :

In view of inadequacy of profit the Board regret their inability to recommend any dividend.

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DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Dr.. Narayanan Balasubramanian and Mr. Inderjit Singh Sehgal retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment at the ensuing Annual General Meeting.

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to Section 217 (2AA) of the Companies Act, 1956 as inserted vide The Companies (Amendment) Act 2000 the Directors of the Company hereby confirm that :

In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records; in accordance with the provisions of the Act for safeguarding the assets of the Company and to preventing and detecting fraud and other irregularities. The Directors have prepared the annual accounts on going concern basis.

CORPORATE GOVERNANCE :

A separate report on corporate Governance is attached as a part of the Annual Report.

DEPOSITORY SYSTEM :

Equity Shares of the company are presently in physical form and the company is in the process of dematerialisation of the shares.

AUDITORS :

The Statutory Auditors of the company M/s Pratap B. Sheth & Company, Chartered Accountants retire at the ensuing Annual General Meeting of the Company and are eligible for reappointment.

AUDITORS REPORT :

The observations made in the Auditor's Report are self explanatory and therefore do not call for any further comments.

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956.

Since no employee is receiving remuneration in excess of limit specified under the provisions of section 217(2A) of the Companies Act, 1956, read with companies (Particulars of Employees) Rules 1975, statement of Particulars of the Employees do not form part of the report.

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CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION :

Information pursuant to section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is annexed and forms part of the report.

PERSONNEL :

The Board wishe to place on record its appreciation of the sincere and hard work put by the employees at all level as a team and making a significant contribution for the successful working of the Company.

ACKNOWLEDGEMENTS :

Yours Directors acknowledge with gratitude the co-operation and assistance given by the Central & State Governments, Financial Institutions/Bankers, Project Consultants, Suppliers etc. for effective working of the Company.

By order of the Board
Dr. (Mrs.) Chandni A. Hitkari
Chairperson

Place: Mumbai
Date: 31st August, 2007

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ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988.

1. CONSERVATION OF ENERGY :

The company has taken several measures for conservation of energy under its modernization programmes that will result in higher yields per unit cost.

FORM A

Disclosure of particulars in respect of Conservation of Energy consumption.

I. POWER & FUEL CONSUMPTION	2006-07	2005-06 (9 months)
1. Power		
a) Purchase		
Unit (in thousands)	610359	607290
Total amount (Rs.)	3356066	2634847
Rate/Unit	5.50	4.34
b) Own generation	nil	nil
2. Furnace Oil/Diesel		
LDO		
Unit(KL)	95.00	72.00
Total amount (Rs.)	2313355	1481412
Average rate (per Kilo liter)	24351	20575

Note : As the Company produces various products having different qualitative measurement, per unit consumption of energy cannot be assessed.

3. Gas		
Consumed Units (in thousand kgs)	Nil	Nil
Internal Generation	Nil	Nil
Total amount		

FORM B

II) Technology Absorption:

1. Research and development"

No research and development work has been carried out by the Company.

2. Technology absorption : No technology has been imported

3. Foreign Exchange earnings and outgo :

Foreign Exchange earnings during the period	Nil	Nil
Foreign Exchange outgo during the period.	Nil	Nil

By order of the Board
Dr. (Mrs.) Chandni Hitkari
Chairperson

Place: Mumbai
Date: 31st Aug. 2007

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DECLARATION

The Board has laid down a code of conduct for all Board Members and Senior Management personnel of the Company. The Board Members and Senior Management personnel have affirmed compliance with the code of conduct.

For Hitkari Fibres Ltd

Dr.(Mrs.) Chandni A. Hitkari
Chairperson

ED/CFO CERTIFICATION

The Managing Director, appointed in terms of the Companies Act, 1956 certify to the Board that :

a) The Financial Statements and the Cash Flow Statement for the period have been reviewed and to the best of their knowledge and belief are true and fair view of the company's affairs.

b) To the best of their knowledge and belief, no transactions entered are fraudulent, illegal or violate the Company's code of Conduct.

c) They accept the responsibility of establishing and maintaining internal controls for the financial report and that they have evaluated the effectiveness, disclosing the deficiencies to the Auditors and the Audit Committee and take steps or proposed to take steps to rectify these deficiencies.

d) They indicated to the Auditors and the Audit Committee :
   i) Significant changes in the internal Control Process during the period.
   ii) Significant changes in Accounting Policies
   iii) Instances of significant fraud of which they have become aware.

This statement is in accordance with the fact that the Board including the Audit Committee shall provide the necessary superintendence and control over the Managing Director.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development :

The Company is engaged in the manufacture of wall-to-wall carpets, Insulation felts, automotive carpers, blankets, non-woven fabrics, geo textile and industrial filters etc. The automobile sector is the major consumer of the company's products.

During the year under review the company remained committed to maximizing its synergies and enhancing the corporate and product awareness which indirectly enhance the share holder value.

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