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Annual Report 1996-97

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HITKARI
INDUSTRIES LIMITED

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HITKARI INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr. Ved Kapur	Chairman
Mr. Jaiwant Bery	Managing Director
Mr. Ajay Kapur	Director
Mr. Rajesh Mehta	Director
Mr. Sunil Kumar Sethi	Director
Mr. B.N. Kataria	Director
Mr. Neeraj Sinha	Nominee of I.F.C.I.

G.M. Finance & Company Secretary

Mr. P.K. Aggarwal

Bankers

State Bank of Bikaner & Jaipur
71-72, Laxmi Bhawan, Nehru Place,
New Delhi-110 019.

Regd. Office

Plot No. 4, Sector-I,
Industrial Area, Parwanoo-173220
Distt. Solan (H.P.)

Works

Plot No. 18, Sector-I,
Industrial Area, Parwanoo-173220
Distt. Solan (H.P.)

Registrars & Share Transfer Agents

MAGNUM BUSINESS SERVICES PVT. LTD.
35-A, Sant Nagar, East of Kailash,
New Delhi-110065
Telephone : 6463336, 6476655
Fax : 6467323

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HITKARI INDUSTRIES LIMITED**NOTICE**

Notice is hereby given that the Third Annual General Meeting of the Members of Hitkari Industries Limited will be held at Plot No. 18, Sector -1, Parwanoo H.P. on Saturday, the 27th September, 1997 at 12 Noon to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997 and the Profit & Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Ved Kapur, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED that Shri. Rajesh Mehta, who was appointed as an Additional Director of the Company by the Board of Directors under Article 106 of the Articles of Association of the company read with Section 260 of the Companies Act, 1956 and who holds office upto the date of the Third Annual General Meeting and in respect of whom the Company has received a notice in writing and also a deposit of Rs. 500.00 (Rupees Five Hundred only) under section 257 of the Companies Act, 1956 from a member proposing appointment of Shri. Rajesh Mehta as a Director of the Company, be and is hereby appointed as a Director liable to retire by rotation."

5. To consider and if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED that Shri Sunil Kumar Sethi, who was appointed as an Additional Director of the company by the Board of Directors under Article 106 of the Articles of Association of the Company read with section 260 of the Companies Act, 1956 and who holds office upto the date of the Third Annual General Meeting and in respect of whom the company has received a notice in writing and also a deposit of Rs. 500.00 (Rupees Five Hundred only) under section 257 of the Companies Act, 1956 from a member proposing appointment of Shri Sunil Kumar Sethi as a Director of the company, be and is hereby appointed as a Director liable to retire by rotation."

6. To consider and if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Shri B.N. Kataria, who was appointed as an Additional Director of the Company by the Board of Directors under Article 106 of the Articles of Association of the company read with section 260 of the Companies Act, 1956 and who holds office upto the date of the Third Annual General Meeting and in respect of whom the company has received a notice in writing and also a deposit of Rs. 500.00 (Rupees Five Hundred only) under section 257 of the Companies Act, 1956 from a member proposing appointment of Shri B.N. Kataria as a Director of the company, be and is hereby appointed as a Director liable to retire by rotation."

By order of the Board of Directors
Ved Kapur
Chairman

Dated : 28th June, 1997

HITKARI INDUSTRIES LIMITED

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the company. The proxies, in order to be effective, must be received by the company not less than 48 hours before of the meeting.
2. The Register of Members and Share Transfer Books of the company will remain closed from 16th September, 1997 to 27th September, 1997 both days inclusive.
3. Members are requested to notify immediately any change in their addresses to the company.
4. Members are requested to bring their copy of Annual Report alongwith them.

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

Shri Rajesh Mehta, Shri Sunil Kumar Sethi and Shri B.N. Kataria were appointed as Additional Directors of the company in terms of Article No. 106 of Articles of Association of the company on 28th September, 1996 and 8th March, 1997 respectively. They will be holding the office upto Third Annual General Meeting.

Notices have been received from Members as per section 257 of the Companies Act, 1956 alongwith deposits for the appointment of Shri Rajesh Mehta, Shri Sunil Kumar Sethi and Shri B.N. Kataria as Directors of the company.

The Members are requested to appoint them as Directors.

None of the Directors are interested in the appointment of above Directors except for the Directors themselves and Shri Sunil Kumar Sethi who is a relative of Shri Ajay Kapur Director.

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HITKARI INDUSTRIES LIMITED**DIRECTORS' REPORT**

The Directors are pleased to present their Third Annual Report together with the Audited Balance Sheet as at 31st March, 1997 and the relevant Profit & Loss Account for the year ended on that date.

FINANCIAL RESULTS

	1996-97	(Rupees in Lacs)	1995-96
Sales & other Income	<u>1,233.80</u>		<u>700.61</u>
Gross Profit before Interest & Depreciation	<u>212.52</u>		<u>148.63</u>
Less: i) Interest	<u>70.97</u>	36.31	
ii) Depreciation	<u>37.60</u>	<u>17.23</u>	<u>53.54</u>
Net Profit	<u>103.95</u>		<u>95.09</u>
Less: Provision for Taxation	<u>0.13</u>		<u>0.48</u>
Balance profit transferred to Reserves	<u>103.82</u>		<u>94.61</u>

OPERATIONS

The company has operated during the year 1996-97 on 100% capacity utilisation. The Sales Turn over for the year is Rs. 1211 Lacs (previous year Rs. 677 Lacs).

Due to increased competition in the industry, there was a marginal drop in the selling price of our products & consequent pressure on the operating profit margins.

Considering the healthy growth of the flexible packaging industry, the company proposes to expand capacities & broad base its product offerings, to include value added technical laminates & high barrier modified atmosphere packing films & systems.

The following expansion & diversification proposals are under active consideration.

1. ADDITION OF 7 LAYER CO- EXTRUSION LINE

The world has moved from 5 layer to 7 layer technology which gives better flexibility in selection of polymers & better barrier performance at lower input costs. As leaders in this field, the company propose to install a State - of - the - art 7 Layer co-extrusion line, thus increasing the present installed capacity.

2. DIVERSIFICATION INTO VALUE- ADDED LAMINATES

The company is today highly dependant on limited applications for its sales. In the broad spectrum of flexible packaging industry, dry powders constitute 80% of the business potential. Your company is held in high esteem by leading multinationals & local food processing companies and is regarded as one of the few companies doing any meaningful Development work in the area of food preservation & packaging.

Our position offers a unique opportunity to exploit the situation as there is a ready market for our laminates. Your company however likes to concentrate on Technical & Value added products/laminates and avoid the business of commodity lower margin laminates. To meet this demand, it is proposed that the company, sets up a composite converting unit which would house an assortment of required machines. Your company is evaluating the various options.

In view of the above your Directors are skipping the dividend.

DIRECTORS

In terms of section 255 of the Companies Act, 1956 and Articles No. 115 of Articles of Association of the company, Mr. Ved Kapur retires by rotation and being eligible offers himself for reappointment.

Mr. Rajesh Mehta was appointed as an Additional Director of the company under section 260 of the Companies Act, 1956 on 28th September, 1996 and cease to hold office on the conclusion of ensuing Annual General Meeting.