

5th
ANNUAL REPORT
1998-1999

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HITKARI
INDUSTRIES LIMITED

HITKARI INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr. Jaiwant Bery

Chairman & Managing Director

Mr. Ajay Kapur

Director

Mr. Rajesh Mehta

Director

Mr. Sunil Kumar Sethi

Director

Mr. B.N. Kataria

Director

Mr. Milind Bhole

Additional Director

COMPANY SECRETARY & MANAGER (FINANCE)

Mr. N.K. Malhotra

AUDITORS

S R Kapur & Company,
Chartered Accountants,
New Delhi.

BANKERS

State Bank of Bikaner & Jaipur
71-72, Laxmi Bhawan, Nehru Place,
New Delhi-110019.

REGD. OFFICE

Plot No. 4, Sector-1, Industrial Area,
Parwanoo-173220, Distt. Solan (H.P.)

HEAD OFFICE

1/13B, Jangpura-A,
New Delhi-110014.

WORKS

Plot No. 18, Sector-1, Industrial Area,
Parwanoo-173220 Distt. Solan (H.P.).

REGISTRAR & 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 Fifth Annual General Meeting of the Members of Hitkari Industries Ltd. will be held at Plot No. 18, Sector-1, Parwanoo, H.P. on Saturday the 25th day of the September, 1999 at 12.00 Noon to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1999 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 Mr. B.N. Kataria who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Sunil Kumar Sethi who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modifications, the following as Special Resolution:
 "RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Associations be and are hereby amended to substitute Article 16 in place of the existing article so as to read as under:
 16. None of the funds of the company shall be applied in the purchase of any shares of the company and the company shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company. However, the Company shall be allowed to buy back its own shares/securities subject to compliance of norms provided in Section 77A & 77B of the Companies Act, 1956 allowing a limited company to buy back its own shares."
6. To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution:
 "RESOLVED that pursuant to sections 198, 309 and 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956. Shri Jaiwant Bery be and is hereby re-appointed as Chairman and Managing Director of the Company for a period of five year w.e.f. 1st November, 1999 on the terms and conditions and remuneration as set out below."
 i) Salary: Rs. 25,000/- per month.
 ii) Perquisites:-

Category A

1. a) Housing I- The expenditure by the company on hiring/leasing, furnished accommodation to be subject to a ceiling of 60 % of the salary.
 b) Housing II- In case accommodation is owned by the company, 10% of the salary to be deducted by the company.
 c) Housing III- In case no accommodation is provided by the company, he will be entitled to house rent allowance subject to the ceiling laid down in Housing I.
 The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962.
2. Medical reimbursement : Expenses incurred for self and family, subject to a ceiling of one month's salary per year or three months salary in a period of three years.
3. Leave Travel concession : For self and family once in a year in accordance with the Rules of the company.
4. Club Fees : Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
5. Personal Accident Insurance : Premium not to exceed Rs. 4,000/- per annum.

Category B

Contributions to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling of perquisites to the extent these either singly or put together will not be taxable under the Income tax Act, 1961. Gratuity payable shall not be exceed half month's salary for each completed year of service.

Category C

The company is to provide car with driver and telephones at residence. Provision of car for use on company's business and telephone at residence will not be considered as perquisites. However, the long distance personal call shall be billed to him. The personal use of car and driver shall be taken as perquisites as per the Income -Tax Rules.

"FURTHER resolved that the same salary and perquisites as mentioned above, be paid to Mr. Jaiwant Bery as minimum remuneration in the event of loss or inadequacy of profits in any financial year during the currency of his tenure subject to the overall limit laid down in Schedule XIII of the Companies Act, 1956."

"FURTHER resolved that the Board of Directors be and are hereby in its absolute discretion, authorised to alter, vary or modify, from time to time, the said terms including remuneration in such manner as it may deem fit within the limits in that regard contained in Schedule XIII or other sections of the said Act and any statutory modifications thereof."

HITKARI INDUSTRIES LIMITED

7. To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution:
 "RESOLVED that pursuant to sections 198,309 and 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 approval of the company be and is hereby accorded to the payment of remuneration and perquisites as set out in Explanatory Statement to Mr. Milind Bhole from 29th June, 1998 to 31st March, 1999 who is employed as Chief Executive Officer of the company and was appointed as an Additional Director by the Board of Directors in their meeting held on 29th June, 1998 and whose appointment as Additional Director was approved by the shareholders in an Annual General Meeting of the company held on 26th September, 1998".
8. To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution:
 "RESOLVED that pursuant to sections 198,309 and 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 approval of the company be and is hereby accorded to the appointment of Mr. Milind Bhole as Whole time Director of the company w.e.f 1st April, 1999 on remuneration and perquisites as under:
 - i) Salary: Rs. 17,250/- per month.
 - ii) Perquisites:

Category A

1.
 - a) Housing I-The expenditure by the company on hiring/leasing, furnished accommodation to be subject to 60% of the salary.
 - b) Housing II-In case accommodation is owned by the company, 10% of the salary to be deducted by the company.
 - c) Housing III- In case no accommodations is provided by the company, he will be entitled to house rent allowance subject to the ceiling laid down in Housing I.

The expenditure incurred by the company on, electricity and water will to be valued as per the Income Tax Rules, 1962.
2. Medical Reimbursement: Expenses incurred for self and family subject to a ceiling of one month's salary per year.
3. Leave Travel Concession: For self and family once in a year in accordance with the rules of the company.
4. Club Fees: Fees of clubs subject to a maximum of one club, admission and life membership fees not being allowed.
5. Bonus, Exgratia, Leave encashment and Conveyance allowance as per the rules of the company.

Category B

Contributions to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling of perquisites to the extent these either singly or put together will not be taxable under the Income Tax Act, 1961 Gratuity payable shall not exceed half month's salary for each completed year of service.

Category C

The company is to provide car with driver and telephones at residence. Provision of car for use on company's business and telephones at residence will not be considered as perquisites. However, the long distance personal calls shall be billed to him. The personal use of car and driver shall be taken as perquisites as per the Income Tax Rules.

"FURTHER resolved that the same salary and perquisites as mentioned above, be paid to Mr. Milind Bhole as minimum remuneration in the event of loss of inadequacy of profits in any financial year during the currency of his tenure subject to the overall limit laid down in Schedule XIII of the Companies Act, 1956.

FURTHER resolved that the Board of Directors be and are hereby in its absolute discretion, authorised to alter, vary or modify, from time to time, the said terms including remuneration in such manner as it may deem fit within the limits in that regard contained in Schedule XIII or other sections of the said Act and any statutory modifications thereof.

By the Order of the Board

Place: New Delhi
 Dated: 29th May, 1999

(JAIWANT BERY)
 CHAIRMAN & MANAGING DIRECTOR

- 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 the meeting.
 2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 5 to 8 set out in the notice as Special Business is annexed hereto.
 3. The Register of members and Share Transfer Books of the company will remain closed from 16th September, 1999 to 25th September, 1999 (both days inclusive).
 4. Members are requested to notify immediately any change in their address to the company.
 5. Members are requested to bring their copy of Annual report alongwith them.

HITKARI INDUSTRIES LIMITED**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT.****ITEM NO. 5**

The Company had obtained approval of the Members in the Fourth Annual General Meeting held on 26th September, 1998 for amending its articles in order to buy-back its own shares as and when the amendment of the Companies Act, 1956 takes place. Now sections 77A & 77B have been inserted in the Companies Act after amendment for buy back of shares. It is proposed to alter and substitute Article 16 of Articles of Association of the company as set out in the resolution to enable the company to purchase any of its own shares subject to compliance of norms stated in Sections 77A & 77B of Companies Act, 1956 as amended and subject to compliance of other relevant laws relating to buy back of shares. The resolution is being placed before the Members for their approval.

None of the Directors of the company is concerned or interested in the above resolution.

ITEM NO. 6

The Board of Directors of the company in their meeting held on 29th May, 1999 granted their approval for reappointment of Mr. Jaiwant Bery as Chairman & Managing Director of the company w.e.f. 1st November 1999 for a period of 5 years. During the first tenure of Mr. Bery the company has substantially improved its sales and profits. His association with the company will be very beneficial. The remuneration is to be paid in accordance with the Schedule XIII of the Companies Act, 1956. Further the Board of Directors is being authorised to alter, vary and modify the remuneration payable in such a manner as it may deem fit within the limits of Schedule XIII of the Companies Act, 1956. The resolution is being placed before the Members for their approval.

None of the Directors of the company except Mr. Jaiwant Bery is concerned or interested in the above resolution.

ITEM NO. 7

Mr. Milind Bhole, Chief Executive Officer of the company was appointed as an Additional Director by the Board on 29th June, 1998. The same was approved by the shareholders in the last Annual General Meeting held on 26th September, 1998.

Mr. Milind Bhole has been paid salary and perquisites from 29th June, 1998 to 31st March, 1999 as under:

(Amount in Rs.)

1. Salary	1,61,518.00
2. Housing	1,89,000.00
3. Medical Reimbursement	13,375.00
4. Bonus	6,600.00
5. Club Subscription	10,000.00
6. PF Contribution	19,382.00

He was also been paid leave encashment and benefit of leave travel concession.

The resolution is being placed before the Members for approval of the above said remuneration.

A separate resolution is being placed before the members for his appointment as Whole Time Director w.e.f. 1st April, 1999 and the payment of salary and perquisites.

None of the Directors of the company except Mr. Milind Bhole is concerned or interested in the above resolution.

ITEM NO. 8

Resolution is being placed before the Members for appointment of Mr. Milind Bhole as Whole Time Director of the company w.e.f. 1st April, 1999 and payment of salary and perquisites to him as mentioned in the resolution.

Mr. Milind Bhole is with the company for the last number of years and with his rich experience the sales and profits of the company have improved substantially.

The payment of salary and perquisites is in accordance with Schedule XIII of the Companies Act, 1956. The Board of Directors has already been authorised to alter the terms within the frame work of Schedule XIII of the Companies Act, 1956. The resolution is being placed before the members for their approval.

None of the Directors of the company except Mr. Milind Bhole is concerned or interested in the above resolution.

HITKARI INDUSTRIES LIMITED**DIRECTORS' REPORT**

The Directors are pleased to present their Fifth Annual Report with Balance Sheet as at 31st March, 1999 and the relevant Profit & Loss Account for the year ended on that day.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	Current Year	Previous Year
Sales & Other Income	2714.23	2016.54
Gross Profit before interest & Depreciation	373.58	255.00
Less: i) Interest	95.48	84.91
ii) Depreciation	45.60	41.07
Net Profit	232.50	129.02
Less: i) Proposed Dividend	—	48.08
ii) Provision for tax on dividend	—	4.80
Balance transferred to Reserve	232.50	76.13

OPERATIONS

The working results of your company for the financial year ended 31st March, 1999 reflect a highly satisfactory performance for yet another year in succession. In line with its endeavour to aim higher, the company has during the year achieved total income of Rs. 2,714.23 lacs as compared to Rs. 2,016.54 Lacs in the previous year showing an increase of 35%. Profit before Tax and Dividend is Rs. 232.50 lacs as against Rs. 129.02 lacs for the financial year 1997-98 showing an increase of 80 %. With a view to conserve resources for the expansion plans of the company, the Directors have not recommended the payment of Dividend for the financial year 1998-99.

In the first two quarter of the financial year 1998-99 your Company has to face increased competition in the industry and there was tremendous pressure on its operating profit margins. However from October, 1998 onwards due to Government's firm stand that henceforth all edible oil would only be marketed in packed form there was an improvement in sales of your Company.

Keeping in view of the healthy growth of Flexible Packaging Industry your Company during the financial year 1998-99 expanded its capacity and broad based its product offerings to include value added technical laminates and high barrier modified atmosphere packaging films and systems. Your company purchased and installed a printing laminating machine which has opened up avenues for speciality lamination films. Your company has also installed a new pouch making machine in May' 99 to make bulk Vacuum bags for domestic and export markets.

There has been considerable growth in the industrial packaging division of your company. Display Shrink film under the brand "CRYSTAL" has been added to its existing product range. Your Company has been successful in setting up a separate industrial packaging division with an objective to become a leading supplier of Industrial packaging material and machines for diverse applications.

During the financial year 1998-99 your Company also placed an order for purchase of a 3 layer Line. After commissioning of this line, the proposed installed capacity of your Company would go up by 1300 tons and it is expected that this new additional capacity will be operational by October' 99. The Company has also plans for upgrading its operations in the areas of printing facilities and bag making.

A home products division has also been set up and your company has also launched "HITKARI" branded Cling Film and Aluminium Films. It is proposed to augment this division in the current year with the introduction of more household products. Your Company is also in the process of opening branch offices at Bombay and Madras to have more direct interaction with its customers and provide them better after sales services.