

**6TH
ANNUAL REPORT
1999-2000**



HITKARI
INDUSTRIES LIMITED

HITKARI INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr. Jaiwant Bery
 Mr. Ajay Kapur
 Mr. B.N. Kataria
 Mr. Rajesh Mehta
 Mr. Sunil Kumar Sethi
 Mr. Milind Bhole
 Mrs. Ambika Kapur

Chairman & Managing Director
Director
Director
Director
Director
Director
Additional Director

COMPANY SECRETARY

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-110 019.

REGD. OFFICE

Plot No. 4, Sector-1, Industrial Area,
 Parwanoo-173 220, Distt. Solan (H.P.)

HEAD OFFICE

1/13B, Jangpura-A,
 New Delhi-110 014

WORKS

Plot No. 18, Sector-1, Industrial Area,
 Parwanoo-173 220 Distt. Solan (H.P.)

**REGISTRAR & SHARE
TRANSFER AGENTS**

MAGNUM BUSINESS SERVICES PVT. LTD.
 35-A, Sant Nagar, East of Kailash,
 New Delhi-110 065
 Telephone : 6463336, 6476655 Fax : 6467323

CONTENTS	Page No.
Directors' Report	7
Auditors' Report	9
Balance Sheet	11
Profit & Loss Account	12
Balance Sheet Abstract	21
Cash Flow Statement	22

HITKARI INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the Members of Hitkari Industries Limited will be held at Plot No. 18, Sector -1, Indl. Area, Parwanoo, H.P. on Saturday the 30th day of September'2000 at 12.30 P.M. to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2000 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. Jaiwant Bery who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Milind Bhole 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 Association be and are hereby altered in the following manner :-
 1. In the Interpretation Clause after the existing interpretation the following interpretations be added :-
 - 'The Register' shall mean the Register and Index of Members in accordance with Section 150 and 151 and all other applicable provisions of the Companies Act, 1956 and shall include the Register and Index of Beneficial Owner, maintained in accordance with the Depositories Act, 1996.
 - 'Depositories Act' means The Depositories Act, 1996 and includes where the context so admits, any reenactment of statutory modifications thereof for the time being in force.
 - 'Depository' means a Depository as defined under the clause (e) of Sub Section (1) of Section 2 of the Depositories Act, 1996.
 - 'Beneficial Owner' shall have the meaning assigned thereto in clause (a) of Sub Section (1) of Section 2 of the Depositories Act, 1996.
 2. In the Interpretation Clause the existing interpretation of word 'Members' be substituted as follows :
 'Members' means the deemed registered holders from time to time of the Shares / Securities of the Company and includes every person whose name is entered as beneficial owner in the records of the Depository.
 3. After the existing Article 4, the following new Articles 4(a), 4(b) and 4(c) shall be inserted :-

Article 4 (a)

Notwithstanding anything contained in the Articles, the Company shall be entitled to dematerialise its existing shares and other securities, rematerialise its shares and other securities held with Depositories and / or offer its fresh shares and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder and on the same being done, the Company shall further be entitled to maintain a register of members with the details of Members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media, either in respect of existing shares or any future issue and transfer or transmission of any shares or other securities held in material or dematerialised form.

Article 4 (b)

The Shares and other securities of the Company which are held in the dematerialised form shall not be progressively numbered and the provisions relating to the progressive numbering shall not apply to the shares or other securities of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form and no Share Certificates shall be issued in respect of the shares issued/held in dematerialised form with any Depository.

Article 4 (c)

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the Shares / Securities in the records of the Depository as the absolute owner thereof as regards the receipt of Dividends or Bonus or Service of Notice and all or any other matters connected with the Company and accordingly the Company shall not (except as ordered by Court of Competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claims to or interest in such shares/ securities on the part of any other person whether or not it shall have express or implied notice thereof.

4. After the existing Article 59, the following new Article 59 (a) shall be inserted :-

Article 59 (a)

In the case of Transfer or Transmission of Securities held by beneficial owners with the Depository the provisions relating to the normal transfer or transmission of securities in respect of the securities held in the physical mode shall not apply to the transfer of securities effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of the Depository. In case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates in respect thereof and where such shares

HITKARI INDUSTRIES LIMITED

or securities are being held in an electronic and fungible form with a Depository, the provision of the Depositories Act, 1996 shall apply.

6. To consider & if thought fit, to pass with or without modifications, the following as Special Resolution :-
 "RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by inserting the following new Article 9 (iii) after the existing Article 9 (ii).

Article 9 (iii)

Nomination for Shares & Debentures

Notwithstanding anything contained in Articles of Association of the Company every holder(s) of shares in or holders(s) of debentures of the Company, holding either singly or jointly, may, at any time, nominate a person in the prescribed manner to whom the shares and / or the interest of the member in the capital of the Company or debentures of the Company shall vest in the event of his/her death. Such member may revoke or vary his/her nomination, at any time, by notifying the same to the Company to that effect. Such nomination shall be governed by the provisions of Section 109A and 109B of the Companies Act, 1956 or such other regulations governing the matter from time to time."

7. To consider and if thought fit, to pass with or without modifications, the following as an Ordinary Resolution :-
 "RESOLVED that Mrs. Ambika Kapoor who was appointed as an Additional Director in the meeting of the Board of Directors held on 31st January, 2000 & who is to hold office as such up to the date of Sixth Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mrs. Ambika Kapoor as a candidate for the office of Director of the Company be and is hereby appointed as a Director liable to retire by rotation."
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, 269,314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 approval of the company be and is hereby accorded for payment of remuneration and perquisites to Mr. Milind Bhole, Whole time Director of the company w.e.f 1st April, 2000 as under:-
- Salary : Rs.24,750/- per month.
 - Perquisites :-

Category A

- Housing I- The expenditure by the company on hiring/leasing; furnished accommodation to be subject to 60% of the salary.
 - Housing II- In case accommodation is owned by the company, 10% of the salary to be deducted by the Company.
 - Housing III- In case no accommodation is provided by the company, he will be entitled to house rent allowance subject to the ceilings laid down in Housing I.
 The expenditure incurred by the Company on, electricity and water will be valued as per the Income Tax Rules, 1962.
- Medical Reimbursement : Expenses incurred for self and family subject to a ceiling of one month's salary per year.
 - Leave Travel Concession : For self and family once in a year in accordance with the Rules of the Company.
 - Club Fees : Fees of clubs subject to a maximum of one club, admission and life membership fees not being allowed.
 - Reimbursement of refreshment expenses subject to a ceiling of Rs. 875/- per month, children education allowance Rs. 200/- per month and Entertainment allowance of Rs. 2000/- per month.
 - Bonus , Exgratia, Leave Encashment and conveyance allowance as per 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 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 telephone 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 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 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 is 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."

9. 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, 269,314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 approval of the company be and is hereby accorded for payment of remuneration and perquisites to Mr. Jaiwant Bery, Managing Director of the company w.e.f 1st April, 2000 as under:-

HITKARI INDUSTRIES LIMITED

- i) Salary : Rs.26,500/- 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 accommodation is provided by the company, he will be entitled to house rent allowance subject to the ceilings 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. Reimbursement of refreshment expenses subject to a ceiling of Rs. 875/- per month, children education allowance Rs. 200/- per month and Entertainment allowance of Rs. 2500/- per month.
6. Bonus , Exgratia, Leave Encashment and conveyance allowance as per 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 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 telephone 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 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. 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 is 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."

10. To consider and if thought fit, to pass with or without modifications, the following as a Special Resolution:-

"RESOLVED THAT subject to applicable provisions of the Companies Act, 1956 (including any statutory modifications, guidelines or re-enactment thereof for the time being in force and as may be amended or enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary from the Securities and Exchange Board of India (SEBI), Stock Exchange(s), Central Government or such other authorities and subject to such conditions and modifications as may be prescribed or enforced while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the company (hereinafter referred to as the "Board"), the consent of the company be and is hereby accorded to the Board to de-list the equity shares of the company from the Calcutta Stock Exchange."

"RESOLVED FURTHER that the Board be and is hereby authorised to do such acts, deeds, matters and things that may be necessary, desirable or expedient for giving effect to this resolution and also the agree to any modifications thereto from time to time as it may think fit."

by the Order of the Board

Place : New Delhi
Dated : 29th August, 2000

(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. Proxy need not be a member of the Company. The proxy, in order to be effective, must be received by the company not less than 48 hours before the meeting.
 2. The relative Explanatory Statements pursuant to Section 173 (2) of the Companies Act, 1956 in respect of item nos. 5 to 10 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 27th September, 2000 to 30th September, 2000 (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, 1956

ITEM NO. 5 :

Consequent upon the passing of the Depository Act, 1996 and setting up of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and request from some of the shareholders of the company and in its continued efforts to provide better investors services, the Company intends to voluntarily join both the Depository viz. NSDL & CDSL to make its shares available for trading in electronic form i.e. dematerialised form. The trading in the shares of the company would be initially optional at the discretion of its shareholders and subsequently when the shares of the company are included in the compulsory demat list of Securities & Exchange Board of India, the trading would only be in electronic i.e. dematerialised form.

Since the Articles of Association of the Company contained the provisions only pertaining to the transfer, transmission etc. of the shares and securities in physical form only, in line with the provisions of the Companies Act, 1956 and to take within its scope the post compulsory demat scenario, the additions of the new articles as envisaged in Item No. 5 of the notice is proposed. This will make Articles of Association of the Company also in line with the Depositories Act, 1996. The resolution is being placed before the members for their approval.

None of the Directors are concerned or interested in the said resolution.

ITEM NO. 6

The Companies Act, 1956 has been amended and new Sections 109A and 109B have been inserted making available nomination facility to the share and debenture holders in respect of the shares and debentures of the Company held by them. Accordingly, a new Article 9(iii) is proposed to be inserted in the Articles of Association of the Company as mentioned in this item of the Notice so as to bring the same in line with the provisions of Sections 109A & 109B of the Companies act, 1956. The resolution is being placed before the members for their approval.

None of the Directors are concerned or interested in the said resolution.

ITEM NO. 7

Mrs. Ambika Kapoor was appointed as an Additional Director of the Company in the meeting of the Board of Directors of the Company held on 31st January, 2000 and whose term of office will be upto the date of the ensuing Sixth Annual General Meeting of the Company. Looking to the rich business experience and acumen of Smt. Ambika Kapoor the Board of Directors of the Company recommend her appointment as Director of the Company liable to retire by rotation.

None of the Directors other than Smt. Ambika Kapoor is concerned or interested in the said resolution.

ITEM NO. 8

Mr. Milind Bhole was appointed as Whole time Director in the Fifth Annual General Meeting of the company held on 25th September, 1999 and his remuneration was also approved by the shareholders in said meeting. The Board of Directors in their meeting held on 29th August, 2000 has revised the remuneration w.e.f 1st April, 2000 as mentioned in the Notice convening this Annual General Meeting. The Board of Directors are already authorised to alter the terms within the framework of Schedule XIII of the Companies Act, 1956. The resolution for the revised remuneration is being placed before the members for their approval.

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

ITEM NO. 9

Mr. Jaiwant Bery was re-appointed as Managing Director in the Fifth Annual General Meeting of the company held on 25th September, 1999 and his remuneration was also approved by the shareholders in said meeting. The Board of Directors in their meeting held on 29th August, 2000 has revised the remuneration w.e.f 1st April, 2000 as mentioned in the Notice convening this Annual General Meeting. The Board of Directors are already authorised to alter the terms within the framework of Schedule XIII of the Companies Act, 1956. The resolution for the revised remuneration is being placed before the members for their approval.

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

ITEM NO. 10

Presently, the equity shares of the company are listed on Delhi Stock Exchange, Mumbai Stock Exchange, Calcutta Stock Exchange, besides regional Stock Exchange at Ludhiana. It has been observed by the Board of Directors that even though the shares are listed at Calcutta, the securities of the company have remained infrequently traded since listing at this Stock Exchange. No official quotation are available in respect of company's shares on this Exchange. The listing fees of the Exchange has been substantially raised and the burden of listing fees is much more than that what was prescribed at the time when listing was sought at this Exchange. The number of shareholders located in and around Calcutta and other parts of West Bengal are abysmally low. The company continues its listing at the Regional Stock Exchange at Ludhiana, Delhi & Mumbai Stock Exchange which has also undertaken expansion of its BOLT facilities to many parts of the country. Thus the shareholders at the above place will have the facilities for trading on the premier Exchange of the country. Keeping this in view, the management proposes to get the shares delisted from Calcutta Stock Exchange in order to curtail the cost and formalities to be followed in this regard. The company proposes to complete all the legal formalities and rules as may be framed by the relevant authorities in this regard from time to time. The resolution is being placed before the members for their approval. None of the directors is, in any way, concerned or interested in this resolution.

HITKARI INDUSTRIES LIMITED**DIRECTORS' REPORT**

The Directors are pleased to present their Sixth Annual Report together with Balance Sheet as at 31st March, 2000 and the relevant Profit & Loss account for the year ended on that day.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	Current Year	Previous Year
Sales & Operational Income	<u>2700.32</u>	<u>2714.23</u>
Gross Profit before Interest & Depreciation	<u>352.64</u>	<u>373.58</u>
Less : i) Interest	105.99	95.48
ii) Depreciation	<u>48.82</u>	<u>45.60</u>
	<u>154.81</u>	<u>141.08</u>
Net Profit	<u>197.83</u>	<u>232.50</u>
Transferred to Reserve	<u>197.83</u>	<u>232.50</u>

OPERATIONS:

The working results of your company for the financial year ended 31st March, 2000 reflect satisfactory performance despite the increased competition and higher incidence of raw material prices. The Company has achieved total income of Rs.2700.32 lacs as compared to Rs.2714.23 lacs in the previous year. Profit after tax was Rs.197.83 lacs as against Rs.232.50 lacs for the financial year 1998-99.

With a view to conserve resources for the modernisation plans of the company, the Directors have not recommended the payment of dividend for the financial year 1999-2000. The Y2K transition was smooth without any disruption to the operations of the company.

During the year under review your company installed a 3 layer line having capacity of 1200 tons per annum. The 3 layer plant is currently working at 80% capacity utilisation and the management is optimistic of 100% capacity utilisation from the third quarter of the current year onwards. In view of the encouraging response from the end users for our Industrial Packaging Films, the management is proposing to add one more 3 layer co-extrusion line in the current financial year, thereby enhancing the overall capacity by an additional 1200 tons per annum. Further during the year, the company was granted **ISO 9002** Certification by world recognised certification agency, BSI for the quality systems followed by the company.

During the last year, there have been tremendous developments in the field of printing. Our competitors have adopted the newer printing technologies which consequently resulted in stiffer competition for our company. As it is imperative for our company to maintain its leadership position in the industry, the management proposes to import and commission a Flexo Printing Machine during the fourth quarter of the current financial year. After the commissioning of this newer printing technology, the company will target more value added packaging applications for overall improved profitability.

AUDITORS

M/s. S.R. Kapur & Company, Chartered Accountants, New Delhi who retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The company has obtained a certificate as required under Section 224 (1B) of the Companies Act, 1956 to the effect that their reappointment, if made, would be within the limits specified in that section.

AUDITORS' REPORT

The Auditors' report as well as notes on accounts are self explanatory and do not require any further comments.