

**7th
ANNUAL
REPORT**

2000-2001

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**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

Company Secretary

AUDITORS

BANKERS

REGD. OFFICE

HEAD OFFICE

WORKS

REGISTRAR & SHARE TRANSFER AGENTS

Chairman & Managing Director

Director

Director

Director

Director

Director

Director

Mr. N. K. Malhotra

S R Kapur & Company
Chartered Accountants,
New Delhi.

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

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

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

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

MAGNUM BUSINESS SERVICES PVT. LTD.
35-A, Sant Nagar, East of Kailash
New Delhi- 110 065
Telephone : 6463336, 6476655
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HITKARI INDUSTRIES LIMITED**NOTICE**

Notice is hereby given that the Seventh Annual General Meeting of the Members of Hitkari Industries Limited will be held at Hotel Windemoor National, Sector - 2, Parwanoo-173220, Distt. Solan (H.P.) on Saturday the 25th day of August, 2001 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, 2001 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. Ajay Kapur, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Rajesh Mehta, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. B.N. Kataria, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modifications, the following as Ordinary Resolution :
 "RESOLVED that pursuant to Sections 198, 269 and 309 and 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, 2001 as under:-
 i) Salary :- Rs.38000/- 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, entertainment allowance of Rs 5000/- per month and furniture and furnishing allowance of Rs.5000/- per month.
6. Bonus, Exgratia, Leave encashment and conveyance/transport 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 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 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.

"RESOLVED FURTHER 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.

"RESOLVED FURTHER THAT the Board of Directors be and are hereby 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 other sections and Schedule XIII of the Companies Act, 1956 and any statutory modifications thereof."

HITKARI INDUSTRIES LIMITED

7. To consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution :-
 "RESOLVED that pursuant to Sections 198, 269, 309 and 314 and 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, 2001 for the remaining period of his appointment as under :-
- Salary :Rs. 40000 /- per month.
 - Perquisites :-

Category A

- Housing I- The expenditure by the company on hiring/leasing; furnished accommodation to be subject to 60% 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 two clubs, 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, entertainment allowance of Rs.5500/- per month and furniture and furnishing allowance of Rs.5000/- per month.
- Bonus, Exgratia, Leave encashment and conveyance/transport 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 be taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half a 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 call shall be billed to him. The personal use of car and driver shall be taken as perquisites as per the Income - Tax Rules.

"RESOLVED FURTHER 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."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby 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 other sections and Schedule XIII of the Companies Act, 1956 and any statutory modifications thereof."

By the order of the Board

(JAIWANT BERY)

Place: New Delhi

Dated : 29th June, 2001

CHAIRMAN & MANAGING DIRECTOR

- NOTES:-
- 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.
 - The relative Explanatory Statements pursuant to Section 173 (2) of the Companies Act, 1956 in respect of item nos. 6 to 7 set out in the Notice as Special Business is annexed hereto.
 - The Register of Members and Share Transfer Books of the company will remain closed from 20th August, 2001 to 25th August, 2001 (both days inclusive).
 - Members are requested to notify immediately any change in their addressees to the company.
 - 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. 6

Mr. Milind Bhole was appointed as Whole-time Director w.e.f. 26.09.1998 and has been paid Salary & perquisites as approved by the members, last being in Annual General Meeting held on 30.09.2000.

Mr. Bhole, 43 years of age, is with the company since incorporation and is an Engineer from CIPET, Madras in the Plastic Processing Technology. He has about 15 years experience in Plastic Industry & his association with the company has been useful.

The Board of Directors have recommended an increase of remuneration keeping the market trend in view. 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. 7

Mr. Jaiwant Bery is Managing Director of the company since incorporation & is the Principal Officer of the company.

Mr. Jaiwant Bery is 41 years of age and is MBA from I.I.M, Bangalore. He has very wide and varied experience of the Industry and the company has grown under his guidance. Mr. Jaiwant Bery, was reappointed as Managing Director w.e.f. 01.11.1999 and his remuneration was last approved by the members on 30.09.2000.

The Board of Directors have recommended an increase of remuneration keeping the market trend in view. The resolution for the revised remuneration is being placed before the members for their approval.

None of the Directors except Mr. Jaiwant Bery & Mrs. Ambika Kapur are concerned or interested in the said resolution.

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HITKARI INDUSTRIES LIMITED

DIRECTORS' REPORT

The Directors are pleased to present their Seventh Annual Report together with audited Balance Sheet as at 31st March, 2001 and the relevant Profit & Loss account for the year ended on that date.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	Current Year	Previous Year
Sales & Operational Income	2819.07	2685.16
Gross Profit before Interest & Depreciation	315.33	352.64
Less i) Interest	108.81	105.99
ii) Depreciation.	56.52	48.82
iii) Provision for taxation	25.00	
Net Profit before tax	125.00	197.83
Transferred to Reserve	125.00	197.83

OPERATIONS

The working results of your company for the financial year ended 31st March, 2001 reflect satisfactory performance despite the intense competition and higher incidence of raw material prices. The Company has achieved total income of Rs. 2819.07 lacs as compared to Rs.2685.16 lacs in the previous year. Profit before tax was Rs. 150.00 lacs as against Rs.197.83 lacs for the last year. The fall in profit is due to increase in operational expenses.

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 third quarter of the financial year 2001-2002. After the commissioning of this newer printing technology, the Company will target more value added packaging applications for overall improved profitability. The Company also proposes to buy and commission a Pouch Making Plant as our existing customers have a requirement for such pouches and we expect improvement in profitability and market share once we have this pouch making facility in-house.

DIVIDEND

With a view to conserve resources for the modernisation plans of the Company, the Directors are not recommending dividend for the financial year 2000-2001.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirement under Section 217(2AA) of the Companies (Amendment) Act, 2000, your Directors confirm :-

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements 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 or loss of the Company for the year under review ;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;

HITKARI INDUSTRIES LIMITED

(iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

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.

DEMATERIALISATION OF SHARES

The company has entered into agreements with National Securities Depository Ltd. (NSDL) and Central Depository Securities (India) Ltd. (CDSL). The equity shares of the company are now available for dematerialisation. The ISIN allotted to the company by both the depository is INE553B01018.

LISTING AT STOCK EXCHANGES

The shares of the company are listed at Mumbai, Delhi and Calcutta besides Regional Stock Exchange at Ludhiana. The Listing fees of all the exchanges have been paid upto date except Calcutta Stock Exchange from where the shareholders have approved delisting in the last Annual General Meeting of the company held on 30th September, 2000.

PARTICULARS OF EMPLOYEES

There was no employee who was covered under Section 217 (2A) of the Companies Act, 1956.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The details under Section 217 (1) (e) of the Companies Act, 1956 in respect of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 to the extent of disclosure of particulars with respect to conservation of Energy and Technology absorption are not applicable to your company. Your company is constantly working for Research and Development as well as for technical absorption to improve its quality of production by innovative means. Foreign Exchange earning was Rs.24.94 lacs and foreign exchange outgo was Rs. 549.72 lacs during the year ended on 31st March, 2001.

ACKNOWLEDGMENT

The Board gratefully acknowledges the support given by the Employees, Shareholders, Financial Institutions, Government Authorities, Bankers and looks forward to their continued support.

By the Order of the Board

Place : New Delhi

Date : 29th June, 2001

(JAWANT BERY)

CHAIRMAN & MANAGING DIRECTOR