

**8th
Annual Report**

2001-2002



**HITKARI
INDUSTRIES LIMITED**

BOARD OF DIRECTORS

Mr. Jaiwant Bery

Mr. Ajay Kapur

Mr. B. N. Kataria

Mr. Sunil Kumar Sethi

Mr. Milind Bhole

Mr. Ashim Sudan

Mr. Rakesh Seth

Company Secretary**AUDITORS****BANKERS****REGD. OFFICE****HEAD OFFICE****WORKS****REGISTRAR & SHARE
TRANSFER AGENTS****Chairman & Managing Director****Director****Director****Director****Director****Additional Director****Additional 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.)****MAGNEM BUSINESS SERVICES PVT. LTD.****35-A, Sanjay Nagar, East of Kailash****New Delhi-110 065****Telephone : 6463336, 6476655****Fax : 6467323**

CONTENTS	Page No.
Directors' Report	5
Auditors' Report	8
Balance Sheet	11
Profit & Loss Account	12
Balance Sheet Abstract	24
Cash Flow Statement	25

HITKARI INDUSTRIES LIMITED**NOTICE**

Notice is hereby given that the Eighth Annual General Meeting of the Members of Hitkari Industries Limited will be held at Hotel Windsmoor National, Sector - 2, Parwanoo-173220, Distt. Solan (H.P.) on Saturday the 21st day of September, 2002 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, 2002 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 Ordinary Resolution:-
"RESOLVED that Mr. Rakesh Seth who was appointed as an Additional Director in the meeting of the Board of Directors of the company held on 27th June, 2002 and who holds office as such upto the date of Eighth Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 have been received from some member signifying his intention to propose Mr. Rakesh Seth as a candidate for the office of the Director of the Company be and is hereby appointed as a Director of the company, liable to retire by rotation."
6. To consider and, if thought fit, to pass with or without modifications, the following as Ordinary Resolution:-
"RESOLVED that Mr. Ashim Sudan who was appointed as an Additional Director in the meeting of the Board of Directors of the company held on 27th June, 2002 and who holds office as such upto the date of Eighth Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 have been received from some member signifying his intention to propose Mr. Rakesh Seth as a candidate for the office of the Director of the Company be and is hereby appointed as a Director of the company, liable to retire by rotation."

By the order of the Board

Place : New Delhi

(JAIWANT BERY)

Dated : 27th June, 2002.

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 and 6 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, 2002 to 21st September, 2002 (both days inclusive).
4. Members are requested to notify immediately any change in their addresses to the company.
5. Members are requested to bring their copy of Annual Report along with them.

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF
THE COMPANIES ACT, 1956****ITEM NO. 5**

Mr. Rakesh Seth was appointed as Additional Director in the meeting of the Board of Directors of the company held on 27th June, 2002 and he holds office as such Director till the date of the Eighth Annual General Meeting of the company. The company has received a notice under Section 257 of the Companies Act, 1956 from a member of the company proposing his name for appointment as Director of the company.

Mr. Rakesh Seth, aged 44 years is a Management Graduate from Bajaj Institute, Mumbai.

He has about 20 years experience with leading multinationals like Nestle and Pepsi. He has held senior positions including Business Manager at Nestle UK and Country Manager, Pepsico, Srilanka. His knowledge and experience in the FMCG industry will be useful to the company.

None of the Directors except Mr. Rakesh Seth is interested or concerned in the said resolution.

ITEM NO. 6

Mr. Ashim Sudan was appointed as Additional Director in the meeting of the Board of Directors of the company held on 27th June, 2002 and he holds office as such Director till the date of the Eighth Annual General Meeting of the company. The company has received a notice under Section 257 of the Companies Act, 1956 from a member of the company proposing his name for appointment as Director of the company.

Mr. Ashim Sudan, aged 42 years is a commerce graduate from Delhi University. He has expertise in financial markets and products. He has worked as an inter-bank foreign exchange broker in International Markets. His appointment as Director would therefore be beneficial to the company.

None of the Directors except Mr. Ashim Sudan is interested or concerned in the said resolution.

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HITKARI INDUSTRIES LIMITED**DIRECTORS' REPORT**

The Directors are pleased to present their Eighth Annual Report together with audited Balance Sheet as at 31st March, 2002 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	2751.60	2705.31
Gross Profit before Interest, Depreciation and Taxation	306.37	315.34
Less i) Interest	110.30	108.81
ii) Depreciation	56.14	56.53
iii) Provision for taxation	11.00	25.00
Net Profit After tax	128.93	125.00
Transferred to Reserve	128.93	125.00

OPERATIONS :

The working results of your company for the financial year ended 31st March, 2002 reflect satisfactory performance despite the intense competition. The Company has achieved total income of Rs. 2751.60 lacs as compared to Rs.2705.31 in the previous year. Profit before tax was Rs. 139.94 lacs as against Rs.150.00 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. With a view to meet the demands of the competition, the company has imported and commissioned during the year Flexo Printing Machine which will give the company access to tap more value added packaging applications for overall improvement in the profitability. The investment in the Flexo Printing Machine has been partly financed by internal accruals.

DIVIDEND

With a view to conserve resources for the ongoing modernisation plans of the Company, the Directors are not recommending dividend for the financial year 2001-2002.

DIRECTORS

Mrs. Ambika Kapur and Mr. Rajesh Mehta, Directors of the company resigned from the Board due to their preoccupation. The Board places on record the sincere appreciation of their contributions during their tenure in the Board.

Mr. Rakesh Seth and Mr. Ashim Sudan were appointed as Additional Directors in the meeting of the Board of Directors of the company held on 27th June, 2002. Mr Rakesh Seth and Mr. Ashim Sudan will hold office as Additional Directors upto the date of Eighth Annual General Meeting of the company. Requisite notices under Section 257 of the Companies Act, 1956 have been received from members of the company signifying their intention to propose the candidature of Mr. Rakesh Seth and Mr. Ashim Sudan for the office of Director of the company. Your Directors recommend the appointment of Mr. Rakesh Seth and Mr. Ashim Sudan to the office of Director of the company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

HITKAM INDUSTRIES LIMITED

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2002, 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 ;
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2002 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.

DEMATERILISATION OF SHARES

Trading in the equity shares of the company has been made compulsory in the dematerialized form by SEBI w.e.f 22nd November, 2001. The shares of the company are available for dematerilisation with both the depositories i.e National Securities Depository Limited(NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March, 2002, 641840 equity shares representing 20.02% of the paid up equity shares of the company have been dematerialized.

CORPORATE GOVERNANCE

The requirement of Corporate Governance as provided in the listing agreement are being implemented. Your Directors are committed to meet the requirement fully within the stipulated implementation schedule applicable to the company i.e. by 31st March, 2003.

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 Mumbai, Delhi and Ludhiana Stock Exchanges have already been paid, whereas the listing fees of Calcutta Stock Exchange is being paid.

REGISTRAR AND SHARE TRANSFER AGENT

With a view to give the shareholders better services, your Directors have decided to appoint M/s. R.C.M.C. Share Registry Pvt. Ltd., 1515 (1st Floor), Bhisham Pitamah Marg, Kotla Mubarkpur (Near South Extension), New Delhi-110003 (Phone Nos. 011-4649720, 4692346, 4601017 Fax No. 011-4692345 email- rcmc@theoffice.net) as Registrar and Share Transfer Agent of the company for both physical and electronic share transfer with effect from 16th September, 2002.

PARTICULARS OF EMPLOYEES

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

HITKARI INDUSTRIES LIMITED**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.68.27 lacs and foreign exchange outgo was Rs. 0.73 lacs during the year ended on 31st March, 2002.

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 : 27th June, 2002

(JAIWANT BERY)

CHAIRMAN & MANAGING DIRECTOR

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HITKARI INDUSTRIES LIMITED**AUDITORS' REPORT**

The Members

HITKARI INDUSTRIES LIMITED

Parwanoo,

Himachal Pradesh.

We have audited the attached Balance Sheet of **HITKARI INDUSTRIES LIMITED** as at 31st March, 2002 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies Auditor's Report Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that :

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- (iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (v) On the basis of written representations received from the directors, as on 31st March, 2002, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner as required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002 ; and
 - (b) in the case of the Profit & Loss Account of the profit for the year ended on that date.

For S.R. Kapur & Co.

(D.K. Gupta)

Partner

Chartered Accountants

Place : New Delhi

Dated : 27th June, 2002