

16TH ANNUAL REPORT

2009-2010

HITKARI INDUSTRIES LTD.

**PLOT NO.18, SECTOR-1, INDUSTRIAL AREA, PARWANOO, DISTT.
SOLAN (H.P.)**

HITKARI INDUSTRIES LIMITED

BOARD OF DIRECTORS

AJAY KAPOOR

MANAGING DIRECTOR

SATISH MALHOTRA

DIRECTOR

AJAY ANAND

DIRECTOR

JASBINDER SINGH RAI

DIRECTOR

AUDITOR

SUDHIR SUNIL & CO.
Chartered Accountants
New Delhi

BANKERS

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

REGD. OFFICE & WORKS

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

REGISTRAR & SHARE
TRANSFER AGENTS

RCMC SHARE REGISTRY (P) LTD.
B- 106, Sector- 2, Noida- 201301
Ph : 0120-4015880, 4015886
[Email- shares@rcmcdelhi.com](mailto:shares@rcmcdelhi.com)

HITKARI INDUSTRIES LIMITED

NOTICE

Notice is hereby given that SIXTHTEENTH ANNUAL GENERAL MEETING of the Company will be held on Thursday, 30th day of September 2010 at 2.00 P.M at Hotel Windsmoor National, Sector-2, Parwanoo- 173220, Distt.- Solan (H.P.) to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet at 31st March 2010 and the Profit & Loss Account for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in the place of Mr. Ajay Anand, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as the ordinary resolution:

“RESOLVED THAT Mr. Jasbinder Singh Rai, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 during the year and whose term expires at this Annual General Meeting, and in respect of whose the Company has received the notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, be and is hereby appointed as the Director of the Company liable to retire by rotation.”

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as the ordinary resolution:

“RESOLVED THAT in accordance with the provision of section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and subject to the approval of shareholders of the Company and as per the recommendations of the Remuneration Committee Meeting of the Board of directors of the Company hereby approve the appointment of Mr. Ajay Kapoor as Managing Director of the Company for a period of 5 years w.e.f. Jan 15, 2010 and payment of remuneration to Mr. Ajay Kapoor for a period of five years w.e.f. Jan 15, 2010 as per the details give below:

REMUNERATION

i) Salary : Rs. 60,000/- per month

ii) Perquisites

1. a) Housing I – The expenditure by the Company on hiring/leasing; furnished accommodation to be subjected 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 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 two clubs, admission and life membership fees not being allowed.
5. Reimbursement of refreshment expenses subject to a ceiling of Rs. 3000/- per month, entertainment allowance of Rs. 5,500/- per month and furniture & Fixture allowance of Rs. 5,000/- per month.
6. Bonus, Exgratia, Leave Encashment and Conveyance/transport allowance as per rules of the company.
7. 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 a month's salary for each completed year of service.
8. 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. Ajay Kapoor as minimum remuneration in the event of loss or inadequacy of profits in any financial 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 (including its Committee constitute for the purpose) be and are hereby authorized to grant increments, 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.”

6. To any other business with the permission of the Chair.

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not to be a member of the company. In order to be valid, proxy form should be deposited at the Registered office of the Company not less than 48 hours before the time fixed for holding the meeting.
2. The register of Members and Share Transfer Books of the Company will remain closed from 27th September 2010 to 30th September 2010(both day inclusive)
3. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. Members, who hold shares in dematerialized form, are requested to write their client ID and DPID Numbers and those who hold shares in physical form, are requested to write Folio numbers in the Attendance Slip for attending the Meeting.
5. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed and the forms part of this notice.
6. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered office of the Company during the office hours on all working days except Saturdays, between 11.00 A.M. and 1.00 P.M. upto and inclusive of the date of the Annual General Meeting.
7. Members are requested to notify immediately any change in their address to the Company's Registrar and Share Transfer Agents, M/s RCMC Share Registry Pvt. Ltd.
8. Members are requested to bring their copy of Annual Reports to the Meeting.

By the order of the Board
for **Hitkari Industries Limited**



(Ajay Kapoor)
Managing Director

Place: New Delhi
Date: 31st August 2010

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

Mr. Jasbinder Singh Rai, aged about 50 years, was appointed as Additional Director in the meeting of the Board of Directors of the Company held on 30th October 2009. He has more than 20 years experience in Service and more than 10 years in Business. He is on the Board of several companies. His induction to the Board of Company would be immensely beneficial to the company. The Company has received a notice under section 257 of the Companies Act, 1956 alongwith necessary deposit from a member of the company signifying his intention to propose his name for appointment as Director of the Company. Further requisite consent, as required under section 264 of the Companies Act, 1956 has been received from him to act as such, if appointed. The board commend the resolution for approval of the members.

None of the Directors, except Mr. Jasbinder Singh Rai is concerned or interested in the above resolution.

Item No. 5

The Remuneration Committee appointed by the Board of Directors of the Company in its meeting held on 15th Dec, 2009 has approved the remuneration and perquisite payable to Mr. Ajay Kapoor, Managing Director of the Company at the time of re-appointment for further period of 5 years with effect from 15th Jan, 2010 for further five years. The resolution is being placed before the members for approval.

None of the Directors, except Mr. Ajay Kapoor himself, is concerned or interested in the above resolution.

HITKARI INDUSTRIES LIMITED

DIRECTORS REPORT

The Directors are pleased to present Sixteenth Annual Report together with audited accounts for the financial year ended 31st March 2010.

FINANCIAL RESULT

	(Rs. in Lac) <u>Current Year</u>	(Rs. In Lac) <u>Previous Year</u>
Sales & Operation Income	3199.76	2736.76
Gross Profit before Interest, Depreciation & Taxation	98.80	169.26
Depreciation and Taxation		
Less 1) Interest	187.78	174.00
2) Depreciation	87.40	95.40
3) Provision for Income Tax(net)	(10.78)	(18.06)
Net Loss After Tax	(165.60)	(91.78)

OPERATION:

The working result of your Company for the financial year ended 31st March, 2010 reflect loss for the year. The Company has achieved total net income of Rs.3199.76 Lacs as compared to Rs.2736.67 Lac in the previous year. Loss was Rs.160.60 Lacs as against Rs. 91.78 Lacs for the year after tax for the last year. The loss is due to increase in raw material prices without comparative increase in selling prices.

DIVIDEND

In view of Loss, the Directors are not recommending dividend for the financial year 2009-2010.

DIRECTORS RESPONSIBILITY STATEMENT

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

1. That in the preparation of the annual account for the financial year ended 31st March 2010 the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. That the Directors have selected such accounting policies and applied them consistently and made judgments 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 of the Company for the year under review.
3. 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.
4. That the Directors have prepared the accounts for the financial year ended 31st March 2010 on a going concern basis.

SUBSIDIARY COMPANY

In pursuant to section 212 of the Companies Act, 1956, the audited statement of accounts along with the report of the Board of Directors of Terra Films Pvt. Ltd. annexed. Further pursuant to Accounting Standard AS-21 your Directors have pleasure in attaching the Consolidated Financial Statement as at 31st March 2010 which form part of Annual Report and Account.

DIRECTORS

Mrs. Usha Kapoor and Mr. Sunil Kapoor resigned as the Director of the Company. The Board places on record its appreciation for the services rendered by them during their tenure as directors of the Company.

Mr. Jasbinder Singh Rai was co-opted as Additional Directors of the Company and holds office upto the date of the ensuing Annual General Meeting. It was proposed to appoint them as Directors of the Company.

In accordance with the Articles of Association of the Company, Mr. Ajay Anand, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

AUDITORS

M/s Sudhir Sunil & Company, Chartered Accountants, New Delhi who retire at the ensuring Annual General Meeting and being eligible offer themselves for reappointment. The Company has received 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 Auditor's report as well as notes on accounts are self-explanatory and do not require any further comments.

DEMATERIALISATION OF SHARES

The shares of the Company are available for dematerialization with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) limited (CDSL).

REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORT

Report on Corporate Governance along with the certificate of statutory auditors of the Company forms part of this Annual Report. The Management Discussion and Analysis Report also forms the part of this Annual Report.

LISTING AT STOCK EXCHANGES

The equity shares of the Company are listed on Mumbai, Ludhiana & Calcutta Stock Exchange. Listing fees for Stock Exchange has been paid.

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 EARNING & OUTGO

The detail 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 conservative 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 innovation means. Total Foreign Exchange earning was Rs. 19.64 Lacs and Foreign exchange outgo was Rs.1.37 Lacs during the year ended on 31st March 2010.

ACKNOWLEDGEMENT

Your directors wish to place on record their appreciation and acknowledge with gratitude the support and cooperation extended by Banks, Government Authorities, Customers, Employees by order of the Board.

PLACE: **NEW DELHI**

DATE: 31st August 2010

By Order the Board

For **Hitkari Industries Ltd.**



(Ajay Kapoor)

Managing Director