

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

HITKARI FIBRES LIMITED



**12TH
ANNUAL REPORT
1997-98**



HITKARI FIBRES LIMITED

Board of Directors

(as on 25.08.98)

Mr. Anil K. Hitkari
Chairman & Managing Director

Mr. K. M. Bhole
Nominee of I.C.I.C.I. Ltd.

Mr. Shanker Swamy

Dr. (Mrs.) Chandni A. Hitkari

Mr. Aditya A. Hitkari

Mr. Sanjay S. Sahni

Bankers

State Bank of India

Auditors

MALPANI & PASARI
(Chartered Accountants)

Registered office

'Hitkari House',
284, Shahid Bhagat Singh Road,
Fort,
Mumbai-400 001.

Administrative Office

Trishul Apartments,
"A" Building, Ground Floor,
Road No. 8, Sindhi Society,
Chembur,
Mumbai 400 071.

Factories

Plot No. B-10, M.I.D.C.,
Mahad (Dist. Raigad, Maharashtra)

Plot No. 59, Udyog Vihar, Phase-I,
Dundahera,
Gurgaon - 122016

C/o. Haryana Industries

Plot No. 318, Phase-II,
Udyog Vihar,
Gurgaon - 122016.

Registrar & Share Transfer Agents

Datamatics Financial Services Ltd.,
Plot No. A, 16 & 17,
M. I. D. C. Part - B,
Cross Lane,
Marol, Andheri (East),
Mumbai - 400 093.

**HITKARI FIBRES LIMITED****NOTICE**

NOTICE IS HEREBY GIVEN THAT THE 12TH ANNUAL GENERAL MEETING OF THE MEMBERS OF HITKARI FIBRES LIMITED WILL BE HELD AT CHEMBUR GYMKHANA, 16TH ROAD, CHEMBUR, MUMBAI 400 071 ON WEDNESDAY THE 30TH SEPTEMBER, 1998 AT 2.00 P.M. TO TRANSACT THE FOLLOWING BUSINESS.

1. To consider and adopt the Balance Sheet as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Aditya A. Hitkari, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sanjay S. Sahni who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

NOTES :

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT PROXY NEED NOT BE A MEMBER.
- b) Members are requested to intimate to the company, changes, if any, in their registered address.
- c) The Share Transfer Books and Register of Members shall be kept closed from 24th September, 1998 to 30th September, 1998 (Both days inclusive).

By Order of the Board

ANIL K. HITKARI
CHAIRMAN & MANAGING DIRECTOR

Registered Office :

"HITKARI HOUSE",
284, Shahid Bhagat Singh Road,
MUMBAI - 400 001

Dated : 25th August, 1998.

TWELFTH ANNUAL REPORT**DIRECTORS' REPORT**

To the Members,

The Directors have the pleasure in presenting the 12th Annual Report together with the Audited Statement of Accounts for the Financial year ended 31st March, 1998.

FINANCIAL RESULTS

(Rupees in Lacs)

	1997-98	1996-97
Sales	1372.47	1289.49
Less: Excise Duty	164.55	171.63
Net Sales	1207.92	1117.86
Profit before Interest and Finance Charges & Depreciation	268.22	232.04
Interest & Finance Charges	125.68	33.20
Depreciation	65.73	62.58
Net Profit	76.81	136.26
Liability no longer required, written back	--	418.64

DIVIDEND

In view of the accumulated losses of the earlier years, your Directors do not recommend any dividend.

YEAR IN RETROSPECT

During the year under review, the Company's growth in sales and profitability were affected mainly due to recessionary condition in the market. Besides, The Central Excise dept. had stopped the despatches of Jute floor covering, one of the fast selling products of the Company, for about two months by raising the depute about the classification of the product. Otherwise, sales and profitability would have been much higher. Even then, during the financial year, the Company has registered an increase of the sales by 7.46% as compared to previous financial year. However due to pressure on margins the profitability has declined compare to that of the previous financial year.

FINANCE

Under the One Time Settlement arrived at with the Financial Institutions, the Company has already paid Rs. 550 Lacs. The Company expects to repay the balance amount of Rs. 150 Lacs during the current Financial Year. With repayment of the loans to the Financial Institutions the interest burden of the Company will reduce substantially in the subsequent years. This will help the Company to show better results and strengthen the financial position of the Company.

Further, a fire at the Mahad Factory had taken place in the month of April, 1998. This resulted in damages to raw material, work in progress, finish goods, building and electrical installations. However, the Company is insured against the fire risk and the claim has been filed with the Insurance Company for the recovery of the loss caused. The correct amount of the losses are being worked out.

FUTURE PROSPECTS

At present, the Company is supplying moulded carpets to Maruti Udyog Limited and General Motors (India) Limited. Your Company has negotiated and finalised the supply of Moulded Carpets to leading Automobile Manufacturers, namely Telco, Hindustan Motors, Hyundai Motors, Ind Auto (Fiat Automobile) and Mahindra & Mahindra. The supplies of Moulded Carpets are expected to

**HITKARI FIBRES LIMITED**

commence from later half of the current year, which will increase the sales and consequently the profitability of the Company.

DIRECTORS

Mr. Aditya A. Hitkari retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr. Sanjay S. Sahni retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

It is recommended that appointment of all these Directors be approved.

AUDITORS :

The terms of the current Auditors of the Company, Messrs. Malpani & Pasari, Chartered Accountants, Mumbai, expires at the conclusion of the ensuing Annual General Meeting. Members are requested to appoint Auditors and fix their remuneration.

PERSONNEL :

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. All the same, as per the provisions of Section 219 (1)(b)(iv) of the Companies act, 1956, the Report and the Accounts are being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Finance Manager at the Registered Office of the Company.

DEPOSITS

During the year under review, the Company has not accepted any Deposit for which information is required to be given.

PARTICULARS OF ENERGY CONSERVATION, FOREIGN EXCHANGE EARNING AND OUTGO:

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

INDUSTRIAL RELATIONS :

During the period, industrial relations have been cordial and your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company.

ACKNOWLEDGEMENTS :

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions.

Your Directors also wish to thank the Banks, Customers, Distributors and Dealers, Suppliers, Employees and Shareholders for their continued support and co-operation.

For and on behalf of the Board

ANIL K. HITKARI
CHAIRMAN & MANAGING DIRECTOR

Mumbai
Dated : 25th August, 1998

TWELFTH ANNUAL REPORT



ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST MARCH, 1998.

1) CONSERVATION OF ENERGY :

Since the Company has the most modern imported plant and having inbuilt features for minimum energy consumption, the company does not have any plan for additional investment on this account. Total energy consumption is given in the prescribed form as below :

FORM A

Form for disclosure of particulars with respect to conservation of energy.

a) POWER AND FUEL CONSUMPTION

	Current year	Previous year
1. Power		
a) Purchased		
Unit (KWH)	6,89,362.00	5,98,395.00
Total Amount (Rs.)	29,28,197.00	24,03,897.00
Rate / Unit (Rs.)	4.25	4.08
b) Own Generation		
i) Through Diesel Generator	N.A.	N.A.
ii) Through Steam Generator	N.A.	N.A.
2. Coal	N.A.	N.A.
3. Furnace Oil		
a) LDO		
Unit (KL)	120.00	129.25
Total Amount (Rs.)	12,85,575.00	11,75,851.80
Avg. Rate (per KL)	10,238.13	9,097.00

Note :

As the Company produces various products having different quantitative measurements, per unit consumption of energy cannot be assessed.

2) TECHNOLOGY ABSORPTION :

1. Research & Development

No research and development work has been carried out by the Company and, therefore, no expenditure on this head nor any benefit accrued from it.

2. Technology absorption

The Company has imported most modern Moulding Plant consisting of Powder scattering unit for lamination to produce Moulding Carpet for Automobile Sector under Lease arrangement with Maruti Udyog Limited & I.D.B.I. However, no technology has been imported.

3. Foreign exchange earnings and outgo :

During the year 1997-98 foreign exchange earning was Nil and the total foreign exchange outgo was 60.07 lacs. Details as per Schedule 15.

For and on behalf of the Board

ANIL K. HITKARI
CHAIRMAN & MANAGING DIRECTOR

Mumbai

Dated : 25th August, 1998.


HITKARI FIBRES LIMITED
AUDITORS' REPORT

To The Members of Hitkari Fibres Limited

We have audited the attached Balance Sheet of Hitkari Fibres Limited as at 31st March, 1998 and the Profit & Loss Account of the Company for the year ended on that date. We report that :

- 1) As required by the Manufacturing and other Companies (Auditors' Report) Order 1988 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
 - 2) Further to our comments in (1) above we report that :
 - (i) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Account.
 - (iii) Proper books of account, as required by law have been kept by the Company so far as it appears from our examination of the said books.
 - (iv) Attention is invited to the following Notes in Schedule 15.
 - a) Note No.B-4 regarding change in accounting policy as regards Provision of Gratuity in the accounts from cash basis to accrual basis.
 - b) Note No.B-8, regarding continuance of Unsecured loan amounting to Rs.86.51 lacs for want of completion of certain legal / procedural formalities and pending documentation in terms of an Arbitration Award,
 - c) Note No. B-8(b) regarding non-provision for taxation liability under section 115JA of the Income Tax Act, 1961 amounting to Rs. 44.25 lacs (upto previous year 35.50 lacs).
 - (v) Subject to para (iv) above and their consequential impact on the profit for the year, in our opinion and to the best of our information and according to the explanations given to us.
- The accounts read together with the significant accounting policies and other Notes thereon in Schedule 15 give the information in the manner so required and give a true and fair view :
- i) In case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 1998, and
 - ii) In case of the Profit & Loss Account, of the "Profit" for the year ended on that date.

For **MALPANI & PASARI**
Chartered Accountants

SHYAM S MALPANI
PARTNER

Mumbai.

Dated : 25th August, 1998.