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HITKARI FIBRES LIMITED

14TH ANNUAL REPORT

1999-2000



HITKARI FIBRES LIMITED

BOARD OF DIRECTORS (as on 25.08.2000)

Mr. Anil K. Hitkari
Chairman & Managing Director

Mr. R.R. Singh
Dr. (Mrs.) Chandni Hitkari
Mr. Aditya Hitkari
Mr. Sanjay 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 Apartment,
"A" Building, Ground Floor,
Road No.8, Sindhi Society,
Chembur, Mumbai – 400 071.

FACTORY

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

REGISTRAR & SHARE TRANSFER AGENTS

Dtatmatics Financial Services Limited
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 14TH ANNUAL GENERAL MEETING OF THE MEMBERS OF HITKARI FIBRES LIMITED WILL BE HELD AT CHEMBUR GYMKHANA, 16TH ROAD, CHEMBUR, MUMBAI-400 071 ON FRIDAY THE 29TH SEPTEMBER 2000 AT 11.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS :

- (1) To consider, approve and adopt the Balance Sheet as at 31st March, 2000 and Profit and 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 Sahni who retires by rotation and being eligible, offers himself for re-appointment.
- (4) To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

- (5) To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modifications or re-enactments thereof, for the time being in force) the consent of the Company be and is hereby accorded to re-appoint Mr.Anil K. Hitkari as Managing Director of the Company for a period of five years with effect from 1st May, 2000 on the terms and conditions and remuneration mentioned hereinunder :

A) SALARY :- Rs.30,000/- per month.

B) PERQUISITES :- Perquisites shall be allowed in addition to salary as under :-

1. HOUSING :-

- a) The expenditure by the Company on hiring furnished accommodation will be subject to a ceiling of 70% of the salary.

If the Company does not provide accommodation to Mr.Anil K. Hitkari, he shall be entitled to House Rent Allowance subject to the ceiling laid down in (a) above.

- b) If accommodation in the Company owned house is provided to Mr.Anil K. Hitkari a deduction @ 10% shall be made from his salary.

EXPLANATION :- In addition to the above, Mr. Anil K. Hitkari will be entitled for reimbursement of the expenditure incurred on gas, electricity, water and furnishing which shall be valued as per Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of Mr. Anil K. Hitkari.

2. MEDICAL REIMBURSEMENT :-

Reimbursement of medical expenses for self and family once in a year incurred in accordance with the Rules of the Company.

3. LEAVE TRAVEL CONCESSION :-

Leave Travel Concession for self and family once in a year incurred in accordance with the Rules of the Company.

4. CLUB FEES :

Fees of club, subject to maximum of two clubs. No admission and life membership fees will be paid.



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5. **PERSONAL ACCIDENT INSURANCE :**

Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs.4,000/-.

NOTE : For the purpose of perquisites stated hereinabove, "FAMILY" means the spouse, the dependent children and the dependent parents of the appointee.

6. Contribution to Provident Fund or Annuity Fund will not be included in the computation of ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.
7. **EARNED LEAVE :** Leave as per the Rules of the Company but not exceeding one month's leave for every eleven month's service. Encashment of leave at the end of tenure will not be included in the computation of the ceiling on remuneration.
8. Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car of personal use shall be billed by the Company."

NOTES:

- i. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956, in respect of the business under item No.5 is annexed hereto.
- ii. 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.
- (c) Members are requested to intimate to the Company, changes, if any, in their registered address.
- (d) The Share Transfer Books and Register of Members shall be kept closed from 26th September 2000 to 29th September, 2000 (Both days inclusive).

By Order of the Board

ANIL K. HITKARI
CHAIRMAN & MANAGING DIRECTOR

Registered Office :
Hitkari House,
284, Shahid Bhagat Singh Road,
Fort, Mumbai - 400 001

Date : 25th August, 2000



HITKARI FIBRES LIMITED

EXPLANATORY STATEMENT

(Annexure to the Notice)

In conformity with the provisions of Section 173 (2) of the Companies Act 1956, the following explanatory statement sets out all material facts relating to item No. 5 mentioned in the accompanying notice dated 25th August, 2000 and should be taken as forming part of the Notice.

Mr. Anil K. Hitkari was appointed as Managing Director of the Company for a period of 5 years from 1st May 1995. His present tenure as Managing Director expired on 30th April, 2000. Subject to the approval of the members of the Company in General Meeting, the Board of Directors at their Meeting held on 28th April 2000 reappointed him as Managing Director for a further period of five years from 1st May 2000 on the remuneration and other terms as contained in the proposed resolution at the item No.5 of the Notice. During the tenure of Mr. Anil K. Hitkari as a Managing Director, the Company has made considerable progress in all the spheres and has since acquired good name and reputation in business.

The Directors feel that the Company should continue to avail of the service of Mr. Anil K. Hitkari in the interest of the Company. Hence the Board of Directors at their meeting held on 28th April, 2000 has considered it necessary to reappoint Mr. Anil K. Hitkari as Managing Director of the Company for a further period of 5 years with effect from 1st May 2000.

It may be noted that the proposed remuneration payable to Mr. Anil K. Hitkari is within the limits prescribed in Part II of Section II (1) of the Schedule XIII to the Companies Act, 1956, when the Company has no profits or profits are inadequate.

Mr. Anil K. Hitkari is deemed to be concerned or interested in the Resolution which pertains to his re-appointment as Managing Director. Further Dr. (Mrs.) Chandni A. Hitkari and Mr. Aditya A. Hitkari are relatives of Mr. Anil K. Hitkari and hence they are also deemed to be concerned or interested in the Resolution.

None of the other Directors is concerned or interested in the Resolution.

The terms, conditions and remuneration set out in the item No.5 of the Notice and the memorandum of interest of Directors stated above may be treated as an abstract of the terms and conditions of re-appointment of Mr. Anil K. Hitkari pursuant to Section 302 of the Companies Act, 1956.

By Order of the Board of Directors

ANIL K. HITKARI
CHAIRMAN & MANAGING DIRECTOR

Registered Office :
Hitkari House,
284, Shahid Bhagat Singh Road,
Fort, Mumbai - 400 001
Date : 25th August, 2000



Fourteenth Annual Report

DIRECTORS' REPORT

To The Members,

The Directors have pleasure in presenting the 14th Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st March, 2000.

FINANCIAL RESULTS

(Rupees in Lacs)

	1999-2000	1998-99
Sales & Other Income	1658.23	1445.58
Less: Excise Duty	216.68	175.13
Net Sales & Other Income	1441.55	1270.45
Profit before Interest, Finance		
Charges and Depreciation	173.41	192.15
Interest & Finance Charges	93.60	93.26
Depreciation	70.62	70.00
Net Profit	9.19	28.89

DIVIDEND

In order to strengthen the financial resources of the Company, your Directors do not recommend any dividend for the year ended 31st March, 2000.

YEAR IN RETROSPECT

During the year under review the Gross Sales of the Company increased from Rs.1323.60 Lacs to 1626.10 Lacs representing an increase of 22.85 %. However, the net profit for the year has reduced from Rs.28.89 Lacs to Rs. 9.19 Lacs. The reduction in net profit is due to pressure on sales margin.

FINANCE

Your Company has repaid the entire dues of Financial Institutions Viz. ICICI, IDBI and IFCI under the one time settlement schemes. With repayments of Loan, the interest burden of the Company will decrease substantially in the years to come. This will help the Company to show better results and strengthen the financial position of the Company.

PROJECT & FUTURE PROSPECTS

At the present, Company is supplying Automotive Carpets to Maruti Udyog Ltd., General Motors (India) Ltd., Hyundai Motors, Telco, Hindustan Motors, Toyota, Ind Auto(Fiat) etc. Apart from this the Company has negotiated with P.H.PELZER & CO. which is supplying Auto Carpets to DAEWOO MOTORS for their CEILO and MATIZ models. Also product development is in process with Lear Sitting (India) Pvt. Ltd. which supplies Auto Carpets to Mahindra & Mahindra for their SCORPIO model. This will increase the turnover and profit of the Company.

DIRECTORS:

Mr. Aditya A. Hitkari and Mr. Sanjay S. Sahni retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

The Board has recommended the appointment of the above Directors.

Mr. Anil K. Hitkari was appointed as a Managing Director on 1st May, 1995 whose terms of office expired on 30th April, 2000. The Board has re-appointed him as Managing Director subject to the terms and conditions as set out in the notice of Annual General Meeting. His re-appointment is subject to the approval of members and it is recommended that the re-appointment be approved by the members.



HITKARI FIBRES LIMITED

AUDITORS

The terms of the present Auditors of the Company, Messrs. Malpani & Pasari, Chartered Accountants, Mumbai, expire at the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956, and they are eligible for appointment. Members are requested to appoint Auditors and fix their remuneration. The notes to the accounts referred to in the Auditors' Report are self-explanatory and hence do not call for any further comments.

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.

PATRICULARS OF ENERGY CONSERVATION, FOREIGN EXCHANGE EARNING & 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.

Y2K COMPLIANCE

Due to timely steps taken, the Company's operations are Y2K Compliant and the transition to the year 2000 was completely smooth.

ACKNOWLEDGMENT

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.

By Order of the Board of Directors

ANIL K. HITKARI
CHAIRMAN & MANAGING DIRECTOR

Mumbai

Dated : 25th August, 2000