

A N N U A L R E P O R T 1 9 9 7 - 9 8



*The World of
Fascinating Hindware*

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HINDUSTAN SANITARYWARE & INDUSTRIES LIMITED



Contents

The World of Fascinating Hindware	1
Directors	2
Hindware: A Profile	4
Financial Highlights	5
Directors' Report	6
Auditors' Report	17
Balance Sheet	20
Profit and Loss Account	21
Schedules	22
Ceramic Services Ltd.	41



The World of Fascinating Hindware

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

Report

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When people are joined by a common belief in quality, when they strive together to cross the frontiers of excellence, and when they live in harmony and complement each other's endeavours, the result is truly fascinating. Take Hindware. It's bewitching designs, elegant range and sheer value is a by-product of people working in tandem with shared beliefs and in harmony with environment. Making Hindware fascinating, in more ways than one.

Directors

Directors

R.K. SOMANY (*Chairman & Managing Director*)

SANDIP SOMANY (*Joint Managing Director*)

G.M. YATES

P.B. AGARWALA (*Alternate to MR. G.M. YATES*)

S.S. KANORIA

M.G. DAMANI

N.G. KHAITAN

BINAY KUMAR

S.K. CHAKRABORTY (*Nominee of IDBI*)

G.L. SUETANIA (*Executive Director & Secretary*)



R.K. SOMANY (*Chairman & Managing Director*)



SANDIP SOMANY (*Joint Managing Director*)

Bankers

CENTRAL BANK OF INDIA

ANDHRA BANK

BANK OF BARODA

Auditors

S.R. BATLIBOI & COMPANY

(A member of Ernst & Young International)

Registered Office

2, RED CROSS PLACE, CALCUTTA-700 001

Works

SANITARYWARE DIVISION

❑ BAHADURGARH-124 507, DIST. JHAJJAR
HARYANA

❑ SOMANYPURAM, BRAHMANAPALLY
BIBINAGAR-508 126, ANDHRA PRADESH

GLASS DIVISION

VARADANAGAR, KUKATPALLY

HYDERABAD-500 018



HINDUSTAN SANITARYWARE & INDUSTRIES LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirty-Eighth Annual General Meeting of the Members of Hindustan Sanitaryware & Industries Limited will be held at Somany Conference Hall of Merchants Chamber of Commerce, 15B, Hemanta Basu Sarani, Calcutta - 700 001 on Tuesday, the 15th day of September, 1998 at 12.00 Noon to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date together with the report of Directors and Auditors thereon.
2. To declare dividend on Preference and Equity shares, if any.
3. To appoint a Director in place of Shri Sandip Somany, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri S.S. Kanoria, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification(s) the following Resolutions:

6. **Remuneration by way of Commission to Non-Executive Directors :**

As a Special Resolution

RESOLVED THAT in accordance with and subject to the provision of Section 309(4) read with Section 309(7) of the Companies Act, 1956, the Company do hereby authorise the payment to the Directors of the Company (other than the Managing and Wholetime Directors, if any) of a commission (to be divided amongst them, in such amounts or in proportion and in such manner as may be determined by the Board of Directors of the Company from time to time and in default of such determination equally) of 1% (One percent) on the net profits of the Company, to be computed in the manner prescribed in Sub-section (1) of Section 198, referred to in Sub-section (5) of Section 309 of the Companies Act, 1956 in any financial year of the Company, for a further period of 5 years, commencing from 1st April, 1998 and upto 31st March, 2003.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient in order to give effect to the above Resolution.

7. **Preferential Issue of Equity Shares to the Indian Promoters**

As a Special Resolution

RESOLVED THAT in accordance with the provisions of Section 81(1-A) and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and notwithstanding anything contained in Sub-Section (1) of Section 81 of the Act (including any statutory modification or amendment to and re-enactment thereof for the time being in force) and pursuant to the enabling provisions of the Memorandum and Articles of Association of the Company and the guidelines of The Securities and Exchange Board of India (SEBI) and approval of SEBI, if required and subject to all such other necessary approvals, consents, permissions and/or sanctions as may be necessary or required and subject also to all such other approvals, consents, permissions and/or sanctions as may be necessary and subject also to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any committee or sub-committee thereof which the Board may have constituted or hereafter constitute to exercise its powers including the powers so conferred on the Board by this Resolution) and subject further to such conditions and modifications as may be prescribed or made by any of the relevant authorities in granting such approvals, consents, permissions and/or sanctions and which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to make the Preferential Offer to issue and allotment of upto 600,000 Equity Shares of face value of Rs 10/- each for cash at a price to be determined and fixed by the Board pursuant to SEBI's prevailing guidelines on Preferential Issue to the Indian Promoters (including their relatives, friends and associates) and



other identified persons, associate companies or any other entity (ies) belonging to the promoters in such proportion or quantum at such time or times and in such manner or manners and at such price or prices computed and/or to be computed and fixed by the Board of Directors of the Company in accordance with the Rules and Guidelines including amendments thereof issued by SEBI and/or such other authorities prevailing for the time being in this regard.

RESOLVED FURTHER THAT the Equity Shares so allotted shall rank in all respects pari passu with the existing Equity Shares of the Company save that such Equity Shares so allotted shall carry the right to receive dividend which may be declared for the financial year in which the allotment of the shares be made pro rata from the dates of allotment.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary measures to seek the listing of such equity shares in the Stock Exchanges where the Company's shares are presently listed.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised on behalf of the company to accept and make in the interests of the Company all such modifications and alterations to the terms and conditions concerning any aspect of the issue including increase or decrease in the quantum and aggregate value of the preferential issue of Equity Shares to be issued, amount of premium or any other matter as may be considered necessary or expedient and/or as may be specified in the requisite approvals and to take all such actions as may be necessary or desirable to effect such modifications and alterations, and to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the Equity Shares as it may in its absolute discretion deem fit.

8. Buy back of Shares

As a Special Resolution

RESOLVED THAT if and when permitted by the law, and subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof and any ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall also include a committee thereof) or as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to or accepted by the Board, the consent of the Company be and is hereby accorded to the Board to buy back such number of Equity Shares as may be thought fit from the existing holders of Equity Shares on a proportionate basis and/or from the open market and/or from the lots smaller than the market lots of the shares and/or by purchasing the shares issued to the employees pursuant to a scheme of stock option of the Company in such proportion and manner as may be permitted by law from out of its free reserves or out of the share premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose or from such other sources or funds of the Company as may be permitted by law on such terms, conditions and in such manner as may be permitted by law from time to time provided that the aggregate of the shares so bought back shall not exceed 20% of the paid-up share capital of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board of Directors of the Company be and is hereby authorised to do all such acts and things and deal with all such matters and to settle all questions or difficulties whatsoever that may arise with regard to said buy back/purchase of Equity Shares and take all such steps in this regard as it may in its absolute discretion deem necessary, fit and proper.

RESOLVED FURTHER THAT nothing here in above contained shall confer any right on any shareholder to offer or any obligation on the Company or the Board to buy back any Equity Shares.

By Order of the Board

Registered Office :
2, Red Cross Place,
Calcutta - 700 001

Dated : 29th June, 1998

G.L. SULTANIA
Executive Director & Secretary



Notes :

1. Relative Explanatory Statement pursuant to the Section 173(2) of the Companies Act, 1956 in respect of item nos. 6, 7, & 8 is annexed hereto.
 2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll, instead of himself. The proxy need not be the member of the company. Proxies, in order to be effective must be received at the Registered office of the Company not less than 48 hours before the meeting.
 3. The Register of members and the share transfer books of the Company will remain closed from 1st September, 1998 to 15th September, 1998 (both days inclusive).
 4. If Dividend on Equity shares as recommended by the Directors is approved at the meeting, payment of such Dividend will be made in accordance with the applicable provisions of Law to those members whose names appear in the Register of Members of the Company as on 15th September, 1998.
 5. No tax will be deducted at source from the dividend, if declared.
 6. Members are requested to notify change in their address in block letters, if any, quoting their folio number to the Registered office of the Company.
 7. Members/Proxies are requested to bring their copies of the Annual Report at the Meeting.
 8. In accordance with the Provision of Section 205(A) of the Companies Act, 1956 the Company has from time to time transferred unclaimed/unpaid dividends for and upto the Financial Year ended 31st March, 1994 to the General Revenue Account of the Central Government. Members who have valid claim to any of the unclaimed/unpaid dividends as aforesaid may claim the same from the Registrar of Companies, West Bengal.
 9. Unclaimed Dividend for the year 1994-95 will fall due for transfer to the General Revenue Account of the Central Government on or before 19th October, 1998. Members, who have not so far encashed their dividend warrants, may claim or approach immediately to the Company for payment.
- N.B. This may also be treated as Separate Notice, informing all the members concerned of particulars of dividends transferred to the General Revenue Account of the Central Government as required by the Companies unpaid Dividend (Transfer to General Revenue Account of the Central Government Rules 1978 as amended).

Explanatory Statement Under Section 173(2) of the Companies Act, 1956**Item No. 6**

The Company by a Special Resolution passed at its 33rd Annual General Meeting held on 23rd August, 1993 was authorised by the Members of the Company to make payments to its Directors (other than the Managing and Wholetime Directors of the Company) of a commission of 1% (one percent) of the net profits of the Company for the each of the Financial year for a period of Five (5) years commencing from the 1st day of April, 1993 and ending on the 31st day of March 1998.

In terms of the provision of Section 309(7) of the Companies Act, 1956, which provides that a Special Resolution passed under Section 309(4) of the act shall not remain in force for more than Five (5) years at a Stretch, the previous resolution as stated to have passed hereinabove remained valid upto the end of Company's Financial year ended on 31st March, 1998. Accordingly it is proposed to pass a fresh Resolution by way of Special Resolution for the purpose of continuity of payment of such commission for each Financial Year in pursuance of Section 309(4) read with Section 309(7) of the Companies Act, 1956 for a further period of Five (5) years commencing from 1st day of April, 1998 and ending on the 31st March, 2003. The Resolution set out in Item No. 6 of the convening Notice is intended for seeking member's approval and your Directors accordingly recommend the same.

All the Directors except Shri R.K. Somany, Shri G.L. Sultania and Shri Sandip Somany, may deem to be interested or concerned in the said Resolution.

Item No. 7

The Preferential offer is proposed with a view to ensure the stability and to strengthen the hand of the promoters who have effective control over the management of the Company and the said proposal is immediate need of the hour and is relevant in the context of the changing economic environment for the long term growth of the Company.

Your Directors further consider that it would be advisable to raise finance from time to time for general corporate purposes including capital expenditure, working capital, strategic investments and others.



Section 81 of the Companies Act, 1956 provides, inter alia, that whenever it is proposed to increase the subscribed capital of the Company by allotment of further shares, such further shares shall be offered firstly to the person who on the date of offer are holders of the Equity Shares of the Company in proportion to the Capital paid up on that date unless the members in General Meeting decide otherwise. The Listing Agreements executed by the Company with various Stock Exchanges also provide that the Company shall in the first instance offer all securities for subscriptions pro-rata to Equity Shareholders unless the members in General Meeting decide otherwise.

Section 81(1-A) of the Companies Act, 1956 provides that the shareholders sanction is required for any issue of securities to person (s) other than existing shareholders of the Company.

Consent of the members of the Company is as such required and accordingly your Directors recommend the proposed Special Resolution as set out in the Notice for your approval.

All the Directors of the Company may be deemed to be concerned or interested to the extent they may be entitled to the securities that will be offered and allotted to them on preferential basis.

Item No. 8

The Companies Act, 1956 presently restricts the purchase of its own shares by a Company unless the same is done with a view to reduce its capital. The Companies Bill, 1997 sought to lay down the operative provisions to regulate the buy back of shares by Companies. The said bill has not yet become the law. It is expected that, in due course of time, the law will be amended to allow such buy back. Subject to the buy back of shares or securities, being legally permissible it is proposed to buy back not exceeding 20% of the paid-up share capital of the Company from the existing shareholders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the shares and/or by purchasing the shares issued to the employees of the Company pursuant to the scheme of stock option, subject to necessary enactment in this regard.

The amount to be invested shall be met out of the free reserves and/or the share premium account and/or out of the proceeds of an issue specifically made for the purpose or from such other sources or funds as may be permitted by law. The shares so bought back shall be dealt with as per the then prevailing law/regulations.

The Board is of the opinion that it will be in the best interest of the Company if shareholders approve the said resolution, permitting such buy back so that the Company will be able to implement this resolution once the law is amended.

The approval of the shareholders for such buy back of shares was obtained at the Extra Ordinary General Meeting of the Company held on 6th May, 1995 and accordingly the Articles of Association of the Company was amended by inserting new Clause for buy back of shares. The above approval so obtained ceased to be valid based on the provision of the Companies Bill, 1997 which stipulates the validity of the resolution and its approval for a period of 15 months from the date of passing of Resolution. Consequent upon a fresh approval of the shareholders is sought for by way of a special resolution as set out in this notice. The resolution, if passed at the ensuing Annual General Meeting will be valid till 14th December, 1999.

The Resolution is an enabling provision aimed at facilitating the Company to buy back its shares as soon as legally permissible. The Directors recommend the resolution for approval of the shareholders.

The Directors of the Company may be deemed to be concerned or interested in the Resolution only upto the extent of their holding of shares in the Company.

Registered Office :
2, Red Cross Place,
Calcutta - 700 001

By Order of the Board

Dated : 29th June, 1998

G.L. SULTANIA
Executive Director & Secretary



HINDUSTAN SANITARYWARE & INDUSTRIES LIMITED

Regd. Office : 2, RED CROSS PLACE, CALCUTTA-700 001



HINDWARE

Attendance Slip

The Folio No. and Name(s) of the Member are to be furnished below in BLOCK LETTERS

Folio No. _____ No. of Shares held _____

Full Name(s) of the Member/Joint Members

1. _____ 2. _____

3. _____ 4. _____

Full Name of the Proxy if attending the Meeting _____

I hereby record my presence at the Annual General Meeting of the Company being held on Tuesday the 15th day of September 1998.

Signature of the Member/Joint Members/Proxy attending the Meeting _____

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE
OF THE MEETING HALL

HINDUSTAN SANITARYWARE & INDUSTRIES LIMITED

Regd. Office : 2, RED CROSS PLACE, CALCUTTA-700 001

Proxy

I/we _____ of _____

_____ being a Member/Members of HINDUSTAN SANITARYWARE & INDUSTRIES LTD.

hereby appoint _____

of _____ or failing him _____

of _____ or failing him _____

of _____ as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Eighth Annual General Meeting of the Company to be held at Somany Conference Hall of Merchants' Chamber of Commerce, 2nd Floor, 15B, Hemant Basu Sarani, Calcutta-700 001 on Tuesday, the 15th day of September, 1998 at 12.00 Noon.

Signed at _____ this _____ day of _____ 1998.

Folio No. _____

Affix
1 Rupee
Revenue
Stamp

Signature _____

NOTE : The proxy must be returned so as to reach the Registered Office of the Company, 2, Red Cross Place, Calcutta - 700 001, not less than FORTY-

