

# Associated Stone Industries (Kotah) Ltd.

**55th  
Annual Report  
2000 - 2001**



*The Stone Masters*

Associated Stone Industries (Kotah) Ltd.

## BOARD OF DIRECTORS

NEMNATH JATIA, *Chairman*  
DEEPAK JATIA, *Managing Director*  
TONY JATIA, *Managing Director*  
C. S. LODHA  
SANWARMUL SHROFF  
NARENDRA S. KARNAVAT  
CHANDULAL D. THAKKER  
N. RAMKUMAR, *Nominee IFCI*

## MANAGEMENT EXECUTIVES

### MINING UNIT

C. S. JAIN, *Executive President*  
S. R. SONI, *Vice President & Secretary*  
D. K. PARIKH, *Vice President (Finance)*  
S. C. AGARWAL, *Vice President (Mines)*  
B. S. AGRAWAL, *Vice President (Sales)*

### SPINNING UNIT

N. P. PODDAR, *Sr. President (Sales)*  
ASHOK NANNA, *President (Technical)*  
A. K. JAIN, *President (Commercial)*  
SUNIL MANDORA, *Vice President (Sales)*

### AUDITORS

M/s. B. L. AJMERA & CO.  
Chartered Accountants  
M. I. Road, Jaipur - 302 001

### BANKERS

State Bank of Bikaner & Jaipur  
ICICI Bank Ltd.

### REGISTERED OFFICE

Jatia Avenue, 15-B, RIICO Indl. Area,  
Neemrana, Dist., Alwar - 301 705  
Rajasthan

### HEAD OFFICE

#### MINING UNIT

419 - B, Kalbadevi Road,  
Joshiwadi, 2nd Floor,  
Mumbai - 400 001

#### SPINNING UNIT

Feltham House, J.N. Heredia Marg,  
Ballard Estate, Mumbai - 400 001.

### WORKS

#### MINING UNIT

Ramganjmandi - 326 519,  
Dist. Kota - Rajasthan

### WORKS

#### SPINNING UNIT

Prema Syntex (100% EOU),  
Jatia Avenue, 15-B, RIICO Indl., Area,  
Neemrana, Dist. Alwar - 301 705,  
Rajasthan



## DIRECTORS' REPORT

To  
The Members,  
**Associated Stone Industries (Kotah) Limited**

The Directors have pleasure in presenting the 55th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2001:

### 1. FINANCIAL RESULTS

	2001	(Rs. in lacs) 2000
Sales	<b>9770.04</b>	9131.49
Profit before Interest and Depreciation	<b>1843.49</b>	1635.94
Less : Interest	<b>805.73</b>	800.70
Depreciation	<b>643.63</b>	617.00
Profit for the year	<b>394.13</b>	218.24
Less: Provision for Taxation	<b>34.50</b>	26.00
Profit after tax	<b>359.63</b>	192.24
Add/(Less): Income tax and provisions of earlier years	<b>(0.14)</b>	26.62
	<b>359.49</b>	218.86
Add: Balance brought forward from the previous Year	<b>616.21</b>	458.69
Profit available for appropriation	<b>975.70</b>	677.55
Less: Dividend	—	33.09
Tax on Dividend	—	3.64
Retained Profits	<b>975.70</b>	640.82
Less: Transfer to General Reserve	<b>99.61</b>	24.61
Balance carried to Balance Sheet	<b>876.09</b>	616.21

### 2. DIVIDEND

In order to conserve the available resources for the Company's business and future prospects, the Directors decided to withhold the dividend for the year under review.

### 3. REVIEW OF OPERATIONS

The overall performance of the Company during the year under review was considered satisfactory.

The Company achieved a turnover of Rs.9770.04 Lacs as compared to Rs.9131.49 Lacs in the previous year.

The Company's Gross Profit and Net Profit increased by 13% and 87% to Rs.1843.49 Lacs (Rs.1635.94 Lacs) and Rs. 359.63 Lacs (Rs.192.24 Lacs) respectively.

The Company has registered exports of Rs.4636.36 Lacs as compared to Rs. 4164.25 in the previous year.

### 4. PERFORMANCE OF DIVISIONS MINING DIVISION

The turnover of the Mining Division was marginally affected in view of continuous recessionary trend in construction industry as also construction activity was banned in Gujarat, Madhya Pradesh and Rajasthan due to

continuous drought. On January 26, 2001, a massive earth quake hit the state of Gujarat where its almost 30% of production is being sold, virtually no sale have been registered from this segment during February and March, 2001. The government / institutions have sanctioned reliefs and subsidies for rehabilitation of affected area. Kotah Stone is low value material and preferred in Gujarat, we expect good increase in sale during this year.

Mining Division has registered a turnover of Rs.3041.32 Lacs (Rs.3233.72 Lacs), Gross Profit Rs.566.08 (Rs.509.27) and Net Profit Rs.210.45 Lacs (Rs.208.93 Lacs) during the year under review. Kotah Stone is, nowadays, not only being used for housing industries but also for industrial construction and public utility as many reliefs and concession have been granted in the last two union budget to housing and infrastructure industry, your Directors are expecting the favourable growth in the years to come.

### SPINNING DIVISION (PRERNA SYNTEX) – (100% EOU)

Continuing efforts in developing new overseas markets and particular attention to quality of yarn resulted in increase in turnover by 14% despite the recessionary trend in world textile market. The Spinning Division could achieve turnover of Rs.6728.72 Lacs this year as compared to Rs.5897.79 Lacs in previous year.

Regular availability of consistent quality of cotton at favourable rates due to good monsoon in cotton growing areas, better planning through production and sale of profitable counts of yarn and optimum utilisation of plant has given boost to profits in Spinning Division. Decision of the Management to install leased D.G. Sets for continuous supply of power has also contributed to improve operating margins.

Spinning Division has taken steps to reduce cost of production by importing Cotton and HSD at cheaper rates in the year 2001-02. Management is considering import of furnace oil based captive power plant, which will certainly make major dent in cost of production. Import of Quantum Clearer machines are also planned in this year. Production of contamination free yarn will become possible with this machine, resulting in greater satisfaction of buyers. Future outlook of the Spinning Division is expected to be good more particularly in view of bumper cotton crop forecast in ensuing cotton crop season.

### 5. ENVIRONMENT, HEALTH & SAFETY

Your company has always considered effective management of natural & work-place environment and safety to be one of its highest priorities.

We reaffirm our commitment and agreed to continue effort for:

## Associated Stone Industries (Kotah) Ltd.

- Developing, promoting & updating, mining & processing technologies, which are sustainable to regional environment and sensitive to social consideration.
- Reducing generation of waste, promoting utilization of waste and whatever still left to fill back in excavated area and avoid degradation of fresh land.
- Promoting environmental awareness and adopting environ-friendly techniques voluntarily rather than waiting for implementation through legislation.
- Promoting partnership with the community by consulting people on environmental, economic, social and cultural issues associated with Kotah Stone mining, which may concern them.
- Demonstrating the management commitment, implementing management system, providing time and resources to educate and train workers, employees and contractors in environmental matter.

For achieving and maintaining excellent standard of safety in Company's mine, your company was selected for National Safety (Mines) Award in winner category and was received by your Managing Director Shri. Deepak Jatia in a glittering function held in New Delhi on 26<sup>th</sup> March, 2001.

The Company continues to operate with excellent Environment, Health and Safety Policy with excellent results.

### 6. CORPORATE GOVERNANCE

Your Company has been practicing the principle of good Corporate Governance since inception. It has evolved over the years in your company, not on account of any regulatory requirements but on account of sound management practices and for enhancing customer satisfaction.

The Securities Exchange Board of India (SEBI) constituted the Committee on Corporate Governance chaired by Shri. Kumar Mangalam Birla to promote and raise the standard of Corporate Governance of listed companies. The Committee made recommendations on the composition of the Board of Directors, Board Procedures, Audit Committee, Management, Shareholders' Grievance Redressal Committee and various other information to be placed before the Board to be included in the Annual Report. These recommendations have been grouped as mandatory and non-mandatory.

In January 2000, SEBI accepted the recommendations of the Committee. Subsequently, the Listing Agreements have been amended by the stock exchanges and a new clause on Corporate Governance has been incorporated. SEBI code is required to be implemented by your Company by 31<sup>st</sup> March, 2002. However, your Directors are appreciative of the fact that the practice of Corporate Governance will lay strong emphasis on transparency,

accountability and integrity. Your Directors are pleased to inform you that your Board has already constituted two Committees viz. the Audit Committee and Investors' Grievance Redressal / Share Transfer Committee.

#### Audit Committee

Pursuant to the provisions of Section 292A of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000 the Company has constituted an Audit Committee of the following Directors:-

Shri. N.S. Karnavat	-	Chairman
Shri. C. D. Thakker	-	Member
Shri. Deepak Jatia	-	Member

Shri. N.S. Karnavat - Chairman of the Committee is a Senior Chartered Accountant and an Independent non-executive Director of the Company. Shri. C. D. Thakker, an experienced businessman of high acumen and vast knowledge of textile industry and an independent non-executive Director of the Company. Shri. Deepak Jatia is Managing Director of the company.

Two meeting of Audit Committee have been held during the year 2001 to deliberate on the matter entrusted to the committee.

The Board has appointed Shri. S.R. Soni, Vice President and Secretary as the Secretary of the Audit Committee.

#### Investors' Grievance Redressal / Share Transfer Committee

The company has an Investors' Grievance Redressal / Share Transfer Committee to look into various issue relating to Investors Grievances relating to non-receipt of dividend, annual report, share after transfer / delay in transfer of shares, etc. The committee meets at frequent intervals to look after the approval of share transfer and other related matters. The committee comprises of Shri. N.S. Karnavat, Shri. Deepak Jatia and Shri. Tony Jatia. Shri. N.S. Karnavat, Chairman of the Committee is an independent non-executive Director of the Company.

The Board has designated Shri. S.R. Soni, Vice President & Secretary as the Compliance Officer.

### 7. DIRECTORS

Shri. S. M. Shroff, Shri. Tony Jatia and Shri. C.D. Thakker, Directors of the Company, retire by rotation in accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company and being eligible, offer themselves for reappointment.

The approval of the members is sought for the appointment of Shri. Deepak Jatia and Shri. Tony Jatia as Managing Directors of the company on the terms and conditions as set out in the Notice and Explanatory Statement thereto.



## NOTICE

NOTICE is hereby given that the 55th Annual General Meeting of the members of **Associated Stone Industries (Kotah) Limited** will be held at the Registered Office of the Company at Neemrana, Dist. Alwar, Rajasthan on Thursday the 30th August, 2001 at 8.30 a.m. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2001 and Profit and Loss Account for the year ended on that date and the report of Directors and Auditors.
2. To appoint a Director in place of Shri. S. M. Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. Tony Jatia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. C.D. Thakker, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, Shri. Deepak Jatia be and is hereby appointed as Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> September, 2001 on the terms and conditions as set out below:

1. The Managing Director shall subject to the superintendence, control and directions of the Board of Directors, attend to the matters concerning production, finance, marketing and administration and shall perform such other duties and services and exercise such other powers as shall from time to time be entrusted to him by the Board of Directors.
2. He shall be paid remuneration and allowed perquisites as under:-

#### Category 'A'

- i. Salary Rs.75,000/- per month with such annual increment(s) as the Board may decide from time to time within the overall limit as prescribed by Schedule XIII of the Companies Act, 1956.
- ii. Provision of furnished rent free residential accommodation. In respect of the period during which rent free residential accommodation is not provided, the Managing Director shall be paid house rent allowance equal to 60% of the salary of such period.
- iii. Expenses on electricity, gas and water of the residential accommodation.
- iv. Reimbursement of medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- v. Leave travel concession for self and family once in a year in accordance with the rules specified by the Company.

- vi. Fees of Clubs subject to maximum of two Clubs.
- vii. Personal accident insurance – Premium not to exceed Rs.10,000/- per annum.

**Note:** In the event of absence or inadequacy of profit in any financial year, the said remuneration and perquisites as aforesaid in Category "A" payable to him for that year shall be subject to the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956.

#### Category 'B'

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- ii) Gratuity at half a month's salary for each completed year of service.
- iii) Encashment of leave at the end of the tenure.

**Note:** 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 for private purpose shall be billed by the Company to the Managing Director."

"RESOLVED FURTHER that the Company hereby accords its consent and approval to any revision in the remuneration and perquisites payable and/or allowable to Shri. Deepak Jatia, without any further reference to the Company in General Meeting, in such manner and to such extent as the Board of Directors of the Company may determine from time to time and accepted by Shri. Deepak Jatia, subject to the condition that such revised remuneration and perquisites shall always be within the limits prescribed by the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, Shri. Tony Jatia be and is hereby appointed as Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> September, 2001 on the terms and conditions as set out below:

1. The Managing Director shall subject to the superintendence, control and directions of the Board of Directors, attend to the matters concerning production, finance, marketing and administration and shall perform such other duties and services and exercise such other powers as shall from time to time be entrusted to him by the Board of Directors.

He shall be paid remuneration and allowed perquisites as under:-

#### Category 'A'

- i. Salary Rs.75,000/- per month with such annual increment(s) as the Board may decide from time to time within the overall limit as prescribe by Schedule XIII of the Companies Act, 1956.
- ii. Provision of furnished rent free residential accommodation. In respect of the period during which



## Associated Stone Industries (Kotah) Ltd.

rent free residential accommodation is not provided, the Managing Director shall be paid house rent allowance equal to 60% of the salary of such period.

- iii. Expenses on electricity, gas and water of the residential accommodation.
- iv. Reimbursement of medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- v. Leave travel concession for self and family once in a year in accordance with the rules specified by the Company.
- vi. Fees of Clubs subject to maximum of two Clubs.
- vii. Personal accident insurance – Premium not to exceed Rs.10,000/- per annum.

**Note:** In the event of absence or inadequacy of profit in any financial year, the said remuneration and perquisites as aforesaid in Category "A" payable to him for that year shall be subject to the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956.

#### Category 'B'

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- ii) Gratuity at half a month's salary for each completed year of service.
- iii) Encashment of leave at the end of the tenure.

**Note:** 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 for private purpose shall be billed by the Company to the Managing Director."

"RESOLVED FURTHER that the Company hereby accords its consent and approval to any revision in the remuneration and perquisites payable and/or allowable to Shri. Tony Jatia, without any further reference to the Company in General Meeting, in such manner and to such extent as the Board of Directors of the Company may determine from time to time and accepted by Shri. Tony Jatia, subject to the condition that such revised remuneration and perquisites shall always be within the limits prescribed by the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force."

8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered as follows:

- (a) Insert the following Heading and Article as Article 22A after the present Article 22.

#### Dematerialisation of Securities

##### Definitions

22A (1) For the purpose of this Article:-

'Beneficial Owner' means the beneficial owner as

defined in clause (a) of subsection (1) of Section 2 of the Depositories Act, 1996;

'SEBI' means the Securities & Exchange Board of India.

'Bye-laws' means by-laws made by a depository under Section 26 of the Depositories Act, 1996;

'Depositories Act' means the Depositories Act, 1996, and any statutory modification or re-enactment thereof for the time being in force;

'Depository' means a company formed and registered under the Companies Act, 1956 ('the Act') and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities & Exchange Board of India Act, 1992;

'Record' includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

'Regulations' means the regulations made by SEBI;

'Security' means such security as may be specified by SEBI from time to time in terms of the Depositories Act, 1996;

The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Article of these Articles.

#### Dematerialisation of Securities

- (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form, pursuant to the Depositories Act and the Rules framed thereunder.

#### Options for Investors

- (3) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. A person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a Depository, the Company shall intimate such Depository, the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

#### Securities In Depositories to be in fungible form

- (4) All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.



#### *Rights of Depositories and Beneficial Owners*

- (5) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of securities held by it.
- (c) Every person holding equity shares of the Company and whose name is entered as beneficial owner in the records of the Depository shall be deemed to be a Member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

#### *Service of the documents*

- (6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the company by means of electronic mode or by delivery of floppies or discs.

#### *Option to opt out in respect of any security*

- (7) If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly, the Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly. The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

#### *Distinctive numbers of Securities held in a depository*

- (8) Nothing contained in Section 83 of the Act regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held with the Depository.

#### *Transfer of securities*

- (9) Nothing contained in Section 108 of the Act, shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.

#### *Register and index of beneficial owners*

- (10) The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders as the case may be for the purposes of this Article.

*Company to recognise the rights of registered holders as also the beneficial owners in the records of the Depository.*

- (11) (a) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial owner of the shares in records of the Depository or the Depository Participant as the case may be as the absolute owner thereof as regards receipt of dividend or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.
- (b) The following new Article 10 be substituted for the present Article 10:

#### *Buy back of Shares*

- 10 The Company shall be entitled to purchase its own Shares or other specified securities in accordance with and subject to the restrictions contained in the applicable provisions of the Act.
- (c) Insert the following new Article as Article 50A after the present Article 50.

#### *Nomination*

- 50A Notwithstanding anything contained in these articles, every holder of shares or debentures of the Company may, at any time, nominate, in the prescribed manner, a person to whom these shares or debentures shall vest in the event of his death and the provisions of Sections 109A and 109B of the Act shall apply in respect of such nomination.

#### **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will be closed from Thursday, the 16<sup>th</sup> August, 2001 to Thursday, the 30<sup>th</sup> August, 2001 both days inclusive.

By Order of the Board of Directors

Mumbai,  
28<sup>th</sup> June, 2001

**S.R. SONI**  
Vice President & Secretary

#### **Registered Office:**

Jatia Avenue,  
15-B, RIICO Industrial Area,  
Neemrana, Dist. Alwar 301 705,  
Rajasthan.

## Associated Stone Industries (Kotah) Ltd.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

#### Item No.6

Shri. Deepak Jatia was appointed as Managing Director with effect from 01<sup>st</sup> September, 1996 for a period of five years.

Terms of office of Shri. Deepak Jatia as Managing Director, expires on 31<sup>st</sup> August, 2001. Considering his experience and usefulness to the company, he has been reappointed by the Board of Directors as Managing Director of the company for a further period of five years with effect from 01<sup>st</sup> September, 2001.

The appointment of Shri. Deepak Jatia is in accordance with the conditions specified in Part I and Part II of Schedule XIII.

Pursuant to Part III of the said Schedule, the approval of the shareholders is sought in the Annual General Meeting being convened by the Notice to which this Explanatory Statement is annexed, for this appointment and for payment of remuneration and perquisites as presently provided for in Section I of Part II of the said Schedule and for minimum remuneration upto the limits as may be prescribed in Section II of Part II from time to time as per the resolution being proposed at Item No.6 of the said Notice. Further, the above remuneration shall be restricted to the amount agreed by the Board of Directors and Shri. Deepak Jatia from time to time.

Your Directors recommend the resolution set out under this item for your approval.

Shri. Deepak Jatia and the Directors, Shri. Nemnath Jatia and Shri. Tony Jatia, who both are his relatives, may be deemed to be concerned or interested. No other Directors are concerned or interested.

#### Item No.7

Shri. Tony Jatia was appointed as Joint Managing Director with effect from 01<sup>st</sup> September, 1996 for a period of five years.

In view of increased volume of work and responsibility, the Board at its meeting held on 30<sup>th</sup> June, 1998, his designation has been changed to Managing Director and his remuneration revised with effect from 01<sup>st</sup> October, 1998 for the unexpired period of his tenure i.e. from 1<sup>st</sup> October, 1998 to 31<sup>st</sup> August, 2001 and approved the same at 52<sup>nd</sup> Annual General Meeting of the company held on 30<sup>th</sup> September, 1998.

Terms of office of Shri. Tony Jatia as Managing Director, expires on 31<sup>st</sup> August, 2001. Considering his experience and usefulness to the company, he has been reappointed by the Board of Directors as Managing Director of the company for a further period of five years with effect from 01<sup>st</sup> September, 2001.

The appointment of Shri. Tony Jatia is in accordance with the conditions specified in Part I and Part II of Schedule XIII.

Pursuant to Part III of the said Schedule, the approval of the shareholders is sought in the Annual General Meeting being convened by the Notice to which this Explanatory Statement is annexed, for this appointment and for payment of remuneration and perquisites as presently provided for in Section I of Part II of the said Schedule and for minimum remuneration upto the limits as may be prescribed in Section II of Part II from time to

time as per the resolution being proposed at Item No.7 of the said Notice. Further, the above remuneration shall be restricted to the amount agreed by the Board of Directors and Shri. Tony Jatia from time to time.

Your Directors recommend the resolution set out under this item for your approval.

Shri. Tony Jatia and the Directors, Shri. Nemnath Jatia and Shri. Deepak Jatia, who both are his relatives, may be deemed to be concerned or interested. No other Directors are concerned or interested.

#### Item No.8

Consequent upon the passing of the Depositories Act, 1996, introduction of the depository system and the passing of the Companies (Amendment) Act, 1999 and 2000, certain provisions of the Companies Act, 1956 ("the Act") have been amended. It is therefore, proposed to insert new Article 22A in the Articles of Association of the Company to confirm to the Depositories Act, 1996 and provisions of the Companies Act, 1956 as amended to date.

As per the provisions of Section 77A, 77AA and 77B of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1999 a company may purchase its own share or other specified securities in accordance with and subject to the restrictions contained in the applicable provisions of the Act. It is therefore proposed to substitute present Article 10 for new Articles in the Articles of Association of the Company to give effect to the said provisions of the Act.

As per provisions of Section 109A and 109B of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1999 every holder of shares in or debentures of the Company may at any time nominate in the prescribed manner, a person to whom his shares or debentures of the Company shall vest in the event of death. It is, therefore, proposed to insert new Article 50A in the Articles of Association of the Company to give effect to the said provisions of the Act.

The alternations proposed to be made in the present Articles of Association are set out in extenso in the text of the Special Resolution at Item No.8 of the Notice and are self-explanatory. Your Directors recommend the Special Resolution set out under this item for your approval.

None of the Directors are concerned or interested in this resolution.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations referred to in the resolutions at Item No.8 of the Notice will be available for inspection by Members at the Registered Office of the Company between 10.30 p.m. and 12.30 p.m. on any working day.

By Order of the Board of Directors

Mumbai,  
28<sup>th</sup> June, 2001

**S.R. SONI**  
Vice President & Secretary

#### Registered Office:

Jatia Avenue,  
15-B, RIICO Industrial Area,  
Neemrana, Dist. Alwar 301 705,  
Rajasthan.





Shri. N. Ramkumar coopted on the Board of the Company as Nominee of IFCI Ltd. vice Shri. G. Raghunathan with effect from 28<sup>th</sup> June, 2001.

The Director place on record their appreciation for the valuable services rendered by Shri. G. Raghunathan as member of the Board.

## 8. AUDITORS

Directors recommend appointment of M/s. B.L. Ajmera & Co., Chartered Accountants, retire as auditors of the Company at the ensuing Annual General Meeting and are eligible for reappointment.

## 9. STATUTORY INFORMATION

The statement of particulars pursuant to the provision of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this report. However, as per the provisions of Section 219 (1) (b)(iv) of the Companies Act, 1956 the Report and Accounts are being sent to the shareholders of the Company excluding the statement of Particulars of Employees under section 217 (2A) of the Act. Any shareholder desires to obtain a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure to this Report.

The Company has been accepting deposits within the meaning of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. Total amount of such Fixed Deposit as on 31st March, 2001 was Rs. 45.74 Lacs. One Deposit amounting to Rs. 0.30 Lacs is lying unclaimed with the Company.

Pursuant to the provisions of Section 212 of the Companies Act, 1956, financial statements and other documents of subsidiary companies are annexed.

## 10. APPRECIATION

Your Directors places on record its gratitude to Company's valued Dealers, Customers, Suppliers, Central and State Governments, Bankers, Financial Institutions, International Lenders, Members and Investing Public for their continued support and confidence in the Company.

On behalf of the Board of Directors

Mumbai  
28th June, 2001

NEMNATH JATIA  
Chairman

## ANNEXURE TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMAPNIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULE, 1988.

### A CONSERVATION OF ENERGY

#### MINING UNIT

The aforesaid information is not applicable to the Mining Unit. However, adequate measures have been taken for optimum utilisation of energy.

#### TEXTILE UNIT

##### a) Energy Conservation Measures taken

- i) Power capacitors have been installed on all the Power Distribution Board to reduce line losses.
- ii) Optimising illumination in the plant lighting by putting Servo Stabilisers.
- iii) Installing LT Capacitors in individual Tube Lights for reducing choke losses.
- iv) Humidification plant has been put on 100% automation.
- v) 100% Synthetic Spindle Tapes have been used in Spinning.
- vi) All the compressed air leakages have been plucked.

##### b) Additional investments and proposal for reduction of consumption of energy:

- (i) The Company has appointed a Professional Energy Audit Team for optimum utilisation of Power. The team visited the mills and has carried out a preliminary survey.
- (ii) Import of Furnace Oil based captive power plant.

##### c) Impact of the above measures:

- (i) Division has started getting fruitful results of Energy Audit and with negligible investment presently saving 2000 units per day. This saving is likely to go up to 5000 units per day with very small investment.
- (ii) Furnace Oil based power plant is most likely to give substantial reduction in power cost.

##### d) Total Energy Consumption and Energy consumption per unit of production.

	2001	2000
1. Power and Fuel Consumption		
Electricity		
a) Purchased		
Unit (KWH in lacs)	NIL	23.60
Total Amount (Rupees in lacs)	NIL	87.76
Rate / Unit (Rupees)	NIL	3.72

## Associated Stone Industries (Kotah) Ltd.

### b) Own Generation

(Through Diesel Generator)

Unit (KWH in lacs)	186.15	156.56
Unit Per Ltr. Of Diesel	3.68	3.67
Cost / Unit (Rupees)	3.95	3.05

### 2. Consumption Per Unit of Production

Electricity (KWH) Yarn (100 kgs).	298.57	318.81
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## TECHNOLOGY ABSORPTION

### RESEARCH & DEVELOPMENT

#### MINING UNIT

Technical vitality has been maintained through new processes to get the job done with expertise, motivation, creativity, practice and awareness.

#### TEXTILE UNIT

##### 1. Specific Areas

Optimising process for improvement of yield and quality of yarn, testing of raw material and finished products.

##### 2. Benefits Derived

Improved results and better realisation. Improved customers satisfaction was obtained due to improvement in product quality.

##### 3. Plan of Action

The focus is on the improvement of the product. This will result in better quality, cost reduction and improvement in the profitability.

##### 4. Expenditure of R&D

No Capital Expenditure has been incurred on R & D activities during the year under review.

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

##### 1. Efforts made

Management has focused on productivity improvement, technical efficiencies and quality improvement in order to optimise manufacturing cost.

##### 2. Benefits derived

Optimism manufacturing costs combined with improved quality or products resulting in enhanced customer satisfaction, improvement in existing process, commercialisation of technology, cost reduction, export promotion, etc.

##### 3. Imported Technology

None.

The Company has developed its product on its own.

### FOREIGN EXCHANGE EARNING AND OUTGO.

Earning Rs.3499.71 Lacs	Outgo Rs. 92.57 Lacs
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On behalf of the Board of Directors

Mumbai  
28th June, 2001

NEMNATH JATIA  
Chairman

## AUDITORS' REPORT

To

The Members,

**Associated Stone Industries (Kotah) Ltd.**  
Neemrana (Rajasthan).

We have audited the attached Balance Sheet of ASSOCIATED STONE INDUSTRIES (KOTAH) LTD., Neemrana as at 31st March, 2001 and the Profit & Loss Account for the year ended on that date annexed there to and report that:

- As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board, in terms of Section 227 (4A) 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 in paragraph 1 above:
  - 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.
  - 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 such books.
  - The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
  - In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - On the basis of information and explanation given to us and representations received from the Directors of the Company, we report that no Director is disqualified from being appointed as Director of the Company under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
  - In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with notes and accounting policies in Schedule 17 thereon, give a true and fair view:
    - In so far as relates to the Balance Sheet of the state of affairs of the Company as on 31st March, 2001 and
    - In so far as it relates to the Profit and Loss Account of the profit of the Company for the year ended on that date.

For **B. L. AJMERA & CO.**  
Chartered Accountants

Jaipur,  
29th June, 2001

**SANJEEV MATHUR**  
Partner