

ANANT RAJ INDUSTRIES LIMITED.

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12TH ANNUAL REPORT 1996-97



Anant Raj Industries Ltd.

BOARD OF DIRECTORS

Shri Ashok Sarin : Chairman
 Shri Anil Sarin : Managing Director
 Shri R.N.R.Gandhi : whole time Director
 Shri R.S.Sahni
 Shri K.R. Rajora : Nominee IFCI
 Shri Vijay Sachdev
 Shri Pankaj Nakra

EXECUTIVE DIRECTORS

Shri Amit Sarin
 Shri Aman Sarin
 Shri Baldev Raj Sikka

VICE-PRESIDENT (WORKS)

Shri Ajit Chakraborty

GENERAL MANAGER-FINANCE

Shri Gopal Kumar Kedia

GENERAL MANAGER-FINANCE

Shri P.K.Mukherjee

COMPANY SECRETARY

Shri Manoj Pahwa

AUDITORS

B.Bhushan & Co.
 Chartered Accountants
 EC-13;Inderpuri,
 New Delhi 110 012.

BANKERS

State Bank of India
 Rewari,
 Haryana.

CORPORATE OFFICE

H - 65, Connaught Circus,
 New Delhi 110 001.

HEAD OFFICE AND SHARE TRANSFER OFFICE

ARA Centre,
 E-2, Jhandewalan Extension,
 New Delhi 110 055.

REGISTERED OFFICE AND WORKS

85.2 Km. Stone, Delhi-Jaipur Highway
 Village Bhudla,
 P.O.Sangwari,
 District-Rewari,
 Haryana.



Anant Raj Industries Ltd.

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the Company will be held on Tuesday, the 30th September, 1997 at 9.30 A.M. at the Registered Office of the Company at 85.2 KM Stone, Delhi-Jaipur Highway, Village-Bhudla, P.O.Sangwari, District-Faridkot, (Haryana), to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet of the Company as at March 31, 1997 and the profit & loss account of the Company for the year ended on that date and reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Shri Ashok Sarin who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri R.S. Sahni who retire by Rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company, and fix their remuneration.

SPECIAL BUSINESS

5. 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 370 of the Companies Act 1956 and subject to approval/consents of such appropriate authorities including that of Central Government, where necessary, consent of the members of the Company be and is hereby accorded to the Company to give any loans, including deposit from time to time to any bodies corporate (whether or not under the same management as the Company) upto an aggregate amount not exceeding Rs. 10.00 Crores (Ten Crores only) on such terms and conditions as the Board may think fit, notwithstanding that the aggregate of Loan/deposit made to the all bodies corporate (whether or not under the same management as the Company) may exceed the limit prescribed by the rules laid down in this regard."

"Resolved further that the Board of Directors of the Company be and is hereby authorised to give any guarantee or provide any security from time to time in connection with Loan or Securities given by any person to, or to person by, bodies corporate, provided the aggregate amount of guarantees so given or securities so provided shall not at any time exceed the sum of Rs. 10.00 crores (Ten crores only)."

"Resolved further that Board of Directors of the Company be and is hereby authorised to settle all matters arising out of, and incidental to proposed loans/guarantees and generally to take all such steps as are necessary to implement this resolution".

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

"Resolved that in accordance with the provisions, of Section 198, 269, 309/ read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 and subject to all such sanctions/approvals as may be necessary, the Company hereby approves the re-appointment and terms of remuneration payable to Shri Anil Sarin, the Managing Director of the Company for a

period of 5 (five) years effective from 30-12-97 and also approves terms and conditions set out in the draft agreement submitted to the meeting and initialled by the Chairman for the purpose of identification which agreement is hereby specifically sanctioned with the liberty to the Board of Directors to alter and/or vary the terms & conditions of the said appointment and/or agreement so as not to exceed the limits specified in the Schedule XIII to the Companies Act, 1956 or any amendment there to as may be agreed to between the Board of directors and Shri Anil Sarin."

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

"Resolved that Mr. Pankaj Nakra, who was appointed as an Additional Director of the Company by the Board of Directors in accordance with the power vested in it vide Art. 89 of the Articles of Association of the Company and who holds office upto the date of the ensuing annual general meeting and in respect of whom the Company has received a notice in writing, pursuant to section 257 of the Companies Act 1956, proposing his candidature to the office for the office of a director, be and is hereby appointed as Director of the Company whose period of office shall be liable to be determined by rotation."

RESOLVED FURTHER THAT pursuant to section 198, 269, 309, read with schedule XIII & other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to payment of remuneration to Shri Pankaj Nakra for a period of 5 years with effect from date of this annual general meeting, as set out in the explanatory statement annexed to the Notice convening this Annual General Meeting, a copy whereof initialled by the Chairman for identification is placed before this meeting, with liberty to the Board of Directors to alter and vary such terms and conditions of remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any amendment thereto, as may be agreed to by the Board of Directors and Shri Pankaj Nakra.

8. To consider and if thought fit to Pass with or without modification, the following resolution as a special Resolution.

"Resolved that subject to applicable provisions of the Companies Act 1956, as amended from time to time or any re-enactment thereof permitting buy back of its own Shares, the consent of the Company be and is hereby accorded to the Board of Directors, hereinafter referred as Board including any committee thereof, to purchase/ acquire from time to time, any of Company's own Shares at such rate (s) as may be thought fit by the Board upto an amount not exceeding Rs. 5,00,00,000 (Rupees five crores) on such terms and conditions as the Board may deem proper and to make payment for such purchase out of its free reserves and share premium account or out of fund raised from issue of securities or out of such funds as may be allowed under the law/rules and regulations and to keep them alive, cancel and/or resell all or any of them from time to time, such number(s) of shares to be so purchased, at such rate(s) and on such terms and conditions as the Board may deem fit and proper."

"Resolved further that Board shall exercise the power conferred by the resolution only after the necessary provisions for the aforesaid purpose is incorporated in the Companies Act, 1956 or any statutory modification

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or re-enactment thereof and in such manner and after complying with such condition(s) as may be prescribed in such provision(s) or in any other law(s) or regulations and not otherwise.

"Resolved further that the Board be and is hereby authorised to do, or cause to be done all such acts, deeds, matters and things and exercise all such powers mentioned hereinabove, as may be necessary, expedient, usual or proper to implement this resolution."

9. To consider and if thought fit, to pass with or without modification the following resolution, as a special resolution.

"Resolved that the article of Association of the Company be amended by inserting the following clause after the existing clause 3 of the Articles of Association of the Company."

Clause 3A

"Notwithstanding anything to the contrary in any existing clause, in the event it is permitted by law and subject to the conditions, approvals, consent as may be laid down for the purpose, the Company shall have the power to buy back its own shares, whether or not there is any consequent reduction of Capital if and to the extent permitted by law and the company shall have power to reissue the shares so bought back."

10. To consider and if thought fit to pass with or without modification(s) the following resolution as a special resolution.

"Resolved that in pursuance of Sec 149 (2A) and other applicable provisions, if any, of the Companies Act 1956, consent of the Company be and is hereby accorded to commence the business as contained in subclause 28 of "Other Objects" as mentioned in Clause III-C of the Memorandum of Association of the Company."

Sub-Clause 28

To carry on the business as stockists, importers and exporters of general goods, suppliers, commission agents and clearing and forwarding agents.

By the Order of the Board
For ANANT RAJ INDUSTRIES LTD.

New Delhi
June 30, 1997

MANOJ PAHWA
COMPANY SECRETARY

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy instead of himself to attend and vote on a poll and such proxy need not be a member of the Company.
The blank proxy form is annexed. The proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.
2. The Explanatory statement pursuant to Section 173(2) is annexed herewith.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16-9-97 to 30-9-97 (both days inclusive).

4. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during the office hours on all working days between 9.30 A.M. to 1.00 P.M. upto the date of Annual General Meeting.
5. Members are requested to bring their copy of Annual Report at the meeting.
6. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
7. Members who are holding shares in identical order of names in more than one folio are requested to apply for consolidation of such folios and send relevant share certificate(s) for correction thereon.
8. Members are requested to notify any change in their registered address immediately to the Company.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 5

As per Sec 370 of the Companies Act 1956, the Board of Directors can advance money to other Companies upto a limit of 30% of the subscribed Capital and free reserves of the Company. For making loans to Companies in excess of the above percentage and for issue of guarantee, on behalf of other Companies, prior approval of shareholders by way of special resolution is required alongwith prior approval of Central Government.

Due to growth in the size of the Company's business and consequential increase in its activities, the Company is required to advance loans to other Companies and/or issue guarantees or provide securities on behalf of other companies. This resolution seeks to empower the Company to make loans or issue guarantees or provide securities upto to Rs. 10 crores, subject to approval of central Government whenever necessary.

None of the Directors of the Company is interested in this resolution.

The Board of Directors recommend this resolution for the approval of shareholders.

Item No. 6

Shri Anil Sarin was appointed as Managing director of the company effective 30-12-92 for a period of five years. The terms and conditions of his appointment were approved by the Department of Company affairs vide its letter no. 1/108/CL/VII/93 dt. 3-5-93, which provided for monthly remuneration at the rate of Rs. 7,500 p.m. The terms and conditions of appointment are valid till 29-12-97.

Mr. Anil Sarin monthly remuneration was increased to Rs. 25,000 p.m. by the Board of directors at their meeting held on 26th Aug. 1996. The shareholders approved the said increase in monthly remuneration at the Eleventh Annual General Meeting held on 30th Sept. 1996.

Shri Anil Sarin has rich experience of management and under his leadership the company has made excellent Progress. In view of over all growth in the size and business activities of the Company, the Board of Directors at its meeting held on 30-6-97 have proposed the re-appointment of Shri Anil Sarin as Managing Director for a period of five years effective 30-12-97 on revised terms and conditions within the overall ceiling prescribed in schedule XIII to the Act. The said terms contained in the draft agreement proposed to be entered between the Company and Shri Anil Sarin, Subject to the approval of Shareholders at the



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ensuing Annual General meeting of the Company are as follows :

1. **SALARY** Rs. 35,000/- P.M.
HRA - 40%

2. PERQUISITES

In addition to the salary as stated above Shri Anil Sarin, Managing Director, shall be allowed the perquisite in accordance with provisions contained in Schedule XIII to the Companies Act, 1956 as reproduced below :-

- 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 payable at the rate not exceeding half a month's salary for each completed year of service.
 - iii) Encashment of leave at end of tenure.
3. He shall not be entitled for any sitting fee for attending the meeting of Board of Directors or any committee thereof.

4. Subject to superintendence, control and direction of Board, Shri Anil Sarin shall perform such duties and exercise such powers as may from time to time be lawfully entrusted and conferred on him by the Board.

The Board of Directors recommend the resolution to the members for their approval.

A copy of the draft agreement may be inspected at the Registered office of the company on any working day during the business hours. None of the Directors of the Company except Shri Ashok Sarin, Shri Anil Sarin, Shri R.N.R. Gandhi and Shri Vijay Sachdev, is interested in the resolution.

The above may be treated as on abstract of the terms of appointment as provided under section 302 of companies Act, 1956.

Item No. 7

Mr. Pankaj Nakra, was co-opted as Additional Director by the Board of Directors on 30-06-97 in pursuance power vested in it vide Art 89 of the Article of Association of the Company. Mr. Pankaj Nakra holds office as a Director upto the date of the ensuing Annual General meeting. Notice under Section 257 of the companies Act, 1956 has been received from a Member proposing his candidature for office of Director of the Company.

Mr. Pankaj Nakra is an eminent person having rich experience in Real Estate Business. The Board considers that continuance of Mr. Pankaj Nakra on Board of Directors will be beneficial to the Company. Considering his experience, the following remuneration is proposed to be paid to Shri Pankaj Nakra.

1. **SALARY** Rs.20,000 P.M.
HRA 30%

2. PERQUISITES

In addition to the salary as stated above Shri Pankaj Nakra, shall be allowed the perquisite in accordance with provisions contained in schedule XIII to the companies Act, 1956 as reproduced below :-

- 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 payable at the rate not exceeding half a month's salary for each completed year of service.
- iii) Encashment of leave at end of tenure.

3. He shall not be entitled for any sitting fee for attending the meeting of Board of Directors or any committee thereof.

A copy of the draft agreement may be inspected at the registered office of the company on any working day during business hour. None of the Director other than Mr. Pankaj Nakra is interested in the resolution.

The above may be treated as on abstract of the terms of appointment as provided under section 302 of companies Act, 1956.

The Board of Directors recommend this resolution for the approval of shareholders.

Item No. 8 & 9

In pursuance of the efforts to being made by the Central Government to re-enact the existing Companies Act, one of the proposal under consideration is regarding permitting Companies to buy back its own shares within a stipulated regulatory framework.

The draft Companies Bill 1997 allows buy back of shares by a Company out of its reserves, share premium or the proceeds of a prior issue made specifically for the purpose of buy back subject to the following main conditions :

1. The Company has authorised such buy back by special resolution passed by shareholders
2. The Company shall after the completion of buy back, have a debt equity ratio as may be prescribed under the Act.
3. The shares can be purchased from open market or through negotiation or other arrangement.
4. The Company can either cancel the shares so bought back or may reissue the shares after the expiry of mandatory period.

In view of above permission is being obtained from the members of the Company and also the Articles of the Association of the Company is proposed to be amended to incorporate the enabling provision so that as and when the law is amended the same can be invoked, if required.

The Board of Directors recommend the resolution for approval.

None of the members of the Board is interested in the resolution.

Item No. 10

In View of the encouraging measures taken by Central Government to liberalise the economy and in order to diversify into other lines of business for strengthening financial base of the Company, it is proposed to commence the business of importers and exporters of general goods and acting as clearing and forwarding agents.

As per Sec 149 (2A) of the Companies Act, 1956 a Company can commence any business activity contained under "Other Objects" as stated in its Memorandum of Association, if a special resolution to that effect is passed at the meeting of its shareholders. Accordingly the proposed resolution is placed for approval of shareholders to enable the Company to commence the business as enumerated in Sub Clause 28 of Clause III C of its Memorandum of Association.

Your directors recommend the adoption of resolution in the best interests of the Company.

None of the Directors is interested in the resolution.