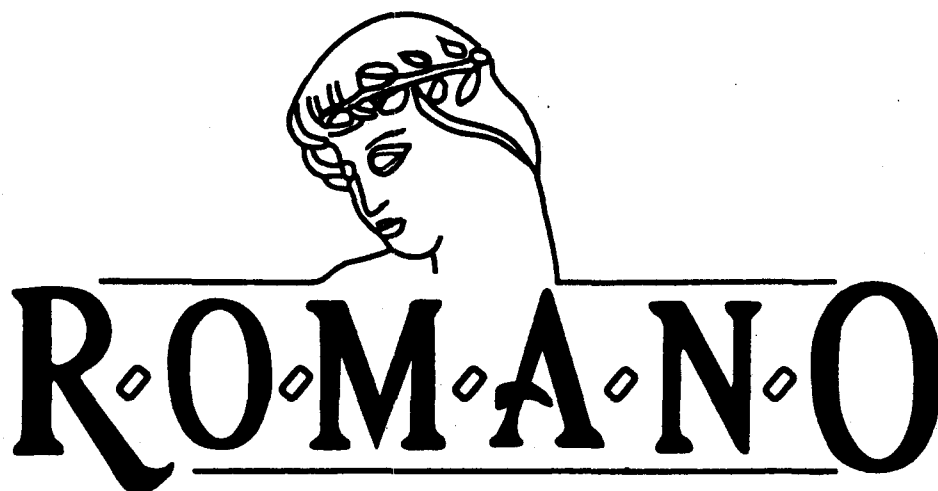


Anant Raj Industries Limited



Report  junction.com

**Ceramic Tiles
For Floors & Walls**

14th Annual Report 1998-99

**Anant Raj Industries Ltd.****BOARD OF DIRECTORS**

Shri Ashok Sarin Chairman
 Shri Anil Sarin Managing Director
 Shri R. N. R. Gandhi
 Shri R. S. Sahni
 Shri Vijay Sachdev
 Shri Pankaj Nakra

EXECUTIVE DIRECTORS

Shri Amit Sarin
 Shri Aman Sarin
 Shri Baldev Raj Sikka

VICE-PRESIDENT (WORKS)

Shri Ajit Chakravarty

COMPANY SECRETARY

Shri Manoj Pahwa

AUDITORS

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

BANKERS

State Bank of India
 Rewari - 123 401
 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 - 123 401.
 Haryana

LISTING OF SHARES

Shares of the Company are listed at Stock
 Exchanges at Ahmedabad, Bombay and
 Delhi
 Annual Listing fees paid upto date



Anant Raj Industries Ltd.

NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Company will be held on Thursday, the 30th September, 1999 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-Rewari (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, 1999 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 retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company and fix their remuneration.

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

New Delhi
August 20, 1999

ASHOK SARIN
CHAIRMAN

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 Forms 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 Register of Members and Share Transfer Books of the company will remain closed from 16-09-99 to 30-09-99 (both days inclusive)
3. 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 day between 9.30 A. M. to 1.00 P. M. upto the date of Annual General Meeting.
4. 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.
5. No gifts will be distributed at the venue of the meeting.

By Order of the Board of Directors
for **ANANT RAJ INDUSTRIES LTD.**

New Delhi
August 20, 1999

ASHOK SARIN
CHAIRMAN.

DIRECTORS' REPORT

To the Members,

Yours Directors take pleasure in presenting the Fourteenth Annual Report of the Company together with the audited accounts for the year ended, March 31, 1999.

Operational Results	For the Year Ended March 31, 1999 (Rs. In lacs)	For The Year Ended March 31, 1998 (Rs. In lacs)
Sales and other income	1794.26	1900.75
Profit (Loss) before interest, depreciation and claims of financial institutions	149.53	157.09
Interest	0.54	12.68
Depreciation	86.42	106.61
Claims of financial institution	1480.40	0
Profit/ (Loss) after interest, depreciation and claims of financial institutions	(1417.83)	37.80
Prior year adjustment	(525.68)	(2.98)
Provision for taxation	(7.28)	(16.80)
Profit / (Loss) after tax	(1950.79)	18.02

OPERATIONS

The capacity utilization during the year under review was 46.23% as against 40.58% during the previous financial year.

The sales during the year ended March 31, 1999 was Rs. 1051.36 lacs as against 1117.78 lacs during the year ended March 31, 1998.

The sale of Ceramic tiles was low due to recessionary conditions prevalent in the industry. Capacity utilisation continued to be poor due to the aging plant, which now requires replacement/upgradation/ modification.

The LPG manufacturing unit of the Company has yet to commence the production.

PRIOR YEAR ADJUSTMENT :

The presses, Kilns and other equipment installed at the ceramic tile unit require immediate replacement/upgradation/modification since they have already outlived their useful life. It was therefore, considered appropriate to provide depreciation on the assets to an extent that it would result in a more appropriate preparation and presentation of the financial statement of the Company. Your Company changed the method of providing depreciation from the Straight Line method to Written Down Value method to amortise the value of assets of the Company in a period in accordance with the useful life of those assets. The deficiency of Rs.53,341,417 (Nil) arising from the recomputation of depreciation in



Anant Raj Industries Ltd.

accordance with the Written Down Value method is adjusted in the accounts of the current year.

FINANCE

One time settlement with Financial Institutions :

The Company had, in the year, 1995, reached a settlement for repayment of its long term borrowings from Industrial Finance Corporation of India, Industrial Development Bank of India and Industrial Credit and Investment Corporation of India (Institutions). All payments pursuant to, and in terms of the settlement have been made by the Company. Thereafter, notwithstanding the payment of all amounts due, the Institutions demanded a further sum of Rs. 366.87 lacs with interest thereon from April 1, 1996. The Company filed a suit in the said regard before the Hon'ble Delhi High Court inter alia seeking decree for release of charge on its assets and further restraining the financial institutions from revoking the settlement between the Company and the Institutions. The said suit is still pending. An appeal filed by the Company against vacation of interim injunction is also pending before the Hon'ble Delhi High Court. However, a letter dated July 22, 1999, has been received by the Company from Industrial Finance Corporation of India, whereby the said settlement reached earlier has been revoked. The Company is therefore, exposed to a liability of Rs. 14,80,40,341 payable to the institutions, now accounted as 'Claim of Financial Institutions'. The Company continues to contest the above claim of Institutions.

The total charge on account of change in method of depreciation and claims of Financial Institutions and net profit for the year under review should be read and understood in light of above explanations.

REFERENCE TO BIFR

The accumulated losses of the Company as on March 31, 1999 stand at Rs. 1579.34 as compared to paid up share Capital and free reserves of Rs. 1353.33 lacs. In view of the full erosion of the Share Capital, your Company has become a sick industrial company within the meaning of Clause (o) of Sub-Section 1 of Sec.3 of the Sick Industrial Companies (Special Provisions) Act 1985.

Y 2 K COMPLIANCE

The information systems of the Company are Y2K compliant. The Company does not foresee any risk in this regard.

AUDITORS

M/s B. Bhushan & Co. Chartered Accountants Statutory Auditors, retire at conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received certificate from them to the effect that their re-appointment, if made, would be within the limit prescribed under section 224 (1B) of the Companies Act, 1956.

CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

A statement containing the necessary information as required under section 217 (1) (e) read with the companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is given in annexure forming part of this report.

FIXED DEPOSITS

During the period under review, the company has not invited any fixed deposits from the public in terms of provisions of Section 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

INSURANCE

The Company's properties including Building, Plant and Machineries Stocks, Stores, etc., have been adequately insured against all risks.

DIRECTORS

Shri Ashok Sarin and Shri R. S. Sahni retire by rotation from office of Director of the Company and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES

There was no employee who was employed throughout the year and was in receipt of remuneration which in the aggregate was not less than Rs. 6,00,000/- per annum.

There was no employee who was employed for the part of the year and was in receipt of remuneration which was not less than Rs. 50000/- Per Month.

ACKNOWLEDGEMENTS

The Directors place on record their appreciation for the assistance, help and guidance provided by the State Government, Banks and Financial Institutions from time to time. The Directors also place on record their gratitude to Employees and Shareholders for their continued support to the Company.

For and on Behalf of the
Board of Directors

New Delhi
August 20, 1999

ASHOK SARIN
Chairman

Annexure To Director's Report

(Referred in report of even date)

A. ENERGY CONSERVATION

(i) Energy conservation measures taken:

The Company has a regular programme of maintenance of machinery to ensure optimum utilisation of energy resources.

The Management has developed measures and systems to ensure economy in use of number of spray nozzles, which in turn has effected saving on consumption of light diesel oil (LDO).

The Company is also effecting saving on Liquid



Anant Raj Industries Ltd.

Petroleum Gas (LPG) by using lesser number of burners to operate its kilns.

- (ii) Additional investment and proposals, if any, being implemented for reduction of consumption of energy;

The Company has developed systems to identify areas for making investment and implementing proposals to reduce consumption of energy resources and their optimum utilisation.

- (iii) Impact of measures taken at (i) and (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods.

The reduction in consumption of energy resources has resulted in reducing the cost of production of finished goods.

B. TECHNOLOGY ABSORPTION

FORM - B

1. **Specific areas in which R&D carried out by the company**

Consumption of indigenous raw materials and spares while continuing to maintain high quality of finished products.

2. **Benefits derived as a results of above R&D**

Saving of foreign exchange and indigenisation of the product.

3. **Future plan of action**

To endeavour to manufacture finished products conforming to international standards and quality.

4. **Expenditure on R&D**

The expenditure incurred on research and development activities is intrinsic to the other costs of production and therefore it is not possible to quantify the expenditure separately.

Technology absorption, adaptation and innovation

1. **Efforts, in brief, made towards technology absorption, adaptation and innovation**

The imported technological knowhow has been fully absorbed and adopted by the company's personnel in the production process.

2. **Benefits derived as a result of the above efforts**

Improved manpower resources and reduction on dependency on foreign technology.

3. **In case of imported technology**

- (a) **Technology Imported:**

Manufacture of ceramic glazed floor and wall tiles by use of single fast firing process.

- (b) **Year of Import**

1988-89

- (c) **Has technology been fully absorbed**

Yes

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. **Activities relating to exports:**

The export for the year under review were lower due to the competitive conditions prevalent in the Export Market.

The company is continuously making efforts to augment its exports, particularly in Middle East, Australia and South-East Asian Countries.

	Current Year (Rs.)	Previous Year (Rs.)
2. Foreign Exchange earnings	1,70,13,976	1,77,29,330
3. Foreign Exchange outgo	67,29,443	43,06,971

AUDITORS' REPORT

To the members of

Anant Raj Industries Limited

We have audited the attached Balance Sheet of Anant Raj Industries Limited as at March 31, 1999 and the annexed Profit and Loss Account for the year ended on that date, and report that:

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for purposes of our audit.

In our opinion, proper Books of account have been maintained as required by law so far as appears from our examination of those books and the above mentioned accounts are in agreement therewith.

In our opinion, the Profit & Loss account and the Balance Sheet comply with the Accounting Standards referred to in sub Section (3C) of Section 211 of the Company Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account, read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and also give a true and fair view of the state of the Company's affairs as at March 31, 1999 and its Loss for the year ended on that date.

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988, dated 7th September, 1988 issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that :

The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets were physically verified during the year and no material discrepancy was