

ANANT RAJ INDUSTRIES LIMITED



**CERAMIC TILES
FOR FLOOR & WALLS**

18TH ANNUAL REPORT 2002-2003

Anant Raj Industries Ltd.

**BOARD OF DIRECTORS**

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

Chairman
 Managing Director

EXECUTIVE DIRECTORS

Shri Amit Sarin
 Shri Aman Sarin
 Shri Baldev Raj Sikka

G.M. OPERATIONS

Shri N.S. Rajpoot

COMPANY SECRETARY

Shri Manoj Pahwa

AUDITORS

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

BANKERS

State Bank of India
 SCO 103-106, Sec 17-B
 Chandigarh

State Bank of India
 Rewari - 123 401
 Haryana

State Bank of India
 Chandralok Building
 Janpath, New Delhi

CORPORATE OFFICE

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

HEAD OFFICE

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

**REGISTERED OFFICE
AND WORKS**

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

NOTICE

Notice is hereby given that the eighteenth Annual General Meeting of the Company will be held on Tuesday, the 30th September, 2003 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, 2003 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 Sh. Ashok Sarin who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sh.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 which shall be exclusive of Service Tax payable at the rates for the time being in force.

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 subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactments

thereof for the time being in force and as may be enacted hereinafter), Securities Contract (Regulation) Act, 1956, and the Rules framed thereunder, Listing Agreements, Clause 6.1 of Securities & Exchange Board Of India (Delisting of Securities) Guidelines, 2003 (issued under section 11(1) of SEBI Act, 1992, read with sub-section (2) of Section 11A of SEBI Act and subject to such approvals, permissions and sanctions, as may be necessary, the Board of Directors of the Company be and is hereby authorised to seek Voluntary Delisting of its equity shares listed at the Ahmedabad Stock Exchange (ASE);

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all necessary steps including approvals from such stock exchange/SEBI/and to comply with all the legal and procedural formalities laid down by the stock exchange, SEBI to give effect to the above said resolution.”

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

“RESOLVED THAT in accordance with the provisions of Section 198, 309 and 310 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 increase in remuneration payable to Shri Anil Sarin, the Managing Director of the Company, and also



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approves terms and conditions set out in the agreement submitted to the meeting and initialed 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 agreement so as not to exceed the limits specified in 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 resolution as a special resolution :-

“RESOLVED THAT pursuant to Section 314 and other applicable provisions of the Companies Act, 1956, and subject to the necessary approval of the Central Government in this regard, consent of the Company be and is hereby accorded to increase the monthly remuneration of Shri Amit Sarin, a relative of the Chairman and Managing Director of the Company holding an office of profit as Executive Director (Commercial) under the contract of service from Rs.18,000.00 (Rupees Eighteen Thousand only) to Rs.75,000.00 (Rupees Seventy Five Thousand only)”.

RESOLVED FURTHER THAT the Board of Directors be and is hereby empowered to make suitable changes, amendments and/or modifications in the monthly remuneration and in terms and conditions of appointment of Shri

Amit Sarin to an office of profit from time to time in accordance with the provision of the Companies Act, 1956, or any modifications/ amendments thereto.”

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 314 and other applicable provisions of the Companies Act, 1956, and subject to the necessary approval of the Central Government in this regard, consent of the Company be and is hereby accorded to increase the monthly remuneration of Shri Aman Sarin, a relative of the Chairman and Managing Director of the Company holding an office of profit as Executive Director (Operations) under the contract of service from Rs.18,000.00 (Rupees Eighteen Thousand only) to Rs.75,000.00 (Rupees Seventy Five Thousand only)”.

RESOLVED FURTHER THAT the Board of Directors be and is hereby empowered to make suitable changes, amendments and/or modifications in the monthly remuneration and in terms and conditions of appointment of Shri Aman Sarin to an office of profit from time to time in accordance with the provision of the Companies Act, 1956, or any modifications/ amendments thereto.”

By order of the Board
of Directors

New Delhi
August 30, 2003

Manoj Pahwa
Company Secretary

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**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 23.09.2003 to 30.09.2003 (both days inclusive).
4. The Company has appointed M/s Alankit Assignments Ltd. as Share Transfer Agent for both manual and electronic form of shareholdings. All communications relating to shares should be addressed to:

Alankit Assignments Ltd.
205-208 Anarkali Market
Jhandewalan Extension
New Delhi - 110055

5. 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.
6. Members are requested to bring their copy of Annual Report at the meeting.
7. 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.
8. Members are requested to notify any change in their registered address immediately to the Company.
9. Particulars of Directors seeking re-appointment in the Annual General Meeting.

Name of Director	Shri Ashok Sarin	Shri R.S.Sahni
Date of Birth	21-07-1941	21-04-1928
Date of Appointment	19-10-1992	20-02-1986
Qualification	B.A.	B.A., L.L.B
Experience in Specific Functional Area	Business	Business
Audit Committee	No	Yes
Investor Grievance Committee	Yes	No
Remuneration Committee	No	Yes

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

Item No. 5

- i) The Stock Exchange, Mumbai.
ii) The Delhi Stock Exchange Association Limited and
iii) The Ahmedabad Stock Exchange.

Presently the Company's Equity Shares are listed at the following Stock Exchanges:

The bulk of the trading in the Company's equity shares takes place at the stock

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exchanges at Mumbai and Delhi and there has been virtually no trading at the Ahmedabad Stock Exchange in the last 5 years.

With a view to reduce unnecessary costs, and in line with SEBI regulations and guidelines, the required members approval is being sought by a special resolution for enabling the voluntary delisting of its Securities from the Ahmedabad Stock Exchange. The delisting of shares from the Ahmedabad Stock Exchange, as and when the same takes place, will not adversely affect the investors. The delisting will take effect after all approvals, permissions and sanctions are received. The exact date on which delisting will take effect will be suitably notified at that time.

The above resolution is recommended for your approval. None of the Directors of the Company are in any way concerned or interested in the resolution.

Item No. 6

Shri Anil Sarin was re-appointed as Managing Director of the Company effective 30-12-02 for a period of five years. The terms and conditions of his re-appointment were approved by the shareholders at the 17th Annual General meeting held on 30th September 2003. The terms and conditions of appointment are valid till 30-12-2007.

Shri Anil Sarin has rich experience of management and under his leadership the Company has made excellent progress and the Company has taken up expansion and doubled its production capacity during the year 2002-03. The Company has also been discharged by the Hon'ble Board for Industrial and Financial Reconstruction at its hearing held on May 22, 2002.

In view of over all growth in the size and business activities of the Company, the Board of Directors at its meeting held on 30th August 2003 has proposed to increase the monthly remuneration being paid to Shri Anil Sarin, all other terms and conditions

remaining the same and subject to the overall ceiling prescribed in Schedule XIII to the Companies Act, 1956. The said terms contained in the agreement entered into between the Company and Shri Anil Sarin, after incorporating the above said increase are as follows :

1. SALARY :- Rs. 70,000 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 the 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 terms & conditions of appointment of Shri Anil Sarin have also been approved by the remuneration committee of the Board of the Directors.

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

A copy of the 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 Sec. 302 of Companies Act, 1956.

Item No.7

Mr. Amit Sarin, aged around 32 years, is a commerce graduate and has experience of about 13 years in business. He has been instrumental in promoting export sales of the Company besides looking after the entire gamut of finance and commercial aspects of the Company. He was appointed as Executive Director (Commercial) at the meeting of Board of Directors held on May 27, 1995 at a monthly remuneration of Rs.5,500.00 per month, later increased to Rs.18,000.00 per month at the Eleventh Annual General meeting of the Company held on September 30, 1996.

Mr. Amit Sarin is related to Mr. Ashok Sarin and Mr. Anil Sarin, Directors of the Company and under Section 314 of the Companies Act, 1956, for a relative of a Director to hold office of profit in the Company carrying remuneration of Rs.20,000.00 per month or more, approval of the shareholders by way of special resolution is required.

The terms & conditions of appointment of Shri Amit Sarin have also been approved by the

remuneration committee of the Board of the Directors.

The above resolution is recommended for your approval. None of the Directors except Mr. Ashok Sarin and Mr. Anil Sarin are interested in the resolution.

Item No.8

Mr. Aman Sarin, aged around 30 years, is an arts graduate and has been looking after the domestic sales of the Company and its day to day operations both at the Head Office and the Factory. He was appointed as Executive Director (Operations) at the meeting of Board of Directors held on May 27, 1995 at a monthly remuneration of Rs.5,500.00 per month, later increased to Rs.18,000.00 per month at the Eleventh Annual General meeting of the Company held on September 30, 1996.

Mr. Aman Sarin is related to Mr. Ashok Sarin and Mr. Anil Sarin, Directors of the Company and under Section 314 of the Companies Act, 1956, for a relative of a Director to hold office of profit in the Company carrying remuneration of Rs.20,000.00 per month or more, approval of the shareholders by way of special resolution is required.

The terms & conditions of appointment of Shri Aman Sarin have also been approved by the remuneration committee of the Board of the Directors.

The above resolution is recommended for your approval. None of the Directors except Mr. Ashok Sarin and Mr. Anil Sarin are interested in the resolution.

By order of the Board of Directors

New Delhi
August 30, 2003

Manoj Pahwa
Company Secretary

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Directors' Report

To the Members,

Your Directors take pleasure in presenting the Eighteenth Annual Report of the Company together with the audited accounts for the year ended March 31, 2003.

Particulars	For the Year Ended March 31, 2003 (Rs. In Lacs)	For the Year Ended March 31, 2002 (Rs. In Lacs)
Sales and other income	2,128.81	1,812.11
Profit before depreciation	258.32	224.28
Depreciation	118.65	86.06
Profit after depreciation	139.67	138.22
Prior year adjustment	.22	-
Investment Allowance Reserve w/back	304.77	-
Adjustment for Deferred Tax	49.99	55.27
Provision for taxation	4.36	4.20
Profit/Loss after tax	390.31	78.75

Operations

The Company has registered an improved performance during the year relevant, both in terms of sale and in profit. The Company during the year under review, has posted a net profit before tax of Rs.139.67 Lacs against net profit of Rs.138.22 Lacs (before write back & adjustment) during the last year.

Reference to BIFR

The Company was declared as a Sick Industrial Company under the Sick Industrial Companies (Special provisions) Act, 1985, by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) at the hearing held on November 15, 1999. A rehabilitation package for its revival prepared by Industrial Development Bank of India, the Operating Agency appointed by the Hon'ble BIFR was approved by the Hon'ble BIFR in June 2001, and is under implementation.

The proceedings in the case were closed by the Hon'ble BIFR at the last hearing held on May 22, 2002, with the directions that the obligations/ responsibilities, if any, set out in the Sanctioned Scheme and yet to be fulfilled

by the Company and all other parties to the Sanctioned Scheme shall remain in force and the Company/ concerned parties would be bound to fulfill the same as per the various covenants of the scheme sanctioned for the rehabilitation of the Company.

Expansion

The Company during the year completed its expansion program initiated in the previous year to increase its production capacity from 12,00,000 sq. mtrs. to 24,00,000 sq. mtrs. per annum. Commercial production in the new plant commenced on January 1, 2003. Term loan and Working Capital facilities have been availed from State Bank of India to part finance the same.

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-I 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 Machinery, Stocks, Stores, etc., have been adequately insured against all risks.

Audit Committee

The Audit Committee, as required under section 292A of the Companies (Amendment)



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Act, 2000, has been constituted. The members of the audit committee are Sh.Pankaj Nakra, Sh.R.N.R. Gandhi and Sh. R.S. Sahni, Directors of the Company.

Management Discussion & Analysis Report

Management Discussion & Analysis Report is given in Annexure-II forming part of this report.

Corporate Governance Report

As per the requirements of Clause-49 of the Listing Agreement a separate report on Corporate Governance is given in Annexure-III, which forms part of this report. The Auditors certificate on compliance under Corporate Governance is also annexed.

Directors Responsibility Statement

Directors confirm:

1. That in the preparation of Annual Accounts, the applicable accounting standards have been followed;
2. That they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. That they have prepared the Annual Accounts on a going concern basis.

Directors

Sh. Ashok Sarin and Sh. R.S.Sahni retire by rotation from office of Directors of the Company and being eligible have offered themselves for re-appointment.

Auditors

M/s. B.Bhushan & Co., Chartered Accountants, Auditors of the Company retire on the conclusion of the ensuing Annual General Meeting 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. 24,00,000/- per annum.

There was no employee who was employed for part of year and was in receipt of remuneration, which was at a rate not less than Rs.2,00,000/- per month.

Acknowledgements

The Directors place no record their appreciation for the assistance, help and guidance provided to the company by the State Bank of India and authorities of State Government from time to time. The Directors also place on record their gratitude to employees and shareholders of the Company for their continued support to and confidence in management of the Company.

For and on behalf of the
Board of Directors

New Delhi
August 30, 2003

Anil Sarin
Chairman of the Meeting

Annexure-I to Director's Report
(Referred in Report of even date)

A. Energy Conservation

(i) Energy Conservation measures taken:

The Company has a regular program of maintenance of machinery to ensure optimum utilization of energy resources. The management has developed measure and system 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 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

I 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.

II Benefits derived as a result of above R&D:

Savings in foreign exchange outgo and indigenisation of the products.

III Future plan of action:

Endeavor to manufacture finished products conforming to International Standards and quality.

IV 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

I Efforts in brief, made towards technology absorption, adaptation and innovation:

The imported technological know-how has been absorbed and adapted by the Company's personnel in the production process.

II Benefits derived as a result of the above efforts:

Improved manpower resources and reduction on dependency on foreign technology.