

# 15<sup>th</sup> Annual Report 2006-2007

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 **CENLUB**  
CENLUB INDUSTRIES LTD.

## Fiftieth Annual Report 2006-07

### CENLUB INDUSTRIES LIMITED

#### DIRECTORS

SHRI V.K. MITTAL	: Chairman And Managing Director
SHRI AMAN MITTAL	: Whole Time Director
SMT. MADHU MITTAL	: Whole Time Director
SHRI V.K. GUPTA	: Whole Time Director
SHRI ANSH MITTAL	: Whole Time Director
SHRI ANKUR GARG	: Director
SHRI HAKIKAT SINGH	: Director
SHRI O.P. VERMA	: Director
SHRI DINESH KAUSHAL	: Director
SHRI ASHOK KUMAR AGARWAL	: Director

#### Company Secretary

SHRI PAWAN KUMAR AGRAWAL

#### AUDITORS

SATISH SINGLA & CO.  
Chartered Accountants

#### BANKERS

STATE BANK OF INDIA, FARIDABAD  
STATE BANK OF INDIA, BANGALORE  
HDFC BANK, FARIDABAD  
HDFC BANK, BANGALORE  
CITI BANK, FARIDABAD  
HSBC BANK, NEW DELHI,

#### REGISTERED OFFICE

35, DLF Industrial Estate – 1  
Faridabad – 121 003 (Haryana)

#### AGM-2007

DATE : 18.09.2007  
DAY : Tuesday  
TIME : 9:00 A.M.  
VENUE : AGRAWAL SEWA SADAN  
D-48, SECTOR 11  
FARIDABAD, (HARYANA)

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## NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of **Cenlub Industries Limited** will be held at Agrawal Sewa Sadan D-48, Sector- 11, Faridabad (Haryana) on Tuesday, 18<sup>th</sup> September 2007 at 9:00 A.M. to transact the following business:-

### ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2007 and the Profit & Loss Account of the company for year ended 31<sup>st</sup> March 2007, and the reports of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Shri Ashok Agarwal who retires by rotation and being eligible, offer himself for re-appointment.
3. To appoint Director in place of Shri Dinesh Kaushal who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint M/s Satish Singla & Co. Chartered Accountants Auditors of the company 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

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 the provision of section 198,269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of members in general meeting and such consents, approvals and permissions as may be needed, Shri Ansh Mittal be and is hereby appointed as Whole Time Director of the company for a period of 3 years with effect from 1<sup>st</sup> April, 2007 subject to the terms and conditions of his appointment/remuneration as set out in the Explanatory Statement annexed hereto."

"FURTHER RESOLVED that the remuneration Committee formed by the Board of Directors of the Company be and are hereby authorized to alter or vary the said terms and conditions as its discretion as it may deem fit and as acceptable to Shri Ansh Mittal within the limits specified in the Schedule XIII of the Companies Act, 1956 or any amendment made hereinafter in that regard."

"FURTHER RESOLVED that the remuneration Committee formed by the Board of Directors of the Company be and are hereby authorized to do all such acts, matters and things as may be necessary, requisite, desirable or expedient for giving effect to the foregoing 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 applicable provisions of the Companies Act 1956, Schedule XIII, any amendment or modification thereof, consent be and is hereby accorded to modification in the terms of remuneration paid or payable to Shri V.K.Gupta, the Whole time Director of the company with effect from 1<sup>st</sup> April 2007 as set out in the Explanatory Statement annexed to the Notice convening this meeting, a copy of which had been duly initialed by the Chairman for identification is placed before this meeting.

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 the provision of section 198,269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of members in general meeting and such consents, approvals and permissions as may be needed, Shri V.K. Mittal be and is hereby appointed as Managing Director of the company for a period of 3 years with effect from 1<sup>st</sup> June, 2007 subject to the terms and conditions of his appointment/remuneration as set out in the Explanatory Statement annexed hereto."



"FURTHER RESOLVED that the remuneration Committee formed by the Board of Directors of the Company be and are hereby authorized to alter or vary the said terms and conditions as its discretion as it may deem fit and as acceptable to Shri V.K. Mittal within the limits specified in the Schedule XIII of the Companies Act, 1956 or any amendment made hereinafter in that regard."

"FURTHER RESOLVED that the remuneration Committee formed by the Board of Directors of the Company be and are hereby authorized to do all such acts, matters and things as may be necessary, requisite, desirable or expedient for giving effect to the foregoing Resolution."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as **SPECIAL RESOLUTION**:

"RESOLVED that pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification (s) or re-enactments thereof, for the time being in force) and enabling provisions in the Memorandum and Articles of Association of the Company, the Listing Agreement entered into by the Company with the Stock Exchange where the Shares of the Company is listed and the prevailing Statutory guidelines and subject to the approval of the, Securities and Exchange Board of India (SEBI), and all other concerned authorities, if any and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to that conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to, by the Board of Directors of the Company (here in after referred to as Board), the consent of the Company be and is hereby accorded to the Board to create, issue, offer or allot either at par or at premium (issue price being not less than the price as arrived at), in accordance with the terms of Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines 2000, either in for cash or for consideration other than cash or in any other financial instruments (hereinafter for brevity's sake referred to as ("Securities")) to be subscribed either in rupees/foreign currency(ies) as the Board at its sole discretion may at any time or times hereinafter decide which Securities when issued or allotted would ultimately result in an increase in the paid up equity share capital of the Company upto an amount not exceeding the Authorised Equity Share Capital of Rs.5 Crores (Rupees Five Crores only) (inclusive of the present paid up equity share capital of Rs.4.12 Crores) , to the existing members of the Company and/ or promoter group members (which term shall include directors, promoter-directors, their families, relatives, friends and associates) for general corporate purposes including capital expenditures, working Capital requirements, strategic investments, any mergers, amalgamations, acquisitions, reconstructions or arrangements or any other re-organizations as the Board may deem fit."

"RESOLVED FURTHER that in the event of issue of above said equity shares through preferential allotment, the relevant date for this purpose shall be **19<sup>th</sup> August, 2007** as per the provisions of SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time."

"RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds of issue of the securities and further to do all such acts, deeds, matters and to finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient as it may deem fit".

By order of the Board

Place : Faridabad

Date : 20.08.2007

V.K.GUPTA  
DIRECTOR



**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.

Instrument of Proxy in order to be effective must be deposited at the Registered Office of the Company not later than forty eight hours before the commencement of the meeting.

2. The Register of Members and Share Transfer Books of the Company shall remain closed from 10<sup>th</sup> September, 2007 to 18<sup>th</sup> September, 2007 (both days inclusive).
3. Please quote your folio number in all correspondence for each type of query/complaint.
4. Members are requested to forward all queries regarding Accounts at the Registered Office of the Company on or before 1<sup>st</sup> September 2007
5. Shri Ashok Agrawal and Shri Dinesh Kaushal Directors retire by rotation and being eligible offer themselves for re-appointment. The Information pursuant to Corporate Governance clause 49 of the Listing Agreement(s) is furnished in the statement of Corporate Governance and is a part with this Annual Report.
6. Shareholders are requested to bring their copy of the Annual Report to the meeting.
7. Members / Proxies should bring the Attendance Slip, duly filled in, for attending the meeting.
8. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.



## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT

(PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956)

ITEM No.5, 6, 7, 8

#### Item No 5

Shri Ansh Mittal aged 23 years is B.E. (Comp. Sc.). He had developed projects designed using Ado.Net and SQL SERVER 7.0. Shri Ansh Mittal, Whole Time Director - looks the IT needs of the company. He has also been involved with the designing processes of our new products. The Whole Time Director shall conduct the day to day management of the company subject to the directions and control of Board of Directors and shall perform such other duties and services and exercises such powers as shall from time to time, be entrusted to him by the Board of Directors.

Shri Ansh Mittal is appointed as Whole Time Director of the company for a period of 3 years w.e.f. 1<sup>st</sup> April 2007 on the terms and conditions hereinafter contained.

The Remuneration Committee had considered and recommend for the appointment of Shri Ansh Mittal as a Whole Time Director of the company for a period of 3 years on the terms and conditions given below now placed before the Shareholders for approval in their General meeting:

#### AGREEMENT WITH SHRI ANSH MITTAL

#### REMUNERATION

The Company shall pay the following remuneration to Shri Ansh Mittal as Whole Time Director.

##### 1. SALARY AND OTHER FIXED ALLOWANCES :

Remuneration of Shri Ansh Mittal shall include a salary of Rs. 20,000/- per month and House Rent allowance of Rs 10000/- inclusive of all other allowances. In case of inadequacy of profits or incase of loss incurred by the company the remuneration fixed from time to time in accordance with the Schedule XIII as per the clause 1 will be paid as minimum remuneration.

##### 2. PERQUISITIES :

The Whole Time Director should be entitled for perquisites which shall be allowed in addition to salary Subjects to the limit of Rs. 10,000/- P.M.

#### CATAGORY – A

This will comprise house rent allowances, leave travel, commission, medical reimbursement, fees on clubs and personal accident insurance. These may be provided for as under.

##### (i) Housing I

The expenditure by company on hiring unfurnished accommodation for the appointee will be subject to the following ceiling: Bombay, Calcutta, Delhi and Madras :Sixty percent of the salary, over and above ten percent payable by the appointee.

Other places : Fifty percent of the salary, over and above ten percent payable by the appointee.

##### (ii) Housing II

In case the accommodation is owned by the company, ten percent of the salary of the appointee shall be deducted by the company

**(iii) Housing III**

In case no accommodation is provided by the company, the appointee shall be entitled to house rent allowances of Rs 10000/- p.m..

**EXPLANATION:**

- (i) The expenditure incurred by company on gas, electricity, water and furnishings shall be valued as per the Income-Tax Rules, 1962. This shall however, be subject to a ceiling of ten percent of salary of the person proposed to be appointed.

**(ii) Medical Reimbursement :**

Expenses incurred for the person to be appointed and the family subject to a ceiling of one month's salary in a year or three month's salary over a period of 3 years.

**(iii) Leave Travel Concession:**

For the person proposed to be appointed and his family, once in a year incurred in accordance with the rules specified by the company.

**(iv) Club Fees:**

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

**(v) Personal Accident Insurance:**

Premium not to exceed Rs. 1,000/- per annum.

**EXPLANATION** – For the purposes of Category –A, 'Family' means the spouse, the dependant children and dependent parents of the appointee.

**CATEGORY – B**

Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax-Act. Gratuity payable should not exceed half a month's salary for each completed year of service.

**CATEGORY – C****1) Company Car with Driver**

The Whole Time Director shall be provided a company's car with a driver for his official use. However, the use of car for the private purpose shall be billed by the company to the Whole Time Director.

**2) Free Telephone At Residence**

The Director shall be provided not more than one telephone at his residence. However all long distance personal calls shall be allowed.

- 3) The Whole Time Director should be entitled for privilege leave on full pay and allowances as per the rules of the Company for a period not exceeding one months after every 11 months of service. The leaves accumulated but not availed of will not be allowed to encashed.



- 4) So long as Shri Ansh Mittal functions as Whole Time Director he shall not be paid any sitting fee for attending the meeting of the Board of Directors or Committee thereof.
- 5) The Head Quarter of the Whole Time Director shall be at Faridabad where he has to stay regularly for attending to his office.
- 6) The Whole Time Director shall not so long as he functions as such, become interested or otherwise concerned directly or through his father, brother or mother in any selling Agency of the Company in future without the prior approval of the Company Law Board or such authority as may exist from time to time.
- 7) This agreement may notwithstanding the period of Three years mentioned in clause I hereof, be terminated by either party giving to the other six months notice in writing, in the event of termination of the appointment of Whole Time Director by the Company, he shall be entitled to receive compensation in accordance with the provisions of Section 318 of the Companies Act, 1956.
- 8) Any dispute of different whatsoever concerning or arising out of this agreement whether during the currency or otherwise shall be entitled by arbitration in accordance with the law relating to the arbitration for the time being in force.
- 9) The appointee shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the company.

The copy of the agreement entered by the company with Shri Ansh Mittal is available for inspection at the Registered office of the company any day between 10.00 A.M. to 3.00 P.M till the date of the Annual General Meeting of the company.

Your Directors recommend the resolution for approval of the Shareholders.

None of the directors of the company except Shri V.K.Mittal, Smt Madhu Mittal and Shri Aman Mittal being related to Shri Ansh Mittal, is concerned or interested in the above said resolution.

#### Item No 6

The Remuneration Committee of the Board of Directors of your company at its meeting held on 30.04.2007 recommend, approved, subject to the approval of the Members, modification with effect from 1<sup>st</sup> April 2007 in the terms of remuneration paid or payable to Shri V.K. Gupta the Whole Time Director of the Company. The Gist of terms of the agreement entered by the Company with him are given below herewith

That Shri V.K. Gupta was appointed as Wholetime Director of the company for a period of Three Year w.e.f. 19<sup>th</sup> Dec. 2005 duly approved by the shareholder in their Meeting held on 29.09.2006 .

That the remuneration of Shri V.K. Gupta was modified from the present consolidated salary of Rs. 22000/- P.M. and perquisites as approved by the shareholders in their Meeting held on 29.09.2006.

That w.e.f. 1<sup>st</sup> April, 2007 remuneration of Shri V.K. Gupta for the residual period of his appointment is been modified in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

That the remuneration of Shri V.K. Gupta as stated in clause 3(1) of the agreement, be increased as per the terms of his appointment in accordance with the requirement of schedule XIII of the Companies Act, 1956 so as include a sum of Rs. 3000/- p.m. as House Rent Allowance. Shri V.K. Gupta would be entitled for a consolidated Salary of Rs. 25000/- P.M. from the present level of Rs. 22000/- P.M. as approved by the remuneration committee of the Board of the Directors of the Company, at their meeting held on 30.04.2007. Further in case of inadequacy of profits or incase of loss incurred by the company the remuneration of Rs. 25000/- P.M. will be paid as minimum remuneration.

That Gratuity payable to Shri V.K. Gupta, Wholetime Director of the company would not exceed half a month of salary for each completed year of his services to the company.





That the other terms and conditions of his appointment as in force shall remain same and shall apply as earlier.

The copy of the agreement entered by the company with Shri. V.K. Gupta is available for inspection at the Registered office of the company any day between 10.00 A.M. to 3.00 P.M. till the date of the Annual General Meeting of the company.

Your Directors recommend the resolution for approval of the Shareholders.

None of the directors of the company is concerned or interested in the above said resolution.

#### **Item No. 7**

Shri V.K. Mittal a Mechanical Engineer with M.Sc.(Physics), M.sc. (Mech.Engg.) specialization in Machine Tools from Moscow. He is a promotor of this company and under his leadership company growing very well. He has worked at senior position in TELCO in 1977 and had been instrumental in making the company a profitable concern in this field.

Shri V.K. Mittal is reappointed as Managing Director of the company for a period of 3 years w.e.f. 1<sup>st</sup> June 2007 on the terms and conditions hereinafter contained.

The Remuneration Committee had considered and recommend for the appointment of Shri V.K. Mittal as a Managing Director of the company for a period of Three years on the terms and conditions given below now placed before the Shareholders for approval in their meeting:

#### **AGREEMENT WITH SHRI V.K. MITTAL**

##### **REMUNERATION**

The company shall pay the following remuneration to Shri V.K. Mittal as Managing Director.

##### **SALARY AND OTHER FIXED ALLOWANCES :**

Rs.45,000/- per month including dearness and all other allowances. In case of inadequacy of profits or incase of loss incurred by the company the remuneration of Rs.45,000/- p.m. will be paid as minimum remuneration.

##### **II. COMMISSION :**

Since commission is also payable alongwith the salary, it shall not be more than one percent of the net profits of the company subject to a ceiling of Fifty percent of the salary or Rs.90,000/- per annum, whichever is less.

##### **III PERQUISITIES :**

Perquisites may be allowed in addition to salary and commission both. In case of person posted at Bombay, Culcutta, Delhi and Madras, perquisites shall be restricted to an amount equal to the annual salary or Rs.2,00,000/- per annum, whichever is less. Perquisites are classified into three categories 'A' 'B' & 'C' as follows and Rs.1,50,000/- if posted elsewhere.

##### **CATAGORY – A**

This will comprise house rent allowances, leave travel, commission, medical reimbursement, fees on clubs and personal accident insurance. These may be provided for as under.

##### **(i) Housing I**

The expenditure by company on hiring unfurnished accommodation for the appointee will be subject to the following ceiling: Bombay, Calcutta, Delhi and Madras :Sixty percent of the salary, over and above ten percent payable by the appointee.

Other places : Fifty percent of the ,salary, over and above ten percent payable by the appointee.

**(ii) Housing II**

In case the accommodation is owned by the company, ten percent of the salary of the appointee shall be deducted by the company

**(iii) Housing III**

In case no accommodation is provided by the company, the appointee shall be entitled to house rent allowances subject to the ceiling laid down in Housing I.

**EXPLANATION:**

The expenditure incurred by company on gas, electricity, water and furnishings shall be valued as per the Income-Tax Rules, 1962. This shall however, be subject to a ceiling of ten percent of salary of the person proposed to be appointed.

**(ii) Medical Reimbursement :**

Expenses incurred for the person to be appointed and the family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

**(iii) Leave Travel Concession:**

For the person proposed to be appointed and his family, once in a year incurred in accordance with the rules specified by the company.

**(iv) Club Fees:**

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

**(v) Personal Accident Insurance:**

Premium not to exceed Rs. 1,000/- per annum.

**EXPLANATION** – For the purposes of Category –A, 'Family' means the spouse, the dependant children and dependent parents of the appointee.

**CATEGORY – B**

Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax-Act. Gratuity payable should not exceed half a month's salary for each completed year of service.

**CATEGORY – C****1) Company Car with Driver**

The Managing Director shall be provided a company's car with a driver for his use. However, the use of car for the private purpose shall be billed by the company to the Managing Director.

**2) Free Telephone At Residence**

The Director shall be provided not more than one telephone at his residence. However all long distance personal calls shall be allowed.