

THIRTEENTH ANNUAL REPORT 1997-98



ELDECO

HOUSING AND INDUSTRIES LTD.

SHAPING DREAMS
OF CONCRETE

REPORT







ELDECO HOUSING AND INDUSTRIES LIMITED

BOARD OF DIRECTORS

• Shri O. P. Bajaj	Chairman
• Shri S. K. Garg	Managing Director
• Wg. Cdr. V. K. Garg (Retd.)	Whole Time Director
• Shri Pankaj Bajaj	Whole Time Director
• Shri R. M. Dhariwal	Director
• Shri N. K. Sharma	Director
• Shri L. N. Sharma	Director
• Shri Balbir Singh	Director
• Shri J. P. Bhargava	Director

MD	✓	BKC	✓
CS	✓	DPY	✓
RO	✓	DIV	✓
TRA	MA	AC	✓
AGM	✓	Sup	✓
YE	✓		✓

COMPANY SECRETARY

- Shri Atul Dave

AUDITORS

M/s **M. K. Tandon & Co.**
Chartered Accountants,
1, Krishna Enclave,
Heera Bagh Colony,
Dayal Bagh Road,
Agra - 282 005.

BANKERS

Punjab National Bank

REGISTERED OFFICE

First Floor, Pragati Kendra,
Kapoorthala Commercial Complex,
Aliganj, Lucknow - 226 020.

HEAD OFFICE

28/2, Sanjay Place,
Agra - 282 002.

DIVISIONS

F-2, Local Shopping Centre,
Masjid Moth Extn. Udai Park,
New Delhi - 110 049.

Virendra Smriti Complex,
First Floor, 15/54-B,
Civil Lines, Kanpur - 208 001.

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ELDECO HOUSING AND INDUSTRIES LIMITED
NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Company will be held at Hotel Taj Mahal, Lucknow, on Monday, the 12th day of October 1998, at 3.00 P.M., to transact the following business:-

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date together with the report of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended on 31st March, 1998.
3. To appoint a Director in place of Shri O. P. Bajaj who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri N.K. Sharma who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri J. P. Bhargava who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint the Auditors of the Company and to fix their remuneration. M/S M.K.Tandon & Co., Chartered Accountants retire and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

7. To consider, and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :-

"RESOLVED that pursuant to the provisions of section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Shri S.K. Garg as the Managing Director of the Company for a period of five years, with effect from the 18th day of August 1998, upon the terms and conditions as set out in the draft agreement submitted to this meeting and signed by the Chairman for the purpose of identification, which agreement is hereby specifically sanctioned with the authority to the Board of Directors to alter or vary from time to time, any of the terms and conditions of the said agreement including increase in the remuneration and/or perquisites payable to the said Managing Director subject to the maximum ceiling as may be prescribed under the Companies Act, 1956, or any other provisions thereof and which is agreed between the Board of Directors and Shri S.K. Garg, subject to the provisions of the Companies Act, 1956 or any statutory modifications or re-enactment thereof."

8. To consider, and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:-

"RESOLVED that pursuant to the provisions of section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Shri V.K. Garg as a Whole Time Director of the Company, for a period of five years, with effect from the 18th day of August 1998, upon the terms and conditions as set out in the draft agreement submitted to this meeting and signed by the Chairman for the purpose of identification, which agreement is hereby specifically sanctioned with the authority to the Board of Directors to alter or vary from time to time, any of the terms and conditions of the said agreement, including increase in the remuneration and/or perquisites payable to the said Whole Time Director subject to the maximum ceiling, as may be prescribed under the Companies Act, 1956 or any other provisions thereof, and which is agreed between the Board of Directors and Shri V.K. Garg, subject to the provisions of the Companies Act, 1956 or any statutory modifications or re-enactment thereof."

9. To consider, and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :-

"RESOLVED that pursuant to the provisions of section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Shri Pankaj Bajaj as a Whole Time Director of the Company, for a period of five years, with effect from the 18th day of August 1998, upon the terms and conditions as set out in the draft agreement submitted to this meeting and signed by the Chairman


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for the purpose of identification, which agreement is hereby specifically sanctioned with the authority to the Board of Directors to alter or vary, from time to time, any of the terms and conditions of the said agreement including increase in the remuneration and/or perquisites payable to the said Whole Time Director subject to the maximum ceiling as may be prescribed under the Companies Act, 1956 or any other provisions thereof and which is agreed between the Board of Directors and Shri Pankaj Bajaj subject to the provisions of the Companies Act, 1956 or any statutory modifications or re-enactment thereof."

10. To consider, and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:-

"RESOLVED THAT pursuant to Section 81 (1-A) and other applicable provisions, if any, of the Companies Act, 1956, the relevant provisions of the Articles of Association of the Company and subject to all necessary approvals, consents, permissions and / or sanctions of the Appropriate Authorities, Institutions or Bodies, and subject to such conditions as may be prescribed by them in granting such approval, consent, permission or sanction, and which may be agreed to by the Board of Directors of the Company or a committee of the Board, the consent, authority and approval of the Company be and is hereby accorded to the Board to issue, offer and allot Equity Shares, and /or Securities convertible into Equity Shares and /or Securities linked to Equity Shares, any instruments or securities representing either Equity Shares or Convertible Securities (hereinafter collectively referred to as Securities), as Board may decide from time to time by way of private placement or preferential allotment or otherwise to Foreign / Domestic Investors including Financial Institutions, Institutional Investors, Indian Mutual Funds (Private or Public), Banks, Corporate Bodies, Finance and Investment Companies and other alike Institutions, Issue Houses and /or individuals as may be permitted by law and as may be deemed appropriate by the Board for an amount not exceeding Rs. 5 crores (Rupees Five Crores only), (inclusive of such premium as may be determined), on such terms and conditions as the Board may, in its absolute discretion think fit including form and terms of issue, price etc., and all other terms and conditions and matters connected therewith."

"RESOLVED FURTHER THAT such new shares/securities when allotted/converted into shares, shall rank pari-passu in all respects, with the existing equity shares excepting that they shall be entitled to dividends that may be declared or paid by the Company only on pro-rata basis from the date of allotment."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, and also to seek listing of such securities on one or more Stock Exchanges with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit."

"RESOLVED FURTHER THAT the Board or a committee of the Board be and is hereby authorized to settle the terms of issue specified herein in respect of any right, privileges, price and/or conditions attached to the new shares and/or securities as may be prescribed, required or stipulated by the said Authorities while granting such consents, sanctions or approvals or which the Board may consider appropriate in the best interest of the Company, and to finalize the detailed terms of the issue and to give such directions or instructions as they may from time to time, think fit or proper (including directions for settling any question, doubt or difficulty which may arise in regard to the offer, issue or allotment) and to do all such acts, deeds and things as the Board may, in its absolute discretion consider necessary, expedient, usual or proper."

EXPLANATORY STATEMENT
ITEM 7

Shri S.K. Garg was re-appointed as the Managing Director of the Company for a period of five years with effect from the 6th day of April 1995 which term expires on 5th day of April 2000. Having regard to his contribution in sailing the Company through the hard times and the responsibilities shouldered by him, the Board of Directors of the Company at their meeting held on the 18th day of August 1998, have re-appointed Shri S.K. Garg as the Managing Director of the Company for a further period of five years on an increased remuneration with effect from the 18th day of August 1998 subject to the consent of the Share holders at the General Meeting.

The remuneration and other terms relating to the re-appointment of Shri S.K.Garg as Managing Director have been set out in the draft agreement executed between Shri S.K.Garg and the Chairman of the Company. The said



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terms of re-appointment of Shri S.K.Garg as Managing Director are as under :-

1. (a) Salary : Rupees 25,000/- (Rupees Twenty Five Thousand only) per month in the scale of 25000-25000-37500 per month.
- (b) Commission : @ 1% of the net profits of the Company computed in the manner laid down in Section 309 (5) of the Companies Act, 1956 subject to a ceiling of 50% of annual salary or 90,000/- whichever is less.
2. Perquisites shall be allowed in addition to both salary and commission or special allowance. However, it shall be restricted to an amount equal to annual salary or Rs.1,35,000/- per annum whichever is less. Perquisites are classified as follows :-

I. HOUSING

- (a) The expenditure by the Company on hiring unfurnished accommodation shall be subject to the following ceilings :
 - (i) At Bombay, Delhi, Calcutta and Madras : 60% of the salary, over and above 10% payable by him.
 - (ii) Other Places - 50% of salary, over and above 10% payable by him.
- (b) If the accommodation provided is owned by the Company 10% of the salary shall be deducted in lieu thereof.
- (c) If no accommodation is provided by the Company, then House Rent Allowance shall be paid subject to the ceiling laid down in (a) above.

II. GAS, ELECTRICITY, WATER AND FURNISHING

The expenditure incurred by the Company on Gas, Electricity, Water and Furnishing shall be valued as per the Income Tax Rules, 1962.

III. MEDICAL REIMBURSEMENT

Expenses incurred for him and his family.

IV. LEAVE AND LEAVE TRAVEL CONCESSION

Leave as per rules of the Company including encashment of leave. Leave Travel Concession for self and family once in a year, incurred in accordance with the rules of the Company.

V. CLUB FEES

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

VI. PERSONAL ACCIDENT INSURANCE

Personal Accident Insurance of an amount the annual premium of which does not exceed Rs. 4,000/-

For the purpose of calculating the above ceiling, perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.

3. Other Payments and Provisions

(i) CONTRIBUTION TO PROVIDENT FUND AND SUPERANNUATION FUND

Contribution towards Provident Fund will be subject to a ceiling of 10% of the salary. Contribution to Pension/ Superannuation Fund together with Provident Fund shall not exceed 25% of the salary as laid down in the Income-Tax Rules, 1962. Contribution to Provident Fund, Superannuation Fund and 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.

(ii) GRATUITY

Gratuity payable shall not exceed one half month's salary for each completed year of service.

(iii) CAR

Provision of car for use for Company's business purpose. Use of car for private purpose shall be billed by the Company. The use of Company's car for business purposes will not be considered as a perquisite.



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(iv) TELEPHONE

Provision of telephone at residence will not be considered as a perquisite, but personal long distance calls shall be billed by the Company.

(v) ENTERTAINMENT EXPENSES

Reimbursement of entertainment expenses actually and properly incurred for the business of the Company subject to a reasonable ceiling as may be fixed from time to time by the Board.

The aforesaid revision of remuneration is subject to the limits prescribed under the provisions of the Companies Act, 1956.

MINIMUM REMUNERATION

The entire remuneration mentioned above shall be paid as minimum remuneration in the event of any loss or inadequacy of profits of the Company in any financial year, except that the salary shall stand reduced by 10%.

The draft agreement setting out more fully the terms of re-appointment of Shri S.K.Garg will be available for inspection by any member at the registered office between 10.00 A.M. and 12 Noon on any working day, prior to the date of meeting and also at the meeting.

The Board recommends for your approval the passing of the resolution. Shri S.K.Garg, Managing Director and Shri V. K.Garg, Director may be deemed to be interested in the resolution.

This may also be treated as abstract of the terms of re-appointment of Shri S.K.Garg for the purposes of Section 302 of the Companies Act, 1956.

ITEM 8

Shri V.K. Garg was re-appointed as a Whole Time Director of the Company for a period of five years with effect from the 17th day of January 1996 which term expires on 16th day of January 2001. Having regard to the increasing responsibilities shouldered by him, the Board of Directors of the Company at their meeting held on the 18th day of August, 1998 have re-appointed Shri V.K. Garg as a Whole Time Director of the Company for a further period of five years on an increased remuneration with effect from the 18th day of August 1998, subject to the consent of the Share holders at the General Meeting.

The remuneration and other terms relating to the re-appointment of Shri V.K.Garg as Whole Time Director have been set out in the draft agreement executed between Shri V.K.Garg and the Chairman of the Company. The said terms of re-appointment of Shri V.K.Garg as Whole Time Director are as under :-

1. (a) Salary : Rs. 20000.00 (Rupees twenty thousand only) per month in the scale of 20,000-2000-30000.
- (b) Commission : @ 1% of the net profits of the Company computed in the manner laid down in Section 309 (5) of the Companies Act, 1956. subject to a ceiling of 50% of annual salary or Rs. 90,000/-, whichever is less.
2. Perquisites shall be allowed in addition to both salary and commission or special allowance. However, it shall be restricted to an amount equal to annual salary or Rs. 1,35,000/- per annum whichever is less. Perquisites are classified as follows :-

I. HOUSING

- (a) The expenditure by the Company on hiring unfurnished accommodation shall be subject to the following ceilings :
 - (i) At Bombay, Delhi, Calcutta and Madras : 60% of the salary, over and above 10% payable by him.
 - (ii) Other Places - 50% of salary over and above 10% payable by him.
- (b) If the accommodation provided is owned by the Company, 10% of the salary shall be deducted in lieu thereof.
- (c) If no accommodation is provided by the Company, then House Rent Allowance shall be paid subject to the ceiling laid down in (a) above.



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II. GAS, ELECTRICITY, WATER AND FURNISHING

The expenditure incurred by the Company on Gas, Electricity, Water and Furnishing shall be valued as per the Income Tax Rules, 1962.

III. MEDICAL REIMBURSEMENT

Expenses incurred for him and his family.

IV. LEAVE AND LEAVE TRAVEL CONCESSION

Leave as per rules of the Company including encashment of leave. Leave Travel Concession for self and family, once in a year, incurred in accordance with the rules of the Company.

V. CLUB FEES

Fees of clubs, subject to a maximum of two clubs. However this will not include admission and membership fees.

VI. PERSONAL ACCIDENT INSURANCE

Personal Accident Insurance of an amount the annual premium of which does not exceed Rs. 4,000/-.

For the purpose of calculating the above ceiling, perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.

3. Other Payments and Provisions

(i) CONTRIBUTION TO PROVIDENT FUND AND SUPERANNUATION FUND

Contribution towards Provident Fund will be subject to a ceiling of 10% of the salary. Contribution to Pension/ Superannuation Fund together with Provident Fund shall not exceed 25% of the salary as laid down in the Income-Tax Rules, 1962. Contribution to Provident Fund, Superannuation Fund and 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.

(ii) GRATUITY

Gratuity payable shall not exceed one half month's salary for each completed year of service.

(iii) CAR

Provision of car for use for Company's business purpose. Use of car for private purpose shall be billed by the Company. The use of Company's car for business purposes will not be considered as a perquisite.

(iv) TELEPHONE

Provision of telephone at residence will not be considered as a perquisite but personal long distance calls shall be billed by the Company.

(v) ENTERTAINMENT EXPENSES

Reimbursement of entertainment expenses actually and properly incurred for the business of the Company subject to a reasonable ceiling as may be fixed from time to time by the Board.

The aforesaid revision of remuneration is subject to the limits prescribed under the provisions of the Companies Act, 1956.

MINIMUM REMUNERATION

The entire remuneration mentioned above shall be paid as minimum remuneration in the event of any loss or inadequacy of profits of the Company in any financial year, except that the salary shall stand reduced by 10%.

The draft agreement setting out more fully the terms of re-appointment of Shri V.K.Garg will be available for inspection by any member at the registered office between 10.00 A.M. and 12 Noon on any working day prior to the date of meeting, and also at the meeting.


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The Board recommends for your approval the passing of the resolution. Shri S.K.Garg, Managing Director and Shri V. K. Garg, Director may be deemed to be interested in the resolution.

This may also be treated as abstract of the terms of re-appointment of Shri V. K. Garg for the purposes of Section 302 of the Companies Act, 1956.

ITEM NO. 9

Shri Pankaj Bajaj was appointed as a Whole Time Director of the Company for a period of five years with effect from the 1st day of April 1997 by the Shareholders at the Extra Ordinary General Meeting of the Company held on the 12th day of June 1997, which term expires on 31st day of March 2002. In a short span of two years he has given a new shape to the Marketing Structure of the Company and is dedicated to achieve further new frontiers. Having regard to the responsibilities shouldered by him, the Board of Directors of the Company at their meeting held on the 18th day of August 1998, have re-appointed Shri Pankaj Bajaj as a Whole Time Director of the Company for a period of five years with effect from the 18th day of August 1998, on an increased remuneration subject to the consent of the Shareholders at the General Meeting.

The remuneration and other terms relating to the re-appointment of Shri Pankaj Bajaj, Whole Time Director have been set out in the draft agreement executed between Shri Pankaj Bajaj and the Chairman of the Company. The said terms of revision of remuneration of Shri Pankaj Bajaj, Whole Time Director are as under :-

1. (a) Salary : Rs.20,000.00 (Rupees Twenty Thousand only) per month in the scale of Rs. 20,000-2,000-30,000.
- (b) Commission @ 1% of the Net Profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to a ceiling of 50% of annual salary or Rs. 90,000/-, whichever is less.
2. In addition to the above, the Whole Time Director shall be entitled to the following perquisites restricted to an amount equal to his annual salary or Rs. 1,35,000/- per annum whichever is less.
- I. **Housing**
 - (a) The expenditure by the Company on hiring unfurnished accommodation shall be subject to the following ceilings :
 - (i) At Bombay, Delhi, Calcutta and Madras : 60% of the salary, over and above 10% payable by him.
 - (ii) Other Places - 50% of salary over and above 10% payable by him.
 - (b) If the accommodation provided is owned by the Company, 10% of the salary shall be deducted in lieu thereof.
 - (c) If no accommodation is provided by the Company, then House Rent Allowance shall be paid subject to the ceiling laid down in (a) above.
- II. All amenities such as Gas, Electricity, Water, Air Conditioners, Geysers, Refrigerators and furnishings, the expenditure to be evaluated as per Income Tax Rules, 1962.
- III. Reimbursement of medical expenses incurred on medical treatment for self and family, the total cost of which to the Company shall not exceed one month's salary per year or three months salary over a period of three years.
- IV. Leave Travel Concession for self and his family to and from to any place in India within the rules of the Company.
- V. Club fees, subject to a maximum of two clubs. However, this will not include admission and membership fees.
- VI. Personal Accident Insurance, subject to the premium on such insurance not exceeding Rs. 4,000/-.
- VII. Company's contribution to Provident Fund, not exceeding 10% of the salary.
- VIII. Company's contribution to pension fund in accordance with Pension Fund rules, provided that such contribution together with contributions to Provident Fund shall not exceed 25% of the salary as laid down in the Income Tax Rules, 1962.
- IX. Gratuity in accordance with the Gratuity fund rules, not exceeding half month's salary for each completed year of service, subject to a ceiling of Rs.2,50,000/- .


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- X. The provision of Car with driver for use on Company business and telephone at residence will not be considered as perquisites. However personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Whole Time Director.
- XI. In addition to the above remuneration the Whole Time Director shall also be entitled for reimbursement expenses actually incurred for the purpose of business of the Company, subject to a reasonable ceiling as may be fixed by the Board from time to time.
- XII. The Whole Time Director shall be entitled to earned/privilege leave on full pay and allowances, subject to a ceiling of one month's leave for every eleven months of service. However leave accumulated but not availed will not be allowed to be encashed.

MINIMUM REMUNERATION

The entire remuneration mentioned above shall be paid as minimum remuneration in the event of any loss or inadequacy of profits of the Company in any financial year, except that the salary shall stand reduced by 10%.

The draft agreement setting out more fully the terms of re-appointment of Shri Pankaj Bajaj will be available for inspection by any member at the registered office between 10.00 A.M. and 12 Noon on any working day prior to the date of meeting and also at the meeting.

The Board recommends for your approval the passing of the resolution. Shri O.P. Bajaj Chairman and Shri Pankaj Bajaj, Director may be deemed to be interested in the resolution.

This may also be treated as abstract of the terms of re-appointment of Shri Pankaj Bajaj for the purposes of Section 302 of the Companies Act, 1956.

ITEM NO. 10

The Shareholders of the Company had approved the preferential allotment of shares/convertible securities and had authorised the Board of Directors to finalise the terms of issue in their Extra-Ordinary General Meeting held on 12th day of June 1997. Pursuant to the SEBI Guidelines for Preferential Allotment of Shares, the validity of Shareholders resolution is 3 months otherwise the Company will have to seek fresh approval from shareholders.

Hence the board recommends the passing of this Resolution as Special Resolution.

None of the Directors of the Company are considered to have an interest in passing of this Resolution except to the extent of shares that may be issued/allotted to them and/or any of the Corporate Bodies in which they are members/directors.

By Order of the Board
for **Eldeco Housing and Industries Limited**

Place : Lucknow
Dated : 18th August, 1998

Shiv Kumar Garg
(Managing Director)

NOTES

1. The Register of Members and Share Transfer Books of the Company will remain closed from the 16th day of September 1998, to 12th day of October 1998, (both days inclusive). Share transfers received in order at the Company's Registered Office by 3 P.M. on 15th day of September 1998, would be passed for payment of dividend, if declared. Dividend will be paid to those Members, entitled thereto and whose names appear on the Register of Members of the Company on the 12th day of October 1998, or to their mandates, subject, however, to the provisions of Section 206A of the Companies Act, 1956 or any amendment or modification thereof.
2. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The Proxy Form must reach the Registered Office of the Company at First Floor, Pragati Kendra, Kapoorthala Commercial Complex, Aliganj, Lucknow not less than 48 hours before the time fixed for holding the meeting.