

ANNUAL REPORT 2010-11



 **ELDECO**
HOUSING AND INDUSTRIES LTD.
AN ISO 9001:2008 CERTIFIED COMPANY

→ **BOARD OF DIRECTORS** ←

Shri S. K. Garg	Chairman	Shri Arvind Bajaj	Director
Shri Pankaj Bajaj	Managing Director	Shri Anil Tewari	Director
Shri Srikant Jajodia	Whole Time Director	Shri Ashish Jain	Director
Shri J. P. Bhargava	Director	Shri Ranjit Khattar	Director
Shri N. K. Sharma	Director		

Company Secretary

Ms. Neetika Rastogi

Statutory Auditor

M/s Doogar & Associates
Chartered Accountants
13, Community Centre, East of Kailash
NEW DELHI - 110065

Registrar And Share Transfer Agent

M/s Skyline Financial Services Pvt. Ltd.
D-153/A, Ist Floor, Okhla Industrial Area,
New Delhi - 20. Ph. : 011-30857575

Stock Exchanges where Company is Listed

The Bombay Stock Exchange Limited
Phiroze Jeejeebhay Towers
Dalal Street, MUMBAI - 400 001

The Uttar Pradesh Stock Exchange Association
Limited
14/113, Padam Towers, Civil Lines,
KANPUR - 208 001

Bankers

Punjab National Bank
HDFC Limited

Registered Office

201-212, 2nd Floor, Splendor Forum, District Centre
Jasola, New Delhi-110 025

Corporate Office

2nd Floor, Corporate Chamber-I, Vibhuti Khand, Gomti
Nagar, Lucknow-226 010

Divisions

• A-1/153, First Floor, Safdarjung Enclave
New Delhi - 110 029

- 15/54-B, Civil Lines, Virendra Smriti Complex,
Kanpur - 208 001
- 98, Allora Enclave, Dayal Bagh, Agra - 282 005

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NOTICE

Notice is hereby given that the 26th Annual General Meeting of the Members of **Eldeco Housing and Industries Ltd** will be held on Saturday, the 24th day of September, 2011, at 3.00 p.m. at hotel The Suryaa New Delhi, New Friends Colony, New Delhi- 110 065 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2011.
3. To appoint a Director in place of Mr Ranjit Khattar who retires by rotation and, being eligible, offers himself for re appointment.
4. To appoint a Director in place of Mr N.K. Sharma who retires by rotation and, being eligible, offers himself for re appointment.
5. To appoint the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting and to authorise the Board to fix their remuneration.

The present Statutory Auditors M/s Doogar and Associates, Chartered Accountants, New Delhi, are holding the office till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Special Business

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:
“Resolved that pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956 and the Articles of the Association of the Company, and other applicable provisions, if any, Shri S K Garg was re-appointed as Whole Time Director and designated as Executive Chairman of the Company for a period of five years with effect from 15th May, 2011 at the following remuneration:
(A) Salary: Rs. 2,00,000 (Rupees Two Lac Only) per month w.e.f. 15th May, 2011 till 30th September, 2011 and Rs. 3,00,000 (Three Lac Only) per month w.e.f. 1st October, 2011 till 30th September, 2014.
(B) Perquisites:
(i) Gas Electricity, Water and Furnishings: Expenditure incurred by the Company on providing gas, electricity, water and furnishings, valued as per the Income Tax Rules, 1962.
(ii) Medical Reimbursement: Expenses incurred for self and his family.
(iii) Security: Expenses incurred for provision of security guards at the residence.
(iv) Leave Travel Concession: Leave as per rules of the Company. 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.

For the purpose of calculating the above ceiling, perquisites will be evaluated as per the Income Tax Rules, 1962, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

Resolved further that the following perquisites payable to Shri S K Garg will not be included in the aforesaid remuneration:

- a) 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;
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service;

Resolved further that payment/re-imbursement of telephone and/or mobile phone(s) bills, conveyance, fuel expenses or other out of pocket expenses incurred in course of the official duties will not be included in the aforesaid remuneration and in specific, the Company inter-alia shall make payment/ reimburse for the following:

Car : Provision of Car for use of Company's business purposes. The use of Company's Car for business purposes will not be considered as a perquisite. The Company shall bill the use of car for private purposes.

Telephone: Mobile Phone & provision of telephones at residence will not be considered as a perquisite and the Company shall bill personal long distance calls made.

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.

Resolved further that the Executive Chairman shall not be entitled to sitting fees for attending meetings of the Board of Directors or any committee(s) thereof.

Resolved further that in the event of loss, absence or inadequacy of profits, the aforesaid remuneration shall be the minimum remuneration.

Resolved further that the office of Shri S K Garg as Whole Time Director and designated as Executive Chairman of the Company shall not be liable to retire by rotation subject to and to the extent permitted under the provisions of section 255, 256 and other applicable provisions, if any, of the Companies Act, 1956.

Resolved further that the draft agreement for appointment of the Executive Chairman of the Company, incorporating the aforesaid remuneration package and other terms & conditions, as placed before the Board and initialed by the Chairman for the purpose of identification, be and is hereby approved and Shri Pankaj Bajaj, Director of the company be and is hereby authorized to execute and sign the said agreement on behalf of the Company with Shri S K Garg.

Resolved further that the Board of Directors of the Company (including any committee/sub-committee of the Board) be and is hereby authorised to take all necessary steps to give effect to the aforesaid resolution.”

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution:**

“Resolved that pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and Section 316 and 317 of the Companies Act, 1956 and the Articles of the Association of the Company, and other applicable provisions, if any, and subject to the approval of the shareholders in the General Meeting, consent of the Board of Directors be and is hereby given for re-appointment of Shri Pankaj Bajaj as Managing Director of the Company, for a period of five years with effect from 15th May, 2011 without any remuneration, by whatever name called.

Resolved further that the office of Shri Pankaj Bajaj as Managing Director of the Company shall not be liable to retire by rotation subject to and to the extent permitted under the provisions of section 255, 256 and other applicable provisions, if any, of the Companies Act, 1956.

Resolved further that the Company shall make payment/ re-imbursement of telephone and/or mobile phone(s) bills, conveyance, fuel expenses or other out of pocket expenses incurred by Shri Pankaj Bajaj in the course of official duties and in specific, the Company inter-alia shall make payment/ reimburse for the following:

Car: Provision of Car for use of Company’s business purposes. The use of Company’s Car for business purposes will not be considered as a perquisite. The Company shall bill the use of car for private purposes.

Telephone: Mobile Phone & provision of telephones at residence will not be considered as a perquisite and the Company shall bill personal long distance calls made.

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.

Resolved further that the Managing Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or any committee(s) thereof.

Resolved further that the draft agreement for appointment of Mr. Pankaj Bajaj as Managing Director of the Company, as placed before the Board and initialed by the Chairman for the purpose of identification, be and is hereby approved and Shri S K Garg, Chairman be and is hereby authorized to execute and sign the said agreement on behalf of the Company with Shri. Pankaj Bajaj.

Resolved further that the Board of Directors of the Company (including any committee/sub-committee of the Board) be and is hereby authorised to take all necessary steps to give effect to the aforesaid resolution.”

By the order of the Board
For Eldeco Housing and Industries Ltd

Neetika Rastogi
Company Secretary

Date : 15th July, 2011
Place : Lucknow

NOTES

- A. APPOINTMENT OF PROXY:** A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY SO AS TO REACH THE CORPORATE OFFICE OF THE COMPANY AT 2ND FLOOR, ELDECO CORPORATE CHAMBER-I, VIBHUTI KNAHD, GOMTI NAGAR, LUCKNOW 226 010 , NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.
- B. Corporate Members:** Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.
- C.** Members/Proxies attending the meeting are requested to bring their copy of Annual Report to the Meeting and to submit the duly filled and signed admission slips.
- D. Queries at the AGM:** Queries proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office at least seven days prior to the date of AGM to enable the management to compile the relevant information to reply the same in the meeting.
- E. Book Closure:** The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday , the 21st day of September 2011 to Saturday, the 24th day of September, 2011 (both days inclusive) for the purpose of the Annual General Meeting and payment of dividend, if any.
- F.** Members are requested to notify any change in their address/ mandate/ bank details immediately to the Registrar and Share Transfer Agent of the Company - M/s Skyline Financial Services Pvt Ltd., D-153/A, Okhla Industrial Area, Phase-I, New Delhi-110 020; Phone No. 011-30857575, Fax: 011 30857562.
- G.** The dividend on Equity Shares as recommended by the Board of Directors, if declared at the Annual General Meeting, will be payable to those shareholders whose names appear on the Company's Register of Members and the data base of the Company's Registrar and Transfer Agent (M/s Skyline Financial Services Pvt. Ltd., New Delhi) as on 21st September, 2011 after entertaining all valid requests for transfer of shares lodged with the Company on or before 21st September, 2011.
- In respect of the shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
- H. Transfer of unclaimed dividend:** The Company has transferred the unclaimed dividend for the financial year 2002-2003 to the Investors Education and Protection Fund, in the month of March, 2011 in terms of the provisions of Section 205A of the Companies Act, 1956.
- I. Schedule for transfer of unclaimed dividend to the Investors' Fund:**

Financial Year Ended	Rate	Date of Declaration	Last Date for Claiming	Last Date for Transfer to IEPF
31.03.2004	10%	17/11/2004	24/12/2011	23/01/2012
31.03.2005	10%	30/11/2005	05/01/2013	04/02/2013
31.03.2006	10%	30/10/2006	06/12/2013	05/01/2014
31.03.2007	10%	29/09/2007	05/11/2014	04/12/2014
31.03.2008	10%	27/09/2008	03/11/2015	02/12/2015
31.03.2009	10%	30/09/2009	06/11/2016	05/12/2016
31.03.2010	10%	30/09/2010	06/11/2017	05/12/2017

- J.** In terms of provisions of Section 205A of the Companies Act, 1956, the amount of dividend for the financial year 2003-04 that still remains unclaimed is required to be transferred to the Investors Education and Protection Fund on or before 23rd January, 2012. Any shareholder who has not encashed the dividend warrants for the financial year 2003-04 and onwards may claim the same immediately. **Please note that the unclaimed dividend once transferred to Investors Education and Protection Fund cannot be claimed by the shareholders.**
- K. Inspection of Documents:** Documents referred to in the Notice etc., are open for inspection at the registered office of the Company at all working days except Saturdays between 11 A.M. and 2 P.M. up to the date of Annual General Meeting.

- L. Explanatory Statement:** Explanatory Statement as required under section 173(2) of the Companies Act, 1956, in respect of Special Business under item no. 6 and 7 is enclosed herewith.
- M.** The information required to be provided under the Listing Agreement entered in to by the Company with the Stock Exchanges regarding the Directors proposed to be reappointed is given in the annexure to the Notice.

By the order of the Board
For **Eldeco Housing and Industries Ltd**

Date : 15th July, 2011
Place: Lucknow

Neetika Rastogi
Company Secretary

Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956

Item No. 6 :

Sri S. K. Garg, the promoter and founder of the ELDECO Group has been serving Eldeco Housing & Industries Ltd. as the Executive Chairman. The company has grown from strength to strength under the stewardship of Shri Shiv Kumar Garg. He is a Diploma Holder in Civil and Rural Engg. and AMIE (INDIA) and has also worked as Lecturer in Polytechnic and as consulting engineer. He has wide and rich experience of 50 years in Real Estate & Construction Industry. He is a widely respected part of several committees and sub-committees, organization and working groups of Housing and Construction. He has also been awarded several times during his last tenure as Executive Chairman for his contribution to the industry, including **Life Time Achievement Award in 2008, Indian Leadership Award, Bharatiya Nav Nirman Puraskar, International Achievers Award 2010-2011 in 2011 and Life Time Achievement Award in a ceremony held in British Parliament in London in 2011.**

Tenure of Mr Shiv Kumar Garg as Whole Time Director designated as Executive Chairman expired on 14th May 2011. For the efficient management of the Company's affairs, the Board reappointed Mr Shiv Kumar Garg as Whole Time Director designated as Executive Chairman on the remuneration as given in proposed resolution in the Board meeting held on 13th May, 2011 which is subject to the approval of members. The Remuneration Committee has also approved his remuneration in its meeting held on 13th May, 2011.

In terms of first proviso to sub para (B) of Section II, Part II of Schedule XIII of the Companies Act, 1956, the increased remuneration w.e.f. 1st October, 2011 will be for a period of 3 years. The detailed remuneration has been disclosed in proposed resolution in the Notice calling the ensuing Annual General Meeting.

The required information required under first proviso to sub para (B) of Section II, Part II of Schedule XIII of the Companies Act, 1956:

I. GENERAL INFORMATION

(1)	Nature of Industry	ELDECO Housing and Industries Ltd is engaged in the business of Real Estate.
(2)	Date or expected date of commencement of commercial production	The Company is already in existence and is in operation since July 1985
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable

(4) Financial Performance of the Company for last 2 years is given below:

Particulars	Financial Year ended	
	31st March 2011 Standalone	31st March 2010 Standalone
Income:		
A - Value of Work Done	4151.02	4806.88
B - Other Income	429.63	417.60
C - Increase/ Decrease in Stocks	(19.49)	14.39
Total	4561.16	5238.87
Expenditure	3688.97	4240.57
Profit before tax	872.19	998.30
Less : Provision for tax		
Current	303.31	213.43
Deferred	(8.06)	18.00
Wealth Tax	0.54	0.57
Profit After Tax	576.40	766.30
Previous Balance in Profit & Loss Account	3745.18	3029.72

Adjustments related to previous year	0.48	2.10
Share of Profit in Associates	-	-
Profit available for appropriation	4322.06	3798.12
Less: Proposed dividend	19.67	19.67
Tax on proposed dividend	3.19	3.27
Transfer to general reserve	30.00	30.00
Balance in Profit & Loss Account	4269.20	3745.18
Earning per share (Rs.)	29.31	38.97
Dividend per share (Rs.)	1.00	1.00

II. INFORMATION ABOUT THE APPOINTEE

(1) Background details	Sri S. K. Garg, the promoter and founder of the ELDECO Group has been serving Eldeco Housing & Industries Ltd. as the Executive Chairman. The company has grown from strength to strength under the stewardship of Shri Shiv Kumar Garg. He is a Diploma Holder in Civil and Rural Engg. and AMIE (INDIA) and has also worked as Lecturer in Polytechnic and as consulting engineer. He has wide and rich experience of 50 years in Real Estate & Construction Industry.
(2) Past remuneration	<p>Monthly remuneration Salary: Rs. 2,00,000 (Rupees Two Lac Only) per month</p> <p>Perquisites:</p> <ul style="list-style-type: none"> i. Gas Electricity, Water and Furnishings: Expenditure incurred by the Company on providing gas, electricity, water and furnishings, valued as per the Income Tax Rules, 1962. ii. Medical Reimbursement: Expenses incurred for self and his family. iii. Security: Expenses incurred for provision of security guards at the residence. iv. Leave Travel Concession: Leave as per rules of the Company. 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.
(3) Recognition or awards	Mr Shiv Kumar Garg has a experience of 50 years in Real Estate & Construction Industry.
(4) Job profile and his suitability	Mr Shiv Kumar Garg, being the Executive Chairman of the Company is entrusted with substantial powers in relation to normal business matters. He is having rich experience of 50 years in Real Estate & Construction Industry.
(5) Remuneration proposed	<p>Monthly remuneration of Rs. 2,00,000 (Rupees Two Lac Only) per month w.e.f. 15th May, 2011 till 30th September, 2011 and Rs. 3,00,000 (Three Lac Only) per month w.e.f. 1st October, 2011 till 30th September, 2014.</p> <p>Perquisites:</p> <ul style="list-style-type: none"> i. Gas Electricity, Water and Furnishings: Expenditure incurred by the Company on providing gas, electricity, water and furnishings, valued as per the Income Tax Rules, 1962. ii. Medical Reimbursement: Expenses incurred for self and his family.

	<p>iii. Security: Expenses incurred for provision of security guards at the residence.</p> <p>iv. Leave Travel Concession: Leave as per rules of the Company. Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.</p> <p>v. Club Fees: Fees of clubs subject to a maximum of two clubs.</p> <p>In the event of loss, absence or inadequacy of profits, the aforesaid remuneration shall be the minimum remuneration.</p>
(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The exact figures are not readily available. However, the proposed remuneration is reasonably justified in comparison with the general market trends and remuneration package of top-level managerial persons having comparative qualifications and experience.
(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	The appointee is the main promoter of the Company. Save as the managerial remuneration he does not have any other material pecuniary relationship with the Company. He is father in law of Mr Srikant Jajodia

III. OTHER INFORMATION

(1) Reasons for loss or inadequate profits	The Company is in profit. However fixed remuneration is proposed to be paid as minimum remuneration in the event of loss/absence/inadequacy of profits due to unavoidable circumstances.
(2) Steps taken or proposed to be taken for improvement	The Company is taking cost cutting measures and exploring new avenues of business to improve profitability
(3) Expected increase in productivity and profits in measurable terms	The company is expected to have improved sales and profitability figures in the next financial years.

The company has entered into an agreement with Shri S.K. Garg, for the said appointment a copy of which is available for inspection at any time at the registered office of the Company at all working days except Saturdays between 11 A.M. and 2 P.M. up to the date of Annual General Meeting. Additional disclosure are also given under appropriate head(s) in the Corporate Governance report annexed to the directors report.

Under the provisions of Section 198, 269, 309 and all other applicable provisions read with Schedule XIII of the Companies Act, 1956, consent of members is required for the appointment of Shri S.K. Garg as Whole Time Director designated as Executive Chairman and payment of remuneration to him. The Board, accordingly, recommends the resolution for approval of the Members as a Special Resolution.

None of the Directors of the Company, except Shri S.K. Garg himself & Shri Srikant Jajodia being son- in law of Shri S. K. Garg are concerned or interested in the proposed resolution.

The above intimation may be deemed to be an abstract and memorandum under Section 302 of the Companies Act, 1956.

Item No. 7:

Shri Pankaj Bajaj is Management graduate from IIM (Ahmedabad). He is presently the President (NCR) of Confederation of Real Estate Developers Association of India (CREDAI) and he is also a visiting faculty at Harvard Business School where he discussed on the Case studies relating to ELDECO. He is actively involved in various policy decisions taken by the board from time to time. He has valuable experience in the Housing & Construction Business in a short span of time. He has successfully executed numbers of prestigious housing projects in the National Capital Region.

Tenure of Mr Pankaj Bajaj as Managing Director expired on 14th May 2011. Mr Pankaj Bajaj has been working as Managing Director of the company since more than 5 years. For the efficient management of the Company's affairs, the Board reappointed Mr Pankaj Bajaj as Managing Director, on nil remuneration as given in proposed resolution, in the Board meeting held on 13th May, 2011 which is subject to the approval of members.

The members' approval is required by way of a Ordinary resolution for reappointment of Mr Pankaj Bajaj as Managing Director.

The aforesaid explanatory statement for item no. 7 should also be deemed to be notice of the abstract for terms of appointment and payment of remuneration to Mr Pankaj Bajaj.

In term of the provision of Schedule XIII, additional disclosures are also given under appropriate head(s) in the Corporate Governance report annexed to the directors report.

None of the directors of the Company except Mr Arvind Bajaj and Mr Pankaj Bajaj himself is concerned or interested in the proposed resolution.

By the order of the Board

For Eldeco Housing and Industries Ltd

Date : 15th July, 2011

Place: Lucknow

Neetika Rastogi

Company Secretary