

Annual-Report 1996-97



The Thapar Group

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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
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AGM	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
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English Indian Clays Limited





English Indian Clays Limited

CHAIRMAN-CUM
MANAGING DIRECTOR

:

MR. KARAN THAPAR

DIRECTORS

:

MR. B. M. THAPAR
MR. S. N. DUA
MR. M. L. KHEMKA
MR. S. K. TOSHNIWAL
MR. S. PADMAKUMAR
MR. R. K. BATRA, (ICICI Nominee)

AUDITORS

:

M/s. PRICE WATERHOUSE
CHARTERED ACCOUNTANTS
MADRAS

BANKERS

:

ORIENTAL BANK OF COMMERCE
STATE BANK OF INDIA
PUNJAB NATIONAL BANK

REGISTERED OFFICE

:

KPIII/428, VELI,
THIRUVANANTHAPURAM - 695 021

CORPORATE OFFICE

:

B-6/9, COMMERCIAL CENTRE,
SAFDARJANG ENCLAVE,
NEW DELHI - 110 029.

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ENGLISH INDIAN CLAYS LIMITED

REGD. OFFICE : KP-III/428, VELI, THIRUVANANTHAPURAM KERALA - 695 021

NOTICE

The Thirty Third Annual General Meeting of the Company will be held on 14th October, 1997 at 10.00 a.m. at the Registered Office at KP-III/428, Veli, Thiruvananthapuram, Kerala-695021 to transact the following business :-

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at 30th June, 1997, the Profit and Loss Account for the period ended on that date and Directors' Report and Auditors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. M.L. Khemka who retires by rotation and being eligible, offers himself for re- appointment.
4. To appoint a Director in place of Mr. S.K. Toshniwal who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

M/s Price Waterhouse, Chartered Accountants, the present auditors of the Company, retire and are eligible for re-appointment.

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution.

"RESOLVED that pursuant to provisions of Section 17 and other applicable provisions of the Companies Act, 1956 (including any statutory modification or reenactment thereof for the time being in force) the Object Clause No. 17 of Memorandum of Association of the Company be and is hereby amended by substituting the existing Clause with the new Clause in the manner set out below:-

The Clause No.17 should be deleted and the following new Clause is to be substituted :

"To invest any monies of the Company in such investments (including company's own shares or stocks) as may be thought proper and hold, sell or otherwise deal with such investments".

7. To consider, and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution.

"RESOLVED that pursuant to provisions of Section 31 and other applicable provisions of the Companies Act, 1956 (including any statutory modification or reenactment thereof for the time being in force) the Articles of Association of the Company be and are hereby amended by addition of new article in the manner set out below :-

The Article No.4 should be deleted and the following new Article is to be substituted :

The Company shall have power subject to and in accordance with all applicable provisions of the Act to purchase any of its own fully paid shares whether or not they are redeemable and may make a

ENGLISH INDIAN CLAYS LIMITED

payment out of capital or such other reserves or sources as may be permissible in respect of such purchase.

8. To consider, and if thought fit, to pass with or without modification (s) the following resolution as a Special Resolution :

"RESOLVED that subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification or reenactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to acquire/purchase any of its own fully paid shares on such terms and conditions and upto such limits as may be prescribed by law from time to time Provided that acquisition/purchase of such fully paid Equity Shares of the company shall not be construed as reduction of Equity Share Capital which is subject to the controls as stipulated in Sections 100 to 104 and Section 402 of the Companies Act, 1956, for the time being in force and that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or proper to implement this resolution".

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

"RESOLVED that pursuant to the provisions of sections 198, 309, 310, 269 read with schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Govt. and/or such permissions, approvals as may be necessary, consent of the Company be and is hereby given to the revision/ change in the remuneration of the Managing Director of the Company for a period of 2 financial years w.e.f. 1st April 96".

1. Salary : Rs.1,00,000/- p.m.(Rs. One lac only) (inclusive dearness and all other allowances)
2. Perquisites : Equivalent to Rs.6,00,000/- p.a.
3. Commission : The commission at such rate on net profit calculated U/S 349 & 350 read with section 198 of the Companies Act, 1956, as not to exceed the total remuneration, the overall ceiling of 5% on net profit calculated U/S 349 & 350 of the Companies Act, 1956, subject to a minimum of Rs. 10 lacs for 12 months.

"RESOLVED further that in case of absence or inadequacy of profits in any financial year during the tenure of the Managing Director Shri Karan Thapar, the remuneration drawn by Shri Karan Thapar shall be considered the minimum remuneration".

10. To consider, and if thought fit, to pass, with or without modification, the following resolution as a Ordinary Resolution.

"RESOLVED that pursuant to section 372 of the Companies Act, 1956 and subject to the approval of Central Govt., consent of the Company be and is hereby given to retain the shares of Bharat Starch Industries Ltd. purchased at the prices mentioned against them".

NAME OF THE COMPANY	NO. OF EQUITY SHARES (OF Rs.10/-EACH)	PURCHASE PRICE (PER SHARE)	TOTAL AMOUNT (RS.)
DBH Internatinal Ltd.	20,50,000	40.00	8,20,00,000
	16,40,000	19.00	3,11,60,000
Total amount			11,31,60,000

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"RESOLVED FURTHER that out of the aforesaid shares 20,50,000 shares having already been transferred to M/s A.E.Staley Manufacturing Co., U.S.A., the total amount proposed to be invested in the remaining shares shall not exceed Rs. 3.12 Crores as the Company will hold only 16,40,000 Equity Shares out of above acquired shares".

"RESOLVED FURTHER THAT Shri Karan Thapar, Chairman-cum-Managing Director, Shri B.M. Thapar, Shri S.N. Dua and Shri S.K. Toshniwal, Directors of the Company be and are hereby severally authorised to execute the transfer deed and authorised Mr. P.S. Saini to apply to the Central Govt. for its approval and to do all other acts, deeds, matters and things as may be necessary to give effect to this resolution".

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE TIME OF MEETING.
2. THE SHARE TRANSFER BOOKS AND REGISTER OF MEMBERS OF THE COMPANY SHALL REMAIN CLOSED ON 14TH OCTOBER, 1997 TO THE DATE OF ANNUAL GENERAL MEETING i.e. 14TH OCTOBER, 1997. THE DIVIDEND ON EQUITY SHARES, IF DECLARED, WILL BE PAID TO THOSE MEMBERS WHOSE NAMES APPEAR IN THE REGISTER OF MEMBERS AS ON 14TH OCTOBER, 1997.
3. AS PER COMPANIES UNPAID DIVIDEND (TRANSFER TO GENERAL REVENUE ACCOUNT OF THE CENTRAL GOVERNMENT) RULES, 1978, MEMBERS ARE HEREBY INFORMED THAT ANY UNPAID DIVIDEND DECLARED IN RESPECT OF THE YEAR ENDED UPTO 31ST MARCH, 1993 HAVE BEEN TRANSFERRED TO THE GENERAL REVENUE ACCOUNT OF THE CENTRAL GOVERNMENT.

BY ORDER OF THE BOARD
for **ENGLISH INDIAN CLAYS LTD.**

Place: New Delhi
Date : 16th September, 1997

(K.N.RISHIKESH)
COMPANY SECRETARY

ENGLISH INDIAN CLAYS LIMITED

EXPLANATORY STATEMENT**(PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956)****ITEM NO.6, 7 & 8**

The Board considered the option of buy-back of shares by the Company from the market as and when it is permitted by law subject to approval of shareholders of the Company. For the buy-back of shares, the Memorandum & Articles of Association of the Company needs to be changed by altering the existing/inserting the new clause permitting the Company to buy-back and invest in its own shares.

Hence the resolution is recommended for the approval of the Shareholders.

No Director of the Company is concerned or interested in the resolution.

ITEM NO.9

Mr. Karan Thapar was appointed as Managing Director of the Company w.e.f. 1st April, 1993 and the shareholders in their meeting held on 26th July, 1993 had approved the aforesaid appointment and the remuneration of the Managing Director under Section 269 read with Schedule XIII of the Companies Act, 1956. In view of the increased involvement of Mr. Karan Thapar, the Directors in terms of the authority delegated to them in their meeting held on 12th May, 1997 had revised the remuneration of Managing Director as under:-

	EXISTING	REVISED
Salary	Rs.35,000/- p.m.	Rs.1,00,000/- p.m.
Perquisites	Equivalent to Rs. 4,50,000/-p.a.	Equivalent to Rs.6,00,000/- p.a.
Commission	At such rate on net profit calculated u/s 349 and 350 read with section 198 of the Companies Act, 1956 as not to exceed the total remuneration, the overall ceiling of 5% on net profit calculated u/s 349 & 350 of the Companies Act, 1956.	The commission at such rate on Net Profit calculated u/s 349 and 350 read with section 198 of the Companies Act, 1956 as not to exceed the total remuneration, the overall ceiling of 5% on Net Profit Calculated u/s 349 & 350 of the Companies Act, 1956 Subject to a minimum of Rs. 10 lacs for 12 months.

Other terms and conditions governing the appointment and remuneration of Shri Karan Thapar remain the same.

Except Shri Karan Thapar and Shri B.M. Thapar, no other Director of the Company is concerned or interested in the resolution.

ITEM NO.10

The Directors in their meeting held on 17th January, 1996 had resolved to sell/arrange to sell 42,12,486 Equity Shares of Bharat Starch Industries Ltd. (BSIL) to M/s A.E. Staley Manufacturing Co., U.S.A. being 16% paid up share capital of BSIL to make A.E. Staley, a business partner in BSIL in terms of the agreement entered into with M/s A.E. Staley. The Board had also authorised to procure 42,12,486 Equity Shares from any other person/body corporate so as to provide shares to A.E. Staley. However, subsequently due to lean market conditions, A.E. Staley was interested

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to buy only 20,53,500 Equity Shares of BSIL being about 7.8% of the paid up share capital of BSIL from the Company. It was further informed that for making A.E. Staley as a business partner in BSIL, the Company was under the obligation with CDC and AFIC to sell/arrange to sell 16,40,000 Equity Shares of BSIL to them to keep their percentage of holdings same as before the acquisition of the shares by A.E. Staley. Accordingly, the Company arranged 40,00,000 Equity Shares of BSIL @ Rs.40/- per share and 16,40,000 Equity Shares @ 19.00 per share of BSIL from existing promoters only. Out of the above 40,00,000 Equity Shares, 20,53,500 Equity Shares were transferred to A.E. Staley Manufacturing Co., U.S.A. and for 19,50,000 Equity Shares the company applied to Central Govt. for their approval to hold the shares as investment. Subsequently CDC & AFIC also decided not to buy 16,40,000 Equity shares of BSIL. These shares are also lying with the Company for which also the company needs to apply Central Govt. for their approval. However, as a matter of abundant caution, it was advisable to take approval for the total 56,40,000 Equity Shares of BSIL. However, only 35,90,000 Equity Shares of BSIL will be left with the Company. Since the Company has already applied to the Central Govt. for its approval for 19,50,000 Equity Shares of BSIL, an application need to be made to the Central Govt. for 36,90,000 Equity Shares only which in fact will involve a commitment of fund to the extent of Rs. 3.12 crores.

No other Director except Shri Karan Thapar, Shri B.M. Thapar and Shri S.N. Dua, is in any way concerned or interested in the resolution.

Hence the resolution is submitted for your approval/ratification u/s 372 of the Companies Act, 1956.

BY ORDER OF THE BOARD
for **ENGLISH INDIAN CLAYS LTD.**

Place: New Delhi
Date : 16th September, 1997

(K.N.RISHIKESH)
COMPANY SECRETARY

ENGLISH INDIAN CLAYS LIMITED

PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956

None of the employees is covered under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975 as amended upto date.

AUDITORS

M/s Price Waterhouse, the Auditors of the Company, retire and are eligible for re-appointment. Their appointment is recommended for your approval.

The Auditors comments in para 2 of their report read with note nos. 2.1 to 2.3 with reference to notes 6(a), 8 and 16(b) of schedule 23 to the Balance Sheet are considered to be self-explanatory and do not call for any further comments.

INDUSTRIAL RELATIONS

The Board of Directors of the Company wish to place on record their appreciation for all employees of the company for their sustained efforts and valuable contribution to the growth and performance of the Company during the year. The Industrial relations remained cordial throughout the year.

ACKNOWLEDGEMENT

The Directors acknowledge with gratitude the cooperation and assistance extended by Financial Institutions particularly from Industrial Credit & Investment Corporation of India Limited, (ICICI) and Company's Bankers i.e. Oriental Bank of Commerce, Bank of Baroda, Central and State Govts. and other Government authorities.

FOR AND ON BEHALF OF THE BOARD

Place : New Delhi

Date : 16th September, 1997

KARAN THAPAR

Chairman-Cum-Managing Director