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**Hamilton Shoes Limited**

EIGHTH ANNUAL REPORT 1997-98

<b>BOARD OF DIRECTORS</b>	Shri Ajay Khanna (Chairman & Managing Director)
	Shri Sanjay Khanna (Whole-time Director)
	Smt. Reeta Khanna
	Shri Rajesh Chugh
	Shri K. Mohamed Moinuddin
	Shri Rajiv Jaiswal
	Shri S. Rajaram
<b>COMPANY SECRETARY</b>	Shri M.P. Kharbanda
<b>AUDITORS</b>	M/s Mitra & Mitra Chartered Accountants Flat No. 207-A, 2nd Floor Sunderam Tower Commercial Complex, Paschim Vihar New Delhi-110 063
<b>BANKERS</b>	State Bank of India
<b>TRANSFER AGENTS</b>	RCMC Share Registry Pvt. Ltd. 1515, 1st Floor, Kotla Mubarakpur Bhisham Pitamah Marg New Delhi - 110 003
<b>CORPORATE OFFICE &amp; SHARES DEPARTMENT</b>	A-43/2, Naraina Industrial Area Phase - I, New Delhi - 110 028
<b>REGISTERED OFFICE &amp; FACTORY</b>	108-109, Malanpur Industrial Area Distt. Bhind (M.P.)
<b>AGRA UNIT</b>	C-8, SITE - C, Industrial Area, Sikandra, Agra (U.P.)

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**NOTICE**

Notice is hereby given that the Eighth Annual General Meeting of Members of the Company will be held on Tuesday, the 22nd day of December, 1998 at 11.00 A.M. at the Registered Office of the Company at 108-109, Malanpur Industrial Area, Distt. Bhind, (M.P.) to transact the following business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1998, the Profit & Loss Account for the year ended on that date and Schedules and Notes appended thereto together with Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of Shri Rajesh Chugh who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Rajiv Jaiswal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s Mitra & Mitra, Chartered Accountants, as Statutory Auditors of the Company from the conclusion of ensuing Annual General Meeting till 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, the following as a Special Resolution :

**"RESOLVED** that subject to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, Shri S. Rajaram, be and is hereby appointed a Director liable to retire by rotation on the same remuneration he was drawing before his appointment as an Additional Director and as more elaborately contained in the Explanatory Statement".

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

**"RESOLVED** that pursuant to Section 81 (1-A) and all other applicable provisions, if any, of the Companies Act, 1956, and also subject to any rules and regulations under the Securities and Exchange Board of India Act which may be in force on the relevant date, the consent of the Company be and is hereby accorded to issue further Equity Share Capital to the extent of balance unissued Share Capital of Rs.36 Lacs out of an authorised Share Capital of Rs.7 Crore to the persons who may or may not be Shareholders of the Company and in such proportion and manner as may be decided by the Board of Directors and which may not be in consonance with the provisions of Sub-section (1) of Section 81".

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

**"RESOLVED** that pursuant to the provisions of Section 198, 269, 309, 314 & other applicable provisions, if any, of the Companies Act, 1956 & subject to such other sanctions as may be necessary, the Company hereby accords its consent & approval to the re-appointment of Shri Ajay Khanna as a Managing Director of the Company for a further period of five years, with effect from 1st August, 1998 on the same remuneration & other terms & conditions on which he had earlier been appointed as such and as appearing hereinafter, with liberty to the Board of Directors to alter & vary the terms & conditions including remuneration so as not to exceed the limits specified in Part-II of Schedule XIII of the Companies Act, 1956, or any amendments thereto or re-enactments thereof as may be agreed to by the Board of Directors & Shri Ajay Khanna.

1. **Salary** : Salary @ Rs.15,000/- per month.

Commission not more than 1% of the net profits of the Company subject to 50% of the Salary or Rs.90,000/- p.a. whichever is less.

2. **Perquisites** : In addition to Salary as stated above, Shri Ajay Khanna will also be entitled to perquisites restricted to an amount equal to the annual Salary. For this purpose, the perquisites are classified into three categories Parts A, B & C as follows :

**Part A****i) Housing**

- a) In case of unfurnished accommodation hired by the Company, the expenditure incurred by the Company on hiring of such accommodation shall not exceed - 60% of the Salary over & above 10% payable by the Managing Director himself.
- b) In case the accommodation provided is owned by the Company 10% of the Salary of the Managing Director shall be deducted by the Company.
- c) In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in (i) (a) above.
- d) The expenditure incurred by the Company on gas, electricity, water & furnishing shall be valued as per Income Tax Rules, 1962. This will, however, be subject to a ceiling of 10% of the salary of the Managing Director.

**ii) Medical Reimbursement**

Expenses incurred for self & family, subject to a ceiling of one month's salary per year or three month's salary over a period of three years.

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**iii) Leave Travel Concession**

For self and 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. Admission & life membership fees not being allowed.

**v) Personal Accident Insurance**

Premium not to exceed Rs.4,000/- per annum.

**Part B**

- i) Contribution by the Company to the Provident Fund & Superannuation Fund of an amount not exceeding in the aggregate 25% of the remuneration set out at (1) above. Such contribution will not be included in computation of the ceiling on perquisite to the extent these either singly or put together are not taxable under the Income Tax Act.
- ii) Payment of Gratuity at the rate of one half month's salary for each completed year of service subject to a ceiling of Rs.1,00,000/-.
- iii) Encashment of leave at the end of the tenure.

**Part C**

- i) Provisions of Company's car & driver for use on Company's business & telephone at the residence will not be considered as perquisite. Personal long distance call on telephone & use of car for private purpose shall be billed by the Company.

3. Shri Ajay Khanna shall not be entitled to sitting fee for attending meetings of the Board or committees thereof.

4. Shri Ajay Khanna shall not be liable to retire by rotation.

**"RESOLVED FURTHER** that in the event of loss or inadequacy of profits in any year during the term of his office, the salary payable to Shri Ajay Khanna be reduced by 10% for that financial year & he shall be entitled to all other benefits & perquisites as the minimum remuneration."

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

**"RESOLVED** that pursuant to the provisions of Section 198, 269, 309, 314 & other applicable provisions, if any, of the Companies Act, 1956 & subject to such other sanctions as may be necessary, the Company hereby accords its consent & approval to the re-appointment of Shri Sanjay Khanna as a Whole-time Director of the Company for a further period of five years, with effect from 1st August, 1998 on the same remuneration & other terms & conditions on which he had earlier been appointed as such and as appearing hereinafter, with liberty to the Board of Directors to alter & vary the terms & conditions including remuneration so as not to exceed the limits specified in Part-II of Schedule XIII of the Companies Act, 1956, or any amendments thereto or re-enactments thereof as may be agreed to by the Board of Directors & Shri Sanjay Khanna.

**1. Salary** : Salary @ Rs.6,000/- per month.

**2. Perquisites** : In addition to Salary as stated above, Shri Sanjay Khanna will also be entitled to perquisites restricted to an amount equal to the annual Salary. For this purpose, the perquisites are classified into three categories Parts A, B & C as follows :

**Part A****i) Housing**

- a) In case of unfurnished accommodation hired by the Company, the expenditure incurred by the Company on hiring of such accommodation shall not exceed - 60% of the Salary over & above 10% payable by the Whole-time Director himself.
- b) In case the accommodation provided is owned by the Company 10% of the Salary of the Whole-time Director shall be deducted by the Company.
- c) In case no accommodation is provided by the Company, the Whole-time Director shall be entitled to House Rent Allowance subject to the ceiling laid down in (i) (a) above.
- d) The expenditure incurred by the Company on gas, electricity, water & furnishing shall be valued as per Income Tax Rules, 1962. This will, however, be subject to a ceiling of 10% of the salary of the Whole-time Director.

**ii) Medical Reimbursement**

Expenses incurred for self & family, subject to a ceiling of one month's salary per year or three month's salary over a period of three years.

**iii) Leave Travel Concession**

For self and 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. Admission & life membership fees not being allowed.

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**v) Personal Accident Insurance**

Premium not to exceed Rs.4,000/- per annum.

**Part B**

- i) Contribution by the Company to the Provident Fund & Superannuation Fund of an amount not exceeding in the aggregate 25% of the remuneration set out at (1) above. Such contribution will not be included in computation of the ceiling on perquisite to the extent these either singly or put together are not taxable under the Income Tax Act.
- ii) Payment of Gratuity at the rate of one half month's salary for each completed year of service subject to a ceiling of Rs.1,00,000/-.
- iii) Encashment of leave at the end of the tenure.

**Part C**

- i) Provisions of Company's car & driver for use on Company's business & telephone at the residence will not be considered as perquisite. Personal long distance call on telephone & use of car for private purpose shall be billed by the Company.

3. Shri Sanjay Khanna shall not be entitled to sitting fee for attending meetings of the Board or committees thereof.

4. Shri Sanjay Khanna shall not be liable to retire by rotation.

**"RESOLVED FURTHER** that in the event of loss or inadequacy of profits in any year during the term of his office, the salary payable to Shri Sanjay Khanna be reduced by 10% for that financial year & he shall be entitled to all other benefits & perquisites as the minimum remuneration."

Registered Office :  
108-109, Malanpur  
Industrial Area  
Distt. Bhind (M.P.)

By Order of the Board

**Date : 17th November, 1998****Place : New Delhi**

sd/-

**M.P. Kharbanda**  
Company Secretary

**NOTES**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a member of the Company. Proxy, in order to be effective, must be deposited with the Company at its Registered Office not less than 48 hours before the time fixed for the meeting.
2. The Register of Members and Share Transfer Books shall remain closed from Wednesday, 16th December, 1998, to Thursday, 31st December, 1998 (both days inclusive).
3. Members are requested to bring duly filled and signed attendance slips and also the copy of annual accounts at the meeting.
4. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business is annexed hereto.

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**EXPLANATORY STATEMENT****Item No. 5**

Shri Ajay Khanna, Managing Director, fell ill after having paralytic stroke in the last week of May, 1998. As recovery in such cases takes long time, there was an immediate need to designate someone with the responsibility to temporarily take up the functional areas of the Managing Director. Accordingly, Shri S. Rajaram, General Manager, who was the only one conversant with the affairs of the Company being associated for the last five years, was considered suitable for the purpose. Accordingly, subject to the approval of shareholders in the 8th Annual General Meeting, the Board, in its meeting held on 1st June, 1998, decided to appoint him as an Additional Director on the Board of the Company.

Shri S. Rajaram was drawing the following remuneration as General Manager in the Company :

1. Basic Salary : Rs.10,000/-
2. House Rent Allowance : Rs.4,000/-
3. Conveyance Reimbursement  
(On actual basis) : Maximum Rs.4,000/- p.m.
4. Medical Reimbursement : Equivalent to one month —————> basic salary for self & family
5. L. T. A. : On actual for self and the —————> family to any station in India.

The Company has received a notice from a shareholder along with a deposit of Rs.500/- pursuant to provisions of Section 257 of the Companies Act, 1956, intending to propose the name of Shri S. Rajaram for the Office of Director. None of the Directors, except Shri S. Rajaram to the extent of his appointment, is interested in the resolution. The Board recommends its Shareholders to pass the resolution as a Special Resolution.

**Item No. 6**

The Company has approached State Bank of India for revision in the working capital limits available to the Company. The Bank has given feelers that it may insist on the promoters to bring in funds in the form of Equity Capital only. Accordingly, as an abundant precaution, the Company proposes to obtain the permission of the Shareholders to issue further capital under various Acts, Rules and Regulations.

No Director, other than Promoter Directors except in so far as the Bank may require at the time of finalisation of the proposal and thereupon as may be decided by the Board of Directors to issue such number of shares to them, is interested in the Resolution. The Board commends its members to pass the resolution as Special Resolution.

**Item No. 7 & 8**

Shri Ajay Khanna and Shri Sanjay Khanna has completed five years in their respective offices as Managing Director and Whole-time Director on 31st July, 1998. The Board, in its meeting held on 31st July, 1998, proposed their re-appointment for a further period of five years subject to the approval of the Shareholders in the ensuing 8th Annual General Meeting. Further, Smt. Reeta Khanna, on basis of her specific request, was not re-appointed as a Whole-time Director. However, the Board decided that she will continue as an Ordinary Director, liable to retire by rotation as she was before her appointment as Whole-time Director.



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**DIRECTORS' REPORT**

Your Directors present herewith the 8th Annual Report together with Audited Accounts of the Company for the year ended on 31st March, 1998.

**FINANCIAL RESULTS**

(Rs. in Lacs)

	Current Year	Previous Year
Sales & Other Income	145.55	190.17
Profit/(Loss) before Dep., Interest but inclusive of prior period items	(44.81)	(45.76)
Less :		
— Depreciation	27.68	27.13
— Interest & Finance Charges	88.56	80.27
— Provision for Taxation	—	107.40
Loss for the year carried to Balance Sheet	(161.05)	(153.16)

**STATE OF COMPANY'S AFFAIRS**

During the year under review, the international scenario of shoe industry showed no signs of reprieve. This has now resulted in fierce competition and price war in procuring the export orders. Consequently, during the current year, the Company had to accept lower price even from its existing buyers. Further, despite its best efforts to increase sales turnover, the same declined by 23% approx. as compared to previous year. However, as mentioned in the previous report, the Company could succeed to a large extent to prevent losses on its sales and therefore, the loss before interest and depreciation decreased by Rs.0.95 Lacs. However, the Management is continuing to make efforts in this direction and is positive to improve upon during the current year.

During the year under review, the Company was able to develop some new prestigious clients in Europe. The orders were executed well by the Company. The Company expects repeat orders from clients in the future as well.

**PRESENT WORKING**

During the current year, your Company developed a very potential buyer in Italy. By the middle of September, 1998, a very handsome initial order had already been executed by the Company. This has encouraged your Company to put in even more vigorous efforts to develop new clients. Further, your Company is making positive efforts with the proposal to enter into the local market. However, the need of very high initial capital outlay has slowed down the efforts in this front. The Company has already approached its Bankers with the proposal and much of the above would depend on how the Bankers support the Company.

The Company is constantly putting its efforts in curbing the expenditure. Further, as mentioned in our previous Report, the Company had shifted the upper section from Gwalior to Agra. The shifting of upper section to Agra had positive effect in curbing the manufacturing expenses.

**DIVIDEND**

Since there is loss during the year under report, the Board is not in a position to recommend any dividend.

**TRANSFER TO RESERVES**

Since there is loss during the year under report, no amount is being transferred to General Reserves.

**DIRECTORS**

Shri Rajesh Chugh and Shri Rajiv Jaiswal, being longest in the office, retire by rotation on the date of ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Shri S. Rajaram was appointed as an Additional Director on the Board of the Company w.e.f. 1st June, 1998. As such, he shall vacate the office on the day of ensuing Annual General Meeting. The Company has received a Notice pursuant to Section 257 of the Companies Act, 1956, proposing the candidature for his appointment as a Director along with a deposit of Rs.500/-. Further, Shri Ajay Khanna & Shri Sanjay Khanna were re-appointed as Managing Director and Whole-time Director respectively for a further period of five years w.e.f. 1st August, 1998 on the same remuneration and other terms & conditions whereas Smt. Reeta Khanna will continue only as an Ordinary Director liable to retire by rotation. Accordingly, the agenda for their appointment has been incorporated in the Notice to the Shareholders for the 8th Annual General Meeting.