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KHUSHI RAM BEHARI LAL LIMITED

**ANNUAL REPORT
1997-98**

**CERTIFIED
TRUE COPY**

For Khushi Ram Behari Lal Ltd.

[Signature]
Joint Managing Director





KHUSHI RAM BEHARI LAL LIMITED

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

Anil Kumar Mittal

JOINT MANAGING DIRECTOR

Arun Kumar Gupta

JOINT MANAGING DIRECTOR

Anoop Kumar Gupta

DIRECTOR

Dr. N.K. Gupta

AUDITORS

M/s. Vinod Kumar Bindal & Co.
Chartered Accountants
Shiv Sushil Sadan
B-2, Vivek Vihar Phase - I
New Delhi-110 095.

BANKERS

State Bank of India
The Karnatka Bank Ltd.
State Bank of Hyderabad
UTI Bank Ltd.
ABN Amro Bank N.V.

REGISTERED OFFICE

5190, Lahori Gate
Delhi-110006.

WORKS

Village Achreja, Bulandshahar Road
Dadri, Distt. Ghaziabad (U.P).
Near BDO Block, G.T. Karnal Road,
Alipur, Delhi-110 036

**CERTIFIED
TRUE COPY**

For Khushi Ram Behari Lal Ltd.

Joint Managing Director

KHUSHI RAM BEHARI LAL LIMITED**NOTICE**

NOTICE is hereby given that the FIFTH ANNUAL GENERAL MEETING of the shareholders of KHUSHI RAM BEHARI LAL LIMITED will be held on Saturday, the 26th day of September, 1998 at 10.00 A.M. at The Country Club, Sainik Farms, New Delhi-110 062 to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Accounts of the Company for the year ended 31st March, 1998 and reports of the Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. Anil Kumar Mittal, Chairman & Managing Director of the Company who retires by rotation and is eligible for reappointment, and to pass the following resolution :

"RESOLVED THAT Mr. Anil Kumar Mittal, Chairman & Managing Director of the Company, who retires by rotation at this meeting, being eligible for re-appointment, be and is hereby re-elected as Chairman & Managing Director of the Company whose office shall be liable to determination by retirement of Directors by rotation."

3. To appoint Auditors and fix their remuneration and pass the following resolution as an ordinary resolution :

"RESOLVED THAT M/s. Vinod Kumar Bindal & Co., Chartered Accountants, Delhi be and are hereby appointed as Auditors of the Company for the year 1998-99 at a remuneration to be fixed by the Board of Directors."

4. To declare a dividend.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification(s), the following resolutions as **ORDINARY RESOLUTIONS** :

5. "RESOLVED THAT subject to the provisions of Section 198, 269, 309 and 310, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the approval of Company be and is hereby accorded to the revision in remuneration of Sh. Anil Kumar Mittal, Chairman & Managing Director of the Company with effect from 01.04.1998 to 01.12.1999, as set out below :

Remuneration

Salary : Rs. 20,000/- per month

Perquisites : In Addition to the above salary Sh. Anil Kumar Mittal shall be entitled to the following perquisites :

- 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.
- c. Encashment of Leave at the end of tenure.
- d. Medical reimbursement and
- e. Telephone at residence."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Sh. Anil Kumar Mittal's office as Chairman & Managing Director, the remuneration and the perquisites set out hereinabove be paid or granted to Sh. Anil Kumar Mittal as minimum remuneration provided that the total remuneration by way of salary, perquisites and any other allowances shall not exceed the ceiling apart from the perquisites as provided in Section II Part II of Schedule XIII of the said Act or any amendments thereto."

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including the salary, perquisites, allowances etc. within such prescribed limit or ceiling without any further reference to the Company in General Meeting, subject however to the provisions of Section 302 of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and matters as may be necessary to give effect to the above resolution."

6. "RESOLVED THAT subject to the provisions of Section 198, 269, 309 and 310, read with Schedule XIII and other applicable provisions, if



any, of the Companies Act, 1956, the approval of Company be and is hereby accorded to the **revision** in remuneration of Sh. Arun Kumar Gupta, Joint Managing Director of the Company with effect from 01.04.1998 to 01.12.1999, as set out below :

Remuneration

Salary : Rs. 20,000/- per month

Perquisites : In Addition to the above salary Sh. Arun Kumar Gupta shall be entitled to the following perquisites :

- 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.
- c. Encashment of Leave at the end of tenure.
- d. Medical reimbursement and
- e. Telephone at residence."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Sh. Arun Kumar Gupta's office as Joint Managing Director, the remuneration and the perquisites set out hereinabove be paid or granted to Sh. Arun Kumar Gupta as minimum remuneration provided that the total remuneration by way of salary, perquisites and any other allowances shall not exceed the ceiling apart from the perquisites as provided in Section II Part II of Schedule XIII of the said Act or any amendments thereto."

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including the salary, perquisites, allowances etc. Within such prescribed limit or ceiling without any further reference to the Company in General Meeting, subject however to the provisions of Section 302 of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby

authorised to do all such acts, deeds, things and matters as may be necessary to give effect to the above resolution."

7. "RESOLVED THAT subject to the provisions of Section 198, 269, 309 and 310, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the approval of Company be and is hereby accorded to the **revision** in remuneration of Sh. Anoop Kumar Gupta, Joint Managing Director of the Company with effective from 01.04.1998 to 01.12.1999, as set out below :

Remuneration

Salary : Rs. 20,000/- per month

Perquisites : In Addition to the above salary Sh. Anoop Kumar Gupta shall be entitled to the following perquisites :

- 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.
- c. Encashment of Leave at the end of tenure.
- d. Medical reimbursement and
- e. Telephone at residence."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Sh. Anoop Kumar Gupta's office as Joint Managing Director, the remuneration and the perquisites set out hereinabove be paid or granted to Sh. Anoop Kumar Gupta as minimum remuneration provided that the total remuneration by way of salary, perquisites and any other allowances shall not exceed the ceiling apart from the perquisites as provided in Section II Part II of Schedule XIII of the said Act or any amendments thereto."

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including the salary, perquisites, allowances etc. Within such

KHUSHI RAM BEHARI LAL LIMITED

prescribed limit or ceiling without any further reference to the Company in General Meeting, subject however to the provisions of Section 302 of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and matters as may be necessary to give effect to the above resolution."

8. "RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which moneys may be borrowed by the Board of Directors and outstanding shall not exceed the sum of Rs.150 Crores (Rupees One Hundred & Fifty Crores) at any point of time."
9. "RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company to mortgage and/or charge all or any part of immovable properties of the Company wheresoever situated both present and future and whole or part of the undertakings of the Company of every nature and kind whatsoever and/or creating a floating charge on all or any immovable properties of the Company and the whole of the undertaking of company together with power to take over the management of the business and concern of the company in certain events, to or in favour of banks, financial institutions, any other lenders or debenture trustee to secure the amount borrowed/to be borrowed by the Company from time to time for the due payment of the principal together with interest costs, charges, expenses and all other moneys payable by the Company in respect of such borrowings upto a maximum of Rs.150 Crores (Rupees One Hundred & Fifty Crores)."

To consider and, if thought fit, to pass with or without modification(s), the following resolutions as **SPECIAL RESOLUTIONS** :

10. "RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Articles of Association of the Company be altered in the following manner:

After Article 50 of the Articles of Association of the Company new Article 50A be inserted.

50A. Subject to the provisions of Companies Act and any other law for the time being in force in this regard, the Board of Directors may from time to time Buy-Back shares of the Company upon such terms and conditions as may be thought fit and permitted and/or required by law, guidelines issued by statutory authorities from time to time."

11. "RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated 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 **buy-back**, to the extent permissible, from the existing holders of shares and/or other securities giving right to subscribe for shares of the Company, on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities(odd lots), the shares or such other securities or securities having such underlying voting rights as may hereafter be notified by the Central Government or any other regulatory authority, from time to time (herein for brevity's sake referred to as the "securities"), of the Company, from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, or from such other sources as may be permitted by law, on such terms conditions and in such manner as may be prescribed by law from time to time."

"RESOLVED FURTHER THAT the Board of



Directors of the Company be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper."

**By THE ORDER OF THE BOARD
For KHUSHI RAM BEHRAI LAL LTD.**

Place : Delhi

Date : 20.08.1998

**ANOOP K GUPTA
JOINT MANAGING DIRECTOR**

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND THE PROXIES SHALL NOT HAVE THE RIGHT TO SPEAK AT THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy forms should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out above is annexed hereto.
3. The dividend when sanctioned will be made payable to those shareholders whose names will appear as members in the books of the Company on 25th September, 1998.
4. Members are requested to intimate their Saving Account/Current Account Number and the name of the Bank with whom such account is held to enable the Company to print the said detail on the Dividend Warrant so as to prevent fraudulent encashment of the same.
5. Members are requested to kindly notify at the registered address of the Company, 5190, Lahori Gate, Delhi - 110 006 regarding any change in their address.
6. Members are requested to quote their Folio Numbers in all their correspondence with the Company.
7. Members desirous of having any information regarding accounts and documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days, except Sunday, between 11.00 A.M. to 1.00 P.M. upto the date of

the Annual General Meeting.

8. Members desiring any information as regards the Accounts are requested to write to the Head Office at least 7 days before the date of the meeting, so as to enable the management to keep the information ready at the meeting.
9. Members are requested to bring their copies of the Annual Report to the meeting.
10. Members/Proxies are requested to bring with them the attendance slip and hand over at the entrance duly signed by them.
11. The Register of Members and Share Transfer Books of the company will remain closed from Friday, the 25th September, 1998 to Saturday, the 26th September, 1998 (both the days inclusive).

ANNEXURE TO THE NOTICE

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

Pursuant to Section 173 of the Companies Act, 1956 the following Explanatory Statement sets out the material facts relating to Item Nos. 5 to 11 mentioned under the heading SPECIAL BUSINESS :

ITEM NO. 5, 6 & 7

The Shareholders in their meeting held on 2nd December, 1994 appointed Sh. Anil Kumar Mittal as Chairman & Managing Director and Sh. Arun Kumar Gupta and Sh. Anoop Kumar Gupta as Joint Managing Directors of the Company for a period of 5 years at a remuneration of Rs10,000/- per month apart from other perquisites with an annual increment of Rs.1,000/- per month.

Keeping in view of the contribution in the growth of the Company, profitability, their experience and expertise as also the increased responsibilities to meet the challenges of competition, the Board of Directors has decided to recommend for the approval of Shareholders the revision of remuneration as stated in the resolution w.e.f. 01.04.1998 to 01.12.1999.

Sh. Anil Kumar Mittal, Chairman & Managing Director and Sh. Arun Kumar Gupta and Sh. Anoop Kumar Gupta, Joint Managing Directors of the Company are interested in the proposed resolutions being related to each other and to the extent of remuneration payable to them. No other director is concerned or interested in the proposals.

This explanation together with the accompanying

KHUSHI RAM BEHARI LAL LIMITED

notice is and should be treated as an abstract under Section 302 of the Companies Act, 1956 in respect of the appointment of Sh. Anil Kumar Mittal as Chairman & Managing Director and Sh. Arun Kumar Gupta and Sh. Anoop Kumar Gupta as Joint Managing Directors of the Company.

ITEM NO. 8

Keeping in view, to increased operation of the Company, some additional loans for expansion schemes might be required. Accordingly, members approval is sought for authorising the Board of Directors of the Company to borrow upto Rs.150,00,00,000/- (Rupees One Hundred & Fifty Crores).

ITEM NO. 9

The borrowings of the Company are to be secured by suitable mortgage or charge on all or any of the movable or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors from time to time in consultation with the lender(s).

The mortgage and/or charge by the Company of its movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company in favour of lender(s) with power to takeover the management of the business and concern of the Company in certain events of default by the Company may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956. Hence it is necessary for the members to pass a resolution under the said section.

The directors recommend the enabling resolution for approval of the shareholders.

None of the directors is, in any way, concerned or interested in the resolution.

ITEM NO.10 & 11

Buy Back of own shares by the Companies is presently not allowed under Section 77 of The Companies Act, 1956 unless the same is done with a view to reduce its capital in pursuance of Section 100 to 104 and 402 of the Companies Act, 1956. The Companies Bill, 1997, sought to lay down the operative provisions to regulate the buy back of shares by companies. The said bill has not yet become the law. It is expected that, in due course of time, the law will be amended to allow such buy back. Such buy back of shares, if permitted, is expected to enhance the shareholders value. Hence the directors feel that it would be desirable to have an enabling power from the shareholders for this purpose, as set out in item No.11 of the Notice.

Amendments to Article 50 of the Articles of Association of the Company as set out in Item No.10 of the notice are consequential.

The Directors recommend the resolution at item No.10 & 11 for approval of shareholders.

None of the directors is, in any way, concerned or interested in the said resolutions.

**By THE ORDER OF THE BOARD
For KHUSHI RAM BEHRAI LAL LTD.**

Place : New Delhi
Date : 20.08.1998

**ANOOP K GUPTA
JOINT MANAGING DIRECTOR**