

SIXTH
A ANNUAL
REPORT
1998-99

J.K. UDAIPUR UDYOG LIMITED

BOARD OF DIRECTORS

Hari Shankar Singhania

Chairman

Bharat Hari Singhania

Dr. Vinay Bharat Ram

Nirmal Kumar Ruia

Vinita Singhania

Ravinder Narain

Swaroop Chand Sethi

Surendra Malhotra

Sitab Chand Jain

Dharmendra Bhandari

Nominee of ICICI

Onkar Nath Rai

President & Director

REGISTERED OFFICE & PLANT

Shripati Nagar,
P.O. C.F.A.
Distt. Udaipur
Rajasthan - 313 021

CORPORATE OFFICE

Nehru House,
4, Bahadur Shah Zafar Marg,
New Delhi - 110 002

SHARE TRANSFER AGENT

MCS Ltd.
Shri Venkatesh Bhawan,
212A, Shahpur Jat,
Behind Panchsheel Club,
New Delhi - 110 049

BANKERS

Punjab National Bank
State Bank of Bikaner and Jaipur
The Hongkong & Shanghai Banking
Corporation Ltd.
The Bank of Rajasthan Ltd.

SHARE DEPARTMENT

Gulab Bhawan (Rear Block)
3rd Floor, 6A,
Bahadur Shah Zafar Marg,
New Delhi - 110 002

AUDITORS

Lodha & Co.
Chartered Accountants

COMPANY SECRETARY

R.K. Gupta

J.K. UDAIPUR UDYOG LIMITED

Regd. Office : Shripati Nagar, C.F.A., Distt. Udaipur - 313 021

NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the Members of **J.K. Udaipur Udyog Limited** will be held on Thursday, the 23rd September 1999 at 4.00 P.M. at the Registered Office of the Company at Shripati Nagar, C.F.A., Distt. Udaipur - 313 021 (Rajasthan), to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the accounting year ended 31st March 1999 (15 months) and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Bharat Hari Singhania, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Smt. Vinita Singhania, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors and in connection therewith to pass, with or without modifications, the following as Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 224 of the Companies Act 1956, Messrs Lodha & Co., Chartered Accountants, the retiring Auditors, be and are hereby appointed Auditors of the Company to hold office from the conclusion of the 6th Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors, in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit of the accounts of the Company."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions of the Companies Act 1956, the Articles of Association of the Company be and is hereby altered to the extent and in the manner set out hereunder:-

(I) RESOLVED that -

(A) In Article 2, —

(i) After the existing sub-clause (b), the following sub-clause together with the marginal heading thereof be inserted:

"Beneficial Owner"

"(ba) **"Beneficial Owner"** shall have the meaning assigned thereto in Section 2 of the Depositories Act 1996".

(ii) After the existing sub-clause (c), the following sub-clauses together with the marginal headings thereof be inserted:

"Depositories Act"

"(ca) **"Depositories Act"** shall mean the Depositories Act 1996 and includes any statutory modification or re-enactment thereof for the time being in force.

"Depository"	(cb) "Depository" shall mean a Depository as defined in the Depositories Act 1996".
	(iii) The existing sub-clause (g) together with the marginal heading thereof be substituted by the following:
"Member"	"(g) "Member" means a duly registered holder from time to time of the shares of the Company and also one whose name is entered as beneficial owner in the records of a Depository in the case of shares held in a Depository".
	(iv) The existing sub-clause (n) together with the marginal heading thereof be substituted by the following:
"Register"	"(n) "Register" shall mean Register of Members to be kept as pursuant to Section 150 of the Act and unless it be repugnant to the context or otherwise, the Register of Beneficial Owners in case of shares are held in a Depository".
	(v) After the existing sub-clauses (o), the following sub-clause together with the marginal headings thereof be inserted:
"SEBI"	"(oa) "SEBI" means the Securities & Exchange Board of India.
"Securities"	(ob) "Securities" mean Shares, Debentures or other securities as may be specified by Central Government, SEBI or any other concerned authorities from time to time".
	(B) After the existing Article 24, the following seven Articles numbered 24A to 24G together with the marginal heading thereof be inserted under the heading "Dematerialisation of Securities":
"DEMATERIALISATION OF SECURITIES"	
"Authority to dematerialise securities"	"24A (1) Notwithstanding anything to the contrary contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act 1996.
	(2) When any securities of the Company are held or dealt in dematerialised form —
"Option to hold securities in the certificates or with Depository"	(a) Every person holding securities of the Company through allotment or otherwise shall have the option to receive and hold the same in the physical form or to hold the same in the dematerialised form with a depository.
"Securities with Depository to be dematerialised"	(b) All securities held by a depository shall be dematerialised and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B and 187C of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
"Beneficial owner may opt out of a Depository"	(c) Every person holding securities of the Company with a depository, being the beneficial owner thereof, may at any time opt out of the depository in the manner provided under the provisions of the Depositories Act 1996 and the rules, if any, prescribed thereunder and on fulfilment of the conditions

prescribed by the Company from time to time, the Company shall issue the relevant security certificates to the beneficial owner thereof".

- | | |
|---|--|
| "Intimation to Depository" | "24B (1) The Company shall make available to the depository copies of the relevant records in respect of securities held by such depository for the beneficial owners thereof. |
| | (2) When a holder or an allottee of the securities opts to hold the same with a depository, the Company shall intimate such depository the details of his holdings or allotment of securities and thereupon the depository shall enter in its record the names of the holders/allotees as the beneficial owners of such securities". |
| "Register and Index of Beneficial Owners" | "24C The Register and Index of Beneficial Owners of securities maintained by a depository under Section 11 of the Depositories Act, shall be deemed to be the Register and Index of members or of Holders of Debentures or other securities of the Company". |
| "Transfer of Securities held in a Depository" | "24D (1) Transfer of securities held in a depository will be governed by the provisions of Depositories Act 1996. |
| | (2) Every depository shall furnish to the Company information about the transfer of securities, the name of beneficial owners at such intervals and in such manner as may be specified under the provisions of Depositories Act 1996. |
| | (3) Section 108 of the Act shall not apply to transfer of securities effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository". |
| "Rights of Depositories and Beneficial Owners" | "24E (1) A depository shall be deemed to be the registered owner for the purposes of effecting the transfer of ownership of securities on behalf of the beneficial owners, and shall not have any voting rights or any other rights in respect of the securities held by it. |
| | (2) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository". |
| "Distinctive numbers of Securities held in a Depository" | "24F Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository". |
| "Other matters" | "24G Notwithstanding anything contained in these Articles or the Act, the provisions of Depositories Act 1996, relating to dematerialisation of securities, (including any modification or re-enactment thereof and Rules/Regulations made thereunder) shall prevail and apply accordingly." |
| | (II) RESOLVED that after the existing Article 42, the following new Articles 42A and 42B together with the marginal headings thereof be inserted under the heading "Nomination Inter Vivos": |

"NOMINATION INTER VIVOS"

- "Nomination"** **"42A"** (1) Every holder of shares in, or debentures of the Company may at any time nominate in the manner prescribed under the Act, a person to whom his shares in, or debentures of, the Company shall vest in the event of death of such holder.
- (2) Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or holder of debentures of the Company, or as the case may be, on the death of the joint holders become entitled to all the rights in the shares or debentures of the Company, as the case may be, of all the joint holders in such shares or debentures to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to make the nomination to appoint, in the manner prescribed under the provisions of the Act, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.
- (5) The provisions of this Article shall apply mutatis mutandis to a depositor of money with the Company as per the provisions of Section 58A of the Act".

- "Transmission in the name of nominee"** **"42B"** (1) Any person who becomes a nominee by virtue Article 42A upon in the name production of such evidence as may be required by the Board and subject of nominee" as hereinafter provided, elect, either -
- (i) to be registered himself as holder of the shares or debentures, as the case may be; or
- (ii) to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debentureholder, could have made.
- (2) If the nominee elects himself to be registered as holder of the shares or debentures, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied by the death certificate of the deceased holder.
- (3) Subject to provisions of the Act and these Articles, the relevant shares or debentures may be registered in the name of the nominee or the transferee as if the death of the holder of the shares or debentures had not occurred and the notice or transfer signed by the Registered holder.
- (4) A nominee on becoming entitled to any shares or debentures by reason of the death of the holder shall be entitled to the same dividends and other advantages to which

he would have been entitled if he were the registered holder of the shares or debentures except that he shall not, before being registered as a member of such shares or debentures, be entitled in respect of them to exercise any right conferred on a member or debentureholder in relation to meetings of the Company.

- (5) The Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, interest or other moneys payable in respect of the relevant shares or debentures, until the requirements of the notice have been complied with.
- (6) The provisions of this Article shall apply mutatis mutandis to a depositor of money with the Company as per the provisions of Section 58A of the Companies Act 1956."
- (III) RESOLVED that the existing Article 84 be renumbered as sub-clause (1) of the said Article and thereafter the following sub-clause be inserted:
 - "(2) In case of disorder at any meeting or any other circumstances making difficult peaceful conduct of the meeting, the Chairman of the Meeting may at his discretion adjourn the meeting to such date, time and venue as he may decide by announcing or notifying the same in the manner practicable".
- (IV) RESOLVED that in sub-clause 19 of Article 138 the figures "369, 370 and 372" be substituted by the figure and letter "372A"
- (V) RESOLVED that the existing Article 160 be substituted by the following:

**"Unpaid or
Unclaimed
Dividend etc."**

- "160 (1) The Company shall comply with the provisions of Section 205A and 205B read with Section 205C of the Act in respect of any dividend remaining unpaid or unclaimed with the Company.
- (2) The Company shall comply with the provisions of Sections 205C of the Act in respect of any money remaining unpaid with the Company in the nature of (i) application moneys received by the Company for allotment of any securities and due refund; (ii) deposits received by the Company and due for repayment; (iii) debentures issued by the Company and matured for redemption; and (iv) the interest, if any, accrued on the amounts referred at items (i), (ii) and (iii) respectively."

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

"RESOLVED THAT pursuant to the provisions of the Companies Act 1956 (including any statutory modification or re-enactment thereof) and subject to such 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 and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), approval be and is hereby accorded to the Board delisting the Equity Shares of Rs. 10 each and the 13.5% Secured Non-convertible Debentures of Rs. 90 each of the Company from such date as the Board might deem proper from both or any

of the Stock Exchanges at Ahmedabad and Delhi and the Board be and is hereby authorised to do all acts, deeds and things in connection therewith and incidental thereto."

7. To consider the report u/s 23(1) of Sick Industrial Companies (Special Provisions) Act 1985 and to consider passing the following resolution as Ordinary Resolution:

"RESOLVED THAT report of Board of Directors as required under Section 23(1) of the Sick Industrial Companies (Special Provisions) Act 1985 on erosion of more than 50% of the Company's net worth as at end of the financial year ended 31st March 1999 in relation to its peak net worth during the immediately preceding four financial years be and is hereby received, considered and adopted."

By Order of the Board.

Regd. Office:
Shripati Nagar, C.F.A.
Distt. Udaipur
Rajasthan 313 021
Date: 28.07.1999

R.K. GUPTA
Company Secretary

- NOTES:**
1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
 2. **THE INSTRUMENT APPOINTING PROXY DULY COMPLETED SHOULD BE LODGED AT THE COMPANY'S REGISTERED OFFICE AT SHRIPATI NAGAR, C.F.A, DISTT.UDAIPUR,RAJASTHAN-313021 NOT LESS THAN FORTY EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING.**
 3. Annual Book Closure of Register of Members: 07.09.1999 to 23.09.1999 (inclusive).
 4. Copy of the Memorandum and Articles of Association of the Company together with the proposed alterations shall be open for inspection of the members at the Company's Registered Office on any working day upto and inclusive of the date of the Annual General Meeting between 3.00 P.M. to 5.00 P.M.
 5. Please send all correspondence relating to shares/debentures to the Share Transfer Agent MCS Ltd., Shri Venkatesh Bhawan, 212A, Shahpur Jat, Behind Panchsheel Club, New Delhi 110049 or to the Share Deptt. of the Company at Gulab Bhavan (Rear Block) 3rd Floor, 6A, Bahadur Shah Zafar Marg, New Delhi 110 002.
 6. Pursuant to Section 109A of the Companies Act 1956, a Shareholder/Debentureholder may nominate a person to whom his shares / debentures of the Company shall vest in the event of his death. The prescribed nomination form is sent herewith.
 7. The Company's Equity Shares and 13.5% Partly Convertible Debentures of Rs.90 each are continued to be listed on Jaipur, Ahmedabad, Delhi and Mumbai Stock Exchanges. The listing fee in respect of each of the said Exchange has been paid for the financial year 1999-2000.

EXPLANATORY STATEMENT

Item No. 5

With the introduction of the Depositories Act 1996 and Depository System, some of the provisions of the Companies Act 1956 in relation to the issue, holding, transfer and transmission of shares, debentures and other securities have been amended to facilitate the implementation of the new system. The Depository System is safe and convenient method to hold and trade in the securities of the Company. The system will eliminate several problems experienced in the scrip based system such as bad deliveries, fraudulent transfers and transmission, theft in postal transit, time taken in registration of transfer, maintenance of Share Certificates etc. The system also offers several cost advantages such as no postage expenses, exemption from stamp duty on transfers etc.

The Companies Act 1956 as amended by the Companies (Amendment) Act 1999, has provided to every holder of shares or debentures or other securities an option to nominate a person to whom his shares or debentures of the Company shall vest in the event of his death.

It is proposed to amend the Articles of Association of the Company suitably incorporating necessary provisions therein relating to the implementation of the Depository System, providing nomination facilities in conformity with the Depositories Act 1996 and the Companies Act 1956 respectively as amended from time to time. Opportunity is also being availed to make certain other alterations in the Articles of Association to bring it in conformity with the provisions of the Companies Act 1956 and the Depositories Act 1996.

The Resolutions are accordingly recommended for approval of the Members by means of Special Resolutions as required under Section 31 of the Companies Act 1956.

None of the Directors of the Company may be deemed to be concerned or interested in the said Resolutions.

Item No. 6

The Equity Shares of Rs. 10 each and the 13.5% Secured Non-convertible Debentures of Rs. 90 each (the securities) of the Company were, as per the terms of the Company's Prospectus dated 17.1.1995, listed on the Jaipur Stock Exchange (Regional Stock Exchange) and the Stock Exchanges at Mumbai, Ahmedabad and Delhi.

Trading in the securities of the Company on the Stock Exchanges at Ahmedabad and Delhi is rare and negligible and limited to a few market lots and in any case is disproportionate to the substantial annual/listing fee payable by the Company to these Exchanges. The Stock Exchanges are, with the permission of SEBI, free to increase the annual listing fee unilaterally. There is regular trading in the shares of the Company on National Stock Exchange and the Mumbai Stock Exchange. With the networking of the centres of the Mumbai Stock Exchange, and the National Stock Exchange, the holders of the securities of the Company have access to online dealings in the Company's securities across the country including Ahmedabad and Delhi, in addition to the continued listing of the Company's securities on the Stock Exchanges at Jaipur and Mumbai. The proposed delisting of the Company's securities on the Stock Exchanges at Ahmedabad and Delhi will not therefore in any way affect the interests of the investors in the regions where these Stock Exchanges are situated. The Company proposes as part of its cost reduction measures, voluntary delisting of its securities from the aforesaid two Stock Exchanges.

Accordingly, approval of the shareholders to the proposed delisting of the securities of the Company on the Stock Exchanges at Ahmedabad and Delhi pursuant to the provisions of the Companies Act 1956 and subject to requisite approvals of SEBI and the respective Stock Exchanges is being sought by means of a Special Resolution. The proposed delisting is in the interests of the Company. The resolution is accordingly commended for approval of the members.

None of the Directors of the Company may be deemed to be concerned or interested in the Resolution.

Item No. 7

Section 23 of the Sick Industrial Companies (Special Provisions) Act 1985 (SICA) inter alia provides that if the accumulated losses of the Industrial Company as at the end of any financial year have resulted in the erosion of 50% or more of its peak net worth during the immediately preceding four financial years, the Company has to report the said fact to the Board for Industrial and Financial Reconstruction (BIFR) and to the Shareholders. The accumulated losses of the Company as at 31st March 1999 have resulted in erosion of more than 50% of its peak net worth during the immediately preceding four financial years. Pursuant to Section 23(1) (a) of SICA, the Board of Directors of the Company is reporting the fact of such erosion of net worth to BIFR and the Shareholders. The material facts and the causes of the aforesaid erosion of the peak net worth of the Company have been set out in the Annexure to the Notice.

None of the Directors of the Company may be deemed to be concerned or interested in the Resolution.

Regd. Office:
Shripati Nagar, C.F.A.
Distt. Udaipur
Rajasthan 313 021
Date: 28.07.1999

By Order of the Board.

R.K. GUPTA
Company Secretary

