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58th Annual Report

1998-99

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AMRIT BANASPATI COMPANY LIMITED

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BOARD OF DIRECTORS	N.K. Bajaj, Chairman & Managing Director T.M. Sen Atam Parkash Vivek Aggarwal M.K. Chathli (LIC Nominee) H.C. Sharma (IFCI Nominee) Praveen Kumar (BIFR Special Director) J.K. Khaitan, Jt. Managing Director A.K. Bajaj, Jt. Managing Director
SENIOR EXECUTIVES	S.C. Agarwal, Executive Director Rohit Khaitan, Executive Director A.S. Sachdeva, President I.D. Mehta, President (Mktg.) I.D. Sharma, Vice-President (Mktg.) R.S. Aggarwal, Vice-President (Commodities) Manoj Marya, Vice-President (Finance)
VICE-PRESIDENT (CORP.) & COMPANY SECRETARY	J.C. Rana
AUDITORS	M/s. V. Sahai & Company
SOLICITORS	M/s. Khaitan & Khaitan
PRINCIPAL BANKERS	Punjab National Bank Oriental Bank of Commerce
REGISTERED OFFICE	G.T. Road, Ghaziabad - 201 009 (U.P.)

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NOTICE

NOTICE is hereby given that the 58th Annual General Meeting of the members of **Amrit Banaspati Company Limited** will be held at Choudhary Bhawan, E- Block (Near Jain Mandir), Kavi Nagar, Ghaziabad - 201003 (U.P.) on Wednesday, the 29th September, 1999 at 11.00 A.M. for transacting the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1999 and the Profit & Loss Account for the period ended on that date together with the Reports of the Auditors & Directors thereon.

2. To appoint a Director in place of Shri Atam Prakash, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Shri A.K. Bajaj, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint Auditors to hold office from the conclusion of this meeting until 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 modifications, the following resolution as a SPECIAL RESOLUTION :

   "RESOLVED that pursuant to the provisions of Sections 198, 269 & 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to such other approvals/ sanctions as may be necessary, the Company hereby accords its consent and approval to the re-appointment of Shri J.K. Khaitan as Joint Managing Director for a period of 5 years with effect from 29th September, 1998 on a remuneration and other terms & conditions as set out hereinafter :

(1) Salary
Salary @ Rs. 15,000/- per month.

(2) Commission
Not exceeding 1% of the net profits of the Company subject to a ceiling of 50% of the annual salary.

(3) Perquisites
In addition to salary & commission as stated above, Shri J.K. Khaitan will also be entitled to perquisites restricted to an amount equal to the annual salary as specified below :

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 50% of the salary over and above 10% payable by the Joint Managing Director himself;

(b) In case the accommodation provided is owned by the Company, 10% of the salary of the Joint Managing Director shall be deducted by the Company;

(c) In case no accommodation is provided by the Company, the Joint 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 and furnishings will be valued as per Income Tax Rules, 1962. This will, however, be subject to a ceiling of 10% of the salary of the Joint Managing Director.

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(ii) **Medical Reimbursement**
Expenses incurred for self and family subject to a ceiling of one month's salary per year or three months' salary over a period of three years.

(iii) **Leave Travel Concession**
For self and family once in a year to and from any place in India subject to the condition that only actual fare of ACC Ist Class/Air shall be reimbursed.

(iv) **Club Fees**
Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.

(v) **Personal Accident Insurance**
Premium not to exceed Rs. 1,000/- per annum.

PART B

(i) Contributions by the Company to the Provident Fund and Superannuation Fund of an amount not exceeding in the aggregate 25% of the remuneration set out at (1) above. Such contributions will not be included in the computation of the ceiling on perquisites 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.

PART C

(i) Provision of Company's car with driver for use on Company's business and telephone at the residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company.

(ii) Leave with full pay and allowances in accordance with Rules of the Company.

4. Shri J.K. Khaitan shall not be entitled to siting fees for attending meetings of the Board or Committee(s) thereof.

RESOLVED FURTHER that where in any financial year during the currency of the tenure of Shri J.K. Khaitan as Joint Managing Director, the Company has no profit or the profits are inadequate, the remuneration by way of salary and perquisites as above shall be payable to him as the minimum remuneration.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to alter and vary the terms & conditions including minimum remuneration in such manner as may be agreed to between the Board of Directors and Shri J.K. Khaitan, provided they are within and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto."

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a SPECIAL RESOLUTION :

"RESOLVED that the Equity & Preference Shares of the Company be delisted from the Stock Exchanges at Ahmedabad and Ludhiana in view of no trading of Company's securities in these Stock Exchanges during the last three years and that the Board of Directors of the Company be and are hereby authorised to take necessary action in accordance with the SEBI guidelines in the matter".

By Order of the Board
For AMRIT BANASPATI CO. LTD.

Regd. Office
G.T. Road,
Ghaziabad - 201009 (U.P.)

J.C. RANA
Vice-President (Corp.) &
Company Secretary

Dated : August 13, 1999

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NOTES :

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed.

2. 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. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE DEPOSITED DULY COMPLETED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.

3. The Registers of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 22nd September, 1999 to Wednesday, the 29th September, 1999 (both days inclusive).

4. Pursuant to Section 205A of the Companies Act, 1956, all dividends upto the financial year ended 31st March, 1992, which remain unpaid or unclaimed, have been transferred to the General Revenue Account of the Central Government. Shareholders concerned are requested to claim the amount from the Registrar of Companies, U.P., Westcott Building, Mahatma Gandhi Road, Kanpur (U.P.). In case any assistance is required, please write to the Company at its Registered Office.

5. Any member requiring further information on the Accounts at the meeting, is requested to send the queries in writing to the Company Secretary by 18th September, 1999.

6. Members are requested to notify to the Company immediately any change in their address quoting ledger folio number.

7. Member are requested to bring their copies of Annual Report at the meeting as extra copies will not be supplied.

8. **Only registered members carrying the attendance slips and the holders of valid proxies registered with the Company will be permitted to attend the meeting. Shareholders are requested not to bring their families as the same creates administrative difficulties.**

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

Item No. 5

Shri J.K. Khaitan was appointed as Joint Managing Director of the Company for a period of 5 years with effect from 29th September, 1993. The aforesaid tenure of Shri J.K. Khaitan expired on 28th September, 1998.

In view his long association, experience, maturity and in order to continue to have the benefit of his advice and counsel, the Board of Directors in their meeting held on 28th October, 1998 has re-appointed Shri J.K. Khaitan as Joint Managing Director of the Company for a fresh tenure of 5 years with effect from 29th September, 1998 on the same remuneration as is being drawn by him at present. The re-appointment of Shri J.K. Khaitan as Joint Managing Director of the Company and payment of remuneration and perquisities to him as stated in the resolution, are within the limits prescribed in Schedule XIII to the Companies Act, 1956.

The Special Resolution set out under Item No. 5 of the Notice is intended to obtain approval of the members to the re-appointment and payment of remuneration to Shri J.K. Khaitan, Joint Managing Director, and the Board recommends acceptance thereof.

The explanatory statement and the resolution at item No. 5 of the Notice is and may be treated as

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an abstract of the terms of appointment of Shri J.K. Khaitan as Joint Managing Director of the Company, as required under Section 302 of the Companies Act, 1956.

Shri J.K. Khaitan is interested in the resolution since it concerns his re-appointment as Joint Managing Director. None of the Directors, except Shri J.K. Khaitan, is concerned or interested in the resolution.

Item No. 6

The Equity & Preference Shares of the Company are listed in the Stock Exchanges at Kanpur, Mumbai, Delhi, Ahmedabad and Ludhiana. While the trading of the Company's equity shares takes place frequently in the Mumbai Stock Exchange and occasionally in the Delhi Stock Exchange, the shares are seldom traded in the other three Stock Exchanges at Kanpur, Ahmedabad and Ludhiana.

Keeping in view no transactions and as part of the overall review of the efficiency of operations and also with a view to cut-down Company's over-heads, it is proposed that Company may delist voluntarily the securities from Ahmedabad and Ludhiana Stock Exchanges and continue listing of shares at Kanpur (being the Regional Stock Exchange), Mumbai and Delhi Stock Exchanges. This is not likely to affect the Shareholders interest in general, since your Company's securities will continue to be listed in the other three Stock Exchanges.

The Shareholders are requested to accord their approval to the proposed resolution.

None of the Directors of the Company is concerned or interested in the resolution.

By Order of the Board
For AMRIT BANASPATI CO. LTD.

Regd. Office
G.T. Road,
Ghaziabad - 201009 (U.P.)

J.C. RANA
Vice-President (Corp.) &
Company Secretary

Dated : August 13, 1999

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DIRECTORS' REPORT

To the members,

Your Directors present the 58th Annual Report together with Audited Accounts of the Company for the 15 months period ended 31st March, 1999.

WORKING RESULTS

The working results of the Company for the period under report are as under : (Rs. in lacs)

	1998-99 (15 Months)	1996-97 (18 Months)
Sales and other income	**44238.17**	58381.52
Profit before Interest, Depreciation & Tax	**519.31**	475.94
Interest	**1574.25**	1786.70
Depreciation	**516.42**	603.26
Profit/(Loss) before tax	**(1571.36)**	(1914.02)
Provision for Wealth Tax	**0.75**	1.10
Prior period adjustments		
– Tax	**(9.46)**	46.84
– Depreciation written back	**25.33**	–
Balance of Profit/(Loss) from previous year	**(1610.96)**	16.69
Transfer from General Reserve	**373.00**	240.63
Balance Profit/(Loss) carried forward	**(2794.20)**	(1610.96)

In view of loss during the period under report, your Directors are not in a position to recommend any dividend for the year.

FINANCIAL YEAR

With a view to adopt uniform accounting year in line with the fiscal year, the Board of Directors decided to change the financial year of the Company from June ending to March ending in two phases i.e. Ist July, 1996 to 31st December, 1997 (18 Months) and Ist January, 1998 to 31st March, 1999 (15 months). Consequently, the financial year under review is of 15 months commencing from Ist January, 1998 to 31st March, 1999.

REHABILITATION SCHEME

As reported in the previous year, the Company made a reference under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 to the Board for Industrial & Financial Reconstruction (BIFR) consequent to total erosion of net worth of the Company as on 31st December, 1997. The Company has been declared as a 'sick industrial company' by BIFR vide its order dated 30th September, 1998. The BIFR appointed IFCI as Operating Agency (OA) and Shri Praveen Kumar as Special Director on the Board of Directors of the Company. In accordance with the directions of BIFR, the Company submitted a comprehensive rehabilitation proposal to the OA which, in turn, has already reviewed/vetted the same. The revised rehabilitation proposal prepared by OA was considered in the joint meeting of all the co-lenders and after incorporating the views of the other lenders, the OA has formulated a draft Rehabilitation Scheme and submitted the same to BIFR for consideration.

OPERATIONS

The sales and other income during the year under

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review was Rs. 44,238.17 lacs as against Rs. 58381.52 lacs during the 18 months period of the previous year. The operations of the Company were adversely affected due to general slow-down in economy and closure of Ghaziabad Vanaspati Unit resulting in decline of turn-over by 9.07%.

Edible Oils & Fats

The production of Vanaspati & Refined Oils aggregate to 73,846 tonnes as against 1,23,390 tonnes in the previous period. The lower production is largely the result of closure of the vanaspati operations at Ghaziabad with effect from 28th February, 1998. The Ghaziabad Vanaspati Unit had been continuously incurring losses for the last few years for a variety of reasons including irrational tax structure in U.P., excess capacity in the industry, very old plant & machinery and high utilities/ overhead costs. As it was unviable to continue the operations, the Unit was closed. All the workers/ employees have left the services of the Company and have been paid off the compensation and other benefits. The draft rehabilitation scheme submitted to BIFR envisages sale of the assets of Ghaziabad Vanaspati Unit and utilise the sale proceeds for implementation of the scheme, including capital expenditure projects at the Paper Unit. The Rajpura Vanaspati Unit continues to perform well although the margins were under pressure. The Company is laying greater emphasis on the value-added products and refined oils as good growth is expected in these segments in the long run.

Paper

The production of Paper during the period under report was 29,084 tonnes as against 42,900 tonnes in the previous period. The paper industry in general is passing through a difficult phase world-over on account of softening of pulp and paper prices in the international markets due to recession. As a result of international pressures, there is dumping of paper by overseas suppliers in the domestic market which in turn is also witnessing down trend due to stagnation of demand. This coupled with drastic reduction in import duties and withdrawl of concessions available to the industry by way of excise duty have further aggravated the situation. Various capital expenditure schemes aimed at improving the productivity, reduction in the cost and pollution control have been envisaged for the Paper Unit in the draft Rehabilitation Scheme formulated by IFCI involving a total out-lay of Rs. 569.10 lacs on the advice of a technical expert appointed at the instance of IFCI. As a result of the cost savings arising from these capital expenditure schemes, the operations of the Paper Unit are expected to turn-around. Apart from this, the management is vigorously pursuing other cost reduction measures, including down-sizing of manpower, reduction in inventories and re-orientation of marketing policies with a view to further improve the over-all operations of the Paper Unit.

Dairy Products

The growth of the Dairy Division is closely inter-linked with the growth of McDonald's. The volumes of dairy mixes are growing with the opening of new outlets by McDonald's. With the entry of the multinationals in the country, the awareness for quality and hygienic products is growing and the consumer scene is changing. The prospects for the future are good and, therefore, this Division is to be nursed for some time to attain better results.

PUBLIC DEPOSITS

Due to severe liquidity crunch arising out of losses as a result of unprecedented down-ward trend in the businesses and consequent erosion of net worth of the Company, some delay/default has taken place during the period under review in repayment of deposits on due date of maturity. The Company has filed a petition before the Hon'ble Company Law Board for repayment of the deposits in a phased manner, which is under consideration of CLB. As on 31st March, 1999, the deposits amounting to Rs. 112.77 lacs which have become due for payment, remained unpaid. The deposits of 357 persons amounting to Rs. 50,78,500/- which

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have become due for payment did not claim or continue their deposits as on 31st March, 1999. Out of this, deposits amounting to Rs. 8,57,500/- have since been paid.

PREFERENCE SHARES

The preference shares which were to be redeemed latest by 15.06.1998 are outstanding. The Company has filed a petition under Section 80A of the Companies Act, 1956 before the Hon'ble Company Law Board for extension of the redemption period and/or approval for issue of further redeemable preference shares in lieu thereof (including arrears of accumulated dividend). The petition is pending for consideration of the CLB.

COST AUDIT

The Central Government has directed cost audit to be carried out every year in respect of Vanaspati and Paper. The cost audit, as directed, is in progress and the reports will be submitted to the Central Government.

SUBSIDIARY COMPANY

The statement pursuant to Section 212 of the Companies Act, 1956 and the Audited Accounts of M/s. Amrit Pulp and Paper Industries Ltd., the subsidiary of the Company are attached. In respect of Amrit International Ltd., the audited Annual Accounts and Directors/Auditors' reports have not been received and consequently have not been attached. In the meantime, it has been informed by AIL that it has ceased to be a subsidiary of your Company consequent to allotment of additional shares worth Rs. 39.90 lacs on 5th May, 1998. Necessary legal steps in this regard are being initiated by the Company.

RESEARCH & DEVELOPMENT

The research programme launched by the Company under the name and sytle "Shri Tulsi Prasad Khaitan Oil-Seeds Research Programme" for undertaking research work on the cultivation of Mahua oilseeds has been successfully completed. The Company is taking necessary steps to patent the technique of selected genotypes of Mahua germplasm to enable it to carry on organised commercial plantation of Mahua. The research & development activities were conducted by the manufacturing units during the period in areas of product, process and material development.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The information relating to conservation of energy, technology absorption and foreign exchange earnings & outgo as required under Secton 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure-A which forms part of this Report.

PERSONNEL

Industrial relations remained generally harmonious in all the units during the period. The particulars of employees as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in Annexure-B and form part of this report.

YEAR 2000 (Y2K) COMPLIANCE

Your Company has taken proactive steps for ensuring Y2K compliance in all its systems and accordingly most of the systems are already complied and tested. The Company expects full implementation by 30th September, 1999. In view of this, the management is of the opinion that the problem of Y2K will not have any material impact on the Company's performance.

DIRECTORS

Shri D.P. Kanudia, Director of the Company, passed away on 10th January, 1999. Shri Kanudia was

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associated with the Company for the last 40 years as Director. The Board of Directors have placed on record their condolences on the sad demise of Shri Kanudia and their appreciation for the valuable guidance rendered by late Shri Kanudia during his long tenure as Director of the Company. The nomination of Shri R.G. Nirmal was withdrawn by IFCI with effect from 22nd February, 1999. The Directors have placed on record their appreciation for the valuable guidance and support given by Shri R.G. Nirmal during his tenure as Director of the Company.

Shri Praveen Kumar was appointed as Director by the Board for Industrial & Financial Reconstruction with effect from 30th September, 1998. Shri H.C. Sharma has been nominated by IFCI as its Nominee Director and has been co-opted as Director on 13th August, 1999.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Atam Prakash and Shri A.K. Bajaj, Directors of the Company, retire by rotation and are eligible for re-appointment.

AUDITORS

M/s. V. Sahai & Co., Chartered Accountants, Statutory Auditors, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENT

Your Directors express their deep gratitude and sincere thanks to the various agencies of the Central Government, State Government, Financial Institutions, Banks and other concerned agencies for all the help and co-operation extended to the Company. The Directors also deeply acknowledge the trust and confidence the shareholders and investors have placed in the Company. Your Directors also record their appreciation for the dedicated services rendered by the workers, staff and officers of the Company.

For and on behalf of the Board

Ghaziabad
August 13,1999

N.K. BAJAJ
Chairman & Managing Director

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