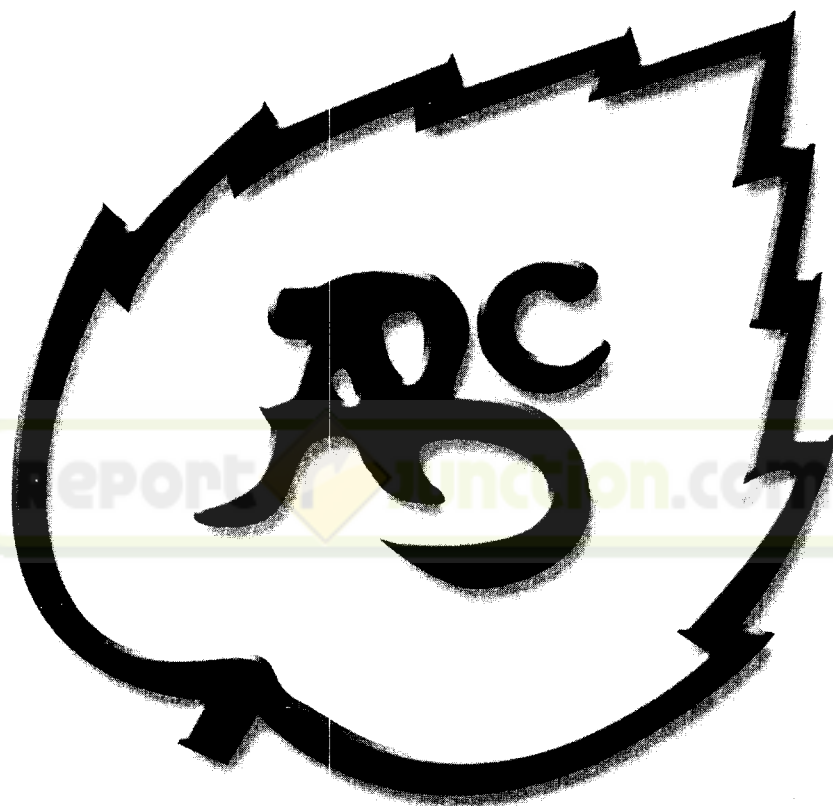


59th Annual Report 1999-2000



AMRIT BANASPATI COMPANY LIMITED

BOARD OF DIRECTORS

N.K. Bajaj, Chairman & Managing Director
T.M. Sen
Atam Parkash
Vivek Aggarwal
M.K. Chathli (LIC Nominee)
D.G. Chaudhury (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
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 59th Annual General Meeting of the members of **Amrit Banaspati Company Limited** will be held at Choudhary Bhawan (Near Jain Mandir), Kavi Nagar, Ghaziabad-201 003 (U.P) on Friday, the 29th September, 2000 at 11.30 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, 2000 and the Profit & Loss Account for the year ended on the date together with the Reports of the Auditors & Directors thereon.
2. To appoint a Director in place of Shri Vivek Aggarwal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri J.K. Khatap, 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 modification(s), the following resolution, as an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Hon'ble Board for Industrial and Financial Reconstruction (BIFR), financial institutions and other authorities, as may be required, consent of the Company be and is hereby granted to the Board of Directors of the Company to sell, transfer or assign the assets including land of the Ghaziabad Vanaspati Unit of the Company to such person or persons on such terms and conditions as the Board of Directors and /or Committee of Directors may in their absolute discretion deem fit.

RESOLVED FURTHER that the Board of Directors/Committee of Directors be and are hereby authorised to sign, execute and deliver all such documents and papers as may be necessary and to do all such acts, deeds, matters

and things as they may in their absolute discretion deem fit, proper or expedient"

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 12, 2000

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 Thursday, the 21st September, 2000 to Friday, the 29th September, 2000 (both days inclusive).
4. 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, 2000.
5. Members are requested to notify to the Company immediately any change in their address quoting ledger folio number.
6. Members are requested to bring their copies of Annual Report at the meeting as extra copies will not be supplied.
7. **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.**

8. Pursuant to the requirement of the listing agreements, the Company declares that its equity and preference shares are listed on the stock exchanges at Kanpur, Mumbai, Delhi, Ahmedabad & Ludhiana. The Company has paid the annual listing fees for the year 2000-2001 to all the said Stock Exchanges.

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

Item No. 5

The members are aware that operations at the Ghaziabad Vanaspati Unit were closed on 28th February, 1998 as it had become unviable to continue the operations. This unit had been continuously incurring losses for the last few years for variety of reasons, including irrational tax structure in U.P., excess capacity in the industry, very old plant & machinery and high utilities and overhead costs. The draft Rehabilitation Scheme prepared by the Operating Agency (IFCI) and filed with the Hon'ble BIFR envisages sale of assets of the Ghaziabad Vanaspati Unit. The total sale realisation from these assets has been assumed at Rs.900 lacs which would be utilised for implementation of the rehabilitation

scheme including the capital expenditure projects. At the hearing held on 22nd December, 1999, the BIFR allowed the sale of assets of the Ghaziabad Vanaspati Unit and for this purpose the BIFR/Board of Directors has constituted an Assets Sales Committee (ASC). The ASC has commenced its work and the process of sale of equipments has started.

Section 293(1) (a) of the Companies Act, 1956 provides that the Board of Directors shall not without the consent of the Company in general meeting sell, lease or otherwise dispose off the whole or substantially whole of the undertaking of the Company. Hence, the Board commends the resolution at item No.5 for approval of the members.

None of the Directors is in any way concerned or interested in this 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.) &

Dated : August 12, 2000

Company Secretary





DIRECTORS' REPORT

To the members,

Your Directors present the 59th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2000.

WORKING RESULTS

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

	1999-2000	1998-1999 (15 Months)
Sales and other income	32716.09	44238.17
Profit before Interest, Depreciation & Tax	1092.20	519.31
Interest	1455.46	1574.25
Depreciation	405.40	516.42
Profit / (Loss) before tax	(768.66)	(1571.36)
Provision for Wealth Tax	0.55	0.75
Prior period adjustments		
— Tax	0.02	(9.46)
— Depreciation written back	27.21	25.33
Balance of Profit / (Loss) from previous year	(2794.20)	(1610.96)
Transfer from General Reserve	252.07	373.00
Balance Profit/(Loss) carried forward	(3284.11)	(2794.20)

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

REHABILITATION SCHEME

As reported last year, the Company has been declared as 'sick industrial company' by the Board for Industrial & Financial Reconstruction (BIFR) under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985. In accordance with the directions of the Hon'ble BIFR, the draft Rehabilitation Scheme prepared by Operating Agency (OA) was considered by the BIFR at the hearing held on 22nd December, 1999 and after hearing the submissions of the parties concerned, the BIFR directed OA (IFCI) to revise the rehabilitation scheme after taking cut-off date as 31st March, 2000. The revised draft Rehabilitation Scheme has been prepared by OA and was considered in the joint meeting of all the lenders and others. The OA after incorporating the views of the participants in the joint meeting has already filed

the revised draft Rehabilitation Scheme with the BIFR for consideration.

The promoters of the Company have brought in a sum of Rs.207 lacs upto 31.03.2000 for funding the capital expenditure projects in the paper unit in terms of the draft Rehabilitation Scheme. The BIFR/Company's Board of Directors have constituted Assets Sale Committee for sale of assets of the Ghaziabad Vanaspati Unit. The ASC has proceeded with its work in accordance with the directions of BIFR.

OPERATIONS

The sales and other income during the year under review was Rs.32,716.09 lacs as against Rs.44,238.17 lacs during the 15 months period of the previous year. Falling edible oil prices are reflected in the lower turnover during the year. However, the working of all the units of the Company has generally been satisfactory during the year. The various cost reduction and other rationalisation measures being undertaken have yielded results and the losses have been substantially curtailed.

Edible Oils & Fats

The production of Vanaspati & Refined oils aggregate to 65,944 tonnes as against 73,846 tonnes in the previous period registering an increase of 11.62% on annualised basis. Although the volumes increased during the year, the edible oils market continued to face difficult market conditions due to huge unrestricted inflow of imported edible oils into the country. Low and falling raw material prices forced the Company to discount market stocks leading to financial loss. However, extremely tight management of inventories and supply chain improvements enabled the Company to weather the unprecedented continuous fall in oil prices. On representation from the industry, the Govt. has taken certain proactive steps to restrict the import. The production of vanaspati is now stabilising.

Paper

The production of Paper during the period under report was 28,168 tonnes as against 29,084 tonnes in the previous period. Sustained efforts at improving plant efficiencies and cost management resulted in improvement in the operations of paper business. Various capital expenditure schemes aimed at improving the productivity, reduction in cost and pollution control were implemented during the year which has led to improvement in product quality and operating efficiencies. The operating results in the first three months of the current year have been encouraging indicating that the paper business of the Company is poised for a turnaround in the current year.

Dairy Products

The production as well as profitability of the Dairy Division is low. The growth of Dairy Division is linked to the growth of McDonald's operations in India and will accordingly go up in the coming period as McDonald's have plans to substantially increase its presence in the Indian market.

FINANCE

The dues of the financial institutions and banks have been accounted for in the draft Rehabilitation Scheme prepared by OA (IFCI) to be serviced during the rehabilitation period, subject to approval of the DRS by BIFR.

The Company is implementing a scheme for repayment of overdue fixed deposits and during the year fixed deposits aggregating to Rs.45.84 lacs have been repaid. The overdue deposits are expected to be cleared during the next two years. As on 31st March, 2000, deposits amounting to Rs.154.96 lacs which have become due for payment, remained unpaid. The deposits of 75 persons amounting to Rs.4,79,500/- which have become due for payment did not claim their deposits.

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.

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 Section 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.

STATUS OF Y2K COMPLIANCE

Your Company had a smooth transition to the year 2000 without any disruption to its business activities.

DIRECTORS

Shri D.G. Choudhury has joined the Board of Directors of the Company as a Nominee of IFCI with effect from 27th July, 2000 in place of Shri H.C. Sharma, whose nomination was withdrawn by IFCI. The Directors have placed on record their appreciation for the valuable guidance and support given by Shri Sharma during his tenure as Director of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Vivek Aggarwal and Shri J.K. Khaitan 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.

ACKNOWLEDGMENTS

Your Directors express their deep gratitude and sincere thanks to the various agencies of the Central Government, State Governments, BIFR, Financial Institutions, Banks and other concerned agencies for all the help and cooperation 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 12, 2000

N.K. BAJAJ
Chairman & Managing Director



ANNEXURE-A TO DIRECTORS' REPORT

STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT

I. CONSERVATION OF ENERGY

- (a) The Company has always been conscious towards the need for conservation of energy. Energy conservation measures have been implemented in all the Company's units and offices. Various measures for conservation of energy in the areas of (i) reduction in connected load by relocating various equipments, (ii) installation of better efficiency tubewell pumps, (iii) improvement in power factor, (iv) improvement in thermal efficiency of Boiler, (v) replacement of artificial lighting by natural lighting (vi) preventive maintenance of energy consuming equipments efficiently for optimum performance and (vi) replacement of outdated energy intensive equipment were undertaken during the year.
- (b) The Company is continuing with its endeavour to raise the awareness level of the staff about the seriousness of the energy conservation
- (c) Energy conservation is an ongoing process and various steps and measures are continuously being taken to further reduce energy consumption.
- (d) The adoption of energy conservation measures have resulted in considerable savings by way of reduction in usage of power per tonne of production during the year as compared to the last year.
- (e) Requisite data in respect of energy conservation is given below:

POWER & FUEL CONSUMPTION

	Edible Oils		Paper		Dairy Products	
	1999-2000	1998-99 (15 Months)	1999-2000	1998-99 (15 Months)	1999-2000	1998-99 (15 Months)
1. ELECTRICITY						
(a) Purchased						
Unit (Lacs KWH)	155.73	224.43	376.35	411.09	—	1.97
Total amount (Rs. lacs)	491.07	649.77	1066.51	1117.78	—	11.34
Rate/Unit (Rs./KWH)	3.15	2.90	2.83	2.72	—	5.74
(b) Own generation						
i) Through Diesel Generator						
Unit (Lacs KWH)	5.30	8.07	4.55	5.87	9.03	8.95
Unit per ltr. of Diesel Oil	2.99	2.92	3.35	3.57	2.98	2.49
Cost/Unit (Rs/KWH)	4.19	3.59	3.30	2.70	3.71	3.81
ii) Through Steam Turbine/ Generator						
Unit (Lacs KWH)	—	—	—	—	—	—
Cost/Unit (Rs/KWH)	—	—	—	—	—	—
2. COAL (Specify quality and where used)						
Quantity (Tonnes)	—	258.08	—	—	—	—
Total cost (Rs. lacs)	—	6.33	—	—	—	—
Average rate (Rs.)	—	2453	—	—	—	—
3. FURANACE OIL						
Total Quantity	—	—	—	—	205.53	1.99
Total Cost	—	—	—	—	22.09	12.32
Average Rate per Ltr.	—	—	—	—	10.75	6.19



4. OTHERS

(a) Rice Husk (For Boiler)						
Quantity (Tonnes)	21453	29244	41547	40774	—	—
Total cost (Rs. lacs)	232.43	335.66	449.23	460.38	—	—
Rate/Unit (Rs. / MT)	1083	1148	1081	1129	—	—
(b) H.S.D. (For Boiler)						
Quantity (K. Ltr.)	549	693	—	—	—	11
Total Amount (Rs. lacs)	61.89	61.02	—	—	—	1.01
Rate/Unit (Rs./K. Ltr.)	11263	8805	—	—	—	9348

5. CONSUMPTION PER TONNE OF PRODUCTION

Production (Tonnes)	65944	73846	28168	29084	2891	3534
Electricity/Tonnes (KWH)	244	315	1352	1434	312	309
Others	—	—	—	—	—	—

II. TECHNOLOGY ABSORPTION

Research and Development

- (a) The Company has R & D centres in all the manufacturing units. Research and development has continuously been carried out for improvement in quality of existing products, development of new and improved products and process developments towards efficiency improvements, quality improvements, capacity optimisation, waste reduction etc. Apart from this, the research and development also aims at finding equivalent substitutes of various inputs and packaging materials to have cost savings without compromising quality.
- (b) The Company has derived benefits of product diversification, cost reduction and better quality as a result of the above efforts.
- (c) The research and development is an on-going exercise and suitable efforts will continue to be made in future.
- (d) The expenditure on R & D has been as follows: (Rs. in lacs)

	1999-2000	1998-1999
(i) Capital	—	—
(ii) Recurring	2.74	19.63
(iii) Total	2.74	19.63
(iv) Total R&D expenditure as a percentage of turnover	0.01%	0.05%

Technology absorption, adaptation and innovation

The Company has not imported any technology for its products nor any technical collaboration entered into with any party during 1999-2000.

III. FOREIGN EXCHANGE EARNINGS & OUTGO

Particulars with regard to foreign exchange earnings & outgo appear on page 27 of the Annual Report and Accounts.

For and on behalf of the Board

Ghaziabad
August 12, 2000

N.K. BAJAJ
Chairman & Managing Director

ANNEXURE-B TO DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2000.

S. No.	NAME	AGE (Years)	DESIGNATION/ NATURE OF DUTIES	GROSS REMUNE- RATION (Rs.)	QUALI- FICATIONS	EXPER- IENCE (Years)	DATE OF COMMEN- CEMENT OF EMPLOYMENT	PREVIOUS EMPLOYMENT/ POSITION HELD
1.	Aggarwal S.C.	59	Executive Director	6,37,153	B. Com., FCA	34	01.11.1969	Account Officer, National Building Construction Corpn. Ltd.
2.	Mehta I.D.	61	President	6,60,378	B.A., DBM, DMM	38	01.01.1998	Gen. Manager (Mat.), M/s. Gonterman Pipers (I) Ltd.

- N.B.
- Gross remuneration includes salary, bonus, allowances, leave travel assistance, leave encashment, medical reimbursement, block personal accident insurance premium, gratuity, Company's contribution to provident fund & pension fund and taxable value of other perquisites, wherever applicable.
 - The above employees are in regular employment and are subject to the rules and regulations of the Company as in force from time to time.
 - None of the employees mentioned above is a relative of any director of the Company.
 - No employee drawing remuneration in excess of that drawn by the Chairman & Managing Director and Joint Managing Directors holds by himself or alongwith the spouse and dependent children more than two percent of the Equity Share Capital of the Company.

For and on behalf of the Board

Ghaziabad
August 12, 2000

N.K. BAJAJ
Chairman & Managing Director