



**Amrit Banaspati Co. Ltd.**  
AN ISO 9001:2000 COMPANY



*Good times  
begin with*



24th ANNUAL REPORT  
2008-09



## Amrit Banaspati Co. Ltd.

The success saga of Amrit Banaspati Company Ltd (ABC) can best be described as an enterprise that has evolved from a single product to a multi-product company. This evolution came through learning, adapting, innovating and growing steadily by imbibing new technologies and exploring new horizons.

ABC is not a mere name. It is an enterprise that has traveled beyond the boundaries to meet its commitment towards the community and the environment at large.

It lies in the spirit of excellence that mark our products, our achievements and our status as leaders in the edible oils and fats industry.

Most of all, it is reflected in the way in which ABC conducts its business. Innovatively. Professionally. Ethically.

The journey began in 1969 when Amrit Banaspati Company Ltd. established its Vanaspati Unit at Rajpura in Punjab with an initial capacity was of 100 MT per day, which has now increased to 450MT per day. It all started only with the production of Vanaspati (Hydrogenated Vegetable Oils). But today, we are also manufacturing various types of Refined Oils under the 'GINNI Refined Oils' umbrella like Groundnut, Cotton Seed, Rice Barn, Soyabean, Mustard, Sunflower, etc to meet the varied demands of the consumers. 'Ginni' today has established itself as a very well known brand in this part of the country. We have expanded the 'GAGAN' portfolio and apart from Vanaspati we have added Kachi Ghani Mustard Oil and Salt under the 'GAGAN' brand. Gagan Vanaspati still rules the market in North India. Besides these, we are also making four kinds of Bakery Shortening under 'AMRIT' brand name and our exclusive product Table Margarine 'MERRIGOLD'. 'Gagan' is the prime brand in North India. When it comes to Refined Oils, Ginni is well known in the country. The addition of Ginni Nutri Delight Soya Nuggets, Ginni Nutri Delight Soya Mini Nuggets, Ginni Nutri Delight Soya Granules, Bansari Pure Mustard Oil and Bansari Vanaspati have further given new dimension to our product range.

With constant up-gradation of technology and introduction of new products from time to time, ABC has made major in-roads into the distribution network. Today, we have 1000 dealers, covering more than one lakh retailers, which extends to over 800 cities and generate a turnover of approximately Rs.800 crores.

Its market penetration is unparalleled in the industry.





## Company Information

### Board of Directors

N.K. Bajaj  
*Chairman & Managing Director*  
 J.K. Khaitan  
*Vice Chairman & Managing Director*  
 S.C. Agarwal  
*Senior Executive Director*  
 Romesh Lal  
 H.S. Goenka  
 B.S. Bhatia  
 L.M. Suri  
 V.K. Sibal  
 M.L. Sarin  
 A.K. Bajaj  
 V.K. Bajaj  
 Pavan Khaitan

### Audit Committee

Romesh Lal, *Chairman*  
 H.S. Goenka  
 L.M. Suri  
 B.S. Bhatia  
 S.C. Agarwal  
 J.K. Khaitan

### Vice President (Corp.) & Company Secretary

Rajesh Aggarwal

### Senior Executives

S.A. Rahman, Executive Director

### Auditors

V. Sahai Tripathi & Co.  
 Chartered Accountants  
 New Delhi

### Principal Bankers

State Bank of India  
 State Bank of Patiala

### Registered Office

Patiala - Chandigarh road  
 Rajpura (Punjab) - 140 401

### Registrar & Share Transfer Agents

Mas Services Limited  
 T-34, 2nd Floor  
 Okhla Industrial Area, Phase - II  
 New Delhi - 110 020



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## NOTICE

Notice is hereby given that the 24<sup>th</sup> Annual General Meeting of the members of **Amrit Banaspati Company Limited** will be held on **Saturday, the 12<sup>th</sup> day of September, 2009** at 11.30 a.m. at Amrit Bhawan, Gobind Colony, Rajpura (Punjab) – 140 401 to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2009 and the Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on the equity shares for the financial year 2008-09 and confirm payment of pro rata interim dividend on preference shares.
3. To appoint a director in place of Mr. H. S. Goenka, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. L.M. Suri, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. V.K. Bajaj, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a director in place of Mr. V.K. Sibal, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

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

**“RESOLVED THAT** pursuant to the provisions of section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to approval

of such other authority as may be required, where in any financial year (including financial year 2008-09) during the remaining period of appointment of Mr. J.K. Khaitan, Vice Chairman & Managing Director, (i.e. upto 28.02.2011), the Company has no profits or its profits are inadequate, he be paid remuneration by way of salary, dearness allowance, perquisites and other allowances, in accordance with special resolution passed by the shareholders in their Annual General Meeting held on 14.09.2007, subject however to the limits as prescribed under Part II Section II of Schedule XIII, notwithstanding absence or inadequacy of profits in the said financial years.

**FURTHER RESOLVED THAT** other terms and conditions of appointment/remuneration of Mr. J.K. Khaitan shall remain the same. "

By Order of the Board  
for **Amrit Banaspati Company Limited**

#### Regd. Office:

Patiala Chandigarh Road  
Rajpura (Punjab)-140401  
Dated: 25.07.2009

**Rajesh Aggarwal**  
Vice President (Corp.) &  
Company Secretary

#### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK PROXY FORM IS ATTACHED AND IF IT IS INTENDED TO BE USED, THE SAME, IN ORDER TO EFFECTIVE, SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND SHOULD REACH AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.



2. Explanatory statement to Item No. 8 pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
3. Corporate members intending to send their authorized representative(s) to attend the Annual General Meeting are requested to send certified copy of the board resolution authorizing such representative(s) to attend and vote on their behalf.
4. Relevant information required under clause 49 IV(G)(i) of the Listing Agreement regarding directors retiring by rotation and being eligible, seeking re-appointment, is given in the Corporate Governance Report forming part of this Annual Report.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 5<sup>th</sup> September, 2009 to Saturday, 12<sup>th</sup> September, 2009 (both days inclusive).
6. The dividend for the year 2008-09 on the equity shares will be paid to those members whose names appear in the Register of Members of the Company as on 12th September, 2009. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership position as at the end of the day on 4th September 2009 as per data to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
7. Members may note that pursuant to the provisions of section 205C of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 years would be transferred to the "Investor Education and Protection Fund" constituted by the Central Government. Shareholders who have not encashed their dividend warrant(s) for the year 2006-07 and 2007-08 are requested to make claim with the Company as no claim shall lie against the Fund or the Company in respect of individual amount once credited to the said Fund.
8. Members holding shares in physical form are requested to intimate immediately to the Registrars & Share Transfer Agents of the Company, MAS Services Ltd., T-34, IInd Floor, Okhla Industrial Area, Phase II, New Delhi – 110 020 quoting registered Folio No., change in their address, if any, with pin code number. The following information to be incorporated on the dividend warrants may be also furnished:
  - (i) Name of sole/first joint holder and the folio number
  - (ii) Particulars of Bank Account, viz.
    - (a) Name of the bank
    - (b) Name of the branch
    - (c) Complete address of the bank with pin code number
    - (d) Bank account number allotted by the bank and nature of the account (savings/current etc.)
9. In terms of Section 109A of the Companies Act, 1956, the shareholders of the Company may nominate a person on whom the shares held by him/them shall vest in the event of his/their death. Shareholders desirous of availing this facility may submit nomination in form 2B.
10. Copies of relevant documents can be inspected at the registered office of the Company on all working days from Monday to Friday between 11 am to 2 pm upto the date of the meeting.
11. Members desirous of seeking any information/clarification on accounts or operations of the Company are requested to write to the Company atleast 10 days before the date of the meeting to enable the management to keep the information ready.



12. The members/proxies are requested to bring their copies of Annual Report at the meeting since extra copies will not be supplied.
13. Members/proxies should bring duly filled attendance slip sent herewith for attending the meeting. Members are also requested to mention DP ID and Client ID (in case of shares held in electronic form) and folio no. (in case of shares held in physical form) in the attendance slip for attending the Annual General Meeting in order to facilitate their identification of membership.
14. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
15. In respect of the matters pertaining to Bank details, ECS mandates, nomination, power of attorney, change in name/address etc., the members are requested to approach the Company's Registrars and Share Transfer Agents. In respect of shares held in physical form and the respective Depository Participants, in case of shares held in electronic form. In all correspondence with the Company/ Registrars and Share Transfer Agents, members are requested to quote their account/folio numbers or DP ID and Client ID for physical or electronic holdings respectively.
16. To facilitate trading in equity shares in dematerialized form, the Company has entered into agreement with National Security Depository Limited (NSDL) and Central Depository Services Limited (CDSL). Members can open account with any of the depository participant registered with NSDL or CDSL.

By Order of the Board  
for **Amrit Banaspati Company Limited**

**Regd. Office:**

Patiala Chandigarh Road  
Rajpura (Punjab)-140401  
Dated: 25.07.2009

**Rajesh Aggarwal**  
Vice President (Corp.) &  
Company Secretary

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

**Item no. 8**

Mr. J.K. Khaitan was appointed as Vice Chairman and Managing Director of the Company for a period of five years w.e.f. 01.03.2006.

Post merger of edible oil business of Amrit Corp. Ltd. with Company w.e.f. 01.04.2006, under the Scheme of Arrangement, the shareholders in their Annual General Meeting held on 14.09.2007 had ratified/approved the payment of remuneration to Mr. J.K. Khaitan w.e.f. 01.04.2006.

As per Schedule XIII of the Companies Act, 1956, a company having profits in a financial year can pay remuneration to a managerial person not exceeding 5% of its net profits for one such managerial person and if there is more than one such managerial person, 10% for all of them together.

However, where in any financial year during the currency of tenure of a managerial person, a company has no profits or its profits are inadequate, (i.e. remuneration paid/payable for any financial year is more than 10% of the net profits), then the company can pay minimum remuneration to managerial persons based on its effective capital, as computed under the provisions of Schedule XIII of the Companies Act 1956.

Your Company had paid to its two managerial persons, total managerial remuneration of Rs. 58,11,560/- during the financial year 2008-09 as against total permissible limit of Rs. 55,60,769/- being 10% of the net profits as computed under section 349 of the Companies Act, 1956.

Mr. J.K. Khaitan, Vice Chairman & Managing Director was paid the total remuneration of Rs. 36,55,220/- (excluding contribution to provident fund & superannuation fund) during the financial year 2008-09, which is within the permissible limit laid down under Part II Section II (B) of Schedule XIII of the Companies Act, 1956.

Mr. S.C. Agarwal, Senior Executive Director who is the second managerial person was paid the total remuneration of Rs. 14,64,000/- (excluding contribution to provident fund & superannuation





fund) during the financial year 2008-09. This remuneration is within 5% of the net profits of the Company and is also within the limits prescribed under Part II Section II (A) of Schedule XIII of the Companies Act, 1956.

Since, during the financial year 2008-09, the managerial remuneration exceeded the ceiling of 10% of the net profits for the year 2008-09, the special resolution set out in the item no. 8 is intended to obtain approval of the members for payment of minimum remuneration to Mr. J.K. Khaitan, Vice Chairman & Managing Director, in accordance with Part II Section II of Schedule XIII of the Companies Act, 1956.

Looking into the general economic conditions prevailing and the current edible oil industry scenario, the special resolution is proposed to be valid till remaining period of appointment of Mr. J.K. Khaitan, Vice Chairman & Managing Director i.e. upto 28.02.2011.

In compliance with Part II Section II of Schedule XIII, the resolution is proposed to be passed as special resolution by the members. The members may also note that:

1. The payment of remuneration was approved by the remuneration committee in its meeting held on 05.07.2007.

2. The Company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year(s)

3. The other information pursuant to section II of Schedule XIII is as under:

#### **I. General Information**

##### **1. Nature of industry**

The Company is primarily engaged in the manufacturing and marketing of Vanaspati, bakery shortenings, refined & filtered edible oils, salt and soya nuggets.

##### **2. Date of commencement of commercial production**

Not applicable. The Company is an existing Company.

##### **3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus**

Not applicable

##### **4. Financial performance during the last three years**

(Rs. in lacs)

<b>Financial parameters</b>	<b>2007-08</b>	<b>2006-07</b>	<b>2005-06*</b>
Turnover - Total income	77156.35	62203.13	20814.24
Profit before Interest Depreciation & Tax	984.98	763.59	612.05
Profit Before Extraordinary item	235.67	144.29	149.58
Extraordinary item (Depreciation written back)	-	444.67	-
Profit Before Tax	235.67	588.96	149.58
Profit after Tax	138.94	252.91	101.51
Dividend paid			
Equity	73.63	85.84	--
Preference	17.57	17.57	--
Dividend rate			
Equity	10%	15%	--
Preference	7%	7%	--

\* Figures of financial year 2005-06 are not comparable with that of 2006-07 and 2007-08 due to merger of edible oil undertaking of Amrit Corp. Ltd. with the Company under the Scheme of Arrangement effective from 01.04.2006.





## 5. Export performance and net foreign exchange collaboration

The Company neither have any export business nor it has not entered into any foreign exchange collaboration.

## II. Information about the appointee

### 1. Background details

Mr. J.K. Khaitan is the founder and promoter director of the Company since its inception.

He has been associated with the edible oil industry for the last nearly 40 years and under his leadership, the Company has taken various strides and has been profitable throughout. He is also associated with various trade associations and the Chamber of Commerce & Industry and is well-known in edible oil trade.

Mr. J.K. Khaitan has rich experience and deep knowledge of the edible oil industry and has immensely contributed to the profitability of the Company through his incisive and broad based knowledge of domestic and international markets.

Educational qualification: Graduate

### 2. Past remuneration\*

(Rs.)

	2007-08	2006-07
Salary & Allowances	3192000	2652208
Other benefits	150088	30414
Commission	—	765000
<b>Total</b>	<b>3342088</b>	<b>3447622</b>

(\*Excluding contribution to provident fund and superannuation fund)

### 3. Recognition or awards

During the year 2007-08, GLOBOIL INDIA, Mumbai has awarded Mr. J.K. Khaitan, Vice Chairman & Managing Director of the Company with GLOBOIL INDIA LEGEND, 2007 award for his contributions to the edible oil industry.

He commands a high degree of respect and esteem in the corporate sector due to his technical and commercial knowledge and business acumen.

### 4. Job profile and suitability

#### Job Profile:

1. Overall in charge of the business of the Company
2. Making operations of the Company profitable through effective and optimum utilization of resources
3. Development of new business opportunities
4. Planning and implementation of matters relating to growth of the Company
5. Enhancing shareholders' value

#### Suitability:

1. Mr. J.K. Khaitan has around 40 years of experience of running and management of business enterprises engaged in edible oil industry
2. Under his leadership the business of the Company has taken various strides and has been profitable throughout. He took several initiatives to restructure the business operations and enhance the brand value of the Company
3. Mr. J.K. Khaitan has been in overall control of the entire operation of the Company. Having regard to his valuable experience in the manufacture and marketing in the edible oil business as well as his administrative and managerial expertise, he is eminently suited for the remuneration.

### 5. Remuneration proposed

Remuneration as already approved by the shareholders in their Annual General Meeting held on 14.09.2007. The remuneration has already been approved by the Remuneration Committee and the Board of Directors.



#### 6. Comparative remuneration profile with respect to industry

Mr. J.K. Khaitan has been associated with the Company since its inception. Considering his set of skills and experience and the general industry trend, the remuneration structure is not higher than drawn by his peers in the industry.

#### 7. Pecuniary relationship, directly or indirectly with the Company, or relationship with managerial person, if any

Mr. J.K. Khaitan is one of the Promoters of the Company and has been instrumental in bringing significant growth in the volume of its business since inception. He is also related to Mr. Pavan Khaitan who is another Promoter director of the Company.

Except remuneration as stated above, Mr. J.K. Khaitan is not entitled to any remuneration under any other head from the Company. He has no direct or indirect interest in any selling agency of the Company.

### III. Other information

#### 1. Reasons for loss or inadequate profits

The Company has been profitable throughout. However, the financial year 2008-09 witnessed global financial meltdown and worldwide financial crises. As a result of the above, the profitability of the Company was adversely affected during the first half of financial year 2008-09 primarily due to stock losses caused by crash in edible oil prices and unabated fall in rupee exchange rate against US \$. While the profitability of the Company was impacted due to certain unavoidable reasons, the business model is strong and sustainable and will continue to drive profitability. Mr. J.K. Khaitan, aided by the top management has worked out strategies for the challenges ahead and for increasing the Company's turnover and profitability.

The shareholders are also requested to refer to Directors' Report and Management Discussion Analysis Report, which forms part of this Annual Report for detailed analysis of

Company's performance and outlook for future.

#### 2. Steps taken or proposed to be taken for improvement

The Company has taken various steps for improvement such as reduction in cost of production, exploring new markets, introduction of new products and upgradation in technology due to which the profitability of the Company is likely to improve further.

#### 3. Expected increase in productivity and profits in measurable terms

As per the business plan for the financial year 2009-10, the Company is contemplating a handsome growth both quantitatively and in EBITDA as compared to the financial year ended on 31.03.2009.

### IV. Disclosures

1. The details of remuneration to Mr. J.K. Khaitan are given in the proposed resolution and the explanatory statement annexed herewith.
2. The above may be treated as an abstract of the terms of remuneration payable to Mr. J.K. Khaitan, Vice Chairman & Managing Director as is required to be sent to every member pursuant to Section 302 of the Companies Act, 1956.
3. The remuneration package and other terms applicable to the Directors are disclosed in the Corporate Governance Report forming part of the Annual Report of the Company.
4. The Board recommends the resolution for approval of the shareholders. Mr. J.K. Khaitan is interested in the resolution. Mr. Pavan Khaitan being related to him may also be deemed to be interested in the said resolution. No other director of the Company is concerned or interested in the resolution.

By Order of the Board  
for Amrit Banaspati Company Limited

#### Regd. Office:

Patiala Chandigarh Road  
Rajpura (Punjab)-140401  
Dated: 25.07.2009

**Rajesh Aggarwal**  
Vice President (Corp.) &  
Company Secretary