



A G R O

D U T C H

INDUSTRIES

LIMITED

Report Junction.com

9th Annual Report 2000-01

BOARD OF DIRECTORS

Mr. Malvinder Singh, Chairman & Managing Director
 Mr. Kartar Singh
 Mr. Mehul Shah
 Mr. C. Parthasarathy
 Dr. H.S. Garcha
 Mr. Harsh Jajoo
 Mr. Dilsher Bhinder
 Mr. G.S. Bhinder, Executive Director

Company Secretary :
 Jasbir Singh

Auditors :
 M/s. R. Paul & Associates,
 Chartered Accountants,
 C-2038, Ranjit Avenue,
 Amritsar

Bankers:
 Union Bank of India
 ICICI Bank Limited

Registered Office :
 SCO 441-442,
 Sector 35-C,
 Chandigarh-160 022

Works :
 Village Tofapur
 (Near Lalru),
 Teh. Rajpura,
 Distt. Patiala (Punjab)

Registrars & Share Transfer Agents :
 Karvy Consultants Ltd.
 Karvy House, 46, Avenue 4,
 Street No.1, Banjara Hills,
 Hyderabad-500034

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Agro Dutch Industries Limited
NOTICE

Notice is hereby given that the Ninth Annual General Meeting of Agro Dutch Industries Limited will be held on Monday, the 27th August, 2001 at 11:30 A.M. at Food Craft Institute, Sector 42-D, Chandigarh to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Statements of Accounts for the year ended on 31st March, 2001 together with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kartar Singh, who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution .

“RESOLVED THAT M/s. R. Paul & Associates, Chartered Accountants, Amritsar be and are hereby reappointed as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and that the Managing Director be and is hereby authorised to fix their remuneration for the said period”.

SPECIAL BUSINESS

4. 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 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Harsh Jajoo be and is hereby appointed as Director of the Company, liable to retire by rotation.”

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution:

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging

and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future, and/or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of UTI Bank Ltd to secure term loan / non convertible debentures aggregating to Rs 2000 lacs subscribed/to be subscribed/lent and advanced/agreed to be lent and advanced together with interest thereon at the agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the Company to the UTI Bank Limited under the Subscription agreement/Loan Agreement

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with UTI Bank Limited the documents for creating aforesaid mortgage and/or the char and to do all such acts and things as may be necessary for giving effect to the above resolution.”

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution:

“RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293(1)(a) of the Companies Act, 1956, to the Board of Directors of the Company for mortgaging/charging in favour of Union Bank of India (UBI) all the immovable properties of the Company, both present and future, and the whole or substantially the whole of the undertaking of the Company or such of them as may be agreed to between the Board and UBI by way of pari passu second charge in favour of UBI for securing working capital limits not exceeding Rs. 4000 Lacs (both fund based and non fund based) together with interest, costs and other charges and expenses payable by the Company to UBI in terms of the Loan Agreement entered or to be entered into between the Company and UBI.

RESOLVED FURTHER THAT the aforesaid charges created/to be created by the Company in favour of the said Bank shall rank subsequent to the first/prior charge created/to be created in favour of Industrial Development Bank of India (IDBI), ICICI, UBI and ICICI Bank Ltd. for their Term Loans granted/to be granted to the Company.

RESOLVED FURTHER THAT the mortgage/charge created/to be created and/or all arrangements/documents executed/to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors under Section 293(1)(d) of the Companies Act, 1956 to borrow any sum or sums of moneys from time to time notwithstanding that the money or moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided however, the total amount so borrowed shall not exceed Rs. 200.00 Crores (Rupees Two Hundred Crores Only)."

By Order of the Board

Jasbir Singh
Company Secretary

Place : Vill. Tofapur
Dated : 16th July, 2001

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND ON A POLL TO VOTE INSTEAD OF HIMSELF, SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.
2. According to the circular dated 29th May, 2000, the Securities and Exchange Board of India has notified that trading in the equity shares of Company would be compulsorily in dematerialized form by all class of investors w.e.f. 28th August, 2000. The Company's equity shares are available for dematerialisation with NSDL & CDSL.
3. The Register of Members and Share Transfer Books of the Company will remain closed for four days from 24th August, 2001 to 27th August, 2001 (both days inclusive).
4. Members desirous of seeking any further information or clarification in respect of accounts and operations of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach atleast 7 days before the date of the meeting so that the required information can be made available at the meeting.
5. Members are requested to bring with them the attendance slip sent with the Annual Report duly completed and signed and hand it over at the entrance.
6. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 4 to 7 set out above is annexed hereto.


Agro Dutch Industries Limited
EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM No. 4

The Board of Directors in their meetings held during the year appointed Mr. Harsh Jajoo a Chartered Accountant as Additional Director on the Board. In accordance with the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, he hold office upto the date of the forthcoming Annual General Meeting.

In view of rich, vast and varied experiences of Mr. Harsh Jajoo, the Directors feel that his inclusion on the Board of Directors will be of invaluable assistance to the Company. The Company has received in writing special notice under Section 257 of the Companies Act, 1956 together with the requisite deposit from the members of the Company, proposing his appointment as Director of the Company. The members are, therefore, requested to pass the resolution as proposed.

Mr. Harsh Jajoo, himself may be deemed to be interested or concerned in the resolution at item no. 4. None of the other Directors is interested in the resolution.

ITEM NO. 5

The Company has already availed various loans from IDBI, ICICI, ICICI Bank. Some of these loans are at very high cost of interest i.e. 18% to 20% sanctioned way back in 1993-94. Company has decided to replace these debt with low interest debts. UTI Bank Limited has agreed to subscribe non-convertible debentures worth Rs 1000 lacs at a rate not exceeding 13 % & approval for another NCD/term loan Rs 1000 lacs is awaited.

These NCDs are required to be secured by a first pari-passu charge on all the immovable properties, both present and future.

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a public Company shall not, without the consent of such public Company in general meeting, sell,

lease or otherwise dispose of the whole, or substantially the whole, of the undertaking, of the Company or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the UTI BANK may be regarded disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 before creation of the said mortgages/charges.

Copy of the letter of sanction No UTI/CO/MMA/2000-O1/2859 dated 13 July 2001 UTI Bank Limited and copies of relevant documents/correspondence between the said Bank and the Company are open for inspection at the Registered Office of the Company between 11:00 A.M. and 1:00 P.M. on any working day prior to the date of meeting.

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

Hence, the resolution as proposed, is recommended for your consideration and approval.

ITEM No. 6

The Company has been availing working capital facilities from Union Bank of India (UBI), and ICICI Bank Limited. These working capital limits of Rs. 1625 Lacs, and Rs. 1375 Lacs both fund based and non fund based from UBI, and ICICI Bank Limited respectively are already secured by hypothecation of raw materials, semi finished goods, finished goods and book debts. However, in terms of the agreements entered into between the Company and the said Banks, these working capital facilities are also further secured by way of second charge on the fixed assets of the Company.

The Company has applied for the enhancement of working capital limits to UBI, the approval for which is expected any day.

As per provisions of Section 293(1)(a) of the

ADI Agro Dutch Industries Limited

Companies Act, 1956, the Board of Directors of the Company is required to be authorised by the members at the General Meeting for creating the charge/mortgage on immoveable properties of the Company. Therefore, the members' approval is being sought.

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

ITEM No. 8

The Members of Company at the Annual General Meeting held on 4th September, 2000 authorised the Board of Directors to borrow any sum or sums of moneys from time to time notwithstanding that the money or moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) upto Rs. 100.00

Crores (Rupees hundred Crores Only).

As the Company is on a fast track of expanding its activities and as a matter of abundant caution, it is deemed desirable to provide sufficient margin for such loans to be covered by the borrowing powers of the Board.

Hence the resolution as proposed, is recommended for your consideration and approval.

None of the Directors of the Company is interested in the proposed resolution.

By Order of the Board

Jasbir Singh
Company Secretary

Place : Vill. Tofapur

Dated : 16th July, 2001




Agro Dutch Industries Limited
DIRECTORS' REPORT

The Directors are pleased to present the Ninth Annual Report and Audited Statements of Accounts for the period ended on 31st March, 2001.

| OPERATIONS | (Rs. in lacs) | |
|---------------------------------|---------------|-----------|
| Particulars | 2000-2001 | 1999-2000 |
| Net Sales/Income from Operation | 5,590.24 | 6,412.92 |
| Other Income | 7.19 | 3.19 |
| Total Expenditure | 3,408.85 | 4,018.25 |
| Interest | 448.14 | 528.01 |
| Depreciation | 204.91 | 528.01 |
| Profit before Tax | 1,535.58 | 1,706.48 |
| Provision for Taxation | 3.19 | — |
| Net Profit | 1,532.39 | 1,553.10 |

The lower sales during the year are on account of

- (i) Product worth Rs. 2.8 crore was recalled from U.S.A. due to defect in the cans supplied by a domestic manufactures. This defect was beyond the routine quality control checks that Agro Dutch Industries conducts on cans. To avoid repeat of this problem, the Company has set up its own Can Manufacturing facility which has commenced production from May, 2001.
- (ii) due to ongoing expansion, periodically the growing rooms were shut down to make the changes during the year 2000-2001. Company could work only at installed capacity of about 12000 tonnes.
- (iii) During the year due to certain specific client's demand, part of the billing is on FOB basis. This also accounts for lower outward freight expenses.

The most important development this year has been a new contract signed with one of the biggest companies in the World i.e. M/s Pillsbury Company of U.S.A.

DIVIDEND

The Board of Directors has decided not to declare any dividend and plough back the funds in the expansion and diversification plans of the Company which may yield better returns in future.

EXPANSION AND DIVERSIFICATION PROJECT

Company undertook an expansion programme last year to double the installed capacity from 12000 to 24000 tonnes per annum with a capital out lay of Rs 4500 lacs. As the company has failed to establish a source for quality cans in India and due to the product recall during the year, company decided to set-up its own can-manufacturing facility as part of the on going expansion scheme. This expansion and diversification has enhanced the capital outlay on expansion programme from Rs. 4500 lacs to Rs. 7599 lacs which has been financed further by internal accruals of Rs. 659 lacs and term loan of Rs. 2500 lacs.

FUTURE PROSPECTS

Due to the expansions and diversification carried out during the year the directors view the future of the company excellent.

AUDITORS

M/s. R Paul & Associates, Chartered Accountants, Amritsar, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and beign eligible, have offered themselves for reappointment. The Board recommends their reappointment.

DIRECTORS

Mr. I.J. Laul resigned due to personal reasons from the directorship of the Company during the year. The Board placed on record the appreciation of useful contributions made by Mr. I.J. Laul during his tenure.

Mr. Harsh Jajoo ceased to hold offices at the ensuing Annual General Meeting, is eligible for re-appointment.

Mr. Kartar Singh, Director of the Company, who retires by rotation at the ensuing Annual General Meeting being eligible, offers himself for reappointment.

Mr. A.P. Manaktala retire by rotation at ensuing Annual General Meeting.

PARTICULARS OF EMPLOYEES

The information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended on 31st March, 2001 is set out in the Annexure.