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*(Formerly Agro Dutch Foods Limited)*

# **14TH ANNUAL REPORT 2005-06**

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## BOARD OF DIRECTORS

Shri Malvinder Singh	Chairman & Managing Director
Shri G. S. Bhinder	Executive Director
Shri Harsh Jajoo	Executive Director
Col. Satinder Singh*	Executive Director
Shri A. P. S. Sandhu*	Executive Director
Dr. H. S. Garcha	Director
Shri Maninder Singh	Director
Shri Arvind Kalra	Director
Shri S. R. K. Agnihotri	Director
Shri Dilsher Singh	Director
Shri B. B. Huria*	Director
Shri Ajay Arora*	Director

\* Appointed w.e.f. 1st May 2006.

\* Appointed w.e.f. 27th April 2006.

## COMPANY SECRETARY

Shri Jasbir Singh

## REGISTERED OFFICE

S.C.O. 30, 2nd Floor, Sector 33-D, Chandigarh. 160020

## BANKERS

Union Bank of India  
UTI Bank Ltd.  
Bank of India  
Federal Bank Ltd.  
State Bank of Patiala

## WORKS

- Village Tofapur, Near Lalru,  
Distt. S.A.S. Nagar (Mohali) (Punjab)
- Village Bhagwanpura, Barwala Road, Dera Bassi  
Distt. S.A.S. Nagar, (Mohali) (Punjab)

## AUDITORS

M/s Suresh Mittal & Associates,  
Chartered Accountants  
16-A Bank Colony,  
Behind Amar Hospital,  
Patiala

## REGISTRAR & SHARE TRANSFER AGENTS

M/s Karvy computershare Pvt. Ltd.  
Karvy House, 46, Avenue 4,  
Street No. 1, Banjara Hills,  
Hyderabad - 0500034

# Agro Dutch Industries Limited



## NOTICE

NOTICE is hereby given that the 14<sup>th</sup> Annual General Meeting of the Agro Dutch Industries Limited will be held on Monday 25<sup>th</sup> September 2006 at 11.30 A.M at the Bal Bhawan, Sector 23-B, Chandigarh to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March 2006 and the Profit & Loss Account for the year ended on that date together with the report of Directors and Auditors thereon.
2. To appoint Director in place of Sh. Dilsher Singh, who retire by rotation & being eligible, offers himself for re-appointment.
3. To appoint Director in place of Sh. S.R.K Agnihotri, who retire by rotation & being eligible, offers himself for re-appointment.
4. To consider and if thought fit pass with or without modification the following resolution, as an ordinary resolution  
 "Resolved that M/s Suresh Mittal & Associates, Chartered Accountants, the retiring auditors be and hereby reappointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at remuneration to be fixed by the Board of Directors and/or any committee thereof."

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification the following resolution, as an Ordinary resolution:  
 "RESOLVED THAT Mr. B.B Huria who was appointed as an Additional Director of the Company and holds such office upto the date of this Annual General Meeting, and in respect of whom Company has received a notice in writing from a member, proposing Mr. B.B Huria's candidature for the office of Director, be and is hereby, appointed as Director of the Company, liable to retire by rotation.
6. To consider and if thought fit, to pass with or without modification the following resolution, as an Ordinary resolution:  
 "RESOLVED THAT Mr. Ajay Arora who was appointed as an Additional Director of the Company and holds such office upto the date of this Annual General Meeting, and in respect of whom Company has received a notice in writing from a member, proposing Mr. Ajay Arora's candidature for the office of Director, be and is hereby, appointed as Director of the Company, liable to retire by rotation.
7. To consider and if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary resolution:  
 "RESOLVED THAT subject to the provision of Section 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the approval of the members of the Company be and is hereby accorded to the appointment of Col. Satinder Singh (Retd.) as Executive Director for a period of three years w.e.f. 01<sup>st</sup> May 2006 on the terms and conditions of payment of remuneration as set out in the Explanatory Statement annexed hereto.
8. To consider and if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary resolution:  
 "RESOLVED THAT subject to the provision of Section 198, 269, 309 and Schedule XIII and other applicable provision, if any, of the Companies Act, 1956 the approval of the members of the Company be and is hereby accorded to the appointment of Mr. A.P.S Sandhu as Executive Director for a period of three years w.e.f. 01<sup>st</sup> May 2006 on the terms and conditions of payment of remuneration as set out in the Explanatory Statement annexed hereto.
9. To consider and if thought fit, to pass with or without modification(s), the following resolution, as an Ordinary resolution:  
 "RESOLVED THAT in partial modification of the earlier resolution passed with respect to the appointment of Mr. Harsh Jajoo, Executive Director of the Company, the consent of the members of the Company be and is hereby accorded subject to the provision of Section 198, 269, 309 and Schedule XIII and other applicable provision, if any, of the Companies Act, 1956, to increase the basic salary and allowances as set out in the explanatory statement annexed here to for the remaining period of his tennure.
10. To consider and, if though 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, to the Board of Directors of the Company for mortgaging/





# Agro Dutch Industries Limited

charging all the immovable properties of the Company, wheresoever situated both present and future, and the whole or substantially the whole of the undertaking of the Company by way of pari passu first charge in favour of Industrial Development Bank of India (IDBI) for securing long term loan aggregate to Rs.43.00 crores together with interest, costs and other charges and expenses payable by the Company to Industrial Development Bank of India (IDBI) in terms of the Loan Agreement entered into or to be entered into between the Company and Industrial Development Bank of India (IDBI).

"Resolved further that the aforesaid charges created/to be created by the Company in favour of the said bank shall rank pari passu to the first charge created/ to be created in favour of DEG-Germany, UTI Bank Ltd., State Bank of Patiala, State Bank of Indore, Exim Bank, and Union Bank of India for their term loans granted/to be granted to the Company."

"Resolved that the mortgage/charge created/to be created and/or all arrangement/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.

By order of the Board

Place : Vill Tofapur , Punjab

Date : 24th August, 2006

Jasbir Singh

Company Secretary

## Notes :

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE 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 COMMENCEMENT OF MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed for 8 days 18<sup>th</sup> September 2006 to 25<sup>th</sup> September 2006 (both days inclusive).
3. 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 at least 7 days before the date of the meeting so that the required information can be made available at the meeting.
4. Members are requested to bring with them the attendance slips sent with this Annual Report duly completed and signed to hand it over at the entrance.
5. The Explanatory statement pursuant to Section 173 (2) of the Companies Act 1956 in respect of Item No.5 to 10 set out above is annexed hereto.
6. Members holding shares in physical form are requested to notify immediately the change in their address, if any at the Registered Office of the Company.

## **EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT 1956.**

### **ITEM NO.5**

Mr. B.B Huria was appointed as an Additional Director of the Company on 27<sup>th</sup> April 2006 by the Board of Directors. According to the provisions of Section 260 of the Companies Act, 1956, he holds the office as Director only upto the date of ensuing Annual General Meeting. As required by section 257 of the Act, a notice has been received from member proposing his candidature for appointment as Director.

The Board considers it desirable that the Company should continue to avail his guidance and advice and hence recommend the resolution for approval of the share holders.

Except Sh. B. B. Huria, no other Directors of the Company is interested in the proposed resolution.

### **ITEM NO.6**

Mr. Ajay Arora was appointed as an Additional Director of the Company on 27<sup>th</sup> April 2006 by the Board of Directors of the company. According to the provisions of Section 260 of the Companies Act, 1956, he holds the office as Director only upto the date of ensuing Annual General Meeting. As required by section 257 of the Act, a notice has been received from member proposing his candidature for appointment as Director.

The Board considers it desirable that the Company should continue to avail his guidance and advice and hence recommend the resolution for approval of the share holders.

Except Sh. Ajay Arora, no other Directors of the Company is interested in the proposed resolution.

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## ITEM NO.7

Col. Satinder Singh (Retd.) has been working with the Company as President since 1st October, 2000 and looking after human resources and administration of the Company. Keeping in view the involvement and hard work put up in the affairs of the Company by Col. Satinder Singh (Retd.), the management has decided to appoint Col. Satinder Singh (Retd.) as Executive Director for a period of three years w.e.f. 01<sup>st</sup> May 2006 subject to the approval of shareholder in the general meeting.

- I. Salary : Rs.75,000/- per month.
- II. Perquisites : In addition to Salary the Executive Director will be allowed perquisites as specified in Category A, B & C below:-

### Category 'A'

#### i) Housing

The Executive Director shall be provided rent free accommodation by the company. In case no accommodation is provided, Executive Director shall be entitled to a House Rent Allowance @ Thirty percent of salary.

#### ii) Medical Reimbursement

Expenses incurred for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.

### Category 'B'

- i) Contribution of Provident Fund, Superannuation Fund or Annuity Fund 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. Gratuity payable will not exceed half a month's salary for each completed year of service.
- ii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on the perquisites.

### Category 'C'

Provision of car(s) for use on company's business and telephone(s) at residence or mobile phone(s) will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

In case of absence or inadequacy of profits in any financial year, the aforesaid remuneration shall be paid to Col. Satinder Singh (Retd.), as minimum remuneration.

None of the directors except Col. Satinder Singh (Retd.), Mr. Gurpreet Singh, Mr. Malvinder Singh and Mr. A.P.S. Sandhu being relative are concerned or interested in this appointment.

## ITEM NO.8

Keeping in view the experience of Mr. A.P.S. Sandhu in pre & post harvest logistics, handling agriculture by products, composting thereof and spawn making etc. the management has decided to appoint Sh. A.P.S Sandhu as Executive Director for a period of three years w.e.f. 01<sup>st</sup> May 2006 subject to the approval of shareholder in the general meeting.

- I. Salary : Rs.75,000/- per month.
- II. Perquisites : In addition to Salary the Executive Director will be allowed perquisites as specified in Category A, B & C below:-

### Category 'A'

#### i) Housing

The Executive Director shall be provided rent free accommodation by the company. In case no accommodation is provided, Executive Director shall be entitled to a House Rent Allowance @ Thirty percent of salary.

#### ii) Medical Reimbursement

Expenses incurred for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.

### Category 'B'

- i) Contribution of Provident Fund, Superannuation Fund or Annuity Fund 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. Gratuity payable will not exceed half a month's salary for each completed year of service.
- ii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on the perquisites.



## Agro Dutch Industries Limited

### Category 'C'

Provision of car(s) for use on company's business and telephone(s) at residence or mobile phone(s) will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

In case of absence or inadequacy of profits in any financial year, the aforesaid remuneration shall be paid to Mr. A.P.S. Sandhu, as minimum remuneration.

None of the directors except Col. Satinder Singh (Retd.), Mr. Gurpreet Singh, Mr. Malvinder Singh and Mr. A.P.S. Sandhu being relative are concerned or interested in this appointment.

### ITEM NO.9

The members of the Company at the 13th Annual General Meeting held on 31 August 2005 had approved the terms and conditions of payment of remuneration to Mr. Harsh Jajoo, as Executive Director, for a period of five years w.e.f. 1st of August, 2005. The terms of appointment has been amended by the Board of Directors by increasing the monthly remuneration to Rs. 2,00,000/- per month w.e.f. 1st April, 2006 and consequential increase in other allowances/HRA, subject to approval of shareholders in general meeting, the other terms and conditions remaining the same.

Except Mr. Harsh Jajoo no other Directors of the Company is interested in the proposed resolution.

### ITEM NO.10

The company has been sanctioned a term loan of 43.00 crores by Industrial Development Bank of India (IDBI) for setting up a easy open end (EOE) manufacturer unit near Chennai. This loan is to be secured by way of mortgage of all the fixed assets of the company by way of first pari passu charge. As per the provision u/s Sec 293(1)(a) of Companies Act 1956, the Board of Directors of the Company is required to be authorised by the members at a General Meeting for creating the charge / mortgage on fixed assets / immovable properties of the company. Therefore approval of the members is being sought. None of the Directors of the Company is interesting in the resolution.

### INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49.IV (G) OF THE LISTING AGREEMENT

The particulars of the directors who are proposed to be appointed/reappointed at this annual general meeting are given below as required pursuant to clause 49.IV (G) of the listing agreement.

Name of Director	Date of Birth	Nationality	Date of Appointment	Qualifications	Directorships held in other Companies (excluding private & foreign Co.)	Committee position held in other Companies	Shareholding
Col. Satinder Singh	5-1-1949	Indian	27-4-2006	M.Sc Defence Studies	Nil	Nil	Nil
Mr. A.P.S Sandhu	8-10-1955	Indian	27-4-2006	Post Graduate	Nil	Nil	Nil
Mr. B.B Huria	1-4-1944	Indian	27-4-2006	M.S. (Mechanical Engineering)	Hind Industries Ltd. XO Infotech Ltd.	Nil	Nil
Mr. Ajay Arora	27-7-1960	Indian	27-4-2006	B. Com FCS	Nil	Nil	Nil
Mr. Dilsher Singh	19-6-1980	Canadian	Re-appointment	Graduate	Sapatrishi Agro Ind. Ltd.	Nil	Nil
Mr. S.R.K. Agnihotri	17-4-1937	Indian	Re-appointment	F.C.S. I.C.W.A.	Nil	Nil	Nil

# Agro Dutch Industries Limited



## DIRECTORS' REPORT

The Directors are pleased to present the 14<sup>th</sup> Annual Report and Audited Statements of Accounts for the period ended on 31<sup>st</sup> March, 2006.

### FINANCIAL RESULTS

(Rs. in lacs)

Particulars	2004-05	2005-06
Net Sales/Income	14446.72	13793.40
Other Income	59.52	659.56
Increase / (Decrease) in Stock	3073.71	1304.45
Total Expenditure	13585.97	12344.60
Profit ( Loss) before Int/Tax/Dep	3993.98	3412.81
Interest	1348.12	1326.50
Depreciation	758.25	791.12
Misc Expenses W/o	3.56	41.31
Profit ( loss) before Tax	1884.04	1253.88
Provision for Taxation (after Mat credit)	94.00	18.49
Profit after Current Tax	1790.04	1235.39
Provision for deferred Tax	600.99	717.99
Previous year adjustment	34.97	71.08
Profit/Loss after Tax	1154.07	446.30

### OPERATIONS

The company had sales of Rs.137.93 crores during the year as compared with Rs.144.46 crores last year, with the corresponding profits before tax of Rs.1253.88 lacs as compared with Rs.1884.04 lacs last year. The sales & profits during this financial year are low due to the fact that company was in process of increasing its mushroom growing capacity, the captive power plant was commissioned in the first quarter of 2005-06. Due to the technical and logistics requirements for the interconnectivity in cooling system and other utilities, the plant had to run at partial capacity for the four months. The company has not been able to resume normal operation due to ongoing expansion work. The return from the expansion projects in mushrooms will begin to reflect in the results from the Financial year 2006-07.

### EXPANSION

Your Company undertook the expansion of mushroom growing capacity from 36,000 TPA to 50,000 TPA, setting up of individual Quick Freezing (IQF) of mushrooms, new compost making facilities, additional mushroom processing facilities. The company has already increased mushroom growing capacity to 40,000 TPA and completed the setting up of Individual Quick Freezing (IQF) Plant. The mushroom growing capacity would further enhanced to 50,000 TPA during the current financial year.

Your Company's tin cans are appreciated by the food processing / export industry, but due to capacity constraints, Company was not in a position to sell empty cans to other food processing industries in India. To meet this demand, Company has already taken effective steps to double its can making capacity by way of setting up a new can making unit with an installed capacity of 6000 tonnes per annum near Chennai. The required plant and machinery has already been ordered and the unit is likely to go into production by February/March 2007.

### FUTURE PLANS

In keeping with the fast emerging trend the world over to use the food cans with Easy Open Ends (EOE), it had become imperative for your Company to consider manufacture of EOE's. Inasmuch as the capacities of EOE manufacturing plants are very large compared to our captive requirement, it has been thought prudent to set up an international scale EOE plant for our captive consumption as well as outside sale of EOE's, both in domestic as well as export markets. The cost of the project has been estimated at Rs.55.79 crores which is proposed to be financed by way of a term loan of Rs.43.00 crores and balance from internal accruals.





## RIGHTS ISSUE

The Right issue of 1,47,80,000 equity shares of Rs.10/- each for cash at a premium of Rs.15/- per share was opened for subscription on 30th December 2005 and closed on 30th January 2006. The Right issue was fully subscribed. The basis of allotment of shares was finalized in consultation with the Bombay Stock Exchange Association Ltd. The shares of the company have been listed on National Stock Exchange and Bombay Stock Exchange. The proceeds of Rights Issue are being utilised for the expansion activities undertaken by the Company as per the letter of offer.

## DIVIDEND

The Board of Directors are of the opinion that shareholders would be best served by ploughing the surpluses back into the company for expansion/diversification plans undertaken by the company. Hence no dividend has been proposed.

## AUDITORS

M/s Suresh K Mittal & Associates, Chartered Accountants, Patiala, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment. The Board recommends their reappointment.

## DIRECTORS

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

Mr. S.R. K Agnihotri Director of Company, who retires by rotation at the ensuing Annual General Meeting being eligible offers himself for reappointment.

Col. Satinder Singh (Retd.) , has been appointed as Executive Director of the Company.

Mr. A.P.S Sandhu has been appointed as Executive Director of the Company.

Mr. Ajay Arora has been appointed as Director of the Company.

Mr. B.B Hurria has been appointed as Director of the Company.

## 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 is given as Annex I to this report.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956, you Directors confirm

- i) that in the preparation of accounts for the period ended 31st March, 2006, the applicable Accounting Standards had been followed and there are no material departures;
- ii) that the selected accounting policies are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the year end and profit of the Company for that period;
- iii) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- iv) that the accounts have been prepared on a going-concern basis.

## AUDIT COMMITTEE

The Audit Committee comprises of Sh. Maninder Singh, Chairman of the Committee, Sh. Arvind Kalra and Dr H.S Garcha, Directors of the Company as members. The constitution is in accordance with Section 292A of the Companies (Amendment) Act, 2000.

The Committee met three times during the year. The Board of Directors has accepted all the recommendation of the Audit Committee.

## CORPORATE GOVERNANCE

As required under Clause 49 of the listing agreement, a report on Corporate Governance is enclosed in this annual report. Auditor's Certificate on the compliance of Corporate Governance is also annexed with the report.

## LISTING OF SHARES & SEBI REGULATION

The Equity shares of the company are listed on The Stock Exchange Mumbai & National Stock Exchange of India Ltd., Mumbai.

# Agro Dutch Industries Limited



The listing fee for 2006-2007 has been paid on time and there being neither delisting nor suspension of shares from trading during the period under review.

Since SEBI has stipulated electronic filing of Quarterly / half yearly results, Annual Report Shareholding Pattern etc on website [www.sebidifar.nic.in](http://www.sebidifar.nic.in), the statements of your company can be accessed at this website.

## DEPOSITS

The Company has not invited any deposits from the public.

## ACKNOWLEDGEMENTS

The Directors acknowledge with gratitude the continuing cooperation and assistance rendered by the DEG- Germany, Industrial Development Bank of India, Bank of India, Union Bank of India, Export Import Bank of India, State Bank of Indore, State Bank of Patiala, UTI Bank Limited & ICICI Bank Limited. The Directors also wish to place on record their appreciation for the devoted services rendered by the Executives, Staff and the Workers of the Company.

For and on behalf of the Board

Place: Vill. Tofapur

Malvinder Singh

Dated: 24-08-2006

Chairman & Managing Director

## ANNEXURE TO THE DIRECTORS' REPORT

**DISCLOSURE OF PARTICULARS UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULAR OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2006.**

Name of Employer	Designation/Nature of Service	Expertise (years)	Date of Service	Qualification	Remuneration (rupees)	Age (yrs)	Previous Employment/ position held.
A. Employed throughout the period and in receipt of remuneration aggregating Rs.24,00,000 or more per annum.							
Mr. Malvinder Singh	Chairman & Managing	26	22.06.1992	B.E (Mech.)	46,80,000	52	Managing Director Vishwa Calibre Builders Pvt. Ltd.
Mr. Gurpreet Singh	Executive Director	14	22.06.1992	B.E (Civil)	36,00,000	38	Director Vishwa Calibre Builders. Pvt. Ltd.

### i) Conservation of Energy

The Company has commissioned a 2.5 MW captive co-generation facility which would help the company to reduce its power cost and dependence on State Electricity Board.

### ii) Technology Absorption : Not Applicable

### iii) Foreign Exchange Earning and Outgo

Earnings	Rs. 9838.47 Lacs
Outgo:	
Capital A/c	Rs. 293.18 Lacs
Raw Material & Others	Rs. 2789.79 Lacs
Spares & Components	Rs. 34.33 Lacs
Travelling	Rs. 62.34 Lacs
Interest & Financial Charges	Rs. 160.44 Lacs
Others (Legal Fee etc.)	Rs. 321.06 Lacs