



A G R O

D U T C H

I N D U S T R I E S

L I M I T E D

(Formerly Agro Dutch Foods Limited)

17TH ANNUAL REPORT

2008-09

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Agro Dutch Industries Limited**BOARD OF DIRECTORS**

Shri Malvinder Singh

Shri Gurpreet Singh

Col. Satinder Singh (Retd.)

Shri Dilsher Singh

Dr. H. S. Garcha

Shri S. R. K. Agnihotri

Shri B. B. Huria

Shri Arvind Kalra

Shri Ajay Arora

Shri P. K. Sethi

Chairman & Managing Director

Executive Director

Executive Director

Director

Director

Director

Director

Director

Director

Nominee Director (IDBI Bank Ltd.)

**VICE PRESIDENT (FINANCE) &
COMPANY SECRETARY**

Shri Vivek Atri

REGISTERED OFFICE

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

BANKERS / TERM LENDERS

Union Bank of India

Bank of India

State Bank of Patiala

Federal Bank Ltd.

Axis Bank Ltd.

State Bank of Indore

Kotak Mahindra Bank Ltd.

ICICI Bank Ltd.

IDBI Bank Ltd.

State Bank of Hyderabad

Allahabad Bank

Barclays Bank

DEG Germany

M & T Bank, USA

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)
- Village Kolambakkam, Padlem Sugar Factory Road, Post Pazhayanoor, Chennai (TN)

REGISTRAR & SHARE TRANSFER AGENTS

M/s Karvy computershare Pvt. Ltd.

Plot No. 17-24, Vithal Rao Nagar,

Madhapur, Hyderabad - 500081

AUDITORS

M/s Suresh Mittal & Associates,

Chartered Accountants

16-A Bank Colony,

Behind Amar Hospital,

Patiala

Agro Dutch Industries Limited



NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Company shall be held on Monday 12th October, 2009 at 10.30 A.M at Chandigarh Institute of Hotel Management (Formerly Food Craft Institute), Sector 42-D, Chandigarh to transact the following business

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2009 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. Arvind Kalra, who retire by rotation & being eligible, offers himself for re-appointment.
3. To appoint Director in place of Dr. H.S. Garcha, 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 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(s), the following resolution, as an Ordinary Resolution:
 "RESOLVED THAT pursuant to Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto as amended from time to time and subject to approval of Central Government and such other approvals as may be necessary, the consent of the Company be and is hereby accorded to the reappointment of Shri Malvinder Singh as Managing Director of the Company for a period of five years w.e.f. 01.07.2009 on the terms and conditions including remuneration and commission as set out in the explanatory statement with liberty to the Board of Directors to alter and vary, the terms and conditions of the said appointment so as not to exceed 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 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/ 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 first pari passu charge in favour of Allahabad Bank, for securing long term loan aggregating to Rs.900 Lacs, State Bank of Hyderabad, for securing short term loan aggregating to Rs.250 Lacs and ICICI Bank Limited, for securing term loan aggregating to Rs.2000 Lacs together with interest, costs and other charges and expenses payable by the Company to the Bank, in terms of the Loan Agreement entered into or to be entered into between the Company and bank."
 "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 Allahabad Bank, State Bank of Hyderabad and ICICI Bank Limited 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."
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 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/ 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 second pari passu charge in favour of State Bank of Hyderabad, Axis Bank Ltd., for securing working capital limits aggregating to Rs. 750 lacs and Rs. 2500 Lacs together with interest, costs and other charges and expenses payable by the Company to the bank in terms of the Loan Agreement(s) entered into or to be entered into between the Company and the bank."
 "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 pari passu charge created/ to be created in favour IDBI Bank Limited, DEG-Germany,

Agro Dutch Industries Limited

Axis Bank Ltd., State Bank of Patiala, State Bank of Indore, Union Bank of India, Bank of India, The Federal Bank Limited, State Bank of Hyderabad, Allahabad Bank and ICICI Bank Limited 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

Sd/-

Vivek Atri

Place : Vill. Tofapur, Punjab

Date : 11.09.2009

V.P. (Finance) & 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 3 days 10th October, 2009 to 12th October, 2009 (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 7 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**

Shri Malvinder Singh Bhinder was appointed as Managing Director of the Company for a period of five years w.e.f. 1st July 2004. Now, the period of his office has expired on 30th June, 2009.

During his tenure as Chairman & Managing Director, the Company has made good progress and become world's largest integrated mushroom company. The Board in its meeting held on 22nd May, 2009 has approved his reappointment for a further period of five years w.e.f. 01.07.2009 subject to the approval of shareholders of the Company and other authorities, if required, on the following terms and conditions as set out hereunder: -

- | | |
|-----------------|---|
| I. Salary | Rs.3,00,000/- per month (Rupees Three lacs only) |
| II. Perquisites | In addition to Salary the Managing Director will be allowed perquisites as specified in Category A, B & C below:- |

Category: 'A'**i) Housing Rent Allowance**

The Managing Director shall be entitled to House Rent Allowance @ thirty percent of salary.

Agro Dutch Industries Limited**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 to 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.

ITEM NO.6

The Company has been sanctioned a term loan of Rs.900 Lacs by Allahabad Bank for commissioning of Briquetting Project by the Company. Further, an amount of Rs.250 lacs and Rs.2000 Lacs has been sanctioned by State Bank of Hyderabad and ICICI Bank Limited for expansion of existing mushroom growing facilities at works of the Company. The loan is to be secured by way of mortgage of all the fixed assets of the Company by way of 1st pari-passu charge. As per the provisions u/s sec-293 (1)(a) of Companies Act, 1956, the Board of Directors of the Company is required to be authorized 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 interested in the resolution.

ITEM NO.7

The Company has been sanctioned/ enhanced working capital facilities of Rs.750 Lacs and Rs.2500 Lacs (enhanced from Rs.1500 Lacs) from State Bank of Hyderabad and Axis Bank Limited respectively during the year. These working capital limits 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 these banks, these working capital facilities are also further to be secured by way of 2nd charge on the fixed assets of the Company.

As per the provisions u/s sec-293 (1)(a) of Companies Act, 1956, the Board of Directors of the Company is required to be authorized 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 interested in the resolution.

Agro Dutch Industries Limited



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

DISCLOSURE REGARDING RE-APPOINTMENT OF DIRECTORS

This annual report contains a detailed chapter on management discussion and analysis.

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING:

Particulars	Mr. Arvind Kalra	Dr. H.S. Garcha
Date of Birth	7 th March, 1957	4 th March, 1940
Date of Appointment	11 th December, 2002	29 th June, 1993
Qualifications	Chartered Accountant	Ph.D. (Mycology)
Expertise in specific functional area	He is a Chartered Accountant and is practicing as a Statutory and Tax Auditor in Delhi.	He has specialized with major field as Mycology and has been awarded Doctorate from Punjab Agricultural University for the same. He has also acquired training in India/abroad which includes, inter-alia:- Availed training fellowship of UNDP/ICAR under the Centre of Advanced Studies on Energy Management in Agriculture at the Chinese University of Hong Kong (June 4- July 13, 1986) and at Bacteriology Research Centre, Institute Armand Frappier, University du Quebec, Laval, Quebec, Canada (July 21- August 21, 1986) Department of Microbiology, University of Guelph, Ontario, Canada (August 24-26, 1986) and Department of Chemical Engineering and Department of Chemical Biology, University of Waterloo, Ontario, Canada (August 27-29, 1986). Dr. Garcha has published several books on his subject of research.
Directorship held in other public companies (excluding foreign, private and Section 25 companies)	Saptarishi Agro Industries Ltd. Calibre Builders Ltd. Calibre Enterprises Ltd.	Nil
Membership/ Chairmanship of committees of other public companies (includes only Audit and Shareholder/ Investors Grievance Committee)	Nil	Nil
Number of shares held in the Company.	Nil	Nil

Agro Dutch Industries Limited**DIRECTORS' REPORT**

The Directors are pleased to present the 17th Annual Report and Audited Statements of Accounts for the period ended on 31st March, 2009.

FINANCIAL RESULTS**(Rs. in lacs)**

Particulars	2008-09	2007-08
Net Sales/Income	13841.20	20329.61
Other Income	822.61	1025.15
Increase / (Decrease) in Stock	1796.58	2254.10
Total Expenditure	16495.43	16339.01
Profit (Loss) before int /Tax/Dep	(35.04)	7269.83
Interest	2900.20	2253.72
Depreciation	1452.22	1255.57
Misc Expenses W/o	41.45	44.44
Profit (loss) before Tax	(4429.00)	3716.07
Provision for Taxation	25.11	15.00
Profit after Current Tax	(4454.11)	3701.07
Provision for deferred Tax	1740.28	964.01
Profit/Loss after Tax	(2713.83)	2737.06
Previous year adjustments	724.16	412.79
Net Profit/Loss After tax	(3437.99)	2324.27

OPERATIONS

During the year under review your company achieved net sales of Rs.138.41 Crores (previous year Rs.203.30 Crores) and incurred net loss of Rs. 34.38 Crores. The performance during the year had been severely affected mainly on account of downturn in US. The price of canned mushroom has gone down drastically in the global market.

During the year the company has proposed to restructure its total debt through the CDR Mechanism of the RBI which interalia provides for reschedulement of repayments, additional finance, saving in financial cost, reduced working capital margin, operational efficiency and strengthening the overall competitive position of the Company.

CHENNAI PLANT

The Unit at Vill. Kolambakkam, Post. Pazhayanoor (Chennai) TN, being set up to manufacture Cans, Easy-open-End and Six Color printing line is nearing completion and expected to be commissioned by end of *December 2009*. The said unit had cost overrun of Rs. 20 Crores, for which Rs. 15 Crores has been requested for finance by existing lenders and balance being funded by promoters by introduction of fresh capital.

DIVIDEND

Your Directors do not recommend the dividend due to fund constraints.

AUDITORS

M/s Suresh 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

In accordance with the company's Articles of Association, Sh. Arvind Kalra, and Dr. H.S. Garcha, retire by rotation & being eligible, offers himself for re-appointment.

ISSUE OF CAPITAL

The company has issued 2,00,00,000 (Two Crores) fully convertible warrants of Rs. 10/- each at a price of Rs.10/- per warrant, to be converted into one equity shares, on 13th June, 2009.

Agro Dutch Industries Limited**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, 2009, 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. Arvind Kalra, Sh. S.R.K. Agnihotri 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 Four 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.

The listing fee for 2008-2009 has been paid on time and there being neither delisting nor suspension of shares from trading during the period under review.

INSURANCE

The company has taken the required insurance coverage for its assets against the possible risks like fire, flood, public liability, marine etc.

DEPOSITS

The Company has not invited any deposits from the public.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation to its stakeholders, bankers, statutory authorities and the business associates for their continuing guidance and support for the growth of the Company. 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

-sd-

Place : Village Tofapur

Dated : 11.09.2009

Malvinder Singh

Chairman & Managing Director

Agro Dutch Industries Limited



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 31ST MARCH 2009.

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 Director	28	22.06.1992	B.E (Mech.)	46,80,000	55	Managing Director Vishwa Calibre Builders Pvt. Ltd.
Mr. Gurpreet Singh	Executive Director	16	22.06.1992	B.E (Civil)	39,00,000	41	Director Vishwa Calibre Builders. Pvt. Ltd.

i) Conservation of Energy

Energy cost constitutes a major part of cost of production. The Company has installed its own co-generation power plant which would help the Company to reduce energy cost and would also lower the dependence on State Electricity Board.

ii) Technology Absorption : Not Applicable

iii) Foreign Exchange Earning and Outgo

Earnings	Rs.	11276.51 Lacs
Interest	Rs.	0.59 Lacs
Outgo:		
Capital A/c	Rs.	715.32 Lacs
Raw Material & Others	Rs.	3169.76 Lacs
Spare & Components	Rs.	40.24 Lacs
Travelling	Rs.	26.37 Lacs
Interest & Financial Charges	Rs.	383.09 Lacs
Others (Legal Fee etc.)	Rs.	67.85 Lacs
Repayment of term loans	Rs.	276.59 Lacs