

17th

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Annual Report

2001-2002



AMRIT ENTERPRISES LIMITED

BOARD OF DIRECTORS	Mr. N.K. Bajaj, Chairman Mr. J. K. Khaitan Mr. G. N. Mehra Mr. M.L. Sarin Mr. Yashovardhan Saboo Mr. Rajiv Thakur Mr. S. C. Agarwal Mr. Pavan Khaitan, Managing Director
PRESIDENT	Mr. S. K. Agrawal
COMPANY SECRETARY	Mr. Harish Sharma
AUDITORS	M/s Goel Rajendar & Associates, SCO 2A, Sector 7, Madhya Marg, Chandigarh - 160 019
BANKERS	Oriental Bank of Commerce State Bank of Patiala
REGISTERED OFFICE	Old Dhakansu Kalan, Chandigarh Road, Rajpura (Pb.) - 140 401
WORKS	10 Km Stone, Abohar Sitto Gunno Road, Village Raipura, Tehsil Abohar Distt. Ferozpur - 152116

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AMRIT ENTERPRISES LIMITED

NOTICE

Notice is hereby given that the seventeenth Annual General Meeting of the Company will be held on Saturday, the 14th day of September, 2002 at 11.00 A.M. Amrit Bhawan, Gobind Colony, Rajpura (Punjab) to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Accounts of the Company for the financial year ended 31st March, 2002, the Balance Sheet as at that date and Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. J.K. Khaitan, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. S.C. Agarwal, who retires by rotation and is eligible for reappointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General 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, the following resolution as a Special Resolution :

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and other applicable provisions of the Companies Act, 1956 read with schedule XIII thereto, approval of the Company be and is hereby accorded to the reappointment of Mr. Pavan Khaitan as Managing Director of the Company for a period of five years with effect from 1st July, 2002 to 30th June, 2007 on the terms and conditions as set below with a liberty to the Board of Directors to alter, enhance, vary and modify the terms and conditions of the said re-appointment and remuneration and perquisites within the overall limits and sanctions specified under the Companies Act, 1956 or under schedule XIII of the said Act in its present form or as may be amended from time to time during the tenure of the said reappointment in such manner as may be agreed to between the Board of Directors and Mr. Pavan Khaitan.

A. Remuneration

1. Salary : Rs. 50,000/- per month with annual increment of Rs. 5000/- in the scale of 50,000 – 5000-1,00,000. The Board of Directors have the authority to grant higher increments within the overall scale. The annual increment will be effective from 1st April each year.
2. Commission : 1% of the net profits of the Company for each financial year in accordance with provisions of Section 198 and 309 of the Companies Act, 1956 subject to a ceiling of 50% of Annual salary.
3. Perquisites : In addition to salary and commission as stated above, Mr. Pavan Khaitan will also be entitled to perquisites restricted to an amount equal to his annual salary as specified below :



1. Fully furnished accommodation or 40% of the salary as House Rent allowance, in case, no accommodation is provided.

The expenditure incurred by the Company on gas, electricity, water will be valued as per Income Tax rules, 1962.

2. Medical Reimbursement : Expenses incurred for self and family subject to a ceiling of one months salary in a year or three months' salary over a period of three years.
3. Leave Travel Concession : for self and family as per rules of the Company.
4. Personal Accident Insurance Premium not to exceed Rs. 5000 Per annum.
5. Club fee subject to a maximum of two clubs.

- B. The perquisites as mentioned below shall not be included in the computation of the ceiling on remuneration as specified above.

1. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961,
2. Gratuity payable at a rate not exceeding half months' salary for each completed year of service.
3. Encashment of unavailed earned leaves as per rules of the Company at the end of each year on his request or at the end of the tenure.
4. Telephone facility at his residence. However, long distance personal calls shall be billed by the Company.
5. Company's Car with driver. However, use of car for private purposes will be valued as per Income Tax rules, 1962.
- C. Mr. Pavan Khaitan shall not be entitled to sitting fees for attending meeting of the Board or any committee thereof.
- D. Mr. Pavan Khaitan will not be liable to retire by rotation.

RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of Mr. Pavan Khaitan, as Managing Director, the Company has no profit or its profits are inadequate, the remuneration by way of salary, commission and perquisites as above shall be payable to him as the minimum remuneration or as specified in schedule XIII as amended from time to time, whichever is lower.

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

RESOLVED THAT in supersession of the Resolution adopted at the Annual General Meeting of the Company held on 30th September, 1994 and pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956, the Directors of the Company be and are hereby authorised to borrow moneys (apart from temporary loans obtained from the Company's banker in the Ordinary



course of business) in excess of 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 that the total amount of such borrowings together with the amounts already borrowed and outstanding shall not exceed Rs. 50 crores (Rupees fifty crores).

**By Order of the Board
For AMRIT ENTERPRISES LIMITED**

**Regd Office :
Old Dhakansu Kalan,
Chandigarh Road, Rajpura (Punjab)
27th July, 2002**

**Sd/-
Harish Sharma
Company Secretary**

NOTES :

1. Explanatory Statement pursuant to 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/ HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK PROXY FORM IS ENCLOSED . PROXIES IN ORDER TO BE EFFECTIVE 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 Wednesday, the 11th day of September, 2002 to Saturday, the 14th day of September, 2002 (both days inclusive).
4. Members desiring any information on the business to be transacted at the meeting are requested to write to the Company at least 10 days in advance to enable the management to keep the information ready at the meeting.
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.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 5**

Mr. Pavan Khaitan was appointed as Managing Director of the Company for a period of three years with effect from 1st July 1999. The present tenure of Mr. Pavan Khaitan as Managing Director of the Company expires on 30th June, 2002.

Mr. Pavan Khaitan has been associated with the Company since 1991. He is Chartered Accountant by profession. In view of his long association with the Company and experience and in view of his long experience in the industry, the Board of Directors of the Company has reappointed Mr. Pavan Khaitan, as Managing Director for a further period of five years with effect from 1st July, 2002. The re-appointment of Mr. Pavan Khaitan as Managing Director and payment of remuneration and perquisites to him as stated in the resolution, are within the limits prescribed in Schedule XIII to the Companies Act, 1956.

The Special resolution as set out under item No. 5 is intended to obtain approval of the members to the appointment and payment of remuneration to Mr. Pavan Khaitan as Managing Director.

The explanatory statement and resolution as set out at item No. 5 may be treated as an abstract of the terms and conditions of the appointment and payment of remuneration to Mr. Pavan Khaitan as required under Section 302 of the Companies Act, 1956.

Your Directors recommend this resolution for your approval.

Except Mr. Pavan Khaitan and his father Mr. J. K. Khaitan, no other director is concerned or interested in the resolution.

ITEM NO. 6

As per provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot borrow more than the aggregate of the paid up capital and its free reserves except with the consent of the shareholders in the general meeting. The shareholders of the Company in their Annual General Meeting held 30th September, 1994 have authorized the Board of Directors under Section 293 (1) (d) of the Companies Act, 1956 to borrow upto a maximum amount of Rs. 10.00 crores. In view of increase in volumes of business and expansion programme, the Directors are of the opinion that the present limit of Rs. 10.00 crores fixed by the shareholders may not be sufficient to meet the future requirements of funds. Therefore, your Directors place before you the proposal to increase the maximum borrowing limits to Rs. 50 Crores.

Your Directors recommend this resolution for your approval.

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

**By Order of the Board
For AMRIT ENTERPRISES LIMITED**

**Regd Office :
Old Dhakansu Kalan,
Chandigarh Road,
Rajpura (Punjab)
27th July, 2002**

**Sd/-
Harish Sharma
Company Secretary**



DIRECTORS' REPORT

The Directors take pleasure in presenting the 17th Annual Report of the Company and audited accounts for the year ended 31st March, 2002.

FINANCIAL PERFORMANCE

	<u>2001-2002</u>	(Rs. In lacs) <u>2000-2001</u>
Sales	12728.82	11352.95
Other Income	8.96	5.43
Operating Profit (PBIDT)	418.33	423.66
Interest	73.85	87.60
Depreciation	151.79	145.54
Profit before tax (PBT)	192.69	190.52
Provision for tax	31.48	16.40
Deferred Tax Provision	11.04	-
Profit after Tax (PAT)	150.17	174.12
Prior period taxes	0.25	-1.54
Balance of Profit carried to Balance Sheet	150.42	172.58

OPERATIONS

The operations of the Company during the year under report remained depressed due to slowdown in the industrial growth and manufacturing sector hardly showing any sign of improvement. During the year under review, due to increase in import duty, the price of raw material have been increased resulting in correspond increase in prices of finished goods. Your Company has been successful in maintaining the operating profits at the same level as it was in the last year despite decrease in production and sales volumes due to prudent business policies adopted by the management.

During the year under review, Sales in value increased to Rs. 12728.82 lacs as against Rs. 11352.95 lacs of the previous year and earned an Operating profit of Rs. 418.33 lacs as against Rs. 423.66 lacs in the previous year. The production has decreased from 39246 MT to 36556 MT due to low off take.

The Sales Tax exemption available to the Company under the Industrial Policy of the Government of Punjab is likely to be availed during the year 2002-2003. Your Directors have taken number of steps to face the competition like reduction in the cost, improvement in quality and introduction of our products in new markets. Your Directors are confident that these steps will add to the turnover and profitability of the Company.



DIVIDEND

Your Directors regret their inability to recommend any dividend in view of funds required for entering new markets as already mentioned and for future development.

ISO 9001

The Company has obtained ISO 9001:2000 certification by KEMA affiliated with KEMA QUALITY B.V. in NETHERLANDS in respect of production and supply of refined oils, vanaspati and filtered raw mustard oil .

FINANCE

During the year, Oriental Bank of Commerce (OBC), lead bank in consortium with State Bank of Patiala (SBOP) have increased the working capital facilities from Rs. 586 lacs to Rs. 650 lacs (fund based) and from Rs. 200 lacs to Rs. 700 lacs (Non- fund based) to be shared in the ratio of 60 : 40 among the bankers.

FIXED DEPOSITS

The amount of Fixed deposits from the Public and Shareholders as on 31st March, 2002 aggregated to Rs. 131.00 lacs (previous year 120.47 lacs). There are 6 deposits aggregating to Rs. 2.39 lacs due for payment as on 31st March, 2002, as the same have not been claimed by the depositors against 10 number of unclaimed deposits with an amount of Rs. 3.39 lacs as on 31st March, 2001.

DIRECTORS

In accordance with Article No. 146 of the Articles of Association of the Company, Shri J.K. Khaitan and Shri S.C. Agarwal, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for reappointment.

AUDITORS

Messrs. Goel Rajendar & Associates, Chartered Accountants, Chandigarh holds office as Auditors of the Company till the conclusion of this Annual General Meeting and being eligible have expressed their willingness to be reappointed. The Directors of the Company have recommended the appointment of Messrs. Goel Rajendar & Associates, Chartered Accountants, as Auditors for the next year.

AUDIT COMMITTEE

The Company has constituted 'Audit Committee' on 25th January, 2001, as per provisions of Section 292A of the Companies Act, 1956, as sub- committee of the Board of Directors consisting of Sh. S.C. Agarwal, as Chairman, Sh. Y.Saboo and Sh. Pavan Khaitan as members of the Committee.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors confirm :

- i) that in preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures:
 - ii) that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.
 - iii) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 , for safeguarding the
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