



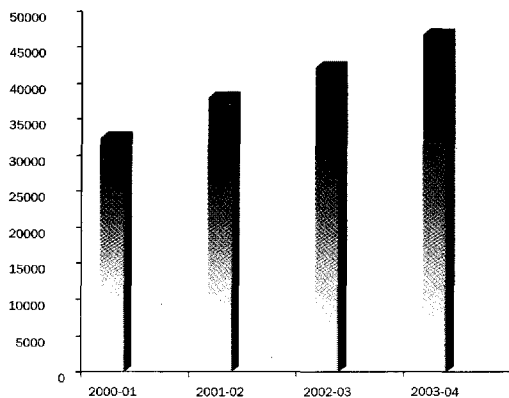
63rd

Annual Report

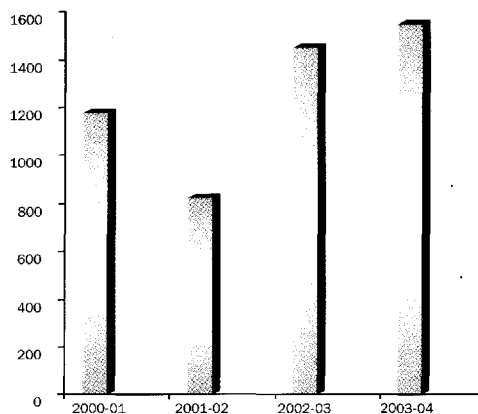


Anrit Banaspati Company Limited

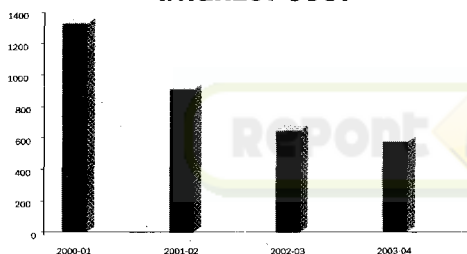
SALES TURNOVER



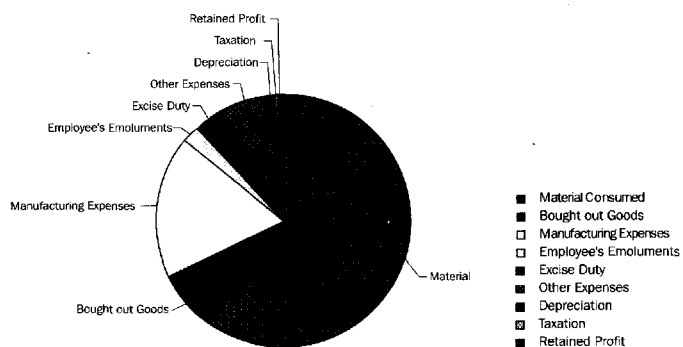
EBIDTA (OPERATING PROFIT)



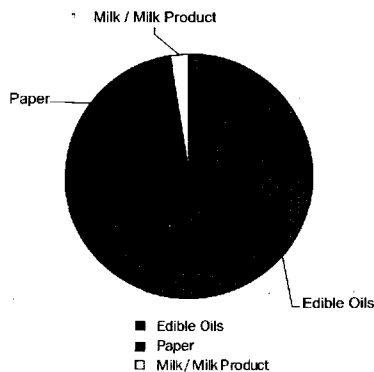
INTEREST COST



Distribution of Income : 2003 - 04



Segment - wise Sales Turnover :2003-04



**BOARD OF DIRECTORS**

Naresh Kumar Bajaj, Chairman & Managing Director
G.N. Mehra
H.S. Goenka
Ramesh Lal
L. M. Suri
Praveen Kumar
K. R. Ramamoorthy
J.K. Khaitan, Managing Director
A.K. Bajaj, Managing Director

SENIOR EXECUTIVES

S.C. Aggarwal, Executive Director
R.S. Aggarwal, President (Commodities)
Mahesh Mittal, Vice - President (Finance)
A.K. Bagga, Vice - President (Taxation)
Shiban Kishan, Vice - President (HR & Commercial)
H. R. Darwesh, Vice - President (Technical)

**PRESIDENT (CORP.) &
COMPANY SECRETARY**

J.C. Rana

AUDITORS

M/s. V. Sahai & Company

SOLICITORS

M/s. Khaitan & Jayakar

PRINCIPAL BANKERS

Punjab National Bank
Oriental Bank of Commerce

REGISTERED OFFICE

G.T. Road,
Ghaziabad - 201 009 (U.P.)

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NOTICE

NOTICE is hereby given that the 63rd Annual General Meeting of the members of **Amrit Banaspati Company Limited** will be held at Chaudhary Bhawan (Near Jain Mandir), E Block, Kavi Nagar, Ghaziabad-201 002 (U.P.) on **Tuesday, the 28th September, 2004** at 11.00 a.m. for transacting the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2004 and the Profit & Loss Account for the year ended on that date together with the reports of the Auditors & Directors thereon.
2. To appoint a Director in place of Shri A.K. Bajaj, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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

4. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION :

"RESOLVED that Shri Romesh Lal, who was appointed by the Board as Additional Director w.e.f. 29th April, 2004 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION :

"RESOLVED that Shri Lalit Mohan Suri, who was appointed by the Board as Additional Director w.e.f. 29th April, 2004 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION :

"RESOLVED that Shri Praveen Kumar, who was appointed by the Board as Additional Director

w.e.f. 30th June, 2004 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION :

"RESOLVED that Shri K. R. Ramamoorthy, who was appointed by the Board as Additional Director w.e.f. 29th July, 2004 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) of the Companies Act, 1956 to the Board of Directors/ Committee(s) of Directors of the Company to mortgaging and/or charging all the immovable and movable properties of the Company wheresoever situate, present and future, including by way of exclusive charge on certain specified assets, and the whole or substantially the whole of the undertaking of the Company together with the power to enter upon and take possession of certain assets of the Company in certain events of default in favour of Punjab National Bank (PNB) to secure the Term Loan of Rs.1900 lacs lent and advanced and/or agreed to be lent and advanced by the PNB to the Company together with interest, additional interest, compound interest, liquidated damages/penal interest, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company to secure the aforesaid financial assistance/borrowings availed/to be availed by the Company from PNB.

RESOLVED FURTHER that the mortgage/ charges created/to be created and/or all agreements/documents executed/to be executed and all acts done or to be done in

terms of the above resolution by and with the authority of the Board of Directors or Committee(s) thereof, be and are hereby confirmed and ratified.

RESOLVED FURTHER that the Board of Directors/Committee(s) of Directors be and is hereby authorized to make or accept any amendment, modification, change or alterations as may be required from time to time in connection with the creation of aforesaid mortgages/charges in favour of PNB.

RESOLVED FURTHER that the Board of Directors/Committee(s) of Directors of the Company be and is hereby authorized to finalise the documents to secure the facilities/borrowings as aforesaid and to do all such things, deeds, matters as may be necessary, desirable or expedient for giving effect to the above resolution."

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to such other approvals, if and as may be required, the consent and approval of the Company be and is hereby accorded to the revised terms of remuneration including minimum remuneration of Shri N.K. Bajaj, Chairman & Managing Director of the Company w.e.f. 1st July, 2004 for a period of three years or for the balance period of his tenure of appointment, whichever is earlier, as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER that pursuant to Section 198 and all other applicable provisions of the Companies Act, 1956, the remuneration by way of salary and perquisites as set out in the annexed Explanatory Statement be paid as minimum remuneration to Shri N.K. Bajaj or such minimum remuneration as permissible in Schedule XIII to the Companies Act, 1956

notwithstanding that in any financial year of the Company during his tenure as Chairman & Managing Director, the Company has made no profits or profits are inadequate.

RESOLVED FURTHER that the Board of Directors/Remuneration Committee be and are hereby authorised to alter or vary the terms of appointment of Shri N.K. Bajaj, including relating to remuneration, as it may, at its discretion, deem fit from time to time, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto".

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to such other approvals, if and as may be required, the consent and approval of the Company be and is hereby accorded to the revised terms of remuneration of Shri J.K.Khaitan, Managing Director of the Company w.e.f. 1st July, 2004 for a period of three years or for the balance period of his tenure of appointment, whichever is earlier, as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER that pursuant to Section 198 and all other applicable provisions of the Companies Act, 1956, the remuneration by way of salary and perquisites as set out in the annexed Explanatory Statement be paid as minimum remuneration to Shri J.K.Khaitan or such minimum remuneration as permissible in Schedule XIII to the Companies Act, 1956 notwithstanding that in any financial year of the Company during his tenure as Managing Director, the Company has made no profits or profits are inadequate.

RESOLVED FURTHER that the Board of Directors/Remuneration Committee be and are



hereby authorised to alter or vary the terms of appointment of Shri J.K.Khaitan, including relating to remuneration, as it may, at its discretion, deem fit from time to time, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto".

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to such other approvals, if and as may be required, the consent and approval of the Company be and is hereby accorded to the revised terms of remuneration including minimum remuneration of Shri A.K. Bajaj, Managing Director of the Company w.e.f. 1st July, 2004 for a period of three years or for the balance period of his term of appointment as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER that pursuant to Section 198 and all other applicable provisions of the Companies Act, 1956, the remuneration by way of salary and perquisites as set out in the annexed Explanatory Statement be paid as minimum remuneration to Shri A.K. Bajaj or such minimum remuneration as permissible in Schedule XIII to the Companies Act, 1956 notwithstanding that in any financial year of the Company during his tenure as Managing Director, the Company has made no profits or profits are inadequate.

RESOLVED FURTHER that the Board of Directors/Remuneration Committee be and are hereby authorised to alter or vary the terms of appointment of Shri A.K. Bajaj, including relating to remuneration, as it may, at its discretion, deem fit from time to time, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory

modification or re-enactment thereof for the time being in force) or any amendments made thereto".

By Order of the Board
For **AMRIT BANASPATI CO. LTD.**

J.C. RANA
Company Secretary

Regd. Office:

G.T. Road,
Ghaziabad-201 009 (U.P.)

Dated : July 29, 2004

NOTES:

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed.
2. Additional information, pursuant to clause 49 of the listing agreement with the stock exchanges on Directors recommended by the Board of Directors for appointment at the Annual General Meeting, is given in the statement annexed hereto (Annexure-2).
3. 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. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT 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.
4. The Registers of Members and Share Transfer Books of the Company will remain closed from Monday, the 13th September, 2004 to Tuesday, the 28th September, 2004 (both days inclusive).
5. Any member requiring further information on the Accounts at the meeting is requested to send the queries in writing to the Company Secretary by 15th September, 2004.

6. Members are requested to notify to the Company or to the Registrars & Transfer Agents, M/s MAS Services Pvt.Ltd., New Delhi, immediately any change in their address quoting ledger folio number.
7. Members are requested to bring their copies of Annual Report at the meeting, as extra copies will not be supplied.
8. Only registered members carrying the attendance slips and the holders of valid proxies registered with the Company will be permitted to attend the meeting.
9. Pursuant to the requirement of the listing agreement, the Company declares that its equity and preference shares are listed on the stock exchanges at Mumbai and Kanpur. The Company has paid the annual listing fee for the year 2004-2005 to both the above stock exchanges. The securities of the Company have been de-listed from the stock exchanges at Delhi, Ahmedabad and Ludhiana.
10. 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.
11. The Company has entered into agreements with M/s Central Depository Services Ltd. (CDSL) and M/s National Security Depository Ltd. (NSDL) to offer depository services to the Shareholders. Shareholders can open account with any of the depository participants registered with CDSL and NSDL.

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

Item No. 4

Shri Romesh Lal was appointed as Additional Director on the Board of Directors of the Company

on 29th April, 2004 by the Board. According to the provisions of Section 260 of the Companies Act, 1956 and Article 81 of the Articles of Association of the Company, he holds office as Director of the Company up to the date of this Annual General Meeting.

Shri Romesh Lal, aged 63 years, is a graduate from Delhi University and CAIIB, having over 35 years of experience in the field of banking, covering all facets of the banking industry e.g. credit administration, international banking operations, business development, human resources development, administration etc. He served the Punjab National Bank in various capacities including as General Manager and retired as Executive Director of Dena Bank. Shri Romesh Lal is on the Board of Directors of I.C. Textiles Ltd., Alcobex Metals Ltd. and Amrit Enterprises Ltd.

The Board of Directors feels that the experience, expertise and image of Shri Romesh Lal will be of immense value to the Company in pursuing its growth plans and, therefore, recommends his appointment.

Notice is hereby given to the Members that notice under section 257 of the Companies Act, 1956 has been received from a member along with a deposit of Rs.500/- intending to propose the name of Shri Romesh Lal as a regular Director of the Company at this Annual General Meeting who shall be liable to retire by rotation.

None of the Directors of the Company, except Shri Romesh Lal, is concerned or interested in the resolution.

Item No.5

Shri Lalit Mohan Suri was appointed as Additional Director on the Board of Directors of the Company on 29th April, 2004 by the Board. According to the provisions of Section 260 of the Companies Act, 1956 and Article 81 of the Articles of Association of the Company, he holds office as Director of the Company up to the date of this Annual General Meeting.



Shri Lalit Mohan Suri is a lawyer by profession. He has been practising in the Punjab & Haryana High Court, Chandigarh as Senior Advocate for the last 43 years. He is on the Board of Directors of Saboo – Berlac Ltd.

The Board of Directors feels that the experience, expertise and image of Shri Lalit Mohan Suri will be of immense value to the Company in pursuing its growth plans and, therefore, recommends his appointment.

Notice is hereby given to the Members that notice under section 257 of the Companies Act, 1956 has been received from a member along with a deposit of Rs.500/- intending to propose the name of Shri Lalit Mohan Suri as a regular Director of the Company at this Annual General Meeting who shall be liable to retire by rotation.

None of the Directors of the Company, except Shri Lalit Mohan Suri, is concerned or interested in the resolution.

Item No.6

Shri Praveen Kumar was nominated on Company's Board as Special Director by the Hon'ble Board for Industrial & Financial Reconstruction (BIFR) on 30.9.1998. Now that the operations of the Company have revived and net-worth turned positive, the Company is not a sick industrial company. The BIFR has, therefore, withdrawn the nomination of Shri Praveen Kumar from the Board of Directors of the Company w.e.f. 18th May, 2004.

Shri Praveen Kumar's advice and guidance has been of immense help in speedy revival of the Company. Accordingly, the Board of Directors have appointed Shri Praveen Kumar as Additional Director of the Company on 30th June, 2004 to continue to have the benefit of his advice and counsel. According to the provisions of Section 260 of the Companies Act, 1956 and Article 81 of the Articles of Association of the Company, he holds office as Director of the

Company up to the date of this Annual General Meeting.

Shri Praveen Kumar, aged about 53 years and based at Mumbai, is practising as Corporate Advisor advising various business and industrial houses on corporate restructuring, assets reconstruction/ securitisation, mergers & amalgamations, project finance and providing legal framework for addressing the above. Shri Praveen Kumar has Masters Degree in Science from the Allahabad University and has vast experience in the field of banking and industrial finance having worked in senior positions with Industrial Development Bank of India, State Bank of Mysore etc. The Board of Directors feels that the experience of Shri Praveen Kumar in the field of corporate restructuring, industrial finance and banking will be of immense value to the Company and, therefore, recommends his appointment.

Notice is hereby given to the Members that notice under section 257 of the Companies Act, 1956 has been received from a member along with a deposit of Rs.500/- intending to propose the name of Shri Praveen Kumar as a regular Director of the Company at this Annual General Meeting who shall be liable to retire by rotation.

None of the Directors of the Company, except Shri Praveen Kumar, is concerned or interested in the resolution.

Item No.7

Shri K.R.Ramamoorthy was appointed as Additional Director on the Board of Directors of the Company on 29th July, 2004 by the Board. According to the provisions of Section 262 of the Companies Act, 1956 and Article 81 of the Articles of Association of the Company, he holds office as Director of the Company up to the date of this Annual General Meeting.

Shri K.R.Ramamoorthy is a senior banker with over 40 years of commercial and banking experience. He was the Chairman & Managing Director of the Corporation Bank and Chairman & CEO of Vysya

Bank Ltd. Shri K. R. Ramamoorthy's experience and expertise has also been availed by the banking industry and the Reserve Bank of India by associating him in various Committees and Working Groups on topics of contemporary relevance to the banking industry. After his rewarding career in banking, Shri K.R.Ramamoorthy has been consulting for commercial banks in India and other developing countries. His firm, BankConsult specializes in strategy formulation for banks, restructuring & turnaround, credit risk management, loan portfolio evaluation and due diligence. Shri K. R. Ramamoorthy holds degrees in Economics and Law and is a senior fellow member of the Institute of Company Secretaries of India. Currently, Shri K. R. Ramamoorthy is on the Boards of ING Vysya Bank Ltd., ING Vysya Life Insurance Co. Ltd., Clearing Corporation of India Ltd. and a few other leading corporate entities as an independent director.

The Board of Directors feels that the experience, expertise and image of Shri K.R.Ramamoorthy will be of immense value to the Company in pursuing its growth plans and, therefore, recommends his appointment.

Notice is hereby given to the Members that notice under section 257 of the Companies Act, 1956 has been received from a member along with a deposit of Rs.500/- intending to propose the name of Shri K. R. Ramamoorthy as a regular Director of the Company at this Annual General Meeting who shall be liable to retire by rotation.

None of the Directors of the Company, except Shri K. R. Ramamoorthy, is concerned or interested in the resolution.

Item No. 8

Section 293(1)(a) of the Companies Act, 1956, inter alia, provides that the Board of Directors of a public limited company shall not, except with the consent of the members 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 of each such undertaking.

The Punjab National Bank (PNB) has sanctioned to the Company Term Loan of Rs.1900 Lacs for various capital expenditure schemes, including 9 MW Co-Generation Power Project at the Paper Unit of the Company, which is secured/to be secured by way of exclusive charge on the assets created/to be created, first charge on all the fixed assets of the Company ranking pari passu with the existing charge-holders, second charge on all the current assets of the Company ranking pari passu with the existing charge-holders and personal guarantees of S/Shri N.K.Bajaj, J.K.Khaitan, A.K.Bajaj and Pavan Khaitan.

The creation of mortgage/charge as above, requires approval of the Members under Section 293(1)(a) of the Companies Act, 1956.

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

Items No. 9,10 & 11

At the 60th Annual General Meeting of the Company held on 28th September, 2001, the shareholder approved the revised terms of remuneration of Shri N.K.Bajaj, Chairman & Managing Director, Shri J.K.Khaitan, Managing Director and Shri A.K.Bajaj, Managing Director with effect from 1st September, 2001 as contained in the Explanatory Statement forming part of the Notice of the said AGM.

The Department of Company Affairs has vide Notification No.GSR.36(E) dated 16th January, 2002 amended Schedule XIII to the Companies Act, 1956 by revising and liberalizing the limits for payment of managerial remuneration by companies having no profit or inadequate profit. As per the said Notification, such companies are now permitted to pay remuneration on a graded scale based on the effective capital up to a maximum of Rs.48 lacs per annum or Rs.4 lacs per month subject to certain conditions including approval of such remuneration by the Remuneration Committee