

65th Annual Report 2005-2006

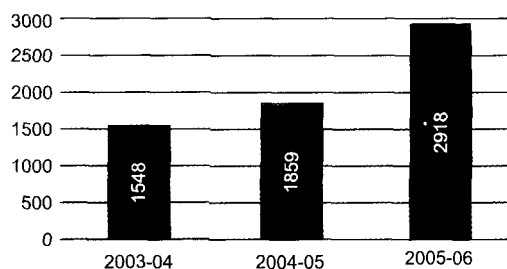
.... Another stage
has been **completed...**

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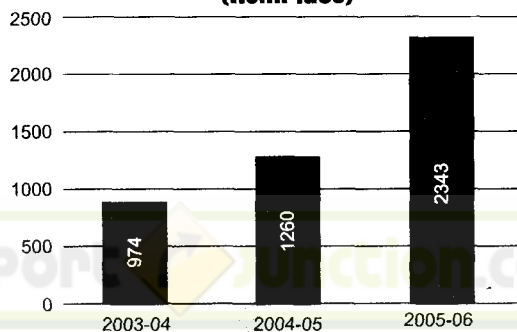
.....yet our journey
of growth
never ends

Amrit Banaspati Company Limited

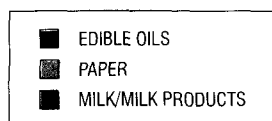
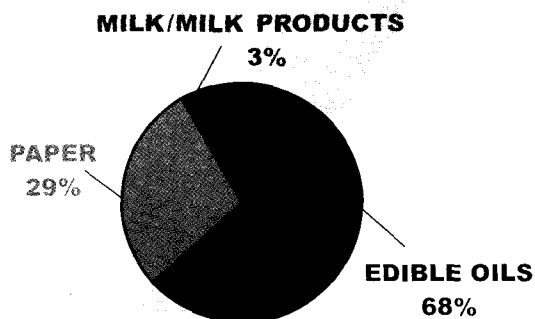
EBIDTA (Rs.in lacs)



PROFIT BEFORE DEPRECIATION (PBD) (Rs.in lacs)



SEGMENT WISE SALES TURNOVER 2005-06



**BOARD OF DIRECTORS**

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

AUDIT COMMITTEE

G.N. Mehra, Chairman
 N.K. Bajaj
 H.S. Goenka
 Romesh Lal

EXECUTIVE PRESIDENT (CORP.) & COMPANY SECRETARY

J.C. Rana

SENIOR EXECUTIVES

S.C. Aggarwal, Executive Director
 R.S. Aggarwal, President (Commodities)
 Shibani Kishen, President (Commercial)
 R.K. Shaunak, President (Technical)
 T. Kathirvelu, President (Production)
 Mahesh Mittal, Vice - President (Finance)
 A.K. Bagga, Vice - President (Taxation)
 Somesh Jawa, Vice - President (Marketing)
 Roshan Garg, Vice - President (Finance)
 Col. A.P.S. Bindra (Retd.), Vice - President (Corporate Relations)

AUDITORS

M/s. V. Sahai & Co.
 Chartered Accountants
 New Delhi

SOLICITORS

M/s. Khaitan Jayakar Sud & Vohra
 New Delhi

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 65th Annual General Meeting of the members of Amrit Banaspati Company Limited will be held at Chaudhary Bhavan (Near Jain Mandir), E Block, Kavi Nagar, Ghaziabad-201 002 (U.P.) on Thursday, the 30th November, 2006 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2006 and the Profit & Loss Account for the year ended on that date together with the reports of the Auditors & Directors thereon.
2. To declare dividend on the Equity Shares and confirm payment of interim dividend on the Preference Shares.
3. To appoint a Director in place of Shri K.R. Ramamoorthy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri L.M. Suri who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Praveen Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
6. 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

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

"RESOLVED that Shri Vikram Bajaj, who was appointed by the Board as Additional Director w.e.f. 3rd March, 2006 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 Shri Pavan Khaitan, who was appointed by the Board as Additional Director w.e.f. 3rd March, 2006 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."

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 & 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 re-appointment of Shri N.K. Bajaj as Chairman & Managing Director of the Company w.e.f. 1st January, 2007 for a period of five years on the remuneration and other terms & conditions, 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 & 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 appointment of Shri Pavan Khaitan as Managing Director of the Company w.e.f. 3rd March, 2006 for a period of three years on the remuneration and other terms & conditions, 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 Pavan 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 Pavan 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 **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 of Directors of the Company to mortgaging and/or charging all the immovable and movable properties of the Company wheresoever situate in addition to the existing mortgages and/or charges created by the Company on such immovable and movable properties, 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.1,175 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 mortgages/ 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, expedient for giving effect to the above resolution."

12. 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 of Directors of the Company to mortgaging and/or charging all the immovable and movable properties of the Company wheresoever situate in addition to the



existing mortgages and/or charges created by the Company on such immovable and movable properties, present and future, including second charge on the whole of the undertaking of the Company in favour of Punjab National Bank (PNB) and Oriental Bank of Commerce (OBC) to secure the Working Capital facilities aggregating to Rs.4,185 lacs (Fund-based Rs.1,985 lacs and Non-Fund based Rs.2,200 lacs) lent and advanced and/or agreed to be lent and advanced by the PNB & OBC 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 & OBC.

RESOLVED FURTHER that the mortgages/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 and OBC.

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, expedient for giving effect to the above resolution."

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

J.C. RANA
Company Secretary

Regd. Office:

A.T. Road,
Shazabad-201 009 (U.P.)
Dated : September 27, 2006

NOTES:

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed.
2. The General Information, as required pursuant to Notification No.G.S.R.36(E) dated January 16, 2002 in respect of Shri N.K.Bajaj, Chairman & Managing Director and Shri Pavan Khaitan, Managing Director, is contained in the statement annexed hereto (Annexure-1).
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. On a request made by the Company, the Registrar of Companies, U.P. & Uttranchal, granted extension of time upto 27th December, 2006 for holding the 65th Annual General Meeting of the Company.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 20th November, 2006 to Thursday, the 30th November, 2006 (both days inclusive).
6. The dividend on the equity shares for the year 2005-06, if declared, will be paid to those members whose names appear in the Registers of Members of the Company as on 30th November, 2006. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership position as at the end of the day on 20th November, 2006 as per data to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
7. Shareholders of the Company are informed that pursuant to the provisions of Section 205C of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of



- 7 years would be transferred to the 'Investor Education & Protection Fund' constituted by the Central Govt. Shareholders who have not encashed their dividend warrant(s) for the year 2004-05 are requested to make claim with the Company immediately as no claim shall lie against the Fund or the Company in respect of individual amount once credited to the said Fund.
8. Members holding shares in physical form are requested to intimate immediately to the Registrar & Share Transfer Agent of the Company, M/s MAS Services Pvt. Ltd., AB-4, Safdarjung Enclave, New Delhi-110 029 quoting registered Folio No. (a) details of their bank account/change in bank account, if any, to enable the Company to print these details on the dividend warrants; and (b) change in their address, if any, with pin code number. The following information to be incorporated on the dividend warrants may be furnished :
 - i) Name of Sole/First joint holder and the folio number.
 - ii) Particulars of Bank Account, viz.
 - (a) Name of the Bank
 - (b) Name of the Branch
 - (c) Complete address of the Bank with Pin Code number
 - (d) Bank Account Number allotted by the Bank and nature of the Account (Savings/Current etc.)
 9. 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.
 10. 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.
 11. 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 November, 2006.
 12. Members are requested to bring their copies of Annual Report at the meeting, as extra copies will not be supplied.
 13. Pursuant to the requirement of the listing agreement, the Company declares that its equity shares are listed on the stock exchanges at Mumbai and Kanpur. The Company has paid the annual listing fee for the year 2006-2007 to both the above stock exchanges.
 14. In respect of the matters pertaining to Bank details, ECS mandates, nomination, power of attorney, change in name/address etc., the members are requested to approach the Company's Registrars and Shares Transfer Agents, in respect of shares held in physical form and the respective Depository Participants, in case of shares held in electronic form. In all correspondence with the Company/Registrars and Share Transfer Agents, members are requested to quote their account/folio numbers or DP ID and Client ID for physical or electronic holdings respectively.
 15. Only registered members carrying the attendance slips and the holders of valid proxies registered with the Company will be permitted to attend the meeting. Shareholders are requested not to bring their families as the same creates administrative difficulties.
 16. The documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company between 11.00 a.m. and 2.00 p.m. on any working day, except Saturdays and holidays upto the date of the meeting.
- EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**
- Item No. 7**
- Shri Vikram Bajaj was appointed as Additional Director on 3rd March, 2006 by the Board of Directors of the Company. 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 Vikram Bajaj, aged 42 years, is a Graduate in Commerce from Shri Ram College of Commerce, Delhi. After working for some companies of Amrit Group as Manager and Director, he was appointed as Managing Director of Amrit Agro Industries Ltd. (AAIL) w.e.f. 21st November, 1986 and is still continuing in that position. During his tenure in AAIL spanning nearly 20 years, Shri Vikram Bajaj was instrumental in putting up the potato chips factory and introduced a range of potato chips in the market. Later, AAIL ventured into various other snack food items, including extruded snacks and conventional namkeen. Due to the strenuous efforts and management of Shri Vikram Bajaj, the potato chips manufactured & distributed under the brand name 'Uncle Chipps' became a household name and commanded a strong brand equity in the consumers' mind. The snacks food business was later sold by AAIL to Frito-Lay India, a subsidiary of Pepsico Holdings, in the year 2000. AAIL is now engaged in trading of agri-products and other items. Shri Vikram Bajaj is also involved in the business of language instruction & corporate training in collaboration with a Swiss company, namely, Inlingua.

The Board of Directors feels that the experience and knowledge of Shri Vikram Bajaj 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 u/s 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 Vikram Bajaj as a regular Director of the Company at this Annual General Meeting who shall be liable to retire by rotation.

Shri Vikram Bajaj holds 2,56,953 Equity Shares of Rs.10/- each in the Company as on the date of this Notice.

Shri Vikram Bajaj is interested or concerned in the proposed resolution. Shri N.K.Bajaj and Shri A.K. Bajaj, being related to him, may also be deemed to be interested in the said resolution. None of the other Directors of the Company is concerned or interested in the resolution.

Item No.8

Shri Pavan Khaitan was appointed as Additional Director on 3rd March, 2006 by the Board of Directors

of the Company. 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 Pavan Khaitan, aged 38 years, is a Chartered Accountant and has over 15 years of experience in the trade and industry. Before joining Amrit Enterprises Ltd. (AEL), a group company, as its Chief Executive and then as Managing Director in the year 1994, Shri Pavan Khaitan looked after the trading operations of Messrs Pooja Gases & Traders Pvt.Ltd. for 3 years. Shri Pavan Khaitan supervised the implementation of the first edible oils project of AEL and its expansion thereafter. Shri Pavan Khaitan also successfully managed the Public Issue of AEL in the year 1996. Shri Pavan Khaitan has also been looking after the affairs of ABC Paper Mill at Sailakhurd, in addition to his responsibilities at AEL. Shri Pavan Khaitan has taken several initiatives to restructure the paper business operations including setting-up of captive power plant and other new projects aimed at cost reduction. His initiatives on creating value-added branded paper in a commoditized paper business has paid rich dividends, as a result of which the paper business has shown growth in margins on year to year basis despite increase in the input costs.

The Board of Directors feels that the experience and business knowledge of Shri Pavan Khaitan 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 u/s 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 Pavan Khaitan as a regular Director of the Company at this Annual General Meeting who shall be liable to retire by rotation.

Shri Pavan Khaitan holds 1,702 Equity Shares of Rs.10/- each in the Company as on the date of this Notice.

Shri Pavan Khaitan is interested or concerned in the proposed resolution. Shri J.K.Khaitan, being related to him may also be deemed to be interested in the said resolution. None of the other Directors of the Company is concerned or interested in the resolution.

**Item No.9**

Shri N.K. Bajaj was re-appointed as the Chairman & Managing Director of the Company for a period of 5 years with effect from 1st January, 2002. The aforesaid tenure of Mr. N.K. Bajaj will expire on 31st December, 2006.

Shri N.K. Bajaj has been associated with the Company since 1961 and held various responsible positions as Executive Director, Joint Managing Director, Vice-Chairman & Managing Director and finally took over as its Chairman & Managing Director w.e.f. 30.05.1988. In view of his long association, experience, maturity and in order to continue to have the benefit of his advice and counsel, the Board of Directors in its meeting held on 27th September, 2006, has re-appointed Mr. N.K. Bajaj as the Chairman & Managing Director for a fresh tenure of 5 years with effect from 1st January, 2007 on the remuneration and other terms as given hereunder. The remuneration and perquisites payable to Shri N.K. Bajaj are within the ceilings prescribed in Schedule-XIII of the Companies Act, 1956 based on the audited Accounts for the financial year 2005-06:

(1) Salary

Salary @ 2,00,000/- per month in the grade of Rs.2,00,000-15,000-3,00,000.

(2) Perquisites and allowances

- (i) The Chairman & Managing Director shall be entitled to perquisites and allowances like furnished accommodation or house rent allowance in lieu thereof subject to a ceiling of 60% of the salary, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, medical reimbursement for self and dependent family, medical accident/Keyman Insurance, leave travel concession for self and family, club membership subject to maximum of two clubs; such perquisites and allowances will be restricted to an amount equal to their annual salary.
- (ii) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of such Rules, perquisites and allowances shall be evaluated at actual cost.

(iii) Provision for use of Company's car for official duties and telephone at residence shall not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling. Personal long distance calls on telephone and use of car for personal purposes shall be billed by the Company.

(iv) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the Rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(3) Commission

Such remuneration by way of commission in addition to the salary, perquisites and allowances subject to a ceiling of 50% of the annual salary calculated with reference to the net profit of the Company in a particular financial year as may be determined by the Board of Directors at the end of each financial year subject to the overall ceilings as stipulated in the Sections 198 and 309 of the Companies Act, 1956.

- (4) No sitting fees shall be paid to the Chairman & Managing Director for attending the meetings of the Board of Directors or any Committee(s) thereof.
- (5) Shri N.K. Bajaj will not be liable to retire by rotation.

The resolution set-out under Item No.9 of the Notice is intended to obtain approval of the members to the re-appointment and payment of remuneration to Shri N.K. Bajaj as the Chairman & Managing Director and the Board recommends the acceptance thereof.

The terms of remuneration of Shri N.K. Bajaj has the approval of the Remuneration Committee, constituted by the Board.

The explanatory statement and the resolution at Item No. 9 of the Notice is and may be treated as an abstract of the terms of appointment of Shri N.K. Bajaj, as the Chairman & Managing Director of the Company and memorandum of interest, pursuant to the provisions of Section 302 of the Companies Act, 1956.