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BESTFOODS
International Bestfoods Ltd.

Knorr

**Brown
& Polson**
Custard Powder

**Captain
Cook.**

REX
ICE CREAM MIX

1 KG.
Glucovita
Glucose-D

Tarla Dalal

SKIP



BESTFOODS

INTERNATIONAL BESTFOODS LTD.

SALIL PUNOOSE

CHAIRMAN & MANAGING DIRECTOR

DIRECTORS

R. K. HENRY

DIEGO BEVILACQUA

C. M. MANIAR

D. V. REGE

A. R. DUDANI (GIC Nominee)

H. K. BILPODIWALA

(Alternate to Mr. R. K. Henry)

B. S. SHAH

(Alternate to Mr. Diego Bevilacqua)

SOLICITORS

CRAWFORD BAYLEY & CO.

AUDITORS

S. B. BILLIMORIA & CO.

BANKERS

CANARA BANK

THE SARASWAT CO-OP. BANK LTD.

REGISTRARS & SHARE TRANSFER AGENTS

INDUSTRIAL INVESTMENT TRUST

CORPORATE SERVICES LTD.

IIT HOUSE, J. B. NAGAR,

ANDHERI (EAST),

MUMBAI - 400 093.

TEL. : 91-22-822 55 99

FAX : 91-22-821 53 52

REGISTERED OFFICE

SHREE NIWAS HOUSE,

H. SOMANI MARG,

MUMBAI - 400 001.

TEL. : 91-22-207 23 21 - 22 - 24

FAX : 91-22-207 61 80

FACTORIES

7 & 7A MIDC INDUSTRIAL AREA,

THANE-BELAPUR ROAD,

P. O. GHANSOLI,

THANE - 400 701.

OFF N. H. NO. 8A,

VILLAGE CHOPDVA

TALUKA BHACHAU

KUTCH GUJARAT.

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NOTICE

Notice is hereby given that the Sixty-Seventh Annual General Meeting of International Bestfoods Limited, will be held at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K Dubash Marg, Mumbai 400 001, on Monday, 26th July, 1999 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider, approve and adopt the audited Balance Sheet as at and Profit and Loss Account for the year ended 31st March, 1999 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R. K. Henry, who retires by rotation and, being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr. D. V. Rege, who retires by rotation and, being eligible offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting, until the conclusion of the next Annual General Meeting of the Company 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 Section 94 read with Sections 16, 31 and other applicable provisions, if any of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 4,51,00,000 (Rupees Four Crores Fifty One Lacs) divided into 37,60,000 (Thirty Seven Lacs Sixty Thousands) Equity shares of Rs. 10/- (Rupees Ten) each and 75,000 (Seven Five Thousands), 14% Redeemable Cumulative Preference shares of Rs. 100/- (Rupees One Hundred) each to Rs. 10,00,00,000 (Rupees Ten Crores) divided into 92,50,000 (Ninety Two Lacs Fifty Thousands) Equity shares of Rs. 10/- (Rupees Ten) each and 75,000 (Seventy Five Thousands), 14% Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred) each."

"RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company be and is hereby deleted and the following substituted therefor:

The Authorised Share Capital of the Company is Rs. 10,00,00,000 (Rupees Ten Crores) divided into 92,50,000 (Ninety Two Lacs Fifty Thousands) Equity shares of Rs. 10/- (Rupees Ten) each and 75,000 (Seventy Five Thousands) 14% Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred) each."

"RESOLVED FURTHER THAT the existing Article 5 of the Articles of Association of the Company be and is hereby deleted and the following substituted therefor:

The Authorised Share Capital of the Company is Rs. 10,00,00,000 (Rupees Ten Crores) divided into 92,50,000 (Ninety Two Lacs Fifty Thousands) Equity shares of Rs. 10/- (Rupees Ten) each and 75,000 (Seventy Five Thousands) 14% Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred) each, subject to being increased as herein provided in accordance with the regulations of the Company and legislative provisions for the time being in force."

"RESOLVED FURTHER THAT, the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution."
6. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to Section 80, 81 and other applicable provisions, if any, of the Companies Act, 1956 and Article 8 and other applicable Articles if any of the Articles of Association of the Company, and subject to the approvals and/or sanctions, if any, and to the extent necessary of the Securities and Exchange Board of India (SEBI), The Stock Exchange, Registrar of Companies and any other appropriate authorities, institutions or bodies, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to issue, offer and allot upto 75,000, 14% Redeemable Cumulative Preference Shares of Rs. 100/- each for cash by way of Rights issue and/or private placement to financial institutions and/or banks and/or Investment institutions and/or Mutual Funds and/or other entities and at such times and on such terms and conditions as the Board of Directors may in its sole discretion think fit.

RESOLVED FURTHER THAT the Board of Directors be and they are hereby authorised to take steps and to do all acts, deeds and things as may be necessary, desirable or expedient to give effect to this resolution."
7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution** :

"RESOLVED THAT in accordance with the provisions of Section 81, 81(1A) and any other applicable provisions, if any, of the Companies Act, 1956 and the enabling provisions of the Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and the prevailing statutory guidelines in that behalf and subject to all necessary and appropriate consents, permissions, approvals and/or sanctions from all appropriate authorities including the Securities and Exchange Board of India (SEBI),



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Government of India, Reserve Bank of India (RBI), the Stock Exchange and all other bodies, institutions as may be relevant (hereinafter singly or collectively referred to as "the appropriate authorities") and subject to such conditions as may be prescribed or imposed by any of them while granting such consents, permissions and approvals/sanctions (hereinafter referred to as "the requisite approvals") and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall deem to include any Committee of Directors, for the time being, duly authorised by the Board to exercise powers conferred on the Board by this resolution) the consent of the Company be and is hereby accorded to the Board to issue, offer and allot, Equity shares as consented/approved by the appropriate authorities (hereinafter referred to as "the Equity Shares") in one or more offerings/tranches as the Board at its sole discretion may at any time or times hereafter decide which Equity shares at par or at a premium at such price not exceeding Rs. 275/- per share, shall not exceed the aggregate value of Rs. 50 crores (Rupees Fifty Crores) only provided that the increase in the Equity Capital as aforesaid together with the existing paid-up Equity Capital, outstanding for the time being shall not at any point exceed the limits of Authorised Equity Capital of the Company, to such persons as the Board may in its sole discretion decide whether members, debentureholders, employees, Non-Resident Indians (including Overseas Corporate Body(ies) (OCBs), International and/or Indian Financial Institutions, Foreign Investors, Foreign Companies, Foreign Institutional investors, Investment Institutions, Mutual Funds, Banks, Insurance Companies, Indian Residents, other entities (whether or not those entities include members of the Company) and/or in any one or more combination thereof or to such other persons, through a further issue of Equity shares on a rights basis, and in such manner as the Board may in its absolute discretion think fit and determine from time to time in conformity with the applicable laws, rules and regulations and the Articles of Association of the Company, wherever applicable, on such terms and conditions including the number of Equity shares to be issued, the issue price, with or without minimum and maximum price(s), the ratio of rights, fixing of record date or book closure and any other related or incidental matters and all such other terms as are provided in the offerings of a like nature, as may be permitted in accordance with the prevailing rules/guidelines in this behalf."

"RESOLVED FURTHER THAT the Equity shares issued by the Company in any manner aforesaid shall rank pari passu in all respect with the then existing fully paid up Equity Shares of the Company, save that the dividend, if any, payable in respect of the Equity Shares shall be proportionate to the amounts paid up or credited as paid up on the Equity Shares during any portion or portions of the period in respect of which the dividend is paid."

"RESOLVED FURTHER THAT such of these Equity Shares to be issued as are not subscribed, may be disposed of by the Board to such persons whether or not they are the members of the Company and in such manner and on such terms and conditions as the Board may in its absolute discretion think fit in the best interests of the Company including offerings or placing them with banks/financial institutions/investment institutions/mutual funds/foreign institutional investors/foreign and/or Indian bodies corporate/such other persons or otherwise as the Board may in its absolute discretion decide."

"RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby specifically authorised to take all such steps, actions and to give such directions, as may be desirable and also to settle any question or difficulty that may arise with regard to the proposed issue/offer and allotment of Equity Shares as aforesaid and to decide and determine and/or modify the detailed terms and conditions of the issue, reissue, offer, utilisation of the proceeds, including redemption of preference shares, the manner and mode for listing of the Equity Shares on such recognised Stock Exchanges as they may deem fit, preparing and finalising the Offer document(s) as may be required in accordance with the applicable rules/guidelines in this behalf, appoint various agencies for the issue and to do all further acts, deeds, matters and things as may be necessary, proper or expedient to give effect to these resolutions without being required to seek any further consent or approval of the Company or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority to this resolution."

By Order of the Board of Directors
For **INTERNATIONAL BESTFOODS LIMITED**

DHIREN PAREKH
Finance Manager & Company Secretary

May 29th, 1999

Registered Office:
Shree Niwas House,
H. Somani Marg,
MUMBAI 400 001.

NOTES :

- (1) Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Resolutions set out under Item No. 5 to 7 above is annexed.
- (2) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY MAY BE SENT IN THE FORM ENCLOSED AND IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE MEETING.**
- (3) The Members are requested to notify change in their address, if any, quoting their Folio no., to the Registered Office of the Company or to the Registrars and Share Transfer Agents, Industrial Investment Trust Corporate Services Limited, IIT House, J B Nagar, Andheri (East), Mumbai 400 093.
- (4) For the convenience of the Members, Attendance slip is annexed to the proxy form. Members are requested to fill in and affix their signatures at the space provided therein and hand over the attendance slip at the entrance of the place of the meeting. Proxy/Representative of a Member should mark on the Attendance Slip as Proxy or Representative as the case may be.
- (5) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the meeting.

By Order of the Board of Directors
For **INTERNATIONAL BESTFOODS LIMITED**

DHIREN PAREKH
Finance Manager & Company Secretary

May 29th, 1999

Registered Office:
Shree Niwas House,
H. Somani Marg,
MUMBAI 400 001.

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item 5 :**

The Company proposes to make an issue of the Equity Shares on a Rights basis. To meet this requirement of capital, it is proposed to increase the Authorised Share Capital of the Company from Rs. 4.51 crores to Rs. 10 crores.

The Directors, therefore, recommend the passing of the Special Resolution contained in Item no. 5 of the accompanying Notice under Section 94, 16 & 31 of the Companies Act, 1956.

A copy of the Company's Memorandum and Articles of Association is open for inspection by the shareholders at the Registered Office of the Company between 10.00 a.m. and 1 p.m. on all days except Saturdays, Sundays and public holidays.

None of the Directors of the Company is interested in these resolutions.

Item 6 :

The Company had issued 24,000, 14% Redeemable Cumulative Preference shares of Rs. 100/- each to General Insurance Corporation of India Ltd. ("GIC") and its subsidiaries in 1989 which were redeemable in February, 1999. The Company has obtained extension of one year from the preference shareholders to redeem them. The accumulated dividend thereon is Rs. 33.56 lakhs.

Under the Companies Act, 1956, the Preference Shares can be redeemed out of the profits of the Company or out of the proceeds of a fresh issue of the capital of the Company.

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The Directors, therefore, recommend the passing of the Special resolution contained in Item no. 6 of the accompanying notice for the issue of fresh 14% Cumulative Redeemable Preference shares of Rs. 100/- each for cash upto the aggregate value of Rs. 75,00,000/- on Rights or Private Placement basis for the above purpose.

The Directors may be considered to be interested in passing of the above resolution to the extent of the new Preference Shares which may be issued or allotted to them.

Item 7 :

The Company has acquired the Registered Trademark "Captain Cook", manufacturing facilities for salt at Gandhidham from DCW Home Products Ltd. To finance the acquisition, the Company has received an interest-free advance from Bestfoods, USA and a loan from Citibank. With a view to reduce the interest costs, the Company proposes to raise the money by offering and issuing Equity Shares of the Company at a price not exceeding Rs. 275/- per share to the existing shareholders of the Company on a Rights basis, the aggregate value of the issue not exceeding Rs. 50 crores. The interest-free advance received from Bestfoods, USA will be adjusted against the subscription amount for the rights entitlement of Bestfoods, USA. The Company proposes to utilise the proceeds of the Rights issue for refinancing the acquisition. The Company also intends to utilise a part of the monies raised through the issue of the Equity Shares to redeem the Preference Shares outstanding as on March 31, 1999 or any fresh preference shares issued pursuant to the Special Resolution contained in Item no. 6 of the accompanying notice both on capital as well as dividend account, subject to all the requisite consents and approvals of all appropriate authorities under all applicable laws, rules and regulations.

The Directors, therefore, recommend the passing of the Special Resolution under Section 81, 81 (1A) contained in Item no. 7 of the accompanying notice to obtain the approval of the shareholders for the issue of Equity Shares on a Rights basis and for enabling the Board of Directors to finalise the detailed terms and conditions thereof in the best interests of the Company.

The Directors of the Company may be considered to be interested in the resolution to the extent of their shareholdings in the Company.

By Order of the Board of Directors
For **INTERNATIONAL BESTFOODS LIMITED**

DHIREN PAREKH
Finance Manager & Company Secretary

May 29th, 1999

Registered Office:
Shree Niwas House,
H. Somani Marg,
MUMBAI 400 001.

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DIRECTORS' REPORT

Your Directors are pleased to submit their Annual Report and Audited results for the year ended 31st March 1999.

Financial Results :

	Current Year ended 31.3.99*	Current Year ended 31.3.99	(Rs. in Thousands)	
	Salt Division (Unaudited)	Foods Division (Unaudited)	Current Year ended 31.3.99	Previous Year ended 31.3.98
Net Sales/Income from operations	369.05	4,488.28	4,857.33	3,829.84
Other Income	—	113.80	113.80	172.15
Total Expenditure	329.28	4,515.04	4,844.32	4,049.17
Interest	120.25	16.73	136.98	17.26
Gross Profit/(Loss) after interest and before depreciation & Taxation	(80.48)	70.31	(10.17)	(64.44)
Depreciation	95.73	70.14	165.87	30.84
Profit/(Loss) before Tax	(176.21)	0.17	(176.04)	(95.28)
a. Provision for Wealth Tax	—	1.18	1.18	1.20
b. Provision for Income Tax	—	—	—	—
Non-recurring (Income)/Expenses (Net)	—	(42.20)	(42.20)	33.29
Net Profit/(Loss)	(176.21)	41.19	(135.02)	(129.77)
Paid-up Equity Share Capital			344.08	344.08
Paid-up Preference Share Capital			24.00	24.00
Reserves excluding Revaluation Reserves			1,542.70	1,677.72

* Sales for 5 weeks only. Acquisition completed on 29/1/99.

Dividend :

Having regard to the accumulated losses incurred by the Company, your Directors regret their inability to recommend any dividend. The dividend on Preference Shares has been deferred.

Operating Performance :

Overall

Your Company has registered a growth in turnover over last year of 26% in consumer products and an overall growth of 27% primarily due to the acquisition of the Salt Business from M/S DCW Home Products Ltd.

The results for the period reflect a net loss of Rs. 135 Lacs. However, the Foods Division has earned a profit of Rs. 41 Lacs. The loss of the Salt Division of Rs. 176 Lacs is primarily due to depreciation (Rs. 95.73 lacs) and finance charges (Rs. 120.25 lacs).

Foods Division

Knorr continues to enjoy a dominant share in the soup market. We have 12 varieties of soup - the range is constantly reviewed and contemporized with new flavours added regularly and less popular ones withdrawn.

After a successful test launch in Madras, the company has recently extended **Skippy Ready to eat Jelly** to other large towns in India. Skippy is popular with children and we are quite optimistic about its prospects.

The Company has in its portfolio, other strong brands like 'Glucovita.' (Glucose), 'Brown & Polson' (Custard) and 'Rex' (Jelly). These brands have also contributed significantly towards the increase in turnover.



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Your Company has also focussed its attention on expanding the **Caterplan** business (Caterplan Business of Bestfoods USA has a world-wide turnover of US\$ 1.3 billion which is 15 % of total turnover). This business addresses the needs of the hotel industry, restaurants and other institutions. Sales have shown an increase of 63% over last year. The Company proposes to expand the operations of this business nationwide by strengthening the Caterplan organization.

Acquisitions:

a. Salt

Effective January 29th 1999, your Company has acquired the Salt business of Messrs. DCW Home Products Ltd. including the "**Captain Cook**" trademark and manufacturing facilities at Gandhidham. Sales of salt commenced from the last week of February. The Company is in the process of installing balancing equipment for the second line of production which is due to commence in July 1999.

Your Company is looking forward to strong revenue growth and increased profitability with the above acquisition in the years to come.

b. Instant Mixes

During the year, your Company also acquired the "**Tarla Dalal**" trademark and knowhow for manufacture of various Instant Mixes. These include items such as "Vada Mix", "Dosa Mix", "Gulab Jamun Mix" and "Eggless Cake Mix" amongst others. With this acquisition, the Company expects to step up its presence in the instant mixes market. It also lends a strong 'Indian' flavour to our range to complement custard, jelly, soups and glucose. A great deal of work is going on in both R&D and Marketing to grow the Tarla Dalal brand.

Other Income :

Other income primarily consists of interest income, which has declined from Rs. 153 lakhs last year to Rs. 87 lakhs in the current year, due to utilisation of surplus funds for the acquisitions and the Kalwa expansion project.

Future Outlook :

Your Company has ambitious plans for growth through the acquisition of the salt business and by leveraging the **Captain Cook** brand name into new categories.

With the discontinuation of the Industrial Products Division in the previous year, the Company and management is now better equipped to focus managerial resources on the branded foods and branded staples business.

You will be glad to know that the expansion and refurbishing of the factory at Kalwa is completed with the installation of state-of-the-art production and packing facilities and a well equipped laboratory for R&D and Quality Assurance.

Bestfoods, USA :

The parent company, Bestfoods, has recorded a fine performance in the year 1998 with world-wide sales of US\$ 8.4 billion and profits after tax of US\$ 0.6 billion, maintaining the results of the previous year inspite of the spin off of the corn refining business into a separate company.

Bestfoods has re-affirmed its commitment towards it's Indian subsidiary and it's faith in the Indian market by bringing in Rs 33.96 crores as advance towards Equity Shares proposed to be issued by your company.

Y2K Issue :

Your company has taken adequate steps to ensure readiness for the Year 2000 date change. The entire process of identification of impact of Year 2000 change has been completed and the company expects to be 100% Y2K compliant by June 1999. The estimated cost of ensuring Y2K compliance is not expected to be material.

In addition to this, your company has also designed a plan of action in order to minimise any disruption in operations that may arise due to the Year 2000 change.

Fixed Deposits :

As on 31st March, 1999, the total fixed deposits with the Company were Rs. 2,01,000 which included 15 deposits amounting to Rs.86,000 which were neither renewed nor claimed for repayment on maturity. As on the date of this Report, no depositor holding such deposits has claimed repayment or renewed his deposits.

Directors :

Mr. R. K. Henry and Dr. D. V. Rege, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

Auditors :

Messrs S.B. Billimoria & CO., Auditors of your Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished a certificate for re-appointment under Section 224 (1B) of the Companies Act, 1956 and have indicated their willingness to continue.

The notes to the Accounts referred to in the Auditors' Report is self-explanatory and therefore do not call for any further comments.

Employee Relations :

Employee relations continue to be cordial. A long term settlement has been signed with the Trade Union at Kalwa.

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding the Statement of Particulars of Employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the statement may write to the Secretary at the Registered Office of the Company.

Conservation of Energy :

The particulars required under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 form part of this report as Annexure 'A'.

Acknowledgement :

The energy, skills and dedication of the employees will continue to be the driving force in achieving the goals set by your Company. With deep gratitude, we recognise their contribution. The Board of Directors of your Company would like to thank our customers and suppliers for their support and co-operation and our shareholders for their continued confidence. In addition, special recognition is due to our parent company, Bestfoods, USA for its wholehearted support and guidance.

For and on behalf of the Board of Directors

SALIL PUNOOSE
Chairman and Managing Director

Mumbai : May 29th, 1999