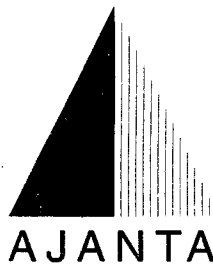


12th
ANNUAL REPORT
2002 - 2003



AJANTA SOYA LIMITED

**AJANTA SOYA LIMITED****BOARD OF DIRECTORS**

Mr. Sushil Goyal	<i>Chairman & Managing Director</i>
Mr. Sri Ram Goyal	<i>Director</i>
Mr. Prahlad Goyal	<i>Director</i>
Mr. Harsh Chander Kansal	<i>Director</i>
Mr. Mahak Kansal	<i>Director</i>

STATUTORY AUDITORS**M/s. TAS Associates**

Chartered Accountants
Flat No. 4, 11/71, Punjabi Bagh West
New Delhi - 100 026

SECRETARIAL ADVISORS**M/s. Rajeev Goel & Associates**

Company Secretaries
S-547, School Block, Shakarpur
Delhi - 110 092
Phone/Fax : 22483669/22481397/22484045
e-Mail : rajeevgoelassociate@yahoo.com

BANKERS**State Bank of India**

Overseas Branch
Vijaya Building, Barakhamba Road,
New Delhi-110 001

REGISTERED OFFICE

SP-916, RIICO Industrial Area Phase - III,
Bhiwadi - 301 019, Distt. Alwar (Rajasthan)

INVESTORS RELATION CENTRE

4C, Bigjos Tower, A-8 Netaji Subhash Place
Wazirpur District, Centre, New Delhi - 110 034
Phone : 27102606, 27194063 Fax : 27105594

*ALL CORRESPONDENCE RELATING TO TRANSFER OF
SHARES, CHANGE IN ADDRESS ETC. SHOULD BE
SENT TO THE INVESTORS RELATION CENTRE*

SHARES LISTED WITH STOCK EXCHANGE AT**The Delhi Stock Exchange Association Ltd.**

DSE House, 3/1, Asaf Ali Road
New Delhi - 110 002

The Stock Exchange, Mumbai

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001

The Calcutta Stock Exchange Association Ltd.

7, Lyons Range, Calcutta - 700 001

The Stock Exchange, Ahmedabad

Kamdheni Complex, Opp. Sahajanand College
Panjara Pole, Ahmedabad - 380 015

Jaipur Stock Exchange Ltd.

Stock Exchange Building, Jawahar Lal Nehru Marg
Malviya Nagar, Jaipur - 302017

Ludhiana Stock Exchange Association Ltd.

Feroze Gandhi Market, Ludhiana - 141 01

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NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Members of **AJANTA SOYA LIMITED** will be held on Saturday, 13th December, 2003 at 11.30 A.M. at the registered office and works of the Company at SP-916, RIICO Industrial Area, Phase III, Bhiwadi, Distt. Alwar, Rajasthan, to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2003 together with the Reports of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. Sri Ram Goyal 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 the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary Resolution: **"RESOLVED THAT** pursuant to the provisions of sections 198, 309, 269 read with schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, consent of members of the Company be and is hereby given for the re-appointment of Mr. Sushil Goyal as the Managing Director of the Company for a period of 5 years with effect from 27th July, 2003 on a monthly remuneration not exceeding Rs. 30,000/- (Rupees thirty thousand only) to be paid either by way of salary or perquisites or both.

RESOLVED FURTHER THAT in terms of the provisions of Schedule XIII, the Managing Director shall also be eligible to the following perquisites which shall not be included in the aforesaid remuneration :

- (a) 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
- (b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- (c) encashment of leave at the end of the tenure.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise and fix the remuneration of the Managing Directors from time to time within the aforesaid limit.

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary Resolution: "Resolved that Mr. Mahak Kansal, who was appointed as an Additional Director to hold office till the date of the Annual General Meeting be and is hereby appointed as Director of the Company, whose office shall be liable to determination by rotation."

By order of the Board
For **AJANTA SOYA LTD**
Sd/-
(SUSHIL GOYAL)
Managing Director

Dated : 12th November, 2003

Place : Delhi

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/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The register of members and share transfer books of the Company will remain closed on Tuesday, 16th December, 2003 and Wednesday, 17th December, 2003.
3. Members are requested :
 - (a) To notify the change of address, if any, to the Company immediately.
 - (b) To carry along their copy of the Annual Report at the Annual General Meeting for ready reference.
 - (c) To produce at the entrance the enclosed attendance slip duly completed and signed for admission to the meeting place.
4. For any specific query on the accounts of the Company, please write to the Company at least 7 days before the date of the Annual General Meeting.
5. Explanatory statement as required under section 173(2) of the Companies Act, 1956 in respect of special Business under item no. 4 and 5 is annexed.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEMS NO. 4:**

Mr. Sushil Goyal had been appointed as the Managing Director of the Company for a period of 5 years which expired on 27.07.2003. The Board of Directors re-appointed him for a further period of 5 years with effect from 27.07.2003 subject to the approval of the members in general meeting. The remuneration was also approved by the remuneration committee of the Board.

In terms of the provisions of the Companies Act, 1956, consent of members is required for the re-appointment of Mr Sushil Goyal as the Managing Director of the Company and payment of remuneration to him.

None of the Directors other than Mr. Sushil Goyal and Mr. Sri Ram Goyal are interested or concerned in the proposed resolution.

ITEMS NO. 5:

Mr. Mahak Kansal was co-opted on the Board of Directors of the company as additional director to hold office till the date of ensuing annual general meeting. Notice along with the requisite deposit proposing his candidature has been received by the Company. The proposed resolution is moved to appoint Mr. Mahak Kansal as a director of the Company.

None of the Directors other than Mr. Mahak Kansal and Mr. Harsh Chander Kansal are interested or concerned in the proposed resolution.

By order of the Board
For **AJANTA SOYA LTD**

Sd/-

(SUSHIL GOYAL)
Managing Director

Dated : 12th November, 2003

Place : Delhi

Report  junction.com



DIRECTORS REPORT

Dear Members

Your Directors take pleasure in presenting the 12th Annual Report of your Company together with the Audited Accounts for the year ended March 31, 2003. The highlights of the financial results are as follows :

FINANCIAL RESULTS

(Amount in Lacs)

Particulars	Year ended 31/03/2003	Year ended 31/03/2002
Net Sales		
a. Vanaspati & Oil	18075.37	11577.29
b. Rice	2274.76	391.42
Other Income	74.62	21.72
Increase/(Decrease) in stock in trade	471.97	8.38
Total Income	20896.71	11998.81
Total Expenditure		
a) Raw Material Consumption	16824.27	10451.20
b) Rice Purchase & other Expenses	2332.30	309.52
c) Manufacturing, Administrative and Other Overheads	1426.25	973.25
d) Financial Charges	96.15	51.87
e) Misc. Expenditure Written off	8.22	8.22
Depreciation	80.09	76.42
Profit/Loss before tax	129.93	132.38
Provision for Taxation	60.07	66.33
Net Profit after Tax	69.86	66.05
Paid up Equity Capital	997.00	997.00
Reserves excluding Revaluation reserves	189.17	119.30

YEAR IN RETROSPECT & FUTURE PLANS

The Company has posted an impressive turnover during the year under review and crossed Rs 200 Crores mark in the total income. Turnover from the Vanaspati and Oil was Rs. 180.75 Crores against Rs 115.77 Crores resulting an increase of 56.12%. Domestic and export sales from rice during the year was Rs. 22.75 Crores as against Rs. 3.91 Crores, a whopping 482% increase. Despite the impressive increase in turnover, net profit after tax did not rise proportionately. This was due to several factors including;

- Increase in the input prices for vanaspati and oil could not be fully passed on to the customers/end users, and
- The rice segment being a new venture for the Company, the main focus of the Company was to penetrate the market and to get itself established rather than earn big profit. The Company expects to reap rich return from this segment in future.

EXPORT MARKET

The Company has exported rice to African Countries. Efforts are also being made to enter into new export markets.

DIVIDEND

In order to further strengthen the position of its reserves it is decided to retain and plough back the profits into the business, no dividend is being recommended for this year.

AMALGAMATION

A scheme of Amalgamation for the merger of Kasturi Finlease & Investment Ltd with Ajanta Soya Ltd was filed before the Hon'ble High Court of Delhi at New Delhi and the Hon'ble High Court of Rajasthan at Jaipur for approval by these Companies respectively. The Hon'ble High Court of Delhi was pleased to grant its approval to the said scheme of amalgamation vide its order dated 23rd May, 2003. However, the Hon'ble High Court of Rajasthan is yet to grant its approval.

CORPORATE GOVERNANCE

Your Company has been proactive in following the principles and practices of good Corporate Governance. The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges are complied with.

A separate section on Corporate Governance is produced as a part of the Annual Report along with the Auditor's Certificate on its compliance.

**AJANTA SOYA LIMITED****DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of the newly inserted sub-section (2AA) of Section 217 of the Companies Act, 1956 introduced vide Companies (Amendment) Act, 2000, your Board of directors hereby furnish the required Directors Responsibility Statement as under:

- i. That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. That the Directors have selected and applied consistently such accounting policies, made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors have prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

The audit committee comprising Mr. Sri Ram Goyal, Mr. Prahlad Goyal & Mr. Harsh Chander Kansal continues to function in compliance with the provisions of Sec. 292A of the Companies Act, 1956.

FIXED DEPOSITS

During the year under report, your Company did not accept any deposits from the public in terms of Section 58A of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

During the financial year under review, none of the Company's employees was in receipt of remuneration as prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended and hence no particulars are required to be disclosed in this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Conservation of Energy : Abundant care and attention has been taken to maximize the conservation of energy.
- (b) Technology Absorption : The Company is taking care of latest developments and advancements in technology and all steps are being taken to adopt the same.
- (c) Foreign Exchange Earnings and Outgo :

	Amount (in Lacs)
Total Foreign Exchange inflow	2076.46
Total Foreign Exchange outflow	3913.10

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Sri Ram Goyal retires by rotation and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

After the Last Annual General Meeting Mr. Mahak Kansal was appointed as additional Director of the Company. In terms of the provisions of the Companies, 1956 the term of his office would expire at the date of the ensuing AGM. It is proposed to appoint him as ordinary director of the Company. Your Directors recommend his re-appointment.

AUDITORS

M/s Tas Associates, Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. A certificate under Section 224 (1) of the Companies Act, 1956 regarding their eligibility for the proposed re-appointment has been obtained from them. Your Directors recommend their re-appointment.

STOCK EXCHANGE LISTING

The Company's shares are listed on Delhi, Mumbai, Ahmedabad, Jaipur, Ludhiana and Calcutta Stock Exchanges.

ACKNOWLEDGEMENT

The Board wishes to thank the Bankers and its valued business associates for the continuous support and co-operation extended by them and also record its appreciation of the valuable contribution made by the employees at all levels towards the growth of the Company.

Date : 12.11.2003

Place : Delhi

By order of the Board
For **AJANTA SOYA LIMITED**
Sd/-
(SUSHIL GOYAL)
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. VANASPATI

ECONOMIC SCENARIO-2002-2003

The growth rate of the country's gross domestic product (GDP) was lower at 4.4% in 2002-2003 as compared to 5.6% in 2001-2002 mainly due to an estimated decline of nearly 3.1% in agricultural output owing to drought conditions in many parts of the country. The saving grace was the higher growth rates recorded in the industrial sector (5.8%) and the services sector (7.1%) as compared to the previous years.

The agricultural production of the country was badly hit due to poor monsoon conditions resulting in deficient rainfall (20 to 59%) in 21 out of 36 meteorological subdivisions. The oilseeds production was no exception. The expected production of 15.4 million tonnes was substantially lower as compared to 20.5 million tonnes in the previous year. The production shortfalls in the 3 major crops viz. groundnut & soyabean (kharif) and rapeseed /mustard (Rabi) was very drastic. The total indigenous oils availability has been estimated around 5.5 million tonnes against a demand of approximately 10 million tonnes. Hence, the gap between demand and supply had to be filled up with imports which were to the tune of 4.5 million tonnes. These mainly comprised of 1.9 million tonnes of CPO, 1.48 million tonnes of soyabean oil and 0.92 million tonnes of crude olein.

The price of CPO were fairly steady during the year 2002 touching an average of about Rs. 33,500 per tonne. However, these were higher than the previous year by about Rs. 10,000/- per tonne.

The indigenous oil prices were also up by about Rs. 6000/- to Rs. 7000/- per tonne.

The year 2003 has started off on a good note with bountiful rainfall in the month of July. Hopefully the woes of last year's drought will be fully compensated this year.

VANASPATI INDUSTRY OPERATIONS

The working of the industry was better than in the previous year, primarily because of the relief emanating from regulated supplies of duty free vanaspati from Nepal. The combined production of vanaspati (13.8 lakh tonnes), bakery shortening (48,000 tonnes) and margarine (10,000 tonnes) was 14.38 lakh tonnes, which was 6% higher than 13.60 lakh tonnes in the previous year. However, the pricing and demand scenario fluctuated from month to month due to several factors.

INDUSTRY STRUCTURE & DEVELOPMENT

vanaspati is popular cooking medium. Considered to be wholesome alternative to Desi Ghee, now it enjoys an essential commodity status. It was widely preferred cooking medium among rural and lower-end of Socio-Economic-Class (SEC) consumers. Presently the industry mainly depends on the imported oils, particularly Crude Palm Oil (CPO) for the production of Vanaspati.

Lately the trend has been of installing high capacity plants in the range of 800-1200 Mt. per day near the sea ports because the industry mainly uses imported

PRODUCTWISE PERFORMANCE

PRODUCT	SALES			
	LAST YEAR 2001 - 2002		THIS YEAR 2002 - 2003	
	Quantity (MT)	Value (Rs. Lacs)	Quantity (MT)	Value (Rs. Lacs)
Vanaspati / Refined Oils	36558	11154	45745	17503

OPPORTUNITIES AND THREATS

Good amount of uniform rains throughout India this year should lead to a trend reversal in edible oil imports and lower prices on domestic front.

Premium brands are fast losing their market share to economy brands. As volume are difficult to sustain, the top premium brands reacted to it by introducing cheaper blends from consumer who want the same brand name. But there has been a perceptible fall to their core product.

MNC's and large players/importers who have set up large capacity refineries near ports are expected to gain share because of better cost management and efficiencies.



OUTLOOKS

In the times to come emphasis would be on marketing Refined/liquid oils as 'health oils' due to increased awareness and health consciousness of consumers. In the refined oil segment soyabean oil stands to be the largest consumed edible oil in the country followed by Sunflower which together command market share of 75% Price along with positioning of the oils on health plank has helped it capture significant market share.

Till now the Vanaspati industry was dominated by regional players but with the installation of high capacity plants at ports many smaller regional plants may face a pull down impact.

RISKS AND CONCERNS

Edible oil prices are expected to come down drastically with bumper oil seed crop expected this year and cheaper imported oils. MNC's with global interest are expected to rule the Indian edible oil market. Under the circumstances the behavior of the customer is undergoing a change as he has a vast choice; hence, the competition is becoming more and more intense resulting in pressure on prices.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has adequate internal control procedures commensurate with its size and nature of the business. These business control procedures ensure efficient use and protection of the resources and compliance with the policies, procedures and statutes. The Company has experts to conduct internal audits extensively throughout the year.

FINANCIAL PERFORMANCE

The Company has achieved a turnover of Rs. 18075.36 lacs (Vanaspati Oil) and the Gross Profit of the company is Rs. 129.43 lacs. However, the accumulated profit till the year ended 31.03.2003 amounted to Rs. 149.16 as against Rs. 85.56 of the previous year.

HUMAN RESOURCES DEVELOPMENT

The Company regard 'The People' as the most valuable assets. A great deal of effort is being put in to create a workplace where employees can think creatively work in teams, reach to higher potential levels and this can achieve the objectives/goals of the organization and also personal fulfillment.

2. RICE

The production and planted area of rice have increased 109.04% and 19.4% between the period 1961-70 to 1991-2000, respectively. Thanks to the development of biotechnology in bridging the gap of demand and supply through higher yields. On the other hand, the consumption of rice has increased from 178.35 Million Ton to 375.55 Million Ton (an increase of 110.60%). The world exports of rice in the same period has increased 165.32% in line with demand escalations. The average growth of production and consumption in each year between the period (1961-70 to 1991-2000) are 2.73% and 2.77% respectively.

The Company is mainly dealing in non-basmati parboiled rice exporting the same mainly to the African countries. This variety being cheaper variety though the spreads are thin, however, there is immense scope of export to poor countries of the world.



CORPORATE GOVERNANCE

Effective Corporate Governance ensures that the Management acts transparently and to enhance share holders value, keeping in view the interests of other stakeholders. AJANTA SOYA LIMITED practices responsible Corporate Governance. This would help the Company to meet its obligation to its customers, employees and shareholders.

The Company's compliance of Corporate Governance guidelines as per clause 49 of the listing agreement is as follows:

1. NUMBER OF BOARD MEETINGS

During the year, the Board of Directors of the Company met 11 (Eleven) times on 27.04.2002, 30.04.2002, 20.05.2002, 30.07.2002, 26.08.2002, 31.10.2002, 20.11.2002, 13.12.2002, 30.01.2003, 24.02.2003 & 06.03.2003. The maximum time gap between any two meetings was not more than four months.

2. COMPOSITION OF THE BOARD, RECORD OF DIRECTORS' ATTENDANCE AT BOARD MEETINGS AND AGM AND OTHER DIRECTORSHIPS HELD BY THEM

<i>Name of the Director and Designation</i>	<i>Category of Directorship</i>	<i>Board Meetings Attended</i>	<i>Attendance at last AGM</i>	<i>No. of other Directorship</i>	<i>No. of Committees in which membership held</i>
Mr Sushil Goyal Managing Director	Promoter	11	Yes	6	Nil
Mr Prahlad Goyal Director	Independent non-executive	11	Yes	Nil	3
Mr Sri Ram Goyal Director	Promoter	11	Yes	5	1
Mr Harsh Chander Kansal Director	Independent non-executive	10	No	Nil	3

Note : None of the Directors have any materially significant pecuniary or business relationship with the Company.

3. INFORMATION SUPPLIED TO THE BOARD

The Board was supplied with all relevant information and supporting papers which were required to transact the business specified in the agenda of Board Meetings held.

4. AUDIT COMMITTEE

The Audit Committee was constituted on 23.2.2001. As on date the Committee consists of Mr. Sri Ram Goyal, Mr. Prahlad Goyal and Mr Harsh Chander Kansal, Directors. Every member of the Committee possess financial and accounting knowledge.

The Audit Committee met 7 (seven) times during the year on 30.04.2002, 29.07.2002, 26.08.2002, 31.10.2002, 20.11.2002, 30.01.2003 & 05.03.2003 inter-alia to deliberate upon various matters.

Terms of reference of the Audit Committee are as per the guidelines set out in the listing agreements with the stock exchanges that inter-alia includes the overview of the Company's financial reporting processes, review of the half yearly and annual financial statements, the adequacy of internal control systems, the financial and risk management policies etc.

CONSTITUTION

<i>Name of the Director</i>	<i>No. of Meetings attended</i>
Mr Sri Ram Goyal	7
Mr Prahlad Goyal	5
Mr Harsh Chander Kansal	5

5. REMUNERATION COMMITTEE

A Remuneration Committee was constituted by the Board consisting of Mr. Prahlad Goyal, Mr. Harash Chander Kansal & Mr. Mahak Kansal. The remuneration of Mr. Sushil Goyal, Managing Director was approved by the Remuneration Committee in its meeting held on 21st July, 2003