

8TH

ANNUAL

REPORT

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CS	<input checked="" type="checkbox"/>	DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>	DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

1997-98



RAJ AGRO MILLS LIMITED



BOARD OF DIRECTORS :

Sh. Raj Paul Bansal
Sh. Sanjeev Bansal
Sh. Varinder Kumar
Sh. R.C. Singal
Dr. S.K. Suri
Sh. Amarjeet Singh

Chairman & Executive Director
Managing Director
Director (Technical)
Director
Director
Nominee Director of PSIDC

REGISTERED OFFICE :

C-2/34, West Enclave,
Pitam Pura,
Delhi - 110 034

CORPORATE OFFICE & WORKS :

Village Pawa, G.T. Road,
Near Civil Airport,
Ludhiana - 141 120

BANKERS

1. State Bank of India,
Special Commercial Branch of S.B.I. Miller Ganj,
Pahwa Hospital Complex,
Ludhiana.
2. State Bank of India,
Kesar Ganj Branch,
Ludhiana.

COMPANY SECRETARY

Sh. Rajansh Thukral

AUDITORS :

M/s P.C. Goyal & Co.
Chartered Accountants
62, New Lajpat Nagar,
Ludhiana.



C-2/34, West Enclave, Pitam Pura, Delhi - 110 034.

NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the members of the Company will be held on Tuesday, the 15th September 1998 at 10.00 A. M. (Sharp) at Hotel Oasis, HD-8, Pitam Pura, Delhi - 110034 for transacting the following business :

AS ORDINARY BUSINESS

1. To Receive, consider and adopt the Directors' Report, the Balance Sheet as at 31.03.1998, Profit & Loss Account for the year ended on that date together with Auditors' Report thereon.
2. To appoint a Director in place of Sh. Raj Paul Bansal, who retires by rotation at the conclusion of this Annual General Meeting, and being eligible, offers himself for reappointment.
3. To appoint auditors and to fix their remuneration.

**BY ORDER OF THE BOARD
FOR RAJ AGRO MILLS LIMITED**

**PLACE : DELHI
DATED : 12.08.98**

**Sd/-
(RAJANSH THUKRAL)
COMPANY SECRETARY**

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself. A proxy need not be a member of the Company. A blank form of proxy is enclosed and if intended the same must be deposited with the company at least 48 hours before the scheduled time of the meeting.
2. In case any member desires any further information about the Accounts/Agenda, the relevant query may be forwarded to the Registered Office of the company at least Seven days before the day of the meeting to enable the Management to give the replies at the meeting.
3. All the members are requested to bring their own copies of the Balance Sheet and the original attendance slip to the meeting and in no case the attendance slips shall be provided at the venue. Photocopies of the attendance slips shall not be accepted.
4. Shareholders/proxy holders are requested to produce at the entrance the enclosed attendance slips duly completed and signed before seeking entry into the venue of the meeting.
5. The Share holders are requested to inform the company about the change of their addresses along with pin code at the Registered Office of the Company and or corporate office of the company at Village Pawa, G.T. Road, Near Civil Airport, Ludhiana - 141120.
6. The Register of members shall remain closed from Tuesday, the 08.09.1998 to Tuesday, the 15.09.1998 (both days inclusive)
7. **MEMBERS MAY PLEASE NOTE THAT NO GIFTS SHALL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING OF THE COMPANY.**

**BY ORDER OF THE BOARD
FOR RAJ AGRO MILLS LIMITED**

**PLACE : DELHI
DATED : 12.08.98**

**Sd/-
(RAJANSH THUKRAL)
COMPANY SECRETARY**



C-2/34, West Enclave, Pitam Pura, Delhi - 110 034.

DIRECTORS' REPORT

The Directors of your company have the pleasure in presenting their Eighth Annual Report for the Financial Year ended 31st March, 1998.

FINANCIAL DATA

The Financial figures for the year under review are given below :

PARTICULARS	(Rs. in Lacs)	
	CURRENT YEAR 1997-98	PREVIOUS YEAR 1996-97
Profit before interest, depreciation and taxes	232.27	203.60
Less-- Interest	46.82	29.15
-- Depreciation	46.65	27.00
	93.47	56.15
Profit Before Tax	138.80	147.45
Less Provision for Tax	14.58	22.38
Net Profit available for appropriation.	124.22	125.07
Dividend	---	31.04
Tax on Dividend	---	3.10
Balance Carried to Balance Sheet	124.22	90.93

PERFORMANCE OF THE COMPANY

During the year under review your company achieved a turnover of Rs. 3341.74 Lacs as against Rs. 2961.18 lacs during the previous year which reflects an increase of 12.85% over the previous year. The net profit after interest, depreciation and taxes of the company are 124.22 lacs which reflects a small reduction in the profits of the company to the tune of Rs. 0.85 lacs. However the cash accrual of the company increased from Rs. 152.07 lacs during the previous year to Rs. 170.87 lacs during the year under review reflecting an increase of Rs. 18.80 lacs i.e. an increase of 12.40% over the previous year. Thus the reduction in profits is largely on account of increased depreciation. The earning per share of the company comes to Rs. 4.00 and the book value of the share as on 31.03.1998 stands at Rs. 26.18.

The performance of your company would have been very significant during the year under review but for the temporary recession in the oil industry due to availability of cheaper imported substitutes in the Indian market. As a result the plant had to be shut down during third quarter of the year for some time. To provide for non-reoccurrence of such a happening in future, we are pleased to announce that, as a result of in house Research and Development, the company has taken up a project for diversification through modification of the existing Fatty Acid plant of the company at an additional investment of around Rs. 80.00 lacs. After the implementation of this project, the existing plant would be capable of manufacturing alternate products which shall provide the company a cushion in the event of any slump occurring in the market of any one product. This expansion shall not put any additional burden on the company as the expansion is planned by ploughing back the profits of the company while the working capital shall remain adequate. For this we elicit the cooperation of our distinguished shareholders for forgoing dividend during this year.

This project is expected to commission by 30th September, 1998 and it is expected that after the implementation of this project the profitability shall increase to a large extent.

PROJECTIONS VS PERFORMANCE

Pursuant to Clause 43 of the listing Agreement, the statement of comparison of actual results with the projections for the year under review is given below :



RAJ AGRO MILLS LIMITED

PARTICULARS	PROJECTIONS FOR THE YEAR ENDED 31.03.1998 AS PER PROSPECTUS DATED 10.01.1995	ACTUALS FOR THE YEAR ENDED 31.03.1998
		(Amount Rs. in lacs)
Sales & Other Income	3711.60	3341.74
PBIT	356.61	232.27
Net Profit After Tax	203.47	124.22

During the year under review, the demand for Fatty Acid was reduced to a large extent due to availability of cheaper imported substitutes in the market. As a result the plant had to be shut down for some time during third quarter. Therefore the company could not achieve the projections for the year under review.

DIRECTORS

Since the date of the last Directors' report, there is no change in the Board of Directors of your company.

Mr. Raj Paul Bansal, the Director of the company, retires by rotation and being eligible offers himself for reappointment in terms of article 115 and 116 of the Articles of Association of the company.

AUDITORS

M/S P.C. Goyal & Co., Chartered Accountants, Ludhiana, the Statutory Auditors of the company retire at the conclusion of this Annual General Meeting of the company and are eligible for appointment as auditors to hold office until the conclusion of the next Annual General Meeting of the Company. The company has already obtained certificate from them U/S 224 (1B) of the Companies Act, 1956.

AUDITORS' REPORT

Auditors' report and the notes on Accounts forming part of the Balance Sheet are self explanatory.

With regard to the Auditors' Qualifications, the same has been dealt with by the notes on Accounts forming part of the Balance Sheet which are self explanatory and do not call for further comments.

FIXED DEPOSITS

During the year under review, the company accepted deposits in accordance with the provisions of Section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 as amended. As on 31.03.1998 there are no overdue deposits.

INDUSTRIAL RELATIONS

During the Year under review the Industrial Relations of the company remained very cordial throughout the year and encouraging results have been achieved with the whole hearted cooperation of employees at all the levels.

PARTICULARS OF EMPLOYEES

Information as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is as under :

Persons Employed through out/part of the Financial Year and were in receipt of Remuneration not less than Rs. 3,00,000/- P.A. or Rs. 25,000/- P.M.



S.No.	Name	DESIGNATION	AGE	GROSS REMUN- ERATION	QUALI- FICAT- IONS	EXPER- IENCE	DATE OF COMME- NCEMENT OF EMP LOYMENT	LAST EMPLOYMENT HELD AND NAME OF COMPANY
1.	Mr. Raj Paul Bansal	Executive Director	63	37,500 P.M.	B.A.	40 YRS	01.10.97	PARTNER NATIONAL SOAP MILLS
2.	Mr. Sanjeev Bansal	Managing Director	38	4,50,000 P.A.	B.A.	19 YRS	18.6.1990	PARTNER NATIONAL SOAP MILLS

Notes :

- Gross Remuneration includes Salary and House Rent Allowance
- Both the persons mentioned above are relatives.

PARTICULARS ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO IN TERMS OF SECTION 217 (I) (E) OF THE COMPANIES ACT, 1956.

A. CONSERVATION OF ENERGY

During the year under review, as a part of continuous and on going thrust on conservation of energy, the company has undertaken several measures including internal control measures to conserve energy such as prevention of low load operations on transformers/ motors, conservation of fresh water by recycling, prevention of idle running of machines etc.

Further a continued effort is being made to conserve and optimize the use of energy through improved operational methods, installations of high efficiency motors and power saving devices leading to reduced power consumption. The company has also engaged the services of an out side agency at a cost of about Rs. 1.25 lacs to conduct energy audit and to suggest the means to improve energy efficiency and conservation. As per the preliminary survey conducted by them they have estimated the savings in energy to be in the range of Rs. 25.00 lacs per annum.

FORM- 'A'

A. Power & Fuel Consumption

	CURRENT YEAR 1997-98	PREVIOUS YEAR 1996-97
1. Electricity :-		
a) Purchased unit (KWH)	6187200	6086500
Amount Rs.	15106929.00	13432485.00
Rate per unit (Rs.)	2.44	2.21
b) Own Generation Through D.G. Set units (KWH)	740000	328900
Amount Rs.	2128402.34	779495
Cost per unit (Rs.)	2.88	2.37
2. Steam Coal	NIL	NIL
3. Rice Husk		
Quantity (M.T.)	8891.965	3572.500
Amount (Rs.)	10427230.90	3349023.01
Average Rate (P.M.T.)	1172.66	937.45
4. Furnace Oil	NIL	NIL
5. Other Internal Generation	NIL	NIL

**B. Consumption per unit of production**

Due to number of products produced by the company, it is not feasible to quantify consumption per unit of production.

B. TECHNOLOGY ABSORPTION

Technology absorption, innovation and Research & Development is a continuing process at Raj Agro Mills Ltd. and a continued emphasis is given on quality improvement and product upgradation. As a result of in house Research and Development the company has taken up a project for the upgradation of minor vegetable oils into edible grade vegetable oils. The new product is within the scope of the main objects of the company as defined in the Memorandum of Association of the company and does not require a new Industrial licence.

FORM- 'B'

1. Area in which R & D carried out	Product improvement	
2. Benefits derived as a result of R & D	Better market segment	
3. Expenditure on R & D	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
a) Capital	NIL	NIL
b) Recurring	0.50	0.50
c) Total	0.50	0.50

C. FOREIGN EXCHANGE EARNINGS & OUTGO

	Rs.	Rs.
Earned	NIL	NIL
Used	7422	NIL

ACKNOWLEDGEMENTS

Your Directors acknowledge with thanks the active co-operation and assistance received from the Financial Institutions, Banks and Government Agencies, shareholders and other business constituents.

The Directors also wish to place on record their appreciation for the contribution made by the employees at all levels in the organisation with whose continued commitment and dedication the company has retained sustainable competitive strength and growth.

**BY ORDER OF THE BOARD
FOR RAJ AGRO MILLS LIMITED**

**PLACE : DELHI
DATE : 12.08.1998**

**Sd/-
RAJ PAUL BANSAL
CHAIRMAN**