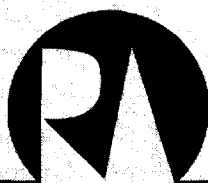


14th
Annual Report
2003-2004

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RAJ AGRO MILLS LIMITED

**BOARD OF DIRECTORS**

Sh. Raj Paul Bansal	Chairman & Director
Sh. Sanjeev Bansal	Managing Director
Sh. Sahil Bansal	Director (Finance)
Sh. Varinder Kumar	Director (Technical)
Sh. R.C. Singal	Director
Sh. S.P. Sharma	Director
Dr. S.K. Suri	Director

COMPANY SECRETARY

Sh. Sanjay Kumar Aggarwal

BANKERS

- | | |
|---|--|
| 1. State Bank of India
Specialised Commercial Branch
Miller Ganj, Pahwa Hospital Complex
Ludhiana (Punjab) | 2. State Bank of India
Kesar Ganj Branch
Ludhiana (Punjab) |
|---|--|

STATUTORY AUDITORS

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

COST AUDITORS

M/s. Verma, Verma & Associates
EE-255, Panj Peer, Bagh Karam Baksh
Jalandhar City (Pb.)

REGISTERED OFFICE

C-2/34, West Enclave
Pitampura, Delhi - 34.

CORPORATE OFFICE / WORKS

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

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NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the Members of **RAJ AGRO MILLS LIMITED** will be held on Tuesday, the 28th day of September, 2004 at 11.30 A.M. at Hotel Oasis, HD-8, Pitampura, New Delhi - 110 034 for transacting the following business :

AS AN ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and the Profit & Loss Account for the year ended on that date, together with the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. S. K. Suri, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint M/s. P. C. Goyal & Company, Chartered Accountants, Ludhiana as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

AS SPECIAL BUSINESS

4. **TO CONSIDER AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S) THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION.**

"RESOLVED UNANIMOUSLY THAT pursuant to Article No. 116 of the Articles of Association of the Company and pursuant to the provisions of Section 198, 269, 309, 310, 311 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and rules framed thereunder, including any statutory modification or re-enactment thereof and as recommended by the Remuneration Committee in its meeting held on 10.08.2004 and subject to such approvals as may be deemed necessary, including the approval of the Central Government, consent of the Company be and is hereby accorded by way of Special Resolution for the re-appointment of Sh. Sanjeev Bansal as Managing Director of the Company for a further period of five years with effect from 15.09.2004 on the remuneration and other terms and conditions as were subsequently approved by the Board of Directors of the Company in their meeting held on 17.08.2004 and as incorporated in the draft agreement (a copy of which is tabled before the meeting) to be executed with him, which shall be effective from 15.09.2004.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby further authorised, to subsequently alter, vary the terms in such manner as the Board in its discretion deem fit and as acceptable to Sh. Sanjeev Bansal, provided such alterations are within the limits specified in Schedule XIII of the Companies Act, 1956 for the time being in force or any statutory modifications or re-enactment and/or the rules or regulations promulgated thereunder without again referring the same to the Company in General Meeting.

RESOLVED FURTHER THAT notwithstanding anything to the contrary hereinabove contained, where in any financial year, the Company has incurred loss or its profits are inadequate, Company will pay remuneration by way of salary, perquisites, amenities and benefits as approved by the Board of Directors or as specified under Schedule XIII to the Companies Act, 1956, whichever is less.

RESOLVED FURTHER THAT for the purposes of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorised to do all such act, deeds and things as it may deem expedient in the interest of the Company.



5. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S) THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION.

“RESOLVED UNANIMOUSLY THAT pursuant to Article No. 116 of the Articles of Association of the Company and pursuant to the provisions of Section 198, 269, 309, 310, 311 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and rules framed thereunder, including any statutory modification or re-enactment thereof and as recommended by the Remuneration Committee in its meeting held on 10.08.2004 and subject to such approvals as may be deemed necessary, including the approval of the Central Government, consent of the Company be and is hereby accorded by way of Special Resolution for the re-appointment of Sh. Varinder Kumar as Director (Technical) of the Company for a further period of five years with effect from 01.04.2005 on the remuneration and other terms and conditions as were subsequently approved by the Board of Directors of the Company in their meeting held on 17.08.2004 and as incorporated in the draft agreement (a copy of which is tabled before the meeting) to be executed with him later on, which shall be effective from 01.04.2005.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby further authorised, to subsequently alter, vary the terms in such manner as the Board in its discretion deem fit and as acceptable to Sh. Varinder Kumar, provided such alterations are within the limits specified in Schedule XIII of the Companies Act, 1956 for the time being in force or any statutory modifications or re-enactment and/or the rules or regulations promulgated thereunder without again referring the same to the Company in General Meeting.

RESOLVED FURTHER THAT notwithstanding anything to the contrary hereinabove contained, where in any financial year, the Company has incurred loss or its profits are inadequate, Company will pay remuneration by way of salary, perquisites, amenities and benefits as approved by the Board of Directors or as specified under Schedule XIII to the Companies Act, 1956, whichever is less.

RESOLVED FURTHER THAT for the purposes of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorised to do all such act, deeds and things as it may deem expedient in the interest of the Company.

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

**Sd/-
(SANJAY KUMAR AGGARWAL
COMPANY SECRETARY**

**PLACE : LUDHIANA
DATE : 17.08.2004**

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. The instrument appointing proxy should, however, be deposited at the Registered Office/Works of the company not less than forty eight hours before the commencement of the meeting.
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to Special Business to be transacted at the Meeting is annexed hereto and forms part of this notice.



3. The Register of Members shall remain closed from Friday, 24.09.2004 to Tuesday, the 28.09.2004 (both days inclusive).
4. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to send their queries to the Company at least fifteen days before the date of the meeting, so that the information required by the members may be made available at the meeting.
5. Members who hold shares in physical form/dematerialised form are requested to write their Ledger Folio No., Client ID and DP ID numbers and to immediately notify their change of address etc., if any, to the Company.
6. Members attending the meeting are requested to bring with them the Attendance Slip and hand over the same at the entrance of the meeting hall, failing which admission to meeting may be refused.
7. Members are advised to hold shares jointly to simplify the procedure of transmission in the event of death of any holder.
8. With the commencement of the Companies (Amendment) Act, 1999 effective from 31st October, 1998 read with pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, it is informed that dividend declared for the financial 1996-97 and 1997-98 which remain unclaimed/unpaid, will be transferred after the expiry of 7 years by the company, to the Investor Education and Protection Fund (established by Central Government pursuant to Section 205C of the Companies Act, 1956) on the dates given below.

Sr. No.	Financial Year to Which Dividend relates	Due Date of Transfer to IEPF
1.	1996-97	Within a period of 30 days with effect from 06.11.2004.
2.	1997-98	Within a period of 30 days with effect from 01.11.2005

The Shareholders are once again requested to lodge their claims, if any, with the Company in order to enable us to send the necessary payment. No claim will lie for the amounts so transferred to IEPF.

As per Clause 49 of the Listing Agreement, the Company is required to provide a brief resume and expertise of the Director(s), who are being appointed / reappointed.

Accordingly the information is given below :

Name of the Director	: Dr. S. K. Suri
Date of Birth	: 12.06.1944
Date of Appointment	: 28.09.1991
Qualifications	: M.Sc. in Chemistry from Roorkee University (Now known as I.I.T. Roorkee) and Ph. D. in Chemistry from I.I.T. New Delhi.



Directorship in other Companies
as on 31.03.2004

: Raj Soap & Detergents Private Limited

Chairmanship/Membership of the
other committee(s) of the Board as
on 31st March, 2004

: Membership - Audit Committee
Membership - Remuneration Committee

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

FOR ITEM NO. 4

Sh. Sanjeev Bansal, was re-appointed as Managing Director of the Company for a further period of years with effect from 15.09.1999 to 14.09.2004 by the Board of Directors in their meeting held on 14.09.1999 subject to the approval of the shareholders of the Company in the general meeting, which was approved by the shareholders in their extra-ordinary general meeting held on 30.03.2000. Accordingly, the term of Sh. Sanjeev Bansal as Managing Director is expiring on 14.09.2004. Therefore, the Remuneration Committee in its meeting held on 10.08.2004 and subsequently, the Board in its Meeting held on 17.08.2004 has approved and recommended to the shareholders, to approve his re-appointment as Managing Director of the Company for a further period of five years with effect from 15.9.2004 on the remuneration and perquisites detailed hereunder and on such further terms and conditions as set out in the draft agreement which is open for inspection at the Registered Office of the Company on any working day between 1.00 P.M. to 3.00 P.M. Hence, the proposed resolution is now placed before the Members for their approval / ratification and your Directors recommend the acceptance of the same.

Terms in Brief are given hereunder :

- a) Basic Salary Rs. 25,000/- per month plus HRA @ 50% on Basic Salary.
- b) Sh. Sanjeev Bansal, re-appointed as Managing Director of the Company for a further period of five years, shall also be entitled to perquisites within the overall limits as mentioned in Schedule XIII of the Companies Act, 1956.

MEMORANDUM OF INTEREST

Except Sh. Sanjeev Bansal, being the appointee, Sh. Raj Paul Bansal, Chairman & Director and Sh. Sahil Bansal, Director (Finance) of the Company being his relative, none of the other director(s) of the Company, is concerned or interested in this resolution.

This statement may also be treated as an abstract of the terms and conditions and memorandum of interest under Section 302 of the Companies Act, 1956.

Notes :

The aforesaid remuneration has been approved by the Remuneration Committee in its meeting held on 10.08.2004 and the Company has not made any default in repayment of any of its debts or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year.

**FOR ITEM NO. 5**

Sh. Varinder Kumar, was re-appointed as Director (Technical) of the Company for a further period of five years with effect from 01.04.2000 to 31.03.2005 by the Board of Directors in their meeting held on 29.01.2000 subject to the approval of the shareholders of the Company in the general meeting, which was approved by the shareholders in their extra-ordinary general meeting held on 30.03.2000. Accordingly, the term of Sh. Varinder Kumar as Director (Technical) is expiring on 31.03.2005. Therefore, the Remuneration Committee in its meeting held on 10.08.2004 and subsequently, the Board in its Meeting held on 17.08.2004 has approved and recommended to the shareholder, to approve his re-appointment as Director (Technical) of the Company for a further period of five years with effect from 01.04.2005 on the remuneration and perquisites detailed hereunder and on such terms and conditions as set out in the draft agreement which is open for inspection at the Registered Office of the Company on any working day between 1.00 P.M. to 3.00 P.M. Hence, the proposed resolution is now placed before the Members for their approval and your Directors recommend the acceptance of the same.

Terms in Brief are given hereunder :

- a) Basic Salary Rs. 12,375/- per month plus HRA @ 35% on Basic Salary.
- b) Sh. Varinder Kumar, re-appointed as Director (Technical) of the Company for a further period of five years, shall also be entitled to perquisites within the overall limits as mentioned in Schedule XIII of the Companies Act, 1956.

MEMORANDUM OF INTEREST

Except Sh. Varinder Kumar, being appointee, none of the other Directors(s) of the Company, is concerned or interested in this resolution.

This statement may also be treated as an abstract of the terms and memorandum of interest under Section 302 of the Companies Act, 1956.

Note :

The aforesaid remuneration has been approved by the Remuneration Committee in its meeting held on 10.08.2004 and the Company has not made any default in repayment of any of its debts or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year.

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

Sd/-

**(SANJAY KUMAR AGGARWAL)
COMPANY SECRETARY**

**PLACE : LUDHIANA
DATE : 17.08.2004**



DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors have the pleasure in presenting their 14th Annual Report on the working of your Company together with Audited Statement of Accounts for the Financial Year ended 31st March, 2004.

ACCOUNTING YEAR

The year under report covers a period of 12 months ended on 31st March, 2004.

WORKING RESULTS

(Rs.in lacs)

PARTICULARS	CURRENT YEAR 2003-04	PREVIOUS YEAR 2002-03
Sale and other Income	11433.28	8235.92
Profit/(Loss) before interest, Depreciation Taxation	273.33	158.57
Interest & Financial Expenses	64.88	61.41
Cash Profit/(Loss)	208.45	97.16
Depreciation	62.03	55.67
Profit/(Loss) before Taxation	146.42	41.49
Provision for Current Taxation	7.75	---
Profit after current tax	138.67	41.49
Provision for Deferred tax	9.32	---
Profit after tax	129.35	41.49

PERFORMANCE AND REVIEW

Members would be glad to know that Raj Agro Mills closed fiscal 2003-04 with a sale of Rs. 11433.28 lacs as against Rs. 8235.92 lacs, which reflects an increase of 39.56% over the previous year, resulting in profitability of the Company is to the extent of Rs. 138.67 lacs as compared to the profit of Rs. 41.49 lacs in the previous year.

As witnessed, the growth has been broad based both in terms of sales and profitability. Therefore, your Directors feel confident that the measures adopted alongwith other strategies which are being worked out/followed, will enable the Company to show substantially improved results during the year 2004-05.

DIVIDEND

Keeping in view the present constraints and to conserve the resources for future requirements, Your Directors express their inability to recommend any dividend.

FIXED DEPOSITS

During the year under review, the Company has not accepted any 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 31.03.2004, there are no overdue deposits.

DIRECTORATE

Dr. S.K.Suri, Director of your Company, retires by rotation and being eligible offers himself for re-appointment in terms of Article 115 and 116 of the Articles of Association of the Company.



LISTING OF SECURITIES

The Equity shares of the Company are presently listed at the following Stock Exchange(s).

1. The Delhi Stock Exchange Association Limited, New Delhi
2. The Stock Exchange, Mumbai
3. The Ludhiana Stock Exchange Association Limited, Ludhiana

The Company confirms that it has duly paid the listing fees to all above Stock Exchange(s) for the year 2004-05. During the year under review, the equity shares of the company have been got de-listed from The Stock Exchange, Ahmedabad.

DEPOSITORY SYSTEM

Trading in Equity shares of the Company is permitted only in dematerialised form with effect from 26.03.2001. M/s Intime Spectrum Registry Limited, A-31, 3rd Floor, Naraina Industrial Area, Phase-1, Near Payal Cinema, New Delhi - 110 028 has been appointed as the Depository Registrars.

In view of the numerous advantages offered under the Depository System, members are requested to avail of the facility of dematerialization of Company's shares on National Securities Depository Limited (NSDL) and/or Central Depository Services Limited (CDSL), with which the Company has established connectivity.

AUDITORS

M/S P.C Goyal & Co., Chartered Accountants, the Statutory Auditors of the company, retire at the ensuing Annual General Meeting of the company and are eligible for re-appointment as Statutory 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.

AUDIT COMMITTEE

Presently, the constituent members of the Audit Committee are Sh.Raj Paul Bansal, Sh.R.C.Singal, Sh.S.P.Sharma and Dr.S.K.Suri. Sh. R.C.Singal has been the Chairman of the said Committee. The Committee met three times during the year under review.

ADEQUACY OF INTERNAL CONTROL

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded, properly utilized and protected against loss from un-authorized use or disposition and that transactions are authorised, recorded and reported correctly.

AUDITORS REPORT

The Auditors Report on the Accounts is self-explanatory.

Regarding Note No.V (C) of Paragraph 3 of report, the Directors state that the said transactions were bonafide and in the company's interests & were not prejudicial to the interest of the Company. Since the transactions were made on cash/cheque basis at prevailing market rates, the Board is of opinion that no permission is required from Central Govt. as per Department's Clarification. However, as an abundant precautionary measures, the Company has already filed an application under Section 297(1) of the Companies Act, 1956.

COST AUDITORS

The Board of Directors have re-appointed M/s Verma, Verma & Associates, Cost Accountants, Jalandhar City (Pb) as Cost Auditors of the Company under Section 233 B of the Companies Act, 1956 subject to the approval of the Central Government for the year 2004-05. The Cost Auditors' Report will be forwarded to the Central Government as required under the law.



REPORT ON CORPORATE GOVERNANCE

The Company has in place a comprehensive system of Corporate Governance. A separate report on Corporate Governance forms part of the Annual Report of the Company. A certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the report on Corporate Governance.

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

Energy conservation continues to be an area of major emphasis in your Company. Efforts are made to optimize the energy cost while carrying out the manufacturing operations. Particulars with respect to conservation of energy and other areas as required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are appended hereto and form part of this Report.

HUMAN RESOURCES

The Company is always following the policy of creating a healthy environment and work culture resulting into harmonious inter-personnel relations. Industrial Relations and work atmosphere remained very cordial throughout the year. There are no employees falling under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- a. That in the preparation of accounts for the financial year ended 31st March, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b. That the Directors have selected such accounting policies and applied them consistently and made judgements 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 and loss account for that period.
- c. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. That the Directors have prepared the annual accounts for the financial year ended 31st March, 2004 on a going concern basis.

ACKNOWLEDGEMENTS

Yours Directors take this opportunity to express their sincere thanks and appreciation to the team of executives, staff members and workers at all levels for their cooperation, hard work, dedication and devotion. Our thanks are also due to the Bankers, Government Authorities and Business Constituents for their continued valuable cooperation and support extended to the Company from time to time.

**FOR AND ON BEHALF OF THE BOARD
FOR RAJ AGRO MILLS LIMITED**

Sd/-

**PLACE : LUDHIANA
DATE : 17.08.2004**

**RAJ PAUL BANSAL
CHAIRMAN**