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18th Annual Report

2007-2008

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RAJ AGRO MILLS LIMITED



RAJ AGRO MILLS LIMITED

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CHAIRMAN : SH.RAJ PAUL BANSAL

BOARD OF DIRECTORS :

SH. SANJEEV BANSAL	:	MANAGING DIRECTOR
SH. SAHIL BANSAL	:	DIRECTOR (FINANCE)
SH. VARINDER KUMAR	:	DIRECTOR (WORKS)
SH. R.C.SINGAL	:	DIRECTOR (INDEPENDENT)
Dr. S.K.SURI	:	DIRECTOR (INDEPENDENT)
SH. JATINDER SINGH	:	DIRECTOR (INDEPENDENT)

COMPANY SECRETARY

SH. DAVINDER KUMAR : GM (LEGAL) CUM COMPANY SECRETARY

ACCOUNTS & FINANCE HEAD

SH.AJAY KUMAR TAGRA : G.M (FINANCE & TAXATION)

BANKERS

STATE BANK OF INDIA
SPECIALISED COMMERCIAL BRANCH
MILLER GANJ,
PAHWA HOSPITAL COMPLEX,
LUDHIANA (PB.)

STATE BANK OF INDIA
MANDI KESAR GANJ BRANCH
LUDHIANA - (PB).

STATUTORY AUDITORS

M/S P.C.GOYAL & CO;
CHARTERED ACCOUNTANTS
62, NEW LAJPAT NAGAR
LUDHIANA (PB.)

COST AUDITORS

M/S PAWAN & 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 (PB.)

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NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the Members of **RAJ AGRO MILLS LIMITED** will be held on Tuesday, the 30th day of September, 2008 at 10.30 A.M. at **ALL HEAVENS, B-97, WAZIRPUR, RING ROAD, NEW DELHI-110 052** for transacting the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2008 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report 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 & Co; 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.

SPECIAL BUSINESSES:

4. **To Consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

"Resolved that Sh. Jatinder Singh, who was appointed as an Additional Director of the company by the Board of Directors under section 260 of the Companies Act, 1956 and holds such office up to the date of this Annual General Meeting, and in respect of whom the company has received a notice in writing from a member proposing Sh. Jatinder Singh's candidature for the office of Director, be and is hereby appointed as Director of the company liable to retire by rotation."

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, 302, 309, 310 and 311, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and subject to such other approvals including the approval of the Central Government, as may be necessary and as recommended by the Remuneration Committee and the Board of the Company, the consent of the Members of the company be and is hereby accorded by way of Special Resolution to the re-appointment of Sh. Sahil Bansal, as Director (Finance) of the Company for a further period of five years with effect from 01.10.2008 on the remuneration and other terms and conditions as set out in the draft agreement to be entered into between the company and Sh. Sahil Bansal, as submitted to this meeting and initiated by the Chairman for the purpose of identification, which is hereby specifically approved and Board be and is hereby authorized to execute such draft agreement.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby further authorized to subsequently alter, vary the terms in such manner as the Board in its discretion deem fit and as acceptable to Sh. Sahil 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 there-under without again referring the same to the General Meeting.

RESOLVED FURTHER THAT where in any financial year, the company has no profits or its profits are inadequate, the remuneration aforesaid shall be the minimum remuneration.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby further authorized to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary or expedient in the interest of the company.

6. **To Consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

RESOLVED UNANIMOUSLY THAT pursuant to section 94 and other applicable provisions, if any, of the Companies Act 1956, and Articles of Association of the Company, the authorized Share Capital of the Company be and is hereby increased from Rs.4,75,00,000/- to Rs.7,75,00,000/- by creation of additional 300000 10% Redeemable Non Cumulative Participative Preference Shares of Rs.100/- each.

RESOLVED FURTHER THAT the said shares shall confer on their holders the following rights and restrictions:

1. The said Preference Shares shall carry a right to fixed preferential dividend of 10% per annum in relation to the capital paid thereon.
2. The holders of the said shares shall have a right to attend their class meetings and shall be entitled to vote on resolutions affecting their right directly.
3. The preference shares shall rank in priority to the equity shareholders for payment of dividend or arrears of dividend.



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4. In winding up the preference shares shall rank in priority to the equity shareholders for repayment of capital and payment of arrears of dividend and shall also have a right to participate in the surplus assets of the Company.
5. The preference shares shall be redeemable at the option of the Company but in any case not later than 20 years from the date of issue.
6. All the preference shares may be redeemed simultaneously or in parts issued to the preference shareholders on prorated basis.
7. **To Consider and, if thought fit, to pass with or without modification(s), the following resolution as a Ordinary Resolution:**

RESOLVED UNANIMOUSLY THAT the existing Clause 5 of the Memorandum of Association of the Company be substituted with the following new clause:

The authorized shares capital of the Company is Rs.7,75,00,000/- (Rupees Seven Crores Seventy Five Lacs Only) divided into 3250000 (Thirty Two Lacs Fifty Thousands) Equity shares of Rs.10/- (Rupees Ten only) each and 450000 (Four Lac Fifty Thousand) 10% Redeemable Non-cumulative Participative Preference Shares of Rs.100/- (Rupees One Hundred only) each.

8. **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 section 31 and other applicable provisions, if any, of the Companies Act 1956 the existing Article 4 of the Articles of Association of the Company be substituted with the following new Article:

The authorized shares capital of the Company is Rs.7,75,00,000/- (Rupees Seven Crores Seventy Five Lacs Only) divided into 3250000 (Thirty Two Lacs Fifty Thousands) Equity shares of Rs.10/- (Rupees Ten only) each and 450000 (Four Lac Fifty Thousand) 10% Redeemable Non-cumulative Participative Preference Shares of Rs.100/- (Rupees One Hundred only) each with power to consolidate & divide, sub divide, increase or decrease and with power from time to time to issue any shares of the original or any new capital with and subject to any preferential, qualified rights, privileges or conditions, as may be thought fit upon the sub-division of shares to apportion the right to participate in profits in any manner as between the shares resulting from sub-division or to cancel any unissued shares. The rights attached to the preference shares shall be such as may be varied by the company at the time of issue.

9. **To Consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

RESOLVED THAT pursuant to section 81 and any other applicable provisions of the Companies Act, 1956, as amended from time to time, and the relevant provisions of the Memorandum and Articles of Association of the company and subject to the necessary approvals, permissions and/or sanctions of any appropriate authority and subject to such terms and conditions as may be prescribed in granting such approvals and agreed to by the Board of Directors of the Company (hereinafter referred to as Board) the consent of the company be and is hereby accorded to Board to offer, issue and allot 300000 10% Redeemable Non-cumulative Participative Preference Shares of Rs.100/- each forming part of the Authorized Capital of the company to such person or persons (whether or not such persons are Members of the Company) including promoters or their friends and relatives, as the Board in its absolute discretion think fit without referring the matter again to the General Meeting, by way of Private Placement or otherwise for such price or premium and subject to such terms and conditions as the Board, in its discretion may deem fit.

RESOLVED FURTHER THAT the Board will have the absolute authority to decide, increase or reduce the number of shares to be issued to any category of person(s), to decide about the persons, to decide upon the form of application, the terms and conditions of allotment or any other matter related thereto whatsoever without referring the matter again to the General Meeting.

10. **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 section 81 and any other applicable provisions of the Companies Act, 1956 and relevant provisions of the Memorandum and Articles of Association of the Company and the listing agreement entered into by the Company with the Stock Exchanges and subject to any necessary approval, consent, permission and/or sanction of the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and any other appropriate authorities, institutions or Bodies and subject to such conditions, as may be prescribed by any such approval, consent, permission or sanction, the consent and authority of the company be and is hereby accorded to the Board of directors (hereinafter referred to as "the Board") to issue further Shares, Non-Convertible Debentures/Partly Convertible Debentures/Fully Convertible Debentures or such other instruments as may be permitted by law, for such an amount inclusive of premium, not exceeding Rs.45,00,00,000 (Rupees Forty Five Crores only) as may be deemed fit by the Board, in one or more series, whether at a time or at different times, in one or more tranches as may be deemed appropriate by it, with a liberty



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to the Board to decide the method, terms and conditions of any such issue and allotment including pricing, number of shares/non-convertible debentures/partly convertible debentures/fully convertible debentures or such other instruments as may be permitted by law, to be allotted, and all other matters relevant thereto.

RESOLVED FURTHER THAT without prejudice to the generality of the powers conferred on the Board as above, the said shares/non-convertible debentures/partly convertible debentures/fully convertible debentures, may be issued by way of Rights Issue, Public Issue, Private Placement, Preferential Allotment, Firm Allotment, Reserved Allotment or in one or more of such methods to such persons (whether or not such persons are Members of the Company) in such proportion and manner as the Board may in its absolute discretion deem fit.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to finalize, settle and execute such documents/deeds/writings/papers/ agreements as may be required and to do all such acts, deeds and things and to take all such further steps as may be necessary or expedient for giving effect to this resolution.

11. To Consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED UNANIMOUSLY THAT in partial modification of the earlier resolutions passed by the Company and pursuant to section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 or any amendment in future thereto, the consent and approval of the company be and is hereby accorded to the Board under section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgage and/or create security or charge on all movable or immovable properties of the company, where-so-ever situated, both present and/or future and the whole or any part of the undertaking(s) of the company together with the power to takeover the management of the business and concern of the company in certain events whether such power is contained in the documents creating the mortgage/charge or otherwise in favour of the such banks, financial institutions, lenders, trustees or other persons etc. for securing any type of financial assistance/borrowings/debts availed/to be availed in any way by the company from time to time as Board may deem fit and/or to secure money and/or guarantee(s) proposed to be executed, for an amount not exceeding Rs.80,00,00,000/- (Rupees Eighty Crores) together with interest at agreed rate, accumulated interest, all other costs, charges, expenses and monies payable by the company to the such banks, financial institutions, lenders, trustees or other persons etc. under their loan and/or guarantee and/or other related agreements entered/ to be entered into by the Company.

FURTHER RESOLVED THAT the Board be and is hereby authorized to finalize, settle and execute such documents/deeds/writings/papers/ agreements as may be required and to do all such acts, deeds and things and to take all such further steps as may be necessary or expedient for giving effect to this resolution.

12. To Consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED UNANIMOUSLY THAT in partial modification of the earlier resolutions passed by the Company, the consent and approval of the company be and is hereby accorded to the Board of Directors in terms of section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 or any amendment in future thereto, for borrowing from time to time, as they think fit, any sum or sums of monies (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), which may exceed the aggregate of the paid up capital of the company and its free reserves (i.e. to say reserves not set apart for any specific purpose) but up to a sum not exceeding Rs.80,00,00,000/- (Rupees Eighty Crores) and that the Board of Directors of the Company be and is hereby authorized to arrange, accept, alter or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, creation of security(ies) or otherwise, as they may think fit.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to finalize, settle and execute such documents/deeds/writings/papers/ agreements as may be required and to do all such acts, deeds and things and to take all such further steps as may be necessary or expedient for giving effect to this resolution.

BY ORDER OF THE BOARD

Sd/-

(DAVINDER KUMAR)

GM (LEGAL) CUM C.S.

DATE : 30.07.2008
PLACE : LUDHIANA



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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/Works office of the company not less than forty eight hours before the commencement of the Meeting.
2. An Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 relating to Special Businesses to be transacted at the Meeting is annexed hereto and forms part of this notice.
3. The Register of Members and Share Transfer books shall remain closed from **Monday (08.09.2008) to Tuesday (30.09.2008) (both days inclusive)** for the purpose of AGM.
4. A Member desirous of getting any information in respect of the contents of the Annual Report is required to forward the queries to the Company at least seven days prior to the meeting so that the required information can 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 & DP ID numbers and to immediately notify their change of address etc., if any, to the Company's share Transfer Agent M/s Intime Spectrum Registry Limited or Company.
6. Members are advised to hold shares jointly to simplify the procedure of transmission in the event of death of any holder.
7. In respect of appointment of Director/re-appointment of existing Directors, a statement containing details of concerned Director is annexed to this notice.

ANNEXURE TO THE NOTICE

INFORMATION PURSUANT TO CORPORATE GOVERNANCE CLAUSE 49 OF THE LISTING AGREEMENT(S) REGARDING THE DIRECTOR SEEKING RE-APPOINTMENT ON THE RETIREMENT BY ROTATION.

Name of the Director	:	Dr. S. K. Suri
Date of Birth	:	12.06.1944
Date of Appointment	:	28.09.1991
DIN No.	:	00057562
Qualifications	:	M.Sc. in Chemistry from Roorkee University (now known as IIT, Roorkee) and Ph.D. in Chemistry from IIT, New Delhi.
Directorship in other Companies as on 31.03.08	:	Nil
Chairman/Member of other Committees of Board as on 31.03.2008	:	Membership- Remuneration Committee

INFORMATION PURSUANT TO CORPORATE GOVERNANCE CLAUSE 49 OF THE LISTING AGREEMENT(S) REGARDING APPOINTMENT OF SH. JATINDER SINGH AS DIRECTOR OF THE COMPANY

Name of the Director	:	Sh. Jatinder Singh						
Father's Name	:	Sh. Avtar Singh						
Date of Birth	:	18.12.1965						
Date of Appointment as a Director	:	25.03.2008						
Qualifications	:	B.Com, F.C.A.						
DIN No.	:	02150760						
Directorship in other Companies as on 31.03.2008	:	Nil						
Chairmanship/Membership of other committees of the Board as on 31.03.08	:	<table border="0"> <tr> <td>Membership Chairman</td> <td>- Audit Committee</td> </tr> <tr> <td></td> <td>- Share Transfer cum Investor Grievance Redressal Committee</td> </tr> <tr> <td>Membership</td> <td>- Remuneration Committee</td> </tr> </table>	Membership Chairman	- Audit Committee		- Share Transfer cum Investor Grievance Redressal Committee	Membership	- Remuneration Committee
Membership Chairman	- Audit Committee							
	- Share Transfer cum Investor Grievance Redressal Committee							
Membership	- Remuneration Committee							

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INFORMATION PURSUANT TO CORPORATE GOVERNANCE CLAUSE 49 OF THE LISTING AGREEMENT(S) REGARDING RE-APPOINTMENT OF SH. SAHIL BANSAL AS DIRECTOR (FINANCE) OF THE COMPANY

Name of the Director : Sh.Sahil Bansal
 Father's Name : Sh.Sanjeev Bansal
 Date of Birth : 09.09.1979
 Date of Appointment as a Director (Finance) : 01.10.2003
 Qualifications : B.Sc (Hons) in Business Administration from U.K.
 DIN No. : 00057513
 Directorship in other Companies : Nil
 as on 31.03.2008
 Chairmanship/Membership of other committees of the Board as on 31.03.08 : Membership - Audit Committee
 Membership - Share Transfer cum Investor
 Grievance Redressal Committee

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESSES:**ITEM NO.4**

The Board has appointed Sh Jatinder Singh, a practicing Chartered Accountant having more than 15 years of experience, as an Additional Director of the Company on 25.03.2008. The company has received a notice pursuant to section 257 of the Companies Act, 1956 in writing along with requisite deposit of Rs.500/- from a member proposing the candidature of Sh. Jatinder Singh as Director of the Company. The Board hereby recommends the Resolution as stated at Item No.4 for your consideration and approval.

MEMORANDUM OF INTEREST

None of the Directors of the Company is in any way concerned or interested in this resolution.

ITEM NO.5

Sh. Sahil Bansal was appointed as Director (Finance) of the company by the Shareholders in the 13th Annual General Meeting of the Company held on 29th September, 2003 for a period of five years w.e.f. 1st October, 2003. His term as Director (Finance) of the Company will expire on 30.09.2008. However keeping in view the valuable services rendered by him to the Company, the Board on the recommendation of remuneration committee has re-appointed him as a Director (Finance) pursuant to the approval of the members of the company for a further period of 5 years with effect from 01.10.2008 (1st day of October, 2008) on the terms and conditions as set-out in draft agreement 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 Board of Directors of your company recommends that the Resolution for Item No.5 be passed as a Special Resolution.

Terms in brief as under:

- Basic Salary Rs.25,000/- per month plus HRA @ 50% on Basic Salary with provision of minimum increase of 10% in basic salary per year.
- Sh. Sahil Bansal, re-appointed as Director (Finance) for a further period of five year shall also be entitled to all other benefits and perks as per Company rules.

MEMORANDUM OF INTEREST

Except Sh. Sahil Bansal, the appointee, Sh. Raj Paul Bansal, Chairman of the Company and Sh. Sanjeev Bansal, Managing Director, being his relatives, none of the other Directors of the Company, is concerned or interested in this resolution.

This statement may be treated as an abstract of the terms & 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 30.07.2008 and the Company has not made any default in the repayment of its debts or debentures or interest payable thereon for a continuous period of thirty days in preceding financial year.

ITEM NO.6

The company has been sanctioned the enhanced credit facilities by its banker namely State Bank of India and while applying for the renewal and enhancement of the said credit limits, the company undertake to infuse its own funds either by way of internal accruals or through preferential allotment of shares to the tune of Rs.3,00,00,000/- (Rupees Three Crores Only). Since, the existing capital structure is inadequate to complete the arrangement, therefore, it is necessitated that the authorized shares capital of the company be increased by creation of new 300000 10% Redeemable Non-cumulative Participative Preferential Shares of Rs.100/- each.

Thus resolution stated at item No.6 is to enhance/increase the authorized shares capital of the company from Rs.4,75,00,000/- (Rupees Four Crore Seventy Five Lacs) to Rs.7,75,00,000/- (Rupees Seven Crore Seventy Five Lacs) by creation of new 300000 10% Redeemable Non-cumulative Participative Preferential Shares of Rs.100/- each. Hence your directors recommend this resolution for your approval.

MEMORANDUM OF INTEREST

None of the Directors of the Company is in any way concerned or interested in this resolution.



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ITEM NO.7 & 8

As the increase in the authorized shares capital would necessitate the consequential changes in the Memorandum and Articles of Association of the Company, therefore, your directors recommend the resolutions as stated in Item no, 7 and 8 for your approval.

MEMORANDUM OF INTEREST

None of the Directors of the Company is in any way concerned or interested in this resolution.

ITEM NO.9

The proposed resolution is to empower the Board to issue, offer and allot the new 300000 10% Redeemable Non-cumulative Participative Preferential Shares of Rs.100/- each to such person or persons (whether or not such persons are Members of the Company) including promoters or their friends and relatives, as the Board in its absolute discretion at whatever time think fit. The Board hereby recommends the Resolution as stated at Item No.9 for your consideration and approval.

MEMORANDUM OF INTEREST

The directors of the Company may be deemed to be interested or concerned in the resolution to the extent of their existing shareholding and consequential entitlement/subsorption which they may make pursuant to any offer of shares made to them.

ITEM NO. 10

With a view to meet a part in future the funds requirement of the Company for expansion/ modernization /diversification/renovation schemes as also to augment working capital resources, it may require and/or necessitate for the company to issue further shares or to raise borrowings by way of one or more series of Debentures/other debt instruments of a value in the aggregate not exceeding Rs.45,00,00,000/- (Rupees Forty Five Crores Only) on such terms and conditions as per the Guidelines in this behalf issued by SEBI and subject to other relevant compliances. Since the Shares/ Debentures/other debt instruments may have to be offered/issued to persons other than members of the Company, this would necessitate the passing of a special resolution as proposed in this item of the Notice. This resolution is purely enabling in character. Therefore, it is to be understood that the aforesaid resolution is to enable the Board of Directors to exercise the power for the issue of shares/debentures with the conversion clause attached to it, subject, however, to various other approvals, as may be necessary.

Yours directors, therefore, recommend the resolution in this item of the Notice for approval of the members.

MEMORANDUM OF INTEREST

The directors of the Company may be deemed to be interested or concerned in the resolution and the proposal for issue of shares/debentures/other instruments and the equity shares to be issued on conversion to the extent of their existing shareholding and the consequent entitlement to receive the offer and to the extent of the subscription which they may make pursuant to any offer of shares/debentures/other instruments made to them.

ITEM NO. 11

In view of existing activities, expansion plans and anticipated modernization and quest for diversifying its activities, the company would require raising long term/short term loans/ borrowings/debts pursuant to section 293 (1)(a) of the Companies Act, 1956 or any amendment in future thereto, it is, therefore, propose to authorize the Board to create securities in favour of Banks/ Financial Institutions, lenders, trustees or other persons etc. for securing the borrowings/debts/ financial assistance for an amount not exceeding Rs.80,00,00,000/- (Rupees Eighty Crores).

The resolution seeks to authorize the Board of Directors under section 293(1)(a) to secure the borrow money (ies) from time to time. The borrowings of the company are, in general, required to be secured by a suitable mortgage or charge on all or any of the movable and/or immovable properties of the company in such form, manner and rankings as may be determined by the Board of Directors of the company from time to time, in consultation with the lenders. The mortgage or charge by the Company of its movable or immovable properties and/or the whole or any part of the undertaking(s) of the Company in favour of the Banks/ Financial Institutions, lenders, trustees or other persons etc. may be regarded as disposal of the company's undertaking(s) within the meanings of section 293(1)(a) of the Companies Act, 1956. Hence, it is necessary to obtain the approval for the same from the shareholders.

Yours directors recommend the resolution for your approval.

MEMORANDUM OF INTEREST

None of the Directors of the Company is in any way concerned or interested in this resolution.

ITEM NO. 12

The resolution seeks to authorize the Board of Directors under section 293(1)(d) to borrow money from time to time. Under section 293 (1)(d) of the Companies Act, 1956, the Board of Directors of a company cannot except with the approval of the members in the General Meeting, borrow money in excess of the company's paid-up capital and its free reserves. However, given the size and scale of the Company's operations and in order to meet the funding requirements of the company from time to time, it may be necessary for the company to borrow in excess of its paid up capital and free reserves.

Since your Company is expanding its activities and going for further expansion and modernization, the requirements of funds is bound to increase. Keeping in view the future needs, it is proposed to authorize the Board to borrow funds in excess of the company's paid-up capital and its free reserves but up to Rs.80,00,00,000/- (Rupees Eighty Crores Only).

Yours directors recommend the resolution for your approval.

MEMORANDUM OF INTEREST

None of the Directors of the Company is in any way concerned or interested in this resolution.



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DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors have pleasure in presenting the 18th Annual Report for the financial year ended 31st March, 2008.

FINANCIAL RESULTS

	(Rs. In Lacs)	
	2007-2008	2006-2007
Sales & other Income	11699.54	8266.19
Profit/(Loss) before Interest, Depreciation & Tax (PBITD)	488.13	336.99
Less : Interest & Financial Charges	150.94	133.86
Cash Profit/(Loss)	337.19	203.13
Depreciation	66.84	72.89
Profit/(Loss) before Tax (PBT)	270.35	130.24
Provision for Fringe Benefit Tax	0.95	0.93
Provision for Current Tax	41.06	14.51
Provisions for Deferred Tax	24.12	12.24
Provision for Income Tax (Earlier Years)	1.39	0.02
Profit after Tax (PAT)	202.83	102.54

PERFORMANCE AND REVIEW

The manufacturing operations during the year have been satisfactory. The Company closed the financial year 2007-08 with a turnover of Rs.116.95 Crores with an increase of 41.53 % over the previous year and the net profit after tax almost doubled during the year under review with Rs.1.03 crores in 2006-07 increased to Rs.2.03 crores in 2007-2008. Your Directors are confident of achieving further better results in the current year 2008-09.

FUTURE PROSPECTS

Presently, the company is mainly concentrating on the Rice Bran Refined Oil (RBRO) as in the recent years RBRO has gained popularity as a Health Oil and Heart Oil and has achieved remarkable market among the all other Refined Oils available in the market. To fetch the growing demand, the company is instrumental in expanding/enhancing its capacity of refining in the years to come.

DIVIDEND

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

FIXED DEPOSITS

During the year under review, the Company has accepted the deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there-under and complied with the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public..

DIRECTORS

Dr. S.K. Suri is retiring by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

Sh Jatinder Singh, a practicing Chartered Accountant having more than 15 years of experience, has been as appointed an Additional Director w.e.f. 25.03.2008 and he holds office till date of the forthcoming Annual General Meeting wherein he is proposed to be appointed as regular director liable for retirement by rotation. Sh. Bhupesh Gupta resigned from the Board w.e.f.01.03.2008. Your directors express a deep sense of appreciation for him.

Sh.Sahil Bansal was appointed as Director (Finance) of the company by the Shareholders in the 13th Annual General Meeting of the Company for a period of five years w.e.f. 1st October, 2003 and his term as Director (Finance) of the Company is expiring on 30.09.2008. However keeping in view the valuable services being rendered by him to the Company, the Board on the recommendation of the Remuneration Committee has re-appointed him, however pursuant to the approval of the members, for a further period of 5 years with effect from 01.10.2008. A brief profile of Sh. Sahil Bansal and other information as per Clause 49 of the Listing Agreement is provided elsewhere in this Annual Report.

DIRECTORS'RESPONSIBILITY STATEMENT

The Directors would like to assure the Members that the financial statements for the year under review, confirm in their entirety to the requirements of the Companies Act, 1956. Hence pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- That in the preparation of accounts for the financial year ended 31st March,2008, the applicable accounting standards have been followed along with proper explanation relating to material departures.

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RAJ AGRO MILLS LIMITED

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- b. That the Directors have selected such accounting policies and applied them consistently and 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 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 on 31st March, 2008 on a going concern basis.

LISTING OF SECURITIES

The Equity Shares of the Company are listed at the following Stock Exchanges.

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

The Company has paid the listing fees to above Stock Exchange(s) for the financial year 2008-09.

DEPOSITORY SYSTEM

As the members must be aware that the company's securities are tradable compulsorily in electronic form w.e.f 26.03.2001. Your Company has already established connectivity with both the Depositories i.e. National Securities Depository Limited (NSDL) and/or Central Depository Services Limited (CDSL) to facilitate the holding and trading of securities in electronic form. As on 31st March, 2008, 84.38% of the share capital of the company has been dematerialized. The Company has already paid the Annual Custodian Fees to the NSDL and CDSL.

Further as per SEBI circular No. D&CC/FITTC/CIR-15/2002 dated 27.12.2002, the Company has appointed M/s Intime Spectrum Registry Limited, A-40, 2nd Floor, Naraina Industrial Area, Phase-II, New Batra Banquet Hall, New Delhi-110 028 as the Registrar for Share Transfer and Electronic Connectivity. Accordingly, all the Shareholders, Investors, Member of the Stock Exchanges, Depository Participants and all other concerned are requested to send all communications in respect of Share Transfer, Demat/ Remat etc. to our said Registrar. In case, any query/complaint remains unresolved with our Registrar, please write to the Company Secretary of the Company at the Registered Office/Corporate Office & Works of the Company.

The shareholders, who have not gone in for dematerialisation of shares till date, are requested to opt for dematerialisation of the shares at the earliest.

ADEQUACY OF INTERNAL CONTROL

The Company has a proper and adequate system of internal control, to ensure that all assets are safeguarded, properly utilized and protected against loss from un-authorized use or disposition and that transactions are authorized & recorded by the Accounts Department properly and reported to the Audit Committee/Board correctly.

AUDIT COMMITTEE

During the year, the Board on change of its composition has reconstituted its Committees. The constituent members of the present Audit Committee are Sh.R.C.Singal, Sh. Jatinder Singh and Sh. Sahil Bansal. Sh. Ajay Kumar Tagra, GM (Finance & Taxation) being Head of Finance and Accounts of the Company, is the Chief Financial Officer of the Company, who is responsible for complying with Section 209 to 212 of the Companies Act, 1956 in relation to finalization of Accounts of the Company. Sh. R.C. Singal is the Chairman of the said Committee. During the year under review the Committee had five meetings.

SHARE TRANSFER CUM INVESTOR GRIEVANCE RE-DRESSAL COMMITTEE

The committee was re-constituted during the year with Sh. Jatinder Singh as a Chairman and Sh. Sanjeev Bansal and Sh. Sahil Bansal as Members. The Chairman of Committee is a non-executive independent director. The Committee inter alia looks into transfer, transmission, split, duplicate, re-mat and consolidation of shares. The Committee also monitor the re-dressal of shareholders complaints. However, all the matters pertaining to the share transfer and related activities are handled by our Registrar and Share Transfer Agent M/s Intime Spectrum Registry Limited, New Delhi. The share transfer requests are processed by them and a transfer register is sent to the company for approval once in fortnight.

REMUNERATION COMMITTEE

The Remuneration Committee was also reconstituted during the year under review. The present Committee comprises of Sh R.C. Singal as a Chairman and Dr. S.K.Suri and Sh. Jatinder Singh as Members. The Broad terms of reference of the remuneration committee are to approve/recommend to the Board the remuneration including perquisites, allowances to be paid to company's whole time directors. The present committee consists of only non-executive independent directors.