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19th Annual Report

2008-2009

RAJ AGRO MILLS LIMITED



RAJ AGRO MILLS LIMITED

Annual Report 2009

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 CS**

ACCOUNTS & FINANCE HEAD

SH. NEERAJ UPPAL : **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, PANJPEER, BAGH KARAMBAKSH
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 is hereby given that the 19th Annual General Meeting of the Members of **RAJ AGRO MILLS LIMITED** will be held on Wednesday, the 30th day of September, 2009 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 Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Sh R C Singal 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 and to fix their remuneration.

SPECIAL BUSINESSES:

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, 302, 309, 310 and 311, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Rules framed there-under (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 if any 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. Sanjeev Bansal, as Managing Director of the Company for a further period of five years with effect from 15.09.2009 on the remuneration and other terms and conditions as set out in the draft agreement approved by the Board of Directors which is to be entered into between the company and Sh. Sanjeev Bansal, as submitted to this meeting and initialed 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. 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 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 as it may consider necessary or 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 an Ordinary Resolution:

RESOLVED UNANIMOUSLY THAT pursuant to the provisions of Section 310 and 311 read with Schedule XIII of the Companies Act, 1956 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 approvals as may be necessary and in partial modification of Ordinary Resolution passed in the 17th General Meeting held on 29.09.2007 and as recommended and proposed by the



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Remuneration Committee and thereafter the Board of Directors, the consent and approval of the members of the company be and is accorded to give effect to the alteration in the terms of appointment of Sh. Varinder Kumar, Director (Works) with effect from 01.10.2009 for the remaining term of his office as were approved by the Board of Directors in its meeting held on 30.07.2009 and as briefed in the Explanatory Statement annexed hereto and that the initial terms and conditions be considered to be varied to that effect.

RESOLVED FURTHER THAT that the term of office of Sh Varinder Kumar, Directors (Works) would also be liable to determination by retirement of directors by rotation and the re-appointment thereon shall not be deemed to constitute a break in his appointment as whole time director and he shall continue to occupy the office of whole time director in accordance with terms as initially agreed to between him and company.

RESOLVED FURTHER THAT the Board of Directors of 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. 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 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 as it may consider necessary or expedient in the interest of the company.

BY ORDER OF THE BOARD

Sd/-

(DAVINDER KUMAR)

GM (LEGAL) CUM C.S.

DATE : 30.07.2009

PLACE : LUDHIANA

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 (21.09.2009) to Wednesday (30.09.2009) (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 Link Intime India Pvt. Ltd. formerly known as 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.

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Name of the Director	: Sh. R.C. Singal
Date of Birth	: 27.01.1954
Date of Appointment	: 01.06.1996
DIN	: 00010888
Qualification	: B.Com, M.A.(Eco), CAIIB, PGDBM, FCS , FCWA
Experience	: He has very vast experience in the field of Corporate Laws, Capital Market and Financial Services etc. He is also Ex-president of the Ludhiana Stock Exchange Ltd. Apart from this he shares office of Director of various other leading corporate houses.
Chairman/Membership of other Board Committees as on 31.03.2009	: Chairman- Audit Committee & Remuneration Committee
Directorship in other companies as on 31.03.2009	: RCS Financial Technology Ltd. Bhandari Hosiery Exports Ltd. Nishant Global Ltd. Supreme Texmart Ltd. Shreyans Industries Ltd. Malwa Industries Ltd. Ludhiana Commodities Trading Services Ltd. Oswal Spinning & Weaving Mills Ltd. RCS Consultants Pvt. Ltd. RCS Securities Pvt. Ltd. RCS Investments SPS Investments RCS Shares Brokers Ltd.

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Name of the Director	:	Sh. Sanjeev Bansal
Date of Birth	:	02.03.1959
Date of Appointment	:	18.06.1990
DIN	:	00057485
Qualification	:	Graduate
Experience	:	Shri Sanjeev Bansal aged 50 years is a Graduate from Punjab University and has experience of more than 30 years in this industry. In 1978, he joined the National Soap Mills as a partner and emerged as the main force behind making National Soap Mills a renowned name in the industry and establishing the brand name of "RAJ" in the market. With his hardworking capabilities and a view to expand the portfolio of cleansing products, he floated a company in year 1987 named Raj Soap & Detergents Pvt. Ltd, which is engaged in manufacturing of synthetic detergents based cleaning products. In the year 1990, M/s Raj Agro Mills Pvt. Ltd. was incorporated under the sheer and able guidance of Mr. Sanjeev Bansal. He is a worldly traveled man having visited many countries namely Japan, South Korea, Singapore, Malaysia, Taiwan etc. for identification of new technology in oils and soaps. In 2002, he visited many countries to explore potential in World's Healthiest Cooking Oil and as a result thereof installed Rice Bran Refinery.
		Mr. Bansal is of view that health and quality products are the key word for success and therefore laid very rigid quality standards at all levels in the company' units. Maintaining the high quality standard is the main reason behind the phenomenal success of the company as well as the group today. He is looking after the day to day activities and has been instrumental in carrying out the research and development activities for the company.
Chairman/Membership of other Board Committees as on 31.03.2009	:	Membership – Share Transfer cum Investor Grievance Re-dressal Committee
Directorship in other companies as on 31.03.2009	:	Raj Soap & Detergents Pvt. Ltd.

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

Lastly Sh. Sanjeev Bansal was re-appointed as Managing Director of the company for a further period of five years with effect from 15.09.2004 by the Board of Directors in its meeting held on 17.08.2004 subject to the approval of shareholders and the shareholders in the 14th Annual General Meeting of the Company held on 28th September, 2004 has approved said re-appointment for a period of five years

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w.e.f. 15th September, 2004. His term as Managing Director of the Company will expire on 14.09.2009. However keeping in view the valuable services rendered by him to the Company, the Board on the recommendation of remuneration committee has again re-appointed him as Managing Director pursuant to the approval of the members of the company for a further period of 5 years with effect from 15.09.2009 (15th day of September, 2009) on the terms and conditions as set-out in draft agreement open for inspection at the registered office of the company during business hours on any working day. Hence, the Board of Directors of your company recommends that the Resolution stated at Item No.4 be passed as a Special Resolution.

Terms in brief as under:

- a) Basic Salary Rs.50,000/- per month plus HRA @ 50% on Basic Salary with provision of minimum increase of 10% in basic salary per year.
- b) Sh. Sanjeev Bansal, re-appointed as Managing Director 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. Sanjeev Bansal, the appointee, Sh. Raj Paul Bansal, Chairman of the Company and Sh. Sahil Bansal, Director (Finance), 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.

NOTE

The aforesaid remuneration has been approved by the Remuneration Committee in its meeting held on 30.07.2009 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.5

To bring uniformity in the system for provisioning for payment of remuneration to whole-time directors and to revise the remuneration of Sh. Varinder Kumar, Director (Works) in paralance to other senior executives of the company, the Board is of the view that as approved by the Remuneration Committee the terms of remuneration payable to Sh Varinder Kumar, Director (Works) shall be altered for the remaining term of his office w.e.f. 1st October, 2009 after the consent of shareholders in the forthcoming Annual General Meeting. Further it is suggested that the term of office of Sh Varinder Kumar shall be made subject to determination by retirement of director by rotation to comply with the provisions of section 255 of the Companies Act.

The revised terms of remuneration in brief as under:

- a) Basic Salary Rs.22,000/- per month plus HRA @ 35% on Basic Salary with provision of minimum increase of 10% in basic salary per year.
- b) Sh.Varinder Kumar, Director (Works) shall also be entitled to all other benefits and perks as per Company rules.
- c) Reimbursement of medical and personal accidental insurance premium/expenses for self and family up-to Rs.5000/- per annum retrospectively from year of initial appointment.

Hence, the Board of Directors of your company recommends that the Resolution for Item No.5 be passed as an Ordinary Resolution.

MEMORANDUM OF INTEREST

None of other Directors of 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.

NOTE:

The aforesaid remuneration has been approved by the Remuneration Committee in its meeting held on 30.07.2009 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.

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Dear Members,

Your Directors have pleasure in presenting the 19th Annual Report for the financial year ended 31st March, 2009.

FINANCIAL RESULTS

	(Rs. In Lacs)	
	2008-2009	2007-2008
Sales & other Income	13130.72	11699.54
Profit/(Loss) before Interest, Depreciation & Tax (PBITD)	(255.78)	488.13
Less : Interest & Financial Charges	231.03	150.94
Cash Profit/(Loss)	(486.81)	337.19
Depreciation	70.12	66.84
Profit/(Loss) before Tax (PBT)	(556.93)	270.35
Provision for Fringe Benefit Tax	1.16	0.95
Provision for Current Tax	0.00	41.06
Provisions for Deferred Tax (Assets)	-137.95	24.12
Provision for Income Tax (Earlier Years)	-0.88	1.39
Profit/(Loss) after Tax (PAT)	(419.26)	202.83

PERFORMANCE AND REVIEW

The Company closed the financial year 2008-09 with a turnover of Rs.131.31 Crores as compared to Rs.116.99 Crores in the last year. However, due to exchange rate fluctuations the company suffered net losses to the tune of Rs.4.19 Crores against net profit of Rs.2.02 Crores during the corresponding last year. The instability of global market has badly hit the oil industry across the nation. However, your Directors are confident of achieving better results in the current year 2009-10 barring the stability of oil prices at the international level.

FUTURE PROSPECTS

The company is instrumental in enhancing its capacity of refining. The promoters of the company have infused fresh funds into the company in the shape of preference sharers. The expansion projects are under-way and the global markets are expected to remain static in the current year and it is expected that company will perform better this as compared to year under review.

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.

PUBLIC 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 read with the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

DIRECTORS

Sh R C Singal is retiring by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

The term of Sh Sanjeev Bansal as Managing Director is expiring on 14.09.2009. 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 Managing Director however subject to the approval of the members of the company for a further period of 5 years with effect from 15.09.2009 (15th day of September, 2009). A brief profile of Sh Sanjeev Bansal and other information as per Clause 49 of the Listing Agreement is provided elsewhere in this Annual Report.

Besides, the Board pursuant to recommendation of Remuneration Committee revised the remuneration of Sh Varinder Kumar, Directors (Works) in parlance to other senior executives of the company.

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

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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, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- 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 loss for that period.
- 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.
- That the Directors have prepared the annual accounts for the financial year ended on 31st March, 2009 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 Limited, New Delhi
2. The Bombay Stock Exchange Limited, Mumbai
3. The Ludhiana Stock Exchange Limited, Ludhiana

The Company has paid the listing fees to above Stock Exchange(s) for the financial year 2009-10.

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, 2009, 84.82% of the equity 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 its Registrar namely M/s Link Intime India Private Limited formerly known as Intime Spectrum Registry Limited, A-40, 2nd Floor, Naraina Industrial Area, Phase-II, New Batra Banquet Hall, New Delhi-110 028 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

The constituent members of the present Audit Committee are Sh.R.C.Singal, Sh. Jatinder Singh and Sh. Sahil Bansal. On the resignation of Sh. Ajay Kumar Tagra from the services of company, Sh. Neeraj Uppal was appointed as GM (Finance & Taxation) and being Head of Finance and Accounts of the Company, he 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 its five meetings.

SHARE TRANSFER CUM INVESTOR GRIEVANCE RE-DRESSAL COMMITTEE

The Committee looks into transfer, transmission, split, duplicate, re-mat and consolidation of shares and 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 Link Intime India Private Limited

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formerly known as 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 present Committee comprises of Sh R.C. Singal as its 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 committee consists of only non-executive independent directors.

AUDITORS

M/s P.C Goyal & Co., Chartered Accountants, are liable to retire as statutory auditors of the Company at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment and they have furnished a certificate as required under Section 224(1-B) of the Companies Act, 1956.

AUDITORS' REPORT

The Auditors Report on the Accounts of the Company is self-explanatory and do not require any comments.

COST AUDITORS

The Cost Accounts for the Financial Year 2008-2009 have been audited by M/s Pawan & Associates, Cost Accountants, EE 255, Panj Peer, Bagh Karam Baksh, Jalandhar City (Pb). The Cost Audit Report will be submitted to the Central Govt. within the stipulated time.

Further, the Board, subject to the approval of the Central Government, has re-appointed M/s Pawan & Associates, Cost Accountants, EE 255, Panj Peer, Bagh Karam Baksh, Jalandhar City (Pb) as the Cost Auditor for auditing of the costing accounts of the company for the Financial Year 2009-10 on receiving of requisite certificate under section 224 (1-B) of the Companies Act, 1956.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement, a Report on Corporate Governance and a Management Discussion and Analysis Report are included in the Annual Report along-with CEO & CFO Certificates. A certificate from the auditors of the company is annexed to this report.

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

The detailed information 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 is 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.

PARTICULARS OF EMPLOYEES

Particulars of employees in accordance with provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended, are not given as none of employees qualify for such disclosure.

ACKNOWLEDGEMENTS

The Board of Directors of the Company wish to place on record their sincere thanks and appreciation to the team of Executives, Staff Members and Workers at all levels for their cooperation and contribution to the operations of the company. Your directors also acknowledge with gratitude the co-operation, and support received from the Bankers, Central and State Government Authorities, Business Constituents and also place on record their sincere thank to the shareholders of the Company for their continued support, cooperation and confidence in the Management of the Company.

FOR AND ON BEHALF OF THE BOARD

Sd/-

Sd/-

PLACE : LUDHIANA

SANJEEV BANSAL

SAHIL BANSAL

DATE : 30.07.2009

MANAGING DIRECTOR

DIRECTOR (FINANCE)