



SURAJ VANASPATI LIMITED



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10TH
ANNUAL REPORT
1998-99

SURAJ VANASPATI LIMITED**Board of Directors**

| | |
|--|---|
| Chairman | : Shri Inder Lal Jain |
| Managing Director | : Shri Suraj Gupta |
| Whole Time Directors | : Shri Deepak Jain Shri Atul Jain |
| Directors | : Shri J.K. Jain Smt. Anita Gupta Shri Shailesh Gupta Shri Hardyal Doegar |
| Company Secretary | : Shri G.S. Khurana |
| Bankers | : Punjab National Bank |
| Auditors | : M/s. TAS Associates |
| Registrar & Share Transfer Agents | : M/s. BEETAL Financial & Computer Services Pvt. Ltd. 321-S, Chirag Delhi, New Delhi-110017. |
| Registered Office | : A-26, UPSIDC Industrial Area, Sikandrabad, Distt. Bulandshahr, U.P. |
| Corporate Office | : 15th Floor, Ambadeep Building, 14, K.G. Marg, New Delhi - 110 001. |



SURAJ VANASPATI LIMITED

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the Members of SURAJ VANASPATI LIMITED will be held on Wednesday the 29th December, 1999 at 9.30 A.M. at the Registered Office of the Company at A-26, UPSIDC Industrial Area, Sikandrabad, Distt. Bulandshahr (U.P.) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 1999 and the Profit and Loss Account for the year ended on that date and Report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Deepak Jain who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Atul Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of Next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :
"Resolved that Shri Hardyal Dogar who was appointed as Additional Director of the Company pursuant to section 260 of the Companies Act, 1956 to hold such office until the date of this Annual General Meeting be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."
6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :
"Resolved that in accordance with the provisions of Sections 198, 269, 309 read with schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the company be and is hereby accorded to the appointment of Shri Suraj Gupta as Managing Director of the company for a period of 5(five) years with effect from 31st October, 1999 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the company and Shri Suraj Gupta, a draft whereof is placed before this meeting and is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement so as not to exceed the limits specified therein or in any amendments and/or modifications that may hereafter be made in schedule XIII and other applicable provisions by the Central Government or as may be agreed to between the Board of Directors and Shri Suraj Gupta. Resolved further that where in any financial year closing on and after 1st July, 1999, the company has no profits or its profits are inadequate, the company may pay Shri Suraj Gupta and other Managerial Personnel remuneration by way of salary, perquisites and other allowances not exceeding the ceiling limit of Rs. 8,64,000 per annum or Rs. 72,000 per month and in addition thereto the perquisites not exceeding the limits specified under section II of Part II of schedule XIII to the Company Act, 1956. Resolved further that the Board of Directors of the company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."

By order of the Board
For Suraj Vanaspati Limited

Sd/-

(G.S. Khurana)

Company Secretary

Place : New Delhi
Dated : 26th November, 1999

Registered Office :

A-26, UPSIDC Industrial Area,
Sikandrabad,
Distt. Bulandshahr (U.P.)

NOTES :

- a) The relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the business under item 5 and 6 set out above is annexed hereto.
- b) A member entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Proxy in order to be effective must reach the registered office of the company duly stamped, not less than 48 hours before the time fixed for the meeting. Proxy form is enclosed.
- c) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 27th December, 1999 till Wednesday, the 29th December, 1999 (both days inclusive).

SURAJ VANASPATI LIMITED

- d) Members are requested to bring their copy of Annual Accounts at the meeting as extra copies may not be available.
- e) Members are requested to notify immediately any change in their address, quoting folio numbers to the 'Registrar and Share Transfer Agents' of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:**ITEM NO. 5**

The Board of Directors appointed Shri Hardyal Doegar as Additional Director of the Company in accordance with Article 80 of the Articles of Association of the Company and section 260 of the Companies Act, 1956. The company has received a notice from shareholder under section 257 of the companies Act, 1956 alongwith Rs. 500/- proposing his candidature for the office of Director.

Your Directors, therefore, recommend the resolution set out at Item No. 5 for your approval.

None of the directors except Shri Hardyal Doegar is interested in the resolution.

ITEM NO. 6

Sh. Suraj Gupta was re-appointed as Managing Director of the company on 31st Oct, 1994 for a period of five years to hold the office upto 30th Oct., 1999. In terms of Schedule XIII of the Companies Act, Sh. Suraj Gupta is eligible for reappointment as Managing Director of the company. Your Directors recommend his reappointment for a further period of five years with effect from 31st October, 1999 on the same terms & conditions as approved by the members in the 7th AGM of the company held on 30th September, 1996 as per details given below.

1. Salary Rs.25,000/- per month.
2. Perquisites : May be paid per month as mentioned below :
 - (i) Company's Contribution to Provident Fund : As per Rules of the Company, but not exceeding 10% of the salary, as laid down in the Income Tax Rules, 1962.
 - (ii) Gratuity : Not exceeding one half month's salary for each completed year of service, subject to the maximum ceiling amount permissible as per Payment of Gratuity Act.
 - (iii) Company's car with driver will be provided for use for Company's business. Use of car for private purpose will be billed by the Company.
 - (iv) Telephone to be provided at the Managing Director's residence and all rentals and expenses except personal long distance calls will be paid by the Company.
3. Rent free furnished accommodation to be provided by the company upto 20% of the salary.
4. Medicals benefits for self and family (non-interchangeable) : Reimbursement of expenses actually incurred, the total cost of which to the Company shall not exceed 15 day's salary in a year or 1.5 month's salary in a block of three years.
5. Leave Travel Concession : Actual expenditure for proceeding on leave to any destination in India and returning therefrom by 1st class air or AC rail once a year for self and family, subject to a maximum of 15 day's salary.
6. Entertainment Expenses : Reimbursement of entertainment expenses actually incurred in the course of company's business.
7. Personal Accident Insurance of an amount the annual premium of which does not exceed Rs. 1,000/-
8. Fees of clubs, subject to maximum of two clubs provided that no life membership or admission fee is paid.
9. Commission : 1% of the net profit of the company computed in the manner referred to in section 198(1) of the Companies Act, 1956, less Actual salary and other perquisites paid to M.D. during the relevant financial year.

A copy of the draft 'Supplemental Agreement' is available for inspection at the Registered Office of the company between 11.00 A.M. and 1:00 P.M. on all working days except Saturday and Holiday upto the date of the meeting.

Your Directors recommend the resolution set out at item no. 6 of the Notice for approval of the Shareholders. None of the Directors except Shri Suraj Gupta and Smt. Anita Gupta may be deemed to be interested in the said resolution.

By order of the Board
For Suraj Vanaspati Limited
Sd/-
(G.S. Khurana)
Company Secretary

Place : New Delhi
Dated : 26th November 1999



SURAJ VANASPATI LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their Tenth Annual Report alongwith the Audited Statements of Accounts for the year ended 30th June, 1999.

FINANCIAL RESULTS :

Financial Results for the year's operations and the comparative figures of the previous year are summarised below :

| | (Rs. in Lacs) | |
|------------------------------------|------------------------------|------------------------------|
| | Year ended 30th June 1999 | Year ended 30th June 1998 |
| Sales | 14645.94 | 7064.13 |
| Gross Profit/(Loss) | 172.43 | (76.35) |
| Financial Charges | 220.87 | 281.64 |
| Depreciation | 84.84 | 84.31 |
| Loss on Sale of Investment/Assets | .23 | 146.47 |
| Net Profit/(Loss) for the year | (133.51) | (588.77) |
| Profit available for Appropriation | — | — |

APPROPRIATIONS

| | | |
|----------------------------------|----------|----------|
| Dividend | — | — |
| Transfer to General Reserve | — | — |
| Balance Carried to Balance Sheet | (539.99) | (406.48) |

DIVIDEND :

In view of Company's Financial Results, the Directors are unable to recommend any dividend.

OPERATIONS :

During the year under review the capacity utilisation of the company increased from 37% to 68%. This was possible due to the sustained efforts by the company to re-capture its market share coupled with the decision of the Government of Uttar Pradesh in simplyfying the sales tax structure by levy of capacity based sales tax @ Rs. 600/- per tonne. This enabled the company to compete with smaller tax exempted units. The company plans to introduce in the current year value added products for Bakeries & Institutional Customers and R & D effort is going on to make special grade Vanaspati with better frying properties.

FIXED DEPOSITS :

The Company has not accepted any Fixed Deposits from the Public during the year under report.

DIRECTORS :

Shri Hardyal Doegar, was co-opted to the Board as Additional Director and hold office till the ensuing Annual General Meeting. The Company has received the Notice under section 257 of the Companies Act, 1956 from member of the Company for the appointment of Shri Hardyal Doegar as regular Director.

Shri Parmod Arora and Shri O.P. Arora resigned from the Board. The Board places on record for the services and guidance rendered by them. Shri Deepak Jain and Shri Atul Jain retire by rotation and being eligible offer themselves for re-appointment.

SURAJ VANASPATI LIMITED**AUDITORS :**

M/s. Tas Associates, Chartered Accountants, Auditors of the company hold office until the conclusion of the ensuing Annual General Meeting and your Directors recommend their re-appointment. The company has received the requisite certificate from M/s. Tas Associates, Chartered Accountants, to the effect that their re-appointment, if effected, would be within the limits prescribed under section 224(1-B) of the Companies Act, 1956.

AUDIT REPORT :

The observation of the Auditor in the audit report have been explained in the Notes to the Accounts, which are self explanatory.

Due to inadequacy of profit for the year, no provision has been made for Debenture Redemption Reserve. Further due to past losses, the company has requested IDBI for waiver of Compound Interest & Liquidated Damages, which is under consideration of IDBI.

Y2 K COMPLIANCE :

The company has been cognizant of the problem Y2 K and expect that there will be no risk to the operations because of Y2 K, as most of the hardware systems and software programme are latest which take care of the year 2000 issue. Modification in the programmes are made without incurring significant expenditures and no problems are anticipated.

INSURANCE :

All the insurable interest of the company including inventories, buildings and plant & machinery under legislative enactments are adequately insured.

DISCLOSURE OF PARTICULARS :

As required by the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, the relevant information and data is given in Annexure-I to this report.

INDUSTRIAL RELATIONS :

The Industrial Relations have continued to be stable and harmonious during the year. Your company has made sustained efforts to improve manpower productivity and employer-employee relations.

As required under the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1957, as amended, the names and other particulars of the employees are set out in Annexure-II hereto forming part of this report.

ACKNOWLEDGEMENTS :

We wish to place on record our grateful appreciation of the continued valuable assistance, co-operation, guidance and support provided to the company by all the financial institutions viz. ICICI, IFCI and IDBI, its bankers-Punjab National Bank, Directorate of Vanaspati, Bureau of Indian Standards, Government of Uttar Pradesh and the local authorities.

The Directors also express their thanks to the large number of customers and associate for their patronage.

In the end, your Directors wish to place on record their deep appreciation of the enthusiasm, initiative and hardwork put in by the staff and workers of the company at all levels which enabled your company to make all round progress.

for and on behalf of the Board
For SURAJ VANASPATI LIMITED

Sd/-
(I. L. JAIN)
Chairman

Place : New Delhi
Dated : 26th November, 1999



SURAJ VANASPATI LIMITED

ANNEXURE TO DIRECTORS' REPORT :

ANNEXURE-I

INFORMATION AS PER SECTION 217(1)(E) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE, 1999.

1. CONSERVATION OF ENERGY :

- Plate Heat Exchanger has been installed to improve the efficiency of Refrigeration plant, consequently reducing the cooling time for vanaspati.
- Steam condensate is being used in boiler resulting its saving in consumption of rice husk.
- Water recovery system has been installed to re-circulate waste water through cooling tower resulting in saving of water and power.
- Details of total energy consumption and energy consumption per unit of production as per Form "A" are given hereunder :

| | YEAR ENDED 30.06.99 | YEAR ENDED 30.06.98 |
|--|------------------------|------------------------|
| POWER AND FUEL CONSUMPTION | | |
| 1. Electricity | | |
| a) Purchased | | |
| Units (KWH) | 9173360 | 8326740 |
| Total Amount (Rs. lacs) | 407.49 | 344.88 |
| Rate/Unit (Rs.) | 4.44 | 4.14 |
| b) Own Generation | | |
| Through Diesel Generator | N.A. | N.A. |
| Units | N.A. | N.A. |
| Cost/Unit | N.A. | N.A. |
| Through Steam Turbine/Generator Units | N.A. | N.A. |
| Unit Per Litre of Fuel | N.A. | N.A. |
| Oil/Gas | N.A. | N.A. |
| Cost /Unit | N.A. | N.A. |
| 2. Coal (Specify quantity and Where used) | N.A. | N.A. |
| 3. Furnance Oil | N.A. | N.A. |
| 4. Other/Internal Generation | | |
| i) De-oiled Rice Husk (for Boiler) | | |
| Quantity (M.T.) | 11646.75 | 10340.69 |
| Total Cost (Rs. Lacs) | 133.75 | 114.33 |
| Rate/Unit (Rs.) | 1148.42 | 1105.66 |
| ii) Diesel & Others | | |
| Quantity (Ltrs.) | 232800.00 | 196345.00 |
| Total Cost (Rs. lacs) | 21.26 | 17.82 |
| Average Rate (Rs.) | 9.13 | 9.07 |
| 5. Consumption per Unit (M.T.) of production | | |
| Production (Tonnes) | 33725.664 | 18006.126 |
| Electricity (KWH) | 272.00 | 462.44 |
| Diesel & Others (Litres) | 6.90 | 10.90 |
| Coal | Nil | Nil |
| De-Oiled Rice Husk (Kg.) | 345.34 | 574.29 |

SURAJ VANASPATI LIMITED**II. TECHNOLOGY ABSORPTION :****Research & Development :**

The Company has installed various laboratory equipments to monitor and reduce oil losses. The Company has put more stress for using minor oils with better efficiency and turning out better quality product.

Future Action Plan :

R & D effort is going on to make special grade Vanaspati with better frying properties.

Technology Absorption, Adaptation and Innovation :

The continuous process technology used by the Company is updated one. The Company has not imported any technology for its products and it has no technical collaboration with any foreign party.

III. FOREIGN EXCHANGE EARNING & OUTGO :

The Company has not involved itself in transactions involving foreign exchange during the year.

For and on behalf of the Board.

Place : New Delhi
Dated : 26th November, 1999

Sd/-
(Inder Lal Jain)
Chairman

ANNEXURE TO DIRECTORS' REPORT**ANNEXURE-II**

PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE, 1999.

| Sl. Name | Age | Qualification | Designation /Nature of duties | Date of commence- ment of Employment | Remune- ration (Rs.) | Experi- ence (yrs.) | Last Employment Held Name of the Organisation | Desig- nation |
|----------|-----|---------------|-------------------------------------|---|----------------------------|---------------------------|---|------------------|
|----------|-----|---------------|-------------------------------------|---|----------------------------|---------------------------|---|------------------|

NIL

For and on behalf of the Board.

Place : New Delhi
Dated : 26th November, 1999

Sd/-
(Inder Lal Jain)
Chairman