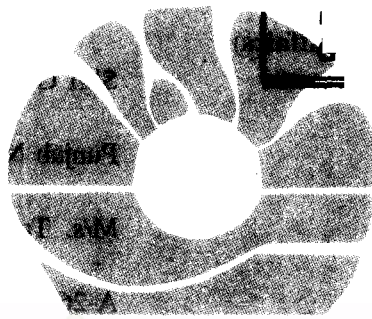




SURAJ VANASPATI LIMITED



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**13TH
ANNUAL REPORT
2001-2002**

**SURAJ VANASPATI LIMITED**

BOARD OF DIRECTORS

Chairman & Managing Director	Shri Suraj Gupta
Whole Time Director	Shri S.C. Singhal
Directors	Smt. Anita Gupta Shri Shailesh Gupta Shri Hardyal Doegar Shri Sanjai Kapoor
Dy. General Manager (Corp. Affairs) & Company Secretary	Shri G.S. Khurana
Bankers	Punjab National Bank
Auditors	M/s. Tas Associates
Registered Office	A-26, UPSIDC Industrial Area, Sikandrabad, Distt. Bulandshahr, U.P.
Corporate Office	G-321, Chirag Delhi New Delhi - 110 017.



SURAJ VANASPATI LIMITED

NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the members of Suraj Vanaspati Limited will be held on Friday, the 15th November, 2002 at 10.00 A.M. at the Registered Office of the Company at A-26 UPSIDC Industrial Area, Sikandrabad, Distt. Bulandshahar (U.P.) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2002 and the Profit & Loss Account for the year ended on the that date and report of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Shailesh Gupta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the Next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"Resolved that Shri S.C. Singhal who was appointed as an 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."

5. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"Resolved that Shri Sanjai Kapoor who was appointed as an 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 the following resolution, with or without modification, as an Ordinary Resolution :

"RESOLVED that pursuant to section 94(1) of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rupees 6,50,00,000/- (Rupees Six Crore Fifty Lacs) divided into 6500000 (Sixty Five Lacs) equity shares of Rs.10/- (Rupees Ten) each to Rupees 8,50,00,000/- (Rupees Eight Crore Fifty Lacs) divided into 8500000 (Eighty Five Lacs) equity shares of Rs.10/- (Rupees Ten) each ranking parri-passu with the existing equity shares in the company."

7. To consider and if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution :

"RESOLVED that the clause-V of the Memorandum of Association of the company be and is hereby deleted and the following clause-V be and is hereby inserted in its place:

The Authorised Share Capital of the company is Rs. 8,50,00,000/- (Rs. Eight Crore Fifty Lacs only) divided into 8500000 (Eighty Five Lacs) equity shares of Rs. 10/- (Rupees Ten) Each.

8. To consider and if thought fit, to pass the following resolution, with or without modification, as a Special Resolution :

"RESOLVED that pursuant to section 31 of the Companies Act, 1956, the Articles of Association of the Company be altered by substituting the following Article for Article 3;



SURAJ VANASPATI LIMITED

Art. 3. The Authorised Share Capital of the Company is Rs.8,50,00,000/-(Rupees Eight Crores Fifty Lacs) divided into 8500000 (Eighty Five Lacs) equity share of Rs.10/-(Rupees Ten) each with power to subdivide consolidate and increase and with power from time to time, to issue any shares of the original capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be, thought fit, and upon the subdivision of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division.

9. To consider and if thought fit, to pass the following resolution, with or without modification, as a Special Resolution :

“RESOLVED that pursuant to sub-section (1A) of section 81 of the companies Act, 1956 and as per the order of the Hon’ble BIFR dated 22nd April, 2002 the Board of Directors of the company be and are hereby authorised to offer Thirteen Lacs equity shares of the company to IDBI for Rs.10/- each at par in the authorised capital of the Company against conversion of Loan into equity.

RESOLVED further that the Board of Directors of the company be and is hereby authorised to do all acts, deeds and things as may be necessary to complete the above allotment.”

10. To consider and if thought fit, to pass the following resolution, with or without modification, as a Special Resolution:

“Resolved that subject to the approval of Central Government and of shareholders in ensuing Annual General Meeting by passing the special resolution and subject to the provisions of section 198, 269, 309 read with schedule XIII and other applicable provisions, if any, of the companies act, 1956 the consent and approval of the company be and is hereby accorded to the appointment of Shri S.C. Singhal as Whole Time Director of the company to hold office for 2 years w.e.f. 27th April, 2002 on the terms and conditions as are set out in the agreement and as approved by the board of directors and Remuneration Committee with liberty to alter and vary the terms and conditions of the said agreement and/or agreements so as not to exceed the limit specified therein, or in any amendments and/or modification that may be hereafter be made in schedule XIII and other applicable provisions by the Central Government.

“Resolved further that the Board of Directors be and are 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)

Dy. General Manager (Corp. Affairs)
& Company Secretary

Place : New Delhi
Date : October 16, 2002

Registered Office

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

NOTES :

- The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item 4 to 10 set out above is annexed hereto.
- 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.



SURAJ VANASPATI LIMITED

- c) The Register of Members and Share Transfer Book, of the company will remain closed from Wednesday the 13th November, 2002 till Friday, the 15th November, 2002 (Both days inclusive).
- 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 company.

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

ITEM NO. 4 :

The Board of Directors appointed Shri S.C. Singhal 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 to hold the office upto the date of ensuing Annual General Meeting. The Company has received a notice from shareholder u/s. 257 of the Companies Act, 1956 alongwith Rs.500/- proposing the candidature of Shri S.C. Singhal for the office of Director.

Your Directors recommend the resolution set out at item no. 4 for your approval.

None of the Directors except Shri S.C. Singhal is interested in the resolution.

ITEM NO. 5 :

The Board of Directors appointed Shri Sanjai Kapoor 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 to hold the office upto the date of ensuing Annual General Meeting. The Company has received a notice from shareholder u/s. 257 of the Companies Act, 1956 alongwith Rs.500/- proposing the candidature of Shri Sanjai Kapoor for the office of Director.

Your Directors recommend the resolution set out at item no. 5 for your approval.

None of the Directors except Shri Sanjai Kapoor is interested in the resolution.

ITEM NO. 6, 7 & 8 :

At present the Authorised Share Capital of the company is Rs.6,50,00,000/-divided into 6500000 equity shares of Rs.10/-each. As per rehabilitation scheme approved by the Hon'ble BIFR, the company is to issue and allot 1300000 Equity Shares of Rs. 10/- each at par to IDBI against conversion of loan into equity. In this regard the authorised capital of the company to be increased from Rs. 650 Lacs to Rs. 850 Lacs and clause-V of Memorandum of Association and Article 3 of Articles of Association to be amended accordingly.

Your Director recommend the resolution set out at Item No. 6, 7 & 8 for your approval.

None of the Directors are interested in the said resolution.

ITEM NO. 9 :

The members are informed that company is to issue and allot 1300000 Equity Shares of Rs. 10/- each at par to IDBI as per the order of Hon'ble BIFR against conversion of loan into equity As per provisions of section 81(1A) of the Companies Act, 1956, the approval of shareholders is required by passing the special resolution in the general meeting for issuing further equity shares to the persons other than the existing shareholders. Accordingly, the approval of shareholders is solicited under section 81(1A) of the Companies act for further issue of 1300000 equity shares of the company to IDBI for Rs. 10/- each at par against conversion of loan into equity.

Your Directors recommend the resolution set out at Item No. 9 for your approval.

None of the Directors are interested in the said resolution.

ITEM NO. 10 :

Shri S.C. Singhal was appointed as Whole Time Director by the Board of Directors in their meeting held on 27th April, 2002 subject to the approval of Central Government and shareholders in the ensuing Annual General Meeting. The



SURAJ VANASPATI LIMITED

appointment of Shri S.C. Singhal as Whole Time Director of the company is for a period of 2 years w.e.f 27.04.2002 on a total monthly remuneration of Rs. 20,000/- and others perks as approved by the remuneration committee meeting held on 22.05.2002. The approval of the Central Government is solicited because of latest amendment in schedule XIII of the companies act vide notification no. GSR 36(t) dated 16th January, 2002 and the company has already moved an application to the Central Government for getting the approval of appointment of Whole Time Director.

The details of the remuneration to be paid to the Whole Time Director is given below :

- 1) Salary Rs. 12,500/- p.m.
- 2) H.R.A. Rs. 7,500/- p.m.
- 3) Perquisites: To be paid to Whole Time Director as mentioned below:
 - i) Company's Contributions to Provident Fund: As per Rules of the Company, but not exceeding 12% of the salary, as laid down in the Income Tax Rules, 1962.
 - ii) Medical Reimbursement for self and family :
Reimbursement of expense actually incurred, the total cost of which to the company shall not exceed one month Basic Salary in a year.
 - iii) Leave Travel Allowances: Actual Expenditure for proceeding on leave to any destination in India subject to maximum of one month basic salary in a year.
 - iv) Gratuity: Not exceeding one half month's salary for each completed year of service, subject to maximum ceiling amount permissible as per payment of Gratuity Act.

A copy of the agreement is available for inspection at the registered office of the company between 11.00 A.M. to 1.00 P.M. on all working days except saturday and holidays upto the date of the meeting.

Your Directors recommend the resolution set out at Item No. 10 for your approval.

None of the Directors except Shri S.C. Singhal is interested in the said resolution.

By order of the Board
For SURAJ VANASPATI LIMITED

Sd/-

(G.S. Khurana)

Dy. General Manager (Corp. Affairs)
& Company Secretary

Place : New Delhi

Date : October 16, 2002

SURAJ VANASPATI LIMITED**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting their thirteenth Annual Report alongwith the Audited Statements of Account for the year ended 30th June, 2002.

Financial Results :

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

	Year ended 30.06.2002	(Rs. in Lacs) Year ended 30.06.2001
Sales	13400.68	13121.26
Profit before Financial Charges & Depreciation	218.74	(18.79)
Financial Charges	79.62	337.41
Depreciation	91.03	90.03
Provision for Diminution in value of Investment	-	91.77
Prior Period Expenses	6.18	-
Provision for Income Tax/Wealth Tax written back	-	(5.80)
Net Profit/(Loss) for the year	41.91	(532.20)

APPROPRIATIONS

Dividend	-	-
Transfer to General Reserve	-	-
Interest & other charges waived off by IDBI as per order of BIFR	781.31	-
Balance in Profit & Loss Account carried to Balance Sheet	(748.15)	(1571.38)

Dividend :

In view of Company's Financial Position, the Directors are unable to recommended any dividend. The Company's shares are listed at Bombay, Delhi, Uttar Pradesh and Calcutta Stock Exchange and the company has deposited the listing fee to all the Stock Exchange for the year 2002-2003 except the Calcutta Stock Exchange.

Operations :

During the year under review the capacity utilisation of the company decreased to 77% from 94% achieved during the last year. The primary reason for this was unabated duty free imports of Vanaspati from Nepal.

However, despite the drop in capacity utilisation the company was able to achieve higher gross profits due to reduced cost of production resulting from physical refining of Crude Palm Oil. This was supplemented with improvement in the market condition in the last quarter subsequent to the quantitative restriction on duty free imports of Vanaspati from Nepal.

Deposits :

The company has accepted the deposits from the specified persons only and the statement in lieu of advertisement as per deposit rules has been filed with the Registrar of Companies, U.P. and there is no default in repayment of any deposit.



SURAJ VANASPATI LIMITED

Directors :

Shri Shailesh Gupta, Director retires by rotation and being eligible offers himself for reappointment.

During the year, Shri Deepak Jain, Shri Inder Lal Jain, Shri J.K. Jain, Shri O.P. Arora, Shri Parmod Arora resigned from the Directorship of the company. The expertise and invaluable guidance of all above Directors has helped the Company to a greater extent in forging ahead. The Board places on record its deep appreciation and gratitude for the valuable advice, guidance assistance and service rendered by Shri Deepak Jain, Shri Inder Lal Jain, Shri J.K. Jain, Shri O.P. Arora and Shri Parmod Arora during their tenure on the board.

Directors' Responsibility Statement :

Pursuant to the provisions contained in Section 217(2AA) of the Companies Act, 1956, the Directors of your company confirm:

- a. that in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same.
- b. that they 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 2001-2002 and of the Profit/(loss) of the Company for that period.
- c. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities.
- d. that they have prepared the annual accounts on a going concern basis.

Audit Committee :

Pursuant to the provisions of Section 292A of the Companies Act, 1956, your company has constituted the Audit Committee of the Board of Directors with the following composition:

1. Shri Hardayal Doegar
2. Shri S.C. Singhal
3. Shri Sanjai Kapoor

This committee has reviewed the Accounts for the year ended 30th June, 2002.

Auditors :

M/s. Tas Associates, Chartered Accountants, Auditors of the company hold office until the conclusion of ensuing Annual General Meeting and your Directors recommended 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 u/s. 224(1-B) of the Companies Act, 1956.

Observations in the Audit Report :

The interest on Unsecured Loan has not been provided in view of the Rehabilitation Scheme sanctioned by Hon'ble BIFR which provides for induction of interest free funds by the promoters to the company.

The write back of previous years' interest charged by IDBI and non-provision of interest during the year on Term Loans/Non Convertible Debenture from IDBI is in accordance with the Rehabilitation Scheme sanctioned by the Hon'ble BIFR.

Insurance :

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

**SURAJ VANASPATI LIMITED**

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 course of 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 sincere appreciation of the continued valuable, co-operation, guidance and support provided to the company by financial institution viz., IDBI its bankers Punjab National Bank, Directorate of Vanaspati, 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 hard work put in by the staff and workers of the company at all levels which enables your company to make all round progress.

For and on behalf of the Board
For Suraj Vanaspati Limited

Place : New Delhi
Date : October 16, 2002

Sd/-
(Suraj Gupta)
Chairman & Managing Director



SURAJ VANASPATI LIMITED**ANNEXURE TO DIRECTOR'S 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, 2002.

I Conservation of Energy :

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

	Year ended 30.06.2002	Year ended 30.06.2001
(Rs. in Lacs)		
<u>POWER AND FUEL CONSUMPTION</u>		
1. Electricity		
a) Purchased		
Units (KWH)	5452937	6906140
Total Amount (Rs. Lacs)	230.74	379.80
Rate/Unit (Rs.)	4.23	5.50
b) Own Generation		
Through Diesel Generator		
Units	646817	302320
Units Per Litre of Diesel Oil	2.97	2.80
Cost/Unit	5.41	5.62
Through Steam Turbine/Generator Units	N.A.	N.A.
Units 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. Furnace Oil	N.A.	N.A.
4. Other/Internal Generation		
i) De-Oiled Rice Husk (for Boiler)		
Quantity (M.T.)	13401.500	14991.00
Total Cost (Rs. Lacs)	187.17	192.15
Rate/Unit (Rs.)	1396.66	1281.75
ii) Diesel & Other (For Process House)		
Quantity Litres	347417	301175
Total Cost (Rs. Lacs)	55.84	47.49
Average Rate(Rs.)	16.07	15.77