



SURAJ VANASPATI LIMITED

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16TH
ANNUAL REPORT
2004-2005

**SURAJ VANASPATI LIMITED**

BOARD OF DIRECTORS**Chairman & Managing Director**

Shri J.K.Jain

Whole Time Director

Shri S.C.Singhal

DirectorsShri Shailesh Gupta
Shri Ramesh Gupta
Shri Anand Pal Singh
Shri Swaraj K. Gupta**Vice President &
Company Secretary**

Shri G.S.Khurana

Bankers

Punjab National Bank

Auditors

M/s Tas Associates

Registered OfficeA-26, UPSIDC Industrial
Area, Sikandrabad,
Distt. Bulandshahr, U.P.**Corporate Office**1602, Ambadeep Building,
14, K.G. Marg,
New Delhi-110 001.**Share Transfer Agent**Beetal Financial & Computer
Services (P) Ltd.
Beetal House, 3rd Floor,
99, Madangir, New Delhi.



SURAJ VANASPATI LIMITED

NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Suraj Vanaspati Limited will be held on Friday the 30th December, 2005, 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, 2005 and the Profit & 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 J.K. Jain who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Anandpal Singh 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 the 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 Swaraj K. Gupta 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 with or without modifications, the following resolution as an Ordinary Resolution:

“Resolved that subject to the approval of the members in the General Meeting and pursuant to section 198,269,309 and 310 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 re-appointment of Shri S.C.Singhal as Whole Time Director of the company in accordance with the schedule XIII of the companies act, 1956 to hold office w.e.f. 27th April, 2005 and upto the conclusion of 16th Annual General Meeting of the company on a remuneration of Rs. 20,000/- Per month plus other benefits and on the terms and conditions as are set out in the agreement as approved by the Board of Directors and Remuneration Committee formed as per schedule XIII of the companies act, with liberty to the Remuneration Committee/Board of Directors to alter and vary the terms and conditions of the said agreement and /or agreements 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 between the Board of Directors and Shri S.C.Singhal.

Resolved further that where in any financial year closing on and after 1st July, 2005 the company has no profits or its profits are inadequate the company may pay Shri S.C.Singhal by way of salary, perquisite and other allowances as mentioned in the agreement and approved by the board of directors and remuneration committee and to be within limit specified under section II of part II of schedule XIII of companies act.

Resolved further that the board of directors of the company be and are hereby authorised to take such steps as may be necessary to give effect to this resolution.”



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

“Resolved that subject to the approval of the members in the General Meeting and pursuant to section 198,269,309 and 310 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 J.K. Jain as Managing Director of the company in accordance with the schedule XIII of the companies act, 1956 to hold office w.e.f. 1st June, 2005 on a remuneration of Rs.-27,000/- Per month plus other benefits and on the terms and conditions as are set out in the agreement as approved by the Board of Directors and Remuneration Committee formed as per schedule XIII of the companies act, with liberty to the Remuneration Committee/Board of Directors to alter and vary the terms and conditions of the said agreement and /or agreements 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 between the Board of Directors and Shri J.K. Jain.

Resolved further that where in any financial year closing on and/after 1st July, 2005 the company has no profits or its profits are inadequate the company may pay Shri J.K.Jain by way of salary, perquisite and other allowances as mentioned in the agreement and approved by the Board of Directors and Remuneration Committee and to be within limit specified under section II of part II of Schedule XIII of Companies Act.

Resolved further that the board of directors of the company 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)

Vice President &

Company Secretary

Place : New Delhi
Date : 25.11.2005

Registered Office:
A-26, UPSIDC Industrial Area,
Sikandrabad, Distt. Bulandshahar (U.P.)

NOTES :

1. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item 5 to 7 set out above is annexed hereto.
2. 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.
3. The Register of Members and Share Transfer Book, of the company will remain closed from Wednesday the 28th December, 2005 till Friday, the 30th December, 2005 (Both days inclusive).
4. Members are requested to bring their copy of Annual Accounts at the meeting, as extra copies may not be available.
5. Members are requested to notify immediately any change in their address, quoting folio numbers to the company.
6. The company had approached to NSDL/CSDL for dematerialisation of its equity shares. The request of dematerialisation of company's shares has been declined by CSDL. The approval of NSDL is awaited. The shareholders will be informed separately about demat of shares.



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

ITEM NO. 5

The Board of Directors appointed Shri Swaraj K. Gupta 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 along with Rs.500/- proposing the candidature of Shri Swraj K. Gupta 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 Swaraj K. Gupta is interested in the resolution.

ITEM NO. 6

Shri S.C. Singhal was re-appointed as Whole Time Director by the Board of Directors in their meeting held on 29th April, 2005 subject to the approval of members in the ensuing Annual General Meeting. The appointment of Shri S.C. Singhal as Whole Time Director of the company was made w.e.f. 27.04.2005 for a period upto the conclusion of 16th Annual General Meeting on a total monthly remuneration of Rs. 20,000/- and other benefits.

The details of the remuneration and other benefits paid/ to be paid w.e.f. 27.04.2005 to the Whole Time Director are given below :

1. Basic Salary Rs. 12,500/- p.m.
2. H.R.A. Rs. 7,500/- p.m.
3. 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.
4. 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.
5. Leave Travel Allowances for self & Family: Actual Expenditure for proceeding on leave to any destination in India subject to maximum of one month basic salary in a year.
6. 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 up to the date of the meeting.

Your Directors recommend the resolution set out at Item No. 6 for your approval and ratification.

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

ITEM NO. 7

The Board of Directors in their meeting held on 30th May, 2005 appointed Shri J.K. Jain as Managing Director of the company for a period of one year w.e.f. 01.06.2005 on a total monthly remuneration of Rs. 27000/- plus other benefits. The appointment of Shri J.K. Jain was made subject to the approval of members in the General Meeting and as per provisions of section 269, 198, 309 & 310 and schedule XIII of the companies act.

The details of remuneration and other benefits paid / to be paid to the Managing Director w.e.f. 01.06.2005 are given below :

- a) Basic Salary is Rs. 18,000/- P.M.



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- b) House Rent Allowance @ 50% of basic salary to be paid per month.
- c) Perquisites : To be paid to Managing 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) Company's car with driver will be provided for use for company business.
 - iii) Mobile Phone to be provided to Managing Director for use of company business.
 - iv) Medical Reimbursement for self and family : Reimbursement of expenses actually incurred, the total cost of which to the company shall not exceed one month basic salary in a year.
 - v) Leave Travel Allowance for self & Family : Actual expenditure for proceeding on leave to any destination in India subject to maximum of one month basic salary in a year.
 - vi) 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 up to the date of the meeting.

Your Directors recommend the resolution set out at item no. 7 for your approval.

None of the Directors except Shri J.K. Jain is interested in the resolution.



By order of the Board
For Suraj Vanaspati Limited

Place : New Delhi
Date : 25.11.2005

Sd/-
(G.S.Khurana)
Vice President &
Company Secretary

Registered Office:
A-26, UPSIDC Industrial Area, Sikandrabad,
Distt. Bulandshahar (U.P.)



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ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT OR SEEKING ELECTION AT THE ANNUAL GENERAL MEETING

Shri J.K. Jain has done graduation in Commerce from Delhi University. Shri J.K. Jain has over 40 years of rich experience in Industry, Commerce and Business. He is associated with the company for the last 10 years and seeking his re-appointment as director of the Company.

Other Directorship	Name of the Committee
Name of the company	Name of the Committee
<ul style="list-style-type: none"> • Mohan Meaking Limited – Director • Suraj Solvent & Vanaspati Industries Limited – Director • Jain Motor Finance & Leasing (Pvt) Ltd.- Director • Acropolyners (P) Limited – Director • Madhu Distributor (P) Ltd. – Director • Suraj Industries Limited – Director 	Suraj Solvent & Vanaspati Industries Limited <ul style="list-style-type: none"> • Audit Committee – Chairman • Suraj Industries Limited – Audit Committee – Member • Suraj Industries Limited – Remuneration Committee – Chairman • Suraj Industries Limited – Investor Grievance/Share Transfer Committee- Chairman

Shri Anand Pal Singh is a graduate and has over 20 years of rich experience in Industry, Commerce and Business and seeking his reappointment as director of the company.

Other Directorship	Name of the Committee
Name of the company	Name of the Committee
<ul style="list-style-type: none"> • Delhi Liquors Limited - Director 	<ul style="list-style-type: none"> • Suraj Vanaspati Limited - Audit Committee- Member

Shri Swaraj K Gupta is retired from banking sector and has over 40 years of rich experience in financial sector and has been appointed as an Additional Director of the Company w.e.f. 29.4.2005 to hold office of Independent Director up to the date of ensuing Annual General Meeting and seeking his appointment as regular director of the company.

Other Directorship	Name of the Committee
Name of the company	Name of the Committee
<ul style="list-style-type: none"> • Suraj Solvent & Vanaspati Industries Limited., Director • Suraj Industries Limited – Director • VRV Foods Limited – Director 	Suraj Vanaspati Limited <ul style="list-style-type: none"> • Audit Committee • Suraj Industries Limited • Audit Committee • Suraj Solvent & Vanaspati Industries Limited • Audit Committee



SURAJ VANASPATI LIMITED

DIRECTORS' REPORT

To the Members,

Your directors have pleasure in presenting their Sixteenth Annual Report along with the Audited Statements of Account for the year ended June 30, 2005.

Financial Results

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

	Year ended June 30, 2005	(Rs. In Lacs) Year ended June 30, 2004
Sales	18262.81	17833.10
Profit before Financial Charges & Depreciation	(558.90)	(420.58)
Financial Charges	75.85	72.73
Depreciation	96.95	94.00
Extra Ordinary Expenses :		
Prior period Items	0.83	1.78
Trade Tax for earlier years	1.94	30.77
Provision for diminution in value of Investments	6.48	-
Excise modvat credit of earlier years	-	(23.51)
Net Profit/(Loss) before Tax	(740.95)	(596.35)
Income Tax for earlier years	-	9.76
Net Profit (Loss) for the year	(740.95)	(606.11)

APPROPRIATIONS

Dividend	-	-
Transfer to General Reserve	-	-
Loss brought forward	(1269.88)	(728.77)
Transfer from Investment allowance reserves	-	65.00
Balance in profit & Loss Account carried to Balance sheet	(2010.83)	(1269.88)

Dividend

In view of Company's Financial Position, the Directors are unable to recommend any dividend. The company's share are listed at Mumbai and Kolkata Stock Exchange and the company has deposited the listing fee to both the Stock Exchanges for the year 2005-2006 pursuant to clause 38 of the listing agreement.

Operations

During the year under review the capacity utilization of the unit was 81.87% as compared to 76.26% last year. Despite the increase in capacity utilisation, the company suffered a loss due to general sluggishness in the market. The market conditions were affected because of distorted import duty structure on edible and non-edible oils. Then, despite overcapacity in the industry, huge capacities were created in the excise duty free zone of Bhuj in Gujarat to avail the benefit of excise duty exemption. The market was also affected due to increased imports of duty free Vanaspati from Nepal and Sri Lanka under free Trade Agreements with these countries.

However, the Government has taken some corrective measures on continuous representation of Industry. First, it exempted Vanaspati and Refined Oils from excise duty and thereafter it increased the import duty on non-edible grade



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palm oil to the level of import duty on edible grade palm oil. This should restore level playing field in the industry and the market conditions are expected to improve.

Deposits

During the year the company has not accepted any public deposits. However, the company has accepted the deposits from the specified persons in earlier years and the statement in lieu of advertisement has been filed with the Registrar of Companies for those years. However there is no default in repayment of any deposit.

Directors

Shri J.K. Jain and Shri Anandpal Singh, Directors retires by rotation and being eligible offers themselves for re-appointment. During the year Shri Swaraj K. Gupta was appointed as additional director under section 260 of the Companies Act, 1956. The company has received a notice from a shareholder under section 257 of the Companies Act, 1956 proposing the appointment of Shri Swaraj K. Gupta as regular director of the company.

During the year, Shri Suraj Gupta, Shri S.A. Rehman and Shri Hardyal Doegar resigned from the Directorship of the company. The expertise and invaluable guidance of Shri Suraj Gupta, Shri S.A. Rehman and Shri Hardyal Doegar have 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 them during his 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:

- 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.
- 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 2004-2005 and of the loss of the company for that period.
- 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.
- 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 and Clause 49 of the Listing Agreement for Corporate Governance, your company has constituted the Audit Committee of the Board of Directors with the following composition:

- Shri Ramesh Gupta
- Shri Anand Pal Singh
- Shri Swaraj K. Gupta

This committee has reviewed the Accounts for the year ended June 30, 2005.

Corporate Governance

SVL continues to function in a transparent manner with the basic philosophy to create wealth, besides taking care of the interest of all stakeholders including shareholders, banks, Financial Institutions, Customers, Employees and the society at large.

Your company gives due emphasis on the adaptability to such procedures so as to ensure transparency, accountability & integrity in all respect. A separate section on Corporate Governance and a certificate from the Practicing Company

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Secretary regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the stock exchanges from part of the Annual Report.

Auditors

M/s Tas Associates, Chartered Accountants, Auditors of the company hold office until the conclusion of ensuring 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 of effected, would be within the limits prescribed u/s 224(1-B) of the Companies Act, 1956.

Insurance

All the insurable interest of the company including inventories, building 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 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.

Acknowledgement

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 : November 25, 2005

Sd/-
(J.K. Jain)
Chairman