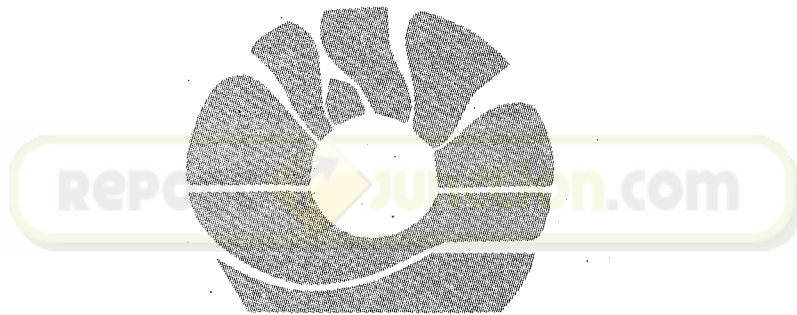


SURAJ VANASPATI LIMITED



17TH
ANNUAL REPORT
2005-2006

**SURAJ VANASPATI LIMITED**

BOARD OF DIRECTORS

Chairman & Managing Director	Shri J.K.Jain
Whole Time Director	Shri Gopal Das Aggarwal
Directors	Shri S.K.Jain Shri Inder Mani Mittal
Vice President & 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	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 Seventeenth Annual General Meeting of the Members of Suraj Vanaspati Limited will be held on Friday the 22nd December, 2006, at 10:00 A.M. at SIAS Bhawan, 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, 2006 and the Profit & Loss Account for the year ended on that date and report of Directors and Auditors thereon.
2. 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 :

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

“Resolved that Shri S. K. Jain 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.”

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

“Resolved that Shri Gopal Das Aggarwal 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 modifications, the following resolution as an Ordinary Resolution:

“Resolved that Shri Inder Mani Mittal 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 appointment of Shri Gopal Das Aggarwal as Whole Time Director of the company in accordance with schedules XIII of the companies act, 1956 to hold office for a period of one year w.e.f 28.1.2006 on a total monthly remuneration of Rs. 11,539/- per month(Gross) and on the terms and condition 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 provision by the Central Government or as may be agreed between the Board of Directors and Shri Gopal Das Aggarwal.

Resolved further that where in any financial year closing on and/or after 1st April, 2006 the company has no profits or its profits are inadequate the company may pay Shri Gopal Das Aggarwal 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.



SURAJ VANASPATI LIMITED

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."

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 re-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, 2006 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/or after 1st April, 2006 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

Place : New Delhi
Dated : 20 November, 2006

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

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 3 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 20th December, 2006 till Friday, the 22nd December, 2006 (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.



SURAJ VANASPATI LIMITED

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

ITEM NO. 3

The Board of Directors appointed Shri S. K. Jain 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 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 S. K. Jain 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. K. Jain is interested in the resolution.

ITEM NO. 4

The Board of Directors appointed Shri Gopal Das Aggarwal 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 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 Gopal Das Aggarwal 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 Gopal Das Aggarwal is interested in the resolution.

ITEM NO. 5

The Board of Directors appointed Shri Inder Mani Mittal 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 Inder Mani Mittal for the office of Director.

Your Directors recommend the resolution set out at item no. 6 for your approval.

None of the Directors except Shri Inder Mani Mittal is interested in the resolution.

ITEM NO. 6

Shri Gopal Das Aggarwal was appointed as Whole Time Director by the Board of Directors in their meeting held on 28th January, 2006 subject to the approval of members in the ensuing Annual General Meeting. The appointment of Shri Gopal Das Aggarwal as Whole Time Director of the company was made w.e.f. 28.01.2006 for a period of One year monthly remuneration of Rs. 11,539/-(Gross) per month.

The details of the remuneration paid to the whole time directors w.e.f. 28.01.2006 are mentioned below:

- 1) Basic Salary Rs. 6600/- P.M.
- 2) House Rent Allowance of Rs.1320/- P.M. will be paid to Whole Time Director.
- 3) Other Allowances Rs. 1825/- P.M.
- 4) 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 : Rs.550/- P.M.
 - iii) Conveyance to be paid to Whole Time Director : Rs.500/- P.M.
 - iv) Adhoc Allowance to be paid to Whole Time Director : Rs.744/- P.M.



SURAJ VANASPATI LIMITED

Your Directors recommend the resolution set out at Item No. 7 for your approval and ratification.

None of the Directors except Shri Gopal Das Aggarwal is interested in the said resolution.

ITEM NO. 7

The Board of Directors in their meeting held on 28.7.2006 re-appointed Shri J.K. Jain as Managing Director of the company for a period of one year w.e.f. 01.06.2006 on a 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. 01.06.2006 are given below :

- a) Basic Salary is Rs. 18,000/- P.M.
- b) H.R.A. @ 50% of the Basic Salary P.M.
- 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 for 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.

Your Directors recommend the resolution set out at item no. 8 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
Dated : 20 November, 006

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

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



SURAJ VANASPATI LIMITED

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

Shri S.K.Jain is a Chartered Accountant by profession and has over 20 years of rich experience in Industry, Commerce and Business and was appointed as an Additional Director of the Company w.e.f. 28.01.2006 as an Independent director of the company and to hold the office upto the date of ensuing Annual Report 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
Skylords Holding.Com.Pvt.Ltd. - Director	Suraj Industries Limited-Audit Committee-Member
Suraj Industries Limited - Director	Suraj Vanaspati Limited - Member

Shri Gopal Das Aggarwal has done graduation. Shri Gopal Das Aggarwal has over 20 years of rich experience in Industry, Commerce and Business. He is associated with the company for the last 6 years and was appointed as an Additional Director of the Company w.e.f. 28.01.2006 as an additional director of the company and to hold the office upto the date of ensuing Annual Report 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
Nil	Suraj Vanaspati Limited – Audit Committee

Shri Inder Mani Mittal has over 40 years of experience in Industry, Commerce and Business and was appointed additional director of the company w.e.f.28.1.2006 to hold office of Independent Director upto the date of ensuing Annual General meeting and seeking his re-appointment as regular director of the company.

Other Directorship	Name of the Committee
Name of the Company	Name of the Committee
Suraj Industries Limited - Director	Suraj Vanaspati Limited – Audit Committee Suraj Industries Limited Audit Committee



SURAJ VANASPATI LIMITED

DIRECTORS' REPORT

To the Members,

Your directors have pleasure in presenting their Seventeenth Annual Report along with the Audited Statements of Account for the year ended June 30, 2006.

Financial Results

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

	Year ended June 30, 2006	(Rs. In Lacs) Year ended June 30, 2005
Sales	13186.35	18262.81
Profit before Financial Charges & Depreciation	(648.58)	(557.27)
Financial Charges	65.34	75.85
Depreciation	96.61	96.95
Extra Ordinary Expenses :		
Prior period Expenses	7.72	0.83
Trade Tax for earlier years	—	1.94
Provision for diminution in value of Investments	(1.50)	6.48
Net Profit/(Loss) before Tax	(816.75)	(739.32)
Income Tax (Fringe Benefit Tax)	2.76	1.63
Net Profit (Loss) for the year	(819.51)	(740.95)
APPROPRIATIONS		
Dividend	—	—
Transfer to General Reserve	—	—
Loss brought forward	(2010.83)	(1269.88)
Transfer from Investment allowance reserves	—	—
Balance in profit & Loss Account carried to Balance sheet	(2830.34)	(2010.83)

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 Mumbai Stock Exchange for the year 2006-2007 pursuant to clause 38 of the listing agreement and for Kolkata stock Exchange the Company has applied for the delisting of shares and the approval of the Kolkata stock Exchange is awaited.

Operations

During the year under review the capacity utilization of the unit declined to 61.84% from 81.87% last year. There was decline in capacity utilisation due to various adverse factors affecting the industry. The major factor was increased imports of duty free Vanaspati from Sri Lanka under the Free Trade Agreement. This was in addition to the duty free import of Vanaspati from Nepal. The market conditions were also affected because of distorted import duty structure on edible and non-edible grades of palm oil. As a result of this company incurred loss in this year as well.



SURAJ VANASPATI LIMITED

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

During the year Shri S.K.Jain, Shri Gopal Das Aggarwal and Shri Inder Mani Mittal were appointed as an Additional Directors under section 260 of the Companies Act, 1956. The company has received the notices from member under section 257 of the Companies Act, 1956 proposing the appointment of Shri S.K.Jain, Shri Gopal Das Aggarwal and Shri Inder Mani Mittal as regular directors of the company.

During the year, Shri S.A. Rahman, Shri Swaraj Gupta, Shri Ramesh Gupta and Shri S.C.Singhal resigned from the Directorship of the company. The expertise and invaluable guidance of Shri S.A. Rahman, Shri Swaraj Gupta, Shri Ramesh Gupta and Shri S.C.Singhal 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 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:

- 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 2005-2006 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 Gopal Das Aggarwal
- Shri S.K.Jain
- Shri Inder Mani Mittal

This committee has reviewed the Accounts for the year ended June 30, 2006.

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 Auditors of the Company 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.

**SURAJ VANASPATI LIMITED**

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 if 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 20, 2006

Sd/-
(J.K. Jain)
Chairman

ANNEXURE TO DIRECTOR'S REPORT