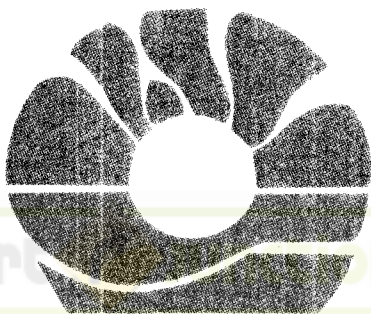


SURAJ INDUSTRIES LIMITED



**11TH
ANNUAL REPORT
2002-2003**

**SURAJ INDUSTRIES LIMITED**

BOARD OF DIRECTORS**Chairman & Managing Director**

Shri Suraj Gupta

Whole Time Director

Shri M.C. Pandey

Directors

Shri J.K. Jain

Shri V.N. Koura

Shri Ramesh Gupta

Shri Hardyak Doegar

Shri Sandeep Agrawal

Company Secretary

Bhanumati Ramachandran

Bankers

State Bank of Patiala

State Bank of Hyderabad

Auditors

M/s Tas Associates

Charatered Accountants

Registered Office

Sansarpur Terrace,

Distt. Kangra

Himachal Pradesh

Corporate Office

1501, Ambadeep Building,

14, K.G Marg,

New Delhi-110 001



SURAJ INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the members of Suraj Industries Ltd. will be held on Tuesday, the 30th day of September, 2003 at 10 A.M. at the Registered Office of the company at Sansarpur Terrace, Distt. Kangra, Himachal Pradesh to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and the Profit & Loss Account for the year ended on that date and report the 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 Hardyal Doegar 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 Sandeep Agrawal 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 Special Resolution :

“Resolved that the Equity Shares of the Company be de-listed from the Delhi Stock Exchange Association Ltd., Ludhiana Stock Exchange and Jaipur Stock Exchange Ltd. in accordance with the prevailing laws, rules, regulations and guidelines (including any statutory) and subject to such approvals, permissions and sanctions as may be necessary and compliance with such conditions and modifications as may be necessary for this purpose.”

“Resolved further that the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board) be and is hereby authorised to seek voluntary de-listing, to take all necessary steps in this regard and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to de-listing of the Equity Shares and to execute all such deeds, documents, writings as may be necessary, desirable or expedient as may be deemed fit and for this purpose to delegate the authority and the duty vested in it by virtue hereof to the Managing Director may consider suitable to do the various acts, deeds and things required to be done in this behalf.”

By Order of the Board
For **SURAJ INDUSTRIES LIMITED**
Sd/
BHANUMATI RAMACHANDRAN
COMPANY SECRETARY

Place : New Delhi
Dated : 28th August, 2003

Registered Office:
Sansarpur Terrace,
Distt. Kangra,
Himachal Pradesh.



SURAJ INDUSTRIES LIMITED

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) Members are requested to bring their copy of Annual Accounts at the meeting, as extra copies may not be available.
- d) The Register of Members and Share Transfer Books of the company will remain closed from Saturday, 27th September, 2003 till the Tuesday, the 30th September, 2003. (Both days inclusive).
- e) Members are requested to notify immediately any change in their address, quoting folio numbers to the Company
- f) The company is making efforts for dematerialisation of shares and approached the NSDL/CSDL in this regard. The intimation about demat of shares of the company will be sent to the shareholders separately.
- g) During the year, the company has transferred Rs.2,24,500/- lying in the account of Refund due against share application money to the Investor Education and Protection Fund of Central Government under Section 205C of the Companies Act.

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

ITEM NO. 5 :

The Board of Directors appointed Shri Sandeep Agrawal 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 u/s. 257 of the Companies Act, 1956 alongwith Rs.500/- proposing the candidature of Shri Sandeep Agrawal 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 Sandeep Agrawal is interested in the resolution.

ITEM NO. 6 :

Presently, the Equity Shares of the Company are listed on the Stock Exchanges at Mumbai, Delhi, Jaipur and Ludhiana. Consequent to the rapid changes in the capital market in relation to the manner of dealing in shares/securities of Companies, the volume of trading in Company's Equity Shares at the Jaipur, Ludhiana and Delhi Stock Exchange has become almost nil which does not justify payment of considerable amounts by way of listing fees and other expenses which the Company is incurring. Besides, it also takes its toll on executive time in dealing with such matters while maintaining the relevant records.

The recently issued SEBI (De-listing of Securities) Guidelines, 2003 permits a Company to go for de-listing of its securities from other stock exchange(s) without giving an exit opportunity to the regional shareholders in cases where the same continue to be listed on a stock exchange having nation wide trading terminals i.e. either in NSE or BSE. Therefore, in view of reasons/justification as given herein above, the Company wishes to follow the procedure as mentioned in the new guidelines by de-listing its equity shares from following stock exchanges at Delhi, Ludhiana and Jaipur. In accordance with the above mentioned guidelines, your approval for the proposal is sought by way of a Special Resolution for de-listing the shares of the Company from the said three Stock Exchanges.

The Board of Directors recommend the resolution set out at item No.6 for your approval.

None of the directors is concerned or interested, in the resolution.

By Order of the Board
For **SURAJ INDUSTRIES LIMITED**
Sd/-
BHANUMATI RAMACHANDRAN
COMPANY SECRETARY

Place : New Delhi
Dated : 28th August, 2003



SURAJ INDUSTRIES LIMITED

ANNEXURE

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 Jain has over 30 years of rich experience in Industry, Commerce and business. He is associated with the company for the last 8 years.

Other Directorship	Name of the Committee
Name of Company Mohan Meakin Limited—Director Suraj Solvent & Vanaspati Industries Limited —Director Jain Motor Finance & Leasing (Pvt.) Ltd. —Director Acropolymers (P) Limited—Director Madhu Distributor (P) Ltd. —Director	Name of Committee Suraj Solvent & Vanaspati Industries Limited —Audit Committee—Chairman —Suraj Industries Limited —Remuneration Committee—Chairman —Suraj Industries Limited Investor Grievances/Share Transfer Committee Chairman

Shri Hardyal Doegar : is a Senior Chartered Accountant and Company Secretary. Shri Doegar has over 40 years of rich experience in Industry, Commerce and Business. He is associated with the company for the last 6 years.

Other Directorship	Name of the Committee
Name of Company Himalayan Breweries Limited —Director K. Mohan Shakti Investment Limited—Director Mohan Closures Pvt. Ltd.—Director Mohan Zupack Pvt. Ltd.—Director Tai Industries Ltd.—Director Suraj Vanaspati Limited—Director Trishakti Distilleries Ltd.—Director V.R.V. Foods Ltd.—Director Suraj Solvent & Vanaspati Industries Limited —Director Get (Exports) Pvt. Ltd.—Director	Name of Committee Tai Industries Limited —Audit Committee—Chairman Suraj Solvent & Vanaspati Industries Limited —Audit Committee—Member Suraj Industries Limited —Audit Committee—Member Suraj Vanaspati Limited —Audit Committee—Member

Shri Sandeep Agrawal : is a Senior Chartered Accountant and Company Secretary. Shri Agrawal has over 16 years of rich experience in Industry, Commerce and business. Shri Agrawal was appointed as additional director of the company w.e.f. 30th October, 2002 and also nominated as Member of Audit Committee due to his rich experience in the field of Finance and Accounts. Shri Agrawal is to hold the office of director upto the ensuing Annual General Meeting and seeking re-appointment as regular director.

Other Directorship	Name of the Committee
Name of Company Millennium Breweries & Allied Products Limited —Director Bhankerpur Distilleries Limited —Director Penguin Credit and Securities Ltd. Director	Name of Committee Suraj Industries Limited —Audit Committee—Member



SURAJ INDUSTRIES LIMITED

DIRECTOR'S REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting their Eleventh Annual Report alongwith the Audited Statements of Account for the year ended 31st March, 2003.

FINANCIAL RESULTS :

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

	(Rs. in lacs)	
	<u>2002-2003</u>	<u>2001-02</u>
Sales/Other Income	2169.64	3104.05
Profit/(Loss) before Depreciation	(74.99)	(60.82)
Depreciation	59.40	59.03
Profit/(Loss) before Extra Ord. Items	(134.39)	(119.85)
<u>Extra-ordinary Items</u>		
Non-moving Stock Written-off	1.41	—
Subsidy receivable Written-Off	18.77	—
Interest Waived on Term Loan-written back	(6.25)	—
Provision for Doubtful Debts	3.60	—
Sundry Debtors Written-Off	23.56	—
Prior Period items	1.53	1.49
Net Profit(Loss) for the year	(177.01)	(121.34)
<u>Provision for taxation</u>		
Current year	—	—
Deffered tax (Assets)	7.72	—
Net Profit/(Loss) after tax	(169.29)	(121.34)
Profit/(Loss) Brought Forward	(254.52)	(125.45)
Less: Accumulated deffered tax liability for earlier years	—	7.73
Net Profit/(Loss) Carried to Balance Sheet	(423.81)	(254.52)
Profit/(Loss) available for Appropriation	(423.81)	(254.52)
<u>APPROPRIATIONS</u>		
Dividend	—	—
Transfer to General Reserve	—	—
Balance carried to Balance Sheet	(423.81)	(254.52)

DIVIDEND :

In view of Financial Results of the company, your Directors, are unable to recommend any dividend for the year under review. The company shares are listed at Ludhiana, New Delhi, Bombay and Jaipur stock exchanges. The company has paid the listing fees to all the stock exchanges.

FINANCIAL POSITION :

The net tangible worth of the company is Rs. 307.25 lacs as on 31.03.2003 The total capital employed by the company as on 31.03.2003 is Rs. 826.99 lacs.

The company has accepted the Deposits from specified persons as per the stipulation of the Banks and the statement in lieu of Advertisement has been filed with the Registrar of Companies, Punjab, Himachal Pradesh, Chandigarh and there is no default in repayment of any deposit.



SURAJ INDUSTRIES LIMITED

OPERATIONS :

During the year under review the company incurred heavy losses due to adverse market conditions resulting from continuing import of oil and dumping of vanaspati and refined oils in the state of Himachal Pradesh from adjoining states. Since the losses were continuing unabated, the manufacturing activities at the unit were suspended since January, 2003. Due to fresh losses and bleak future prospects, the company had applied to the state government for permission to close the unit. However the state government did not grant the permission in response to which the company had filed a review application. In the meantime the state government is also exploring the possibilities of reviving the unit. In view of this the accounts of the company have been prepared on a going concern basis.

DIRECTORS :

Shri J.K. Jain and Shri Hardyal Doegar, Directors retire by rotation and being eligible, offer themselves for re-appointment. During the year Shri Sandeep Agrawal appointed as additional Director under section 260 of the companies act. The company has received a notice from members under section 257 of the companies act proposing the appointment of Shri Sandeep Agrawal as regular director.

During the year Shri Inder Lal Jain, Shri Deepak Jain, Shri Gurcharan Arora and Shri Vinod Arora resigned from Directorship of the company. The expertise and invaluable guidance of Shri Inder Lal Jain, Shri Deepak Jain, Shri Gurcharan Arora and Shri Vinod Arora had helped the company to great extent in forgoing ahead. The board places on records its deep appreciation and gratitude for the valuable advise, guidance, assistance rendered by Shri Inder Lal Jain, Shri Deepak Jain, Shri Gurcharan Arora and Shri Vinod 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 2002-2003 and of the 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 basis.

AUDIT COMMITTEE

Pursuant to the provisions of new 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 Ramesh Gupta
2. Shri Hardyal Doegar
3. Shri Sandeep Agrawal.

This committee has reviewed the Accounts for the year ended March, 31st, 2003.

DE-LISTING WITH CERTAIN STOCK EXCHANGES

In accordance with SEBI (De-listing of securities) guidelines, 2003 the Company is initiating the procedure as laid down in the said guidelines to get its shares delisted from the stock exchanges at Delhi, Jaipur and Ludhiana. There has virtually been no trading of Company's shares on these exchanges, whereas the Company has to spend considerably by way of payment of listing fees besides the executive time taken in making compliance of the listing agreement. In terms with the said guidelines, the Company will continue to have listing with BSE, the stock exchanges having nationwide trading terminals.



SURAJ INDUSTRIES LIMITED

Pursuant to Clause 38 of the listing agreement, the annual listing fee for the financial year under review has been paid to all the Stock Exchanges.

CORPORATE GOVERNANCE

SIL continues to function in a transparent manner with the basic philosophy to create wealth, besides taking care of the interests 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, form part of the Annual Report.

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.

AUDIT REPORT :

The observations of the Auditors in the audit report have been explained in the Notes to the Accounts, which are self explanatory. The company is making its sincere efforts to recover the amounts relating to allotment of shares against unrealised stock invests.

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

The information as regards conservation of energy, technology and outgo required u/s. 217(1),(2) of the Companies Act, 1956 read with the Companies (Disclosure of Directors) Rules, 1988 is annexed hereto as per annexure and forms an integral part of the report.

PARTICULARS OF EMPLOYEES :

A statement showing particulars of employees required u/s. 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 is annexed hereto as per Annexure and forms an integral part of the Report.

INSURANCE :

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

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.

ACKNOWLEDGEMENTS :

We wish to place on record our sincere appreciation of the continued valuable assistance, co-operation, guidance and support provided to the company by all the financial institutions viz., ICICI, IIBI and SCICI, its bankers State Bank of Patiala, State Bank of Hyderabad, Directorate of Vanaspati, Bureau of Indian Standards, Government of Himachal Pradesh and the local authorities. The Directors also express their thanks to the large number of customer and associates 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.

For and on behalf of the Board
For **SURAJ INDUSTRIES LIMITED**

Sd/-

(**SURAJ GUPTA**)
CHAIRMAN

Place : New Delhi

Dated : 28th August, 2003



SURAJ INDUSTRIES LIMITED

ANNEXURE-I

ANNEXURE TO DIRECTOR'S REPORT

INFORMATION AS PER SECTION 217(I)(e) READ WITH THE COMPANIES ANNEXURE - 1 DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2003 :

L CONSERVATION OF ENERGY :

- a) Details of total energy consumption and energy consumption per unit of production as per Form 'A' are given hereunder :

	YEAR ENDED 31ST MARCH, 2003	YEAR ENDED 31ST MARCH, 2002
--	--------------------------------	--------------------------------

POWER AND FUEL CONSUMPTION :

1. Electricity

a) Purchased

Units (KWH)	1110850	1339862
Total Amount (Rs. lacs)	56.21	52.57
Rate/Unit (Rs.)	5.06	3.92

b) Own Generation

Through Diesel Generator	N.A.	N.A.
Units	N.A.	N.A.
Units Per Litre of Diesel Oil	N.A.	N.A.
Cost/Unit	N.A.	N.A.
Through Steam Turbine/ Generator Units	N.A.	N.A.
Units Per Litre of Fuel	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. Others/Internal Generation

i) De-oiled Rice Husk (for Boiler)

Quantity (M.T.)	2434.611	2793.503
Total Cost (Rs. Lacs)	45.22	47.61
Rate/Unit (Rs.)	1857.37	1704.31



SURAJ INDUSTRIES LIMITED

ii) Diesel & Other		
Quantity Litres	56905	57000
Total Cost (Rs. Lacs)	9.74	9.32
Average Rate (Rs.)	17.11	16.35
5. Consumption per Unit (M.T.) of production		
Production (Tonnes)	4879.685	5990.486
Electricity (KWH)	227.65	223.66
Diesel & Others (Litres)	11.66	9.51
Coal	NIL	NIL
De-oiled Rice Husk (Kg)	499	466

II. TECHNOLOGY ABSORPTION : RESEARCH & DEVELOPMENT

The company has improved its processing mix by in-house research.

Future Action Plan :

To Start physical refining of high FFA in order to minimise oil losses.

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 EARNINGS & OUTGO :

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

For and on behalf of the Board
For SURAJ INDUSTRIES LIMITED

Sd/-
(SURAJ GUPTA)
CHAIRMAN

Place : New Delhi
Dated : 28th August, 2003

ANNEXURE - II

ANNEXURE TO DIRECTOR'S REPORT

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 PERIOD ENDED 31ST MARCH, 2003.

Sl.No.	Name	Age	Quali- fication	Designation /Nature of duties	Date of Commencement of Employment	Remuneration (Rs.)	Experience (yrs.)	Last Employment Held & Name of the Organisation	Designation
NIL									

For and on behalf of the Board
For SURAJ INDUSTRIES LIMITED

Sd/-
(SURAJ GUPTA)
CHAIRMAN

Place : New Delhi
Dated : 28th August, 2003