

SURAJ INDUSTRIES LIMITED

REPORT JUNCTION.COM

12TH
ANNUAL REPORT
2003-2004

**SURAJ INDUSTRIES LIMITED**

BOARD OF DIRECTORS**Chairman**

Shri J.K. Jain

Whole Time Directors

Shri M.C. Pandey

Shri Sandeep Kumar

Directors

Shri V.N. Koura

Shri Pradeep Gupta

Shri Hardyal Doegar

Shri Sandeep Agrawal

Shri Vinod Kumar

Shri Vikesh Kumar

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

7D, Vandana Building

11, Tolstoy Marg,

New Delhi-110 001

**SURAJ INDUSTRIES LIMITED**

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the members of Suraj Industries Ltd. will be held on Thursday, the 30th day of September, 2004 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, 2004 and the Profit & Loss Account for the year ended on that date and report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri M.C. Pandey who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Sandeep Agrawal 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 Vinod Kumar 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 Shri Sandeep Kumar 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.”

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

“Resolved that Shri Vikesh Kumar 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.”

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

“Resolved that Shri Pradeep 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.”

9. 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,



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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 M.C. Pandey as Whole Time Director of the Company to hold office for a period of one year w.e.f. 27th April, 2004 on a remuneration of Rs.10,500/- P.M. and on the terms and conditions as are set out in the agreement, 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 modifications that may be 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 M.C. Pandey.

Resolved further that where in any financial year closing on and after 1st April, 2004, the company has no profits or its profits are inadequate the company may pay Shri M.C. Pandey 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 be and are hereby authorised to take such steps as may be necessary to give effect to this resolution."

10. 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 Sandeep Kumar 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 30th April, 2004 on a remuneration of Rs. 15,000/-(Gross) per month and on the terms and conditions as 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 Sandeep Kumar.

Resolved further that where in any financial year closing on and after 1st April 2004, the company has no profits or its profits are inadequate, the company may pay Shri Sandeep Kumar 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 the limit specified under section II of part II of Schedule XIII of the 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 INDUSTRIES LIMITED**

Sd/-

BHANUMATI RAMACHANDRAN
COMPANY SECRETARY

Place : New Delhi
Dated : 28th August, 2004
Registered Office:
Sansarpur Terrace,
Distt. Kangra,
Himachal Pradesh.

NOTES :

- a) The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item 5 to 10 set out above are annexed hereto.



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- 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 Friday, the 24th September, 2004 till Thursday, the 30th September, 2004. (Both days inclusive).
- e) Members are requested to notify immediately any change in their address, quoting folio numbers to the Company.
- f) 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 the CSDL. The approval of NSDL is awaited. The shareholders will be informed separately about demat of shares.

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

ITEM NO. 5, 6 & 7

The Board of Directors appointed Shri Vinod Kumar, Shri Sandeep Kumar and Shri Vikesh Kumar as additional directors 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 the notices from shareholders u/s. 257 of the Companies Act, 1956 alongwith Rs.500/- each, proposing the candidature of Shri Vinod Kumar, Shri Sandeep Kumar and Shri Vikesh Kumar for the office of Directors.

Your Directors recommend the resolution set out at item no. 5, 6 & 7 for your approval.

None of the Directors except Shri Vinod Kumar, Shri Sandeep Kumar and Shri Vikesh Kumar are interested in the resolutions.

ITEM NO. 8 :

The Board of Directors appointed Shri Pradeep 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. The Company has received a notice from shareholder u/s. 257 of the Companies Act, 1956 alongwith Rs.500/- proposing the candidature of Shri Pradeep Gupta for the office of Director.

Your Directors recommend the resolution set out at item no. 8 for your approval.

None of the Directors except Shri Pradeep Gupta is interested in the resolution.

ITEM NO. 9 :

Shri M.C. Pandey was re-appointed as Whole Time Director by the Board of Directors in their meeting held on 30th April, 2004 subject to the approval of members in the ensuing Annual General Meeting. The appointment of Shri M.C. Pandey as Whole Time Director of the company is for a period of 1 year w.e.f 27.04.2004 on a total monthly remuneration of Rs. 15,500/- and others perks.

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

- 1) Basic Salary Rs. 10,500/- per month.
- 2) Special Allowance Rs. 5000/- per month.
- 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 :



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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 half month's salary for each completed year of service, subject to maximum ceiling amount permissible as per payment of Gratuity Act.
- v) Leased Accommodation will be provided by the Company to Whole Time Director.
- vi) Company's car will be provided for use for company's business. Use of car for private purpose will be billed by the Company.
- vii) Telephone to be provided at Whole Time Director's residence and all rentals and expenses except personal long distance calls will be paid by the Company.

The copy of the agreement signed between the Whole Time Director and the company regarding the terms and conditions of employment of Whole Time Director is available for the inspection of the members at the Registered Office of the company between 10.00 A.M. to 1.00 P.M. on all working days except Saturday up to the date of Annual General Meeting of the company.

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

None of the Directors except Shri M.C. Pandey is interested in the resolution.

ITEM NO. 10 :

The Board of Directors in their meeting held on 30th April, 2004 appointed Shri Sandeep Kumar as Whole Time Director of the company subject to the approval of members in general meeting to hold office for a period of one year w.e.f. 30.4.2004 on a monthly remuneration of Rs.15000/- (Gross). The appointment of Shri Sandeep Kumar is in accordance with section 269 and schedule XIII of the companies act.

The copy of the agreement signed between the Whole Time Director and the company regarding the terms and conditions of employment of Whole Time Director is available for the inspection of the members at the Registered Office of the company between 10.00 A.M. to 1.00 P.M. on all working days except Saturday up to the date of Annual General Meeting of the company.

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

None of the Directors except Shri Sandeep Kumar is interested in the resolution.

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

Place : New Delhi
Dated : 28th August, 2004



SURAJ INDUSTRIES LIMITED

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

Shri M.C. Pandey : is B-Tech-Chemical and MBA. Shri Pandey has over 28 years of rich experience in the line of Vanaspati and Refined Oil. Mr. Pandey is working as Whole Time Director of the company and is the overall Incharge of the factory at Sansarpur Terrace and seeking his re-election as director of the company.

OTHER DIRECTORSHIP	NAME OF THE COMMITTEE
NIL	NIL

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 is the Chairman of the Audit Committee and seeking his re-election as director of the company.

OTHER DIRECTORSHIP	NAME OF THE COMMITTEE
Name of Company Millennium Breweries & Allied Products Limited - Director	Name of Committee Suraj Industries Limited - Audit Committee-Chairman

Shri Vinod Kumar : Shri Vinod Kumar has over 35 years of rich experience in Industry, Commerce and Business. Shri Vinod Kumar was appointed as an additional director of the company w.e.f. 9.3.2004. and is to hold the office of director up to the date of ensuing Annual General Meetings and seeking his re-appointment as regular director of the company.

OTHER DIRECTORSHIP	NAME OF THE COMMITTEE
NIL	NIL

Shri Sandeep Kumar : has done graduation in Commerce. Shri Sandeep Kumar has over 10 years of rich experience in Industry, Commerce and Business. Shri Sandeep Kumar was appointed as an additional director of the company w.e.f. 9.3.2004. and is to hold the office of director up to the date of ensuing Annual General Meeting and seeking his reappointment as regular director of the company.

OTHER DIRECTORSHIP	NAME OF THE COMMITTEE
NIL	NIL

Shri Vikesh Kumar : has done graduation in Arts. Shri Vikesh Kumar has over 6 years of rich experience in Industry, Commerce and Business. Shri Vikesh Kumar was appointed as an additional director of the company w.e.f. 9.3.2004. and is to hold the office of director up to the date of ensuing Annual General Meeting and seeking his re-appointment as regular director of the company.

OTHER DIRECTORSHIP	NAME OF THE COMMITTEE
NIL	NIL

Shri Pradeep Gupta : has done graduation in Science. Shri Pradeep Gupta has over 17 years of rich experience in Industry, Commerce and Business. Shri Gupta was appointed as an additional director of the company w.e.f. 9.3.2004. and is to hold the office of director up to the date of ensuing Annual General Meeting and seeking his re-appointment as regular director of the company.

OTHER DIRECTORSHIP	NAME OF THE COMMITTEE
NIL	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 Twelfth Annual Report alongwith the Audited Statements of Account for the year ended 31st March, 2004.

FINANCIAL RESULTS :

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

	<u>2003-2004</u>	<u>(Rs. in lacs)</u> <u>2002-03</u>
Sales/Other Income	145.85	2169.64
Profit/(Loss) before Depreciation	(34.23)	(74.99)
Depreciation	59.23	59.40
Profit/(Loss) before Extra Ord. Items	(93.46)	(134.39)
<u>Extra-ordinary Items</u>		
Non-moving Stock CWIP/Written-off	1.51	1.41
Subsidy receivable Written-Off	—	18.77
Interest Waived on Term Loan-written back	—	(6.25)
Provision for Doubtful Debts	0.81	3.60
Bad Debts Written-Off	34.16	23.56
Prior Period items	0.07	1.53
Net Profit(Loss) for the year	(130.01)	(177.01)
<u>Provision for taxation</u>		
Current year	—	—
Deffered tax(Assets)	—	7.72
Net Profit/(Loss) after tax	(130.01)	(169.29)
Profit/(Loss) Brought Forward	(423.81)	(254.52)
Net Profit/(Loss) Carried to Balance Sheet	(553.52)	(423.81)
Profit/(Loss) available for Appropriation	(553.82)	(423.81)
<u>APPROPRIATIONS</u>		
Dividend	—	—
Transfer to General Reserve	—	—
Balance carried to Balance Sheet	(553.82)	(423.81)

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 Bombay stock exchange. The company has paid the listing fees to Bombay Stock Exchanges for the financial year 2004-2005.

FINANCIAL POSITION :

The net tangible worth of the company is Rs. 179.48 lacs as on 31.03.2004 The total capital employed by the company as on 31.03.2004 is Rs. 653.38 lacs.

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



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OPERATIONS :

During the year under review the manufacturing activities at the unit were suspended due to continuous losses. But the operations were resumed w.e.f. 18.03.2004 and manufacturing activities have started from April, 2004. In view of this the accounts of the company have been prepared on a going concern basis.

Meanwhile, in order to revive the unit, the company has been exploring the new avenues and in this direction the company has commenced business activities in liquor trade which is in line with the main objects as contained in the Memorandum and Articles of Association of the company.

DIRECTORS :

Shri M.C. Pandey and Shri Sandeep Agrawal, Directors retire by rotation and being eligible, offer themselves for re-appointment. During the year Shri Sandeep Kumar, Shri Vikesh Kumar, Shri Vinod Kumar and Shri Pradeep Gupta appointed as additional Directors under section 260 of the companies act. The company has received the notices from members under section 257 of the companies act proposing the appointment of Shri Sandeep Kumar, Shri Vikesh Kumar, Shri Vinod Kumar and Shri Pradeep Gupta as regular directors.

During the year Shri Ramesh Gupta resigned from Directorship of the company. The expertise and invaluable guidance of Shri Ramesh Gupta has helped the company to a great extent in forgoing ahead. The Board places on records its deep appreciation and gratitude for the valuable advise, guidance, assistance rendered by Shri Ramesh Gupta 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 2003-2004 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 basis.

AUDIT COMMITTEE

Pursuant to the provisions of Section 292A of the Companies Act, 1956 and clause 49 of the listing agreement, your company has constituted the Audit Committee of the Board of Directors with the following composition.

- Shri Sandeep Agrawal
- Shri Hardyal Doegar
- Shri Pradeep Gupta.

This committee has reviewed the Accounts for the year ended March, 31st, 2004.

POTENTIALLY SICKNESS OF THE COMPANY

As per Annual Audited Financial Results of the company for the year ended 31st March, 2003, The accumulated losses of the company has resulted in erosion of more than 50% of the peak net worth of the company during the immediately preceeding four financial years. Accordingly as per section 23 (i) of the Sick Industrial Companies (Special Provisions) Act 1985 the company has filed the Form C to the office of Hon'ble BIFR during the year intimating the potentially sickness of the company.

DE-LISTING WITH CERTAIN STOCK EXCHANGES

In accordance with SEBI (De-listing of securities) guidelines, 2003 the Company had applied to Delhi, Jaipur and Ludhiana Stock Exchanges for delisting of its shares. Accordingly, the shares of the company has been delisted from these Stock Exchanges and presently the equity shares of the company are listed at Bombay Stock Exchange having the nation wide coverage.

Pursuant to Clause 38 of the listing agreement, the annual listing fee for the financial year under review (2003-2004) has been paid to all the Stock Exchanges.

**SURAJ INDUSTRIES LIMITED**

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 Practicing Company Secretary 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. During the financial year 2003-2004, the manufacturing activities at the unit was suspended. So no information for the financial year 2003-2004 has been provided under this head.

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/-

(J.K. JAIN)
CHAIRMAN

Place : New Delhi
Dated : 28th August, 2004