

SURAJ INDUSTRIES LIMITED

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16TH
ANNUAL REPORT
2007-2008

**SURAJ INDUSTRIES LIMITED**

BOARD OF DIRECTORS

Chairman Shri J.K. Jain

Whole Time Director Shri Pradeep Gupta

Directors Shri Sandeep Agrawal
Shri S.K. Jain
Shri Inder Mani Mittal

Company Secretary Bhanumati Ramachandran

Bankers Punjab National Bank

Auditors M/s Tas Associates
Charatered Accountants

Registered Office Sansarpur Terrace,
Distt. Kangra
Himachal Pradesh

Corporate Office A-8, Ground Floor
Sector-19, Noida-201301

Share Transfer Agent Beetal Financial & Computer Services (P) Ltd.
Beetal House,
3rd Floor, 99 Madangir
New Delhi-110062

**SURAJ INDUSTRIES LIMITED**

NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the members of Suraj Industries Ltd. will be held on Tuesday, the 30th day of September, 2008 at 2.30 P.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, 2008 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 Inder Mani Mittal 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.

By Order of the Board
For **SURAJ INDUSTRIES LIMITED**

Sd/-

BHANUMATIRAMACHANDRAN
COMPANY SECRETARY

Place : New Delhi
Dated : 31st July, 2008

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

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SURAJ INDUSTRIES LIMITED

NOTES :

- a) 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.
- b) Members are requested to bring their copy of Annual Accounts at the meeting, as extra copies may not be available.
- c) The Register of Members and Share Transfer Books of the company will remain closed from Saturday, 27th September 2008 till Tuesday, the 30th September 2008. (Both days inclusive).
- d) Members are requested to notify immediately any change in their address, quoting folio numbers to the Company.

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

Shri Inder Mani Mittal has over 40 years experience in industry, commerce & business. He is associated with the company since last two years and is seeking re-election as director of the company. He is director and member of committees of the following companies-

OTHER DIRECTORSHIP	Name of the Committee
Name of Company	Name of the Committee
Shri Gang Industries and Allied Products Ltd. - Director	1. Suraj Industries Ltd. - a) Audit Committee - Member 2. Shri Gang Industries and Allied Products Ltd. - a) Investors' Grievance/Share Transfer Committee- Chairman) b) Audit Committee - Member

Shri Sandeep Agrawal is a Chartered Accountant and Company Secretary by profession and has over 20 years experience in industry, commerce & business. He is Chairman of the Audit Committee and is seeking re-election as director of the company. He is director and member of committees of the following companies-

OTHER DIRECTORSHIP	Name of the Committee
Name of Company	Name of the Committee
1. Globus Industries & Services Ltd. - Director	1. Suraj Industries Ltd. - Audit Committee - Chairman Remuneration Committee - Member, Shares Transfer Committee Member
2. Millennium Breweries & Allied Products Limited Director	2. Globus Industries & Services Ltd. - Audit Committee - Member



SURAJ INDUSTRIES LIMITED

DIRECTOR'S REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting their Sixteenth Annual Report alongwith the Audited Statements of Account for the year ended 31st March 2008.

FINANCIAL RESULTS :

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

	(Rs. in lacs)	
	2007-2008	2006-2007
Sales/Other Income	52.55	1.45
Profit/(Loss) before Depreciation	35.75	(63.76)
Depreciation	0.34	0.34
Profit/(Loss) before Extra Ord. Items	35.41	(64.10)
<u>Extra-ordinary Items</u>		
Provision for Doubtful Debts	NIL	15.44
Loss on impairment & disposal of assets	5.20	(7.13)
Net Profit(Loss) for the year	30.21	(72.41)
Provision for taxation		
Fringe Benefit Tax/Income Tax	0.17	0.75
Net Profit/(Loss) after tax	30.04	(73.16)
Profit/(Loss) Brought Forward	(1069.28)	(996.12)
Net Profit/(Loss) Carried to		
Balance Sheet	(1039.25)	(1069.28)
Profit/(Loss) available for		
Appropriation	(1039.25)	(1069.28)
APPROPRIATIONS		
Dividend	-	-
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	(1039.25)	(1069.28)

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 exchange for the financial year 2008-2009.

FINANCIAL POSITION :

Due to continuous losses there has been a gradual erosion in the capital employed in the unit. As a result the entire net worth of the company has been eroded. The company therefore had to resort to outside borrowings to clear the dues of the workers, staff, banks and financial institutions.

The company had 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, and Chandigarh and there is no default in repayment of any deposit.



SURAJ INDUSTRIES LIMITED

OPERATIONS :

Due to adverse market conditions in respect of Edible Oil industry in the State of Himachal Pradesh and resultant losses, the manufacturing activities at company's unit at Sansarpur Terrace were stopped in February 2003. The Company again started the operations at the unit and once again suffered heavy losses and consequently the operations were again stopped in December 2004.

In the mean time, looking at the intermittent running of the unit, the workers and staff of the unit expressed their desire to relinquish their job. The company accepted their resignations and cleared the dues of each of them during the last year. Thereafter the unit was lying closed. The future prospects of improvement in the market conditions in the State which could render the operations of the unit viable, looked bleak because substantial quantity of cheap Vanaspati was being dumped into India from Sri Lanka and Nepal, which is adversely affecting the domestic industry. In view of this, the permission of the Shareholders was sought for the disposal of the assets of the company at its factory at Sansarpur Terrace, Distt. Kangra, H.P., which was duly received in the Extra Ordinary General Meeting of the company, held on 23rd July, 2005 at the Registered Office. Thereafter assets of the company at the factory at Sansarpur Terrace are being disposed. The company is now focusing on other activities like marketing & distribution of Liquor.

DIRECTORS :

Shri Inder Mani Mittal and Shri Sandeep Agrawal Directors retire by rotation and being eligible, offer themselves for re-appointment.

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 2007-2008 and of the profit 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.

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 Sandeep Agrawal
2. Shri S.K.Jain
3. Shri Inder Mani Mittal

This committee has reviewed the Accounts for the year ended March, 31st, 2008.

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.



SURAJ INDUSTRIES LIMITED

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 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 recommend 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 2007-2008, the manufacturing activities at the unit were suspended. So no information for the financial year 2007-2008 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 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 its bankers, Government of Himachal Pradesh and the local authorities.

In the end, your Directors wish to place on record their deep appreciation of the enthusiasm, initiative and hard work put in by the employees of the company.

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

Sd/-
(J.K. JAIN)
CHAIRMAN

Place : Noida
Dated : 31st July, 2008



SURAJ INDUSTRIES LIMITED

ANNEXURE TO DIRECTOR'S REPORT

ANNEXURE-I

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, 2008 :

I. CONSERVATION OF ENERGY :

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

There has been no manufacturing activity in the company since last three years.

II. TECHNOLOGY ABSORPTION :

RESEARCH & DEVELOPMENT

There has been no manufacturing activity in the company since last three years.

III. FOREIGN EXCHANGE EARNINGS & OUTGO :

Earnings - Nil
Outgo - Nil

For and on behalf of the Board
For SURAJ INDUSTRIES LIMITED

Sd/-
(J.K. JAIN)
CHAIRMAN

Place : Noida

Dated : 31st July, 2008

ANNEXURE TO DIRECTOR'S REPORT

ANNEXURE-II

PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 FORMING PART OF THE DIRECTORS REPORT FOR THE PERIOD ENDED MARCH 31ST 2007.

Sl. No.	Name	Age	Qualification	Designation/ Nature of Duties	Date of Commencement of Employment	Remuneration (Rs.)	Experience (Yrs.)	Last Employment Held & Name of the Organisation	Designation
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-NIL

For and on behalf of the Board
For Suraj Industries Limited

Sd/-
(J.K. Jain)
Chairman

Place : Noida

Date : 31st July, 2008



SURAJ INDUSTRIES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

The company has exited from the Vanaspati/Refined oils business due to continuous losses resulting from adverse market conditions.

The company is now 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.

FINANCIAL PERFORMANCE

The Gross Revenue of the company was Rs.52.55 lacs against Rs. 1.44 lacs last year. The company during this year incurred a net profit of Rs 30.04 Lacs as against loss of Rs. Rs. 73.16 lacs last year.

FINANCE COST

The interest and financial charges for the year ended March 31, 2008 was Rs.0.08 lacs as against Rs 0.23 lacs last year.

Share Capital of the company comprises of Equity Share Capital of Rs.733.31 lacs.

RESERVES AND SURPLUS

As on March 31, 2008 there was debit balance of Rs.1039.25 lacs in the Profit & Loss Account as against Rs. 1069.25 lacs as on 31st March, 2007.

EARNING PER SHARE

Due to losses the earning per share is negative.

INTERNAL CONTROLS

The company has adequate internal controls commensurate with its size and nature of business. These internal controls ensure optimum use and protection of available resources.

HUMAN RESOURCES

The true assets of the company are its manpower. The company recognizes and appreciates the contribution of the employees in its working.

ENVIRONMENT CONSCIOUSNESS

The company is environment conscious.



SURAJ INDUSTRIES LIMITED

REPORT ON CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the report on the matters mentioned in the said clause and practice followed by the Company :

1. COMPANY'S PHILOSOPHY

Corporate Governance is an important cornerstone of our objective of creating shareholder value. The Company firmly believe in and have consistently practiced good corporate governance. Corporate Governance at the company is practiced through a well structured organisation and regulatory framework involving the Board of Directors, Committees of the Board, the Chairman and a team of Senior Executives. Our Corporate Governance Policies recognize the accountability of the Board and the importance of its decisions to all our consultants including investors, employees, bankers, etc. The Company's essential character and complexion are shaped by the very values of transparency, professionalism and accountability.

2. BOARD OF DIRECTORS

(a) Board Procedure :

During the financial year ended March 31, 2008, five Board meeting was held on 30th April, 2007, 29th June 2007, 30th July 2007, 31st October 2007 and 30th January 2008.

(b) Composition and Category of Board :

The Board of Directors as on March 31, 2008, consists of a majority of Non-Executive Independent Directors, many of them are acknowledged as leading professionals in their respective fields. In all the Board comprises of one (1) Executive Director, and Four (4) Non-Executive Independent Directors. The constitution of Board, as on March 31, 2008 is given below:-

Name of Directors	Category	No. of positions held in other Public Companies			Attendance at Board Meetings held during the year 2007	Attendance at last AGM
		Board	Committee			
			Member-ship	Chairman ship		
Shri J.K. Jain	Non Executive Independent Chairman	1	-	-	5	No
Shri S.K Jain	Non Executive Independent	1	1	-	4	No
Shri Inder Mani Mittal	Non Executive Independent	1	1	1	4	No
Shri Pradeep Gupta	Independent Executive Director	-	-	-	5	Yes
Shri Sandeep Agrawal	Non Executive Independent	2	1	1	5	yes

None of the Directors of the Company is a member of more than 10 committees or Chairman of more than five committees across all the companies in which they are Directors

3. AUDIT COMMITTEE

The Company had constituted an Audit Committee in the year January 2001. The Constitution of Audit Committee meets the requirements under Section 292 A of the Companies Act, 1956 and Clause 49 of the