

ANNUAL REPORT

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓		SHI	✓
YE	✓			

SURYA

Industrial Corporation Ltd.

1997 - 98

M/s Surya Industrial Corporation Limited.**Board of Directors :**

Sh. Indra Kumar Jain	Chairman
Sh. Vikas Jain	Managing Director
Sh. Vivek Jain	Managing Director
Sh. Badri Narayan Gupta	Director

Auditors :

M/s Bishnoi & Jain
Chartered Accountants
107/2, Thapar Nagar, Meerut

Financial Institution

Uttar Pradesh Financial Corporation
The Pradeshia Industrial and Investment
Corporation of U. P.

Bankers :

Bank of Baroda

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Registered Office :

C-7, Industrial Estate
Partapur
Meerut - 250 103

Working Existing :

B-9 & C-7, 8, 9 Industrial Estate
Partapur,
Meerut - 250 103

Works Project :

Khasra 37/4, Village Dungra Wali,
Meerut Bypass Road,
Meerut

M/s Surya Industrial Corporation. Limited.**NOTICE**

Notice is hereby given to all shareholders of M/s Surya Industrial Corporation Limited, Meerut that 11th Annual General Meeting of the company will be held on Wednesday the 30th September 1998 at its Regd. office at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Annual accounts for the year ended on 31.3.1998 and Reports of the Directors and Auditors thereon.
2. To elect a director in place of Shri Indra Kumar Jain who retires by rotation and being eligible, offers himself for re-election.
3. To elect a director in place of Shri Badri Narayan Gupta who retires by rotation and being eligible, offers himself for re-election.
4. To appoint Auditors and fix their remuneration. M/s Bishnoi & Jain the retiring auditors are eligible for reappointment, and offer themselves for reappointment.

(By Order of the Board)

MEERUT : 03.09.98 (VIVEK JAIN)
Managing Director

Regd. off: C-7, Industrial Estate,
Partapur, Meerut - 250103

NOTICE

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY, TO BE VALID SHALL BE DEPOSITED AT THE PRINCIPAL OFFICE OF THE COMPANY NOT LATER THAN FORTY EIGHT HOURS BEFORE THE TIME FIXED FOR HOLDING THE MEETING.
2. The Register of Member and the Share Transfer Books of the Company will remain closed on 30.9.1998.
3. Member are requested to immediately intimate any change in their addresses registered with the company quoting their respective Folio Number (s).

DIRECTORS' REPORT

The Members,
M/s Surya Industrial Corporation Ltd.
MEERUT

LADIES & GENTLEMEN,

1. Your Directors have the pleasure in submitting 11th Annual Report together with the audited Statement for the year ended on 31.3.1998.

FINANCIAL RESULTS

2. The year's working after meeting all expenses and after providing for depreciation to the extent of Rs. 21,43,341.82 (previous year 24,80,353.72) show a loss of Rs. 13,99,510.88 (Previous year net loss 103140.11). Carried forward profit from previous year was 6,89,720.83 which after deducting this year's loss is being carried forward to Balance Sheet at a Figure of loss of Rs. 709790.05.

OPERATIONS AND FUTURE OUTLOOK

3. a) TYRE PROJECT after reaching stage of commencement of commercial production, when trial runs were successful in APRIL 98 is going through acute financial crunch. Working capital arrangements are under consideration with Banks & Financial Institutions. However the market feedback of the performance of tyres given by you for trial runs is very encouraging. Plans for installation of balancing equipments are also at advance stage of implementation, which would not only improve consistency in quality of product but also enhance the already installed capacity from 4,23,000 tyres to 6,04,000 tyres further.
- b) As you know LAMINATION DIVISION which includes Bharat Viddut and Unit II has been transferred to one of the wholly owned subsidiary company M/s Karamveer Electronics Limited in August this year for better management and administration of TYRE DIVISION. Your consent has already taken for that.
- c) Shares of defaulted shareholders who failed to pay allotment money on their shares have been forfeited during the year. Their shares are yet to be re-allotted.

DIRECTORS

4. Shri Indra Kumar Jain, and Shri Badri Narayan Gupta both the Directors of the company who are retiring at the forthcoming annual general meeting by rotation and being eligible, offer themselves for re-appointment.
5. During the year Mr. V.K. Saxena, Mr. Anurag Jain, Mrs Jaya Jain & Mrs. Seema Jain have resigned from the directorship of the company due to the

reasons of their own. Their Resignations have been accepted. Directors place deep gratitude for their valuable guidance and cooperation during the period of their directorship. No director has been appointed in place of these retired directors.

DIVIDEND

6. In view of losses, your directors regret their inability to declare the dividend.
7. A) **PERSONNEL** : Particulars of employees required to be furnished under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, to this report are given in Annexure I.
- B) The information pertaining to conversion of energy, technology absorption and foreign exchange earnings/outgo are given in annexure II.
- C) **STATEMENT UNDER CLAUSE 43 OF THE LISTING AGREEMENT** : The information required

under clause 43 of the Listing Agreement is given in Annexure III.

AUDITORS' REPORT

8. The observations of the auditors are explained, wherever necessary, in appropriate notes to the accounts.

AUDITORS

9. M/s Bishnoi & Jain, Chartered Accountants, the retiring auditors eligible for re-appointment offer themselves for re-appointment.

ACKNOWLEDGEMENT

10. Your Directors wish to convey their thanks to the company's customers, Banks, Financial Institutions, workers and auditors for their continued support.

For and on behalf of the Board of Directors

(VIVEK JAIN)

MG. DIRECTOR

MEERUT : 03.09.98

ANNEXURES TO THE DIRECTOR'S REPORT

ANNEXURE I

Particulars of employees required to be furnished under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, and forming part of Directors' Report for the year ending 31st March, 1998 are as under:

Name	Education	Experience Gained in	Employed Since	Amount of Remuneration During the year
Mr. R. K. Mehta	B.Sc	1. M/s Goodyear India Limited	Sep. 96 in	2,83,200.00
		2. M/s Modi Rubber Limited	Tyre Division	
		3. M/s Swatik Tyres (p) Limited	of M/s Surya Industrial	
		4. M/s S.Kumar Tyre Manufacturing Co. Limited	Corporation Limited	

ANNEXURE II

Information as per Section 217 (1) (e) read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of Directors' Report for the year ending 31st March, 1998 are as under:

A. CONSERVATION OF ENERGY

For conservation of energy, the power consumption in the plant as well as in the office is being monitored regularly and efforts are being made to save the energy wherever possible.

For the new project company has chosen motors of appropriate capacity & Times to conserve energy.

B. TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT

The company is carrying on the production activities in old as well as new project by using indigenous technology and that too of a very conservative nature. Regular efforts are being made to update the technology.

M/s Surya Industrial Corporation. Limited.

C. FOREIGN EXCHANGE EARNINGS & OUTGO

(Rs in lacs)

There was no earnings in foreign exchange during the year. Expenditure in foreign exchange (CIF value) is as under:

	(Rs in lacs)	
	1997-98	1996-97
For Raw Material	6.98	30.74
For Capital Goods	Nil	38.52

ANNEXURE III

STATEMENT UNDER CLAUSE 43 OF THE LISTING AGREEMENT

Statement of projected profitability as per prospectus dated 28.7.1995 and actual results for the year ended 31st March, 1998 are given hereunder:

PARTICULARS	PROJECTION FOR	ACTUAL
Sales	2104.68	79.12
Profit before tax	323.10	(14.00)
Profit after tax	196.17	(14.00)

Reason of variances in performance is non commencement of commercial production of TYRE DIVISION as on 31.3.98.

By Order of Board of Director

MEERUT : 03-09-98

(VIVEK JAIN)

MG. DIRECTOR

AUDITORS REPORT

To,

**The Shareholders of,
M/s Surya Industrial Corp. Ltd. Meerut.**

We have audited the annexed Balance Sheet of **M/s Surya Industrial Corp. Ltd. Meerut.** as on 31.3.98 and the Profit and Loss Account of the Company for the year ended on 31.03.98. We have to report that :

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books.
- (c) The Balance Sheet and Profit and Loss Account dealt with in the report are in agreement with the books of accounts.
- (d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with and subject to the notes forming part of the accounts appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.

- (i) In the case of Balance Sheet of the state of affairs as at 31st March 1998, and

- (ii) In the case of Profit & Loss Account of the Loss for the year ended on that date.

As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanations given to us during the course of the audit, we state as under :

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets of the company have been physically verified by the management during the year at reasonable intervals and no material discrepancy between the book records and the physical inventory have been noticed.
2. None of the fixed assets of the company have been revalued during the year.
3. Proper physical verification in respect of finished goods, stores and raw materials has been conducted by the management at reasonable intervals during the year.
4. The procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the company and nature of its business.
5. No material discrepancy has been noticed on

M/s Surya Industrial Corporation. Limited.

physical verification of stocks as compared to book records.

6. In our opinion, the valuation of stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the earlier year.
7. No loans, secured or unsecured, has been taken by the Company from Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 (1 of 1956) and/or from the Companies under the same management as defined under Sub Section (1-B) of Section 370 of the Companies Act, 1956. (1 of 1956).
8. The company has not granted any loans to Companies, Firms or other parties listed in the register maintained under section 301, and/or to the Companies under the same management as defined under Section 370 (1-B) of the Companies Act, 1956.
9. As explained by the Management, no loans or advance in the nature of loan has been given to any party by the company.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of stores, raw materials, plant and machinery and other assets and for the sale of goods.
11. There are no transaction of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register(s) maintained under section 301 of the Companies Act, 1956 (1 of 1956) and aggregating during the year to Rs. 50,000/- or more in respect of each party.
12. As explained to us, the Company has a regular procedure for the determination of

unserviceable or damaged stores, raw material and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.

13. The Company has not accepted deposits from Public during the year.
14. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
15. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable By-Product and Scrap.
16. The Central Government has not prescribed maintenance of cost records U/S 209 (1)(d) of the Companies Act, 1956 for any of the products of the Company.
17. The Company has not been generally regular in depositing provident fund and Employees State Insurance.
18. No undisputed amounts payable in respect of Income tax, wealth tax, sale tax, customs duty and excise duty were outstanding as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
19. The Company is not a Sick Industrial Company within the meaning of clause (O) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (2 of 1986).
20. No personal expenses have been charged to revenue account other than expenses under services contract obligations and/or accepted business practices.

For Bishnoi & Jain
Chartered Accountants

Place : Meerut
Dated : 03.09.98

(K. K. Jain)
Partner

M/s Surya Industrial Corporation. Limited.**BALANCE SHEET AS AT 31ST MARCH 1998**

(Rs. in '000)

Schedule			As at 31.03.98	As at 31.03.97
I. SOURCES OF FUNDS				
1.	Shareholders' Funds			
(a)	Share Capital	A	59677.50	59,672.50
(b)	Reserves & Surplus	B	<u>3157.84</u>	<u>4129.95</u> 63802.45
2.	Loan Funds			
(a)	Secured Loans	C	34471.06	25459.46
(b)	Unsecured Loans	D	<u>6198.41</u>	<u>8683.56</u> 34143.02
			<u>103504.81</u>	<u>97945.47</u>
II. APPLICATION OF FUNDS				
1.	Fixed Assets		E	
(a)	Gross Block		29296.32	29294.49
	Less : Depreciation		<u>7437.39</u>	<u>5011.66</u>
	Net Block		21858.93	24282.83
(b)	Capital Work-in-Progress	F	<u>62020.30</u>	<u>47988.14</u> 72270.97
2.	Investments		G	7491.83 7091.83
3.	Current Assets, Loans & Advances			
A.	Current Assets		H	
(a)	Inventories		10427.75	6081.30
(b)	Sundry Debtors		10546.93	10876.03
(c)	Cash & Bank Balances		<u>1932.50</u>	<u>200.59</u>
			22907.18	17157.92
B.	Loans and Advances			
(A)			<u>7883.14</u>	<u>6813.34</u>
			<u>30790.32</u>	<u>23971.26</u>
	Less : Current Liabilities & Provisions			
(a)	Current Liabilities	I	23908.89	10026.52
(b)	Provision for Income Tax		---	126.18
(B)			<u>23908.89</u>	<u>10152.70</u>
	Net Current Assets (A-B)		6881.43	13818.56
4.	Miscellaneous Expenditure		J	5252.32 4764.11
	(To the extent not written off or adjusted)		<u>103504.81</u>	<u>97945.47</u>
	Accounting Policies, Contingent Liabilities and Notes		P	

Schedule A to P form an integral part of accounts
In terms of our attached report of even date.

For Bishnoi & Jain
Chartered Accountants

(K. K. Jain)

Partner

Place : Meerut

Date : 03.09.98

(Vivek Jain)

Mg. Director

(Vikas Jain)

Mg. Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
ON 31st MARCH 1998**

(Rs. in '000)

	Schedule	For the year ended on 31.03.98	For the year ended on 31.03.97
I. INCOME			
Sales		7912.16	10870.64
Other income	K	2561.41	10473.57
			4404.88
			15275.52
II. EXPENDITURE			
Material & Manufacturing Expenses	L	6117.05	8993.14
Personnel Expenses	M	805.42	901.71
Administrative & Selling Expenses	N	1149.92	1148.87
Interest & Finance Charges	O	1435.77	1633.00
Preliminary Expenses written off		221.58	9729.74
			221.58
			12898.30
Profit (+)/Loss(-) before Depreciation		743.83	2377.22
Depreciation		2425.73	2806.14
Less : Trfd. from Revaluation Reserve		282.39	2143.34
			325.78
			2480.36
Profit Before Tax		(1399.51)	(103.14)
Profit after Tax		(1399.51)	(103.14)
Balance brought from previous year		689.72	922.68
Surplus available for appropriation		(709.79)	819.54
APPROPRIATION			
Income Tax Paid for earlier year		---	129.82
Balance Carried Forward to Balance Sheet		(709.79)	689.72
		(709.79)	819.54

In terms of our attached report of even date.

For Bishnoi & Jain

Chartered Accountants

(K. K. Jain)

Partner

Place : Meerut

Date : 03.09.98

(Vivek Jain)

Mg. Director

(Vikas Jain)

Mg. Director

M/s Surya Industrial Corporation. Limited.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH 1998

(Rs. in '000)

	As at 31.03.98	As at 31.03.97
SCHEDULE 'A'		
SHARE CAPITAL		
Authorised		
1,00,00,000 Equity Shares of Rs. 10/- each	100000.00	100000.00
Issued		
79,60,900 Equity Shares of Rs. 10/- each	79609.00	79609.00
Subscribed		
74,68,800 Equity Shares of Rs. 10/- each	74688.00	74688.00
Paid up		
74,68,800 Equity Shares of Rs. 10/- each	74688.00	74688.00
Less : Shares forfeited during the year 3002100		
Allotment money in Arrears	30021.00	15015.50
	44667.00	59672.50
Less : Shares forfeited (Paid up amount)	15010.50	---
As per Balance Sheet	59677.50	59672.50
Note : Out of above shares 1,20,000 Equity Shares have been allotted as fully paid up bonus shares by capitalisation of General Reserve.		

SCHEDULE 'B'		
RESERVE & SURPLUS		
RESERVE :		
(i) Investment Allowance Reserve	11.91	11.91
(ii) Revaluation Reserve		
Opening Balance	3428.32	3754.10
Less : Transferred To Profit & Loss Account	282.39	3145.93
		325.78
3428.32		3428.32
SURPLUS :		
As Per Profit & Loss Account	---	689.72
As per Baiance Sheet	3157.84	4129.95

SCHEDULE 'C'		
SECURED LOAN		
(a) Cash Credit Accounts from Bank	4363.94	4242.97
(b) Term Loan from Bank	---	284.67
(c) Term Loan from U. P. F. C..	19281.82	19281.82
(d) W. C. T. L. from U. P. F. C.	1325.30	1650.00
(e) Term Loan from PICUP	9500.00	---
As per Balance Sheet	34471.06	25459.46

SCHEDULE 'D'		
UNSECURED LOANS		
D. C. M. Financial Service Limited, New Delhi	6198.41	8683.56
	6198.41	8683.56

SCHEDULE 'E'**FIXED ASSETS**

(Rs. IN '000)

S. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		BALANCE AS ON 1.4.97	ADDITION DUR. 1997-98	SALES/ADJ DURING 1997-98	BALANCE AS ON 31.3.98	BALANCE AS 1.4.97	PROVIDED DUR. 1997-98	BALANCE AS ON 31.3.98	AS ON 31.3.98	AS ON 31.3.97
1.	LAND	6208.20	0.00	0.00	6208.20	0.00	0.00	0.00	6208.20	6208.20
2.	BUILDING	3052.71	0.00	0.00	3052.71	532.47	252.02	784.49	2268.22	2520.24
3.	PLANT & MACHINERY	19756.43	0.00	0.00	19756.43	4335.08	2145.11	6480.19	13276.24	15421.35
4.	COMPUTER	74.03	0.00	0.00	74.03	54.46	7.83	62.29	11.74	19.57
5.	ASSETS NOT EXCEEDING Rs. 5,000/-	3.59	0.00	0.00	3.59	3.59	0.00	3.59	0.00	0.00
6.	FURNITURE & FIXTURE	197.44	0.00	0.00	197.44	85.43	20.27	105.70	91.74	112.01
7.	CYCLE	1.71	1.83	0.00	3.54	0.42	0.45	0.87	2.67	1.29
8.	TOOLS	0.38	0.00	0.00	0.38	0.21	0.05	0.26	0.12	0.17
TOTAL		29294.49	1.83	0.00	29296.32	5011.66	2425.73	7437.39	21858.93	24282.83
Previous Year's Figures		27626.33	1668.16	0.00	29294.49	2205.52	2806.14	5011.66	24282.83	25420.81