

ANNUAL REPORT

STOCK EXCHANGE
MUMBAI

Industrial Corporation Ltd.

1998-99

Board of Directors :

Sh. Indra Kumar Jain
 Sh. Vikas Jain
 Sh. Vivek Jain
 Sh. Badri Narayan Gupta
 Sh S K Awasthi

Chairman
 Managing Director
 Managing Director
 Director
 Director
 (PICUP Nominee)

Auditors :

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

Financial Institution

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

Bankers :

Syndicate Bank

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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 the 12th Annual General Meeting of the company will be held on Thursday the 30th of Sept., 1999 at its Registered Office at 12.00 p.m. to transact the following business:

ORDINARY BUSINESS

To receive, consider and adopt the audited Annual accounts for the year ended on 31.03.1999 and reports of the Directors and Auditors.

To elect a director in place of Shri Vivek Jain, who retires by rotation and being eligible, offers himself for re-election.

To elect a director in place of Sh. Vikas Jain who retires by rotation and being eligible, offers himself for re-election.

To appoint Auditors and fix their remuneration. M/s Bishnoi & Jain the retiring auditors are eligible for re-appointments and offer themselves for re-appointment.

SPECIAL BUSINESS

To consider and if thought fit to pass with or without modification the following resolution as ordinary Resolutions:

RESOLVED THAT consent is hereby given for payment of remuneration of Rs. 78,000/- inclusive all perquisites during the year 1998-99 to Shri Vikas Jain, Managing Director of the company for his working for the company.

RESOLVED THAT consent is hereby given for payment of remuneration of Rs. 78,000/- inclusive all perquisites during the year 1998-99 to Shri Vivek Jain, Managing Director of the company for his working for the company.

RESOLVED THAT consent is hereby given for payment of remuneration of Rs. 1,20,000 inclusive all perquisites during the year 1998-99 to Shri Indra Kumar Jain, Chairman Director of the company for his working for the company.

EXPLANATORY STATEMENT**Resolution No 5**

During the year ended on 31.03.1999 Shri Vikas Jain, Managing Director of the company has been given a sum of Rs. 78,000 inclusive all perquisites for his working for the company. Consent of the shareholders is required by the resolution.

Resolution No 6

During the year ended on 31.03.1999 Shri Vivek Jain, Managing Director of the company has been given a sum of Rs. 78,000 inclusive all perquisites for his working for the company. Consent of the shareholders is required by the resolution.

Resolution No 7

During the year ended on 31.03.1999 Shri Indra Kumar Jain, Chairman Director of the company has been given a sum of Rs. 1,20,000 inclusive all perquisites for his working for the company. Consent of the shareholders is required by the resolution.

All the directors are interested in these resolutions. (By order of the Board)

MEERUT : 03-09-99

(Vivek Jain)

Managing Director

Registered Office: C-7, Industrial Estate, Partapur, Meerut 250103

NOTES:

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. Members are requested to immediately intimate any change in their addresses registered with the company quoting their respective Folio Number(s).
3. The Register of Member and Share Transfer Books of the company will remain closed on 30.09.1999.

DIRECTORS' REPORT

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

LADIES & GENTLEMEN,

1. Your Directors have the pleasure in submitting 12th Annual Report together with the audited Statement for the year ended on 31.3.1999.

FINANCIAL RESULTS

2. The year's working after meeting all expenses and after providing for depreciation to the extent of Rs. 17,71,072.81 (previous year 21,43,341.82) show a loss of Rs. 1,77,728.13 (Previous year net loss 13,99,510.88). Carried forward loss from previous year was 7,09,790.05, which after adjustments and adding this year's loss is being carried forward to Balance Sheet at a Figure of loss of Rs. 9,02,693.36.

OPERATIONS AND FUTURE OUTLOOK

- 3 a) TYRE PROJECT which was facing acute financial crunch and was undergoing for installation of balancing equipments to improve quality and consistency in production has been sanctioned working capital loan from bank, however funds have only been partially disbursed late in this year. Further PICUP sanctioned and disbursed additional term loan only in current year. Because of which the company could not achieve full commercial production yet. Company is expecting to achieve full commercial production by November, 99.
- b) Transfer of LAMINATION DIVISION to one of the wholly owned subsidiary company M/s Karamveer Electronics Limited in August 1998 is evident from annual accounts of this year. Formalities regarding transfer of loan accounts of Bank of Baroda and UPFC are yet to be completed. Proposal with Bank and UPFC are under active consideration.
- c) Shares forfeited could not be issued during the year.

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

4. a) Shri Vivek Jain, and Shri Vikas Jain 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. There is no change in board of directors during the year.

b) Shri Vivek Jain, Managing Director, Shri Vikas Jain, Managing Director and Shri Indra Kumar Jain, Chairman Director have been paid remuneration of Rs. 78,000/-, Rs. 78,000/- and Rs. 1,20,000/- respectively for their working for the company. Your consent is sought in coming AGM.

DIVIDEND

5. In view of losses your directors regret their inability to declare the dividend.

6. 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 : NIL

B) The information pertaining to conversion of energy, technology absorption and foreign exchange earnings/ outgo are given in Annexure I.

C) **STATEMENT UNDER CLAUSE 43 OF THE LISTING AGREEMENT**: The information required under clause

43 of the Listing Agreement is given in Annexure II.

D) Provisional net loss for the year ended on 31.03.99 published in newspaper was higher than final audited accounts. The change occur mainly due to transfer of revaluation reserve relating of assets transferred to wholly owned subsidiary during the year to profit & loss account.

AUDITORS' REPORT

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

AUDITORS

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

ACKNOWLEDGEMENT

9. Your Directors wish to convey their thanks to the company's customers, Banks, Financial Institution, workers and auditor's for their continued support.

For and on behalf of the board of Directors.

MEERUT : 03-09-99

(VIVEK JAIN
Managing Director)

ANNEXURES TO THE DIRECTOR'S REPORT**ANNEXURE I**

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, 1999 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.

C. FOREIGN EXCHANGE EARNINGS & OUTGO

There was no earnings and expenditure in foreign exchange during the year.

ANNEXURE II**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 31 March, 1999 are given hereunder.

(Rs in lac)

PARTICULARS	PROJECTION	ACTUAL
	FOR	
Sales	2171.67	44.73
Profit before tax	387.51	(1.78)
Profit after tax	219.80	(1.78)

Reason of variances in performance is transfer Lamination Division to wholly owned subsidiary company i.e. Karanveer Electronics Ltd. on 31.8.98 and the commencement of commercial production of Tyre Division on 31.3.99.

MEERUT : 03-09-99

(VIVEK JAIN
MG DIRECTOR)

AUDITORS REPORT

To,

The Shareholders**M/s Surya Industrial Corporation Ltd.****Meerut.**

We have audited the annexed Balance Sheet of **M/s Surya Industrial Corp. Ltd. Meerut.** as on 31.3.99 and the Profit and Loss Account of the Company for the year ended on 31.03.99. We have to report that :

1. 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. We enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order which is based on such checks of the books and records as we considered appropriate and information and explanations given to us during the course of the Audit.
2. Further to our comments in the Annexure referred in paragraph 1 above we state that :
 - (a) We have obtained all the informations 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 the profit & loss account and balance sheet comply with the mandatory accounting standards referred to in section 211 3(c) of the Companies Act, 1956;
 - e) 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, Specially Note on contingent liabilities and Note on loan of Messrs DCM Financial Services Limited, New Delhi, Loans of UPFC (WCTL) and loans of Bank of Baroda 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 1999, and
- (ii) In the case of Profit and Loss Account of the Loss for the year ended on that date.

For Bishnoi & Jain
Chartered Accountants

Meerut
03-09-1999

(K. K. Jain)
Partner

ANNEXURE TO AUDIT REPORT

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 physical verification of stocks as compared to book records.
6. In our opinion, the valuation of stocks is fair and proper in accordance with the 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 materials 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 requires 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-Products 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 been generally regular in depositing provident fund and Employee 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 service contract obligations and/or accepted business practices.

For Bishnoi & Jain
Chartered Accountants

Place : Meerut
Dated : 03.09.99

(K. K. Jain
Partner

BALANCE SHEET AS AT 31ST MARCH 1999

(Rs. in '000)

Schedule.		As at 31.03.99	As at 31.03.98
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
(a)	Share Capital A	59677.50	59677.50
(b)	Reserves & Surplus B	<u>1833.23</u>	<u>61510.73</u>
			3157.84 62835.34
2. Loan Funds			
(a)	Secured Loans C	31608.54	34471.06
(b)	Unsecured Loans D	<u>6300.00</u>	<u>37908.54</u>
			8198.41 40669.47
		<u>99419.27</u>	<u>103504.81</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets E			
(a)	Gross Block	25676.24	29296.32
	Less : Depreciation	<u>7514.90</u>	<u>7437.39</u>
	Net Block	<u>18161.34</u>	<u>21858.93</u>
(b)	Capital Work-in-Progress F	<u>69513.77</u>	<u>87675.11</u>
			62020.30 83879.23
2. Investments G			
		7091.83	7491.83
3. Current Assets, Loans & Advances			
A. Current Assets H			
(a)	Inventories	5168.49	10427.75
(b)	Sundry Debtors	1440.93	10546.93
(c)	Cash & Bank Balances	<u>316.58</u>	<u>1932.50</u>
		6926.00	22907.18
B. Loans and Advances			
(A)		<u>10505.35</u>	<u>7883.14</u>
		<u>17431.35</u>	<u>30790.32</u>
Less : Current Liabilities & Provisions			
(a)	Current Liabilities I	18056.04	23908.89
(b)	Provision for Income Tax	---	---
(B)		<u>18056.04</u>	<u>23908.89</u>
Net Current Assets (A-B)		(-) 624.69	6881.43
4. Miscellaneous Expenditure J			
		<u>5277.02</u>	<u>5252.32</u>
(To the extent not written off or adjusted)		<u>99419.27</u>	<u>103504.81</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 : 03.09.99

(Vivek Jain)

Mg. Director

(Vikas Jain)

Mg. Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
ON 31st MARCH 1999**

(Rs. in '000)

	Schedule	For the year ended on 31.03.99	For the year ended on 31.03.98
I. INCOME			
Sales		4472.76	7912.16
Stocks to K. E. Ltd.		732.10	---
Other income	K	221.57	5426.43
			2561.41
II. EXPENDITURE			
Material & Manufacturing Expenses	L	3211.13	6117.05
Personnel Expenses	M	451.80	805.42
Administrative & Selling Expenses	N	680.24	1149.92
Interest & Finance Charges	O	517.29	1435.77
Preliminary Expenses written off		203.20	5043.66
			221.58
Profit (+)/Loss(-) before Depreciation			382.77
			743.83
Depreciation		1873.20	2425.73
Trfd. from Revaluation Reserve		(1312.70)	(282.39)
Profit Before Tax		(177.73)	(1399.51)
Profit after Tax		(177.73)	(1399.51)
Balance brought from previous year		(709.79)	689.72
Surplus available for appropriation		(687.52)	(709.79)
APPROPRIATION			
Prior Period expenses and penalty		15.18	---
Balance Carried Forward to Balance Sheet		(902.70)	(709.79)
		(687.52)	(709.79)

In terms of our attached report of even date.

For Bishnoi & Jain

Chartered Accountants

(K. K. Jain)

Partner

Place : Meerut

Date : 03.09.99

(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 1999**

(Rs. in '000)

	As at 31.03.99	As at 31.03.98
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	30021.00	30021.00
	44667.00	44667.00
Add : Shares forfeited (Paid up amount)	15010.50	15010.50
As per Balance Sheet	59677.50	59677.50
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		
Balance as on 1.4.98	11.91	11.91
Less : Transferred	11.91	---
		11.91
(ii) Revaluation Reserve		
Opening Balance	3145.93	3428.32
Less : Transferred To Profit & Loss Account	1312.70	282.39
		3145.93
SURPLUS :		
As Per Profit & Loss Account	---	---
As per Balance Sheet	1833.23	3157.84
SCHEDULE 'C'		
SECURED LOAN		
(a) Cash Credit Accounts from Bank	2637.09	4363.94
(b) Term Loan from City Corp. Maruti Finance	189.63	---
(c) Term Loan from U. P. F. C.	19281.82	19281.82
(d) W. C. T. L. from U. P. F. C.	---	1325.30
(e) Term Loan from PICUP	9500.00	9500.00
As per Balance Sheet	31608.54	34471.06
SCHEDULE 'D'		
UNSECURED LOANS		
D. C. M. Financial Service Limited, New Delhi	6300.00	6198.41
	6300.00	6198.41

SCHEDULE 'E'**FIXED ASSETS**

(Rs. in '000)

S. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		BALANCE AS ON 1.4.98	ADDITION DUR 1998-99	SALES/TAKEN OVER BY K. E. LTD.	BALANCE AS ON 31.3.99	BALANCE AS ON 1.4.98	PROVIDED DUR 1998-99	ADJUSTED TAKEN OVER BY K. E. LTD.	BALANCE AS ON 31.3.99	W.D.V. AS ON 31.3.99	W.D.V. AS ON 31.3.98
1.	LAND	6208.20	0.00	0.00	6208.20	0.00	0.00	0.00	0.00	6208.20	6208.20
2.	BUILDING	3052.71	0.00	0.00	3052.71	784.49	226.83	0.00	1011.32	2041.39	2268.22
3.	PLANT & MACHINERY	19756.43	0.00	3580.30	16176.13	6480.19	1637.26	1613.87	6503.58	9672.55	13276.24
4.	CAR	0.00	239.20	0.00	239.20	0.00	0.00	0.00	0.00	239.20	0.00
5.	COMPUTER	74.03	0.00	74.03	0.00	62.29	1.95	64.24	0.00	0.00	11.74
6.	ASSETS NOT EXCEEDING Rs. 5,000/-	3.59	0.00	3.59	0.00	3.59	0.00	3.59	0.00	0.00	0.00
7.	FURNITURE & FIXTURE	197.43	0.00	197.43	0.00	105.70	6.92	112.62	0.00	0.00	91.73
8.	CYCLE	3.55	0.00	3.55	0.00	0.87	0.22	1.09	0.00	0.00	2.68
9.	TOOLS	0.38	0.00	0.38	0.00	0.26	0.01	0.27	0.00	0.00	0.12
	TOTAL	29296.32	239.20	3859.28	25676.24	7437.39	1873.19	1795.68	7514.90	18161.34	21858.93
	Previous Year's Figures	29294.49	1.83	0.00	29296.32	5011.66	2425.73	0.00	7437.39	21858.93	24282.83

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M/s Surya Industrial Corporation Limited.