



SURAJ VANASPATI LIMITED

16TH
ANNUAL REPORT
2004-2005



BOARD OF DIRECTORS

Chairman & Managing Director	Shri J.K.Jain
Whole Time Director	Shri S.C.Singhal
Directors	Shri Shailesh Gupta Shri Ramesh Gupta Shri Anand Pal Singh Shri Swaraj K. Gupta
Vice President & Company Secretary	Shri G.S.Khurana
Bankers	Punjab National Bank
Auditors	M/s Tas Associates
Registered Office	A-26, UPSIDC Industrial Area, Sikandrabad, Distt. Bulandshahr, U.P.
Corporate Office	1602, Ambadeep Building, 14, K.G. Marg, New Delhi-110 001.
Share Transfer Agent	Beetal Financial & Computer Services (P) Ltd. Beetal House, 3 rd Floor, 99, Madangir, New Delhi.



NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Suraj Vanaspati Limited will be held on Friday the 30th December, 2005, at 10:00 A.M. at the Registered Office of the Company at A-26 UPSIDC Industrial Area, Sikandrabad, Distt Bulandshahar (U.P) to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2005 and the Profit & Loss Account for the year ended on that date and report of 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 Anandpal Singh 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 Swaraj K. 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.”

6. 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 re-appointment of Shri S.C.Singhal as Whole Time Director of the company in accordance with the schedule XIII of the companies act, 1956 to hold office w.e.f. 27th April, 2005 and upto the conclusion of 16th Annual General Meeting of the company on a remuneration of Rs. 20,000/- Per month plus other benefits and on the terms and conditions as are 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 S.C.Singhal.

Resolved further that where in any financial year closing on and after 1st July, 2005 the company has no profits or its profits are inadequate the company may pay Shri S.C.Singhal 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 of the company be and are hereby authorised to take such steps as may be necessary to give effect to this resolution.”



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7. 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 J.K. Jain as Managing Director of the company in accordance with the schedule XIII of the companies act, 1956 to hold office w.e.f. 1st June, 2005 on a remuneration of Rs.-27,000/- Per month plus other benefits and on the terms and conditions as are 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 J.K. Jain.

Resolved further that where in any financial year closing on and/after 1st July, 2005 the company has no profits or its profits are inadequate the company may pay Shri J.K.Jain 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 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 Vanaspati Limited

Sd/-
(G.S.Khurana)
Vice President &
Company Secretary

Place : New Delhi
Date : 25.11.2005

Registered Office:
A-26, UPSIDC Industrial Area,
Sikandrabad, Distt. Bulandshahar (U.P.)

NOTES :

1. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item 5 to 7 set out above is annexed hereto.
2. 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.
3. The Register of Members and Share Transfer Book, of the company will remain closed from Wednesday the 28th December, 2005 till Friday, the 30th December, 2005 (Both days inclusive).
4. Members are requested to bring their copy of Annual Accounts at the meeting, as extra copies may not be available.
5. Members are requested to notify immediately any change in their address, quoting folio numbers to the company.
6. 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 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

The Board of Directors appointed Shri Swaraj K. 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 to hold the office upto the date of ensuing Annual General Meeting. The Company has received a notice from shareholder u/s. 257 of the Companies Act, 1956 along with Rs.500/- proposing the candidature of Shri Swraj K. Gupta 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 Swaraj K. Gupta is interested in the resolution.

ITEM NO. 6

Shri S.C. Singhal was re-appointed as Whole Time Director by the Board of Directors in their meeting held on 29th April, 2005 subject to the approval of members in the ensuing Annual General Meeting. The appointment of Shri S.C. Singhal as Whole Time Director of the company was made w.e.f. 27.04.2005 for a period upto the conclusion of 16th Annual General Meeting on a total monthly remuneration of Rs. 20,000/- and other benefits.

The details of the remuneration and other benefits paid/ to be paid w.e.f. 27.04.2005 to the Whole Time Director are given below :

1. Basic Salary Rs. 12,500/- p.m.
2. H.R.A. Rs. 7,500/- p.m.
3. 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.
4. Medical Reimbursement for self and family :Reimbursement of expense actually incurred, the total cost of which to the company shall not exceed one month basic salary in a year.
5. Leave Travel Allowances for self & Family: Actual Expenditure for proceeding on leave to any destination in India subject to maximum of one month basic salary in a year.
6. Gratuity: Not exceeding one half month's salary for each completed year of service, subject to maximum ceiling amount permissible as per payment of Gratuity Act.

A copy of the agreement is available for inspection at the registered office of the company between 11.00 A.M. to 1.00 P.M. on all working days except Saturday and Holidays up to the date of the meeting.

Your Directors recommend the resolution set out at Item No. 6 for your approval and ratification.

None of the Directors except Shri S.C. Singhal is interested in the said resolution.

ITEM NO. 7

The Board of Directors in their meeting held on 30th May, 2005 appointed Shri J.K. Jain as Managing Director of the company for a period of one year w.e.f. 01.06.2005 on a total monthly remuneration of Rs. 27000/- plus other benefits. The appointment of Shri J.K. Jain was made subject to the approval of members in the General Meeting and as per provisions of section 269, 198, 309 & 310 and schedule XIII of the companies act.

The details of remuneration and other benefits paid / to be paid to the Managing Director w.e.f. 01.06.2005 are given below :

- a) Basic Salary is Rs. 18,000/- P.M.



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- b) House Rent Allowance @ 50% of basic salary to be paid per month.
- c) Perquisites : To be paid to Managing 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) Company's car with driver will be provided for use for company business.
 - iii) Mobile Phone to be provided to Managing Director for use of company business.
 - iv) Medical Reimbursement for self and family : Reimbursement of expenses actually incurred, the total cost of which to the company shall not exceed one month basic salary in a year.
 - v) Leave Travel Allowance for self & Family : Actual expenditure for proceeding on leave to any destination in India subject to maximum of one month basic salary in a year.
 - vi) Gratuity: Not exceeding one half month's salary for each completed year of service, subject to maximum ceiling amount permissible as per payment of Gratuity Act.

A copy of the agreement is available for inspection at the registered office of the company between 11.00 A.M. to 1.00 P.M. on all working days except Saturday and Holidays up to the date of the meeting.

Your Directors recommend the resolution set out at item no. 7 for your approval.

None of the Directors except Shri J.K. Jain is interested in the resolution.

By order of the Board
For Suraj Vanaspati Limited

Place : New Delhi
Date : 25.11.2005

Sd/-
(G.S.Khurana)
Vice President &
Company Secretary

Registered Office:
A-26, UPSIDC Industrial Area, Sikandrabad,
Distt. Bulandshahar (U.P.)



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 J.K. Jain has over 40 years of rich experience in Industry, Commerce and Business. He is associated with the company for the last 10 years and seeking his re-appointment as director of the Company.

Other Directorship	Name of the Committee
Name of the company	Name of the Committee
<ul style="list-style-type: none"> • Mohan Meaking Limited – Director • Suraj Solvent & Vanaspati Industries Limited – Director • Jain Motor Finance & Leasing (Pvt) Ltd.- Director • Acropolyners (P) Limited – Director • Madhu Distributor (P) Ltd. – Director • Suraj Industries Limited – Director 	Suraj Solvent & Vanaspati Industries Limited <ul style="list-style-type: none"> • Audit Committee – Chairman • Suraj Industries Limited – Audit Committee – Member • Suraj Industries Limited – Remuneration Committee – Chairman • Suraj Industries Limited – Investor Grievance/Share Transfer Committee- Chairman

Shri Anand Pal Singh is a graduate and has over 20 years of rich experience in Industry, Commerce and Business and seeking his reappointment as director of the company.

Other Directorship	Name of the Committee
Name of the company	Name of the Committee
<ul style="list-style-type: none"> • Delhi Liquors Limited - Director 	<ul style="list-style-type: none"> • Suraj Vanaspati Limited - Audit Committee- Member

Shri Swaraj K Gupta is retired from banking sector and has over 40 years of rich experience in financial sector and has been appointed as an Additional Director of the Company w.e.f. 29.4.2005 to hold office of Independent Director up to the date of ensuing Annual General Meeting and seeking his appointment as regular director of the company.

Other Directorship	Name of the Committee
Name of the company	Name of the Committee
<ul style="list-style-type: none"> • Suraj Solvent & Vanaspati Industries Limited., Director • Suraj Industries Limited – Director • VRV Foods Limited – Director 	Suraj Vanaspati Limited <ul style="list-style-type: none"> • Audit Committee • Suraj Industries Limited • Audit Committee • Suraj Solvent & Vanaspati Industries Limited • Audit Committee



DIRECTORS' REPORT

To the Members,

Your directors have pleasure in presenting their Sixteenth Annual Report along with the Audited Statements of Account for the year ended June 30, 2005.

Financial Results

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

	Year ended June 30, 2005	(Rs. In Lacs) Year ended June 30, 2004
Sales	18262.81	17833.10
Profit before Financial Charges & Depreciation	(558.90)	(420.58)
Financial Charges	75.85	72.73
Depreciation	96.95	94.00
Extra Ordinary Expenses :		
Prior period Items	0.83	1.78
Trade Tax for earlier years	1.94	30.77
Provision for diminution in value of Investments	6.48	-
Excise modvat credit of earlier years	-	(23.51)
Net Profit/(Loss) before Tax	(740.95)	(596.35)
Income Tax for earlier years	-	9.76
Net Profit (Loss) for the year	(740.95)	(606.11)

APPROPRIATIONS

Dividend	-	-
Transfer to General Reserve	-	-
Loss brought forward	(1269.88)	(728.77)
Transfer from Investment allowance reserves	-	65.00
Balance in profit & Loss Account carried to Balance sheet	(2010.83)	(1269.88)

Dividend

In view of Company's Financial Position, the Directors are unable to recommend any dividend. The company's share are listed at Mumbai and Kolkata Stock Exchange and the company has deposited the listing fee to both the Stock Exchanges for the year 2005-2006 pursuant to clause 38 of the listing agreement.

Operations

During the year under review the capacity utilization of the unit was 81.87% as compared to 76.26% last year. Despite the increase in capacity utilisation, the company suffered a loss due to general sluggishness in the market. The market conditions were affected because of distorted import duty structure on edible and non-edible oils. Then, despite overcapacity in the industry, huge capacities were created in the excise duty free zone of Bhuj in Gujarat to avail the benefit of excise duty exemption. The market was also affected due to increased imports of duty free Vanaspati from Nepal and Sri Lanka under free Trade Agreements with these countries.

However, the Government has taken some corrective measures on continuous representation of Industry. First, it exempted Vanaspati and Refined Oils from excise duty and thereafter it increased the import duty on non-edible grade



palm oil to the level of import duty on edible grade palm oil. This should restore level playing field in the industry and the market conditions are expected to improve.

Deposits

During the year the company has not accepted any public deposits. However, the company has accepted the deposits from the specified persons in earlier years and the statement in lieu of advertisement has been filed with the Registrar of Companies for those years. However there is no default in repayment of any deposit.

Directors

Shri J.K. Jain and Shri Anandpal Singh, Directors retires by rotation and being eligible offers himself for re-appointment. During the year Shri Swaraj K. Gupta was appointed as additional director under section 260 of the Companies Act, 1956. The company has received a notice from a shareholder under section 257 of the Companies Act, 1956 proposing the appointment of Shri Swaraj K. Gupta as regular director of the company.

During the year, Shri Suraj Gupta, Shri S.A. Rehman and Shri Hardyal Doegar resigned from the Directorship of the company. The expertise and invaluable guidance of Shri Suraj Gupta, Shri S.A. Rehman and Shri Hardyal Doegar have helped the company to a greater extent in forging ahead. The Board places on record its deep appreciation and gratitude for the valuable advise, guidance, assistance and service rendered by them 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:

- 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 2004-2005 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 concern basis.

Audit Committee

Pursuant to the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement for Corporate Governance, your company has constituted the Audit Committee of the Board of Directors with the following composition:

1. Shri Ramesh Gupta
2. Shri Anand Pal Singh
3. Shri Swaraj K. Gupta

This committee has reviewed the Accounts for the year ended June 30, 2005.

Corporate Governance

SVL continues to function in a transparent manner with the basic philosophy to create wealth, besides taking care of the interest 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 Practcing Company



Secretary regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the stock exchanges from part of the Annual Report.

Auditors

M/s Tas Associates, Chartered Accountants, Auditors of the company hold office until the conclusion of ensuring 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 of effected, would be within the limits prescribed u/s 224(1-B) of the Companies Act, 1956.

Insurance

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

Disclosure of Particulars

As required by the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, the relevant information and data is given in Annexure I to this Report.

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.

As required under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules, 1957 as amended, the names and other particulars of the employees are set out in Annexure II hereto forming part of this report.

Acknowledgement

We wish to place on record our sincere appreciation of the continued valuable, co-operation, guidance and support provided to the company by financial institution viz, IDBI its bankers Punjab National Bank, Directorate of Vanaspati, Government of Uttar Pradesh and the local authorities.

The directors also express their thanks to the large number of customers and associate 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 at all levels which enables your company to make all round progress.

For and on behalf of the Board
For Suraj Vanaspati Limited

Place : New Delhi
Date : November 25, 2005

Sd/-
(J.K. Jain)
Chairman



ANNEXURE TO DIRECTOR'S REPORT

INFORMATION AS PER SECTION 217(1)(E) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED JUNE 30, 2005.

I. Conservation of Energy :

- i) Plate Heat Exchanger has been installed to improve the efficiency of Refrigeration plant consequently reducing the cooling time for vanaspati.
- ii) Steam condensate is being used in boiler to reduce the consumption of Rice husk.
- iii) Water recovery system has been installed to re-circulate waste water through cooling tower resulting in saving of water and power.
- iv) Details of total energy consumption and energy consumption per unit of Production as per Form 'A' are given hereunder :

	Year ended June 30, 2005	(Rs. In Lacs) Year ended June 30, 2004
POWER AND FUEL CONSUMPTION		
1. Electricity		
a. Purchased		
Units (KWH)	6186250	5303787
Total amount (Rs. Lacs)	269.24	247.79
Rate / Unit (Rs.)	4.35	4.67
b. Own Generation		
Through Diesel Generator		
Units	310666	384269
Units per Litre of Diesel Oil	2.97	3.00
Cost/ Unit	7.27	6.37
Through Steam Turbine / Generator Units		
Units per Litre of Fuel	N.A	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. Other / Internal Generation		
a. De-oiled Rice Husk (for Boiler)		
Quantity (MT)	13123500	12946.000
Total Cost (Rs. Lacs)	237.25	235.88
Rate / MT (Rs.)	1807.85	1822.02
b. Diesel & Other (For Process House)		
Quantity Litres	6976	175685
Total Cost (Rs. Lacs)	1.52	32.52
Average Rate (Rs.)	21.75	18.51



SURAJ VANASPATI LIMITED

5. Consumption per unit (MT) of production		
Production (Tones)	40526.417	37749.054
Electricity (KWH)	160.31	150.680
Diesel & Other (Litres)	0.17	4.65
Coal		
De-oiled Rice Husk (Kg.)	323.83	342.95

II. Technology Absorption:

Research & Development

The company has installed various laboratory equipments to monitor and reduce oil losses.

The company has started physical refining oils resulting in reduced cost of production.

Future Action Plan

R & D effort is going on to make special grade Bakery Fats with better baking properties

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

Staff Welfare: – Rs. 2.53 lacs

For and on behalf of the Board
For Suraj Vanaspati Limited

Sd/-
(J.K. Jain)
Chairman

Place : New Delhi
Date : November 25, 2005

ANNEXURE TO THE DIRECTOR'S REPORT

Annexure-II

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 JUNE 30, 2005.

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 Vanaspati Limited

Sd/-
(J.K. Jain)
Chairman

Place : New Delhi
Date : November 25, 2005



MANAGEMENT DISCUSSION AND ANALYSIS

Suraj Vanaspati Ltd. is engaged in manufacture and sale of Vanaspati, Refined Oils and Bakery Shortening. It manufactures these products under its brands- "Apna" and "Mr. Baker" and the sales are mainly in Uttar Pradesh

OPPORTUNITIES

With the growing health consciousness amongst the masses, the preference for refined oil as a cooking medium is increasing day by day. But vanaspati has its own loyal consumers and in certain type of cooking it cannot be replaced by refined oil. But as the per capita consumption of edible oil increases in India, the major chunk of this increase shall go to refined oils. Therefore, the company sees an opportunity in the refined oil segment and in the coming years shall increase its focus on refined oil segment. The company's bakery shortening is well accepted in the market and company plans to further strengthen its presence in this specialized market.

FUTURE OUTLOOK

With the increased oilseeds production in the country, the prospects of the domestic oil refining industry shall definitely improve. Then, there is a growing demand for vanaspati and bakery shortening by biscuit manufacturers and bakers which the company hopes to tap to its potential.

THREATS

The inconsistent Government policies relating to import duties on edible oils as well as vanaspati and Bakery shortening is biggest threat to the industry.

FINANCIAL PERFORMANCE

The Gross turnover of the company during the year was Rs. 18262.81 lacs as against Rs. 17833.10 lacs last year. However, during the year under review the company incurred a loss of Rs. 740.95 lacs as against loss of Rs. 606.11 lacs last year. There was general sluggishness in the demand for vanaspati during the year. Moreover, the market conditions were also affected because of distorted import duty structure on edible and non-edible oils. As a result of which the company incurred losses during the year.

FINANCE COST

The interest and financial charges for the year ended June 30, 2005 was Rs. 75.85 lacs as against Rs. 72.73 lacs last year.

SHARE CAPITAL

Share Capital of the company comprises of Equity Share Capital of Rs. 793 lacs.

RESERVES AND SURPLUS

As on June 30, 2005 the reserves and surplus amounted to Rs. 220.81 lacs and the accumulated losses amounted to Rs. 2010.83 lacs.

EARNING PER SHARE

The earning per share for the year ended June 30, 2005 was negative due to losses.

INTERNAL CONTROLS

The company has adequate internal controls commensurate with its size and nature of business. These internal controls ensure optimum use as well as 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. It has got an effluent plant where the plant waste is treated before disposal.



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 June 30, 2005, Seven meeting of the Board of Directors was held on 30th July, 2004, 23rd October, 2004, 25th November, 2004, 23rd December, 2004, 29th January, 2005, 29th April, 2005 and 30th May, 2005.

(b) Composition and Category of Board:

The Board of Directors as on June 30, 2005, 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 Three (3) Executive Directors, One (1) Non Executive and Three(3) Non Executive Independent Directors. The constitution of Board, as on June 30, 2005 are given below: -

Name of Directors	Category	No. of positions held in other Public Companies			Attendance at Board Meetings held during the year 2005	Attendance at last AGM
		Board	Committee			
			Member-ship	Chairman ship		
Shri J.K. Jain	Chirman Executive	3	4	3	7	Yes
Shri Shailesh Gupta	Non Executive	-	-	-	-	No
Shri S.A. Rehman	Non Executive Independent	1	4	-	7	Yes
Shri S.C. Singhal	Executive Director	-	1	-	7	Yes
Shri Ramesh Gupta	Executive Director	1	1	1	7	Yes
Shri Anand Pal Singh	Non Executive Independent	1	2	-	6	No



Name of Directors	Category	No. of positions held in other Public Companies			Attendance at Board Meetings held during the year 2004	Attendance at last AGM
		Board	Committee			
			Member-ship	Chairman-ship		
Shri Swaraj K. Gupta*	Non Executive Independent Director	3	3	-	-	No

* Appointed effective April 29, 2005

Details of persons who ceased to be Directors during the year 2004-05.

Name of Directors	Category	No. of positions held on the Board of other public companies at the time of their resignation	Attendance at Board meetings held during the year 2003	Attendance at last AGM
Shri Hardyal Doegar**	Non Executive Independent	5	4	No
Shri Suraj Gupta*	Executive Director	2	-	No

** Resignation effective 29.4.2005

* Resignation effective 23.10.2004

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 Listing Agreement in the financial year 2004-2005. During the year the Board had re-constituted the Audit Committee in its meeting held on July 30, 2004, comprising of 4 (Four) Directors Shri Ramesh Gupta as Chairman, Shri S.A. Rehman, Shri Hardyal Doegar and Anandpal Singh. The Audit Committee was again reconstituted by the Board on October 23, 2004 as Shri S.A. Rehman, Chairman, Shri Hardyal Doegar and Shri Anand Pal Singh as members of the Audit Committee and again reconstituted on 29th April, 2005. All the Three members of the committee are non-executive Independent Directors who has financial / accounting acumen to specifically look into the internal controls and audit procedures.

During the year, three Audit Committee meetings were held on July 30, 2004, November 25, 2004 and January 29, 2005. The composition of Audit Committee as on June 30, 2005 is as follows:

Name of Director	Designation	Attendance at the meetings held during the year 2003-2004
Shri S.A. Rehman	Chairman	3
Shri Anand Pal Singh	Member	3
Shri Swaraj K. Gupta	Member	-



Details of person who ceased to be member of Audit committee during the year 2004-2005.

Name of Director	Designation	Attendance at the meetings held during the year 2004-2005
Shri Ramesh Gupta*	Chairman	-
Shri Hardyal Doegar**	Member	3

* Effective October 23, 2004

** Effective April 29, 2005

Mr. G.S.Khurana, Vice President & Company Secretary act as Secretary of the Committee

The terms of reference to the Audit Committee include inter-alias the following:

- (a) To review the quarterly, half years and annual financial statements before submission to the Board for approval
- (b) To discuss with Auditors about internal control system and to consider their observations and follow-up
- (c) To ensure compliance of internal control system
- (d) Reviewing with management the annual financial statements before submission to the board, focusing primarily on any changes in:
 - (i) Accounting policies and practices
 - (ii) Major accounting entries based on the exercise of judgment by management
 - (iii) Qualifications in the draft audit report
 - (iv) The going concern concept
 - (v) Compliance with accounting standards
 - (vi) Any related party transactions i.e. transactions of the company of material nature, with promoters of the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.
- (e) Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- (f) Reviewing the adequacy of internal audit functions.
- (g) Discussions with internal auditors any significant finding and follow up there on.
- (h) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (i) Discussions with external auditors before the audits commences nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (j) To investigate on any matter referred by the Board.

4. REMUNERATION COMMITTEE

The Board of Directors in their meeting held on April 27, 2002 constituted the Remuneration Committee. Consequent upon change in the composition of the Board of Directors of the company, the Board had re-constituted the Remuneration Committee in its meeting held on 23rd October, 2004, comprising of two Directors Shri S.A. Rehman, Chairman, Shri Hardyal Doegar as member.

The scope of the Committee includes inter alia, appointment, removal and compensation issues of key managerial personal of the Company. The Remuneration Committee meets with the requirement under Schedule XIII of the



Companies Act, 1956 and Clause 49 of the Listing Agreement. As on June 30, 2005, the Committee comprises of 2 (two) Non-Executive Independent Directors viz. Shri S.A.Rehman as Chairman and Shri Anandpal Singh as Member.

Remuneration paid to Directors

The remuneration, if any, paid to the Directors is decided by the Board of Directors of the Company. However, the Non-Executive Directors, including three Independent Directors, do not draw any remuneration from the company.

5. INVESTORS' GRIEVANCES/SHARE TRANSFER COMMITTEE

Pursuant to the Provisions of Clause 49 of the Listing Agreement, the existing Share Transfer Committee has been renamed by the Board in its meeting held on 27th April,2002 as the "Investors" Grievance/Share Transfer Committee.

Consequent upon change in the composition of Board of Directors of the company, the Board had re-constituted the Investors Grievance/Share Transfer Committee in its meeting held on 23rd October, 2004, comprising of two Directors Shri S.A.Rehman as Chairman and Shri S.C.Singhal as Member. The committee meets once in a month, to approve inter-alia, transfer / transmission of shares, issue of duplicate share certificate and reviews the status of investors grievances and redressal mechanism and recommend measures to improve the level of investor services. Details of shares transfer / transmissions approved by the committee are placed at the Board Meetings from time to time.

COMPOSITION

The constitution of the committee of Directors is as under:-

- | | | |
|-----------------------|---|--|
| (1) Shri S.A.Rehman | : | Chairman, Non-executive Independent Director |
| (2) Shri S.C. Singhal | : | Member, Executive Director. |

The Board has designated Mr. G.S.Khurana, Vice President & Company Secretary as Secretary to the Committee.

DETAILS OF SHAREHOLDERS COMPLAINTS RECEIVED & REPLIED TO THE SATISFACTION OF SHAREHOLDERS

During the year 2004-2005, the company received 10 complaint of shareholders, which were properly attended and resolved to the satisfaction of the shareholders. There is no pending complaint as on June 30th, 2005.

6. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held as under :-

Year	Location	Date	Time
2002	A-26, UPSIDC Industrial Area, Sikandrabad, Distt. Bulandshahar Uttar Pradesh	15.11.2002	10 A.M.
2003	A-26, UPSIDC Industrial Area, Sikandrabad, Dist. Bulandshahar Uttar Pradesh	29.12.2003	10 A.M.
2004	A-26, UPSIDC Industrial Area, Sikandrabad, Dist. Bulandshahar Uttar Pradesh	23.12.2004	10 A.M



SURAJ VANASPATI LIMITED

7. DISCLOSURES

- (a) Disclosures on materially significant related party transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

None of the transactions with any of the related parties were in conflict with the interests of the Company.

- (b) Details of non compliance by the Company, penalties, strictures Imposed on the Company by Stock Exchange of SEBI of any Statutory Authority, on any matter related to capital markets, during the last three years.

No penalties, strictures were imposed on the Company by Stock Exchange of SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.

8. MEANS OF COMMUNICATION

- (a) The quarterly / half yearly results are forthwith communicated to all Stock Exchanges with whom the company has listing arrangements as soon as they are approved and taken on record by the Board of Directors of the company. Thereafter the results are published in the leading newspapers, namely, The Pioneer (all U.P.) and "Jansatta" (Hindi) published from Lucknow and Kanpur.

9. GENERAL SHAREHOLDER INFORMATION

- | | | |
|--|---|--|
| (a) Annual General Meeting | : | 30.12.2005 |
| Date and Time | : | 10 a.m. |
| Venue | : | A-26, UPSIDC Industrial Area,
Sikandrabad,
Dist. Bulandshahar,
Uttar Pradesh |
| (b) Book closure date | : | 28.12.2005 to 30.12.2005 |
| (c) Dividend payment date | : | N.A |
| (d) Stock Exchanges at which
Shares of the Company are
listed. | : | The Stock Exchange, Mumbai
The Calcutta Stock Exchange
Assn. Ltd. |
| (e) Stock Code | : | Code |
| The Stock Exchange, Mumbai | : | 523309 |
| The Calcutta Stock Exchange Ltd. | : | 029435 |
| (f) Stock Market Data | | |
| The Company's shares are not actively traded in the stock Exchanges where they are listed. | | |
| (g) Share price performance in comparison to broad based indices. | | |
| No information received from the stock exchanges | | |
| (h) Registrar and Transfer Agent | : | Beetal Financial & Computer Services(P) Ltd
Beetal House, 3 rd Floor, 99, Madangir, New Delhi. |
| (i) Share Transfer System | | |
| Transfers of shares in physical /Demat form are registered and dispatched within 3 weeks form the date of their receipt, subject to the documents being valid and complete in all respects. In case of objection, the same are also dispatched within 3 weeks. | | |



(j) Distribution of Shareholding as June 30,2005

No. of equity shares held	No. of Share holders	% of shareholders	No. of shares held	% of shareholding
Upto 5000	11436	94.67	1738620	21.93
5001 to 10000	398	3.29	329900	4.16
10001 to 20000	119	0.99	177500	2.23
20001 to 30000	40	0.33	103200	1.30
30001 to 40000	10	0.08	35200	0.44
40001 to 50000	13	0.11	61000	0.76
50001 to 100000	13	0.11	97100	1.23
100001 and above	51	0.42	5387480	67.95
	12080	100	7930000	100.00

Shareholding pattern as on June 30, 2005

S.No.	Category	No. of Shareheld	% of holding
A.	Promoters holding	3037380	38.30
B.	Non-promoters holding		
1	Institutional Investors- Banks	1569600	19.80
2	Others		
i)	Body Corporates	354700	4.47
ii)	Indian Public	2962020	37.35
iii)	NRIs/OCBs	6300	0.08
	Sub-total (B)	4892620	61.70
	Grand Total	7930000	100

(k) Dematerialization of Shares and Liquidity

The Shareholders in the Annual General Meeting held on 24th December, 2001 approved for dematerialisation of shares. The company thereafter applied to CSDL/NSDL for demat of shares. The Conversion of company shares in dematerialisation has been declined by CSDL. The approval of the NSDL is awaited.

(l) Outstanding GDRs/ADRs/Warrants or Convertible Instruments, conversion

Date and likely impact on Equity : Not Applicable

(m) Plant Location : A-26, UPSIDC Industrial Area, Sikandrabad, Dist. Bulandshahar Uttar Pradesh

Address for Investor correspondence and for a any query on annual : 1602 Ambadeep Building, 14, K.G. Marg, New Delhi-1



Corporate Governance Certificate

The Certificate dated November 25, 2005 obtained from M/s. P.S.Soni, Practicing Company Secretary, forms part of this Annual Report and the same is given herein:

To the members of Suraj Vanaspati Limited

We have examined the compliance of the conditions of Corporate Governance by Suraj Vanaspati Limited for the year ended on 30th June, 2005, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of conditions of corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof adopted by the company for ensuring compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

We state that no investor grievances is pending for a period exceeding one month against the company as per the records maintained by the Shareholders / Investors grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **P.S Soni & Co**
Company Secretaries

Place : New Delhi
Dare : November 25, 2005

Sd/-
(**P.S. Soni**)
Partner



AUDITOR'S REPORT

TO THE MEMBERS OF SURAJ VANASPATI LIMITED

1. We have audited the attached Balance Sheet of **Suraj Vanaspati Limited** as at June 30, 2005 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Accounting Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. to our comments in the Annexure referred to in paragraph 3 above, we 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 account as required by law have been kept by the company, so far, as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement, dealt with by this report, are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards as issued by the Institute of Chartered Accountants of India and referred to in section 211(3C) of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors, as on 30th June, 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies' Act, 1956.
 - f) To the best of our knowledge & belief, the provisions of Section 441A of the Companies Act, 1956 regarding the levy & collection of cess on turnover or gross receipts of the Company, have not yet been notified by the Central Government. Accordingly, we are unable to express our opinion on the compliance of the said section in terms of clause (g) of sub-section 3 of section 227 of the Companies Act, 1956 and clause 9 of the Annexure attached to our this report.
 - g) Subject to our comments in the statement referred to in paragraph 3 above and Note no. 13 of part B of Schedule N, regarding the impact of default in repayment in future as per rehabilitation scheme sanctioned by BIFR. In our opinion and to the best of our information and according the explanations given to us, the said accounts, together with the notes thereon, give the information required by the Companies' Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - I) in the case of the Balance Sheet, of the state of affairs of the company, as at June 30, 2005; and
 - II) in the case of the Profit and Loss Account, of the Loss of the company, for the year ended on that date; and
 - III) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **TAS ASSOCIATES**
Chartered Accountants

Sd/-
(SUBODH GUPTA)
Partner
M. No.: 087099

Place : New Delhi
Date : November 25, 2005

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS REPORT OF EVEN DATE TO THE MEMBERS OF SURAJ VANASPATI LIMITED FOR THE YEAR ENDED JUNE 30, 2005.**

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The management carries out the physical verification of fixed assets in a phased manner over a period of two years and accordingly, part of fixed assets were physically verified during the year and no material discrepancies are stated to have been observed on such verification as compared to books records. In our opinion, the frequency of physical verification is reasonable having regard to the size of the company and the nature of its fixed assets.
- c) The company has not disposed any substantial part of its fixed assets during the year.
2. a) The stock of finished goods, stores, spares part and raw materials has been physically verified by the management at reasonable intervals. In our opinion the frequency of verification is reasonable.
- b) In our opinion, the procedure of physical verification of inventory, followed by the management, is reasonable and adequate in relation to the size of the company and nature of its business.
- c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies between physical inventory and the book records, as observed on verification, which were not material in relation to the size of the company, have been properly dealt with in the books of accounts.
3. a) The company has not taken/ granted any loan covered in the register maintained under section 301 of the Companies Act, 1956.
4. 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 purpose of purchase of inventory and fixed assets and for sale of goods. During the course of our audit, on random test check basis, no major weakness has been noticed in the internal controls in respect of these areas.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
- b) According to the information and explanations given to us, there is no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301, exceeding the value of five lakh rupees, in respect of any such party during the year.
6. According to information and explanations given to us, the company has complied with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are applicable.
7. In our opinion, the company has an adequate Internal Audit system commensurate with its size and nature of its business.
8. Pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, we are of the opinion that, prima facie, the prescribed accounts and records, relating to materials, labour and other items of cost, have been made and maintained.
9. a) According to the records of the company, the company is regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues applicable to it. However, by virtue of order of the BIFR for the rehabilitation, an amount of Rs. 843.85 Lacs on account of trade tax / Compounding tax has been deferred. See also Note no. 15 of part B of schedule N.
- b) According to the records of the company and information and explanations given to us, there are no dues of Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess on account of any dispute, except the following:



Name of the statute	Nature of Dues	Amount (Rs.)	Period to which the amount relate	Forum where dispute is pending
U.P. Power Corporation Act	Electricity Charges	20.03 Lacs	1989-90 & 1990-91	Allahabad High Court
U.P. Trade Tax Act	Trade Tax	124.86 Lacs	1996-97	Trade Tax Tribunal ,U.P.
U.P. Trade Tax Act	Trade Tax	0.16 Lacs	2003-04	Deputy Commissioner Trade tax
Central Excise	Excise duty & Education Cess	3.74 lacs	2004-05	Suprintendent Central Excise

Remark: However, electricity Charges of Rs. 20.03 lacs. Excise duty of Rs.3.74 lacs and trade tax of Rs. 0.16 lacs have been deposited under protest

10. The accumulated losses of the company as at June 30, 2005 are more than its net worth. The company has incurred cash losses of Rs. 6.44 crore during the financial year covered by our audit as against cash losses of Rs. 5.12 crore during immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks/FI's, as per rehabilitation scheme sanctioned by BIFR. See also Note No. 13 of Part B of Schedule N.
12. According to information and explanations given to us and based on the documents and records produced before us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, there is no special statute applicable to the company, hence provisions related to requirement of NOF, prudential norms for income recognition, appraisal of credit proposal etc. are not required to be complied by the company.
14. Based on our examination of the records, in our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause regarding proper records of transactions and contracts in respect of shares etc., is not applicable to the company.
15. According to information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. Based on information and explanations given to us and in our opinion, no term loans have been raised by the company during the year.
17. According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments by the company.
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The company has not issued any debentures.
20. The company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **TAS ASSOCIATES**
Chartered Accountants

Sd/-
(SUBODH GUPTA)

Partner

M. No.: 087099

Place : New Delhi
Date : November 25, 2005

SURAJ VANASPATI LIMITED



BALANCE SHEET AS AT 30TH JUNE 2005

SCHEDULES		As at 30.06.2005 Rs.		As at 30.06.2004 Rs.	
I. SOURCES OF FUNDS					
1. SHARE HOLDERS FUNDS					
a) Share Capital	A	79300000		79300000	
b) Reserves & Surplus	B	<u>22081000</u>	101381000	<u>22081000</u>	101381000
2. LOAN FUNDS					
a) Secured Loans	C	108770430		115092545	
b) Unsecured Loans		<u>3000000</u>		<u>3000071</u>	
c) Deferred Credits		<u>149155110</u>	260925540	<u>87441092</u>	205533708
			<u>362306540</u>		<u>306914708</u>
II. APPLICATION OF FUNDS					
1. FIXED ASSETS					
Gross Block	D	201441760		202937773	
Less : Accumulated Depreciation		<u>125693102</u>	75748658	<u>118134169</u>	84803604
2. INVESTMENTS					
	E		442100		1090000
3. CURRENT ASSETS, LOANS & ADVANCES					
a) CURRENT ASSETS					
Inventories		99718154		60380837	
Cash & Bank Balances		6771938		10851154	
Sundry Debtors		<u>34906832</u>		<u>46958391</u>	
b) LOANS & ADVANCES					
		<u>17932137</u>		<u>24599971</u>	
		159329061		142790353	
Less: CURRENT LIABILITIES & PROVISIONS					
Net Current Assets	G	<u>74336283</u>	84992778	<u>48817510</u>	93972843
4. MISCELLANEOUS EXPENDITURE H (To the extent not written off or adjusted)					
			40000		60000
5. PROFIT & LOSS ACCOUNT					
			<u>201083004</u>		126988261
			<u>362306540</u>		<u>306914708</u>

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS N

This is the Balance Sheet referred to in our report of even date attached

For TAS ASSOCIATES
Chartered Accountants

Sd/-
(SUBODH GUPTA)
Partner

M. No.-087099

Place : New Delhi

Date : November 25, 2005

Sd/-
(SANDEEP AGRAWAL)
Vice President (Accts.)

Sd/-
(G.S. KHURANA)
Vice President &
Company Secretary

Sd/-
(RAMESH GUPTA)
Director

Sd/-
(J.K.JAIN)
Managing Director

Sd/-
(S.C. SINGHAL)
Whole time Director

SURAJ VANASPATI LIMITED



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2005

Schedules	2004-2005 (Rs.)	2003-2004 (Rs.)
I. INCOME		
1. Sales		
- Vanaspati	1811466653	1571720587
- Refined Oil	1176603	193210976
- By-Products	13637839	18378454
	<u>1826281095</u>	<u>1783310017</u>
Less : Excise Duty	35429759	48357422
	<u>1790851336</u>	<u>1734952595</u>
2. Other Income	I 4658744	6544782
3. Increase / (Decrease) in stocks	J 17574822	877418
	<u>1813084902</u>	<u>1742374795</u>
II. EXPENDITURE		
1. Raw Material Consumed	K 1736007162	1665549374
2. Manufacturing and other Overheads	L 132947259	118863130
3. Financial Charges	M 7585356	7272774
4. Depreciation	9695010	9400563
5. Miscellaneous Expenditure W/off	20000	20000
	<u>1886254787</u>	<u>1801105841</u>
	<u>(73169885)</u>	<u>(58731046)</u>
III. BALANCE		
IV. EXTRAORDINARY ITEMS		
- Prior period items	83459	178990
- Trade Tax for earlier years	193499	3076506
- Provision for diminution in value of investments	647900	-
- Excise Modvat Credit of earlier years	-	(2351326)
	<u>(74094743)</u>	<u>(59635216)</u>
V. NET PROFIT/(LOSS) BEFORE TAX		
Less: Income Tax for earlier year	-	975829
Less: Provision for income tax for current year (Refer note no. 18 of part B of Schedule N)		
	<u>(74094743)</u>	<u>(60611045)</u>
VI. PROFIT/(LOSS) FOR THE YEAR		
VII. LOSS BROUGHT FORWARD		
	<u>(126988261)</u>	<u>(72877216)</u>
	<u>(201083004)</u>	<u>(133488261)</u>
Less : Transferred from Investment allowance reserve (utilised)	-	6500000
VIII. BALANCE CARRIED TO BALANCE SHEET		
	<u>(201083004)</u>	<u>(126988261)</u>
BASIC & DILUTED EARNING PER EQUITY SHARE (Rs.)		
-before extraordinary items	(9.23)	(8.35)
-after extraordinary items	(9.34)	(8.61)
(Refer note no. 17 of part B of Schedule N)		

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

N

This is the Profit & Loss Account referred to in our report of even date attached
For **TAS ASSOCIATES**

Sd/-
Chartered Accountants
(SANDEEP AGRAWAL)
Vice President (Accts.)

Sd/-
(G.S. KHURANA)
Vice President &
Company Secretary

Sd/-
(J.K.JAIN)
Managing Director

Sd/-
(SUBODH GUPTA)
Partner

M. No.-087099

Sd/-
(RAMESH GUPTA)
Director

Sd/-
(S.C. SINGHAL)
Whole time Director

Place : New Delhi
Date : November 25, 2005

SURAJ VANASPATI LIMITED



SCHEDULES FORMING PART OF THE BALANCE SHEET

AS AT 30.06.2005
(Rs.)

AS AT 30.06.2004
(Rs.)

SCHEDULE - A: SHARE CAPITAL

AUTHORISED

8,500,000 (previous year 8,500,000) Equity
Shares of Rs. 10/- each .

85000000

85000000

ISSUED, SUBSCRIBED & PAID UP

7,930,000 (previous year 7,930,000) Equity
Shares of Rs 10/- each, fully paid up

79300000

79300000

79300000

79300000

SCHEDULE - B : RESERVES & SURPLUS

INVESTMENT ALLOWANCE RESERVE (UTILISED)

Balance as per last account

6500000

Less : Transferred to Profit & Loss account

- 6500000

CAPITAL RESERVE

Balance as per last account

81000

81000

GENERAL RESERVE

Balance as per last account

22000000

22000000

22081000

22081000

SCHEDULE -C: LOAN FUNDS

SECURED LOANS

1. Industrial Development Bank of India (IDBI)

Term Loan/Non Convertible Debenture

10000000

18000000

- Secured by way of first mortgage to the Financial Institutions of the whole of the Company's immovable properties, both present and future.
- Secured by way of first charge/ hypothecation to the Financial Institutions of the whole of the movable properties of the company, including movable plant & machinery, machinery spares, tools & accessories and other movable assets, both present & future (save & except Book Debts), whether installed or not subject to prior charges of the Company's Bankers for the working capital loan on specified movables.
- Further secured under personal guarantee of One Director and two Ex.-Directors of the Company

2. PICUP

44600000

44600000

Interest free loan in lieu of Trade Tax deferred
(Refer Note No.15 of part B of Schedule N)

- Secured by way of third charge on the entire immovable and movable properties of the Company.

From Banks

3. Working Capital Loans

54170430

52492545

- i) Secured by way of hypothecation of raw materials, stores & spares, stock in process and finished products and Book Debts.
- ii) Further secured under personal guarantee of One director and five Ex-directors of the company and also collaterally secured by way of second charge on the block assets of the company

UNSECURED LOANS

- From Others

3000000

3000000

3000071

3000071

DEFERRED PAYMENTS

1. Trade Tax deferred by the Government of U.P.

83867146

49594825

2. Turnover Tax deferred by Government of U.P.

517722

3. Power Charges deferred by the Government of U.P.

64770242

149155110

37846267

87441092

(Refer Note No.15 of part B of Schedule N)

260925540

205533708

SCHEDULE - D : FIXED ASSETS

(Amount in Rs.)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.07.2004	Additions during the year	Deduction during the year	Cl. Balance as on 30.06.2005	Op. Balance as on 01.07.2004	Dep. For the year	Deduction during the year	Cl. Balance as on 30.06.2005	W.D.V. as on 30.06.2005	W.D.V. as on 30.06.2004
Leasehold Land	2857874	-	-	2857874	-	-	-	-	2857874	2857874
Building	41513150	68537	-	41581687	14754213	1232360	-	15986573	25595114	26758937
Plant & Machinery	134330745	333726	-	134664471	86777629	7076999	-	93854628	40809843	47553116
Electrical Installtion	5951250	141016	-	6092266	4210229	318530	-	4528759	1563507	1741021
Water Supply System	1992100	-	-	1992100	1689952	105183	-	1795135	196965	302148
Furniture & Fixtures	3836399	89925	-	3926324	2562542	256647	-	2819189	1107135	1273857
Vehicles	4617686	1830	2221947	2397569	3838448	268196	2136077	1970567	427002	779238
Laboratory Equipments	879352	-	-	879352	556679	41769	-	598448	280904	322673
Other Equipments	6959217	90900	-	7050117	3744477	395326	-	4139803	2910314	3214740
	202937773	725934	2221947	201441760	118134169	9695010	2136077	125693102	75748658	84803604
TOTAL PREVIOUS YEAR	188051546	15092587	206360	202937773	108939966	9400563	206360	118134169	84803604	79111580





AS AT 30.06.2005
(Rs.)

AS AT 30.06.2004
(Rs.)

SCHEDULE - E : INVESTMENTS (TRADE - AT COST)

In Quoted Shares

1000000 Equity Shares of Suraj Industries Ltd. (Company under same Management) fully paid up	10000000	10000000
*5440 Equity Shares of Industrial Development Bank of India, fully paid up.	442000	442000
*includes 2040 Bonus shares	10442000	10442000
Less: Provision for diminution in value	9999900	9352000
<i>Aggregate Market Value of quoted investments is Rs. 5.51 Lacs (Previous Year Rs. 10.90 Lacs)</i>	<u>442100</u>	<u>1090000</u>



AS AT 30.06.2005
(Rs.)

AS AT 30.06.2004
(Rs.)

SCHEDULE - F : CURRENT ASSETS, LOANS & ADVANCES

CURRENT ASSETS

INVENTORIES (As Verified & Valued by Management)

i) Loose Tools		45954		67119
ii) Stock in Trade				
- Raw Material	28348721		5867978	
- Packing Material	4924050		5575386	
- Consumables	7189489	40462260	7235236	18,678,600
iii) Stock in Process		27308077		16482695
iv) Finished Goods				
- Vanaspati	31275170		24950871	
- By Products	626693	31901863	201552	25152423

99718154

60380837

CASH & BANK BALANCES

i) Cash in Hand		298252		245355
ii) Balances with Scheduled Bank				
-in Current Accounts		369106		1457256
- in Fixed Deposit Account (pledged as margin money agsinst bank guarantee)		407356		388826
- Interest Accrued & Due FDR's		-		4931
- Cheques / Drafts in hand		5697224		8754786
		6771938		10851154

SUNDRY DEBTORS (Unsecured & Considered Good)

Over Six Months		2719905		5142930
Other Debts		32186927		41815461
		34906832		46958391

LOANS & ADVANCES

(Unsecured and considered good unless otherwise stated)

I) Advances recoverable in cash or in kind or for value to be received		6847431		12259759
ii) Balance with Excise Department		5403		622636
iii) Excise Deposit (Under Protest)		373669		-
iv) Securities & other deposits (including Rs.20.03 lacs (pre. year Rs.20.03 lacs) paid under protest)		7815250		7359596
v) Income Tax / T.D.S.		17176		17176
vi) Interest Receivable		384846		262882
vii) Others				
- CENVAT Receivable		-	2965294	
- DEPB Recoverable	57299		80352	
- Staff Loans & Imprest	513523		677129	
- Insurance Claim receivable	1917540	2488362	355147	4077922

17932137

24599971



AS AT 30.06.2005
(Rs.)

AS AT 30.06.2004
(Rs.)

SCHEDULE - G :CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES

Sundry Creditors			
-Raw Material Suppliers	41547205	18241684	
-Others	5836465	6150425	24392109
(Refer note No.10 of Part B of Schedule 'N' for SSI Units)			
Advances from Customers	8932158		9654492
Security Deposits	10149000		5909000
Other Liabilities	6642682		7698371
PROVISIONS			
Provision for Retirement Benefits	1228773		1163538
	<u>74336283</u>		<u>48817510</u>

SCHEDULE - H: MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Balance as per last year	60000		80000
Less: Written off to Profit & Loss account	20000		20000
	<u>40000</u>		<u>60000</u>

SCHEDULE - I : OTHER INCOME

Interest on Security Deposits (Gross,TDS Rs Nil, P.Y. Rs.Nil)	127392		195147
Income from cancellation of Bargains	466700		1228234
Cash Discount	572422		334203
Discount on DEPB	1827887		3246653
Dividends	8160		8160
Debts, no longer considered as payable (net of receivables)	987090		939775
Debts written off now recovered	100000		-
Profit on sale of Fixed Assets (Net)	95130		25000
Others	473963		567610
	<u>4658744</u>		<u>6544782</u>

SCHEDULE-J :INCREASE/(DECREASE)IN STOCKS

Opening Stock			
Finished Products	24950871	22723674	
Stock in process	16482695	17447912	
By Products	201552	586114	40757700
Closing Stock			
Finished Goods	31275170	24950871	
Stock in Process	27308077	16482695	
By Products	626693	201552	41635118
	<u>59209940</u>	<u>17574822</u>	<u>877418</u>

SCHEDULE - K: RAW MATERIAL CONSUMED

RAW OIL			
Opening Stock	5867978	62451508	
Add: Purchases (Inclusive of custom duty, clearing charges and freight)	1636172842	1506686945	
	<u>1642040820</u>	1569138453	
Less: Closing Stock	28348721	5867978	1563270475
CONSUMABLES			
Packing	84777053	61858622	
Chemicals	9169352	7770130	
Fuel	26275977	29479345	
Others	2092681	3170802	102278899
	<u>122315063</u>	<u>1736007162</u>	<u>1665549374</u>

SURAJ VANASPATI LIMITED



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	AS AT 30.06.2005 (Rs.)	AS AT 30.06.2004 (Rs.)
SCHEDULE-L: MANUFACTURING, ADMINISTRATIVE AND OTHER OVERHEADS		
MANUFACTURING EXPENSES.		
Rates & Taxes	80283	111071
Repair & Maintenance		
- Plant & Machinery	6400293	3074653
- Electricals	575751	704260
Electricity & Water Charges	26923975	24779055
Excise Duty	59130	262826
Others	581331	594262
	34620763	29526127
ESTABLISHMENT EXPENSES		
Salaries, Wages & Bonus	23167897	23354979
Staff Welfare Expenses	2718924	2006689
Contribution to P. F. & Other Funds	2910011	2761351
Security Expenses	679941	639093
	29476773	28762112
ADMINISTRATIVE AND OTHER EXPENSES		
Rent	1481346	999204
Telephone & Postage	1444077	1331477
Legal, Professional & Consultancy	767989	896869
Printing & Stationery	477033	536754
Conveyance & Vehicle Maintenance	2147858	1374501
Insurance	644327	519956
Tours & Travelling	594689	1058785
Repairs & Maintenance	808141	669441
Charity & Donation	17000	3155
Directors' Sitting Fee	13000	6000
Business Promotion	116604	113352
Advertisement & Publicity	81059	76625
Trade / Sales / Turnover Taxes	34515110	33833756
Freight Outward	15196511	10769451
Brokerage & Commission	2695787	2012850
Rebate & Incentives	621704	119183
Handling Charges	5383091	4783937
Auditor's Remuneration	236724	194862
Others	1607673	1274733
	68849723	60574891
	132947259	118863130
SCHEDULE - M: FINANCIAL CHARGES		
Interest on:		
Working Capital Loan	4896020	5053565
Other Interest	1077852	894066
Bank Charges	1611484	1325143
	7585356	7272774



SURAJ VANASPATI LIMITED

SCHEDULE FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30.06.2005.

SCHEDULE - N: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1. RECOGNITION OF INCOME AND EXPENDITURE:

- a) The accounts are made on historical cost convention on going concern basis and Revenues/Incomes and Costs/ Expenditure are generally accounted on accrual, as they are earned or incurred in accordance with the generally accepted accounting principles, applicable accounting standards issued by ICAI and the provisions of the Companies Act, 1956.
- b) The liability towards excise duty on the manufactured goods is accounted for at the time of clearance of the goods from the factory when the same is actually accrued. This has, however, no substantial impact on the operating results of the Company.
- c) Preliminary Expenses are to be amortised over a period of Five Years.

2. RETIREMENT AND PENSION BENEFITS:

- a) Company's contribution to provident fund and pension fund is charged off to Profit & Loss Account.
- b) in respect of Gratuity, the yearly contribution to the Group Gratuity Scheme of Life Insurance Corporation of India on the basis of actuarial valuation is charged off to the Profit & Loss account.
- c) Leave encashment is accounted for on accrual basis, on the assumption that all eligible employees retire on the balance sheet date.

3. FIXED ASSETS:

- a) Fixed Assets are stated at cost, less accumulated depreciation (other than 'Leasehold Land', where no amortisation is made)
- b) In respect of Finance lease effective from 1.4.2001, the assets is capitalised with corresponding present value. The lease payments are segregated in to interest, charge off to revenue and principal amount adjusted against lease liability. In case of operating lease its lease rental are charged off to profit and loss account.
- c) Assets acquired under Hire Purchase agreement are capitalised and the outstanding principal is shown as creditors for Hire Purchase.

4. METHOD OF DEPRECIATION AND AMORTISATION:

- a)
 - (i) Depreciation on Fixed Assets is provided at the relevant rates of depreciation in respect of Straight line method as specified in Schedule XIV to the Companies Act, 1956;
 - (ii) In view of the amendment in Schedule XIV, depreciation on assets costing upto Rs.5000/- are depreciated at the rate of 100% on pro-rata basis except those which constitute more than 10% of the total actual cost of Plant and Machinery on which the applicable rate to such Plant and Machinery is charged.
- b) Depreciation on additions to assets or on sale/ discard of assets, is calculated pro-rata from the date of such addition or up to the date of such sale/ discard, as the case may be .
- c) No amounts are written off against Leasehold Land by way of amortisation.

5. INVESTMENTS:

Investments are stated at cost or at book value, which is arrived at after addition thereto Income accrued, wherever applicable. Any diminution of permanent nature in the value of investment is charged to revenue.

**6. VALUATION OF INVENTORIES:**

	Method of Valuation

Raw Material, Packing Material & Consumables :	At Cost
Finished Goods (Including Goods in Transit) :	At Cost or net realisable value whichever is lower.
Stock in Process :	At Cost
By Products :	At net realisable value
Loose Tools :	At cost and charged off when discarded

In the above, cost is arrived at by weighted average cost method and in case of Finished Goods and Stock in Process it also includes manufacturing and establishment overheads, applicable taxes, interest on working capital and depreciation relating to units of production.

7. RESEARCH AND DEVELOPMENT:

Revenue expenditure including overheads on Research and Development is charged out as an expense through the natural heads of account in the year in which incurred. Expenditure, which results in the creation of capital assets, is taken to Fixed Assets and depreciation is provided on such assets as are depreciable.

8. EXPENDITURE DURING CONSTRUCTION AND ON NEW PROJECTS:

In the case of expansion, all expenditure, directly related to the expansion including interest on borrowings for the project, incurred upto the date of installation, are capitalised and added pro-rata to the cost of factory buildings and plant and machinery relating thereto.

9. INCOME TAX

Provision for current Income Tax is made on the basis of estimated taxable income. The company provides for deferred tax liability (after netting off deferred tax assets), based on the tax effect of timing difference resulting from the recognition of items in the financial statements. Deferred tax assets (after, netting of deferred tax liabilities), are generally not recognised unless there is strong circumstances exists for its adjustment / realisation in near future.

10. FOREIGN CURRENCY TRANSACTIONS

Foreign Currency transactions during the year are recorded at rates of exchange prevailing on the date of transaction. Current Assets and Current Liabilities are translated at using the year-end exchange rate. Exchange gains and losses are duly recognised in the Profit and Loss Account.

B. NOTES TO THE ACCOUNTS:**1. Contingent Liabilities not provided for:**

- a) Rs. 20.03 Lacs (Previous year Rs.20.03 Lacs) on account of claims for electricity charges by UPSEB not acknowledged as debt excluding consequential interest, if any and for which guarantees have been invoked by UPSEB in April 2001. The matter is sub-judiced before Allahabad High Court.
- b) Rs. 124.86 Lacs (Previous year Rs. 54.97 Lacs) on account of demand raised by the sales tax authorities for the year 1996-97 pending under appeal.
- c) Rs.0.16 Lacs (Previous year Rs. 0.26 Lacs) on account of payment made to Trade Tax authorities, pending final assessment.
- d) Rs.3.74 Lacs on account of demand raised by the Central Excise Authority, deposited under protest.



2. In the opinion of the Directors and to the best of their knowledge and belief, the value on realisation of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.
3. Balances of sundry debtors, sundry creditors, loans & advances are subject to confirmation from some of the parties.
4. Fixed assets installed and put to use have been certified by the management & relied on by the auditors being a technical matter.
5. **Particulars in respect of Capacities, Production, Stocks and Sales.**

a) Manufacturing Operations:

Class of Goods	Installed Capacity	Opening Stock		Actual Production		Closing Stock		Sales	
		Qty. (M.T.) (P.A.)	Value (Rs. Lacs)	Qty. (M.T.)	Qty. (M.T.)	Value (Rs. Lacs)	Qty. (M.T.)	Value (gross) (Rs. Lacs)	
Vanaspati & Refined Oil	49500	524.758	249.51	40526417	759.875	312.75	40291.299	18126.43	
Previous years' figures	49500	525.932	227.24	37749.054	524.758	249.51	37750.227	17649.32	

- (i) Out of the total installed capacity of 49500 MT per annum, the capacity to Vanaspati is only 37500 MT per annum
- (ii) The installed capacity and the date of installation of machinery is as per certificate given by the Company's technical expert and relied on by the auditors, being a technical matter.
- (iii) Capacities are expressed on the basis of triple shift working of the Factory.
- (iv) Sales quantity includes loss in transit/ theft/ samples of 0.815 M.T. (Previous year.734 M.T.), in case of Vanaspati.
- (v) The production quantity is net of quantity rejected and reprocessed.

6. ANALYSIS OF MATERIAL CONSUMED:

Class of Goods	Unit	Current Year		Qty.	Previous year
		Qty.	Value (Rs. Lacs)		
a) Raw Oil	MT.	42751.320	16136.92	39490.246	15632.70
b) Fuel	—	—	262.76	—	294.79
c) Packing	—	—	847.77	—	618.59
d) Chemicals	—	—	91.69	—	77.70
e) Others	—	—	20.93	—	31.71
Total			17360.07		16655.49



7. Value of imported and indigenous raw materials, spare parts and components consumed and the percentage of each to the total Consumption :

Particulars	Current Year				Previous Year			
	Raw Material		Spare Parts & Components		Raw Material		Spare Parts & Components	
	Value (Rs. Lacs)	% to total consumption	Value (Rs. Lacs)	% to total consumption	Value (Rs. Lacs)	% to total consumption	Value (Rs. Lacs)	% to total consumption
Imported	7855.99	45.25%	-	-	5123.63	30.76%	-	-
Indigenous	9504.08	54.75%	-	-	11531.86	69.24%	-	-

8. Auditors Remuneration (including paid to concurrent auditors):

	<u>Current Year (Rs.)</u>	<u>Previous Year (Rs.)</u>
Statutory Audit Fee	80000	80000
Tax Audit Fee	10000	10000
Concurrent Audit Fees	88124	40000
Certification & Other Expenses	22000	34160
Out of Pocket Expenses (Including Service Tax)	36600	30702
Total	<u>236724</u>	<u>194862</u>

9. Remuneration to Managing Director/ Whole Time Directors:

	<u>Current Year (Rs.)</u>	<u>Previous Year (Rs.)</u>
Salary	678452	660000
Perquisites	279523	809877
Contribution to Provident Fund	58676	68400
Total	<u>1016651</u>	<u>1538277</u>

10. As informed and identified by the management, sundry creditors include an aggregate sum of Rs.2549809/- (Previous Year: Rs. 4028413/-) due to small-scale industrial undertakings. Out of the said amount, a sum of Rs.2438852 (Previous Year: Rs. 1780825) is outstanding for a period exceeding 30 days in the following cases:

Meerut Packaging Pvt.Ltd.	- Bhatler Metals Pvt. Ltd.	- M-Three Print Pack
Alok Plastic Pvt.Ltd.	- Surbhi Packers	
Sangrur Packers	- Uma Print Pack	

11. Expenditure in Foreign Currency (Rs in Lacs)
- | | Current Year | Previous Year |
|-----------------------|--------------|---------------|
| - Travelling Expenses | — | 3.16 |
| - Staff Welfare | 2.53 | — |
12. The value of Imports by the company on C.I.F. basis during the financial year is Rs. 4237.38 Lacs (Previous Year Rs. 2639.26 Lacs).
13. The company made reference to Board for industrial and Financial Reconstruction (BIFR), under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, due to complete erosion of its net worth as on 30th June 2000. The company was thereafter declared a Sick company by BIFR vide its order-dated 28.5.2001. As per the rehabilitation scheme sanctioned by the BIFR vide order dated 22.4.2002, and agreed to by IDBI, the entire amount of interest and other charges accrued and payable to IDBI till the specified cut off date i.e. 30.6.2001, has been waived off and only the principal amount of loan amounting to Rs. 650 lacs is repayable by way of



conversion of 20% of principal amount in to Equity share of the company at par and the remainder 80% of principal loan amount is repayable in cash over a period of next five years. Further, no other interest and other charges, on the said loan is to be paid to IDBI in future, except in case of default as mentioned hereunder.

Consequent to the sanctioned scheme allowing various relieves, the present accounts have been made up considering the impact of such relieves, which are:

- No provision for interest has been made during the current year in accordance with the sanctioned scheme.
- 17.5% Non- Convertible Redeemable Debentures issued to IDBI, shall stand at par with the secured loans by IDBI and subjected to same relief, as above, as are applicable to secured loans. Hence, loans and debentures have been merged in these accounts.

However, as per the settlement with IDBI, the waiver of interest and other charges made by the IDBI would be subject to reversal in the event of default by the company in two successive payments of the instalments of the principal amount as envisaged in the scheme. So far there is no default and all payments have been made on due dates.

14. As per the aforesaid sanctioned scheme by BIFR, Punjab National Bank (PNB) has agreed to charge interest at the prime lending rate (PLR) with effect from 1.7.2001. However, PNB shall have a right to recompense for the losses / sacrifice undertaken by it and enhance the rate of interest, if in its opinion the profitability of the company or its cash flow so warrants.
15. In accordance with the Rehabilitation scheme sanctioned by BIFR, the Government of U. P. has deferred the trade tax / compounding tax / turnover tax amounting to Rs. 1,289.85 Lacs (P.Y. Rs 941.95 Lacs) and power charges amounting to Rs. 647.70 lacs (P.Y. Rs 378.46 Lacs) for a period of five years and these deferred amounts are to be paid in next five years commencing from the sixth year. A part of the amount of deferred Trade Tax amounting to Rs. 446.00 Lacs (P.Y. Rs 446.00 Lacs) has been converted into interest free loan by PICUP. The rest of the deferred payment liability on account of Trade tax / Compounding tax and power charges being in the nature of deferred credit has been shown under the head loan fund in the accounts.
16. The indications listed in paragraph 8 to 10 of Accounting Standard 28 on Impairment of Assets, (issued by the Institute of Chartered Accountants of India), have been examined and on such examinations, it has been found that none of the indicators are, prima facie, present in the case of the company. A formal estimate of the recoverable amount has not been made, as there is no indication of a potential impairment loss, as per the management.

17. Basic and Diluted Earning Per Share

The Basic and Diluted Earning Per Share has been arrived as follows:

BASIC EARNING	Rupees	
Particulars	<u>2004-05</u>	<u>2003-04</u>
<u>Profit after extra-ordinary items</u>		
Profit/ (Loss) for the year	(74,094,743)	(60,611,045)
Less : Provision for Tax	—	—
	<u>(74,094,743)</u>	<u>(60,611,045)</u>



SURAJ VANASPATI LIMITED

<u>Profit before extra-ordinary items</u>		
Profit/ (Loss) for the year	(74094743)	(60611045)
Less: Trade Tax (Earlier years)	193499	3076506
Less: Prior period expenses	83459	178990
Less : Provision for diminution in value of investments	647900	—
Less : Income Tax (Earlier years)	—	975829
Add: Modvat Credit (Earlier years)	—	2,351326
	(73169885)	(58731046)
No of weighted average equity shares - Basic	7930000	7035671
Nominal Value of Equity Shares Rs.	10	10

BASIC EARNING PER SHARE (Rs.)

After extra-ordinary items	(9.34)	(8.61)
Before extra-ordinary items	(9.23)	(8.35)

DILUTED EARNING

Profit (loss) after extra-ordinary items		
Profit (Loss) used as numerator	(74094743)	(60611045)
Add: Interest on Loans converted in shares	—	206709
	(74094743)	(60404336)
Profit (Loss) before extra-ordinary items		
Profit (Loss) used as numerator	(73169885)	(58731046)
Add: Interest on Loans converted in shares	—	206709
	(73169885)	(58524337)
No of weighted average equity shares - Diluted	7930000	7930000
Nominal Value of each Equity Share (Rs.)	10	10

DILUTED EARNING PER SHARE (Rs.)

After extra-ordinary items	(9.34)	(8.61)
Before extra-ordinary items	(9.23)	(8.35)

The diluted EPS is arrived at after ignoring anti-dilutive effect of potential equity shares.

18. Provision for Income Tax

- a) The provision for the current Income Tax is not considered necessary for the financial year 2004-2005 in view of the brought forward business loss, unabsorbed depreciation allowance, other deductions and benefits under the provisions of Income Tax Act, 1961.

b) Deferred Tax

Major components of Deferred Tax Assets (net) arising on account of timing difference are as under:

	<u>2004-05</u>	<u>2003-04</u>
(Rupees in Lacs)		
<u>Deferred Tax Assets</u>		
i) Provision for Bonus & Leave Encashment	0.70	0.58
ii) Unabsorbed Depreciation as per IT Act	143.66	140.88
iii) Unabsorbed Business Loss	129.34	127.04
iv) Unabsorbed Capital Loss	39.67	38.89
v) Deferred Trade Tax	263.93	177.95
Total	<u>577.30</u>	<u>485.34</u>



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Deferred Tax Liabilities

i) Fixed Assets	182.98	189.33
Total	182.98	189.33

Accumulated Deferred Tax Assets (Net)	394.32	296.01
Increase/ (decrease) in net Deferred Tax Asset for the year	136.52	145.53

- c) Since the net effect of tax due to timing difference results in Net Deferred Tax Asset, as at the Balance Sheet date, the same has not been recognised in the accounts on conservative basis.
- d) Deferred tax has been calculated as on March 31st, 2005 by following the fiscal year, as the depreciation as per income tax and other allowances/losses are calculable only for fiscal year ending March 31st, 2005. However, it is expected that this method shall not affect substantially the deferred tax asset as calculated above.

19. Related Party Disclosures

The information given below is only in respect of the transactions entered into by the company or any outstanding, during the year with the related parties.

- a) Names of Related Parties and description of Relationship:

- i) Key Managerial Personnel:

(a) Suraj Gupta	Ex-Managing Director
(b) S C Singhal	Whole time Director
(c) Vikas Gupta	President (Works), relative of Managing Director
(d) Ramesh Gupta	Whole time Director
(e) Sh. J.K. Jain	Managing Director

- b) Transactions during the year and Balances outstanding as at the year-end in respect of transactions entered into during the year with the Related Parties:

	2004-05		2003-04	
	Associates	Key Managerial Personnel	Associates	Key Managerial Personnel
(Rs. in Lacs)				
Unsecured Loans				
a) Balance as at opening	—	—	20.00	—
b) Taken during the year	—	—	—	—
c) Repaid during the year	—	—	20.00	—
d) Balance as at end	—	—	—	—
Expenditure				
a) Interest on Unsecured Loans	—	—	1.24	—
b) Payments to and provisions for employees	—	15.54	—	15.38
c) Staff Welfare	—	7.04	—	—

20. The company is primarily engaged in the business of Manufacturing of Vanaspati and Refined Oil. The Management has identified the above business as primary business segment and the same has been identified for the analysis and review of performance of the company.
21. Previous year figures have been regrouped/ restated wherever considered necessary to conform with the current year figures.
22. Information pursuant to Part IV of Schedule VI to the Companies Act, 1956 as regards Balance Sheet abstract and general profile of the company is annexed separately.

Sd/-
(SANDEEP AGRAWAL)
Vice President
(Accts)

Sd/-
(G.S. KHURANA)
Vice President &
Company Secretary

Sd/-
(J.K. JAIN)
Managing Director

Place : New Delhi
Date : November 25, 2005

Sd/-
(RAMESH GUPTA)
Director

Sd/-
(S.C. SINGHAL)
Whole Time Director



INFORMATION PURSUANT TO PART IV OF SCHEDULE-VI OF COMPANIES ACT. 1956.

BALANCESHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

		1	1	0	0	4
--	--	---	---	---	---	---

State Code

2	0
---	---

Balance Sheet Date

3	0
---	---

0	6
---	---

2	0	0	5
---	---	---	---

Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands) Nil

Public Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Rights Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Private Placement

						N	I	L
--	--	--	--	--	--	---	---	---

III. Position of Mobilisation and Deployment of Funds (Amounts in Rs. Thousand)

Total Liabilities

			3	6	2	3	0	7
--	--	--	---	---	---	---	---	---

Total Assets

			3	6	2	3	0	7
--	--	--	---	---	---	---	---	---

Source of Funds

Paid-up Capital

			7	9	3	0	0
--	--	--	---	---	---	---	---

Reserve & Surplus

			2	2	0	8	1
--	--	--	---	---	---	---	---

Secured Loans

			1	0	8	7	7	0
--	--	--	---	---	---	---	---	---

Unsecured Loans

			1	5	2	1	5	5
--	--	--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

			7	5	7	4	9
--	--	--	---	---	---	---	---

Investments

			4	4	2
--	--	--	---	---	---

Net Current Assets

			8	4	9	9	3
--	--	--	---	---	---	---	---

Misc. Expenditure

						4	0
--	--	--	--	--	--	---	---

Accumulated Losses

			2	0	1	0	8	3
--	--	--	---	---	---	---	---	---



SURAJ VANASPATI LIMITED

IV. Performance of the Company

Turnover

			1	8	1	3	0	8	5
--	--	--	---	---	---	---	---	---	---

Total Expenditure

			1	8	8	7	1	8	0
--	--	--	---	---	---	---	---	---	---

Profit/(Loss) Before Tax

			(7	4	0	9	5)
--	--	--	---	---	---	---	---	---	---

Profit (Loss) After Tax

			(7	4	0	9	5)
--	--	--	---	---	---	---	---	---	---

Earning per Share in Rs.

			(9	.	3	4)
--	--	--	---	---	---	---	---	---

Dividend Rate %

									N	I	L
--	--	--	--	--	--	--	--	--	---	---	---

V. Generic Names of Three Principal Products/Services of Company

Vanaspati & Refined Oil

Item Code No. (I.T.C. Code)

					1	5	1	6	2	0
--	--	--	--	--	---	---	---	---	---	---

Product Description

	V	A	N	A	S	P	A	T	I
--	---	---	---	---	---	---	---	---	---

Item Code No. (I.T.C. Code)

			1	5	1	6	2	0	0	9
--	--	--	---	---	---	---	---	---	---	---

Product Description

R	E	F	I	N	E	D	O	I	L
---	---	---	---	---	---	---	---	---	---

For **TAS ASSOCIATES**
Chartered Accountants

Sd/-
(SUBODH GUPTA)
Partner

M. No.-087099

Place : New Delhi

Date : November 25, 2005

Sd/-
(SANDEEP AGRAWAL)
Vice President (Accts.)

Sd/-
(G.S. KHURANA)
Vice President &
Company Secretary

Sd/-
(J. K. JAIN)
Managing Director

Sd/-
(RAMESH GUPTA)
Director

Sd/-
(S.C. SINGHAL)
Whole Time Director



CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2005

	<u>2004-2005</u>	<u>(Rs. in lacs)</u> 2003-2004
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extra ordinary items	(740.95)	(606.11)
Adustment for:		
Depreciation	96.95	94.00
Interest Paid	75.85	72.73
Interest Received	(1.27)	(1.95)
Profit/Loss on Sale of Fixed Assets	(0.95)	(0.25)
Miscellaneous Expenses Written off	0.20	0.20
Income Tax (Earlier Years)	0.00	9.76
Diminution in value of Investments	6.48	0.00
Prior Period Adjustment	2.77	9.04
	<u>180.03</u>	<u>183.53</u>
Operating Profit before Working Capital Changes	(560.92)	(422.58)
Adustment for:		
Inventories	(393.37)	547.87
Trade & Other Receivables	187.06	55.87
Trade Payabes & Other Liabilities	255.19	(353.73)
	<u>48.88</u>	<u>250.01</u>
Cash Generated from Operations	(512.04)	(172.57)
Less : Interest Paid	(75.85)	(72.73)
Direct Taxes	0.00	0.00
	<u>(75.85)</u>	<u>(72.73)</u>
Cash Flow before Extraordinary Items	(587.89)	(245.30)
Extraordinary Items		
Income Tax (Earlier Years)	0.00	(9.76)
Prior Period Adustment	(2.77)	(9.04)
	<u>(2.77)</u>	<u>(9.04)</u>
Net Cash from Operating Activities.....A	<u>(590.66)</u>	<u>(264.10)</u>
B) CASH FLOW FROM INVESTING ACTIVITIES		
- Purchase of Fixed Assets / C. W. I. P.	(7.26)	(150.92)
- Sale of Fixed Assets	1.81	0.25
- Interest Received	1.27	1.95
	<u>(4.18)</u>	<u>(148.72)</u>
Net Cash from Investing Activities.....B	<u>(4.18)</u>	<u>(148.72)</u>
C) CASH FLOW FROM FINANCING ACTIVITIES		
i) Increase in Share Capital	0.00	93.00
ii) Borrowings (Net)	537.14	452.61
iii) Increase in Working Capital Loan	16.78	(77.30)
	<u>553.92</u>	<u>468.31</u>
Net Cash from Financing Activities.....C	<u>553.92</u>	<u>468.31</u>
D) NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)	(40.92)	55.50
Opening Cash & Cash Equivalents	104.57	49.07
Closing Cash & Cash Equivalents	63.65	104.57

Notes : i) Figures in brackets represent outflows.

ii) Cash & Cash Equivalent do not include lian marked fixed deposits as the same are not readily convertible into cash.

For **TAS ASSOCIATES**
Chartered Accountants

Sd/-
(SANDEEP AGRAWAL)
Vice President (Accts.)

Sd/-
(G.S. KHURANA)
Vice President &
Company Secretary

Sd/-
(J. K. JAIN)
Managing Director

Sd/-
(SUBODH GUPTA)
Patner

M. No.-087099

Place : New Delhi

Date : November 25, 2005

Sd/-
(RAMESH GUPTA)
Director

Sd/-
(S.C. SINGHAL)
Whole Time Director



SURAJ VANASPATI LIMITED
Registered Office : A-26, UPSIDC Industrial Area
Sikandrabad, Distt., Bulandshahr (U.P.)

PROXY FORM

Reg. Folio No.
I/We
of
being member / members of the above named company hereby appoint
of or failing him
our proxy to vote for my/our behalf at the SIXTEENTH ANNUAL GENERAL MEETING of the
Company to held at on
the day 2005 at
and at any adjournment thereof.

Affix Rs.1/-
revenue
stamp

Date :

.....
Signature of the Members

Note : proxies must reach the Company's Registered Office not less than 48 hours before the meeting.

----- Tear Here -----

SURAJ VANASPATI LIMITED

Attendance Slip

To be handed over at the entrance of the Meeting Hall

Name of the Attending Member (in Block Letters)	Member's Account Number / Registered Folio
Name of the proxy (in block letters) To be filled in if the Proxy attends Instead of the Members	

No. of Shares held

I hereby record my presence
at the SIXTEENTH ANNUAL GENERAL
MEETING at

.....
Member's/proxy's Signature
(To be signed at the time of
handing over this slip)

Note : The copy of the Annual Report may please be brought to the Meeting Hall.

BOOK POST

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If undelivered please return to :



SURAJ VANASPATI LIMITED

1602, Ambadeep Building

K.G. Marg,

New Delhi-110 001