

**SHRI GANG INDUSTRIES &
ALLIED PRODUCTS LIMITED**

19TH
ANNUAL REPORT
2007-2008



BOARD OF DIRECTORS

Whole Time Director

Shri Gopal Das Aggarwal

Directors

Shri S.K.Jain
Shri Inder Mani Mittal
Shri Sanam Gambhir

Bankers

Punjab National Bank

Auditors

M/s Tas Associates,
Chartered Accountants

Registered Office

A-26, UPSIDC Industrial
Area, Sikandrabad,
Distt. Bulandshahr, U.P.

Corporate Office

A-8, Sector 19,
NOIDA, UP

Share Transfer Agent

Beetal Financial & Computer
Services (P) Ltd.
Beetal House, 3rd Floor,
99, Madangir, New Delhi.



NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Shri Gang Industries & Allied Products Limited will be held on Tuesday the 30th day of December, 2008, 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, 2008 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 Inder Muni Mittal, who retires by rotation and being eligible offer himself for reappointment.
3. To appoint a Director in place of Shri Gopal Dass Aggarwal, who retires by rotation and being eligible offer himself for reappointment.
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 in pursuance to the provisions of Section 257 of the Companies Act, 1956 Shri Rajesh Gupta 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 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 members of the company be and is hereby accorded to the appointment of Shri Gopal Dass Aggarwal as Whole Time Director of the company in accordance with Part I of Schedule XIII of the Companies Act, 1956 to hold office for a period of one year from the date of conclusion of the Nineteenth Annual General Meeting to the conclusion of the Twentieth Annual General Meeting on a total monthly remuneration of Rs. 15000/- per month as approved by the Remuneration Committee in accordance to provisions of Part II of the Schedule XIII of the Companies Act, 1956 with liberty to the Remuneration Committee/Board of Directors to alter and vary the terms and conditions of the said appointment 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 provision by the Central Government or as may be agreed between the Board of Directors and Shri Gopal Dass Aggarwal.

Resolved further that where in any financial year closing on and/after 1st April, 2008 the company has no profits or its profits are inadequate the company may pay Shri Gopal Das Aggarwal 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.”

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

Shri Gang Industries & Allied Products Limited



"Resolved that 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 members of the company be and is hereby accorded to the appointment of Shri Rajesh Gupta as Managing Director of the company in accordance with Part I of Schedule XIII of the Companies Act, 1956 to hold office for a period of one year from the date of conclusion of the Nineteenth Annual General Meeting to the conclusion of the Twentieth Annual General Meeting on a total monthly remuneration of Rs. 200000/- per month as approved by the Remuneration Committee in accordance to provisions of Part II of the Schedule XIII of the Companies Act, 1956 with liberty to the Remuneration Committee/Board of Directors to alter and vary the terms and conditions of the said appointment 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 provision by the Central Government or as may be agreed between the Board of Directors and Shri Rajesh Gupta.

Resolved further that where in any financial year closing on and after 1st April, 2008 the company has no profits or its profits are inadequate the company may pay Shri Rajesh Gupta 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 Shri Gang Industries & Allied Products Limited

Sd/-
(Gopal Dass Aggarwal)
Whole Time Director

Place : Noida
Date : 24.11.2008

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 4 to 5 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 Saturday the 27th December, 2008 till Tuesday, the 30th December, 2008 (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.

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

ITEM NO. 5

The company has received a notice from a shareholder u/s 257 of the Companies Act, 1956 along with Rs 500/- proposing the candidature of Shri Rajesh Gupta for appointment as Director of the company liable to determination by retirement of Directors by rotation.

Mr Rajesh Gupta is a MBA by profession and has got vast experience in different industries at the top management



Shri Gang Industries & Allied Products Limited

level.

Your Directors recommend the resolution set out at item no.5 for your approval.

None of the Directors is interested in the resolution.

ITEM NO. 6

Shri Gopal Das Aggarwal was appointed as Whole Time Director of the company w.e.f. 28.01.2007 for a period of two year upto the conclusion of 19th Annual General Meeting on a total monthly remuneration of Rs. 12045/-(Gross) per month.

It is proposed to re-appoint Shri Gopal Das Aggarwal as Whole Time Director of the company for a further period of 1 year from the conclusion of the 19th Annual General Meeting till the 20th Annual General Meeting on a monthly remuneration of Rs 15000 as detailed below-

- 1) Basic Salary Rs. 9000/- P.M.
- 2) House Rent Allowance of Rs.2250/- P.M..
- 3) Other Allowances Rs. 3000/- P.M.
- 4) Perquisites: To be paid to Whole Time Director as mentioned below:
 - a) 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.
 - b) Medical Reimbursement for self and family: Rs.750/- P.M.
 - c) Leave encashment as per the rules of the Company

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

None of the Directors except Shri Gopal Dass Aggarwal are interested in the said resolution.

ITEM NO. 7

It is proposed to appoint Shri Rajesh Gupta as the Managing Director of the company for a period of one year from the date of conclusion of the Nineteenth Annual General Meeting to the conclusion of the Twentieth Annual General Meeting on a total monthly remuneration of Rs. 200000/- per month as detailed below-

1. Basic Salary Rs 120000/- per month
2. House Rent Allowance Rs 60000/- per month
3. Special allowance Rs 20000/- Per month
4. In addition to the above the details of perquisites payable are as follows-
 - a) Company's car with driver for the use for company's business
 - b) Leave encashment as per the rules of the Company

At present Shri Rajesh Gupta is working with the company as Chief Executive Officer since August 1, 2008. Shri Rajesh Gupta is a MBA by profession and has got vast experience in different industries at the top management level.

His appointment as the Managing Director would enable to effectively manage the operations of the company and to turn it around.

Your Directors recommend the resolution set out at Item No. 7 for your approval.

None of the Directors except Shri Rajesh Gupta are interested in the said resolution.

By order of the Board
For Shri Gang Industries & Allied Products Limited

Place : Noida
Date : 24.11.2008

Sd/-
(Gopal Dass Aggarwal)
Whole Time Director

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

Shri Gang Industries & Allied Products Limited



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

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

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

Shri Gopal Das Aggarwal has done graduation. Shri Gopal Das Aggarwal has over 20 years of rich experience in Industry, Commerce and Business. He is associated with the company for the last 7 years.

Other Directorship	Membership of the Committee
Name of the Company	Name of the Committee
NIL	Shri Gang Industries & Allied Products Ltd- a) Audit Committee -- Chairman b) Investors' Grievance/Share Transfer Committee- Member

Shri Rajesh Gupta is a management Graduate by profession. He has got over 30 years of rich experience in Industry, Commerce and Business at top management positions.

Other Directorship	Membership of the Committee
Name of the Company	Name of the Committee
M/s Grandslam Developers Private Limited	None

ADDITIONAL INFORMATION AS REQUIRED UNDER THE PROVISIONS OF SECTION II (1) (B) OF PART II OF THE SCHEDULE XIII OF THE COMPANIES ACT, 1956 FOR PAYMENT OF REMUNERATION TO MR RAJESH GUPTA WHO IS PROPOSED TO BE APPOINTED AS THE MANAGING DIRECTOR OF THE COMPANY

I. GENERAL INFORMATION	
(1) Nature of Industry	Edible oils- manufacture & Sale of Vanaspati, Bakery Shortening and Refined Oils
(2) Date or expected date of Commencement of commercial Production.	Already in production
(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.

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(4) Financial performance based on given indicators

(Rs. In Lacs)

	Year ended June 30, 2008
Sales	18463.75
Profit before Financial Charges & Depreciation	(662.49)
Financial Charges	79.77
Depreciation	93.08
Extra Ordinary Expenses :	
Prior period Expenses	14.80
Net Profit/(Loss) before Tax	(847.26)
Income Tax (Fringe Benefit Tax)	2.88
Net Profit (Loss) for the year	(850.14)
APPROPRIATIONS	
Dividend	
Transfer to General Reserve	
Provision for Leave Encasment revered under transitional provision as per AS 15	4.30
Loss brought forward	(3541.98)
Transfer from Investment allowance reserves	
Balance in profit & Loss Account carried to Balance sheet	(4387.82)
(5) Export performance and net foreign exchange collaborations.	N.A.
(6) Foreign investments or collaborators, if any.	N.A.
II. INFORMATION ABOUT THE APPOINTEE	
(1) Background details	Name: Rajesh Gupta Educational Background - MSc. MBA Experience: Having more than 30 years at Senior level in groups like Modi's, DCM Shriram etc. Also worked as MD of the company for about three years.
(2) Past remuneration	Rs. 60 lacs per annum
(3) Recognition or awards	i) Award for export of non traditional item ii) President Scout Certificate
(4) Job profile and his suitability.	<ul style="list-style-type: none"> ● Has experience of than 30 years at senior level in companies of repute. ● Has managed affairs of these companies in the capacity of CEO/Managing Director. ● Has the administrative and commercial capability and experience to manage the affairs of our company ● Well versed in modern management techniques and practices and capable of integrating the same into our company, which is very essential when the world market has opened up.



Shri Gang Industries & Allied Products Limited

(5) Remuneration proposed	Rs. 24 lacs per annum
(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	<ul style="list-style-type: none"> ● With the opening of the world economy it is essential to have a managerial person at the helm of the affairs who is capable of managing the operations in the current economic scenario ● Edible oil industry being a traditional commodity based industry was essentially managed by the promoters themselves. ● However after the opening up of the economy and entry of various MNCs in this industry like Adani Wilmar Ltd, Cargil India Pvt Ltd, Agro Tech Foods Ltd, Bunge India Pvt Ltd, it has become essential for a company to be professionally managed. ● The proposed remuneration is in line with the remuneration being offered to CEOs in this industry as well as in other industries.
(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	None, except for the fact that the appointee at present is working the company in the capacity of CEO at a monthly remuneration of Rs 2 lacs.
III. OTHER INFORMATION	
(1) Reasons of loss or inadequate profits	<p>The company has incurred losses in the past due to duty free import of huge quantity of Vanaspati from Sri Lanka and Nepal under the free trade agreement with them. However, this has now been rectified by the Government through reduction in duties on Crude palm Oil which is the main raw material as a result of which the imports from these countries are now negligible.</p> <p>Apart from this the losses were due to lower economies of scale etc</p>
(2) Steps taken or proposed to be taken for improvement	<p>a) Focus on sales of value added products like Bakery shortening which has got good market potential from customers like biscuits manufacturers etc.</p> <p>b) Technology up gradation/revamping of existing plant and equipments to reduce the cost of production.</p> <p>c) Manufacture of captive packaging material. d) tapping new markets like various organised retail networks.</p>
3) Expected increase in productivity and profits in measurable terms.	<p>a) With the above measures it is expected that the cost of production would go down substantially.</p> <p>b) Market volume will increase</p> <p>c) Better contribution from value added product</p> <p>All these will result into improvement of the profitability of the company and help it to turnaround.</p>



Shri Gang Industries & Allied Products Limited

DIRECTORS' REPORT

To the Members,

Your directors have pleasure to presenting their Nineteenth Annual Report along with the Audited Statements of Account for the year ended June 30, 2008.

Financial Results

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

	(Rs. in lacs)	
	Year ended June 30,2008	Year ended June 30,2007
Sales	18463.75	15141.32
Profit before Financial Charges & Depreciation	(662.49)	(546.95)
Financial Charges	79.77	61.12
Depreciation	93.08	96.00
Extra Ordinary Expenses :		
Prior period Expenses	14.80	4.95
Net Profit/(Loss) before Tax	(847.26)	(709.02)
Income Tax (Fringe Benefit Tax)	2.88	2.61
Net Profit (Loss) for the year	(850.14)	(711.63)
APPROPRIATIONS		
Dividend	--	--
Transfer to General Reserve	--	--
Provision for Leave Enchasmment revered under transitional provision as per AS 15	4.30	-
Loss brought forward	(3541.98)	(2830.34)
Transfer from Investment allowance reserves	-	-
Balance in profit & Loss Account carried to Balance sheet	(4387.82)	(3541.98)

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 the company has deposited the listing fee to the Stock Exchange for the year 2008-2009 pursuant to clause 38 of the listing agreement.

Operations

During the year under review the company has incurred a loss of Rs 850.14 Laacs. The major factor was increased imports of duty free Vanaspati from Sri Lanka under the Free Trade Agreement. This was in addition to the duty free import of Vanaspati from Nepal. As a result of this company incurred loss in this year as well.

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.



Shri Gang Industries & Allied Products Limited

Directors

Shri Inder Mani Mittal and Shri Gopal Dass Aggarwal Directors retire by rotation and being eligible offer themselves for re-appointment.

Directors' Responsibility Statement

Pursuant to the provisions contained in section 217(2AA) of the Companies Act, 1956, the Directors of your company confirm:

- a. That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same.
- b. That they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2007-08 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 Sanam Gambhir
2. Shri S.K.Jain
3. Shri Inder Mani Mittal

This committee has reviewed the Accounts for the year ended June 30, 2008.

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 Auditors of the Company regarding compliance of conditions of Corporate governance as stipulated under clause 49 of the Listing Agreement with the stock exchanges form part of the Annual Report.

Auditors

M/s Tas Associates, Chartered Accountants, Auditors of the company hold office until the conclusion of 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.

Shri Gang Industries & Allied Products Limited



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 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 associates for their patronage.

In the end, your directors wish to place on record their deep appreciation of the enthusiasm, initiative and hard work put in by the staff and workers of the company at all levels which enables your company to make all round progress.

By order of the Board
For Shri Gang Industries & Allied Products Limited

Place : Noida
Date : November 24, 2008

Sd/-
(Gopal Dass Aggarwal)
Whole Time Director

Sd/-
(Sanam Gambhir)
Director

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



**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, 2006.**

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, 2008	(Rs. In Lacs) Year ended June 30, 2007
POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased		
Units (KWH)	3846880	5111967
Total amount (Rs. Lacs)	175.97	222.97
Rate / Unit (Rs.)	4.57	4.36
b) Own Generation		
Through Diesel Generator		
Units	196177	365365
Units per Litre of Diesel Oil	2.71	2.88
Cost/ Unit	10.46	10.24
Through Steam Turbine / Generator Units		
Units per Litre of Fuel	NA	NA
Oil/ Gas	NA	NA
Cost/ Unit	NA	NA
2. Coal (Specify quantity and where used)	NA	NA
3. Furnace Oil	NA	NA
4. Other / Internal Generation		
a. De-oiled Rice Husk (for Boiler)		
Quantity (MT)	13145.00	9966.00
Total Cost (Rs. Lacs)	403.04	246.86
Rate / MT (Rs.)	3066.11	2477.05
b. Diesel & Other (For Process House)		
Quantity Litres	3833	600
Total Cost (Rs. Lacs)	1.07	0.18
Average Rate (Rs.)	27.92	29.53
5. Consumption per unit (MT) of production		
Production (Tones)	32795.601	29927.887
Electricity (KWH)	123.28	170.81
Diesel & Other (Litres)	0.12	0.02
Coal	—	—
De-oiled Rice Husk (Kg.)	400.82	333.00



Shri Gang Industries & Allied Products Limited

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

NIL

By order of the Board

For Shri Gang Industries & Allied Products Limited

Place : Noida

Date : November 24, 2008

Sd/-

(Gopal Dass Aggarwal)
Whole Time Director

Sd/-

(Sanam Gambhir)
Director

Registered Office:

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

ANNEXURE TO THE DIRECTOR'S REPORT

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, 2006.

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

By order of the Board

For Shri Gang Industries & Allied Products Limited

Place : Noida

Date : November 24, 2008

Sd/-

(Gopal Dass Aggarwal)
Whole Time Director

Sd/-

(Sanam Gambhir)
Director



Shri Gang Industries & Allied Products Limited

Management Discussion and Analysis

Shri Gang Industries & Allied Products Limited 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 sale are mainly in the State of 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 can not 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 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 sales of the company during the year was 18463.75 lacs against Rs. 15141.32 lacs last year. However, during the year under review the company incurred loss of Rs. 850.14 lacs as against loss of Rs. 711.63 lacs last year. There was general sluggishness in the demand for vanaspati during the year. Moreover, the market conditions were also affected because of increased imports of Vanaspati from Sri Lanka under FTA. 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, 2008 was Rs. 79.77 lacs as against Rs. 61.12 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, 2008 the reserves and surplus amounted to Rs. 220.81 lacs and the accumulated losses amounted to Rs. 4387.82. Lacs

EARNING PER SHARE

The earning per share for the year ended June 30,2008 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, 2008, seven meeting of the Board of Directors was held on 30/7/2007, 20/10/2007, 31/10/2007, 26/11/2007, 29/12/2007, 30/1/2008 and 30/4/2008.

(b) Composition and Category of Board:

The Board of Directors as on June 30, 2008, consists of a majority of Non-Executive Independent Directors, many of them are acknowledged as leading professionals in their respective fields. In all the Board comprises of One (1) Executive Directors and Three(3) Non Executive Independent Directors. The constitution of Board, as on June 30, 2008 are given below: -

Name of Directors	Category	No. of positions held in other Public Companies			Attendance at Board Meetings held during the year 2007-2008	Attendance at last AGM
		Board	Committee			
			Member-ship	Chairman ship		
Shri S.K. Jain	Non Executive Independent	1	1	-	6	No
Shri Gopal Das Aggarwal	Executive Director	-	-	-	7	Yes
Shri Inder Mani Mittal	Non Executive Independent	1	1	-	6	No
Shri Sanam Gambhir	Non Executive Independent	-	-	-	7	Yes

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

3. AUDIT COMMITTEE

The Company had constituted an Audit Committee in the year January 2001. The Constitution of Audit Committee meets the requirements under Section 292 A of the Companies Act, 1956 and Clause 49 of the Listing Agreement in the financial year 2007-2008. During the year the Board had re-constituted the Audit Committee in its meeting held on 26/11/2007 comprising of 3 (Three) Directors Shri Sanam Gambhir as Chairman, Shri S.K.Jain and Shri Inder Mani Mittal. All the members of the committee are non-executive Independent Directors who has financial / accounting acumen to specifically look into the internal controls and audit procedures.



Shri Gang Industries & Allied Products Limited

During the year, five Audit Committee meetings were held on 30/7/2007, 20/10/2007, 26/11/2007, 29/12/2007 and 30/1/2008. The composition of Audit Committee as on June 30, 2008 is as follows:

Name of Director	Designation	Attendance at the meetings held during the year 2007-2008
Shri Sanam Gambhir	Chairman	2
Shri S.K.Jain	Member	4
Shri Inder Mani Mittal	Member	5

The details of persons who ceased to be the member of the Audit Committee during the financial year 2007-2008 are as follows-

Name of Director	Designation	Attendance at the meetings held during the year 2007-2008
Shri Gopal Dass Aggarwal	Chairman	3

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 the 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 have post-audit discussion to ascertain any area of concern.
- (j) To investigate on any matter referred the Board.

4. REMUNERATION COMMITTEE

The Board of Directors in their meeting held on April 27, 2002 constituted the Remuneration Committee. During the year the Board had re-constituted the Remuneration Committee in its meeting held on 26/11/2007 comprising of 2 (Two) Directors Shri Sanam Gambhir as Chairman and Shri S.K.Jain 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



Shri Gang Industries & Allied Products Limited

Schedule XIII of the Companies Act, 1956 and Clause 49 of the Listing Agreement. As on June 30, 2008, the Committee comprises of two Non-Executive Independent Directors viz. Shri Sanam Gambhir as Chairman and Shri S.K.Jain 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.

Disclosure as per Section II (1) (B) of Part II of Schedule XIII of the Companies Act, 1956

a) Details of remuneration payable to Whole Time Director

- 1) Basic Salary Rs. 6850/- P.M.
 - 2) House Rent Allowance of Rs.1370/- P.M.
 - 3) Adhoc Allowance to be paid to Whole Time Director: Rs.929/- P.M
 - 4) Conveyance to be paid to Whole Time Director: Rs.500/- P.M
 - 5) Other Allowances Rs. 1825/- P.M.
 - 6) Perquisites
 - i) Company's Contributions to Provident Fund: As per Rules of the Company, but not exceeding 12% of the salary, as laid down in the Income Tax Rules, 1962.
 - ii) Medical Reimbursement for self and family : Rs.571/- P.M.
- b) Period of appointment : Two years wef 28.01.2007 till the conclusion of the 19th Annual General Meeting.

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. During the year the Board had re-constituted this Committee in its meeting held on 26/11/2007 comprising of 2 (Two) Directors Shri Inder Mani Mittal as Chairman and Shri Sanam Gambhir 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 as on 30.06.2008 is as under:-

- (1) Shri Inder Mani Mittal : Chairman, Non-executive Independent Director
- (2) Shri Sanam Gambhir : Member, Non-executive Independent Director.

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

During the year 2007-2008, the company received 10 complaints of shareholders, which were properly attended and resolved to the satisfaction of the shareholders. There is no pending complaint as on June 30th, 2008.



3. GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2005	A-26, UPSIDC Industrial Area, Sikandrabad, Dist. Bulandshahar Uttar Pradesh	30.12.2005	10 A.M
2006	SIAS Bhawan, UPSIDC Industrial Area, Sikandrabad, Dist. Bulandshahar Uttar Pradesh	22.12.2006	10 A.M
2007	A-26, UPSIDC Industrial Area, Sikandrabad, Dist. Bulandshahar Uttar Pradesh	29.12.2007	10 A.M

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 Indian Express (all U.P.) and "Jansatta" (Hindi) published from Lucknow and Kanpur.

9. GENERAL SHAREHOLDER INFORMATION

- (a) Annual General Meeting : 30.12.2008
 Date and Time : 10 a.m.
 Venue : A-26, UPSIDC Industrial Area
 Sikandrabad,
 Dist. Bulandshahar
 Uttar Pradesh
- (b) Book closure date : 27.12.2008 to 30.12.2008
- (c) Dividend payment date : N.A
- (d) Stock Exchanges at which : The Stock Exchange, Mumbai
 Shares of the Company are listed.
- (e) Stock Code : Code 523309
- (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, 3rd Floor, 99, Madangir, New Delhi.



(i) Share Transfer System

Transfers of shares in physical /Demat form are registered and dispatched within 3 weeks from 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 30,2008

No. of equity shares held	No. of Share holders	% of shareholders	No. of shares held	% of shareholding
Upto 5000	11430	94.66	1738320	21.93
5001 to 10000	398	3.30	330000	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	52	0.43	5387480	67.95
	12078	100	7930000	100.00

Shareholding pattern as on June 30, 2008

S.No.	Category	No. of Shares held	% of holding
A.	Promoters & Associates holding	3037380	38.30
B.	Non-promoters holding		
1	Institutional Investors- Banks	179500	2.26
2	Others		
i)	Body Corporates	1755000	22.13
ii)	Indian Public	2951820	37.23
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 : A-8, Sector 19,Noida, U.P
and for a any query on annual



Shri Gang Industries & Allied Products Limited

CORPORATE GOVERNANCE CERTIFICATE

The Certificate dated November 24, 2008 obtained from Mr. G S Khurana, Practicing Company Secretary, forms part of this Annual Report and the same is given herein:

To the members of Shri Gang Industries & Allied Products Limited

We have examined the compliance of the conditions of Corporate Governance by Shri Gang Industries & Allied Products Limited for the year ended on 30th June, 2008, 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.

Sd/-

G S Khurana

Practicing Company Secretary

Date : November 24, 2008

Place : New Delhi

CP-7981

FCS-3873



AUDITOR'S REPORT

TO THE MEMBERS OF SHRI GANG INDUSTRIES & ALLIED PRODUCTS LIMITED

1. We have audited the attached Balance Sheet of Shri Gang Industries & Allied Products Limited (**Formerly Suraj Vanaspati Limited**) as at June 30, 2008 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. Further 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 applicable Accounting Standards 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, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2008 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, 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, 2008; 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

(SUBODH GUPTA)

Partner

M. No.: 087099

Place : Noida

Date : November 24, 2008



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS REPORT OF EVEN DATE TO THE MEMBERS OF SHRI GANG INDUSTRIES & ALLIED PRODUCTS LIMITED (FORMERLY KNOWN AS SURAJ VANASPATI LIMITED)

FOR THE YEAR ENDED JUNE 30, 2008.

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 from / to Companies, firms or other parties listed 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 as 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 (I) (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, Trade Tax, State Development 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.2292.99 Lacs (Previous year Rs. 1702.83 Lacs) on account of trade tax / Vat/ State Development Tax/ Turnover Tax Compounding tax has been deferred. See also Note no. 4 of part B of schedule N.

Shri Gang Industries & Allied Products Limited



- 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 Laes	'1989-90 & 1990-91	Allahabad High Court
U.P. Trade Tax Act	Trade Tax	0.16 Laes	2003-04	Deputy Commissioner Trade tax
Central Excise & Custom Act	Custom Duty	8.36 Laes	2006-07	Custom Department

Remark: However all these amounts have been deposited under protest

10. The accumulated losses of the company as at June 30, 2008 are more than its net worth. The company has incurred cash losses of Rs. 755.70 Laes during the financial year covered by our audit as against cash losses of Rs. 610.97 Laes 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. 4 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 the 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
(SUBODH GUPTA)

Place : Noida
Date : November 24, 2008

Partner
M. No.: 087099

Shri Gang Industries & Allied Products Limited



BALANCE SHEET AS AT JUNE 30, 2008

		SCHEDULES	As at 30.06.2008 Rs.	As at 30.06.2007 Rs.
I. SHARE HOLDERS FUNDS				
1. SHARE HOLDERS FUNDS				
a)	Share Capital	A	79,300,000	79,300,000
b)	Reserves & Surplus	B	<u>22,081,000</u>	<u>22,081,000</u>
			101,381,000	101,381,000
2. LOAN FUNDS				
a)	Secured Loans	C	123,363,527	111,148,441
b)	Unsecured Loans		14,500,000	3,000,000
c)	Deferred Credits		<u>347,582,593</u>	<u>280,738,418</u>
			485,446,120	394,886,859
			<u>586,827,120</u>	<u>496,267,859</u>
II. APPLICATION OF FUNDS				
1. FIXED ASSETS				
	Gross Block	D	202,125,143	201,650,573
	Less : Accumulated Depreciation		<u>153,313,589</u>	<u>144,931,537</u>
			48,811,554	56,719,036
2. INVESTMENTS				
			442,000	442,000
3. CURRENT ASSETS, LOANS & ADVANCES				
a) CURRENT ASSETS				
	Inventories		143,232,483	102,942,863
	Cash & Bank Balances		6,686,179	8,473,533
	Sundry Debtors		38,835,266	31,898,659
			<u>24,865,396</u>	<u>22,938,825</u>
			213,619,324	166,253,880
b) LOANS & ADVANCES				
			114,827,347	81,344,984
Less: CURRENT LIABILITIES & PROVISIONS				
			98,791,977	84,908,896
Net Current Assets				
			438,781,589	354,197,927
			<u>586,827,120</u>	<u>496,267,859</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)

for and on behalf of the Board of Directors

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

Sd/-
(GOPAL DASS AGGARWAL)
Whole Time Director

Sd/-
(SANAM GAMBHIR)
Director

Place : Noida
Date : November 24, 2008

Shri Gang Industries & Allied Products Limited



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2008

SCHEDULES		2007-2008	2006-2007
		Rs.	Rs.
I. INCOME			
1. Sales			
- Vanaspati	1,567,752,376	1,313,667,644	
- Refined Oil	245,476,608	193,993,228	
- By-Products	38,120,751	7,454,166	
	<u>1,851,349,735</u>	<u>1,515,115,038</u>	
Less : Excise Duty	4,974,539	983,327	1,514,131,711
2. Other Income	1	5,841,821	2,375,559
3. Increase / (Decrease) in stocks	1	10,969,369	11,278,304
		<u>1,863,186,386</u>	<u>1,527,785,574</u>
II. EXPENDITURE			
1. Raw Material Consumed	K	1,802,337,424	1,450,837,524
2. Manufacturing and other Overheads	L	126,675,088	131,162,133
3. Financial Charges	M	7,976,211	6,112,426
4. Depreciation		9,307,977	9,600,011
5. Fixed Asset Written off		-	14,405
6. Provision for doubtful debts		136,300	446,336
7. Miscellaneous Expenditure written off		-	20,000
		<u>1,946,433,000</u>	<u>1,598,192,835</u>
III. BALANCE		(83,246,614)	(70,407,261)
IV. EXTRAORDINARY ITEMS			
- Prior period items (Net)		(1,479,905)	(494,912)
V. NET PROFIT/(LOSS) BEFORE TAX		<u>(84,726,519)</u>	<u>(70,902,173)</u>
Less: Provision for Tax			
- Current Tax		-	-
- Fringe Benefit Tax		(260,653)	(260,915)
- Fringe Benefit Tax (previous year)		(26,865)	-
- Deferred Tax		-	-
(See Note 20 of Part B of Schedule N)			
VI. PROFIT/(LOSS) FOR THE YEAR		<u>(85,014,037)</u>	<u>(71,163,088)</u>
Add: Provision for Leave Encashment Reversed (Under Transitional Provision AS 15)		430,375	
VII. LOSS BROUGHT FORWARD		<u>(354,197,927)</u>	<u>(283,034,839)</u>
VIII. BALANCE CARRIED TO BALANCE SHEET		<u>(438,781,589)</u>	<u>(354,197,927)</u>
BASIC & DILUTED EARNING PER EQUITY SHARE (Rs.)			
-before extraordinary items		(10.53)	(8.91)
-after extraordinary items		(10.72)	(8.97)
(Refer note no. 19 of part B of Schedule N)			
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)

for and on behalf of the Board of Directors

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

Sd/-
(GOPAL DASS AGGARWAL)
Whole Time Director

Sd/-
(SANAM GAMBHIR)
Director

Place : Noida
Date : November 24, 2008



SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 30.06.2008 Rs.	As at 30.06.2007 Rs.
SCHEDULE - A : SHARE CAPITAL		
AUTHORISED		
8,500,000 (previous year 8,500,000) Equity Shares of Rs. 10/- each .	<u>85,000,000</u>	<u>85,000,000</u>
ISSUED, SUBSCRIBED & PAID UP		
7,930,000 (previous year 7,930,000) Equity Shares of Rs 10/- each, fully paid up	<u>79,300,000</u>	<u>79,300,000</u>
	<u>79,300,000</u>	<u>79,300,000</u>
SCHEDULE - B : RESERVES & SURPLUS		
CAPITAL RESERVE		
Balance as per last account	81,000	81,000
GENERAL RESERVE		
Balance as per last account	22,000,000	22,000,000
	<u>22,081,000</u>	<u>22,081,000</u>

Shri Gang Industries & Allied Products Limited



SCHEDULES FORMING PART OF THE BALANCE SHEET & PROFIT & LOSS ACCOUNT

	As at 30.06.2008 Rs.	As at 30.06.2007 Rs.
SCHEDULE -C : LOAN FUNDS		
SECURED LOANS		
From Financial Institutions		
1. PICUP	44,600,000	44,600,000
Interest free loan in lieu of Trade Tax deferred (Refer Note No. 4 of part B of Schedule N)		
- Secured by way of third charge on the entire immovable and movable properties of the Company.		
From Banks		
2. Working Capital Loans	78,763,527	66,548,441
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 six ex-directors of the company and also collaterally secured by way of first pari passu charge charge on the block assets of the company		
UNSECURED LOANS		
- From Others	14,500,000	3,000,000
DEFERRED PAYMENTS ((Refer Note No.4 of part B of Schedule N))		
1.Trade Tax/VAT deferred by the Government of U.P.	229,172,535	170,156,037
2.State Development Tax deferred by Government of U.P.	31,658	31,658
3.Turnover Tax deferred by Government of U.P.	95,299	95,299
4.Power Charges deferred by the Government of U.P.	118,283,101	347,582,593
- Deferred Trade tax/ VAT/State Development Tax/ Turnover Tax is secured by first pari passu charge on the block assets of the Company.	<u>485,446,120</u>	<u>110,455,424</u> 280,738,418
	<u>485,446,120</u>	<u>394,886,859</u>

SCHEDULE - D : FIXED ASSETS

(RUPEES)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 01.07.2007	Addition during the year	Deduction during the year	As at 30.06.2008	Upto 01.07.2007	For the year	Deduction during the year	Upto 30.06.2008	As at 30.06.2008	As at 30.06.2007
Leasehold Land	2,857,874	-	-	2,857,874	-	-	-	-	2,857,874	2,857,874
Building	41,334,183	-	-	41,334,183	18,426,445	1,229,292	-	19,655,737	21,678,446	22,907,738
Plant & Machinery	134,919,600	1,415,096	1,016,607	135,318,089	108,040,932	7,112,665	925,925	114,227,672	21,090,417	26,878,668
Electrical Installation	6,092,266	-	-	6,092,266	5,172,103	321,672	-	5,493,775	598,491	920,163
Water Supply System	1,992,100	-	-	1,992,100	1,992,100	-	-	1,992,100	-	-
Furniture & Fixtures	3,985,192	10,482	-	3,995,674	3,310,483	248,605	-	3,559,088	436,586	674,709
Vehicles	2,397,569	-	-	2,397,569	2,397,569	-	-	2,397,569	-	-
Laboratory Equipments	879,352	-	-	879,352	681,986	41,769	-	723,755	155,597	197,366
Other Equipments	7,192,437	65,600	-	7,258,037	4,909,919	353,975	-	5,263,894	1,994,143	2,282,518
	201,650,573	1,491,178	1,016,607	202,125,144	144,931,537	9,307,978	925,925	153,313,590	48,811,554	56,719,036
TOTAL PREVIOUS YEAR	201,343,603	323,170	16,200	201,650,573	135,333,321	9,600,011	1,795	144,931,537	56,719,036	66,010,282



Shri Gang Industries & Allied Products Limited



SCHEDULES FORMING PART OF THE BALANCE SHEET & PROFIT & LOSS ACCOUNT

	As at 30.06.2008		As at 30.06.2007	
	Rs.		Rs.	
SCHEDULE - E : INVESTMENTS (TRADE - AT COST)				
In Quoted Shares				
*5440 Equity Shares of Industrial Development Bank of India, fully paid up.				
		442,000		442,000
*includes 2040 Bonus shares		<u>442,000</u>		<u>442,000</u>
Aggregate Market Value of quoted investments is Rs.3.51 Lacs (Previous Year Rs. 6.45 Lacs)				
SCHEDULE - F : CURRENT ASSETS, LOANS & ADVANCES				
CURRENT ASSETS				
INVENTORIES (As Verified & Valued by Management)				
i) Loose Tools		21,222		21,222
ii) Stock in Trade				
- Raw Material	45,539,041		19,120,293	
- Packing Material	5,755,601		4,733,036	
- Consumables	<u>7,955,416</u>	59,250,058	<u>6,076,478</u>	29,929,807
iii) Stock in Process		23,470,637		36,250,599
iv) Finished Goods				
- Vanaspati	59,471,221		35,784,021	
- By Products	<u>1,019,345</u>	60,490,566	<u>957,214</u>	36,741,235
		<u>143,232,483</u>		<u>102,942,863</u>
CASH & BANK BALANCES				
i) Cash in Hand		611,908		373,490
ii) Balances with Scheduled Bank				
- in Current Accounts		297,277		231,141
- Cheques / Drafts in hand		<u>5,776,994</u>		<u>7,868,902</u>
		<u>6,686,179</u>		<u>8,473,533</u>
SUNDRY DEBTORS (Unsecured & Considered Good)				
Over Six Months	1,455,942		1,674,724	
Less: Provision for Doubtful Debts	<u>582,636</u>	873,306	<u>446,336</u>	1,228,388
Other Debts		37,961,960		30,670,271
		<u>38,835,266</u>		<u>31,898,659</u>
LOANS & ADVANCES				
(Unsecured and considered good unless otherwise stated)				
i) Advances recoverable in cash or in kind or for value to be received		13,983,644		12,994,614
ii) Balance with Excise Department		5,847		5,847
iii) Custom Duty Deposit (Under Protest)		835,706		835,706
iv) Securities & other deposits (including Rs.20.03 lacs (pre. year Rs.20.03 lacs) paid under protest)		7,193,685		7,184,864
v) Income Tax / T.D.S.		505		4,585
vi) Interest Receivable		1,166,984		1,166,984
vii) Others				
- Unused DEPB		-		-
- Staff Loans & Imprest	920,215		746,225	
- Insurance Claim receivable	<u>758,810</u>	1,679,025	<u>-</u>	746,225
		<u>24,865,396</u>		<u>22,938,825</u>



SCHEDULES FORMING PART OF THE BALANCE SHEET & PROFIT & LOSS ACCOUNT

	As at 30.06.2008		As at 30.06.2007	
	Rs.		Rs.	
SCHEDULE - G : CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors				
- Raw Material Suppliers	79,033,391		47,974,300	
- Others	9,839,849	88,873,240	8,912,955	56,887,255
(Refer note No.10 of Part B of Schedule 'N' for SSI Units)				
Advances from Customers		6,247,848		7,210,974
Security Deposits		9,104,000		8,404,000
Other Liabilities		8,513,702		7,176,817
PROVISIONS				
Provision for Retirement Benefits		1,193,392		1,357,548
Provision for Fringe Benefit Tax (Net of advance paid)		332,665		308,390
Provision for Sales Tax		562,500		
		<u>114,827,347</u>		<u>81,344,984</u>
SCHEDULE - H : MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
Balance as per last year				20,000
Less: Written off to Profit & Loss account				20,000
				<u>-</u>
SCHEDULE - I : OTHER INCOME				
Interest received (Gross, TDS Rs Nil, P.Y. Rs.Nil)		350		783,958
Income from cancellation of Bargains		2,338,097		93,335
Cash Discount		731,850		732,167
Discount on DEPB		119,030		-
Dividends		8,160		-
Profit on sale of assets		1,009,318		-
Debts, no longer considered as payable (net of debit balance written off)		815,549		230,102
Others		819,467		535,997
		<u>5,841,821</u>		<u>2,375,559</u>
SCHEDULE - J : INCREASE/(DECREASE) IN STOCKS				
Opening Stock				
Finished Products	35,784,021		47,138,505	
Stock in process	36,250,599		14,433,906	
By Products	957,214	72,991,834	141,119	61,713,530
Closing Stock				
Finished Goods	59,471,221		35,784,021	
Stock in Process	23,470,637		36,250,599	
By Products	1,019,345	83,961,203	957,214	72,991,834
		<u>10,969,369</u>		<u>11,278,304</u>

Shri Gang Industries & Allied Products Limited



SCHEDULES FORMING PART OF THE BALANCE SHEET & PROFIT & LOSS ACCOUNT

	2007-2008 Rs.	2006-2007 Rs.
SCHEDULE - K: RAW MATERIAL CONSUMED		
RAW OIL		
Opening Stock	19,120,293	9,149,128
Add: Purchases (Inclusive of in transit, custom duty clearing charges and freight)	1,679,410,431	1,350,520,317
	<u>1,698,530,724</u>	<u>1,359,669,445</u>
Less: Closing Stock	45,539,041	19,120,293
	1,652,991,683	1,340,549,152
CONSUMABLES		
Packing	90,946,960	72,390,937
Chemicals	10,136,042	7,590,647
Fuel	42,638,394	28,713,018
Others	5,624,345	1,593,770
	<u>149,345,741</u>	<u>110,288,372</u>
	<u>1,802,337,424</u>	<u>1,450,837,524</u>
SCHEDULE - L: MANUFACTURING, ADMINISTRATIVE AND OTHER OVERHEADS		
MANUFACTURING EXPENSES		
Rates & Taxes	162,931	234,981
Repair & Maintenance		
- Plant & Machinery	4,696,030	2,150,082
- Electricals	728,383	586,149
Electricity & Water Charges	17,598,800	22,297,666
Excise Duty	-	-
Others	633,931	460,352
	<u>23,820,075</u>	<u>25,729,230</u>
ESTABLISHMENT EXPENSES		
Salaries, Wages & Bonus	27,697,025	23,059,552
Staff Welfare Expenses	2,196,026	2,188,298
Contribution to P. F. & Other Funds	3,108,872	2,914,567
Security Expenses	797,250	465,889
	<u>33,799,173</u>	<u>28,628,306</u>
ADMINISTRATIVE AND OTHER EXPENSES		
Rent	295,140	621,554
Telephone & Postage	928,530	1,030,351
Legal, Professional & Consultancy	2,650,152	734,816
Printing & Stationery	361,005	249,577
Conveyance & Vehicle Maintenance	1,965,021	1,143,817
Insurance	314,921	543,465
Tours & Travelling	898,461	428,508
Repairs & Maintenance	1,024,315	469,671
Charity & Donation	9,421	15,501
Business Promotion	166,363	63,209
Advertisement & Publicity	205,347	61,724
Trade / Sales / Turnover Taxes	27,187,500	47,730,000
Freight Outward	20,988,203	15,312,922
Brokerage & Commission	3,127,109	2,654,028
Rebate & Incentives	1,808,713	844,501
Handling Charges	5,797,509	4,028,277
Auditor's Remuneration	337,976	254,610
Others	990,154	618,066
	<u>69,055,840</u>	<u>76,804,597</u>
	<u>126,675,088</u>	<u>131,162,133</u>
SCHEDULE - M: FINANCIAL CHARGES		
Interest on:		
Working Capital Loan	5,057,157	4,219,314
Other Interest	1,051,564	828,333
Bank Charges	1,867,490	1,064,779
	<u>7,976,211</u>	<u>6,112,426</u>



SCHEDULE FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2008.

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 standard notified under the companies accounting Standards Rules, 2006 and the provision 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. EMPLOYEES BENEFITS:

- a) Retirement benefits in the form of Provident fund and Family Pension fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.
- b) Gratuity is a defined benefit obligation. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on the projected unit credit method made at the end of the financial year.
- c) Long term compensated balances in the form of leave encashment are provided for based on actuarial valuation at the end of the financial year. The actuarial valuation is done as per projected unit credit method.
- d) Actuarial gains/losses are debited to profit and loss account and are not deferred.

3. FIXED ASSETS:

- a) Fixed Assets are stated at cost, less accumulated depreciation (other than 'Leasehold Land', where no amortization is made)
- b) In respect of Finance lease effective from 1.4.2001, the asset is capitalized 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 AMORTIZATION:

- 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 amortization.



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:

Type of Inventory	Method of Valuation
Raw Material, Packing Material& Consumables	: At Cost
Finished Goods(Including Goods in Transit)	: At Cost or net realisableValue 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.

11. PROVISIONS AND CONTINGENCIES:

A Provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

12. IMPAIRMENT OF ASSETS:

Consideration is given by the management of the company at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of assets. If any indication exists, impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. Reversal of impairment losses recognised in prior years is recorded when there is indication that the impairment losses for the assets are no longer exist.



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-judice before Allahabad High Court.
 - b) Rs. Nil (Previous year Rs. 124.86 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. 0.16 Lacs) on account of payment made to Trade Tax authorities, pending final assessment.
 - d) Rs.8.36 Lacs (Previous year Rs 8.36 Lacs) on account of demand raised by Custom authorities and against which the company has deposited an amount of Rs.8.36 Lacs(Previous year Rs. 8.36 Lacs) under protest which has been shown under the head Loans & Advances (Schedule F) in these accounts.
2. The company had 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.
3. As per the rehabilitation scheme sanctioned 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.
4. In accordance with the Rehabilitation Scheme sanctioned by BIFR, the Government of U. P. has deferred the Trade Tax / Compounding Tax / State Development Tax/ Turnover Tax amounting in aggregate to Rs. 2,738.99 Lacs (P.Y. Rs. 2148.83 Lacs) and power charges amounting to Rs. 1,182.83 Lacs (P.Y. Rs. 1104.55 Lacs). A part of the amount of deferred Trade Tax amounting to Rs. 446.00 Lacs (P.Y. Rs 446.00 Lacs) has already been converted into interest free loan by PICUP during the year 2002-2003 out of which 206.25 Lacs is to be paid on 30.04.2012 and 239.25 Lacs is to be paid on 30.04.2013 as per the G.O. issued by Govt. Of U.P. Dated 04.11.2006. The rest of the deferred payment liability, as extended, on account of Trade Tax / Compounding Tax / State Development Tax and power charges being in the nature of deferred credit has been shown under the head Loan Fund in the accounts.
5. 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.
6. Balances of sundry debtors, sundry creditors, loans & advances are subject to letters of confirmation from some of the parties. In the opinion of the Management, no major variation in these accounts is anticipated.
7. Fixed assets installed and put to use have been certified by the management & relied on by the auditors being a technical matter.

Shri Gang Industries & Allied Products Limited



8. Particulars in respect of Capacities, Production, Stocks and Sales.

a) Manufacturing Operations:

Class of goods	Installed Capacity	Opening Stock		Actual Production	Closing Stock		Sales	
	(M.T. P.A.)	Qty. (M.T)	Value (Rs.lacs)	Qty. (M.T)	Qty. (M.T.)	Value (Rs.lacs)	Qty. (M.T.)	Value (Rs.lacs)
Vanaspati /Refined Oil	49,500	669.465	357.84	32795.601	960.755	594.71	32487.205	18,132.29
Previous Year	49,500	984.064	471.39	29734.193	669.465	357.84	30048.792	15076.61

- (i) Out of the total installed capacity of 49,500 MT per annum, the capacity to produce Vanaspati is only 37,500 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 17.105 M.T.(Previous year 6.561 M.T.).
- (v) The production quantity is net of quantity rejected and reprocessed.

9. ANALYSIS OF MATERIAL CONSUMED:

Class of Goods	Unit	Current Year		Previous Year	
		Quantity	Value (Rs. in lacs)	Quantity	Value (Rs. in lacs)
Raw Oil	MT.	34319.060	16529.92	30895.900	13405.49
Fuel	—	—	426.38	—	287.13
Packing	—	—	909.47	—	723.90
Chemicals	-	—	101.36	—	75.91
Others	—	—	56.24	—	15.94
Total			18023.37		14,508.37

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

	Current Year				Previous year			
	Raw Material		Spare parts and Components		Raw material		Spare parts and Components	
	Value (Rs.)	% to Total Consumption	Value (Rs.)	% to Total Consumption	Value (Rs.)	% to Total Consumption	Value (Rs.)	% to Total Consumption
Imported	10010.47	55.54%	-	-	1430.12	9.86%	-	-
Indigenous	8012.90	44.46%	-	-	13078.25	90.14%	-	-



Shri Gang Industries & Allied Products Limited

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

	Current Year (Rs.)	Previous Year (Rs.)
Statutory Audit Fee	125000	80,000
Tax Audit Fee	10000	10,000
Concurrent Audit Fees	51944	89792
Certification & Other Expenses	117000	58718
Out of Pocket Expenses (Including Service Tax)	34032	16100
Total	337976	2,54,610

12. Remuneration to Managing Director/ Whole Time Directors:

	Current Year (Rs.)	Previous Year (Rs.)
Salary	82,200	307434
Perquisites/Other allowances	62,340	16953
Contribution to Provident Fund	9864	22824
Total	1,54,404	3,47,211

Note: Previous Year figure relates to two Managerial Personnel.

13. Expenditure in Foreign Currency (Rs in Lacs)

	Current Year	Previous Year
	NIL	NIL

14. The value of Imports by the company on C.I.F. basis during the financial year is Rs. 9,219.26 Lacs (Previous Year Rs. 982.08 Lacs).

15. The indications listed in paragraph 8 to 10 of Accounting Standard 28 on Impairment of Assets, 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.

16. Company has sent communications to its creditors for identification of Micro, Small and Medium enterprises. On the basis of response, to the extent received, to such communication, the disclosures in respect to Micro, Small and Medium Enterprise Development Act, 2006 is as follows:

S.No	Particulars	2007-08
i)	The Principal amount and the interest due thereon remaining unpaid to any supplier	---
ii)	Principal amount	---
iii)	-Interest there on	---
iv)	The amount of Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payments made to the supplier beyond the appointed day.	---
v)	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.)	---
vi)	The amount of interest accrued and remaining unpaid.	---
vii)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	---



17. Change in Accounting Policies: Adoption of AS 15 (Revised) Employee benefits:

In the current year, the Company has adopted the Accounting Standard 15(Revised) which is mandatory from the accounting periods commencing on or after 7th December 2006. The Company has provided for employee benefits on actuarial valuation as per projected unit credit method, using principles laid under Accounting Standard 15(Revised). This change is not having material impact on the profit for the current year. Consequent to such change, adjustment on account of reversal of excessive transitional provision has been adjusted from the balance in the Profit & Loss Account carried over to the Balance Sheet.

18. Disclosure for Gratuity and Leave Benefit Plans:

The company has a defined benefit gratuity plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

i) Changes in the present value of the defined benefit obligation are as follows (Rs):

Particulars	Gratuity	Leave Encashment
	2007-2008	2007-2008
Present Value of obligation as at 01.07.2007	72,84,159	10,28,927
Interest cost	5,46,312	82,314
Current service cost	5,07,070	1,57,665
Actual return on plan assets	6,64,889	N.A
Benefits paid	5,64,387	(6,11,862)
Actuarial (gain)/loss on obligation	3,24,003	5,36,348
Closing defined benefit obligation as at 30.06.8	80,97,157	11,93,392

(ii) Changes in the fair value of plan assets are as follows (Rs):

Particulars	Gratuity	Leave Encashment
	2007-2008	2007-2008
Opening fair value of plan assets	74,46,249	NIL
Expected return	6,64,889	N.A
Contributions by employer	48,600	NIL
Benefits paid	5,64,387	NIL
Actuarial gain/(losses)	NIL	NIL
Closing fair value of plan assets	75,95,351	NIL

iii) Net employee benefit expense debited to Profit & Loss account

Particulars	Gratuity	Leave Encashment
	2007-2008	2007-2008
Current service cost	5,07,070	1,57,665
Interest cost	5,46,312	82,314
Expected return on plan assets	6,64,889	N.A
Net Actuarial (gain) / loss	3,24,003	5,36,348
Net benefit expense	7,12,496	7,76,327
Actual return on plan assets	6,64,889	N.A

iv) Details of provision for Employees Benefits

Particulars	Gratuity	Leave Encashment
	2007-2008	2007-2008
Defined benefit obligation	—	11,93,392
Fair value of plan assets	75,95,351	—
Less: Unrecognised past service cost	—	—
Plan (Liability)/ Asset	—	—



(v) Actuarial Assumptions

Particulars	Gratuity	Leave Encashment
	2007-2008 (1994-96)	2007-2008 (1994-96)
Mortality table (LIC)	(1994-96)	(1994-96)
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	—	—
Rate of escalation in salary per annum	5.00%	5.00%
Employee turnover up to 30 years	3.00%	3.00%
Above 30years but up to 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%

The estimates of future salary increase considered in actuarial valuation take into account the inflation, seniority, promotion and other relevant factors such as demand in the employment market and supply.

Note: The actuarial valuation of gratuity and leave encashment liability in the previous year was done in accordance with the pre-revised Accounting standard, AS-15. Accordingly comparative figures of previous years have not been given.

19. Basic and Diluted Earning Per Share

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

Particulars	2007-08	Rupees
		2006-07
Profit after extra-ordinary items		
Profit/ (Loss) for the year	(8,50,14,037)	(7,11,63,089)
Profit before extra-ordinary items		
Profit/ (Loss) for the year	(8,50,14,037)	(7,11,63,089)
Less: Prior period expenses	(14,79,905)	(494,912)
	<u>(8,35,34,132)</u>	<u>(7,16,58,001)</u>
No of weighted average equity shares - Basic	79,30,000	79,30,000
Nominal Value of Equity Shares Rs.	10	10
<u>BASIC & DILUTED EARNING PER SHARE (Rs.)</u>		
After extra-ordinary items	(10.72)	(8.97)
Before extra-ordinary items	(10.53)	(8.91)

20 Provision for Income Tax

a) The provision for the current Income Tax is not considered necessary for the financial year 2007-2008 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:

	2007-08	(Rupees in Lacs)
		2006-07
Deferred Tax Assets		
i) Provision for Bonus & Leave Encashment	7.20	4.18
ii) Unabsorbed Depreciation as per IT Act	186.35	176.40
iii) Unabsorbed Business Loss	386.07	275.36
iv) Deferred Trade Tax	720.28	532.89
Total	1299.89	988.83



Deferred Tax Liabilities

i) Fixed Assets (WDV)	123.96	123.58
Total	123.96	123.58
Accumulated Deferred Tax Assets (Net)	1175.93	865.25
Increase/ (decrease) in net Deferred Tax Asset for the year	310.68	143.89

- 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, 2008 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, 2008. However, it is expected that this method shall not affect substantially the deferred tax asset as calculated above.

21 Lease Transactions –Operating

- a) Assets taken under operating lease

Certain offices/Residential premises are obtained on Operating lease. There is no contingent rent in the lease agreement. These agreements have been entered in the earlier Years for a period of one to three year and are renewable as per mutual agreement of both the parties. There is no escalation clause in lease agreement. There are no restrictions imposed by these arrangements. There are no Sub leases and all the leases are cancellable in nature

22 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:

Key Managerial Personnel:

- | | |
|-----------------------|--|
| (a) Gopal Das Agrawal | Whole Time Director |
| (b) S K Jain | Director |
| (c) Inder Mani Mittal | Director |
| (d) Sanam Gambhir | Director |
| (e) J.K. Jain | Ex- Managing Director (resigned w.e.f. 01.01.07) |

- b) Transactions between related parties during the existence of related party relationship and balances outstanding as at the year-end in respect of transactions entered into during the year with the Related Parties:

			(Rs. in Lacs)
	2007-08		2006-07
	Associates	Key Managerial Personnel	Associates
			Key Managerial Personnel

Expenditure

- a) Payments to and provisions for
Managerial Personnel

—	1.54	—	3.47
---	------	---	------

- 23 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.

- 24 Previous year figures have been regrouped/ restated wherever considered necessary to conform with the current year figures.

- 25 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/-	sd/-
GOPALDASSAGGARWAL	SANAMGAMBHIR
Whole Time Director	Director

Place: Noida

Dated: November 24, 2008



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

BALANCE SHEET 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	8
---	---	---	---

Date Month Year

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

Public Issue	Rights Issue																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L
							N	I	L												
							N	I	L												
Bonus Issue	Private Placement																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L
							N	I	L												
							N	I	L												

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

Total Liabilities	Total Assets																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>5</td><td>8</td><td>6</td><td>8</td><td>2</td><td>7</td></tr></table>					5	8	6	8	2	7	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>5</td><td>8</td><td>6</td><td>8</td><td>2</td><td>7</td></tr></table>					5	8	6	8	2	7
				5	8	6	8	2	7												
				5	8	6	8	2	7												
Source of Funds	Reserve & Surplus																				
Paid-up Capital	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>2</td><td>0</td><td>8</td><td>1</td></tr></table>					2	2	0	8	1											
				2	2	0	8	1													
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>7</td><td>9</td><td>3</td><td>0</td><td>0</td><td>0</td></tr></table>					7	9	3	0	0	0	Unsecured Loans										
				7	9	3	0	0	0												
Secured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>3</td><td>6</td><td>2</td><td>0</td><td>8</td><td>4</td></tr></table>					3	6	2	0	8	4										
				3	6	2	0	8	4												
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>2</td><td>3</td><td>3</td><td>6</td><td>4</td></tr></table>					1	2	3	3	6	4	Application of Funds										
				1	2	3	3	6	4												
Net Fixed Assets	Investment																				
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>4</td><td>8</td><td>8</td><td>1</td><td>2</td></tr></table>					4	8	8	1	2	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>4</td><td>4</td><td>2</td></tr></table>								4	4	2	
				4	8	8	1	2													
							4	4	2												
Net Current Assets	Miscellaneous Expenditure																				
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				9	8	7	9	2													
							N	I	L												
Accumulated Losses																					
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>4</td><td>3</td><td>8</td><td>7</td><td>8</td><td>2</td></tr></table>					4	3	8	7	8	2											
				4	3	8	7	8	2												

Shri Gang Industries & Allied Products Limited



IV. Performance of the Company

Turnover	Total Expenditure
1 8 6 3 1 8 6	1 9 4 6 4 3 3
Profit/(Loss) Before Tax	Profit (Loss) After Tax
(8 4 7 2 7)	(8 5 0 1 4)
Earning per Share in Rs.	Dividend Rate %
(1 0 - 7 2)	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.	1 5 1 6 2 0 0 9
Product Description	R e f i n e d O i l

Sd/-
(GOPAL DASS AGGARWAL)
 Company Secretary

Sd/-
(SANAM GAMBHIR)
 Director

Noida
 Date : November 24, 2008

Shri Gang Industries & Allied Products Limited



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008
(Rs. in lacs)

	2007-2008	2006-2007
A) CASH FLOW FROM OPERATING ACTIVITIES		
Adjustment for:		
-Depreciation	9307977	9600011
-Interest Paid	7976211	6112426
-Interest Received	(350)	(783958)
-Fixed Assets Written off	0	14405
-Profit on sale of fixed assets	(1009318)	0
-Miscellaneous Expenses Written off	0	20000
-Provision for Leave Encashment reversed under transitional provision (AS 15)	430375	
-Prior Period Adjustment	(1479905)	
Operating Profit before Working Capital Changes	(69501529)	(56434201)
Adjustment for:		
-Inventories	(40289620)	(22520020)
-Trade & Other Receivables	(8863177)	(36156401)
-Trade Payables & Other Liabilities	33482363	50540118
Cash Generated from Operations	(85171964)	(64570504)
Less : Interest Paid	(7976211)	(6112426)
Direct Taxes	(287518)	(260915)
Cash Flow before Extraordinary Items	(93435693)	(70943845)
Extraordinary Items		
-Prior Period Adjustment	1479905	494912
Net Cash from Operating Activities.....A	(91955788)	(70448933)
B) CASH FLOW FROM INVESTING ACTIVITIES		
- Purchase of Fixed Assets (net of sales)	(391177)	(323170)
- Sale of Investments	0	0
- Interest Received	350	783958
Net Cash from Investing Activities.....B	(390827)	460788
C) CASH FLOW FROM FINANCING ACTIVITIES		
i) Increase in Share Capital	0	0
ii) Borrowings (Net)	78344175	68031189
iii) Increase in Working Capital Loan	12215086	607260
Net Cash from Financing Activities.....C	90559261	68638449
D) NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)	(1787354)	(1349696)
Opening Cash & Cash Equivalents	8473533	9823229
Closing Cash & Cash Equivalents	6686179	8473533

Notes : i) Figures in brackets represent outflows.

ii) Cash & Cash Equivalents do not include Fixed Deposits pledged with Bank and accrued interest thereon as the same are not readily convertible into cash.

for TAS Associates
(Chartered Accountants)

for and on behalf of the Board of Directors

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

Sd/-
(GOPALDASS AGGARWAL)
Whole Time Director

Sd/-
(SANAM GAMBHIR)
Director

Noida
Date : November 24, 2008



SHRI GANG INDUSTRIES & ALLIED PRODUCTS 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 NINETEENTH ANNUAL GENERAL MEETING of the
Company to held at on
the day 2008 at
and at any adjournment thereof.

Affix 100
paise
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 -----

SHRI GANG INDUSTRIES & ALLIED PRODUCTS 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 NINETEENTH 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.

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