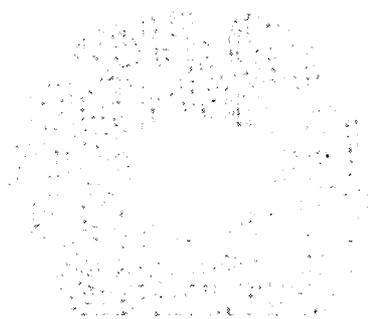


SURAJ INDUSTRIES LIMITED



16TH
ANNUAL REPORT
2007-2008



BOARD OF DIRECTORS

Chairman

Shri J.K. Jain

Whole Time Director

Shri Pradeep Gupta

Directors

Shri Sandeep Agrawal

Shri S.K. Jain

Shri Inder Mani Mittal

Company Secretary

Bhanumati Ramachandran

Bankers

Punjab National Bank

Auditors

M/s Tas Associates

Charatered Accountants

Registered Office

Sansarpur Terrace,

Distt. Kangra

Himachal Pradesh

Corporate Office

A-8, Ground Floor

Sector-19, Noida-201301

Share Transfer Agent

Beetal Financial & Computer Services (P) Ltd.

Beetal House,

3rd Floor, 99 Madangir

New Delhi-110062



NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the members of Suraj Industries Ltd. will be held on Tuesday, the 30th day of September, 2008 at 2.30 P.M. at the Registered Office of the company at Sansarpur Terrace, Distt. Kangra, Himachal Pradesh to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date and report the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Inder Mani Mittal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Sandeep Agrawal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

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

Sd/-

BHANUMATIRAMACHANDRAN
COMPANY SECRETARY

Place : New Delhi
Dated : 31st July, 2008

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



NOTES :

- a) A member entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Proxy in order to be effective must reach the Registered Office of the company duly stamped, not less than 48 hours before the time fixed for the meeting. Proxy Form is enclosed.
- b) Members are requested to bring their copy of Annual Accounts at the meeting, as extra copies may not be available.
- c) The Register of Members and Share Transfer Books of the company will remain closed from Saturday, 27th September 2008 till Tuesday, the 30th September 2008. (Both days inclusive).
- d) Members are requested to notify immediately any change in their address, quoting folio numbers to the Company.

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

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

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

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

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



SURAJ INDUSTRIES LIMITED

DIRECTOR'S REPORT

TO THE MEMBERS,

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

FINANCIAL RESULTS :

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

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

DIVIDEND :

In view of Financial Results of the company, your Directors, are unable to recommend any dividend for the year under review. The company shares are listed at Bombay stock exchange. The company has paid the listing fees to Bombay stock exchange for the financial year 2008-2009.

FINANCIAL POSITION :

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

The company had accepted the Deposits from specified persons as per the stipulation of the Banks and the statement in lieu of Advertisement has been filed with the Registrar of Companies, Punjab, Himachal Pradesh, and Chandigarh and there is no default in repayment of any deposit.



OPERATIONS :

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

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

DIRECTORS :

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. that in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same.
- b. that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2007-2008 and of the profit of the Company for that period.
- c. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities.

AUDIT COMMITTEE

Pursuant to the provisions of new Section 292A of the Companies Act, 1956, your company has constituted the Audit Committee of the Board of Directors with the following composition.

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

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

CORPORATE GOVERNANCE

SIL continues to function in a transparent manner with the basic philosophy to create wealth, besides taking care of the interests of all stakeholders including Shareholders, Banks, Financial Institutions, Customers, Employees and the Society at large.



Your Company gives due emphasis on the adaptability to such procedures so as to ensure transparency, accountability & integrity in all respect. A separate section on Corporate Governance and a Certificate from Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock exchanges, form part of the Annual Report.

AUDITORS :

M/s. Tas Associates, Chartered Accountants, Auditors of the company hold office until the conclusion of ensuing Annual General Meeting and your Directors recommend their re-appointment. The company has received the requisite certificate from M/s. Tas Associates, Chartered Accountants to the effect that their re-appointment, if effected, would be within the limits prescribed u/s. 224(1-B) of the Companies Act, 1956.

AUDIT REPORT :

The observations of the Auditors in the audit report have been explained in the Notes to the Accounts, which are self explanatory. The company is making its sincere efforts to recover the amounts relating to allotment of shares against unrealised stock invests.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The information as regards conservation of energy, technology and outgo required u/s. 217(1), (2) of the Companies Act, 1956 read with the Companies (Disclosure of Directors) Rules, 1988 is annexed hereto as per annexure and forms an integral part of the report. During the financial year 2007-2008, the manufacturing activities at the unit were suspended. So no information for the financial year 2007-2008 has been provided under this head.

PARTICULARS OF EMPLOYEES :

A statement showing particulars of employees required u/s. 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules 1975 is annexed hereto as per Annexure and forms an integral part of the Report.

INSURANCE :

All the insurable interest of the Company are adequately insured.

INDUSTRIAL RELATIONS :

The Industrial Relations have continued to be stable and harmonious during the course of the year. Your company has made sustained efforts to improve manpower productivity and employer-employee relations.

ACKNOWLEDGEMENTS :

We wish to place on record our sincere appreciation of the continued valuable assistance, co-operation, guidance and support provided to the companyl its by bankers, Government of Himachal Pradesh and the local authorities.

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

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

Sd/-
(J.K. JAIN)
CHAIRMAN

Place : Noida
Dated : 31st July, 2008

**ANNEXURE TO DIRECTOR'S REPORT****ANNEXURE-I**

INFORMATION AS PER SECTION 217(I)(e) READ WITH THE COMPANIES ANNEXURE - 1 DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2008 :

I. CONSERVATION OF ENERGY :

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

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

II. TECHNOLOGY ABSORPTION :**RESEARCH & DEVELOPMENT**

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

III FOREIGN EXCHANGE EARNINGS & OUTGO :

Earnings - Nil
Outgo - Nil

For and on behalf of the Board
For SURAJ INDUSTRIES LIMITED

Sd/-
(J.K. JAIN)
CHAIRMAN

Place : Noida

Dated : 31st July, 2008

ANNEXURE TO DIRECTOR'S REPORT**ANNEXURE-II**

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

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

-NIL

For and on behalf of the Board
For Suaj Industries Limited

Sd/-
(J.K. Jain)
Chairman

Place : Noida

Date : 31st July, 2008



SURAJ INDUSTRIES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

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

The company is now exploring the new avenues and in this direction the company has commenced business activities in liquor trade which is in line with the main objects as contained in the Memorandum and Articles of Association of the company.

FINANCIAL PERFORMANCE

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

FINANCE COST

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

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

RESERVES AND SURPLUS

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

EARNING PER SHARE

Due to losses the earning per share is negative.

INTERNAL CONTROLS

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

HUMAN RESOURCES

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

ENVIRONMENT CONSCIOUSNESS

The company is environment conscious.



REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY

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

2. BOARD OF DIRECTORS

(a) Board Procedure :

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

(b) Composition and Category of Board :

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

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

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

3. AUDIT COMMITTEE

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



Listing Agreement. During the year the Audit Committee comprised of 3(three) Directors, namely Shri Sandeep Agrawal as Chairman, Shri S.K Jain and Shri Inder Mani Mittal as its members.

The composition of Audit Committee as on March 31, 2008 is as follows:

Name of Director	Designation	Attendance at the meetings held during the year 2007-08
Shri Sandeep Agrawal	Chairman	3
Shri S.K Jain	Member	3
Shri Inder Mani Mittal	Member	3

Ms. Bhanumati Ramachandran, Company Secretary acts as Secretary of the Committee

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

- (a) To review the quarterly, half years and annual financial statements before submission to the Board for approval
- (b) To discuss with 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 or 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, 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) Discussion with external auditors before the audit 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 by the Board.

4. REMUNERATION COMMITTEE

The Board of Directors in their meeting held on April 27, 2002 constituted the Remuneration Committee. The scope of the Committee includes inter alia, appointment, removal and compensation issues of key managerial personal of the Company. The Remuneration Committee meets with the requirement under Schedule XIII of



the Companies Act, 1956 and Clause 49 of the Listing Agreement. As on March 31, 2008, the Committee comprises of 2 (two) Non-Executive Directors viz. Shri J.K.Jain, Chairman and Shri Sandeep Agrawal 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 Chairman and other Non-Executive Directors, including Four Independent Directors, do not draw any remuneration from the company.

5. INVESTORS' GRIEVANCE/ SHARE TRANSFER COMMITTEE

Pursuant to the Provisions of Clause 49 of the Listing Agreement, the Board has constituted a committee of three members under Chairmanship of Non-executive Director. The committee meets once in a month, to approve inter-alia, transfer / transmission of shares, issue of duplicate share certificate and reviews the status of investors grievances and redressal mechanism and recommend measures to improve the level of investor services. Details of shares transfer/transmissions approved by the committee are placed at the Board Meetings from time to time.

COMPOSITION

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

- | | | | |
|-----|----------------------|---|----------------------------------|
| (1) | Shri J.K.Jain | : | Chairman, Non-executive Director |
| (2) | Shri Pradeep Gupta | : | Member, Non-executive Director |
| (3) | Shri Sandeep Agrawal | : | Member, Non-executive Director |

The Board has designated Bhanumati Ramachandran, Company Secretary as Secretary to the Committee.

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

During the financial year 2007-08, the company received 14 complaints of shareholders, which were properly attended and resolved to the satisfaction of the shareholders. There is no pending complaint relating to financial year 2007-08.

6. GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2005	Sansarpur TerraceDist. KangraHimachal Pradesh	30.9.2005	2.30 PM
2006	Sansarpur TerraceDist. KangraHimachal Pradesh	25.9.2006	2.30 PM
2007	Sansarpur TerraceDist. KangraHimachal Pradesh	28.9.2007	2.30 PM

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 (English), "Divya Hiamachal"(Hindi) and "Jansatta" (Hindi).

9. GENERAL SHAREHOLDER INFORMATION

- (a) Annual General Meeting

Date and Time : 30.9.2008 2.30 P.M.
Venue : Sansarpur Terrace
Dist. Kangra
Himachal Pradesh

- (b) Book closure date : 27.9.2008 to 30.9.2008

- (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

The Stock Exchange, Mumbai : 526211

- (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- 110017

- (i) Share Transfer System

Transfers of shares in physical form are registered and dispatched within 3 weeks form the date of their receipt, subject to the documents being valid and complete in all respects. In case of objection, the same are also dispatched within 3 weeks.

- (j) Distribution of Shareholding as 31st March, 2008



No. of equity shares held	No. of Share holders	% of shareholders	No. of shares held	% of shareholding
1 to 5000	16637	99.02	1781160	24.08
5001 to 10000	82	0.49	66500	0.90
10001 to 20000	20	0.12	31200	0.42
20001 to 30000	4	0.02	9200	0.12
30001 to 40000	2	0.01	6800	0.09
40001 to 50000	33	0.20	163300	2.20
50001 to 100000	3	0.02	25700	0.35
100001 to above	20	0.12	5316140	71.84
Grand Total	16801	100	7400000	100

Shareholding pattern as on March 31, 2008

S.No.	Category	No. of Shareheld	% of holding
A.	Promoters holding	2723040	36.80
B.	Non-promoters holding		
1	Institutional Investors- Banks	100	
2	Others		
i)	Body Corporates	654700	8.85
ii)	Indian Public	4022160	54.35
iii)	NRIs/OCBs		
	Sub-total (B)	4676960	63.20
	Grand Total	7400000	100

(k) Dematerialization of Shares and Liquidity_

The Shareholders in the Annual General Meeting held on 30th September,2002 approved for dematerialisation of shares. The company there after applied NSDL/CDSL for listing of shares but the same was declined by CDSL/NSDL.

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

Date and likely impact on Equity : Not Applicable

(m) Plant Location : Sansarpur Terrace_Distt.
Kangra,Himachal Pradesh.

(o) Address for Investor correspondence : A-8, Sector - 19, Noida, (UP)
and for a any query on annual



SURAJ INDUSTRIES LIMITED

Corporate Governance Certificate

The Certificate dated July 31, 2008 obtained from M/s. P.S. Soni & Co., Company Secretary in whole time practice forms part of this Annual Report and the same is given herein:

To the members of Suraj Industries Limited

We have reviewed the compliance of the conditions of Corporate Governance by Suraj Industries Limited for the year ended on 31st March, 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 has been limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of the Corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial state-ments of the company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate governance as stipulated in clause 49 of the above mentioned Listing Agree-ment.

We state that no investor grievances were pending for a period of one month against the compa-ny as per the records maintained by the Shareholders / Investors grievance Committee.

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

for **P.S. SONI & CO.**
Company Secretaries

Date : 31.07.2008

Place : Noida

Sd/-

(P.S.Soni)

Partner

CP-4599

FCS-2887

**AUDITOR'S REPORT****TO THE MEMBERS OF SURAJ INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of Suraj Industries Limited as at March 31, 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. *Attention is drawn to note no 6 (read with note no 4 & 5) of part B of Schedule J to the effect that these accounts have been prepared without following the going concern assumption on the closure of both the business segments and disposal of major assets by the company.*
5. 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 Accounting Standards as referred to in section 211(3C) of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 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 this report.
 - g) Subject to note no. 1 of part B of Schedule L relating to allotment of shares against unrealised stock invest, and paragraph 4 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 March 31, 2008; and
 - II. in the case of the Profit and Profit Account, of the loss of the company, for the year ended on that date.
- III. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For TAS ASSOCIATES

Chartered Accountants

Sd/-

(SUBODH GUPTA)

Partner

M. No.: 087099

Place : Noida
Date : 30th June 2008



SURAJ INDUSTRIES LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS REPORT OF EVEN DATE TO THE MEMBERS OF SURAJ INDUSTRIES LIMITED FOR THE YEAR ENDED MARCH 31, 2008.

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) During the year, Fixed assets of the Company have been physically verified by the management which, in our opinion, is reasonable having regard to the size of the company and the nature of its fixed assets. As mentioned to us no serious discrepancies were noticed by the management on such verification. *In view of the disposal of substantial part of fixed assets (except factory land), subsequent to discontinued operations w.e.f. 29.07.2005, the going concern has adversely affected.*
2. a) Since there is no inventory as at the end of the year with the company hence clause relating to physical verification and maintaining of proper records of inventory is not applicable for the year.
3. a) The company has not taken any loan secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
b) There are no companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 to which the company has granted loans.
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 and sale of goods, material, fixed assets and services. 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 are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 and exceeding the value of five lakhs rupees, in respect of any party during the year.
6. To the best of our knowledge & belief and according to information & explanations given to us, the company has complied with the provisions of sections 58A, 58AA and other applicable provisions of the Companies Act, 1956 and rules framed thereunder, wherever applicable, for accepting deposits from public.
7. *Consequent to suspension of operations in both the business segments of the company viz Vanaspati and the liquor division, the internal audit has not been carried out by the company during the year.*
8. Pursuant to the rules made by the Central Government for the maintenance of cost records in respect of the Vanaspati segment, under section 209 (1) (d) of the Companies Act, 1956, we are of the opinion that, prima facie, the prescribed accounts and records, relating to materials, labour and other items of cost, have not been made and maintained for the year as there was no manufacturing activity for the year under review.
9. a) According to the records of the company, the company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it. However an amount of Rs. 419/- is due on account of Central Sales tax and Rs. 2833/- is due on account of TDS on Legal & Professional charges for more than six months as at end of the year.



- b) According to the records of the company and information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Service Tax, Wealth Tax, Excise Duty and Cess on account of any dispute.
10. The company has accumulated losses of Rs. 1039.24 lacs, which are more than fifty percent of its net worth as at March 31st 2008. It has not incurred cash losses during the year however cash loss of Rs. 72.07 lacs was incurred during the preceding 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. However, there are no dues payable to financial institutions or debenture holders.
12. According to information and explanations given to us and based on the documents and records produced before us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, there is no special statute applicable to the company, hence provisions related to requirement of NOF, prudential norms for income recognition, appraisal of credit proposal etc. are not required to be complied by the company.
14. Based on our examination of the records, in our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause regarding proper records of transactions and contracts in respect of shares etc., is not applicable to the company.
15. Based on our audit procedure and on the information and explanations given by management, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
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 on the Balance Sheet date, the company has not raised any funds on short term basis which have been used for long-term investments by the company.
18. According to the information and explanation given to us, the company has not made any preferential allotment of shares during the year.
19. The company has not issued any debentures during the year.
20. The company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For TAS ASSOCIATES
Chartered Accountants
Sd/-
(SUBODH GUPTA)

Place : Noida
Date : 30th June 2008

Partner
M. No.: 087099

SURAJ INDUSTRIES LIMITED



BALANCE SHEET AS AT 31ST MARCH, 2008

	SCHEDULES	As at 31.3.2008		As at 31.3.2007	
		Rs.		Rs.	
I. SOURCES OF FUND					
1. SHARE HOLDERS FUNDS					
a) Share Capital	A		73331000		73331000
2. LOAN FUNDS	B				
a) Unsecured Loans		15454000	15454000	15954000	15954000
			<u>88785000</u>		<u>89285000</u>
II. APPLICATION OF FUNDS					
1. FIXED ASSETS	C				
a) Gross Block		1459238		1459238	
Less : Accumulated Depreciation		<u>81657</u>		<u>47924</u>	
			1377581		1411314
2. ASSETS UNDER DISPOSAL	D				520000
3. CURRENT ASSETS LOANS & ADVANCES	E				
A) Current Assets					
Cash & Bank Balances		310753		1509139	
Sundry Debtors					
B) Loans & Advances		<u>5731350</u>		<u>9282454</u>	
		6042103		10791593	
Less: Current Liabilities & Provisions	F	<u>22559502</u>		<u>30366407</u>	
			(16517399)		(19574814)
4. PROFIT & LOSS ACCOUNT			<u>103924818</u>		<u>106928500</u>
			<u>88785000</u>		<u>89285000</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	J				

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)

Sd/-
(BHANUMATI RAMACHANDRAN)
Company Secretary

Sd/-
(J.K. JAIN)
Director

Sd/-
(SANDEEPAGRAWAL)
Director

Place : Noida
Date : 30th June, 2008

Sd/-
(PRADEEP GUPTA)
Whole Time Director



SURAJ INDUSTRIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	SCHEDULES	As at 31-3-2008		As at 31-3-2007	
		Rs.		Rs.	
I. INCOME					
1. Sales- Vanaspati /Refined Oil		-	-	-	-
2. Income From Liquor Division		5052657	-	-	-
3. Other Income	G	202195	-	144828	-
		<u>5254852</u>		<u>144828</u>	
II. EXPENDITURE					
1. Manufacturing Administrative and other Overheads	H	1672657	-	3307724	-
2. Loss From Liquor Division		-	-	3190113	-
3. Bad Debts Written-Off		2253411	-	-	-
Less: Provision already made		<u>2253411</u>	-	-	-
4. Financial Charges	I	7798	-	22905	-
5. Depreciation		33733	-	33733	-
		<u>1714188</u>		<u>6554475</u>	
Profit/(Loss) before Extra-ordinary items		3540664	-	(6409647)	-
Extra-ordinary Items:					
Provision for Doubtful Debts (Net of recovery)		-	-	1544828	-
Loss on Impairment & Disposal of Assets (See note 5 of schedule J)		520000	-	-	-
Reversal of Impairment Loss on fixed Assets		-	-	(713092)	-
III. Net Profit/ (Loss) for the Year Before Tax		<u>3020664</u>		<u>(7241383)</u>	
IV. Provision for taxation:					
Taxes Earlier Year		(3018)	-	1160	-
Current Tax		-	-	-	-
Deferred Tax		-	-	-	-
Fringe Benefit Tax		20000	-	73817	-
V. Net Profit/ (Loss) after tax		<u>3003682</u>		<u>(7316360)</u>	
VI. Loss Brought Forward		<u>(106928500)</u>		<u>(99612140)</u>	
VII. Net Loss Carried to Balance Sheet		<u>(103924818)</u>		<u>(106928500)</u>	
VIII. Basic and Diluted Earning Per Equity Share:					
Before extra-ordinary items		0.48	-	(0.88)	-
After extra-ordinary items (refer note no.-14 of part B of Schedule 'J')		0.41	-	(1.00)	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS J

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)

Sd/-
(BHANUMATI RAMACHANDRAN)
Company Secretary

Sd/-
(J.K. JAIN)
Director

Sd/-
(SANDEEPAGRAWAL)
Director

Place : Noida
Date : 30th June, 2008

Sd/-
(PRADEEPGUPTA)
Whole Time Director



SURAJ INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.3.2008 Rs.	As at 31.3.2007 Rs.
SCHEDULE - A: SHARE CAPITAL		
AUTHORISED		
10000000 Equity Shares of Rs. 10/- each .	<u>100000000</u>	<u>100000000</u>
ISSUED AND SUBSCRIBED		
7400000 Equity Shares (Previous Year 7400000) of Rs. 10/- each, fully called up.	<u>74000000</u>	<u>74000000</u>
	<u>74000000</u>	<u>74000000</u>
PAID-UP		
7275700 Equity Shares (Previous Year 7275700) of Rs. 10/- each, fully paid-up	72757000	72757000
114000 Equity Shares (Previous Year 114000) of Rs. 10/- each. Rs. 5 Paid up	570000	570000
10300 Equity Shares (Previous Year 10300) of Rs. 10/- each. allotted against unrealised stock invests out of which 800 (Previous year 800) equity shares of Rs. 10/- each are paid-up @ Rs. 5/- each as allotment money.	4000	4000
<i>(Refer Note No. 1 of Part B of Schedule J)</i>	<u>73331000</u>	<u>73331000</u>
SCHEDULE -B: LOAN FUNDS		
UNSECURED LOANS		
- From Bodies Corporate	12529000	13029000
- From Others	2925000	2925000
	<u>15454000</u>	<u>15954000</u>

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

SCHEDULE - C : FIXED ASSETS

(RUPEES)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2007	Addition during the year	Deduction during the year	As at 31.3.2008	Upto 31.3.2007	For the year	Deduction during the year	Upto 31.3.2008	As at 31.3.2008	As at 31.3.2007
Lease Hold Land	842913	-	-	842913	-	-	-	-	842913	842913
Other Equip. & Appliances										
- Liquor Division	334200	-	-	334200	23264	15875	-	39139	295062	310936
Furniture & Fixtures - Liquor Division	282125	-	-	282125	24660	17859	-	42519	239606	257465
TOTAL CURRENT YEAR	1459238	-	-	1459238	47924	33733	-	81657	1377581	1411314
TOTAL PREVIOUS YEAR	1459238	-	-	1459238	14191	33733	-	47924	1411314	1445047

SURAJ INDUSTRIES LIMITED





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

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
SCHEDULE - D: ASSETS UNDER DISPOSAL		
(Cost or estimated realisable value as determined by management which ever is less)		
-Vehicle	400000	400000
-Furniture	25000	25000
-Other Equipment	80000	80000
-Electrical Installation	15000	15000
	<u>520000</u>	<u>520000</u>
Less :- Impairment of Assets on Estimation	<u>520000</u>	-
	<u>-</u>	<u>520000</u>
SCHEDULE - E: CURRENT ASSETS LOANS & ADVANCES		
A) CURRENT ASSETS		
1. CASH AND BANK BALANCES		
i) Cash in Hand	236074	260333
ii) Balance with Scheduled banks		
- In Current Accounts	74679	1248806
	<u>310753</u>	<u>1509139</u>
2. SUNDRY DEBTORS		
<i>(Unsecured & considered good unless otherwise stated)</i>		
Less than six months	-	-
More than six months	-	2253411
Less: Provision for Doubtful Debts	-	2253411
	<u>-</u>	<u>-</u>
B) LOANS AND ADVANCES		
<i>(Unsecured and considered Good unless otherwise stated)</i>		
i) Advances recoverable in cash or in kind or for value to be received	375452	428008
ii) Share Application Money	5081225	8369225
iii) Tax Deducted at Source	269129	269129
iv) Security and other Deposits	-	200000
v) Staff Imprest & Advances	5544	16092
	<u>5731350</u>	<u>9282454</u>



SURAJ INDUSTRIES LIMITED

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

As at 31.03.2008
Rs.

As at 31.03.2007
Rs.

SCHEDULE - F: CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES

Sundry Creditors

- Total dues to Micro & Small Enterprises

(Refer Note no. 10(a) of Schedule J

- Total dues to Other than

Micro & Small Enterprises

20741710

20741710

25549114

25549114

(Refer Note no. 10(b) of Schedule J

Security Deposits

500000

540000

Interest payable on unsecured loans

172481

172481

Balance with Schedule Bank in current A/c

-

2594463

Other Liabilities

1090170

1387108

Statutory Dues Payable

14141

30424

22518502

30273590

PROVISIONS

- Provision for Taxation

-

-

- Provision for Fringe Benefit Tax (Net of advance deposit)

20000

73817

- Provision for Retirement benefits

21000

19000

22559502

30366407

SCHEDULE - G: OTHER INCOME

Credit Balances No longer payable (Net)

201795

19924

Sale of damage store and stock

-

55894

Interest on Tax Refund

-

69010

Miscellaneous Income

400

-

202195

144828



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

As at 31.03.2008
Rs.

As at 31.03.2007
Rs.

SCHEDULE - H: MANUFACTURING ADMINISTRATIVE AND OTHER OVERHEADS

A) MANUFACTURING OVERHEADS

Repair & Maintenance:

- Plant & Machinery

- Others

6700

6700

B) ADMINISTRATIVE AND OTHER EXPENSES

Salary wages & other benefits

749637

1402066

(Including prior year Rs. 12070/- P/Y Rs. NIL)

Contribution towards provident and other funds

37716

39397

Printing & Stationery

9170

19206

Telephone & Postage

11194

73383

Rent

190000

500000

Tours & Travelling

70911

452909

Legal Professional & Consultancy

133866

68190

Conveyance & Vehicle Maintenance

133557

296315

Insurance

52067

3064

Auditor's Remuneration

61798

63360

Business Promotion Expenses

5000

137356

Advertisement & Publicity

78660

85120

Donation

50000

-

Other Expenses

89081

1672657

160658

3301024

1672657

3307724

SCHEDULE - I : FINANCIAL CHARGES

Bank Charges

7798

22905

7798

22905



**SCHEDULE J: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND
NOTES TO ACCOUNTS**

A. SIGNIFICANT ACCOUNTING POLICIES

(Consequent to discontinued operations, some of the policy stated herein have become redundant and might have not been applied in these accounts.)

1. ACCOUNTING CONVENTION

The financial statements are prepared under the historic cost convention, on going concern assumption, in accordance with the applicable Accounting Standards as specified under Companies (Accounting Standards) Rules, 2006.

(Consequent to discontinued operations, these accounts have been prepared without following going concern assumption)

2. RECOGNITION OF INCOME AND EXPENDITURE:

Revenues/Incomes and Cost/Expenditures are generally accounted on accrual as they are earned or incurred in accordance with the generally accepted accounting principles, and provisions of the Companies Act, 1956. The service charges are recognised at gross amount received / receivable on completion of performance or receipt, whichever is earlier.

(However, the amount of revenue and expenses and amount of pre-tax profit or loss in respect of the ordinary activities as attributable to the discontinuing operations during the current financial reporting period and amount of income tax expense, if any, is appropriately disclosed in the profit & loss account)

3. RETIREMENT AND PENSION BENEFITS

- i) Company's contribution to provident fund and pension fund is charged off to profit and loss account.
- ii) Provision for Gratuity is accounted for in respect of all employees in relation to their period of service, irrespective of their actual eligibility. In case an employee who, leave the service prior to his eligibility to entitlement of such benefit, his provision is adjusted against the current year's liability for remaining employees.
- iii) The above is a change in policy to comply with the mandatory AS-15 (revised 2005) from company's earlier policy for accounting gratuity on actual basis, as if all eligible employees are retiring on the Balance Sheet date.
- iv) The liability towards encashment of leave lying to the credit of employee is accounted on yearly basis at the time of actual payment on calendar year basis. Since such liability is settled by way of annual payments, accounting on mercantile basis is not material and thus are recognized on payment basis.

Gratuity, pension and leave encashment benefits to employees are accounted for on accrual basis on the assumption that all the employees retire on the Balance Sheet date.

4. FIXED ASSETS

- i) Fixed Assets are stated at cost, less accumulated depreciation other than 'Leasehold Land', where no amortization is made.
- ii) Capital subsidies on acquisition of specified fixed assets are reduced from the original cost and the net amount are adopted as the historical cost of gross block and depreciated accordingly.
- iii) Capital work in progress is capitalized as fixed assets on the date of commissioning of the asset.

5. METHOD OF DEPRECIATION AND AMORTISATION:

- i) a) 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;



SURAJ INDUSTRIES LIMITED

- b) The depreciation on assets costing upto Rs. 5,000 are depreciated at the rate of hundred percent on pro-rata basis. However where the aggregate cost of individual items of plant and machinery, costing upto Rs. 5,000, constitutes more than 10 % of the total actual cost of Plant & Machinery, rates of depreciation on such items have been charged as specified in the schedule.
- ii) Depreciation on additions to assets or on sale/ discardment of assets, is calculated pro-rata from the date of such addition or up to the date of such sale/ discardment, as the case may be.
- iii) No amounts are written off against Leasehold Land by way of amortization.
- iv) An asset is treated as impaired when the carrying cost of the assets exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

5 VALUATION OF INVENTORIES:

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

In the above, cost is arrived at by weighted average cost method and in case of Finished Goods and Stock in Process it also includes manufacturing & related establishment overheads, interest and depreciation.

6 INCOME TAX

Provision for current Income Tax is made on the basis of estimated taxable income after taking into consideration, estimates of benefits admissible under the provisions of Income Tax, 1961. 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 recognized unless there is strong circumstances exists for its adjustment/realization in near future.

7 SEGMENT REPORTING:

The segment reporting, if any & to the extent identified, is made in accordance with the company's accounting policies as enumerated above unless otherwise separately stated along with the segment results.

8. PROVISIONS AND CONTINGENT LIABILITIES:

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 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.

The disclosure is made for all possible or present obligations that may but probably will not require outflow of resources, as contingent liability in the financial statements



B. NOTES TO THE ACCOUNTS

1. Stock invest pertaining to Share application money for 10,300 equity Shares (Previous year 10,300 equity shares) of Rs. 10/- each were returned unrealized by the Bankers and the same were allotted and included in Share Capital. Out of these shares, the company has to still receive a sum of Rs. 99,000 as on 31.03.2008 as per details given below:
 - On 9,500 Shares @ Rs. 10/- each amounting to Rs. 95,000
 - On 800 Shares @ Rs. 5/- each (Rs. 5/- each paid on allotment) amounting to Rs. 4,000
2. In the opinion of the board, the current assets, loans & advances have a value on realisation in the ordinary course of business at least equal to the amount at which these are stated in the balance sheet as at 31.03.2008.
3. The balances of Sundry Debtors, Sundry Creditors, Loans & Advances are subject to letters of confirmations without expecting any major deviations to affect materiality of these accounts.
4. The Company entered into an agreement on 01.04.2004 with M/s. Mohan Meakins Ltd. (MML) for managing the Distillery & Bottling operation of Liquor at their factory at Lucknow. Under the said arrangement, any Profit or Loss arising for the said liquor operation at Lucknow factory remaining after the assured return as per agreement to MML, accrues to the account of the Company. During the year under report the company has earned a gross income under settlement of account amounting to Rs. 50.53 Lacs which has been appropriately disclosed in the profit & loss account. Accordingly, other expenses incurred by the company in relation to supervision & control of the said operation have been accounted and disclosed under the appropriate head of expenses in the profit & loss account.
5. The Company has been reviewing its operations under two business segments viz. (i) Manufacturing of Vanaspati; (ii) Liquor,
 - A) On July 29, 2005, the Board of Directors adopted a plan for the closure of Vanaspati division which was identified as major business segment. The arrangement with MML as stated in para 4 above has also been finally closed w.e.f. 31.08.2007 on termination of the agreement. In view of the major disposal of fixed assets, the remaining assets, carrying value Rs 5,20,000/-, have been written off as impairment loss, which is not considered to be realisable. In case of their disposal, if any, the same shall be recognized on receipt basis.
 - B) In view of the discontinued operations in both the business segments, the company is disclosing the following information:

Particulars	Vanaspati Division	Liquor Division
a) Effective Date of Discontinuance	29.07.2005	31.08.2007
b) Gross Value of Fixed Asset at cost	Rs. 1189.23 lacs	Rs. Nil
c) Estimated Time of Completion of discontinuance & disposal of fixed assets	12 months	-
d) Carrying amount of all the assets including fixed assets as at b/s date	Rs. 10.29 Lacs	Rs. 54.40 Lacs
e) Estimated realizable value of assets as at balance sheet date	Rs. 10.29 lacs	Rs. 54.40 lacs
f) Carrying amount of all the Liabilities as at balance sheet date.	Rs. 171.85 Lacs	Rs. 202.99 Lacs



- C) The amount of revenue and expenses and amount of pre-tax profit or loss in respect of the ordinary activities as attributable to the discontinuing operations during the current financial reporting period and amount of income tax expense, if any, is appropriately disclosed in the profit & loss account.
6. With the closure of all the business segments as mentioned in para 5 above, these accounts have been prepared without following the going concern assumption and all expenses of revenue nature incurred during the year relating to above segment have been charged off to Profit & Loss Account.

7. AUDITORS REMUNERATION:

	2007-2008	2006-2007
	(Rs.)	(Rs.)
Audit Fees	40000	40000
Tax Audit Fees	10000	10000
Reimbursements of Expenses	0	780
Certification (including service tax)	11798	12580
	<u>61798</u>	<u>63360</u>

8. MANAGERIAL REMUNERATION

	2007-2008	2006-2007
(Rs.)	(Rs.)	(Rs.)
Salary to a Whole Time Director	199292	221627
Directors Sitting Fees	Nil	Nil
	<u>199292</u>	<u>221627</u>

9. Additional Information required pursuant to the Provisions of paragraph 3 & 4 of Part 2 of schedule VI to the Companies Act 1956 are not disclosed in view of manufacturing operations suspended and discontinued by the company in earlier years.
10. a) Small Scale Industrial Undertakings to whom amounts are due have been determined based on the information available with the company, included in creditors.
- b) The Company has not received the required information from Suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act have not been made.
11. With the Discontinuing operations in the identified business segments of Vanaspati and Liquor and involving limited transactions, the segment wise results have not been considered relevant and hence not disclosed.

12. Related Party Disclosures

- a) Names of Related Parties and description of Relationship, with whom transactions have taken place during the year:
- i) Key Managerial Personnel:
- | | |
|----------------------|---------------------|
| a) Mr. Pradeep Gupta | Whole Time Director |
| b) Mr. Ritesh Gupta | President |



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

(Rs. in Lacs)

	2007-2008	2006-2007
	Key Managerial Personnel	Key Managerial Personnel
Assets :		
Balance Payable	0.21	-
Expenditure		
a) Directors' remuneration	1.99	2.22
b) Salary and perquisites	2.00	3.07

13. Deferred Tax:

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

Rs. In Lacs)

	<u>2007-2008</u>	<u>2006-2007</u>
<u>Deferred Tax Liabilities</u>		
Fixed Assets	00.00	00.00
Total	<u>00.00</u>	<u>00.00</u>
<u>Deferred Tax Assets</u>		
Fixed Assets	22.85	25.48
Provision for Gratuity, Bonus & Leave Encashment	0.24	0.24
Provision for doubtful debts	7.58	2.33
Unabsorbed depreciation and unadjusted business losses as per tax records	293.89	291.76
Total	<u>324.57</u>	<u>319.81</u>
Accumulated Net Deferred Tax Assets	324.57	319.81

In view of the continuing business losses & accounting policy of the company, the net deferred tax asset for the year has not been recognized, as the same does not appear to be realizable in near future.

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

	<u>2007-2008</u>	<u>2006-2007</u>
Profit/(Loss) before Extra-ordinary items	3,557,646	(6,484,624)
Profit/(Loss) after Extra-ordinary items	3,003,682	(7,316,360)
Weighted Average No. of Equity Shares of Rs. 10 each	7,333,100	7,333,100
Basic & diluted EPS (before extra-ordinary items)	0.48	(0.88)
Basic & diluted EPS (after extra-ordinary items)	0.41	(1.00)

SURAJ INDUSTRIES LIMITED



15. Expenditure in Foreign Currency (Rs in Lacs)	Current Year	Last Year
- Travelling Expenses	Nil	0.79

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

17. Balance Sheet abstract and company's general business profile is separately enclosed.

Sd/- (BHANUMATIRAMACHANDRAN) Company Secretary	Sd/- (J.K. JAIN) Director	Sd/- (SANDEEPAGRAWAL) Director	Sd/- (PRADEEPGUPTA) Whole Time Director
---	--	---	--

Place : Noida

Date : 30th June, 2008



SURAJ INDUSTRIES LIMITED

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

BALANCESHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

		1	6	7	9	1
--	--	---	---	---	---	---

State Code

0	6
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

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

Date Month Year

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

Public Issue

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

Rights Issue

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

Bonus Issue

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

Private Placement

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

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

Total Liabilities

						8	8	7	8	5
--	--	--	--	--	--	---	---	---	---	---

Total Assets

						8	8	7	8	5
--	--	--	--	--	--	---	---	---	---	---

Source of Funds

Paid-up Capital

						7	3	3	3	1
--	--	--	--	--	--	---	---	---	---	---

Reserve & Surplus

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

Secured Loans

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

Unsecured Loans

						1	5	4	5	4
--	--	--	--	--	--	---	---	---	---	---

Application of Funds

Net Fixed Assets

						1	3	7	8
--	--	--	--	--	--	---	---	---	---

Assets Under Disposal

											0
--	--	--	--	--	--	--	--	--	--	--	---

Net Current Assets

			(1	6	5	1	7)
--	--	--	---	---	---	---	---	---	---

Investment

											0
--	--	--	--	--	--	--	--	--	--	--	---

Accumulated Losses

						1	0	3	9	2	5
--	--	--	--	--	--	---	---	---	---	---	---

Miscellaneous Expenditure

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



SURAJ INDUSTRIES LIMITED

IV. Performance of the Company

Turnover

						5	2	2	5
--	--	--	--	--	--	---	---	---	---

Total Expenditure

							1	7	1	4
--	--	--	--	--	--	--	---	---	---	---

Profit/(Loss) Before Tax

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

Profit (Loss) After Tax

						3	0	0	4
--	--	--	--	--	--	---	---	---	---

Earning per Share in Rs.

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

Dividend Rate %

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

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

Vanaspati & Refined Oil

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

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

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/-
(SUBODH GUPTA)
(Partner)

Sd/-
(BHANUMATI RAMACHANDRAN)
Company Secretary

Sd/-
(J.K. JAIN)
Director

Sd/-
(SANDEEPAGRAWAL)
Director

Place : Noida
Date : 30th June, 2008

Sd/-
(PRADEEPGUPTA)
Whole Time Director

SURAJ INDUSTRIES LIMITED



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

	31.03.2008 (Rs.)	31.03.2007 (Rs.)
(Rs. in lacs)		
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	3020664	(7241383)
Adjustment for:		
Depreciation	33733	33733
Provision for Gratuity & Other benefits	2000	2000
Provision for Doubtful Debts	0	1544828
Interest Expenses	0	0
	<u>35733</u>	<u>1580561</u>
Operating Profit before Working Capital Changes	3056397	(5660822)
Adjustment for:		
Inventories	0	0
Trade & Other Receivables	2516514	5502670
Trade Payables & Other Liabilities	<u>(7755088)</u>	<u>5361500</u>
Cash Generated from Operations	(2182177)	5203348
Less : Profit on Sale of Fixed Assets	0	(713092)
Less : Reversal of provision for debts	(2253411)	-
Less : Interest Paid	<u>0</u>	<u>0</u>
Cash Flow before Extraordinary Items	(4435588)	4490256
Extraordinary Items	520000	0
Taxes Paid	<u>(70798)</u>	<u>(38230)</u>
Net Cash from Operating Activities	<u>(3986386)</u>	<u>4452026</u>
B) CASH FLOW FROM INVESTING ACTIVITIES...A		
- Purchase of Fixed Assets	0	0
- Against Investments	3288000	(5669225)
- Sale of Fixed Assets	0	6261094
Net Cash from Investing Activities...B	3288000	591869
C) CASH FLOW FROM FINANCING ACTIVITIES		
i) Increase in Share Capital	0	0
ii) Borrowings (Net)	(500000)	(6400000)
iii) Increase / (Decrease) in Working Capital Loan	0	0
Net Cash from Financing Activities.....C	<u>(500000)</u>	<u>(6400000)</u>
D) NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)	(1198386)	(1356105)
Opening Cash & Cash Equivalents	1509139	2865244
Closing Cash & Cash Equivalents	310753	1509139

NOTE : Figures in Brackets represent outflows.

for TAS Associates
(Chartered Accountants)

for and on behalf of the Board of Directors

Sd/-
(SUBODH GUPTA)
(Partner)

Sd/-
(BHANUMATI RAMACHANDRAN)
Company Secretary

Sd/-
(J.K. JAIN)
Director

Sd/-
(SANDEEP AGRAWAL)
Director

Place : Noida
Date : 30th June, 2008

Sd/-
(PRADEEP GUPTA)
Whole Time Director



SURAJ INDUSTRIES LIMITED

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

PROXY FORM

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

SURAJ INDUSTRIES LIMITED

Attendance Slip

To be handed over at the entrance of the Meeting Hall

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

No. of Shares held

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

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

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

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