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TWENTY FIRST ANNUAL REPORT

2010-2011

Raj Agro Mills Limited



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RAJ AGRO MILLS LIMITED

Annual Report 2011

BOARD OF DIRECTORS:

Sh. Sanjeev Bansal	:	Managing Director
Sh. Varinder Kumar	:	Director (Works)
Sh. R.C.Singal	:	Director (Independent)
Sh. Jatinder Singh	:	Director (Independent)

BANKERS

State Bank Of India
Specialised Commercial Branch
Miller Ganj,
Pahwa Hospital Complex
Ludhiana - (Pb)

STATUTORY AUDITORS

M/s P.C. Goyal & Co;
Chartered Accountants
62, New Lajpat Nagar
Ludhiana (Pb)

COST AUDITORS

M/s J. Verma & Associates
2nd Floor, Bajaj Building,
Up Stairs Dr. Bowry Clinic,
Bazar Panj Peer,
Near Bhagat Singh Chowk,
Jalandhar City (Pb)

REGISTERED OFFICE

Building No.A-103,
Mangolpuri Industrial Area
Phase II, New Delhi – 110 034

CORPORATE OFFICE & WORKS

Village Pawa, G.T.Road
Near Civil Airport,
Ludhiana - 141 120 (Pb)

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NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Members of **RAJ AGRO MILLS LIMITED** will be held on Friday, the 30th day of September, 2011 at 10.00 A.M. at **Building No.A-103, Mangolpuri industrial Area, Phase II, New Delhi-110 034** for transacting the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Sh R.C. Singal who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s P.C. Goyal & Co; Chartered Accountants, Ludhiana as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of Board
Sd/-
(Sanjeev Bansal)
Managing Director

Date: 12.08.2011
Place: Ludhiana

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself. A proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered/Works office of the company not less than forty eight hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer books shall remain closed from **Friday (23.09.2011) to Friday (30.09.2011) (both days inclusive)** for the purpose of AGM.
3. A Member desirous of getting any information in respect of the contents of the Annual Report is required to forward the queries to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.
4. Members who hold shares in physical form/dematerialized form are requested to write their Ledger Folio No., Client-ID & DP ID numbers and to immediately notify their change of address etc., if any, to the Company's share Transfer Agent M/s Link Intime India Pvt. Ltd. formerly known as Intime Spectrum Registry Limited or Company.
5. Members are advised to hold shares jointly to simplify the procedure of transmission in the event of death of any holder.
6. In respect of re-appointment of existing Directors, a statement containing details of concerned Director is annexed to this notice.

ANNEXURE TO THE NOTICE**INFORMATION PURSUANT TO CORPORATE GOVERNANCE CLAUSE 49 OF THE LISTING AGREEMENT(S) REGARDING THE DIRECTOR SEEKING RE-APPOINTMENT ON THE RETIREMENT BY ROTATION**

Name of the Director	:	Sh. R.C. Singal
Date of Birth	:	27.01.1954
Date of Appointment	:	01.06.1996
DIN	:	00010888
Qualification	:	B.Com, M.A.(Eco), CAIIB, PGDBM, FCS , FCWA
Experience	:	He has very vast experience in the field of Corporate Laws, Capital Market and Financial Services etc. He is also Ex-president of the Ludhiana Stock Exchange Ltd. Apart from this he shares office of Director of various other leading corporate houses.
Chairman/Membership of other Board Committees as on 31.03.2011	:	Chairman - Audit Committee & Remuneration Committee
Directorship in other companies as on 31.03.2011	:	RCS Financial Technology Ltd. Bhandari Hosiery Exports Ltd. Nishant Global Ltd. Supreme Texmart Ltd. Shreyans Industries Ltd. Malwa Industries Ltd. Oswal Spinning & Weaving Mills Ltd. RCS Consultants Pvt. Ltd. RCS Securities Pvt. Ltd. RCS Investments SPS Investments RCS Shares Brokers Ltd.

DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors have pleasure in presenting the 21st Annual Report for the financial year ended 31st March, 2011.

FINANCIAL RESULTS

	(Rs. In Lacs)	
	2010-2011	2009-2010
Sales & other Income	1427.82	9912.79
Profit/(Loss) before Interest, Depreciation & Tax (PBITD)	(166.58)	(894.20)
Less : Interest & Financial Charges	164.17	273.08
Cash Profit/(Loss)	(330.75)	(1167.28)
Depreciation	160.92	78.64
Profit/(Loss) before Tax (PBT)	(491.67)	(1245.92)
Provision for Current Tax	0.00	0.00
Provisions for Deferred Tax Liability(+)/Assets(-)	(16.72)	246.45
Profit/(Loss) after Tax (PAT)	(474.94)	(1492.37)

PERFORMANCE AND REVIEW

The company suffered heavy losses in FY 2008-09 due to global economic crisis and non-hedging of import bills resulting in heavy losses on account of exchange rate fluctuations which mounted up year after year. Besides, the working capital dried up and the company could not pull on its day to day operations, therefore, it shut down its plant in the mid of the year to conserve on recurring losses. The turnover of company further declined to Rs.14.28 Crores as compared to Rs.99.12 Crores in the last year and the accumulated losses mount up to Rs.16.72 crores at the end of year as compared to Rs.11.97 crores at the end of last year.

FUTURE PROSPECTS

The shareholders are aware that for the last more than two years the Company is incurring losses and is now totally out of operations and is unable to meet its working capital requirements. However to overcome the present turmoil, the management has considered various options in the shape of amalgamation, joint venture with the prospective parties, overseas as well as local. But due to present state of affairs of the edible oil industry in the country nothing succeeded. The capacity utilization is merely 30% and the profit margins are squeezed to great extent. Now the industry has concentrated near port area and has gone into the hands of few big players who due to no or lesser transportation costs enjoy an edge by operating at low cost and selling the product at more competitive rates than the units like us.

Therefore, in order to pay the dues of the Bank which are presently classified as NPA, the management is considering various alternatives including distress selling by scraping the plant and that too selling in parts to different buyers i.e. land and building separately and plant and machinery separately. The land and building can only be sold when it is vacant not otherwise. Further, the disposal will be effected in parts that too at different times in one or more tranches. As the unit is not operating, there is negligible workforce.

The sale/transfer of the unit upon completion of necessary formalities would be at a consideration to be determined by the Board of Directors in the best interest of the company and its members. The company had already obtained the approval of the shareholders under section 293(1)(a) of the Companies Act, 1956 for disposal by way of sale, transfer or otherwise of whole or substantially the whole of undertaking of the company at a time or at different times in one or more tranches pursuant to the Postal Ballot Notice dated 18.04.2011 sent under section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001. The Board is under way to realize the assets of the company and pay off the liabilities however pursuant to the prior approval, sanction and consent by its banker to release the assets mortgaged to it. The company is trying hard to get rid off this line of activity and may start another venture in the future to come. But all this is very un-predictable.

DIVIDEND

Keeping in view the present constraints, Your Directors express their inability to recommend any dividend for the year under review.

PUBLIC DEPOSITS

During the year under review, the Company has not accepted any public deposits falling within the purview of Section 58A of the Companies Act, 1956 and the rules made there-under and however it had complied with the provisions of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits already accepted from the public in earlier years.

DIRECTORS

Dr. S K Suri demised during the year whereas Mr. Sahil Bansal resigned from the Board on 11.10.2010. The board expresses its deep concern over the sudden demise of Dr. Suri and the departure of Mr. Sahil Bansal from the Board.

Sh R C Singal is retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The information pursuant to clause 49 of the Listing Agreement regarding the director seeking re-appointment on retirement by rotation has been attached to the Notice convening the annual general meeting.



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DIRECTORS' RESPONSIBILITY STATEMENT

The Directors would like to assure the Members that the financial statements are in conformity with the requirements of the Companies Act, 1956. Hence pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- a. That in the preparation of accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b. That the Directors have selected such accounting policies and applied them consistently and made judgments 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 and of the loss for that period.
- c. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. That the Directors have prepared the annual accounts for the financial year ended on 31st March, 2011 on a going concern basis. However in order to pay off its liabilities, the company is going to liquidate its assets in near future, therefore, it may loose the going concern status.

LISTING OF SECURITIES

The Equity Shares of the Company are listed at the following Stock Exchanges.

1. The Delhi Stock Exchange Limited, New Delhi
2. The Bombay Stock Exchange Limited, Mumbai
3. The Ludhiana Stock Exchange Limited, Ludhiana

The Company has paid the listing fees to above Stock Exchange(s) for the financial year 2011-12.

DEPOSITORY SYSTEM

Your Company had connectivity with both the Depositories i.e. National Securities Depository Limited (NSDL) and/or Central Depository Services Limited (CDSL) to facilitate the holding and trading of securities in electronic form. As on 31st March, 2011, 85.27% of the equity share capital of the company has been dematerialized. The Company had already paid the Annual Custodian Fees to the NSDL and CDSL.

Further as per SEBI circular No.D&CC/FITTC/CIR-15/2002 dated 27.12.2002, the Company had its Registrar namely M/s Link Intime India Private Limited formerly known as Intime Spectrum Registry Limited, A-40, 2nd Floor, Naraiana Industrial Area, Phase-II, New Batra Banquet Hall, New Delhi-110 028 for Share Transfer and Electronic Connectivity. Accordingly, all the Shareholders, Investors, Member of the Stock Exchanges, Depository Participants and all other concerned are requested to send all communications in respect of Share Transfer, Demat/ Remat etc. to our said Registrar. In case, any query/complaint remains unresolved with our Registrar, please write to the Company at the Registered Office/Corporate Office & Works of the Company.

ADEQUACY OF INTERNAL CONTROL

The Company has a proper and adequate system of internal control, to ensure that all assets are safeguarded, properly utilized and protected against loss from un-authorized use or disposition and that transactions are authorized & recorded by the Accounts Department properly and reported to the Audit Committee/Board correctly.

AUDIT COMMITTEE

Owing to change in the constitution of the Board, the Audit Committee was reconstituted during the year and the constituent members of the Audit Committee are Sh. R.C. Singal and Sh. Jatinder Singh. Sh. R.C. Singal is the Chairman of the said Committee. During the year under review the Committee had its five meetings.

SHARE TRANSFER CUM INVESTOR GRIEVANCE RE-DRESSAL COMMITTEE

The committee had been reconstituted during the year. The present members of the committee are Sh Jatinder Singh as Chairman and Sh Sanjeev Bansal as member. The Committee looks into transfer, transmission, split, duplicate, re-mat and consolidation of shares and also monitor the re-dressal of shareholders' complaints. However, all the matters pertaining to the share transfer and related activities are handled by our Registrar and Share Transfer Agent M/s Link Intime India Private Limited formerly known as Intime Spectrum Registry Limited, New Delhi. The share transfer requests are processed by them and a transfer register is sent to the company for approval once in fortnight.

REMUNERATION COMMITTEE

The committee had been re-constituted during the year. The present Committee comprises of Sh R.C. Singal as its Chairman and Sh. Jatinder Singh as Members. The Broad terms of reference of the remuneration committee are to approve/recommend to the Board the remuneration including perquisites, allowances to be paid to company's whole time directors. The committee consists of only non-executive independent directors.

AUDITORS

M/s P.C Goyal & Co., Chartered Accountants, are liable to retire as statutory auditors of the Company at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment and they had furnished a certificate as required under Section 224(1-B) of the Companies Act, 1956.

AUDITORS' REPORT

The Auditors Report on the Accounts of the Company is self-explanatory and the Auditors' in his audit report has



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commented upon the fact that the company's losses are more than its net worth, the accounts of the company have been classified as NPA and the going concern nature of the company is in danger.

The shareholders are aware that for the last more than two years the Company is incurring losses, its working capital got eroded due to which its products lost its competitive edge in the market. However to overcome the turmoil, the management has considered various options in the shape of amalgamation, joint venture with the prospective parties, overseas as well as local. But due to present state of affairs of the oil industry in the country nothing succeeded. The capacity utilization in the industry is merely 30% and the profit margins are squeezed to great extent. Now the industry has concentrated near panjab area and has gone into the hands of few big players who due to no or lesser transportation costs enjoy an edge by operating at low cost and selling the product at more competitive rates than the units like us. All these circumstances lead to the classification of company accounts as NPA.

The shareholders are well aware about the fact that the losses are mounting up year after year since 2009 as reported through annual reports, quarterly results and the Notice of Postal Ballot dated 18.04.2011.

Further, as the bank accounts remained over-due, therefore, the company banker namely State Bank of India has classified its accounts as NPA on 30.09.2010 and issued a Notice dated 15.12.2010 under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, for recovery of outstanding dues to the tune of Rs.34,89,75,652.74 (inclusive of interest up-to 15.12.2010). The bank has also asked for payment of future interest at contractual rate on the said amount together with incidental expenses, cost, charges, etc. However to pay-off the bank dues and to realize the assets of the company, the Board had sought the approval of the shareholders through the Postal Ballot process and the shareholders provided its consent under section 293(1)(a) of the Companies Act, 1956 to dispose of all or any assets/undertaking of the company however pursuant to prior approval of the bankers. The shareholders authorised the Board of Directors in terms of Special Resolution passed through said Postal Ballot. The board has forwarded a deliberate and considered One Time Settlement Scheme to the State Bank of India who is working upon it. The bank management has appointed M/s North India Technical Consultancy Organisation Ltd. (Nitcon), SCO 131-132, Sector-17C, Chandigarh for the valuation purposes. The said Agency is yet to undertake the valuation. The liquidation of the assets of the company may be at scrap to get rid off present turmoil. Hence all these circumstances signify that there is every possibility that the company may lose its going concern status.

Besides as in the One Time Settlement (OTS) Scheme applied to the bank; the company has also requested for waiver of the interest amount, therefore, the interest accruing after the classification of accounts as NPA as on 30.09.2010 has not been booked in the company accounts.

COST AUDITORS

The Cost Accounts for the Financial Year 2010-2011 have been audited by M/s J. Verma & Associates, Cost Accountants, 2nd Floor, Bajaj Building, Up-stairs Dr Bowry Clinic, Bazar Panj Peer, Near Bhagat Singh Chowk, Jalandhar City (Pb). The Cost Audit Report will be submitted to the Central Govt. within the stipulated time.

Further, the Board keeping in view the ongoing turmoil has applied to the Central Government for grant of exemption from the Cost Audit of cost records by the company and the said application is under process with the Central Govt.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement, a Report on Corporate Governance and a Management Discussion and Analysis Report are included in the Annual Report along-with CEO & CFO Certificates. A certificate from the auditors of the company is annexed to this report.

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

The detailed information as required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is appended hereto and forms part of this Report.

HUMAN RESOURCES

The Company is always following the policy of creating a healthy environment and work culture resulting into harmonious inter-personnel relations. Industrial Relations and work atmosphere remained very cordial throughout the year.

PARTICULARS OF EMPLOYEES

Particulars of employees in accordance with provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended, are not given as none of employees qualify for disclosure.

ACKNOWLEDGEMENTS

The Board of Directors of the Company wish to place on record their sincere thanks and appreciation to the Staff Management and Workers at all levels for their cooperation. Your directors also acknowledge with gratitude the co-operation and support received from the Bankers, Central and State Government Authorities, Business Constituents and also place on record their sincere thank to the shareholders of the Company for their continued support, cooperation and confidence in the Management of the Company.

FOR AND ON BEHALF OF THE BOARD

SD/-

(SANJEEV BANSAL)
MANAGING DIRECTOR

SD/-

(VARINDER KUMAR)
DIRECTOR (WORKS)

PLACE : LUDHIANA
DATE : 12.08.2011

Annexure-I

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011

CONSERVATION OF ENERGY

The Company has already taken steps to conserve energy, wherever possible. This continues to remain thrust area with studies, discussions and analysis being undertaken regularly for further improvements.

FORM A

Particulars	Unit	2010-11	2009-10
A POWER & FUEL CONSUMPTION			
1 Electricity			
a) Purchased			
Units	KWH	479378	2455980
Total Amount	Rs.	3252400	11319702
Rate Per Unit	Rs./KWH	6.78	4.61
b) Own Generation			
Through Diesel Generator			
Units	KWH	64562	448500
Amount	Rs.	566856	3620429
Cost Per Unit	Rs./KWH	8.78	8.07
Through Steam Turbine		NIL	NIL
2. Coal		NIL	NIL
3. Rice Husk			
Quantity	MT	802	6542.05
Amount	Rs.	2478331	16349182
Average Rate	Rs./MT	3090	2499.09
4. Furnace Oil	NIL/N.A.	NIL	NIL
5. Others/Internal Generation Oil used	NIL	NIL	NIL

B. CONSUMPTION PER UNIT OF PRODUCTION

Due to number of products produced by the company, it is not feasible to quantify consumption per unit of production.

PARTICULARS AS PER FORM-B

A. RESEARCH & DEVELOPMENT (R&D)

- Specific area in which R&D carried out : Product Improvement
- Benefits derived as a result of R&D: Improvement in manufacturing R&D process, Reduction in manufacturing cost & waste.
- Expenditure on R & D

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
a) Capital	Nil	1.16
b) Recurring	Nil	0.90
c) Total	Nil	2.06

B. TECHNOLOGY ABSORPTION

The technology being used by the company is indigenous.

III FOREIGN EXCHANGE EARNING AND OUTGO

Activities relating to export, initiatives to increase exports, Development of New Export Markets for Products and Services and Export Plans.

No export of its product has been done by the Company during the year under review.

b. Foreign Exchange Earning and Outgo.

	Current Year Rs.	Previous Year Rs.
a) Earned	NIL	NIL
b) Outgo (CIF Value of imports and expenditure in foreign currency.		
i) Value of Raw Material Imports	57573575	124855990
ii) Expenditure (Bank charges & others)	676890	5251625
iii) Remittance of Dividend	Nil	Nil

FOR AND ON BEHALF OF THE BOARD

SD/-

SD/-

PLACE : LUDHIANA
DATE : 12.08.2011

(SANJEEV BANSAL)
MANAGING DIRECTOR

(VARINDER KUMAR)
DIRECTOR (WORKS)

CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The company has established a code of governance based on transparency and accountability. For Raj Agro Mills Limited, Good Corporate Governance means adoption of best practices to ensure that the Company operates not only within the regulatory framework, but is also guided by broader business ethics. The adoption of such corporate practices- based on the transparency and proper disclosures – ensures accountability of the persons in charge of the Company and brings benefits to investors, customers, creditors, employees and the society at large.

2. BOARD OF DIRECTORS

COMPOSITION

As on March 31, 2011, the Board of Directors of the company comprises of four directors of which two are executives of the company and the rest two are non executives, thus the composition of Board meet the stipulated requirement of Corporate Governance.

BOARD MEETINGS

During the Financial Year 2010-11, Five Board Meetings were held on the following dates.

24.05.2010 29.05.2010 12.08.2010 02.11.2010 12.02.2011

The particulars of the directors, their category and attendance in the Board and Committee Meetings during the year 2010-2011 are given as under:

Name of Director	Category of Director	No. of Board Meetings Attended	No. of Committee Meetings Attended	No. of Committee's Chairman as on 31.03.2011
Sh. Sanjeev Bansal	Mg. Director (Executive)	5	3	--
Sh. Sahil Bansal*	Director(Finance) (Executive)	3	4	--
Sh. Varinder Kumar	Director (Works) (Executive)	5	-	--
Sh. R.C. Singal	Director (Non- Executive)	5	5	2
Dr. S.K. Suri**	Director (Non- Executive)	--	--	--
Sh. Jatinder Singh	Director (Non- Executive)	5	8	1

*resigned with effect from 11.10.2010

**demised on 10.10.2010

3. COMMITTEE(S) OF THE BOARD

The Board of Directors has the following committees with adequate delegation of powers to discharge the affairs of the Company.

(i) Audit Committee

The terms of reference of Audit Committee includes the matters specified in section 292A of the Companies Act, 1956 as well as Clause 49 of the listing agreement with stock exchanges.

The constituent members of the Audit Committee are Sh.R.C.Singal and Sh. Jatinder Singh, both independent non-executive directors. Sh. R.C.Singal is the Chairman of the said Committee. The committee is reviewing the accounting, internal control system, approving financial results, the financial reporting, monitoring the compliance with accounting standards, principles, practices etc.

During the Financial Year 2010-11, the Audit Committee Members met on five times on 24.05.2009, 29.05.2009, 12.08.2009, 02.11.2009 and 12.02.2011.



(ii) Remuneration Committee

The Company had a Remuneration Committee in terms of Schedule XIII of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The broad terms of reference of the remuneration committee are to approve/ recommend to the Board the remuneration including perquisites, allowances to be paid to company's whole time directors.

The Remuneration Committee too consists of only non-executive directors namely;

1. Sh. R.C. Singal - Chairman
2. Sh. Jatinder Singh - Member

(iii) Share Transfer-Cum-Investor Grievance Redressal Committee

As a measure of good Corporate Governance and to focus on the Shareholder's grievances towards strengthening investor relations, a Share Transfer-Cum-Investor Grievance Committee, as a Sub-Committee of the Board is there for specifically look into the following matters

- a. Transfer, Transmission of Shares.
- b. Dematerialisation/ Rematerialisation of shares
- c. Replacement of lost/stolen/mutilated share certificate(s) etc.
- d. Investor Grievances

The said Committee consists of the following directors.

1. Sh. Jatinder Singh - Chairman
2. Sh. Sanjeev Bansal - Member

Name of Compliance Officer:

Sh. Sanjeev Bansal, Mg. Director is Compliance Officer of Company.

4. GENERAL BODY MEETINGS

The detail of last three Annual General Meetings is given as follows;

MEETING	DAY, DATE, TIME & VENUE OF THE MEETING	NO. OF SPECIAL RESOLUTION
17th AGM	Saturday, the 29 th September, 2007 at 10.30 a.m. at Hotel All Heavens, B-97, Wazirpur, Ring Road, New Delhi- 110 052	Nil
18th AGM	Tuesday, the 30 th September, 2008 at 10.30 a.m. at Hotel All Heavens, B-97, Wazirpur, Ring Road, New Delhi- 110 052	4
19th AGM	Wednesday, the 30 th September, 2009 at 10.30 a.m. at Hotel All Heavens, B-97, Wazirpur, Ring Road, New Delhi- 110 052	1
20th AGM	Thursday, the 30 th September, 2010 at 10.30 a.m. at Hotel All Heavens, B-97, Wazirpur, Ring Road, New Delhi- 110 052	Nil

The Company has passed an Ordinary Resolution under section 293(1)(a) of the Companies Act, 1956 and had obtained approval of the shareholders to dispose off by way of sale, transfer or otherwise the entire plant & machinery, land and building, current and other assets of the company including the manufacturing facilities with or without all the liabilities to one or more prospective buyer (s) whether at a time or at different times in one or more tranches as may be deemed appropriate by the Board and to authorize Board to decide the method, terms and conditions, price, consideration and all other matters relevant thereto through postal ballot process during the Financial Year 2010-11 and has filed the necessary forms with the Registrar of Companies through MCA portal.

4. DISCLOSURES

Related Party Transactions are furnished in Notes to Accounts attached with the Financial Statements for the financial year ended 31.03.2011. During the year 2010-11 there are no instances of any non-compliance of any provision of law by the Company nor any penalty/strictures has been imposed on the Company by Stock Exchange(s), SEBI or any other Statutory Authority on any matter relating to the Capital Market.

5. MEANS OF COMMUNICATION

The Company communicates with the Shareholders at large through its Annual Reports, Publication of Financial Results and by filing of various reports and returns with the Statutory Bodies like Stock Exchanges and the Registrar of Companies. The Quarterly/Half-Yearly/Annual Un-Audited/Audited Results of the Company are being published regularly in prominent daily newspapers.



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7. GENERAL SHAREHOLDERS INFORMATION

- (a) As stated in the Notice, the 21st Annual General Meeting of Members of RAJ AGRO MILLS LIMITED will be held on Friday, the 30th day of September, 2011 at 10.00 A.M. at Building No.A-103, Mangolpuri Industrial Area, Phase II, New Delhi-110 034.
- (b) Financial Calendar : 1st April to 31st March.
- (c) Tentative calendar of events for the Financial Year 2011-12 (April-March) is given below.
- First Un-audited Quarterly Results : July-August, 2011
Second Un-audited Quarterly Results : October-November, 2011
Third Un-audited Quarterly Results : January-February, 2011
Fourth Un-audited Quarterly Results : April-May, 2012
- (d) Book-Closure: Friday, the 23.09.11 to Friday, the 30.09.2011 (both days inclusive).
- (e) Listing Details: The Securities of the Company are presently listed on the following Stock Exchanges.
1. The Delhi Stock Exchange Limited,
DSE House, 3/1, Asaf Ali Road, New Delhi - 110 002.
 2. The Bombay Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers, Dalai Street, Mumbai - 400 001
 3. The Ludhiana Stock Exchange Limited,
Feroze Gandhi Market, Ludhiana.
- The Listing fees for the year 2011-12 have been paid to all the Stock Exchanges.

(f) STOCK MARKET DATA

The reported high and low closing prices during the year ended March 31, 2011 on The Bombay Stock Exchange Limited, Mumbai, where the Company's shares are traded, is given below:

Scrip Code:530291 Company: RAJ AGRO MILLS LTD. For the Period :April 2010 to March 2011

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (Rs.)	* Spread (Rs.)	
								H-L	C-O
Apr 10	15.00	20.00	13.55	18.30	46,804	412	7,70,580	6.45	3.30
May 10	17.65	20.00	16.60	17.75	6,509	104	1,15,200	3.40	0.10
Jun 10	18.55	18.55	14.40	16.05	8,343	76	1,31,782	4.15	-2.50
Jul 10	16.85	17.90	15.40	16.55	25,688	129	4,36,032	2.50	-0.30
Aug 10	17.25	18.10	13.70	14.50	30,883	183	4,75,661	4.40	-2.75
Sep 10	13.90	18.00	13.70	16.17	18,091	193	2,95,782	4.30	2.27
Oct 10	17.75	21.65	15.30	16.00	33,027	284	6,14,637	6.35	-1.75
Nov 10	16.75	16.75	13.85	14.50	24,052	151	3,63,922	2.90	-2.25
Dec 10	13.80	15.90	13.61	13.63	9,397	79	1,37,402	2.29	-0.17
Jan 11	14.30	15.75	12.50	15.12	6,149	39	84,959	3.25	0.82
Feb 11	15.10	15.65	13.80	13.80	305	10	4,501	1.85	-1.30
Mar 11	13.15	16.69	12.65	12.83	4,642	63	61,641	4.04	-0.32

*Spread

H-L->High-Low

C - 0 -> Close - Open

Source www.bseindia.com

(g) Depository for Equity Shares

National Securities Depository Limited (NSDL)

Central Depository Services Limited (CDSL)

International Securities Identification Number (ISIN) with NSDL and CDSL for the Company's Equity Shares: **INE791C01012**. The Annual Custodian Fees for the FY 2011-12 have already been paid by the Company to both the Depositories. As on 31st March, 2011, 85.27% of the equity share capital of the company has been dematerialized.



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RAJ AGRO MILLS LIMITED

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(h) **Registrar and Share Transfer Agent.**

M/s Link Intime India Private Limited formerly known as Intime Spectrum Registry Limited A-40, 2nd Floor, Naraina Industrial Area, Phase-II, Near Batra Banquest Hall, New Delhi - 110 028 is the Registrar & Share Transfer Agent of the Company handling the Share Transfer Work both in physical and electronic form. All correspondence relating to share transfer, transmission, dematerialisation, re-materialization etc. can be made at the following address of the Registrar or to the Company at the Registered Office/Corporate Office & Works of the Company.

M/s Link Intime India Private Limited
(Formerly Intime Spectrum Registry Limited)
A-40, 2nd Floor, Naraina Industrial Area
Phase-II, Near Batra Banquet Hall,
New Delhi - 110 028
Ph. 011-41410592-594
Fax: 91-11-41410591
e-mail : delhi@linkintime.co.in

(i) **Distribution Schedule of Company as on 31.03.2011**

Shares holding of nominal value of			Shareholders		SHARE AMOUNT				
Rs.	Rs.		Number	% to Total	PHYSICAL (in Rs.)	NSDL DEMAT (in Rs.)	CDSL (in Rs.)	Total In Rs.	% to Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Upto	---	2,500	1240	66.631	461270	360690	209140	1031100	3.322
2,501	---	5,000	346	18.592	591000	436410	206810	1234220	3.977
5,001	---	10,000	104	5.588	308000	359930	157500	825430	2.660
10,001	---	20,000	100	5.373	581000	626310	358230	1565540	5.044
20,001	---	30,000	17	0.913	142000	134510	186130	462640	1.491
30,001	---	40,000	9	0.484	145000	112120	67000	324120	1.044
40,001	---	50,000	10	0.537	135000	223850	85410	444260	1.431
50,001	---	1,00,000	11	0.591	258000	274490	335080	867570	2.795
100,001	AND ABOVE		24	1.290	1950000	2945120	19386000	24281120	78.235
TOTAL			1861	100.00	4571270	5473430	20991300	31036000	100.00

(i) The Company has not issued any GDR's/ADR's and there are no warrants or convertible instruments.

(j) **Plant Location/Works** : Raj Agro Mills Limited
Village Pawa, G.T.Road
Near Civil Airport
Ludhiana-141 120.

(k) **Address for correspondence** : Raj Agro Mills Limited
Registered Office : Building No.A-103, Mangolpuri Industrial Area,
Phase-II, New Delhi - 110 034.

(l) The Company is at present not adopting non-mandatory requirements.

(m) The detail of remuneration given to the Executive Directors during the year 2010-11 is given as under:

Name	Designation	Amount
Sh.Sanjeev Bansal	Managing Director	Rs.900000/-
Sh. Sahil Bansal	Director (Finance)	Rs.260807/-
Sh.Varinder Kumar	Director (Works)	Rs.391400/-

(n) Non-Executive/Independent Directors have not been paid any remuneration during the year under review except the meeting sitting fees.

ANNEXURE TO THE REPORT OF THE DIRECTORS**CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S).**

PG/CER/2011-12/031

To the Members

RAJ AGRO MILLS LIMITED

We have examined the compliance of conditions of Corporate Governance by Raj Agro Mills Limited ("the Company") for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above Listing Agreements.

We further state that no investor grievance(s) received during the year ended 31st March, 2011 is un-attended/pending for a period exceeding one month against the company as per records maintained by the Company.

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

FOR P.C. GOYAL & CO.
CHARTERED ACCOUNTANTS
SD/-
(CA P.C. GOYAL)
PROP.
M.NO. 80377

PLACE: LUDHIANA

DATE : 10.08.2011

CEO & CFO CERTIFICATION

To

The Board of Directors

Raj Agro Mills Limited

We, hereby certify that to the best of our knowledge and belief

- a. That we have reviewed the balance sheet and profit and loss account as at 31.03.2011 and all its schedules and notes on accounts, as well as the cash flow statements etc.
- b. That these statements do not contain any materially untrue statements or omit any material fact nor do they contain statements that might be misleading;
- c. That these statements together present a true and fair view of the company, and are in compliance with the existing accounting standards and/ or applicable laws/regulations;
- d. That no transactions entered into by the Company during the year, which are fraudulent illegal or violative of the Company's Code of conduct.
- e. That we are responsible for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the company; and we have also disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal control, if any, and what we have done or propose to do to rectify these;
- f. That we have also disclosed to the Auditors as well as the Audit Committee, instances of significant fraud, if any, that involves management or employees having a significant role in the company's internal control systems; and
- g. That we have indicated to the Auditors, the Audit Committee and in the notes on accounts, whether or not there were significant changes in internal control and / or of accounting policies during the year.

FOR RAJ AGRO MILLS LIMITED

(VIKAS GOYAL)
MANAGER (ACCOUNTS)

(SANJEEV BANSAL)
(MANAGING DIRECTOR)

PLACE: LUDHIANA

DATE : 12.08.2011.



ANNEXURE TO THE DIRECTORS REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

(Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

While it has been the practice of the Company to regularly share with Members the developments/information on the Company and the Industry Front. However, this section and format is being offered as part of the Annual Report.

OVERVIEW

Financial Statements of the Company have been prepared in compliance with the requirements of the Companies Act, 1956 and generally accepted accounting principles in India. There are no material departures from the prescribed accounting standards in the adoption of accounting standards. The management of the Company accepts responsibility for the integrity and objectivity of these financial statements, as well as various estimates and judgments used therein. The estimates and judgments relating to financial statements have been made on a prudent and reasonable basis so that financial statements reflect in a true and fair manner, the form and substance of transactions and reasonably present the company's state of affairs and loss for the year. The predictions and future estimates in any statements given in this report are based on current environment. However, many unforeseen and uncontrollable external factors may alter these predictions.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate internal control systems to ensure that all transactions both financial and operational are authorised, recorded correctly. This system ensures that all assets of the Company are properly protected against loss and put to authorised use only. Implementation of internal control system is ensured by the Management by reviewing it periodically. The Audit Committee meets at regular intervals to review audit observations and implementation of corrective actions and submit reports of its observations to the Board of Directors.

RISK AND MANAGEMENT PERCEPTION

Risk is necessary part and parcel of each business and risk taking is must for business growth. However, negative impact of business risk has to be managed through effective risk management both at policy formulation and implementation levels. Operations of the Company are subject to general business risk which includes competition in the market both national and international, fluctuation in currency parity and political & social instability in the Country. Though adequate care is taken to minimise impact of such imponderables but it should be understood that these are inherent and inescapable in any business situation.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

The relations of Company remained very cordial during the year under review but it is very unfortunate that as the unit is not operating, there is negligible workforce.

OUTLOOK

In order to pay off the dues of the Bank the management is considering various alternatives including distress selling by scraping the plant and that too selling in parts to different buyers i.e. land and building separately and plant and machinery separately. The land and building can only be sold when it is vacant not otherwise. Further, the disposal will be effected in parts that too at different times in one or more tranches. As the unit is not operating, there is negligible workforce.

The sale/transfer of the unit upon completion of necessary formalities would be at a consideration to be determined by the Board of Directors in the best interest of the company and its members. The company had already obtained the approval of the shareholders under section 293(1)(a) of the Companies Act, 1956 for disposal by way of sale, transfer or otherwise of whole or substantially the whole of undertaking of the company at a time or at different times in one or more tranches pursuant to the Postal Ballot Notice

dated 18.04.2011 sent under section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001. The Board is under way to realize the assets of the company and pay off the liabilities however pursuant to the prior approval, sanction and consent by its banker to release the assets mortgaged to it. The company is trying hard to get rid off this line of activity and may start another venture in the future to come. But all this is very un-predictable.

MARKET POTENTIAL AND FUTURE OUTLOOK

The dearth of working capital funds, lack of capacity to compete with big players and wiping out of margin in the industry has make the future of company in this line of business as dark and gloomy. The company is trying hard to get rid off this line of activity and may start another venture in the future to come. But all this is very un-predictable.

SWOT ANALYSIS

Keeping in view the present turmoil, the directors express their inability to comment upon the SWOT analysis.

CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis describing Company objectives, expectations, projections, estimates may be "forward looking statements" within the meaning of applicable laws and regulations.

Actual results could differ materially from those expressed or implied. Important factor that could make a difference to the Company's operations include economic conditions affecting demand/ supply and oils price conditions in the domestic and overseas market, changes in government regulations and policies, tax laws, others statues and incidental factors within and outside the country and various incidental factors.

The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Auditor's Report

To

The Members of
Raj Agro Mills Ltd.

We have audited the attached Balance Sheet of Raj Agro Mills Ltd as at 31st March 2011, the profit and loss account and also 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.

1. We conducted our audit in accordance with the auditing 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 misstatement. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. 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.
3. Further to our comments in the Annexure referred to 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 purposes 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 referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 balance sheet, of the state of affairs of the company as at 31st March 2011; and
 - ii) in the case of the profit and loss account, of the loss for the year ended on that date; and
 - iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**FOR & ON BEHALF OF P.C. GOYAL & CO.
CHARTERED ACCOUNTANTS****SD/-
(CA P.C. GOYAL)
PROP.****M.NO. 80377
FRN 002368N****PLACE : LUDHIANA
DATE : 27.07.2011**

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF RAJ AGRO MILLS LTD., ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2011.

- (i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Fixed Assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has not affected the going concern status of the Company.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the books records were not material.
- (iii) (a) During the year the Company has taken unsecured loan from one person covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.85.00 Lacs and year end balance of the loan taken from such person is Rs.84.90 Lacs. The company has not granted any loan to parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion, the rate of interest and other terms and conditions of such loan are not., prima face, prejudicial to the interest of the company.
- (c) The company is regular in repayment of principal as stipulated and has been regular in payment of interest.
- (d) There is no overdue amount of loan taken from companies, firms & other persons listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) 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 with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanation given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the 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 Companies (Acceptance of Deposits) Rules 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board.
- (vii) In our opinion the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. However we are not required to and have not carried out detailed examination of such accounts and records with a view of determining whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the books and records examined by us, the company has been regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employee's state insurance, Income tax, Vat/CST, Wealth tax, Service Tax, Custom Duty, Excise duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Investor Education and Protection Fund, Employee's state insurance, Income tax, VAT/CST, Wealth tax, Custom Duty, Excise duty, Cess were in arrears, as at 31.03.2011 for a period of more than six months from the date they became payable.

- (c) As at 31st March 2011 according to the records of the company and the information and explanation given to us, the following are the particulars of dues on account of sales tax penalty matters that have not been deposited on account of any dispute:

Name of the statute	Nature of the dues	Amount (in Rs.)	Period to which the amount relates	Forum where dispute pending
The Punjab VAT ACT, 2005	Penalty u/s 51(7)(b)	35,500/-	Fin Year 2006-2007	Appeal before Deputy Excise & Taxation Commissioner Cum Joint Director (Enforcement), Bathinda.
The Punjab VAT ACT, 2005	Penalty u/s 51(7)(b)	2,62,000/-	Fin Year 2005-2006	Appeal before Deputy Excise & Taxation Commissioner, Patiala.

However according to information and explanation given to us, a sum of Rs.8,875/- was deposited on 22.07.2006 and Rs.65,500/- deposited on 10.06.2006 against the above demand.

- (x) The accumulated losses of the company are more than 50% of its net worth. The company has incurred cash losses during the financial year covered by our audit and there were also cash losses in the immediately preceding two financial years.
- (xi) According to the information and explanations given to us and as per records of the company, the company has defaulted in repayment of dues to its banker namely State Bank of India SCB Miller Ganj, Pawa Hospital Complex, Ludhiana. As reported to us the said bank has issued a Notice dated 15.12.2010 under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, for recovery of outstanding dues to the tune of Rs.34,89,75,652.74 (inclusive of interest up-to 15.12.2010). The bank has also asked for payment of future interest at contractual rate on the said amount together with incidental expenses, cost, charges, etc. The operation and conduct of the credit facilities have been classified as NPA as on 30.09.2010. Thus the period of default is about six months as on date of Balance Sheet. It is reported to us that the company has made an application with the bank for one time settlement of all its dues, however nothing concrete has happened in except appointment of Nitcon Chandigarh by the banker for valuation of assets of the company.
- (xii) In our opinion and according to the information and explanations given to us the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, the company is not a dealer or trader in securities. The Company has not made any investment during the year under review. However with regard to the investment already made in mutual funds, the proper records have been maintained and the said investments have been held by the company in its own name.
- (xv) According to the information and explanations given to us, the company has not given any guarantee in respect of loans taken by others from banks or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) The company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year under review.
- (xix) The company has not issued debentures during the period covered by our audit report.
- (xx) The company has not raised any money through a public issue during the period covered by our audit report.
- (xxi) Based upon the audit procedures performed and 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 & ON BEHALF OF P.C. GOYAL & CO.
CHARTERED ACCOUNTANTS

SD/-
(CA P.C. GOYAL)
PROP.
M.NO. 80377
FRN 002368N

PLACE : LUDHIANA
DATE : 27.07.2011



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BALANCE SHEET AS AT 31ST MARCH 2011

PARTICULARS	ANNEXURE	AS AT 31.03.2011 RS.		AS AT 31.03.2010 RS.	
SOURCES OF FUNDS					
Share Holders Funds					
Share Capital	1	76036000.00	76036000.00		
Reserves & Surplus	2	16197706.61	92233706.61	16197706.61	92233706.61
Loans Funds					
Secured Loans	3	331912289.94	278145162.77		
Unsecured Loans	4	21590000.00	353502289.94	43600000.00	321745162.77
Deferred Tax Liability (Net of Asset)			21652766.00		23324771.48
TOTAL			467388762.55		437303640.86
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	312772947.83	319518995.08		
Less : Depreciation		80722900.21	69100397.79		
		232050047.62	250418597.29		
Capital work in progress		0.00	232050047.62	545858.22	250964455.51
Investments		6	600000.00		600000.00
Current Assets, Loans & Advances					
Inventories	7	2621834.00	53346689.00		
Sundry Debtors	8	62660738.00	77367960.22		
Cash & Bank Balance	9	990194.64	7588311.22		
Loans & Advances	10	8232010.27	69230894.14		
		74504776.91	207533854.58		
Less : Current Liabilities & Provisions	11	7010747.65	67494029.26	141544405.28	65989449.30
Profit and Loss Account			167244685.67		119749736.05
TOTAL			467388762.55		437303640.86
Significant Accounting Policies and Notes on Accounts		22			

Signed in terms of our report of even date
For P. C. Goyal & Co.
Chartered Accountants

Sd/-
(CA. P. C. Goyal)
Proprietor
M.NO. 080377
FRN : 002368N
Place : Ludhiana
Date : 27.07.2011

For & on behalf of the board

Sd/-
Sanjeev Bansal
Managing Director

Sd/-
Varinder Kumar
Director(Works)

Sd/-
Vikas Goyal
Manager (Accounts)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	ANNEXURE	CURRENT YEAR RS.	PREVIOUS YEAR RS.
INCOME			
Sales & Services	12	138402848.00	988451123.71
Other Income	13	4379382.27	2828240.11
		<u>142782230.27</u>	<u>991279363.82</u>
EXPENDITURE			
Raw Material Consumed	14	87628478.55	914419355.88
Manufacturing Expenses	15	14685639.14	79108702.92
Personnel Expenses	16	7424894.89	12234409.00
Office & Administrative Expenses	17	1979864.40	4125754.47
Repair & Maintenance	18	967502.55	6118750.31
Financial Expenses	19	16417246.72	27308566.11
Selling Expenses	20	10487294.12	53989882.01
Depreciation		16092027.00	7864420.12
(Increase)/Decrease in Stock	21	36266238.00	10701169.00
TOTAL		<u>191949185.37</u>	<u>1115871009.82</u>
Profit Before Tax		-49166955.10	-124591646.00
Provision for Current Tax		0.00	0.00
Profit After Current Tax		<u>-49166955.10</u>	<u>-124591646.00</u>
Less:			
Provision for Deferred Tax		-1672005.48	24645148.48
Income Tax for earlier years / Interest on TDS, FBT		0.00	571.00
Profit After Tax		<u>-47494949.62</u>	<u>-149237365.48</u>
Profit Brought Forward		<u>-119749736.05</u>	<u>29487629.43</u>
Balance Profit Carried Forward		<u>-167244685.67</u>	<u>-119749736.05</u>
Basic Earnings Per Share(EPS) (RS.)		-15.30	-48.09
Diluted Earnings Per Share(EPS) (RS.)		-15.30	-48.09
Nominal Value Per Equity Share(RS.)		10.00	10.00
Significant Accounting Policies and Notes on Accounts	22		

Signed in terms of our report of even date
For P. C. Goyal & Co.

Chartered Accountants

Sd/-
(CA. P. C. Goyal)
Proprietor
M.NO. 080377
FRN : 002368N
Place : Ludhiana
Date : 27.07.2011

For & on behalf of the board

Sd/-
Sanjeev Bansal
Managing Director

Sd/-
Varinder Kumar
Director(Works)

Sd/-
Vikas Goyal
Manager (Accounts)

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	CURRENT YEAR (Rs.)	PREVIOUS YEAR (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) Before Tax And Extra ordinary Items	(49166955.10)	(124591646.00)
Adjustment for :		
Depreciation	16092027.00	7864420.12
Interest Paid	8922781.00	4155846.00
(Increase)/Diminution in the value of investment	0.00	(278800.00)
(Profit)/Loss on sale of Investments	0.00	(109957.30)
(Profit)/Loss on sale of Assets (Net)	167533.89	47880.00
Operating Profit before Working Capital changes	(23984613.21)	(112912257.18)
Decrease/(Increase) in Trade & other Receivable	75390472.09	(30496750.88)
(Increase)/Decrease in Inventories	50724855.00	94670072.00
Increase/(Decrease) in Trade Payables & Provisions	(134533657.63)	(33931194.23)
Cash Generated from operations	(32402943.75)	(82670130.29)
Income Tax /Fringe Benefit Tax Paid	0.00	(571.00)
Net Cash from/(used) Operating Activities	(32402943.75)	(82670701.29)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(104162.00)	(102820577.71)
Proceeds from sale of assets	2759009.00	1313150.00
Sale of Investment	0.00	1148254.54
Net Cash from/(used) in Investing Activities	2654847.00	(100359173.17)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	8500000.00	111300000.00
Repayment of long term borrowings	(43910000.00)	(18363131.00)
Interest Paid	(9856613.00)	(13553774.00)
Cash Credit	68416593.17	82790278.73
Net Cash from/(used) in Financing Activities	23149980.17	162173373.73
Net Increase/(Decrease) in cash and cash Equivalents	(6598116.58)	(20856500.73)
Cash and Cash equivalents (Opening Balance)	7588311.22	28444811.95
Cash and Cash equivalents(Closing Balance)	990194.64	7588311.22
Cash and Cash Equivalents Comprises		
Cash and Cheques in Hand	643413.99	821756.99
Balance with Scheduled Banks	346780.65	6766554.23
	990194.64	7588311.22

Notes on Cash Flow Statement for the year ended 31st March 2011

- The Cash Flow Statement is prepared in accordance with the format prescribed by Securities and Exchange Board of India and as per Accounting Standard -3 prescribed by the Institute of Chartered Accountants of India.
- In Part A of the Cash Flow Statement, figures in brackets indicate deduction made from Net Profit for deriving Cash Flow from operating activities. In Parts B & C, figures in brackets indicate Cash Outflows.
- Figures of the previous year have been regrouped wherever necessary, to conform to current year's presentation.

Signed in terms of our report of even date

For P. C. Goyal & Co.

Chartered Accountants

Sd/-

(CA. P. C. Goyal)

Proprietor

M.NO. 080377

FRN : 002368N

Place : Ludhiana

Date : 27.07.2011

For & on behalf of the board

Sd/-

Sanjeev Bansal
Managing Director

Sd/-

Varinder Kumar
Director(Works)

Sd/-

Vikas Goyal
Manager (Accounts)

PARTICULARS	AS AT 31.03.2011 RS.	AS AT 31.03.2010 RS. ANNEXURE-1
SHARE CAPITAL		
AUTHORISED CAPITAL		
I) EQUITY SHARES		
3250000 Equity Shares of Rs 10/- each (Previous Year 3250000)	32500000.00	32500000.00
ii) PREFERENCE SHARES		
450000 10% Redeemable, Non-Comulative Participative Preference shares of Rs 100/-each. (Previous Year 450000)	45000000.00	45000000.00
TOTAL	77500000.00	77500000.00
ISSUED , SUBSCRIBED AND PAID UP		
I) EQUITY SHARES		
3103600 Equity Shares of Rs 10/- each (Previous Year 3103600) (Out of above shares 600000 Equity shares were allotted as fully paid up Bonus Shares by capitalisation of surplus in the Profit & Loss A/c)	31036000.00	31036000.00
ii) PREFERENCE SHARES		
450000 10% Redeemable, Non-Comulative Participative Preference shares of Rs 100/-each. (Previous Year 450000)	45000000.00	45000000.00
TOTAL	76036000.00	76036000.00
RESERVE & SURPLUS		
SECURITIES PREMIUM ACCOUNT	16197706.61	16197706.61
TOTAL	16197706.61	16197706.61
ANNEXURE - 2		
SECURED LOANS		
TERM LOAN		
FROM STATE BANK OF INDIA :	106600000.00	121249466.00
WORKING CAPITAL LOAN		
FROM STATE BANK OF INDIA :		
i) Against Hypothecation of Stocks & Book-Debts	225314436.94	156897854.77
ii) Stand by Line of Credit	(2147.00)	(2158.00)
(Secured by way of hypothecation of all kinds of stocks including work in process and book debts of the company and first charge on the entire fixed assets of the company as well as personal guarantee of two promoters.)		
TOTAL	331912289.94	278145162.77

ANNEXURE-5 FIXED ASSETS

PARTICULARS	RATE OF DEP.	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 01.04.2010	ADDITION DURING THE YEAR	SALE/ADJ DURING THE YEAR	AS AT 31.03.2011	AS AT 01.04.2010	PROVIDED FOR THE YEAR	ADJ. DURING THE YEAR	AS AT 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
LAND	0.00%	1435749.00	0.00	0.00	1435749.00	0.00	0.00	0.00	0.00	1435749.00	1435749.00
BUILDING	3.34%	27384973.48	0.00	22569.00	27362404.48	6226599.01	913964.00	104.00	7140459.01	20221945.47	21158374.47
PLANT & MACHINERY	5.28%	269198388.42	48662.00	0.00	269247050.42	53922289.88	14215808.00	0.00	68138097.88	201108952.54	215276098.54
ELECTRIC INSTALLATION	4.75%	7473677.32	0.00	28705.00	7444972.32	1736437.00	353972.00	392.00	2090017.00	5354955.32	5737240.32
WEIGHING BRIDGE	4.75%	1358233.62	0.00	0.00	1358233.62	471822.29	64516.00	0.00	536338.29	821895.33	886411.33
WEIGHING SCALE	4.75%	42594.00	0.00	0.00	42594.00	504.00	2023.00	0.00	2527.00	40067.00	42090.00
LABORATORY EQUIPMENTS	4.75%	921714.30	0.00	0.00	921714.30	296474.38	43781.00	0.00	340255.38	581458.92	625239.92
OFFICE EQUIPMENTS	4.75%	2021351.48	6500.00	0.00	2027851.48	986648.54	96213.00	0.00	1082861.54	944989.94	1034702.94
CAMERA	4.75%	10463.00	0.00	0.00	10463.00	261.00	497.00	0.00	758.00	9705.00	10202.00
FURNITURE & FIXTURES	6.33%	2070592.71	49000.00	0.00	2119592.71	627377.53	134094.00	0.00	761471.53	1358121.18	1443215.18
REFRIGERATOR	7.07%	36720.00	0.00	0.00	36720.00	11320.24	2596.00	0.00	13916.24	22803.76	25399.76
FIRE FIGHTING EQUIPMENTS	4.75%	90178.00	0.00	0.00	90178.00	72690.02	4283.00	0.00	76973.02	13204.98	17487.98
COMPUTER	16.21%	606147.80	0.00	0.00	606147.80	393393.52	98257.00	0.00	491650.52	114497.28	212754.28
VEHICLES											
TRUCK	11.31%	3688098.25	0.00	3688098.25	0.00	2924478.43	81988.00	3006466.43	0.00	0.00	763619.82
SCOOTER	9.50%	101944.00	0.00	37700.00	64244.00	43286.24	9508.00	7752.00	45042.24	19201.76	58657.76
CAR	9.50%	3073137.00	0.00	3073137.00	0.00	1384639.15	70171.00	1454810.15	0.00	0.00	1688497.85
CYCLE	7.07%	5032.70	0.00	0.00	5032.70	2176.56	356.00	0.00	2532.56	2500.14	2856.14
TOTAL		319518995.08	104162.00	6850209.25	312772947.83	69100397.79	16092027.00	4469524.58	80722900.21	232050047.62	250418597.29
CAPITAL WORK IN PROGRESS											
BUILDING		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PLANT & MACHINERY		354183.22	70049.00	424232.22	0.00	0.00	0.00	0.00	0.00	0.00	354183.22
ELECTRIC INSTALLATION		160591.00	9697.00	170288.00	0.00	0.00	0.00	0.00	0.00	0.00	160591.00
FURNITURE & FIXTURE		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
WEIGHING BRIDGE		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PRE OPER. EXPENSES		31084.00	0.00	31084.00	0.00	0.00	0.00	0.00	0.00	0.00	31084.00
G.TOTAL		320064853.30	183908.00	7475813.47	312772947.83	69100397.79	16092027.00	4469524.58	80722900.21	232050047.62	250964455.51
PREVIOUS YEAR		209074153.59	304465127.09	193474427.38	320064853.30	61641392.67	7864420.12	405415.00	69100397.79	250964455.51	147432760.92



PARTICULARS	AS AT		AS AT	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RS.		RS.	
UNSECURED LOANS				ANNEXURE - 4
DEPOSITS				
From Others	21590000.00	43600000.00		
TOTAL	21590000.00	43600000.00		
INVESTMENTS				ANNEXURE - 6
LONG TERM INVESTMENTS	600000.00	600000.00		
(SBI Mutual Fund)				
	600000.00	600000.00		
INVESTMENTS				
Aggregate Value Of	31.03.2011	31.03.2011	31.03.2010	31.03.2010
	BOOK	MARKET	BOOK	MARKET
	VALUE	VALUE	VALUE	VALUE
Quoted Investments	0.00	0.00	0.00	0.00
Unquoted Investments (SBI Mutual Fund)	600000.00	635200.00	600000.00	636900.00
INVENTORIES				ANNEXURE - 7
(As taken, valued and certified by the management)				
RAW MATERIAL		0.00		10544198.00
WORK IN PROCESS		0.00		7156542.00
FINISHED GOODS		0.00		29109696.00
STORES & SPARES, PACKING, CHEMICALS & CONSUMABLES		2621834.00		6536253.00
TOTAL		2621834.00		63346689.00
SUNDRY DEBTORS				ANNEXURE-8
Unsecured				
Exceeding six months				
Considered Good		16399800.00		7789672.09
Considered Doubtful		46260938.00		0.00
Others(Considered Good)		0.00		69578288.13
TOTAL		62660738.00		77544660.22



PARTICULARS	AS AT	
	31.03.2011	31.03.2010
	RS.	RS.
CASH & BANK BALANCES		ANNEXURE-9
Cash Balance in hand	643413.99	821756.99
Bank Balances With Scheduled Banks		
In Current Accounts	346780.65	566554.23
In Fixed Deposits with State Bank of India (Under lien)	0.00	620000.00
TOTAL	990194.64	7588311.22
LOANS & ADVANCES		ANNEXURE-10
Advances recoverable in cash or in kind or for value to be received		
Considered Good	5325661.90	67961755.90
Considered Doubtful	1760032.00	106875.00
Securities Deposits	1146316.37	1162263.24
TOTAL	8232010.27	69230894.14
CURRENT LIABILITIES & PROVISIONS		ANNEXURE-11
Current Liabilities		
Amount due to Small & Micro Enterprises		
<u>Amount due other than Small & Micro Enterprises</u>		
Sundry Creditors	4723837.46	68036031.91
Advances from parties against supplies	72025.00	286477.00
Sundry payables & Expenses payables	2214885.19	7010747.65
TOTAL	7010747.65	73221896.37
		141544405.28

PARTICULARS	CURRENT YEAR RS.		PREVIOUS YEAR RS.
SALES & SERVICES			
Sales			
(Net of Return, cash discount & shortage allowances etc.)	138402848.00		988451123.71
	<u>138402848.00</u>		<u>988451123.71</u>
OTHER INCOME			
ANNEXURE-13			
Interest Received on FDR ag. Margin money	47718.00		375874.00
Small balance written off	0.00		842.81
Sundry Balance written back	3406169.27		0.00
Profit on Sale of Shares	0.00		109957.30
Keyman Insurance Policy	0.00		1225828.00
Bargain Settlement	0.00		0.00
Premium on Forward Contract	775495.00		836938.00
Rent (Storage Tank)	150000.00		0.00
	<u>4379382.27</u>		<u>2549440.11</u>
Add/(Less)			
Increase/(Diminution) in the Value of Investment	0.00	4379382.27	278800.00
TOTAL		<u>4379382.27</u>	<u>2828240.11</u>
MATERIALS			
ANNEXURE-14			
RAW MATERIAL CONSUMED			
Opening Stock		10544198.00	95149474.00
Purchases		<u>75476067.55</u>	<u>837336198.76</u>
		86020265.55	932485672.76
Less : Closing Stock		0.00	10544198.00
Balance Consumed		<u>86020265.55</u>	<u>921941474.76</u>
Foreign Exchange Rate Fluctuations		1608213.00	(7522118.88)
TOTAL		<u>87628478.55</u>	<u>914419355.88</u>
MANUFACTURING EXPENSES			
ANNEXURE-15			
Opening Stock	5847257.00		5495100.00
Purchases :			
Chemical & consumables	739926.59		15318875.88
Fuel	2550331.00		16576195.00
Hydrogen Gas	0.00		1096219.00
Packing Material	538308.31	9675822.90	24121852.88
Less : Closing Stock		<u>2621834.00</u>	<u>5847257.00</u>
		<u>7053988.90</u>	<u>56760985.76</u>
Manufacturing Wages	3306716.00		6773983.00
Power	3252400.00		11319702.00
Generator Expenses(Diesel Used)	1045073.00		3757266.86
Laboratory Expenses	27461.24		496765.30
TOTAL		<u>14685639.14</u>	<u>79108702.92</u>

PARTICULARS	CURRENT YEAR RS.	PREVIOUS YEAR RS.
PERSONNEL EXPENSES		ANNEXURE-16
Directors Remuneration	1552207.00	1538951.00
Directors Sitting Fees	10000.00	16500.00
Staff Salaries	1217128.00	4857583.00
House Rent Allowance	1018782.00	1354288.00
Special Allowance	8193.00	24000.00
Bonus	782460.00	1569744.00
Employer's Contribution to ESI	218282.00	481518.00
Employer's Contribution to EPF	489515.00	1177253.00
Employer's Contribution to LWF	2988.00	5093.00
Leave with Wages	193180.00	472862.00
Labour Welfare	12812.00	92859.00
Gratuity	1650704.00	153204.00
EDLI & EGI	20328.89	35851.00
Transport Allowance	248315.00	454703.00
TOTAL	7424894.89	12234409.00
OFFICE & ADMINISTRATIVE EXPENSES		ANNEXURE-17
Fees & Taxes	170289.98	272003.00
Insurance Expenses	428359.20	746884.99
Donation	9100.00	4100.00
Telephone Expenses	337299.07	506698.97
Statutory Auditor's Remuneration	49635.00	49635.00
Cost Auditor's Remuneration	16500.00	16500.00
Auditors Expenses	3965.00	0.00
Legal & Professional Expenses	398560.00	385618.00
Travelling Expenses	83050.00	855844.00
Printing & Stationery	38282.00	244835.93
Advertisement	41983.00	53639.00
A.G.M. Expenses	36565.00	20247.00
Loss on sale of Assets	167533.89	47880.00
Service Tax on Freight	27083.00	292206.00
Education Cess on Freight	818.00	8916.00
Local Conveyance	14146.00	35697.00
Festival Celebration Expenses	0.00	173968.00
Other General Expenses	156695.26	411081.58
TOTAL	1979864.40	4125754.47

PARTICULARS	CURRENT YEAR RS.		PREVIOUS YEAR RS.
			ANNEXURE-18
REPAIR & MAINTENANCE			
Opening Stock	600000.00		350000.00
Add : Purchases/(Sales)	<u>(201590.45)</u>		<u>2982230.31</u>
	398409.55		3332230.31
Less closing Stock	<u>0.00</u>	398409.55	<u>600000.00</u>
Electricals		0.00	408565.00
Vehicles-Motor Cars		145678.00	390759.00
Vehicles-Others		399250.00	2282229.00
Building		24165.00	245539.00
Other		0.00	59428.00
TOTAL		<u>967502.55</u>	<u>6118750.31</u>
			ANNEXURE-19
FINANCIAL EXPENSES			
Interest		16299142.91	22798533.29
Bank Charges		<u>118103.81</u>	<u>4510032.82</u>
TOTAL		<u>16417246.72</u>	<u>27308566.11</u>
			ANNEXURE-20
SELLING EXPENSES			
VAT & CST		4803151.62	30689441.76
Freight Outward		870254.00	3626893.00
Brokerage & commission		230356.00	1869408.00
Bad Debts		4530767.50	16757560.50
Sale Promotion		1800.00	637137.75
Others		<u>50965.00</u>	<u>409441.00</u>
TOTAL		<u>10487294.12</u>	<u>53989882.01</u>
			ANNEXURE-21
(INCREASE)/DECREASE IN STOCK			
Opening Stock			
Finished Goods	29109696.00		29007407.00
Work-in-Process	<u>7156542.00</u>	36266238.00	<u>17960000.00</u>
Closing Stock			
Finished Goods	0.00		29109696.00
Work-in-Process	<u>0.00</u>		<u>7156542.00</u>
		0.00	36266238.00
(Increase)/Decrease in Stock		<u>36266238.00</u>	<u>10701169.00</u>

ANNEXURES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH 2011

A. STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

- a. **Description of Business:** The Company is engaged in Hydrogenation of vegetable oils and the related products like Vanaspati and Refined oil.
- b. **Basis of preparation of financial statements:** The financial statements have been prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles (GAAP) and as per the provisions of the Companies Act, 1956 as adopted consistently by the company. All the Income and Expenditure having material bearing on the financial statements are recognized on accrual basis.
- c. **Use of Estimates:** The preparation of the financial statements in conformity with the GAAP requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements, and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.
- d. **Revenue Recognition:** The Company follows the mercantile system of accounting and recognizes income & expenditure on accrual basis except gratuities and interest on working capital and term loans taken from State Bank of India.
- e. **Fixed Assets:** Fixed assets are capitalized at cost of acquisition including directly attributable cost of bringing the assets to their working condition for intended use and also including an appropriate share of incidental expenditure during construction/installation.
- f. **Depreciation:** Depreciation has been provided on the straight-line method in accordance with schedule XIV to the Companies Act, 1956.
- g. **Investments:** Investments that are readily realizable and intended to be held for not more than a year are classified as Current Investment. All other investments are classified as Long Term Investment. Long-term investments are valued at cost, less provision for permanent diminution in the value of investment. Current Investments are valued at cost or market value whichever is lower.
- h. **Foreign Currency Transactions:** Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. The exchange differences arising from foreign currency transactions are recognized in the profit & loss accounts. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account. Premium in respect of forward foreign exchange contracts are recognized over the life of the Contracts.
- i. **Accounting for Taxes on Income:** Current tax is determined in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured considering the tax rates and tax laws enacted or substantively enacted by the Balance Sheet date, in accordance with 'Accounting Standard - 22' of the Institute Of Chartered Accountants of India. Deferred tax assets are recognized based on management's judgement as to the sufficiency of future taxable income against which the deferred tax assets can be realized.
- j. **Inventories:**
 1. Raw material, Chemicals and consumables are valued at cost or net realizable value whichever is lower, cost being purchase price on FIFO basis plus other expenses incurred in bringing the inventories to their present location and condition, including duties (other than those subsequently recoverable from the taxation authorities.)
 2. Work in progress is valued at cost or net realizable value whichever is lower, cost i.e. Raw materials, Chemicals & Consumables at 100% of the cost & other direct expenses at 75% of the unit cost.
 3. Finished goods are valued at Net realizable value.
 4. Stores spares and components are taken at estimated value.
- k. **Retirement Benefit:**
 1. **Provident Fund:** The Company's contribution to the fund is charged to revenue as required under the statute/rules.
 2. **Leave Encashment:** Provision for leave is made on the basis of leaves accrued to the employees during the financial year.
 3. **Gratuity:** Gratuity is accounted for on payment basis.
- l. **Impairment of Assets:**

As at each Balance Sheet date an assessment is made whether any indication exists that an asset has been impaired, if any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.

B. NOTES ON ACCOUNTS

1. **CONTINGENT LIABILITIES NOT PROVIDED FOR;**
 - i) Letter of Credit outstanding Rs. Nil (Previous Year Rs.607.00 Lacs).



ii) Claims against the company not acknowledged as debt are:

- Sales Tax pending in appeals Rs.2.23 Lacs (Previous Year Rs. 2.23 lacs)
- Interest on Working Capital Limits and Term Loan taken from State Bank of India Rs.170.61 lacs upto 15.12.2010. However, the interest from 16.12.2010 to 31.03.2011 is not ascertained.
- 2. The Gratuity is being charged to profit & loss account in the year in which it is paid. The liability for gratuity as on 31/03/2011 is Rs.3,90,393/- (Previous year Rs. 16,71,664/-).
- 3. Sundry Debtors, Loans and Advances include a sum of Rs.4,80,20,970/- recoverable as claim from certain parties which are considered doubtful, against which the management is taking effective steps for recovery.
- 4. In the opinion of the Board of Directors, the Current Assets, Loans and Advances have the value on realization in the ordinary course of business at least equal to the amount at which they are stated except as expressly stated otherwise.
- 5. Inventories as at close includes only inventories of packing and consumables which are valued at cost or net realizable value whichever is lower.
- 6. The Company is regularly incurring losses for the last two years and its accumulated losses are more than 50% of its Net worth. During the current year also; it had incurred cash losses. As per the explanation and information given to us its plant is now totally out of operations and the company is unable to meet its working capital requirements and its accounts with the banks have become NPA as on 30.09.2010. However to overcome the present turmoil, the company had obtained the approval of the shareholders under section 293(1)(a) of the Companies Act, 1956 for disposal by way of sale, transfer or otherwise of whole or substantially the whole of undertaking of the company at a time or at different times in one or more tranches pursuant to the Postal Ballot Notice dated 18.04.2011 sent under section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001. As such the company, in order to pay off its liabilities, is going to liquidate its assets in the near future, therefore, it may loose the going concern status.
- 7. According to the information and explanations given to us the company has received notice dated 15.12.2010 under section 13(2) of the Securitization And Reconstruction of Financial Assets And Enforcement of Securities Act, 2002 from its banker namely State Bank of India, SCB Miller Ganj, Pahwa Hospital Complex, Ludhiana by which the bank has claimed outstanding dues to the tune of Rs.34,89,75,652.74 (inclusive of interest upto 15.12.2010) and also asked for future interest at contractual rate on the said amount together with incidental expenses, cost, charges, etc. The operation and conduct of the credit facilities have been classified as NPA as on 30.09.2010.
- 8. There are no Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues. The above information and that given in 'Sundry Liabilities – Schedule 11' regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.
- 9. Amounts Paid to Auditors:
 - i) Statutory Auditors

Audit Fees	Rs.33,090/-
Taxation/Other Matters	<u>Rs.16,545/-</u>
Total:-	<u>Rs.49,635/-</u>
 - ii) Cost Audit Fees

Cost Audit Fees	Rs.14,000/-
others Matters	<u>Rs. 2,500/-</u>
	Rs.16,500/-

10. **Segmental Information:**

The Company is a single segment company engaged in manufacturing of hydrogenated vegetable oils and the related products like Vanaspati and Refined oils. Accordingly the disclosure requirement as prescribed in the Accounting Standard 17 on "Segment Reporting" issued by The Institute of Chartered Accountants of India is not applicable.

11. **RELATED PARTY DISCLOSURE:**

The disclosures of transactions with the related parties as described in Accounting Standard-18 issued by the Institute of Chartered Accountants of India are given below:

Enterprises where control exists:

Nature of Transactions	AMOUNT (Rs.)	Outstanding Bal. As on 31.03.11
M/s. National Soap Mills, Ludhiana., For Purchases For Freight Expenses For Sales (Gross)	Rs.19,462/- Rs.49,569/- Rs.1,24,26,449/-	<u>Nil</u>
M/s. Rama Traders, Ludhiana For Sales (Gross)	Rs.90,597/-	<u>Nil</u>
M/s. Raj Industries, Nalagarh For Sales (Gross) For Sale of Capital Goods	Rs.24,28,623/- Rs. 3,56,983/-	<u>Nil</u>

For Purchases	Rs.11,76,019/-	
M/s. Raj Soap & Detergents Pvt Ltd., Ludhiana., For Purchases	Rs.6,267/-	Nil

12. Earning Per Share

- a) Earning Per Share (EPS) computed in accordance with Accounting Standard 20 issued by The Institute of Chartered Accountants of India: -

Particulars	F.Y. 2010-11	F.Y. 2009-10
Net Profit/(Loss) as per Profit & Loss A/c (Rs.)	(4,74,94,950)	(14,92,37,365)
Weighted Average No. of Equity Shares outstanding during the year (No.)	3103600	3103600
Basic and Diluted Earning Per Share (Rs.)	(15.30)	(48.09)

13. **Deferred Income Tax:** The company has considered deferred tax adjustments in accordance with Accounting Standard-22 on "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, after reviewing the status of the same as at the end of the accounting year, necessary differential adjustments has been reflected in profit & loss a/c for the current year.

Particulars	(Rs. in Lacs)
Deferred Tax Assets	
- - On account of Loss on sale of fixed assets	0.41
Total (A)	0.41
Deferred Tax Liability	
-On account of timing difference in Fixed Assets as on 01.04.2010	182.83
- On account of Current Year Depreciation	34.11
Total (B)	216.94
Net Deferred Tax Liability (B) – (A)	216.53

14. Investments:

Movements during the year	Opening		Sale		Increase in value	Closing	
	Nos.	Amount (Rs.)	Nos.	Amount (Rs.)	Amount (Rs.)	Nos.	Amount (Rs.)
SBI, One India Fund	50000	5,00,000	--	--	--	50000	5,00,000
SBI, Infrastructure Fund	10000	1,00,000	--	--	--	10000	1,00,000

15. Remuneration paid to Whole time director(s) is Rs.15,52,207/- (P.Y. 15,38,951/-).
16. Debit and credit balances, on whatever account, are subject to confirmation from the respective parties.
17. The previous year figures have been regrouped and recasted wherever necessary to make them comparable with the current year figures.
18. Additional information pursuant to Para 3 & 4 of Part- II of schedule VI to the Companies Act, 1956 (to the extent applicable) is attached herewith.
19. Information pursuant to part IV of schedule VI to the Companies Act, 1956 is attached herewith.
20. Annexure from "1" to "22" including statement on Significant Accounting Policies form an integral part of the Balance Sheet and Profit & loss Account.

Signed in terms of our report of even date
For P. C. Goyal & Co.
Chartered Accountants
Sd/-
(CA. P. C. Goyal)
Proprietor
M.NO. 080377
FRN : 002368N
Place : Ludhiana
Date : 27.07.2011
For & on behalf of the board
Sd/-
**Sanjeev Bansal
Managing Director**
Sd/-
**Varinder Kumar
Director(Works)**
Sd/-
**Vikas Goyal
Manager (Accounts)**

The information required by the Paras 3 & 4 of Part II of Schedule VI to the companies Act, 1956

A. CAPACITY
Annual Capacity

	Unit	Licenced		Installed	
		Current Year	Previous Year	Current Year	Previous Year
Refined Oil etc.	MTs	165000	165000	30000	30000
Vanaspati etc.	MTs	15000	15000	15000	15000
Hydrogenated Fatty Acid	MTs	30000	30000	0	0
Glycerine	MTs	2400	2400	0	0

B PRODUCTION

VANASPATI/REFINED OIL/VEGETABLE OIL PLANT	Unit	Current Year	Previous Year
Vanaspati	MTs	0	3575
Refined Oil	MTs	1600	12272
Wax	MTs	162	572
Gums	MTs	145	237
Fatty Acid	MTs	105	581
Soap Stock	MTs	0	40
Hard Oil	MTs	85	0

C. TURN OVER
CURRENT YEAR
PREVIOUS YEAR

	Unit	Qty.	Value	Qty.	Value
Refined Oil	MTs/Rs.	2090	100603119.00	12069	552338724.79
Vanaspati	MTs/Rs.	50	2400525.00	3722	160730753.21
Fatty Acid	MTs/Rs.	204	6987209.00	661	20575291.00
Soap Stock, Wax, Gum & Recovered Oil	MTs/Rs.	445	2628414.00	888	8588147.00
Raw	MTs/Rs.	537	22025066.00	8027	244420162.71
Hard oils	MTs/Rs.	85	3581275.00	0	0.00
Miscellaneous	Rs.	--	177240.00	--	1798045.00
TOTAL			138402848.00		988451123.71

D RAW MATERIAL CONSUMED
CURRENT YEAR
PREVIOUS YEAR

	Unit	Qty.	Value	Qty.	Value
Edible Grade	MTs/Rs.	1886	86020266	24998	921941475
Non-Edible Grade	MTs/Rs.	0	0	0	0
TOTAL		1886	86020266	24998	921941475

E FINISHED GOODS

Opening stock					
Refined Oil	MTs/Rs.	490	22693674	287	12287116
Vanaspati	MTs/Rs.	50	2226254	196	7896325
Fatty Acid	MTs/Rs.	99	3193261	179	5159856
Wax	MTs/Rs.	111	945256	48	230817
Gum	MTs/Rs.	27	51251	18	17284
Soap Stock	MTs/Rs.	0	0	2	14009
R.B Oil (Recovered)	MTs/Rs.	0	0	108	3402000
TOTAL		776	29109696	838	29007407
Work-in-Process		181	7156542	544	1796000

Closing Stock

Refined Oil	MTs/Rs.	0	0	490	22693674
Vanaspati	MTs/Rs.	0	0	50	2226254
Fatty Acid	MTs/Rs.	0	0	99	3193261
Wax	MTs/Rs.	0	0	111	945256
Gum	MTs/Rs.	0	0	27	51251
	TOTAL	0	0	776	29109696
Work-in-Process		0	0	181	7156542

F TRADING GOODS (FINISHED) PURCHASED

Non Edible Grade	MTs/Rs.	NIL	NIL	NIL	NIL
Edible Grade	MTs/Rs.	132	5210073	NIL	NIL

G CIF VALUE OF IMPORTS

		Rs.	Rs.
Capital Goods		NIL	NIL
Components & Spare Parts		NIL	NIL
Raw Materials		NIL	49128087

H CONSUMPTION OF RAW MATERIAL AND STORES & SPARES

	Value Rs.	%age	Value Rs.	%age
Raw Materials				
Indegenous	86020266	100%	778765889	84.47%
Imported	0	0	143175586	15.53%
Stores & Spares				
Indegenous	7053989	100%	56760986	100%
Imported	NIL	0	NIL	0

I EXPENDITURE IN FOREIGN CURRENCY

	Rs.	Rs.
Payment of Raw Material Imported	57573575	124855990
Bank charges & Interest	676890	5251625
Travelling	0	0

J REMITTANCE IN FOREIGN CURRENCY

NIL NIL

K EARNINGS IN FOREIGN CURRENCY

NIL NIL

 Signed in terms of our report of even date
For P. C. Goyal & Co.

Chartered Accountants
Sd/-
(CA. P. C. Goyal)
Proprietor
M.NO. 080377
FRN : 002368N
Place : Ludhiana
Date : 27.07.2011

For & on behalf of the board
Sd/-
Sanjeev Bansal
Managing Director

Sd/-
Varinder Kumar
Director(Works)

Sd/-
Vikas Goyal
Manager (Accounts)



Healthier
today, tomorrow

RAJ AGRO MILLS LIMITED

Annual Report 2011

Information as required by Part IV of the Schedule VI to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details												
Registration No.	4	0	5	3	2					State Code	5	5
Balance Sheet	3	1		0	3		2	0	1	1		
	Date			Month			Year					

II Capital Raised During The Year (Amount in Rs.)												
Public Issue				Right Issue				Bonus Issue			Private Placement	

III Position of Mobilisation & Deployment of Funds (Amount in Rs.)												
Total Liabilities						Total Assets						
4	6	7	3	8	8	7	6	3	4	6	7	3
Source of Fund												
Paid-up Capital			Reserve & Surplus			Secured Loans						
7	6	0	3	6	0	0	0	1	6	1	9	7
Unsecured Loans			Deferred Tax Liability									
2	1	5	9	0	0	0	0	2	1	6	5	2
Application of Fund												
Net Fixed Assets			Capital Work in Progress									
2	3	2	0	5	0	0	4	8				
Investments			Net Current Assets			Misc. Expenditure			Accumulated Losses			
6	0	0	0	0	0	0	6	7	4	9	4	0
						NIL			1 6 7 2 4 4 6 8 6			

IV Performance of Company (Amount in Rs.)												
Turnover (Incl. Other Income)				Total Expenditure				Profit/(Loss) Before Tax				
1	4	2	7	8	2	2	3	0	1	9	1	9
								(4 9 1 6 6 9 5 5)				
Profit/(Loss) After Tax				Earning per Share in Rs.				Dividend Rate%				
(4 7 4 9 4 9 5 0)				- 1 5 . 3 0				NIL				

V Generic name of Principal Product/Service of Company (as per Monetary term)												
Item Code No.	1	5	1	4								
Product Description	R	E	F	I	N	E	D	O	I	L		
Item Code No.	1	5	1	6	2	0						
Product Description	V	A	N	A	S	P	A	T	I			

Signed in terms of our report of even date
For P. C. Goyal & Co.
Chartered Accountants
Sd/-
(CA. P. C. Goyal)
Proprietor
M.NO. 080377
FRN : 002368N
Place : Ludhiana
Date : 27.07.2011

For & on behalf of the board

Sd/-
Sanjeev Bansal
Managing Director

Sd/-
Varinder Kumar
Director(Works)

Sd/-
Vikas Goyal
Manager (Accounts)

PROXY FORM

I/We of being member of the above named company, hereby appoint the following as my/our Proxy to attend and vote for me/us and on my/our behalf at the 21st Annual General Meeting of the Company to be held on Friday, the 30th day of September, 2011 at Building No.A-103, Mangolpuri Industrial Area, Phase II, New Delhi-110 034 at 10.00 a.m and at any adjournment thereof.

1.Mr/Mrs..... (Signature) or failing ~~him/her~~

2.Mr/Mrs..... (Signature) or failing ~~him/her~~

3.Mr/Mrs..... (Signature)

Number of shares held

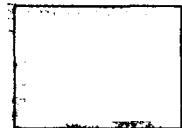
Signed this..... day of 2011

Reference Folio No./.....

Signatures of Member(s)

DP ID & Client ID.....

1.....
2.....
3.....



RAJ AGRO MILLS LIMITED

REGD. OFFICE: Building No.A-103, Mangolpuri Industrial Area, Phase II, New Delhi-110 034

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

Full Name of member attending

Member's Folio No./Client ID..... No of shares held.....

Name of Proxy
(to be filled in, if the Proxy attends instead of member)

I hereby accord my presence at the 21st Annual General Meeting of the Company to be held on Friday, the 30th day of September, 2011 Building No.A-103, Mangolpuri Industrial Area, Phase II, New Delhi-110 034.

.....
Member's/ Proxy's Signatures

Note:

1. Members are requested to bring their copies of Annual Reports since further copies will not be available.
2. Proxy to be effective should be deposited at the registered office of the company not less than 48 hours before the time of meeting.
3. A proxy need not to be member.
4. In case of joint holders, the vote of senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of vote of other joint holders. Seniority shall be determined by order in which names stand in Register of Members.
5. This form of proxy confers authority to demand or join in demanding a Poll.
6. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.

RAJ AGRO MILLS LIMITED

Regd. Office :

C-2/34, West Enclave,

Pitampura, Delhi-110 034