



9th Annual Report  
March, 2011

**RAJ OIL MILLS LTD.**  
— Purity. Since 1943. —





## Company Information

### Chairman and Managing Director

Shaukat S. Tharadra

### Executive Directors

Azamkhan F. Lohani

Abdulla K. Musla

Rashid I. Tharadra

### Non-Executive Directors

Mohamedi T. Singaporewala

Narotambhai V. Patel

R. H. Balasubramanya

Dipakkumar R. Madia

### Chief Executive Officer

Manavendra Gokhale

### Company Secretary

Basavraj Loni

### Bankers

The Shamrao Vithal Co-Op. Bank Ltd.

Karur Vysya Bank Limited

### Auditors

#### Statutory

**Agarwal Desai & Shah**

Chartered Accountants

#### Internal

**M/s. K. C. Jain Kala & Co.,**

Chartered Accountants

### Plant Locations

- 1) Manor, Dist. Thane  
Ten Village, (Manor), Tal. Palghar,  
Maharashtra - 401 104.
- 2) Bagru, Dist. Jaipur  
F-9 /10, RIICO Industrial Area of Bagru,  
Extn-Phase II, Jaipur,  
Rajasthan

### Registered Office

224-230, Bellasis Road,  
Mumbai- 400008

### Registrar and Transfer Agents

Bigshare Services Private Limited  
E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai - 400072.

## Committees of the Board

### Audit Committee

#### Name of the Director

Mr. Dipakkumar R. Madia

Mr. Narotambhai V. Patel

Mr. Abdulla K. Musla

#### Status

Chairman (Independent Director)

Independent Director

Whole Time Director

### Remuneration Committee

#### Name of the Director

Mr. Mohamedi T. Singaporewala

Mr. Narotambhai V. Patel

Mr. Abdulla K. Musla

#### Status

Chairman (Independent Director)

Independent Director

Whole Time Director

### Shareholders' / Investors' Grievance Committee

#### Name of the Director

Mr. Mohamedi T. Singaporewala

Mr. Narotambhai V. Patel

Mr. Abdulla K. Musla

#### Status

Chairman (Independent Director)

Independent Director

Whole Time Director



## Chairman's Statement

*It gives me great pleasure to greet all of you with our Annual Report for the year 2010-11. As we move into a globally challenging year we have set ourselves new milestones to deliver during this financial year and consolidate our position further. The Company, now looks at moving beyond the expanding of geographies in India to a multinational presence backed by a robust growth engine and a middle to long term plan envisaged by the top management. The transition last year has been satisfying and we have been successful in achieving a good growth rate at 28% over the previous year on a twelve month annualized basis. The commitments have by and large have all been completed but we would have been more happy with another 40 to 50 crores additional turnover.*



*On the business front, the Company has maintained its visibility through the members on the Board, and the rest of the team the new states opened and the advertising campaign have yielded the necessary results and have set the stage for the movement forward this financial year.*

### THE INDIAN ECONOMY AND THE OVERVIEW OF THE EDIBLE OIL SECTOR IN INDIA

In midst of global slowdown, India was one of the few economies in the world to foster growth of more than 8 % during the fiscal ended March 31, 2011. The Indian Economy will be hard pressed to maintain strong growth rate in the current challenging Global Scenario with international markets being volatile we need to have a strong operating plan with requisite backup to ensure we reach our objectives. This period is going to test India's ability to meet its GDP given to rapid changes and at times some unpredictable changes in the worldwide scenario.

India's Edible Oil sector will maintain growth. The main, which features that will impact the industry this year in this sector, were :

- (a) Improvement in demand, fuelled by India's growing per capita consumption, which reflected in GDP for the year. This figures will however be under pressure and may not fully materialize in volume and value terms.
- (b) The fear of a re-run of the global downturn continues to remain. The organized and unorganized sector will have price driven and consolidation challenges to contend with this year.
- (c) Raw Material and increased Import. The consumption pattern will show definitive changes this year and will be visible in the next two financial year.
- (d) We expect a good crop of mustard and groundnut this year as the rain fall has been adequate and the cultivation average has remained largely constant. Better yield will drive the procurement prices marginally.
- (e) Impact of distribution efficiencies will play a role in the consolidation process, it will be challenging for the industry to keep pace with the requirement spread in the rural and semi rural areas with the right product offering.
- (f) The oil industry has witnessed major happenings from January'2011 onwards and It will be in the industry's long term interests that governance issues get addressed and settled.



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To address the growth in demand of edible oil, the government has reduced duties on crude edible oil. Integrated players which are present primarily in smaller oils segments like mustard, ground nuts, coconut, and to a lesser extent, soya, continue to exhibit stable margins.

### **NOTEWORTHY PERFORMANCE**

Raj Oil Mills Limited had good growth for the 12 month period ended on March 31, 2011. "GUINEA" and "COCORAJ", the Company's premium brands, were the major drivers of revenue generation.

The IPO funds were utilized as per the objects of the IPO and we are extremely happy to share information that we have extended our operations to additional units and are likely to have 2 or 3 units under Raj Oil Mills Ltd . This will not only enhance our capacities but also ensure rapid fulfillment of the channel and customers.

Your Company has successfully commenced commercial production at Rajasthan Plant. The commencement has helped the Company to increase its production capacities, consolidate its position in the market place and manufacture Mustard And Sesame Oils on a wider market base and other states. This activity which has contributed effectively to the topline will continue to do so further during the coming year. Most important outcome being sustaining and maintain quality across the Markets. Taking ahead the policy outlined by the CEO, we have forged alliances with additional companies and refineries to further augment our supply to other states.

The Company commenced the refinery production at Manor in February'2011 and has got all certifications. We look at full capacity utilization of the unit despite additional capacities being utilized at other venues in the third Quarter.

### **OUTLOOK:**

Our emphasis is to drive growth both organically and inorganically through consolidation, an expansion in our product portfolio, and exploring our strategic opportunities.

Our Financial Performance is encouraging and I believe we can become a dominant domestic player in the Edible Oil Industry through Brand creation and expansion of capacities.

I take this opportunity to thank all our employees, without whom these results would not have been possible. I also express gratitude towards all our consumers, suppliers and other business associates. To conclude, I would like to thank all our stakeholders for their constant support and encouragement, without whom we would not have reached where we are today.

Yours Sincerely,

**Shaukat S. Tharadra**

Chairman and Managing Director  
Raj Oil Mills Limited

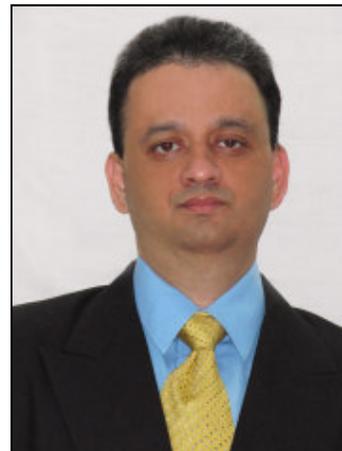


## Message from the Chief Executive Officer

### **Ambitious Growth Plans Ahead.**

My warm greetings to all associated and connected with the Raj Oil Mills Ltd family. It gives me great pleasure to share with you the Annual Report for the Period ended March 31, 2011 and bring you upto date on the road ahead.

Last period we had a strong growth in terms of Turnover of Rs. 469.49 crores up from Rs. 461.96 Crores in the previous year. Profits of Rs. 20.32 crores has been achieved, despite the volatility in the commodity markets, economic fluctuations and adverse price movements. It has been a major challenge in containing the price rise only at the company's end without impacting the consumers and hopefully the testing period on that count is over.



Raj Oil Mills Limited activities have increased significantly over the last year. We now look forward for ambitious growth this year. Process decentralization and robust I.T initiatives with implementation of ERP, are in place and we are evenly poised to exploit the market opportunities.

The focus is outward driven this year encompassing multiple locations for supply and for establishing our footprint outside India. Growth rates on specific oils have been good and we look forward to a decent addition to topline from such revenues.

Metamorphosis of the Company will extend in the coming year but at a faster rate than the previous year. We have been successful in building skills sets and talent acquisition for the next few years and look to being able to target markets more proactively.

The consumption patterns are slowing a marginal increase and it would still add a huge volume to the market size even if the consumption till class II cities and towns increases by 2 to 3 kgs per capita basis. The challenge will be to service and have a rapid order fulfillment system that with a product mix that best represents the market and mirrors its predominant growth rate.

The company looks forward to developing Strong Corporate Visibility in the Marketplace and leverage the "COCORAJ" and "GUINEA" brands. Advertising and promotional activities which have been on a tempered base for a couple of years have been revaluated and increased suitably during the last Financial Year.

This year keeping the sustainability of sourcing and the brand attributes in consideration relevant enhancements planned will help propel your brands in the markets and acquire shelfspace .

Institutional and bulk sales markets will witness margin pressures and will drive the topline. Our presence and movement will drive the numbers further. At the risk of being repetitive the drive is for challenging growth and market share.

The rainfall has been good and one expects strong crop yield and hopefully the ratios to per hectare yields will results in a more stable priceline in the markets. Impact on the realizations will be positive if we maintain current growth rates and/or surpass it, which is not unlikely.

Soyabean and Sunflower oil growths would be at a faster pace but will not offset the values on groundnut oil and mustard oil segment. Due to inflationary pressure there might be some preference shift but the company has requisite action plan in place to grow with it.



Measures to increase profits by managing cost centers and rationalize spending had been undertaken in the last year. There has been a gradual success in implementation on it. There is mild disappointment on the extent of results derived.

There is considerable pressure being exerted by the competition, the economic conditions and Raj Oil Mills Ltd has its task cut out on this front. However the noteworthy aspect has been an acceptance of the need of being nimble and timely as regards this aspect.

We are indeed driven by the desire to share our success and growth with our shareholders and the organization is committed and better positioned to deliver on the requirements definitely.

A busy year ahead for all those associated with Raj Oil Mills Ltd and my colleagues and the message from the desk is to go all out keeping our task in mind.

Thank You

With Warm Regards  
**Manavendra S. Gokhale**  
Chief Executive Officer  
Raj Oil Mills Limited



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### NOTICE

**NOTICE** is hereby given that the Ninth Annual General Meeting of the Members of **RAJ OIL MILLS LIMITED** will be held at "Hall of Harmony", Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018 on Tuesday, the 27<sup>th</sup> September, 2011 at 11:00 a.m. to transact the following business:

#### ORDINARY BUSINESS

- (1) To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2011 and the Profit and Loss Account for the year ended 31<sup>st</sup> March 2011 together with Schedules and the Reports of Auditors and Directors thereon.
- (2) To appoint Mr. Mohamedi Singaporewala, as Director of the Company, who retires by rotation and being eligible offers himself for re-appointment.
- (3) To appoint Mr. Balasubramanya H. Rudrapatna as Director of the Company who retires by rotation and being eligible offers himself for re-appointment.
- (4) To consider & if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**.

**"RESOLVED THAT** pursuant to the provisions of Sections 224, 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. Agarwal Desai & Shah., Chartered Accountants having Registration No. 124850W, issued by the Institute of Chartered Accountants of India, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company, on a remuneration to be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company for the year ending March 31, 2012"

#### SPECIAL BUSINESS

- (5) **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

**"RESOLVED THAT** Mr. Dipakkumar R. Madia who was appointed as an Additional Director of the Company, pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- (6) **Adoption of Employee Stock Option Scheme, 2011 titled "ESOP 2011" and to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.**

**"RESOLVED THAT** in accordance with the provisions contained in the Articles of Association and the provisions of Section 81(1A) and such other provisions of the Companies Act, 1956 ("the Act") as may be applicable, in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines"), for the time being in force and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to offer, issue and allot at any time to or for the benefit of such person(s) who are in permanent employment of the Company, including Directors of the Company, whether whole time or not, whether working in India or out of India under a Scheme titled "ESOP 2011" (hereinafter referred to as the "ESOP" or "Scheme" or "Plan") such number of Equity Shares and/or Equity linked instruments (including Options), and/or any other instruments or securities (hereinafter collectively referred to as "Securities") of the Company which may result into the issue of Equity Shares not exceeding 80,00,000 Equity shares (Eighty Lakhs Equity Shares Only) of the Company of the face value of Rs. 10/- (Rupees



Ten Only) each, at such price, in one or more tranches and on such terms and conditions as may be fixed or recommended by the Compensation Committee and determined by the Board, from time to time, in accordance with the applicable provisions of the law or guideline as may be prevailing at that time;

**RESOLVED FURTHER THAT** the said Securities may be allotted directly to such employees/directors or in accordance with a Scheme framed in that behalf and that the scheme may also envisage for providing any financial assistance to the employees to enable the employee to acquire, purchase, subscribe or hold the securities of the Company.

**RESOLVED FURTHER THAT** the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue or allotment of Securities, the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any issues, questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.

**RESOLVED FURTHER THAT** the Company shall confirm to the accounting policies specified in clause 13.1 of the Guidelines.”

By Order of the Board of Directors  
For **Raj Oil Mills Limited**

Date : 26<sup>th</sup> August, 2011  
Place : Mumbai

**Basavraj Loni**  
Company Secretary and Compliance Officer

#### NOTES

- (1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
- (2) An Explanatory Statements pursuant to provisions of Section 173(2) of the Companies, 1956, related to Special Business to be transacted at the meeting is annexed hereto.
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 23<sup>rd</sup> day of September 2011 to Tuesday, the 27<sup>th</sup> day of September, 2011 (both days inclusive) for the purpose of Annual General Meeting.
- (4) Members who attend the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the Meeting Hall.
- (5) Members are requested to bring their copy of the Annual Report at the time of attending the Annual General Meeting.
- (6) Members who are holding shares in identical order of names in more than one folio are requested to send to the Company's Registrar and Transfer Agent, M/s. Bigshare Services Private Limited details of such folio together with the share certificates for consolidating their holding in one folio. The share certificates will be returned to the Member/s. after making requisite changes thereon.



- (7) Non-resident Indian Shareholders are requested to inform the Company immediately:
- Change in residential status on return to India for permanent settlement.
  - Particulars of bank account maintained in India with complete name, branch, branch code, account type, account number and address of bank, if not furnished earlier.
  - Copy of Reserve Bank of India permission.
- (8) Consequent upon the introduction of Section 109A of the Companies Act, 1956 Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nomination in respect of shares held by them in physical form are requested to send the necessary particulars in Form 2B (available on request) to the Company's Registrar and Transfer Agent, M/s. Bigshare Services Private Limited
- (9) Appointment / Re-Appointment of Directors at the ensuing Annual General Meeting:
- Mr. Mohamedi T. Singaporewala and Mr. Balasubramanya H. Rudrapatna Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.
  - Mr. Dipakkumar R. Madia Additional Director of the Company to be appointed as Director of the Company under section 257 of the Companies Act, 1956.
- The details pertaining to these Directors required to be provided pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the Corporate Governance Report as provided in this Annual Report.
- (10)(a) Members holding shares in physical form are requested to advise immediately change in their address, if any, quoting their folio number(s) to the Registrar & Share Transfer Agent of the Company.
- (b) Members holding shares in the electronic form are requested to advise immediately change in their address, if any, quoting their Client ID number, to their respective Depository Participants.
- (11) Members may avail dematerialisation facility by opening Demat Accounts with the Depository Participants of either National Securities Depository Limited or Central Depository Services (India) Limited and get the equity share certificates held by them dematerialized. The ISIN No. of the Company is **INE294G01018**.
- (12) Members desirous of getting any information in respect of accounts of the Company and proposed resolutions, are requested to send their queries in writing to the Company at its registered office atleast 7 days before the date of the meeting, so that the required information can be made available at the meeting.
- (13) Members, who have not registered their e-mail addresses, are requested to register their e-mail address, in respect of electronic holdings with the depository through their concerned Depository Participants and members who hold shares in physical form are requested to send their details to Bigshare Services Pvt. Ltd (Registrar & Transfer agent) in order to enable the Company to serve the Notice/Documents including Annual Report through e-mail, as an initiative in consonance with circular issued by Ministry of Corporate Affairs allowing paperless compliances by the Companies.

By Order of the Board of Directors  
For **Raj Oil Mills Limited**

Date : 26<sup>th</sup> August, 2011  
Place : Mumbai

**Basavraj Loni**  
Company Secretary and Compliance Officer

**EXPLANATORY STATEMENTS PURSUANT TO PROVISIONS OF THE SECTION 173 (2) OF THE COMPANIES ACT, 1956:****Item no. 5**

During the period, Mr. Dipakkumar R. Madia, was appointed as an Additional Director of the Company on the Board of Directors on 1<sup>st</sup> January, 2011. Pursuant to the provisions of Section 260 of the Companies Act, 1956, he holds office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of Rs. 500/- in cash under Section 257 signifying his intention to propose the candidature of Mr. Dipakkumar R. Madia for the post of Director of the Company.

Keeping in view the qualification and an experience possessed by Mr. Dipakkumar Madia, your Directors feel that appointment of the said person as Director will be beneficial to the Company and accordingly recommended the resolutions set out in item no. 5 of the notice convening Annual General Meeting, for your approval

Mr. Dipakkumar Madia do not hold any equity shares of the Company.

None of the Directors except the appointee himself is concerned or interested in this resolution.

**Item no. 6**

Intellectual capital is the source of competitive advantage for organisation in most industries especially for those industries that are highly geared towards innovation. The success of these organizations to a large extent depends on its ability to attract, retain and motivate its human resources. Stock Options and similar other Equity-linked plans have been long recognized to be an effective tool in this regard. With this in view and in order to enable the employees to participate in the long term growth and financial success of the Company, the Board of Directors at their meeting held on 26th August, 2011, approved the Employee Stock Option Scheme, 2011 titled as "ESOP 2011", subject to the approval of the members, granting stock options to the eligible employees of the Company.

In case the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between compensation cost so computed and the employee compensation cost that shall have been recognized if it has used the fair value of the options, shall be disclosed in the Director's Report and also the impact of this difference on profits and on EPS of the Company shall be disclosed in the Directors' Report.

In accordance with the requirement of clause 13.1 of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Company shall comply with the accounting policies specified in the Schedule I of the said Guidelines.

The Company shall use intrinsic value to value its options.

**The salient features of the Employee Stock Scheme are set-out below:**

|  |   |
|--|---|
| Total Option to be Allocated   | 80,00,000 Options each entitling the holder thereof to be issued and allotted one Equity Shares in the Company at the price as stated here in below.  |
| Identification of classes of employees entitled to participate in the ESOP | Person who are "employees" of the Company, as defined in the ESOP Guidelines (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force), and as may be decided by the Compensation Committee, from time to time. Under the prevailing regulations, an employee who is a promoter or belongs to the promoter group or a Director, who hold directly or indirectly more than 10% of the Equity Shares of the Company, will not be eligible to participate in the ESOP. |
| Requirements of vesting and period of vesting                              | Vesting of Options may commence after one year of grant of Options, and may extend upto 4 (Four) Years from the date of grant. The vesting may occur in tranches, subject to the terms and conditions of vesting, as may be stipulated by the Compensation Committee, in its discretion, and which will include performance appraisal of the employee and achievement of other performance of other milestone.  |
| Exercise Price of Options  | The Grant Price for all or any Options shall be determined by the Compensation Committee or the Board as the case may be from time to time.   |



|   |  |
|---|--|
| <p>Exercise Period and the process of Exercise</p>                            | <p>The exercise period will commence from the date of vesting and will expire later of 4 (Four) Years from the date of grant of Options or 3 (Three) years from the date of vesting or such other period as may be decided by the Compensation Committee, from time to time. The Options will be exercisable by the Employees by a written application to the Company to exercise the Options, in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee from time to time. The Options will lapse if not exercised within the specified exercise period.</p> |
| <p>Appraisal Process for determining the eligibility of employees to ESOP</p> | <p>The appraisal process for determining the eligibility of the employee will be specified by the Compensation Committee and will be based on criteria such as the seniority of the employee, length of service, performance record, merit of the employee, and/or any such other criteria that may be determined by the Compensation Committee at its sole discretion.</p>  |
| <p>Maximum number of Options to be issued per employee and in aggregate.</p>  | <p>The maximum number of Options granted per employee will not exceed 1% of the issued Capital of the Company, during any one Year. The aggregate of all such Options granted shall not exceed 80,00,000.</p>  |
| <p>Corporate Action</p>   | <p>The number of Options granted and/or the exercise price will be proportionately adjusted in the event of corporate actions such as bonus issue, right issues, merger and amalgamations, demerger and all such actions which may call for proportionate adjustment in the number of Options and/or the Exercise Price.</p>   |

None of the Directors of the Company is, in anyway, concerned or interested in the said resolution, except to the extent of the securities that may be offered to them under the scheme.

The Board of Directors recommends this resolution for your approval.

By Order of the Board of Directors  
For **Raj Oil Mills Limited**

Date : 26<sup>th</sup> August, 2011  
Place : Mumbai

**Basavraj Loni**  
Company Secretary and Compliance Officer



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## MANAGEMENT DISCUSSION AND ANALYSIS

### Forward- Looking Statements :

This Report contains, Forward- Looking Statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy and growth, product development, market position, expenditures and financial results, are forward looking statements. Forward-looking statements are based on certain assumptions and expectations of future growth. The Company cannot guarantee that these assumptions are accurate and will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on basis of any subsequent developments, information or events.

### Global Scenario of Edible Oil Industry

India is the third largest consumer of edible oils (after China and the EU-27 countries) and will account for 11% of global edible oil demand and 16% of global import. The consumption of vegetable oil rose due to a rise in household incomes and consumer demand. India's per capita consumption of edible oil has shown steadily increasing trend from 4 kg in the 1970s to 10.2 kg in the late 1990s to current level of 13.5 – 14 kg. However, it is still ranks well below the world average of around 24 kg, thereby signifying high growth potential of the Industry.

The country imported 8.82 million tons of edible oils in 2010-11. It is, therefore, necessary to increase domestic edible oil production by a big margin to save on imports, in the short run in the next year imports are likely to increase further.

### Indian Edible Oil Industry

A Low Margin, high turnover domestic vegetable oil industry is estimated to be of Rs 80,000-crore industry. The demand for edible oils in India has shown steady growth at a CAGR of 4.43% over the period from 2001 to 2011. The growth has been driven by improvement in per capita consumption, which in turn is attributable to rising income levels and living standards. The Indian edible oils markets continue to be underpenetrated and given the positive macro and demographic fundamentals it has a favourable demand growth outlook over the medium-to-long term.

In terms of volumes, plam oil, soyabean oil and mustard oil are the three largest consumed edible oils in India. Given the high price, consciousness and varied taste preferences of Indian consumers, it is expected that these three oils to continue to account for the bulk of edible oil consumption in the Country.

There has been a significant gap between demand and supply of edible oil because of limited availability of oil seeds and shifting of acreage to other crops in the domestic market. This gap has been met through imports, which account for almost 45-50% of total oil consumption.

The Indian edible oil Industry is highly fragmented, with the presence of a large number of participants in the organized and unorganized sectors. This has resulted in severe competition and inherently thin profitability margins. Further, the profitability of market participants has also been vulnerable to risks emanating from weak harvests; commodity price volatility and forex movements.

The share of branded oils segment has remained low over the years, it is poised for growth in view of rising income levels; uptrend in urbanization and increasing quality consciousness of Indian consumers.

The Solvent Extractors' Association of India estimates the oil industry to include 15,000 oil mills, 600 solvent extraction units, 250 vanaspati (hydrogenated oil) plants and over 600 refineries. The number of unviable refineries has increased during the year and there is a perceptible decline in installation of newer refineries or better technology.

### Initial Public offering and the Status of Project at Manor, district Thane:

The Company has raised Rs. 114 Crores through its Initial Public Offering.

Raj Oil Mills Limited is listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited

The Company has successfully commenced Commercial Production of its Project located at Manor, district Thane. The commencement has helped the Company to increase its production capacities, consolidate its position in the market place, diversify itself into manufacturing other products and reduce its dependence on third party oil seeds crushers. The completion of the project has helped the company to be in a better position to offer a wide product range and compete value chain in edible oil and have better access to North and East Indian Markets. Mustard is the oil of choice in these markets followed by sesame.



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## Opportunities and Threats:

Total edible oil production in 2011/12 is forecast at 7.4 million tons, up 3 percent over current marketing year due to an anticipated increase in total oilseed production and larger oilseed crush. Growing population, good supply conditions and rising income levels of Indian consumers are likely to raise edible oil consumption levels to 17.1 million tons. The vegetable oil deficit in MY 2011/12 is expected to be around 10.8 million tons; of which 87 percent is likely to be met through imports. The edible oil import for current marketing year is estimated at 9 million tons, which includes 7 million tons of palm oil, 1.4 million tons of soy oil, 600,000 tons of sunflower oil and 15,000 tons of other edible oils. With increase in domestic availability of edible oil, there will likely be reduced demand for imported oils. However, even as per capita edible oil consumption in India is increasing (currently estimated at 13.5 -14 Kg for 2010/11); it is still far below the estimated world.

The main threat we are facing is cut throat competition and new entrants who are gearing up to enter this sector and/ or current players raising capacity because of the attractiveness of this sector. Rising crude oil prices and volatility in international prices are the other sources of concern.

Our business sector is vulnerable to certain external factors that are often nature related or driven by international developments. Thus, we are dependent on weather and monsoons for our oilseeds crop and international petroleum crude prices determine our raw material purchase for palm and other edible oils. Freight and transportation costs is another challenge; increase in these costs can affect the time and supply of raw materials to our plants and of the finished products to the market. Overcoming these factors will be the key to ensuring sustained growth in the future.

## Internal Control Systems and their Adequacy:

An Audit Committee of the Board of Directors of the Company has been constituted as per provisions of Section 292A of the Companies Act, 1956 and corporate governance requirements specified by Listing Agreements with the Stock Exchanges.

The Internal Audit Function is looked after by an Independent Firm, which conducts review and evaluation and presents the reports to the Audit committee and the Management at regular intervals.

The Internal Auditors Reports dealing with Internal Control Systems are considered by the Audit Committee and appropriate actions are taken, whichever necessary.

## Analysis of Financial Conditions and Results of Operations:

The Financial Statements have been prepared in accordance with the requirements of the Act, Indian Generally Accepted Principles (Indian GAAP) and the Accounting Standards as prescribed by the Institute of Chartered Accountants of India.

The Management believes that it has been objective and prudent in making estimates and judgments relating to the Financial Statements and confirms that these Financial Statements are a true and fair representation of the Company's Operations for the period under review.

## Development on Human Resource Front

At Raj Oil Mills Limited we believe our human resource to be prestigious asset. With their sustained, determined and able work efforts we were able to cruise smoothly through the hard time of the economic meltdown.

The company is also determined to enhance their skill sets and competency by providing those learning opportunities on the job as well as off the job. They have been sent to attend training programs related to their domain

By creating conducive environment for career growth, company is trying to achieve the maximum utilization of employee's skills in the most possible way. We also identify and encourage our potential employees to acquire new skill sets, which can help them in their career progression under our succession policy. Incentives, Regular appraisals and focus driven performance indicators have helped effective and efficient use of our workforce.

The company enables its employee to get to know new work profile by inter department movement. The company also believes in recognizing and rewarding employees to boost their morale and enable to achieve their maximum potential.

Industrial Relations: Industrial Relations through out the year continued to remain very cordial and satisfactory.

## Revenue from Business

During the period under review, the sales of the Company increased to Rs.469.49 Cores from Rs. 461.96 Crores, recorded for the Financial Year ended March 31, 2010. During the same period, profit before tax decreased to Rs. 35.12 Cores from Rs. 52.36 Cores, recorded for the Financial Year ended March 31, 2010



## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that Corporate Governance is a set of guidelines to help fulfill its responsibilities to all its stakeholders, i.e. Investors, Customers, Vendors, Government, Associates and Society. Also It is a set of systems and practices to ensure that the affairs of the Company is being managed in a way which ensures accountability, transparency, fairness in all its transactions in the widest sense and meet its stakeholders aspirations and societal expectations.

Good Governance is an essential ingredient of good business. With this view the Company has inherited legacy of social responsibility, good citizenship, spiritness, integrity and trust, which ensures transparency and accountability to all the stakeholders of the Company. The Company has endeavored itself to implement and maintain the Corporate Governance process in the most democratic form. Your Company has been committed in adopting and adhering to global recognized standards of Corporate Conduct towards its Employees, clients and societies at large.

#### BOARD OF DIRECTORS:

##### Composition and Provisions as to the Board:

The Board of Directors of Raj Oil Mills Limited (ROML) has an optimum combination of Executive and Non – Executive Independent Directors. The Board of Directors consists of 8 (Eight) Directors out of which 4 (four) are Executive Directors and 4 (four) are Non Executive - Independent Directors. The Chairman of the Board of Directors is an Executive Director.

##### Independent Directors:

According to the Clause 49 of the listing agreement, "Independent Director" shall mean a non-executive director of the company who :

- apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the director;
- is not related to promoters or persons occupying management positions at the board level or at one level below the board;
- has not been an executive of the company in the immediately preceding three financial years;
- is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following :
  - the statutory audit firm or the internal audit firm that is associated with the Company, and
  - the legal firm(s) and consulting firm(s) that have a material association with the company.
- is not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect independence of the director.
- is not a substantial shareholder of the company i.e. owning two percent or more of the block of voting shares.
- is not less than 21 years of age.

##### Composition and Category of Directors

| Name of the Director          | Category                                   |
|-------------------------------|--|
| Shaukat S. Tharadra           | Promoter, Chairman and Executive Director. |
| Azamkhan F. Lohani            | Executive                                  |
| Abdulla K. Musla              | Executive                                  |
| Rashid I. Tharadra            | Executive                                  |
| Mohamedi T. Singaporewala     | Non - Executive and Independent            |
| Narotambhai V. Patel          | Non - Executive and Independent            |
| R.H. Balasubramanya           | Non - Executive and Independent            |
| Sunderji Gosar <sup>1</sup>   | Non - Executive and Independent            |
| Sunil Mistry <sup>2</sup>     | Non - Executive and Independent            |
| Dipakkumar Madia <sup>3</sup> | Non - Executive and Independent            |



- (1) Mr. Sunderji Gosar, a Non - Executive Independent Director resigned from the Board of Directors on 18th May, 2010
- (2) Mr. Sunil Mistry, a Non - Executive Independent Director resigned from the Board of Directors on 31st December, 2010
- (3) Mr. Dipakkumar Madia, a Non – Executive Independent Director was appointed as an Additional Director of the Company by the Board at its Meeting held on 31st December, 2010 with effect from 1st January, 2011. His appointment is to be confirmed at the ensuing Annual General Meeting of Company.

There are no Nominee Directors on the Board of Directors of the Company.

The Details of the Directors retiring by rotation and their brief are provided in the Notice to the Annual General Meeting.

None of the Directors on the Board is a member of more than 10(ten) committees and Chairman of more than 5 (five) committees as per Clause 49 of listing agreement across all Companies in which they are Directors.

### **BOARD MEETINGS:**

The board shall meet at least four times in a year, with a maximum time gap of four months between any two meetings. The Company holds regular Board Meetings.

17 (Seventeen) Meetings of Board of Directors of Raj Oil Mills Limited held during the Financial Year 2010-2011 on the following dates:

30<sup>th</sup> April, 2010, 31<sup>st</sup> May, 2010, 2<sup>nd</sup> June, 2010, 6<sup>th</sup> July, 2010, 30<sup>th</sup> July, 2010, 10<sup>th</sup> August, 2010, 3<sup>rd</sup> September, 2010, 14<sup>th</sup> October, 2010, 30<sup>th</sup> October, 2010, 15<sup>th</sup> November, 2010, 7<sup>th</sup> December, 2010, 10<sup>th</sup> December, 2010, 24<sup>th</sup> December, 2010, 31<sup>st</sup> December, 2010, 31<sup>st</sup> January, 2011, 8<sup>th</sup> February, 2011 and 10<sup>th</sup> February, 2011.

### **Information supplied to the Board:**

Among others, this includes :

- (1) Annual operating plans and budgets and any updates.
- (2) Quarterly results for the company and its operating divisions or business segments.
- (3) Minutes of meetings of audit committee and other committees of the board.
- (4) The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of the Company Secretary.
- (5) Show cause, demand, prosecution notices and penalty notices, which are materially important
- (6) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- (7) Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- (8) Details of any joint venture or collaboration agreement.
- (9) Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- (10) Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- (11) Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- (12) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.



(13) Non-compliance of any regulatory, statutory or listing requirements and shareholders service.

**The attendance of the Directors at the Board Meeting and the Annual General Meeting held during financial year ended March 31, 2011 were as follows:**

| Name of Directors             | Category                               | Relationship Interse | Number of Shares held | Attendance |           | Number of outside directorship and committee membership / chairmanship |                        |                 |
|-------------------------------|--|----------------------|-----------------------|------------|-----------|--|------------------------|-----------------|
|                               |  |                      |                       | BM         | Last AGM* | Public Ltd. Company Directorship                                       | Committee membership** | Chairmanship ** |
| Shaukat S. Tharadra           | Promoter, Chairman & Managing Director | –                    | 1,85,80,100           | 17         | Yes       | NIL  | NIL                    | NIL             |
| Azamkhan F. Lohani            | Whole Time Director                    | –                    | NIL                   | 17         | Yes       | NIL  | NIL                    | NIL             |
| Abdulla K. Musla              | Whole Time Director                    | –                    | NIL                   | 17         | Yes       | NIL  | NIL                    | NIL             |
| Rashid I. Tharadra            | Whole Time Director                    | –                    | 70,000                | 17         | Yes       | NIL  | NIL                    | NIL             |
| Mohamed T. Singaporewala      | Non Executive Independent Director     | –                    | NIL                   | 17         | No        | NIL  | NIL                    | NIL             |
| Narottam V. Patel             | Non Executive Independent Director     | –                    | NIL                   | 3          | No        | NIL  | NIL                    | NIL             |
| Balasubramanya H. Rudrapatna  | Non Executive Independent Director     | –                    | NIL                   | 3          | No        | NIL  | NIL                    | NIL             |
| Sunderji Gosar <sup>1</sup>   | Non Executive Independent Director     | –                    | NIL                   | NIL        | No        | NIL  | NIL                    | NIL             |
| Sunil Mistry <sup>2</sup>     | Non Executive Independent Director     | –                    | NIL                   | 1          | Yes       | N.A  | NIL                    | NIL             |
| Dipakkumar Madia <sup>3</sup> | Non Executive Independent Director     | –                    | NIL                   | 1          | No        | NIL  | NIL                    | NIL             |

1. Mr. Sunderji Gosar, a Non - Executive Independent Director resigned from the Board on 18th May, 2010
2. Mr. Sunil Mistry, a Non - Executive Independent Director resigned from the Board on 31st December, 2010
3. Mr. Dipakkumar Madia, a Non – Executive Independent Director was appointed as an Additional Director of the Company by the Board at its Meeting held on 31st December, 2010 with effect from 1st January, 2011.

**NOTE :**

The above Directorship excludes Directorship in Indian Private Limited Companies, Foreign Companies, Companies under section 25 of the Companies Act, 1956 and membership of Managing Committees of various bodies.

\*Annual General Meeting (AGM) for the financial year ended 31.03.2010 was held on 30th September 2010.

\*\*Only Chairmanship / Membership of Audit Committee and Share Holders Grievance Committee have been considered, excluding in Raj Oil Mills Limited.

**Code of Conduct**

The Board of Directors has an important role in ensuring good corporate governance and has laid down the Code of Conduct for Directors and Senior Management Personnel of the Company. The Code has also been posted on the website of the Company. All Directors and Senior Management Personnel have affirmed the compliance thereof for the year ended March 31, 2011. Annual Report contains a declaration to this effect signed by the Chief Executive Officer / Managing Director, as provided in Clause 49 of the Listing Agreement.



## APPOINTMENT AND REAPPOINTMENT OF DIRECTORS: At the ensuing Annual General Meeting

1. Mr. Mohamedi T. Singaporewala and Mr. Balasubramanya H. Rudrapatna, Directors of the Company retire by rotation and being eligible to offer themselves for re-appointment.
2. Mr. Dipakkumar Madia, a Non – Executive Independent Director was appointed as an Additional Director of the Company by the Board at its Meeting held on 31st December, 2010 with effect from 1st January, 2011, to be appointed as Director of the Company as per section 257 of the Companies Act, 1956.

### THE ABBREVIATED RESUMES OF THESE DIRECTORS ARE AS UNDER:

| Name of the Directors                | Mohamed T. Singaporewala | Balasubramanya H. Rudrapatna | Dipakkumar R. Madia                                |
|--------------------------------------|--------------------------|------------------------------|--|
| Date of Birth                        | 27.04.1949               | 03.05.1948                   | 04.06.1955   |
| Age                                  | 62 years                 | 63 years                     | 55 years   |
| Qualification                        | B.A., LL.M               | MSc (Agriculture), PhD.      | B.Com, C.A.  |
| Date of Appointment                  | 29.02.2008               | 29.02.2008                   | 01.01.2011   |
| Directorship in other Companies      | NIL                      | NIL                          | NIL  |
| Expertise in Specific Areas          | Legal Matters            | Agricultural Microbiology    | Auditing, Taxation, Finance & Company Law Matters. |
| Number of shares held in the Company | NIL                      | NIL                          | NIL  |

### COMMITTEES OF THE BOARD:

The Board of Directors had constituted the following committees:

- I. Audit Committee
- II. Share holders/ Investors Grievance Committee
- III. Remuneration and Compensation Committee

### AUDIT COMMITTEE:

The Board of Directors has constituted and re-constituted from time to time Audit Committee to commensurate with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

#### i. Terms of Reference:

The Audit Committee of the Board of Directors of the Company, interalia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

#### ii. Power of Audit Committee:

The audit committee shall have powers, which should include the following :

- a) To investigate any activity within its terms of reference;
- b) To seek information from any employee;
- c) To obtain outside legal or other professional advice;
- d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### iii. Role of Audit Committee:

The role of the Audit Committee is as under ;

- (1) **Financial reporting:** The Audit Committee would pay particular attention to critical accounting policies & practices and any changes therein, decisions involving a significant element of judgement, clarity of disclosures, going Concern adjustment, compliance with accounting standards, compliance with legal requirements & stock exchange requirements, other areas as defined by the Board.
- (2) **Internal Control & Risk Management:** The Audit Committee would pay particular attention to review procedures for detection of fraud, including procedures for reporting frauds by staff in confidence, review management & internal audit reports on the effectiveness of the systems, financial reporting & risk management. Monitor the integrity of internal financial controls, review disclosures on internal controls & risk management framework, assess the scope & effectiveness of risk monitoring & control systems, approve related party transactions.



- (3) **Internal Audit:** The Audit Committee would pay particular attention to appoint / re-appoint, removal / dismiss of the Internal Auditor & fix their remuneration for services, assess the qualifications, expertise, resources, effectiveness and independence of the internal auditors, review the internal audit function & internal audit programme, ensure access of Internal Auditor to the Chairman of Board / Audit Committee, receive periodic internal audit reports, review management response(s) to the internal audit report, review effectiveness of internal audit in the Company's risk management system, review other services by the internal auditor to ensure internal auditor's independence / objectivity.
- (4) **Statutory Audit:** The Audit Committee would pay particular attention to recommend appointment/ re-appointment, removal of Statutory auditors of the Company to the Board and fix remuneration, assess the qualifications, expertise, resources, effectiveness and independence of the statutory auditors annually, discuss the nature and scope of audit before commencement of audit. Ensure completeness of coverage and optimum use of audit resources, review the audit issues which are resolved / unresolved, errors encountered during audit & management explanations, review audit representation letters before approval by Board, review audit process at the end of audit by discussion with statutory auditors on audit plan, audit risks, internal controls & feedback from key personnel involved, review the management letter received from statutory auditors, review non-audit services by the auditor to ensure statutory auditor's independence / objectivity, annually review the accounts, audit of subsidiary companies with their Auditors & Audit Committee, so far it concerns the Company.

**In addition to the above the Role of Audit Committee shall include followings :**

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Reviewing with management the annual financial statements before submission to the board for approval, with particular reference to :
  - i) Matter required to be included in the Directors Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - ii) Changes, if any, in accounting policies and practices and reasons for the same.
  - iii) Major accounting entries involving estimates based on the exercise of judgment by management.
  - iv) Significant adjustments made in the financial statements arising out of audit findings.
  - v) Compliance with listing and other legal requirements relating to financial statements.
  - vi) Disclosure of related party transactions.
  - vii) Qualifications in draft audit report.
- c) Reviewing with the management, the quarterly financial statements before submission to the board for approval
- d) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- e) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of the internal audit.
- f) Discussion with internal auditors any significant findings and follow up thereon.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h) Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- i) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- j) To review the functioning of the Whistle Blower Mechanism,
- k) Approval of appointment of CFO (i.e. the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- l) Carrying out any other function(s) as is mentioned in the terms of reference of the audit committee.



## iv. Review of information by Audit Committee:

The audit committee shall mandatorily review the following information :

- 1) Management discussion and analysis of financial condition and results of operation.
- 2) Statement of significant related party transaction (as defined by audit committee) submitted by the management.
- 3) Management letters/letters of internal control weaknesses issued by the statutory auditors.
- 4) Internal audit reports relating to internal control weaknesses and
- 5) The appointment, removal and terms of remuneration of the internal auditors shall be subject to review by the audit committee.

## Composition of Audit Committee

The Audit Committee has three members, out of which 2 (two) are Non-Executive Directors and 1 (one) is an Executive Director. All members are financial literate as prescribed in the Listing Agreement. 2/3 of the said members of the Committee are an Independent Directors.

The Chairman of the Committee is an Independent Director

The Company Secretary of the Company has acted as Secretary to the Committee

The Audit Committee was re-constituted by the Board at their Meeting held on February 8, 2011, as Mr. Dipakkumar R. Madia has been appointed in place of Mr. Mohamedi T. Singaporewala. The reconstituted Audit Committee consist of

| Name of the Director     | Category             | Position in the Audit Committee |
|--------------------------|----------------------|---------------------------------|
| Mr. Dipakkumar R. Madia  | Independent Director | Chairman                        |
| Mr. Narotambhai V. Patel | Independent Director | Member                          |
| Mr. Abdulla K. Musla     | Whole Time Director  | Member                          |

## Meetings and attendance during the year :

The quorum for the Audit Committee meeting is two members with atleast two Independent Directors.

The Audit Committee met five times during the financial year on April 30, 2010, July 30, 2010, September 3, 2010, October 30, 2010 and February 8, 2011. The attendance at the Audit Committee meetings was as under:

| Name of the Director           | Category | No. of Meetings | Meetings Attended |
|--------------------------------|----------|-----------------|-------------------|
| Mr. Mohamedi T. Singaporewala* | Chairman | 5               | 5                 |
| Mr. Narotambhai V. Patel       | Member   | 5               | 5                 |
| Mr. Abdulla K. Musla           | Member   | 5               | 5                 |

\*Mr. Mohamedi T. Singaporewala, a Non – Executive Independent Director resigned from the chairmanship and membership of Audit Committee from the closure of working hours of 8th February, 2011.

The Chairman of the Audit Committee was not present in the last Annual General Meeting

The minutes of the Audit Committee meeting form part of documents placed before the meeting of the Board of Directors. In addition the Chairman of the Audit Committee appraises the Board members about the significant discussion at the Audit Committee Meeting.

## SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors have constituted Shareholders'/ Investors' Grievances Committee to commensurate with the requirements of Clause 49 of the Listing Agreement. The role of the Committee is to Supervise investor relations and redressal of investors' grievances in general, including non-receipt of interest, transfer and transmission of shares, issue of duplicate share certificate, non- receipt of balance sheet, non-receipt of dividend and such other matters as may be required from time to time under any statutory or other regulatory requirement.



The Shareholders/ Investor's Grievance Committee comprises three Directors as under

| Name of the Director          | Category             | Position in the Audit Committee |
|-------------------------------|----------------------|---------------------------------|
| Mr. Mohamedi T. Singaporewala | Independent Director | Chairman                        |
| Mr. Narotambhai V. Patel      | Independent Director | Member                          |
| Mr. Abdulla K. Musla          | Executive Director   | Member                          |

At present Mr. Basavraj Loni, Company Secretary, is Compliance Officer of the Company.

Status of Investors/shareholders Complaints during the period under review

| Complaints                           | Numbers |
|--------------------------------------|---------|
| Pending at the beginning of the Year | Nil     |
| Received during the Year             | 4       |
| Disposed off during the Year         | 4       |
| Un-resolved at the end of the Year   | Nil     |

#### Meetings and attendance during the year:

A Meeting of the Shareholders'/Investors' Grievance Committee were held on 30th April, 2010, 30th July, 2010, 30th October, 2010 & 8th February, 2011. The attendance at the Shareholders'/Investors Grievance Committee Meetings were as under:

| Name of the Members           | Number of Meetings | Meeting Attended |
|-------------------------------|--------------------|------------------|
| Mr. Mohamedi T. Singaporewala | 3                  | 3                |
| Mr. Narotambhai V. Patel      | 3                  | 0                |
| Mr. Abdulla K. Musla          | 3                  | 3                |

#### REMUNERATION COMMITTEE

The Board of Directors of the Company have constituted the Remuneration Committee to determine Company's Remuneration Policy, appoint Executive Directors and Senior Employees, having regard to performance standards and existing industry practice, to approve grant of Employees Stock Option, if any, and to administer and superintend the same, recommending remuneration package to all Directors as per the requirements of the Clause 49 of the Listing Agreement for Corporate Governance.

The Remuneration/ Compensation Committee comprises 3 (Three) Directors out of which 2 (Two) are Non-Executive Independent Directors and 1 (One) is an Executive Director. The Remuneration Committee consist of

| Name of the Director          | Category             | Position in the Audit Committee |
|-------------------------------|----------------------|---------------------------------|
| Mr. Mohamedi T. Singaporewala | Independent Director | Chairman                        |
| Mr. Narotambhai V. Patel      | Independent Director | Member                          |
| Mr. Abdulla K. Musla          | Executive Director   | Member                          |

#### Meetings and attendance during the year :

A Meeting of the Remuneration / Compensation Committee was held on September 3, 2010. The attendance at the Remuneration/ Compensation Committee Meeting was as under;

| Name of the Members           | Number of Meetings | Meeting Attended |
|-------------------------------|--------------------|------------------|
| Mr. Mohamedi T. Singaporewala | 1                  | 1                |
| Mr. Narotambhai V. Patel      | 1                  | 0                |
| Mr. Abdulla K. Musla          | 1                  | 1                |

#### Remuneration Policy:

The remuneration policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high caliber talent. The remuneration policy is in consonance with the existing practice in the Industry



### Remuneration to Executive Directors:

The Whole Time Directors of the Company are being paid in accordance with the provisions contained in the Companies Act, 1956. There is no separate service contract entered into by the Company with the Whole Time Directors, the appointment and terms of employment are governed by the Articles of Association of the Company and Resolution passed by the Shareholder of the Company. The remuneration to Whole Time Directors are approved by the Board of Directors and subsequently ratified by the Shareholder of the Company.

### Remuneration to Non-Executive Directors:

The Non-Executive Directors of the Company do not draw any remuneration from the Company.

### Remuneration of All Directors: Sitting fees, salary, perquisites and commission are as under:

The details of the remuneration paid by the Company to its Directors for the year ended March 31, 2011 alongwith their relationships with each other is as under :

| Name of the Director             | Relationship with Other Directors | Sitting Fees | Salary and Allowances | Profit Commission | Total       |
|----------------------------------|-----------------------------------|--------------|-----------------------|-------------------|-------------|
| Shaukat S. Tharadra              | None                              | N.A.         | 28,08,000/-           | --                | 28,08,000/- |
| Azamkhan F. Lohani               | None                              | N.A.         | 8,24,000/-            | --                | 8,24,000/-  |
| Abdulla K. Musla                 | None                              | N.A.         | 8,24,000/-            | --                | 8,24,000/-  |
| Rashid I. Tharadra               | None                              | N.A.         | 8,24,000/-            | --                | 8,24,000/-  |
| Mohamedi T. Singaporewala        | None                              | --           | --                    | --                | --          |
| Narotambhai V. Patel             | None                              | --           | --                    | --                | --          |
| R. H. Balasubramanya             | None                              | --           | --                    | --                | --          |
| Sunderji Gosar <sup>1</sup>      | None                              | --           | --                    | --                | --          |
| Sunil Mistry <sup>2</sup>        | None                              | --           | --                    | --                | --          |
| Dipakkumar R. Madia <sup>3</sup> | None                              | --           | --                    | --                | --          |

1. Mr. Sunderji Gosar, a Non – Executive Independent Director resigned from the Board on 18th May, 2010.
2. Mr. Sunil Mistry, a Non – Executive Independent Director resigned from the Board on 31st December, 2010.
3. Mr. Dipakkumar Madia, a Non – Executive Independent Director was appointed as an Additional Director of the Company by the Board at its Meeting held on 31st December, 2010 with effect from 1st January, 2011.

### GENERAL BODY MEETINGS:

The details of last three Annual General Meetings of Raj Oil Mills Limited are as follows:

| Date & Time                         | Venue  | Number of Special Resolution Passed |
|-------------------------------------|--|-------------------------------------|
| September 30, 2010<br>at 10.30 a.m. | Bhavan Kanji Khetsey Sabhagriha, Bhartiya Vidya Bhavan Kalakendra, Munshi Sadan, Kulapati K. M. Munshi Marg, Chowpatty, Mumbai 400007. | 6 (Six)                             |
| May 28, 2009<br>at 11:00 a.m.       | 224-230, Bellasis Road, Mumbai- 400008   | Nil                                 |
| April 21, 2008<br>at 11:00 a.m.     | 224-230, Bellasis Road, Mumbai- 400008   | 1 (One)                             |

**Special Resolutions passed in the last three Annual General Meetings:**

| Date               | Particulars of Special Resolution passed |   |
|--------------------|--|---|
| September 30, 2010 | Sr. No.                                  | Special Resolution  |
|                    | 1  | Re-Appointment of Mr. Shaukat S. Tharadra as Managing Director                        |
|                    | 2  | Re-Appointment of Mr. Azamkhan F. Lohani as Whole Time Director                       |
|                    | 3  | Re-Appointment of Mr. Rashid I. Tharadra as Whole Time Director                       |
|                    | 4  | Re-Appointment of Mr. Abdulla K. Musla as Whole Time Director                         |
|                    | 5  | Resolution u/s. 81(1A) of the Companies Act, 1956 relating to Further Issue of Shares |
|                    | 6  | Resolution u/s. 81(1A) of the Companies Act, 1956 relating to Further Issue of Shares |
| May 28, 2009       | Nil                                      |   |
| April 21, 2008     | Issue of Equity Shares                   |   |

The details of the last three Extra-Ordinary General Meetings (EGM) of the shareholders of the Company are as follows:

| Date             | Time       | Venue                                    | Purpose   |
|------------------|------------|--|---|
| October 17, 2008 | 4:30 p.m.  | 224-230, Bellasis Road, Mumbai - 400 008 | Issue of Shares on Preferential Basis to Bennett, Coleman & Co. Ltd., and setting up of Blow Moulding Plant at Manor, District Thane  |
| March 26, 2008   | 11:00 a.m. | 224-230, Bellasis Road, Mumbai - 400 008 | Adoption of New Set of Articles of Association of the Company, Increase in Authorised Capital of the Company from 30 Crores to 40 Crores and Alteration to Memorandum of Association of the Company |
| March 24, 2008   | 11:00 a.m. | 224-230, Bellasis Road, Mumbai - 400 008 | Issue of Shares on Preferential Basis to Mr. Shaukat S. Tharadra and Mrs. Shahida s. Tharadra   |

There was no Resolution passed through Postal Ballot during the period under review.

**RISK MANAGEMENT**

The Company has devised a Risk Management Framework for Risk Assessment and Minimization, which is assessed by the Board of Directors of the Company every year.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis Report forms part of the Annual Report

**RELATED PARTY TRANSACTIONS**

There are no materially significant related party transactions during the year, which in the opinion of the Board may have potential conflicts with the larger interest of the Company. The details of transactions with related parties have been mentioned in Note No. 3 of Schedule 24 to the Accounts in the Annual Report.

**COMPLIANCE WITH THE CAPITAL MARKET LAWS**

There has not been any material non-compliance on part of the Company on any matter related to Capital Markets during the year ended March 31, 2011.

As per Clause 49 of the Listing Agreement, for the 12 month period ended March 31, 2011, the Company has submitted to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, Quarterly Compliance Report signed by the Compliance Officer, confirming Compliance with the mandatory requirements of the said clause.

No pecuniary strictures have been imposed on the Company by any of the authorities related to Capital Market.

**Other Disclosures:**

- I. The Company has already put in place a system for employees to report to the management about concerns relating to unethical behavior, any fraud or violation of Company's Code of Conduct and the access has been provided upto the higher level of supervision including the Audit Committee.
- II. In the preparation of financial statements the Company follows Accounting Standards as prescribed under section 211 (3C) of the Companies Act, 1956.

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- III. The Company has complied with all the mandatory requirements and has disclosed information relating to extend of compliance with non-mandatory requirements.
- IV. During the year under review, the Company did not raise any proceeds through a public issue, right issue and / or preferential issue.
- V. The details in respect of Directors seeking appointment/re-appointment as the case may be are provided in Notice convening the ensuing Annual General Meeting.

### MEANS OF COMMUNICATIONS:

**Financial Results:** The Company publishes its Financial Results in the Newspapers as required under the Listing Agreement with the Stock Exchanges.

**Newspapers wherein results normally published:** Business Standard All Edition and Sakal Mumbai

**Website:** The above Financial Results are also uploaded on the Companies website i.e. [www.rajoilmillsltd.com](http://www.rajoilmillsltd.com)

### GENERAL SHAREHOLDER INFORMATION:

#### Annual General Meeting :

**Date and time :** 27<sup>th</sup> September 2011 at 11.00 a.m.

**Venue :** "Hall of Harmony", Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018.

**Financial year :** April 1<sup>st</sup> to March 31<sup>st</sup>

**Period for which this Annual Report is presented :** April 1<sup>st</sup>, 2010 to March 31<sup>st</sup>, 2011.

Financial Calendar (Provisional) for 1st April 2011 to 31st March 2012

| Sr. No. | Particulars                                       | Due Dates                                   |
|---------|---|---|
| 1       | 1 <sup>st</sup> Quarterly Financial Result        | On or before 14 <sup>th</sup> August 2011   |
| 2       | 2 <sup>nd</sup> Quarterly Financial Result        | On or before 14 <sup>th</sup> November 2011 |
| 3       | 3 <sup>rd</sup> Quarterly Financial Result        | On or before 14 <sup>th</sup> February 2012 |
| 4       | 4 <sup>th</sup> Quarterly/Annual Financial Result | On or before 30 <sup>th</sup> May 2012      |

#### Date of Book Closure:

The Share Transfer Books and the Register of Member will be closed between Friday, 23<sup>rd</sup> September, 2011 to 27<sup>th</sup> September, 2011 (both days inclusive) for the purpose of the Ninth Annual General Meeting.

**Dividend:** The Company did not declared any dividend during the period under review

#### Listing of the Stock Exchanges:

|  |  |
|--|--|
| (1) The Bombay Stock Exchange Limited<br>P. J. Towers, Dalal Street<br>Mumbai - 400023 | (2) The National Stock Exchange of India Limited<br>Exchange Palza, Plot No. C- 1, 'G' Block, Bandra - Kurla Complex,<br>Bandra (East), Mumbai - 400051. |
|--|--|

**Listing Fees :** The Company has paid the Annual Listing Fees to both the above Exchanges on time.

#### Stock Code :

The Stock Code of the Company's Equity Shares on the BSE and NSE are as follows:

|                                   |  |
|-----------------------------------|--|
| The Bombay Stock Exchange Limited | The National Stock Exchange of India Limited |
| 533093                            | RAJOIL                                       |

**ISIN No.:** INE294G01018

#### Registered Office of the Company:

##### Raj Oil Mills Limited

224-230, Bellasis Road, Mumbai - 400008.

Telephone No. 91-022-2302 1996-98 Fax No. 91-022-2301 5605

Email: [contact@rajoilmillsltd.com](mailto:contact@rajoilmillsltd.com)

Website: [www.rajoilmillsltd.com](http://www.rajoilmillsltd.com)

**Market Price Data:**

The Monthly High and Low prices of Equity Shares of the Company on the BSE and NSE are as follows:

| Month          | The Bombay Stock Exchange Limited |                   | National Stock Exchange of India Limited |                   |
|----------------|-----------------------------------|-------------------|--|-------------------|
|                | Monthly High Price                | Monthly Low Price | Monthly High Price                       | Monthly Low Price |
| April 2010     | 70.50                             | 59.75             | 70.71                                    | 59.70             |
| May 2010       | 63.25                             | 51.00             | 64.00                                    | 50.40             |
| June 2010      | 55.75                             | 45.00             | 55.80                                    | 45.00             |
| July 2010      | 52.20                             | 47.00             | 54.40                                    | 44.10             |
| August 2010    | 55.00                             | 42.75             | 54.90                                    | 42.75             |
| September 2010 | 55.40                             | 46.85             | 55.80                                    | 46.85             |
| October 2010   | 64.55                             | 50.00             | 64.60                                    | 50.00             |
| November 2010  | 65.00                             | 45.00             | 63.00                                    | 44.75             |
| December 2010  | 51.95                             | 40.00             | 52.00                                    | 40.00             |
| January 2011   | 46.00                             | 35.05             | 46.00                                    | 33.30             |
| February 2011  | 38.45                             | 26.25             | 40.90                                    | 24.75             |
| March 2011     | 38.00                             | 29.60             | 38.10                                    | 29.00             |

Share Price Performance in comparison to broad based indices- for the Financial Year 2010-2011

| As on      | Closing Share Price on BSE | BSE Sensex | Closing Share Price on NSE | NSE Nifty |
|------------|----------------------------|------------|----------------------------|-----------|
| 01.04.2010 | 60.00                      | 17,692.62  | 60.00                      | 5,290.50  |
| 31.03.2011 | 31.30                      | 19,445.22  | 31.45                      | 5,833.75  |

**Registrar and Share Transfer Agent:**

The Company has appointed M/s. Bigshare Services Private Limited as its Registrar and Share Transfer Agent. The Shareholders are advised to approach Bigshare Services Private Limited on the following address for any share and demat related queries and problems:

**Bigshare Services Private Limited**

E-2/3, Ansa Industrial Estate, Sakivihar Road,

Saki Naka, Andheri (East), Mumbai (Maharashtra) - 400 072

Tel no.: +91 - 22 - 4043 0200

Fax no.: +91 - 22 - 2847 5207

Email: info@bigshareonline.com

Website: www.bigshareonline.com

**Share Transfer System:**

M/s. Bigshare Services Private Limited handles all physical share transfers. The transferee is required to furnish the transfer deed duly completed in all respects together with the share certificates to Bigshare Services Private Limited at the above address in order to enable Bigshare Services Private Limited to process the transfer.

As regards transfers of dematerialized shares, the same can be affected through the Demat Accounts of the Transferor/s and Transferee/s maintained with recognized Depository Participants.

**Distribution of shareholding by ownership as of March 31, 2011**

| Category                       | March 31, 2011     |              | March 31, 2010     |               |
|--------------------------------|--------------------|--------------|--------------------|---------------|
|                                | Shares held        | % of Holding | Shares held        | % of Holding  |
| <b>Promoters Holding</b>       |                    |              |                    |               |
| Promoters                      | 1,90,00,100        | 52.76        | 1,90,00,100        | 52.76         |
| <b>Institutional Investors</b> | 5,55,661           | 1.54         | 27,08,650          | 7.52          |
| <b>Others</b>                  |                    |              |                    |               |
| Private Corporate Bodies       | 56,20,216          | 15.61        | 58,71,017          | 16.30         |
| Individual Shareholders        | 1,03,24,250        | 28.67        | 83,05,092          | 23.07         |
| Others                         | 5,09,881           | 1.42         | 1,25,249           | 0.35          |
| <b>Total</b>                   | <b>3,60,10,108</b> | <b>100</b>   | <b>3,60,10,108</b> | <b>100.00</b> |

**Distribution of Shareholding by Size as on March 31, 2011 (In Rupees)**

| Range              | Total Holders | % of Total Holders | Share Amount        | % of Total Share Capital |
|--------------------|---------------|--------------------|---------------------|--------------------------|
| 1 to 5000          | 18710         | 83.19              | 3,06,23,490         | 8.50                     |
| 5001 to 10000      | 2018          | 8.97               | 1,67,56,140         | 4.65                     |
| 10001 to 20000     | 872           | 3.88               | 1,38,47,210         | 3.85                     |
| 20001 to 30000     | 296           | 1.32               | 76,65,680           | 2.13                     |
| 30001 to 40000     | 144           | 0.64               | 51,56,490           | 1.43                     |
| 40001 to 50000     | 128           | 0.57               | 60,97,760           | 1.69                     |
| 50001 to 100000    | 172           | 0.76               | 1,29,07,390         | 3.59                     |
| 100001 to 99999999 | 151           | 0.67               | 26,70,46,920        | 74.16                    |
| <b>TOTAL</b>       | <b>22491</b>  | <b>100.00</b>      | <b>36,01,01,080</b> | <b>100.00</b>            |

**Shares Held in Physical and Dematerialized Form:**

Break up of shares held in physical and dematerialized form:

| Mode         | March 31, 2011     |                   | March 31, 2010     |                   |
|--------------|--------------------|-------------------|--------------------|-------------------|
|              | No. of Shares      | % of Total Shares | No. of Shares      | % of Total Shares |
| Demat        | 3,59,67,105        | 99.88             | 3,59,07,105        | 99.71             |
| Physical     | 43,003             | 0.12              | 1,03,003           | 0.29              |
| <b>Total</b> | <b>3,60,10,108</b> | <b>100.00</b>     | <b>3,60,10,108</b> | <b>100.00</b>     |

Outstanding GDRs/ ADRs/ Warrants/Convertible Instruments and their Impact on Equity: Raj Oil Mills Limited does not have any outstanding GDRs/ ADRs/ warrants/ convertible instruments.

**Plant Locations:**

- (1) Ten Village, Manor Palghar, Thane - 401 404  
 (2) F - 9, F - 10 RIICO, Industrial Area of Bagru, Kalan Extn - Phase II, Jaipur, Rajasthan - 303 007.

**Addresses for Correspondence:****(1) Investor Correspondence****(a) For Shares held in physical form****Bigshare Services Private Limited**

E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka,

Andheri (East), Mumbai (Maharashtra) 400072

Tel No. 91-022-4043 0200 • Fax no.: +91 - 22 - 2847 5207

Email: info@bigshareonline.com • Website: www.bigshareonline.com

**(b) For Shares held in Demat Form****Investors concerned Depository Participant / Bigshare Services Private Limited****(2) Any Query on Annual Report**

Mr. Basavraj Loni

Company Secretary

224-230, Bellasis Road, Mumbai 400008

Designated Email Id: cs@rajoilmillsltd.com



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## CERTIFICATE

To,  
The Members of  
**RAJOIL MILLS LIMITED**

We have examined the compliance of conditions of Corporate Governance by **RAJ OIL MILLS LIMITED**, for the Financial Year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with in all material respect the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

For **Agrawal Desai & Shah**  
Chartered Accountants  
FRN 124850W

**Mrugen Shah**  
Partner  
Membership No. 114770

Place : Mumbai  
Date : 27<sup>th</sup> May, 2011



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**CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)  
CERTIFICATION AS PER CLAUSE 49(V) OF THE LISTING AGREEMENT**

The Board of Directors  
**Raj Oil Mills Limited**  
224-230, Bellasis Road,  
Mumbai - 400 008.

Shaukat S. Tharadra, Managing Director and Abdulla K. Musla, Whole Time Director Finance, hereby certify that in respect of the Financial Year ended March 31, 2011 :-

1. We have reviewed the financial statements and the cash flow statements for the Financial Year ended March 31, 2011 and to the best of our knowledge, information and belief :-
  - a) The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
2. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal control, if any, of which we are aware and the steps taken or proposed to be taken to rectify the same;
4. We have indicated to the Auditors and the Audit Committee :-
  - a) Significant changes, if any, in internal controls over financial reporting during the year;
  - b) Significant changes, if any, in accounting policies during the year and the same have been disclosed suitably in the notes to the financial statements; and
  - c) Instances of significant fraud, if any, wherein there has been involvement of management or an employee having a significant role in the Company's internal control system over financial reporting.

**Shaukat S. Tharadra**                      **Abdulla K. Musla**  
Chairman and Managing Director      Whole Time Director Finance

Date : 27<sup>th</sup> May, 2011  
Place : Mumbai

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**DECLARATION BY THE CEO UNDER CLAUSE 49 I (D) OF THE LISTING  
AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT**

In accordance with Clause 49 sub- clause I (D) of the Listing Agreement with the Stock Exchange, I hereby confirm that, all the All the Directors and the Senior Management personnel of the Company have affirmed their compliance with the Codes of Conduct as applicable to them for Financial Year ended March 31, 2011.

**Manavendra Gokhale**  
Chief Executive Officer

Date : 27<sup>th</sup> May, 2011  
Place : Mumbai

**DIRECTORS' REPORT**

To The Members,  
**RAJ OIL MILLS LIMITED**

We are delighted to present the Ninth Annual Report together with the audited statements of accounts of the Company for the financial year ended March 31, 2011.

**FINANCIAL RESULTS**

The financial performance of the Company for the Financial Year ended March 31, 2011 is summarised below :

(Rs. in Lakhs except EPS)

|   | <b>Financial Year Ended<br/>March 31, 2011</b> | <b>15 Months Period ended<br/>March 31, 2010</b> |
|---|--|--|
| Total Income  | 46,948.59                                      | 46,196.64  |
| Profit before Depreciation and Tax                                  | 3,753.78                                       | 5,424.08   |
| Less : Depreciation   | 241.39   | 188.54   |
| Net Profit before Tax   | 3,512.39                                       | 5,235.54   |
| Less : Provision for Current Tax, Fringe Benefit Tax and Wealth Tax | 916.50   | 1,816.16   |
| Net Profit before Deferred Tax                                      | 2,595.89                                       | 3,419.38   |
| Less/(Add) : Deferred Tax   | 563.72   | (170.10)   |
| Net Profit after Deferred Tax                                       | 2,032.17                                       | 3,589.48   |
| Add : Balance b/f from Previous Year                                | 8,492.13                                       | 4,902.64   |
| Total Profit available for Appropriation                            | 10,524.30                                      | 8,492.13   |
| <b>Appropriation</b>  |  |  |
| Issuance of Bonus Share   | --   | --   |
| Balance carried to Balance Sheet                                    | 10,524.30                                      | 8,492.13   |
| Earning Per Share   |  |  |
| - Basic   | 5.64   | 10.64  |
| - Diluted   | 5.64   | 10.64  |

**OPERATIONS**

During the year under review, your Company's financial performance is as follows

- Sales increased from Rs. 461.97 Crores to Rs. 469.49 Crores
- EBIDTA decreased from Rs. 65.41 Crores to Rs. 47.96 Crores.
- Distributable profit decreased from Rs. 35.89 Crores to Rs. 20.32 Crores
- Networth up by from Rs. 239.33 Crores to Rs. 259.65 Crores
- Commencement of Commercial Production at Jaipur from November 2009
- Start of Art Refinery commissioned and operational at Manor from February 2011
- Cost Effective Processes being implemented at operational venues with ERP
- Warehousing for Seed Storage and Economical Sourcing taken up
- Mother Godowns Locations finalized and supporting C & F / Stockist appointed and functioning to the extend distribution.
- Quality Control and Quality Assurance practices reviewed and predictions and preventive practices analysed. Process changes being implemented.



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## SHARE CAPITAL

At present, the company has only one class of shares, viz. Equity Shares of Rs.10 each.

### (a) Increase in Authorised Capital

The Company has increased its Authorised Share Capital during the period, from Rs. 40,00,00,000/- (Rupees Forty Crores) divided into 4,00,00,000 (Four crores) Equity Shares of Rs. 10/- each to Rs. 160,00,00,000/- (Rupees One Hundred Sixty Crores) divided into 16,00,00,000 (Sixteen Crores) Equity Shares of Rs. 10/- each. The requisite Resolution for the same has already been passed in the Annual General Meeting held on 30th September 2010.

### (b) Allotment during the period

There is no allotment of shares during the year under review.

## RESERVE & SURPLUS

The increase in Reserve & Surplus represents the amount transferred from the profits derived during the year after making provision for current taxation.

## DIVIDEND

The Company's operations being in a growth phase, the Directors of the Company considers it would be prudent to conserve resources for future operations and expansion and therefore do not recommend any dividend for the financial year under review.

## FIXED DEPOSITS

During the year under review the Company has accepted Fixed Deposits of Rs. 4,84,43,000/- and complied with provisions of section 58A, 58AA of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975

## INTERNAL CONTROL SYSTEM

The Company has an adequate Internal Control System, which ensures that all assets are protected against loss from unauthorized use and all transactions are recorded and reported correctly. During the period under review, your Company appointed M/s. K. C. Jain Kala & Co., Chartered Accountants, as Internal Auditors of the Company.

## DIRECTORS

Mr. Sunderji Gosar, Director resigned from the Board of Directors of the Company on 18th May, 2010.

Mr. Sunil Mistry was appointed as an Additional Director of the Company on 31.05.2010 and resigned from the Board of Directors of the Company with effect from closing hours of 31st December, 2010

The Board placed on record its deep sense of appreciation for the valuable contributions made by Mr. Sunderji Gosar and Mr. Sunil Mistry during their tenure as Director of the Company.

Mr. Mohamedi T. Singaporewala and Mr. Balasubramanya H. Rudrapatna. Directors of the Company, retire by rotation and being eligible to offer themselves for re-appointment at the ensuing Annual General Meeting.

Mr. Dipakkumar Madia was appointed as an Additional Director of the Company with effect from 1st January 2011. In terms of Section 260 of the Companies Act, 1956, he shall hold office only upto the date of ensuing Annual General Meeting. The Company has received requisite notice in writing from a Member proposing his candidature for the office of Director, liable to retire by rotation.

The Board recommends to the members the resolution for appointment and re-appointment of the Directors mentioned above.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant of Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure.
- (b) Appropriate accounting policies have been selected 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 for the year ended March, 31, 2011 and Profit of the Company for the year ended on that date.
- (c) Proper and sufficient care has been taken 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: and,
- (d) The annual accounts have been prepared on a going concern basis.

**Employee Stock Option Plan (ESOP), 2011**

Your Company considers that Intellectual capital is the source of competitive advantage for organisation in most industries especially for those industries that are highly geared towards innovation. The success of these organizations to a large extent depends on its ability to attract, retain and motivate its human resources. Stock Options and similar other Equity-linked plans have been long recognized to be an effective tool in this regard. With this in view and in order to enable the employees to participate in the long term growth and financial success of the Company, the Board of Directors at their meeting held on 26th August, 2011, approved the Employee Stock Option Scheme titled as “ESOP 2011”, subject to the approval of the members, granting stock options to the eligible employees of the Company.

**The salient features of the Employee Stock Scheme are set-out below:**

|  |   |
|--|---|
| Total Option to be Allocated   | 80,00,000 Options each entitling the holder thereof to be issued and allotted one Equity Shares in the Company at the price as stated here in below.  |
| Identification of classes of employees entitled to participate in the ESOP | Person who are “employees” of the Company, as defined in the ESOP Guidelines (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force), and as may be decided by the Compensation Committee, from time to time. Under the prevailing regulations, an employee who is a promoter or belongs to the promoter group or a Director, who hold directly or indirectly more than 10% of the Equity Shares of the Company, will not be eligible to participate in the ESOP.   |
| Requirements of vesting and period of vesting                              | Vesting of Options may commence after one year of grant of Options, and may extend upto 4 (Four) Years from the date of grant. The vesting may occur in tranches, subject to the terms and conditions of vesting, as may be stipulated by the Compensation Committee, in its discretion, and which will include performance appraisal of the employee and achievement of other performance of other milestone.  |
| Exercise Price of Options  | The Grant Price for all or any Options shall be determined by the Compensation Committee or the Board as the case may be from time to time.   |
| Exercise Period and the process of Exercise                                | The exercise period will commence from the date of vesting and will expire later of 4 (Four) Years from the date of grant of Options or 3 (Three) years from the date of vesting or such other period as may be decided by the Compensation Committee, from time to time. The Options will be exercisable by the Employees by a written application to the Company to exercise the Options, in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee from time to time. The Options will lapse if not exercised within the specified exercise period. |
| Appraisal Process for determining the eligibility of employees to ESOP     | The appraisal process for determining the eligibility of the employee will be specified by the Compensation Committee and will be based on criteria such as the seniority of the employee, length of service, performance record, merit of the employee, and/or any such other criteria that may be determined by the Compensation Committee at its sole discretion.  |
| Maximum number of Options to be issued per employee and in aggregate.      | The maximum number of Options granted per employee will not exceed 1% of the issued Capital of the Company, during any one Year. The aggregate of all such Options granted shall not exceed 80,00,000.  |
| Corporate Action   | The number of Options granted and/or the exercise price will be proportionately adjusted in the event of corporate actions such as bonus issue, right issues, merger and amalgamations, demerger and all such actions which may call for proportionate adjustment in the number of Options and/or the Exercise Price.   |

None of the Directors of the Company is, in anyway, concerned or interested in the said resolution, except to the extent of the securities that may be offered to them under the scheme.

The Board of Directors recommends this resolution for your approval.



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## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges is presented in a separate section forming part of the Annual Report.

### CORPORATE GOVERNANCE

The Company is committed to maintain the highest standard of Corporate Governance and adhere to the Corporate Governance requirement as set out by SEBI.

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to this Report.

### AUDITOR & AUDITORS' REPORT

M/s. Agarwal, Desai & Shah, Chartered Accountants, Mumbai, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment

The Company has received letters from them to the effect that their re-appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of section 226 of the Companies Act, 1956

The auditors have pointed out in clause IV of Annexure referred to in paragraph 3 of Auditors Report that the Company has adequate Internal Control System commensurate with the size of the Company and the nature of its business with regard to fixed assets, sale of goods and services *except purchase of inventory*, in view of this it is hereby informed that the Company is in the process of implementing ERP for strengthening Internal Control System with respect to Purchase of Inventory.

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

Particulars 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 are as follows:

#### (a) Conservation of Energy

Company makes evaluation on a continuous basis to explore new technologies and techniques to make the operations of crushing and filtration more energy efficient. This includes regular maintenance of machineries and regular check-up of energy consuming devices. Total energy consumption and energy consumption per unit of production is prescribed in Form A of Annexure I to this report.

#### (b) Research and Development

The Company has constantly carried out research and development on its own in coming up with new products and applications related with personal care, hair care and Ayurvedic products. Company has also made efforts in developing new packaging and new products to make its products duplicate proof and tamper proof, which has yielded good response from the customers.

#### (c) Technology absorption and Adaptation

Your Company has continuously adapted latest technology and best practices from the industry and efforts will continue in future.

#### (d) Foreign Exchange Earning and Outgo:

The relevant information in respect of the foreign exchanges earnings and outgo has been given in the Point No. 11 of Notes forming part of the Accounts for the year ended on 31st March, 2011.

### PARTICULARS OF EMPLOYEES

In terms of provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time, the Company has no employees who were in receipt of the remuneration of Rs. 60,00,000/- or more per annum during the financial year ended 31st March, 2011 or Rs. 5,00,000/- or more per month during any part of the said year.

### EMPLOYEE RELATIONS & HUMAN RESOURCES

Employee relations were cordial during the year and the Board would like to place on record its deep appreciation to all the employees of the company for their dedicated services and performance in quantitative and qualitative parameters. The company believes that its employees are a key differentiator, especially in FMCG sector and a competitive business environment.

**ACKNOWLEDGEMENTS**

We would like to express our deep sense of appreciation for the assistance and co-operation received from the our Bankers, Financial Institutions, Government Authorities, Stakeholders, Investors, Clients, Distributors, Vendors and Other Business Associates during the year under review.

We also take this opportunity to appreciate the contribution made by our Employees at all levels for their dedicated service made towards the growth of the Company. Our consistent growth was made possible by their hard work, solidarity, co-operation and support.

For and on behalf of the Board of Directors

For **Raj Oil Mills Limited**

**Shaukat S. Tharadra**  
Chairman & Managing Director

Place : Mumbai

Date : 26<sup>th</sup> August, 2011

**ANNEXURES TO DIRECTORS' REPORT****Annexure I****FORM - A****(A) Power and Fuel consumption in respect of**

|                                    | Financial Year Ended<br>March 31, 2011 | 15 Months period<br>ended March 31, 2010 |
|------------------------------------|--|--|
| <b>1 Electricity</b>               |  |  |
| <b>(a) Purchased</b>               |  |  |
| Units (KWH in lakhs)               | 5.91                                   | 6.42                                     |
| Total Amount (Rs. in lakhs)        | 42.98                                  | 45.12                                    |
| Rate per unit (Rs./ Unit)          | 7.19                                   | 7.03                                     |
| <b>(b) Own generation</b>          |  |  |
| Through Diesel Generator           |  |  |
| Units (KWH in lakhs)               | 3.34                                   | 3.86                                     |
| Total Amount (Rs. in lakhs)        | 38.98                                  | 39.16                                    |
| Cost per unit (Rs. / Unit)         | 11.68                                  | 10.14                                    |
| <b>2 Furnance Oil/LSHS/LDO/HSD</b> |  |  |
| Qty. (K. Ltrs.)                    | 27.63                                  | 47.79                                    |
| Total Amount (Rs. in lakhs)        | 9.04                                   | 12.30                                    |
| Average rate (Rs. / Ltrs.)         | 32.70                                  | 25.75                                    |

**(B) Consumption per unit of Production**

It is not feasible to maintain product category wise, energy & fuel consumption data, since the Company manufacture/pack a large range of products having different energy & fuel requirements.



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## AUDITOR'S REPORT

- To,  
The Members of  
Raj Oil Mills Limited,
- 1 We have audited the attached Balance Sheet of Raj Oil Mills Limited as at 31st March 2011 and also the Profit and Loss Account and the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  - 2 We have conducted our audit in accordance with the auditing standards generally acceptable in India. These 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
  - 3 As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act 1956 (The Act), we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
  - 4 Further to our comments in the Annexure referred to above, we report that :
    - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
    - (ii) 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;
    - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
    - (iv) 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 Act.
    - (v) On the basis of the 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 the clause (g) of sub-section (1) of section 274 of the Act;
    - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, give the information required by the Act, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:
      - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
      - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date and
      - (c) in the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

For **Agarwal Desai & Shah**  
**Chartered Accountants**  
Firm Registration No: 124850W

**Mrugen H. Shah**  
**Partner**  
**Membership No. 114770**

Place : Mumbai  
Date : 27<sup>th</sup> May, 2011



## Annexure to the Auditor's Report

Re : Raj Oil Mills Limited  
(Referred to in para 3 of our report of even date)

- (i) (a) The company has maintained records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets of the company have been physically verified by the management during the year, which in our opinion, is reasonable having regard to the size of the company and nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) As explained to us, the company has not disposed off any substantial part of fixed assets during the year, so as to affect the going concern.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, 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) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) As informed to us, the company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Hence the sub-clauses (b), (c) and (d) are not applicable.
- (b) As informed to us, the company has taken unsecured loan of Rs.689.36 lacs (Previous Year Rs163.60 lacs) from Director, Mr. Shaukat S. Tharadra. As there is no interest paid or provided on unsecured loan clauses 4 (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to fixed assets, sale of goods and services *except purchase of inventory*. 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 explanations given to us, we are of the opinion that the particulars of contracts or arrangement referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations 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 lakhs 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) The company has accepted deposits from the public under the provisions of sections 58A and 58AA or any relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- (vii) In our opinion, an internal audit functions carried out during the year by firms(s) of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) According to the information given to us, Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Act, in case of the Company.
- (ix) (a) As per information and explanations given to us, the company has generally been regular during the year in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, excise duty, cess and other material statutory dues applicable with the appropriate authorities.
- (b) According to the information and explanations given to us, and the records of the company examined by us, following are dues of sales tax, income tax, customs duty, wealth-tax, service tax, excise duty and cess, which have not been deposited on account of any dispute.



| Name of statute | pending to      | Amount demanded |
|-----------------|-----------------|-----------------|
| Income Tax      | CIT (A)         | 126.53 lacs     |
| Income Tax      | ITAT            | 34.72 lacs      |
| Sales Tax       | Sales Tax(Inv.) | 151.62 lacs     |

- (x) The Company does not have accumulated losses at the end of the year, nor incurred cash losses during the current and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayments of dues to financial institution or banks or debenture or public deposits.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the said order is not applicable.
- (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, the company is not dealing in or trading in Shares, Securities, Debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, Company has not given guarantee for loans taken by others from a bank or financial institution.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- (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, prima facie, no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made allotment of equity shares on preferential basis to persons including persons covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debenture and hence provisions of clause (xix) of paragraph 4 of the said Order are not applicable to the Company.
- (xx) According to the information and explanation given to us, the company has not raised by way of public issue during the financial year.
- (xxi) To the best of our knowledge and belief and as per the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year nor we have been informed of such case by the management.

**For Agarwal Desai & Shah**  
**Chartered Accountants**  
 Firm Registration No: 124850W

**Mrugen H. Shah**  
**Partner**  
 Membership No. 114770

Place : Mumbai  
 Date : 27<sup>th</sup> May, 2011

**BALANCE SHEET AS AT 31-03-2011**

| PARTICULARS  | SCHEDULE | Amount in Rupees     |                      |
|--|----------|----------------------|----------------------|
|  |          | As at<br>31-03-2011  | As at<br>31-03-2010  |
| <b>SOURCES OF FUNDS</b>                                      |          |                      |                      |
| <b>1. Shareholders' Funds</b>                                |          |                      |                      |
| (a) Equity Share Capital                                     | 1        | 360,101,080          | 360,101,080          |
| (b) Reserve & Surplus  | 2        | 2,236,383,052        | 2,033,165,605        |
| <b>2. Loan Funds</b>   |          |                      |                      |
| (a) Secured loans  | 3        | 885,040,038          | 556,275,737          |
| (b) Unsecured loans  | 4        | 137,310,155          | 30,239,775           |
| <b>3. Deferred Tax Liability (Net)</b>                       | 5        | 58,377,916           | 2,006,000            |
| <b>TOTAL</b>   |          | <b>3,677,212,241</b> | <b>2,981,788,197</b> |
| <b>APPLICATION OF FUNDS</b>                                  |          |                      |                      |
| <b>1. Fixed Assets</b>                                       |          |                      |                      |
| (a) Gross Block at original cost                             | 6        | 1,003,366,638        | 477,378,534          |
| (b) <b>Less</b> : Depreciation & Amortizations               |          | 77,514,247           | 54,123,365           |
| (c) Net book value   |          | <b>925,852,391</b>   | <b>423,255,169</b>   |
| (d) Capital Work in Progress                                 | 7        | 226,114,560          | 481,531,129          |
| <b>2. Investments</b>  | 8        | 250,000              | 250,000              |
| <b>3. Current Assets, Loans &amp; Advances</b>               |          |                      |                      |
| (a) Sundry Debtors   | 9        | 2,302,430,956        | 1,704,529,434        |
| (b) Cash and Bank Balances                                   | 10       | 45,380,434           | 359,983,917          |
| (c) Loans and Advances                                       | 11       | 821,391,394          | 238,951,537          |
| (d) Inventories  | 12       | 447,642,183          | 339,277,785          |
|  |          | <b>3,616,844,967</b> | <b>2,642,742,673</b> |
| <b>Less : Current Liabilities &amp; Provisions</b>           |          |                      |                      |
| (a) Current Liabilities                                      | 13       | 746,388,417          | 300,465,776          |
| (b) Provisions   | 13       | 357,175,000          | 265,525,000          |
|  |          | <b>1,103,563,417</b> | <b>565,990,776</b>   |
| <b>Net Current Assets</b>                                    |          | <b>2,513,281,550</b> | <b>2,076,751,897</b> |
| <b>4. Deferred Revenue Expenditure</b>                       | 14       | 11,713,740           | -                    |
| <b>TOTAL</b>   |          | <b>3,677,212,241</b> | <b>2,981,788,197</b> |
| <b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b> | 24       |                      |                      |

Signature to Schedule "1" to "24"

As per our report of even date attached

**For Agarwal Desai & Shah**  
Chartered Accountants  
Firm Registration No: 124850W

**Mrugen H. Shah**  
Partner  
Membership No. 114770  
Place : Mumbai  
Date : 27<sup>th</sup> May, 2011

For and on behalf of Board of Directors

**Shaukat S. Tharadra**  
Chairman & Managing Director

**Abdulla K Musla**  
Wholtime Director

**Azamkhan F. Lohani**  
Wholtime Director

**Basavraj Loni**  
Company Secretary


**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2011**

| PARTICULARS  | SCHEDULE  | Amount in Rupees                            |   |
|--|-----------|---|---|
|  |           | For the Period ended 31-03-2011 (12 Months) | For the Period ended 31-03-2010 (15 Months) |
| <b>INCOME</b>  |           |   |   |
| <b>SALES (NET)</b>   | <b>15</b> |   |   |
| Sales  |           | 4,694,859,268                               | 4,619,663,591                               |
| <b>TOTAL</b>   |           | <b>4,694,859,268</b>                        | <b>4,619,663,591</b>                        |
| Other Income   | <b>16</b> | 258,803,504                                 | 9,411,074                                   |
| Increase/(Decrease) in Inventory                             | <b>17</b> | 50,204,863                                  | 83,752,632                                  |
| <b>TOTAL</b>   |           | <b>5,003,867,635</b>                        | <b>4,712,827,297</b>                        |
| <b>EXPENDITURE</b>   |           |   |   |
| Material Consumed  | <b>18</b> | 4,253,597,178                               | 3,758,827,277                               |
| Manufacturing Expenses                                       | <b>19</b> | 28,432,922                                  | 24,111,675                                  |
| Personnel Cost   | <b>20</b> | 69,293,499                                  | 98,259,742                                  |
| Administrative and Other Expenses                            | <b>21</b> | 53,553,614                                  | 64,329,620                                  |
| Selling and Distribution Expenses                            | <b>22</b> | 119,385,775                                 | 113,155,099                                 |
| Finance Cost   | <b>23</b> | 104,226,211                                 | 111,735,888                                 |
| Depreciation   |           | 24,139,073                                  | 18,853,812                                  |
| <b>TOTAL</b>   |           | <b>4,652,628,271</b>                        | <b>4,189,273,112</b>                        |
| <b>PROFIT BEFORE TAX</b>                                     |           | <b>351,239,363</b>                          | <b>523,554,185</b>                          |
| Provision for Current Tax                                    |           | 91,600,000                                  | 181,566,000                                 |
| Provision for Wealth Tax                                     |           | 50,000                                      | 50,000                                      |
| <b>PROFIT AFTER CURRENT TAX</b>                              |           | <b>259,589,363</b>                          | <b>341,938,185</b>                          |
| (Reversal) / Provision for Deferred Taxation - Current Year  |           | 56,371,916                                  | 17,010,000                                  |
| <b>PROFIT AFTER DEFERRED TAX</b>                             |           | <b>203,217,447</b>                          | <b>358,948,185</b>                          |
| Balance brought forward from previous year                   |           | 849,212,553                                 | 490,264,368                                 |
| <b>NET PROFIT AVAILABLE FOR APPROPRIATION</b>                |           | <b>1,052,430,000</b>                        | <b>849,212,553</b>                          |
| <b>BALANCE CARRIED TO BALANCE SHEET</b>                      |           | <b>1,052,430,000</b>                        | <b>849,212,553</b>                          |
| <b>Earning per Share</b>                                     |           |   |   |
| (Equity Shares, Face value of Rs. 10 each)                   |           |   |   |
| Basic  |           | 5.64  | 9.97  |
| Diluted  |           | 5.64  | 9.97  |
| <b>Number of shares used in computing Earning Per Share</b>  |           |   |   |
| Basic  |           | 36,010,108                                  | 36,010,108                                  |
| Diluted  |           | 36,010,108                                  | 36,010,108                                  |
| <b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b> | <b>24</b> |   |   |

Signature to Schedule "1" to "24"

As per our report of even date attached

**For Agarwal Desai & Shah**  
Chartered Accountants  
Firm Registration No: 124850W

**Mrugen H. Shah**  
Partner  
Membership No. 114770  
Place : Mumbai  
Date : 27<sup>th</sup> May, 2011

For and on behalf of Board of Directors

**Shaukat S. Tharadra**  
Chairman & Managing Director

**Abdulla K Musla**  
Wholtime Director

**Azamkhan F. Lohani**  
Wholtime Director

**Basavraj Loni**  
Company Secretary

**SCHEDULES FORMING PART OF THE ACCOUNTS**

| PARTICULARS   | Amount in Rupees     |                      |
|---|----------------------|----------------------|
|   | As at<br>31-03-2011  | As at<br>31-03-2010  |
| <b>SCHEDULE "1"</b>   |                      |                      |
| <b>SHARE CAPITAL</b>  |                      |                      |
| <b>AUTHORISED</b>   |                      |                      |
| 1,60,000,000 (40,000,000) Equity Shares of Rs. 10/- each.   | 1,600,000,000        | 400,000,000          |
|   | <b>360,101,080</b>   | <b>360,101,080</b>   |
| <b>ISSUED, SUBSCRIBED AND PAID-UP</b>   |                      |                      |
| 360,10,108 Equity Shares of Rs. 10/- each fully paid up   |                      |                      |
| <b>Note :</b>   |                      |                      |
| 1) Includes Nil (85,20,000) equity shares allotted as fully paid up bonus shares by capitalization of Capital Reserve & Profit & Loss Account)            |                      |                      |
| 2) Includes Nil (17,20,000) equity shares allotted as fully paid up bonus shares by capitalization of Securities Premium Account & Profit & Loss Account) |                      |                      |
|   | <b>360,101,080</b>   | <b>360,101,080</b>   |
| <b>SCHEDULE "2"</b>   |                      |                      |
| <b>RESERVE &amp; SURPLUS</b>  |                      |                      |
| <b>(a) Balance in Profit &amp; loss account</b>   | 1,052,430,000        | 849,212,553          |
|   | <b>1,052,430,000</b> | <b>849,212,553</b>   |
| <b>(b) Securities Premium Received During the Year</b>  |                      |                      |
| Opening Balance   | 1,183,953,052        | 247,979,000          |
| <b>Add :-</b> Received During the Year  | -                    | 1,045,000,880        |
| Closing Balance   | <b>1,183,953,052</b> | <b>1,292,979,880</b> |
| <b>Less :-</b> Public Issue Expenditure   | -                    | 109,026,828          |
| <b>Total (a+b)</b>  | <b>2,236,383,052</b> | <b>2,033,165,605</b> |
| <b>SCHEDULE "3"</b>   |                      |                      |
| <b>SECURED LOANS</b>  |                      |                      |
| Term loan from Banks  | 4,294,218            | 8,588,262            |
| Cash Credit from Bank   | 879,908,543          | 545,534,453          |
| Vehicle Loan from Bank/Finance Company  | 837,277              | 2,153,022            |
|   | <b>885,040,038</b>   | <b>556,275,737</b>   |
| <b>SCHEDULE "4"</b>   |                      |                      |
| <b>UNSECURED LOANS</b>  |                      |                      |
| Directors   | 68,936,448           | 16,360,988           |
| From Others   | 6,945,900            | -                    |
| Public Fixed Deposits   | 48,443,000           | -                    |
| Business Loan - Financial Institution & Banks   | 12,984,807           | 13,878,787           |
|   | <b>137,310,155</b>   | <b>30,239,775</b>    |
| <b>SCHEDULE "5"</b>   |                      |                      |
| <b>DEFERRED TAX LIABILITY (NET)</b>   |                      |                      |
| Deferred Tax Liabilities are attributable to the following :  |                      |                      |
| <b>Liabilities</b>  |                      |                      |
| Opening Deferred Tax Liabilities  | 2,006,000            | 23,970,000           |
| Deferred Tax Liabilities during the year  | 56,371,916           | 21,964,000           |
|   | <b>58,377,916</b>    | <b>2,006,000</b>     |

## SCHEDULE "6"

## FIXED ASSETS

| DESCRIPTION OF ASSETS           | GROSS BLOCK        |                    |                |                      | DEPRECIATION      |                   |                |                   | NET BLOCK          |                    |
|---------------------------------|--------------------|--------------------|----------------|----------------------|-------------------|-------------------|----------------|-------------------|--------------------|--------------------|
|                                 | As on 01-04-2010   | Additions          | Deductions     | As on 31-03-2011     | As on 01-04-2010  | For the year      | Deductions     | As on 31-03-2011  | As on 31-03-2011   | As on 31-03-2010   |
| Land                            | 21,997,858         | -                  | -              | 21,997,858           | -                 | -                 | -              | -                 | 21,997,858         | 21,997,858         |
| Factory Building                | 180,477,313        | 234,904,674        | -              | 415,381,987          | 14,180,469        | 7,296,156         | -              | 21,476,625        | 393,905,362        | 166,296,844        |
| Building - Lease Hold           | 5,262,960          | -                  | -              | 5,262,960            | 289,137           | 85,786            | -              | 374,923           | 4,888,037          | 4,973,823          |
| Plant And Machinery             | 220,010,042        | 291,045,294        | -              | 511,055,336          | 19,586,556        | 12,685,699        | -              | 32,272,255        | 478,783,081        | 200,423,486        |
| Office Equipments               | 2,895,763          | 148,664            | -              | 3,044,427            | 704,672           | 138,334           | -              | 843,006           | 2,201,421          | 2,191,091          |
| Computers                       | 6,877,247          | 722,861            | -              | 7,600,108            | 3,958,485         | 771,039           | -              | 4,729,524         | 2,870,584          | 2,918,762          |
| Furniture & Fixture             | 19,636,210         | -                  | -              | 19,636,210           | 4,778,992         | 1,243,404         | -              | 6,022,396         | 13,613,814         | 14,857,218         |
| Trademark                       | 5,555              | -                  | -              | 5,555                | 5,555             | -                 | -              | 5,555             | -                  | -                  |
| Vehicles                        | 20,215,586         | 43,819             | 877,208        | 19,382,197           | 10,619,499        | 1,918,655         | 748,191        | 11,789,963        | 7,592,234          | 9,596,087          |
| <b>TOTAL</b>                    | <b>477,378,534</b> | <b>526,865,312</b> | <b>877,208</b> | <b>1,003,366,638</b> | <b>54,123,365</b> | <b>24,139,073</b> | <b>748,191</b> | <b>77,514,247</b> | <b>925,852,391</b> | <b>423,255,169</b> |
| <b>Previous Year</b>            | <b>231,614,930</b> | <b>246,168,777</b> | <b>405,174</b> | <b>477,378,534</b>   | <b>35,436,488</b> | <b>18,853,812</b> | <b>166,935</b> | <b>54,123,365</b> | <b>423,255,169</b> | <b>196,178,442</b> |
| <b>Capital Work in Progress</b> |                    |                    |                |                      |                   |                   |                |                   | <b>226,114,560</b> | <b>481,531,129</b> |



**SCHEDULES FORMING PART OF THE ACCOUNTS**

| PARTICULARS  | Amount in Rupees     |                      |
|--|----------------------|----------------------|
|  | As at<br>31-03-2011  | As at<br>31-03-2010  |
| <b>SCHEDULE "7"</b>  |                      |                      |
| <b>Capital Work In Progress</b>  |                      |                      |
| New Refinery & Crushing Project at Manor & Jaipur  | 226,114,560          | 481,531,129          |
|  | <b>226,114,560</b>   | <b>481,531,129</b>   |
| <b>SCHEDULE "8"</b>  |                      |                      |
| <b>INVESTMENTS</b>   |                      |                      |
| <i>(Long Term, Unquoted, Non-Trade)</i>  |                      |                      |
| <b>(a) Share Investment</b>  |                      |                      |
| <b>(i) The Shamrao Vithal Co-Op. Bank Ltd.</b>   |                      |                      |
| 4,000 (4,000) Shares of Rs. 25/- each  | 100,000              | 100,000              |
| (Note : Out of above shares worth Rs. 1.00 lakhs (Rs. 1.00 lakhs) have been lien marked by the Bank against credit facilities)     |                      |                      |
| <b>(ii) The Saraswat Co-Op. Bank Ltd.</b>  | 25,000               | 25,000               |
| 2,500 (2,500) Shares of Rs. 10/- each  |                      |                      |
| <b>(iii) The Kalyan Janta Sahakari Bank Ltd.</b>   | 100,000              | 100,000              |
| 1,000 (1,000) Shares of Rs. 100/- each   |                      |                      |
| <b>(b) Government Securities</b>   |                      |                      |
| 6 Year National Saving Certificates - VIII Issue   | 25,000               | 25,000               |
| (Securities worth Rs.0.25 lakhs (Rs. 0.25 lakhs) have been pledged to Sales Tax department as a Security deposit for registration) |                      |                      |
| <b>Total (a+b)</b>   | <b>250,000</b>       | <b>250,000</b>       |
| <b>SCHEDULE "9"</b>  |                      |                      |
| <b>SUNDRY DEBTORS</b>  |                      |                      |
| <i>(Unsecured, considered good)</i>  |                      |                      |
| Outstanding for more then six months - considered good   | 1,430,572,146        | 493,727,818          |
| Others   | 871,858,810          | 1,210,801,616        |
|  | <b>2,302,430,956</b> | <b>1,704,529,434</b> |
| <b>SCHEDULE "10"</b>   |                      |                      |
| <b>CASH &amp; BANK BALANCES</b>  |                      |                      |
| Cash on hand   | 549,488              | 421,848              |
| Bank balances in Current Accounts  |                      |                      |
| - With Scheduled Banks   | 10,322,429           | 280,435,740          |
| - With Non Scheduled Bank  | 82,948               | 52,744,362           |
| Bank balances in Deposit Accounts  |                      |                      |
| - With Scheduled Banks   | 34,425,568           | 26,381,968           |
|  | <b>45,380,434</b>    | <b>359,983,918</b>   |



## SCHEDULES FORMING PART OF THE ACCOUNTS

| PARTICULARS   | Amount in Rupees     |                     |
|---|----------------------|---------------------|
|   | As at<br>31-03-2011  | As at<br>31-03-2010 |
| <b>SCHEDULE "11"</b>  |                      |                     |
| <b>LOANS &amp; ADVANCES</b>   |                      |                     |
| <b>(Unsecured, Considered good)</b>                                 |                      |                     |
| Advances recoverable in cash or in kind or for value to be received | 724,660,957          | 151,610,525         |
| Sundry Deposits & ICD   | 94,120,822           | 86,470,822          |
| Sundry Deposits   | 2,609,615            | 870,189             |
|   | <b>821,391,394</b>   | <b>238,951,536</b>  |
| <b>SCHEDULE "12"</b>  |                      |                     |
| <b>INVENTORIES</b>  |                      |                     |
| <i>(As taken, valued and certified by the management)</i>           |                      |                     |
| Raw Materials   | 253,028,125          | 189,571,986         |
| Packing Materials   | 12,846,362           | 18,142,966          |
| Finished Goods  | 181,767,696          | 131,562,833         |
|   | <b>447,642,183</b>   | <b>339,277,785</b>  |
| <b>SCHEDULE "13"</b>  |                      |                     |
| <b>CURRENT LIABILITIES &amp; PROVISIONS</b>                         |                      |                     |
| <b>(a) Current Liabilities</b>                                      |                      |                     |
| Sundry Creditors for Material , Expenses & Capital Goods            | 703,466,121          | 238,369,062         |
| Trade Deposits from Customers                                       | 2,687,493            | 2,642,952           |
| Other Liabilities   | 40,234,803           | 59,453,761          |
|   | <b>746,388,417</b>   | <b>300,465,774</b>  |
| <b>(b) Provisions</b>   |                      |                     |
| - Income Tax  | 357,125,000          | 265,475,000         |
| - Wealth Tax  | 50,000               | 50,000              |
|   | <b>357,175,000</b>   | <b>265,525,000</b>  |
| <b>Total (a+b)</b>  | <b>1,103,563,417</b> | <b>565,990,774</b>  |
| <b>SCHEDULE "14"</b>  |                      |                     |
| <b>DEFERRED REVENUE EXPENDITURE</b>                                 |                      |                     |
| <i>(To the extent not written off or adjusted)</i>                  |                      |                     |
| Deferred Revenue Expenditure  | 14,642,175           | -                   |
| Less: Written off during the year                                   | 2,928,435            | -                   |
|   | <b>11,713,740</b>    | <b>-</b>            |

**SCHEDULES FORMING PART OF THE ACCOUNTS**

| PARTICULARS                                    | Amount in Rupees                 |                                  |
|--|----------------------------------|----------------------------------|
|  | For the year ended<br>31-03-2011 | For the year ended<br>31-03-2010 |
| <b>SCHEDULE "15"</b>                           |                                  |                                  |
| <b>SALES (NET)</b>                             |                                  |                                  |
| Sales (Gross)                                  |                                  |                                  |
| - Manufactured Goods                           | 4,694,859,268                    | 4,619,663,591                    |
|  | <b>4,694,859,268</b>             | <b>4,619,663,591</b>             |
| <b>SCHEDULE "16"</b>                           |                                  |                                  |
| <b>OTHER INCOME</b>                            |                                  |                                  |
| Interest Income                                | 10,815,570                       | 9,381,574                        |
| Dividend Income                                | 62,025                           | 29,500                           |
| Other Income                                   | 247,925,909                      | -                                |
|  | <b>258,803,504</b>               | <b>9,411,074</b>                 |
| <b>SCHEDULE "17"</b>                           |                                  |                                  |
| <b>INCREASE / (DECREASE) IN FINISHED GOODS</b> |                                  |                                  |
| Opening Stock                                  | 131,562,833                      | 47,810,201                       |
| Closing Stock                                  | 181,767,696                      | 131,562,833                      |
|  | <b>50,204,863</b>                | <b>83,752,632</b>                |
| <b>SCHEDULE "18"</b>                           |                                  |                                  |
| <b>MATERIALS CONSUMED</b>                      |                                  |                                  |
| (a) <b>Raw Material Consumption</b>            |                                  |                                  |
| Opening Stock                                  | 189,571,986                      | 72,883,729                       |
| <b>Add</b> : Purchased during the year         | 4,188,139,086                    | 3,671,950,889                    |
| <b>Less</b> : Closing Stock                    | 253,028,125                      | 189,571,986                      |
|  | <b>4,124,682,947</b>             | <b>3,555,262,632</b>             |
| (b) <b>Packing Material Consumption</b>        |                                  |                                  |
| Opening Stock                                  | 18,142,966                       | 13,007,328                       |
| <b>Add</b> : Purchased during the year         | 123,617,627                      | 208,700,283                      |
| <b>Less</b> : Closing Stock                    | 12,846,362                       | 18,142,966                       |
|  | <b>128,914,231</b>               | <b>203,564,645</b>               |
| <b>Total (a+b)</b>                             | <b>4,253,597,178</b>             | <b>3,758,827,277</b>             |
| <b>SCHEDULE "19"</b>                           |                                  |                                  |
| <b>MANUFACTURING EXPENSES</b>                  |                                  |                                  |
| Power, Fuel & Water Charges                    | 9,065,783                        | 8,439,751                        |
| Repairs & Maintenance                          | 8,138,892                        | 5,496,322                        |
| Manufacturing Wages, Salaries & Other charges  | 9,371,368                        | 9,017,265                        |
| Misc. Manufacturing Expenses                   | 1,856,880                        | 1,158,337                        |
|  | <b>28,432,922</b>                | <b>24,111,675</b>                |




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**SCHEDULES FORMING PART OF THE ACCOUNTS**

| PARTICULARS                                 | Amount in Rupees                    |                                     |
|---|-------------------------------------|-------------------------------------|
|   | For the year<br>ended<br>31-03-2011 | For the year<br>ended<br>31-03-2010 |
| <b>SCHEDULE "20"</b>                        |                                     |                                     |
| <b>PERSONNEL COST</b>                       |                                     |                                     |
| Salaries and Bonus including Allowances     | 66,669,665                          | 95,456,797                          |
| Staff Welfare Expenses                      | 2,623,834                           | 2,802,945                           |
|   | <b>69,293,499</b>                   | <b>98,259,742</b>                   |
| <b>SCHEDULE "21"</b>                        |                                     |                                     |
| <b>ADMINISTRATIVE AND OTHER EXPENSES</b>    |                                     |                                     |
| Rent, Rates & Taxes                         | 10,275,422                          | 13,839,824                          |
| Insurance Expenses                          | 1,151,049                           | 1,080,110                           |
| Electrical Expenses                         | 1,537,111                           | 2,529,672                           |
| Telephone Expenses                          | 2,747,614                           | 4,509,771                           |
| Motor Car Expenses                          | 2,418,086                           | 2,971,787                           |
| Printing & Stationery                       | 1,820,339                           | 1,318,329                           |
| Computer Expenses                           | 741,893                             | 796,473                             |
| Travelling & Conveyance Expenses            | 9,917,992                           | 3,581,540                           |
| Royalty, Brand & Trademarks Fees/Charges    | -                                   | 400                                 |
| Audit Fees                                  | 551,500                             | 1,268,450                           |
| ROC Filing Fees                             | 8,555,819                           | 145,560                             |
| Postage & Courier Expenses                  | 384,455                             | 195,991                             |
| Professional Fees                           | 12,557,997                          | 28,293,462                          |
| Loss on Sale / Discard of Fixed Assets      | 25,911                              | 113,239                             |
| Miscellaneous Expenses                      | 868,427                             | 3,685,012                           |
|   | <b>53,553,614</b>                   | <b>64,329,620</b>                   |
| <b>SCHEDULE "22"</b>                        |                                     |                                     |
| <b>SELLING &amp; DISTRIBUTION EXPENSES</b>  |                                     |                                     |
| Advertisement & Media Expenses              | 34,606,864                          | 7,593,801                           |
| Commission , Brokerage & Consignee Expenses | 6,613,946                           | 8,641,941                           |
| Freight, Forwarding and other Expenses      | 23,668,631                          | 25,990,106                          |
| Sales Promotion Expenses                    | 42,229,085                          | 61,061,834                          |
| Deferred Revenue Expenditure                | 2,928,435                           | -                                   |
| Entry Taxes, APMC & Other Levies            | 9,338,814                           | 9,867,417                           |
|   | <b>119,385,775</b>                  | <b>113,155,099</b>                  |
| <b>SCHEDULE "23"</b>                        |                                     |                                     |
| <b>FINANCE COST</b>                         |                                     |                                     |
| Interest                                    |                                     |                                     |
| - Term Loan                                 | 633,674                             | 3,495,439                           |
| - Working Capital                           | 73,611,830                          | 63,510,947                          |
| - Auto Loan                                 | 176,504                             | 341,399                             |
| - Other                                     | 5,015,161                           | 7,359,734                           |
| Bank & Finance Charges                      | 24,789,041                          | 37,028,369                          |
|   | <b>104,226,211</b>                  | <b>111,735,888</b>                  |



## Cash Flow Statements for the year Ended 31 March 2011

Amount in Rupees

Year Ended

|   | 31/March/2011        | 31/March/2010        |
|---|----------------------|----------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>          |                      |                      |
| <b>Net Profit Before Tax and Extra Ordinary items</b> | <b>351,239,363</b>   | <b>523,554,185</b>   |
| Adjustment For  |                      |                      |
| <b>Add : Depreciation</b>                             | 24,139,073           | 18,853,812           |
| Dividend Received                                     | (62,025)             | (29,500)             |
| Interest Income                                       | (10,815,570)         | (9,381,574)          |
| Loss on Sale of Assets                                | 25,911               | 113,239              |
| Profit on Sale of Assets                              | -                    | -                    |
| Deferred Revenue Expenses written off                 | 2,928,435            | -                    |
| Interest (net)  | 79,437,169           | 95,652,993           |
| Operating Profit Before Working Capital Changes       | <b>446,892,356</b>   | <b>607,817,682</b>   |
| Income Tax (Paid) / Refund                            | (76,214,441)         | (47,572,140)         |
| <b>Adjustment for working capital changes</b>         |                      |                      |
| (Increase) / Decrease in Trade & Other Receivables    | (597,901,522)        | (853,605,738)        |
| (Increase) / Decrease in Other Current Assets         | (506,225,416)        | 121,551,345          |
| Increase / (Decrease) in Trade Payables               | 445,922,641          | 173,033,552          |
| Increase / (Decrease) in Provisions                   | -                    | (168,595,661)        |
| (Increase) / Decrease in Inventories                  | (108,364,398)        | (766,568,695)        |
| <b>Net Cash used/generated for/from Operations</b>    | <b>(395,890,780)</b> | <b>(372,947,488)</b> |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>          |                      |                      |
| Purchase of Fixed Assets / WIP                        | (271,448,743)        | (610,436,535)        |
| Dividend Received                                     | 62,025               | 29,500               |
| Interest Income                                       | 10,815,570           | 9,381,574            |
| Deferred Tax Expenditure                              | (14,642,175)         | -                    |
| Sale/Discarding of Fixed Assets                       | 103,108              | 125,000              |
| <b>Net Cash used in Investing Activities</b>          | <b>(275,110,215)</b> | <b>(600,900,462)</b> |



## Cash Flow Statements for the year Ended 31 March 2011

Amount in Rupees

Year Ended

|  | 31/March/2011      | 31/March/2010        |
|--|--------------------|----------------------|
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>               |                    |                      |
| Proceeds form Long Term Borrowings                         | -                  | -                    |
| Proceeds form Short Term Borrowings                        | 328,764,301        | 344,319,608          |
| Loan & Advances  | 107,070,380        | 19,733,792           |
| Interest Paid  | (79,437,169)       | (74,707,520)         |
| Proceed from issue of Equity Shares                        | -                  | 95,000,080           |
| Share Premium received on issue of Equity Shares           | -                  | 1,045,000,880        |
| Issue Expenses   | -                  | (109,026,828)        |
| <b>Net Cash generated from other sources</b>               | <b>356,397,511</b> | <b>1,320,320,013</b> |
| <b>Net Increase/(Decrease) in Cash &amp; Cash</b>          |                    |                      |
| <b>Equivalents (A)+(B)+(C)</b>                             | <b>-314603484</b>  | <b>346,472,063</b>   |
| <b>Cash &amp; Cash Equivalents (Closing Balance) as on</b> | <b>45,380,434</b>  | <b>359,983,917</b>   |
| <b>31/March/11</b>   |                    |                      |
| <b>Cash &amp; Cash Equivalents (Opeing Balance) as on</b>  | <b>359,983,917</b> | <b>13,511,855</b>    |
| <b>31/Mar/10</b>   |                    |                      |

**Note :** The above Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard (AS) 3 on "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

| CASH FLOW SUMMARY   | 31/March/11          | 31/March/10        |
|---|----------------------|--------------------|
| <b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>                             | (395,890,780)        | (372,947,488)      |
| <b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>                             | (275,110,215)        | (600,414,636)      |
| <b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>                             | 356,397,511          | 1,320,320,013      |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A)+(B)+(C)</b> | <b>(314,603,484)</b> | <b>346,957,889</b> |

As per our report of even date attached

**For Agarwal Desai & Shah**  
Chartered Accountants  
Firm Registration No: 124850W

**Mrugen H. Shah**  
Partner  
Membership No. 114770  
Place : Mumbai  
Date : 27<sup>th</sup> May, 2011

For and on behalf of Board of Directors

**Shaukat S. Tharadra**  
Chairman & Managing Director

**Abdulla K Musla**  
Wholetime Director

**Azamkhan F. Lohani**  
Wholetime Director

**Basavraj Loni**  
Company Secretary



**SCHEDULE "24" :**

**Significant Accounting policies and Notes to accounts forming part of Accounts for the year ended 31st March 2011.**

**A. Significant Accounting Policies**

**1 Basis of Preparation of financial statements**

The financial statements are prepared as per historical cost convention and in accordance with Generally Accepted Accounting Principles in India and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

**2 Use Of Estimates**

In preparing Company's financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Management believes that the estimates used in preparation of financial statement are present and reasonable. Further results could differ from the estimates.

**3 Fixed Assets & Depreciation / Amortisation / Capital work in Progress**

- a) Fixed assets are stated at historical cost including any attributable cost including taxes & other duties, freight, installation & other direct or allocable expenses and related borrowing cost for bringing the respective asset to its working condition for its intended use, less accumulated depreciation. All costs, till commencement of commercial production is capitalised under Manor Refinery Plant.
- b) Depreciation is provided as per the straight-line method at the rates provided in schedule XIV of the Companies Act, 1956 on pro-rata basis on all assets including capital expenditure on land & building taken on lease/Leave & License basis but excluding for Computer Software. In case of Computer Software, depreciation is provided as per straight-line method at the rates provided in schedule XIV of the Companies Act, 1956 in respect of Computers.
- c) Pursuant to Accounting Standard 28 "Impairment of Assets". The Company has a system to review the carrying cost of all the assets vis-à-vis recoverable value and impairment loss, if any is charged to Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in estimate of recoverable amount.
- d) All the direct costs, expenditure during construction period (net of income) specifically attributable to construction / acquisition of fixed assets and advances against capital expenditure are shown as Capital work in progress until the relevant assets are ready for its intended use.

**4 Investments**

- a) Long term Investments are stated at cost of acquisition. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary in the opinion of the management.
- b) Dividends income is recognised when right to receive is established.

**5 Inventories**

- a) Inventories are valued at cost or net realizable values whichever is lower, except by- products, which is valued at estimated realizable value.
- b) In determining the cost of raw material stores spares and other materials, cost is ascertained on FIFO method. Work in progress and finished products includes material cost, labour factory overheads and excise duty if applicable

**6 Revenue recognition**

Revenue from sale of goods is recognised when significant risk & rewards of ownership of the goods have passed to the Buyer. Dividend income is recognised when right to receive the payment is established by the balance sheet date. Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

**7 Employee Benefits**

- a) The Company's contribution in respect of Provident Fund is charged to Profit & Loss Account every year.
- b) The Company has created a trust and has taken group gratuity policy with the Life Insurance Corporation of India for the future payments of retiring gratuities. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end which is calculated using Projected Unit Credit Method. Actuarial gain and losses which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the Profit and Loss Account



## **8 Borrowing Costs**

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Revenue.

## **9 Provision, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes, Contingent assets are neither recognised nor disclosed in the financial statements.

## **10 Liquidated Damages**

Liquidated damages / Penalties, if any are provided whenever there is a claim from party and when the same is accepted by the company.

## **11 Taxation**

Taxation expense comprise current tax and deferred tax charge or credit. Provision for income tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year.

## **12 Deferred Taxation**

Deferred tax resulting from timing differences between book and tax profit is accounted for under the liability method at the current rate of Income tax to the extent that the timing differences are expected to crystalize as deferred tax charge/benefit in the profit and loss account and as deferred tax Assets/Liability in the Balance-Sheet.

## **13 Insurance Claim**

Insurance and other claims to the extent considered recoverable are accounted for in the year of claim based on the amount assessed by the surveyor. However, claims and refund whose recovery cannot be ascertained with reasonable certainty, are accounted for on acceptance/actual receipts basis.

## **14 Deferred Revenue Expenditure**

During the financial year company has incurred expenditure on Brand Promotion, which has been capitalised under Deferred Revenue Expenditure and to be written off over the period of five years.

## **15 Earning per Share**

The earning considered in ascertaining the company's EPS comprises the net profit for the period after tax attributed to equity shareholders. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

## **16 Related Party Transaction**

Parties are considered to be related if at any time during the year, one party has the ability to control the other party or to exercise significant influence over the other party in making financial and / or operating decision.

## **17 Cash Flow Statement**

Cash Flow Statement are prepared in accordance with " Indirect Methods" as explained in the Accounting Standard (AS)-3 on Cash Flow Statement

## **18 Foreign Currency Transactions**

Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time of transactions. Monetary items denominated in foreign currency remaining unsettled at the year-end are restated at the exchange rate prevailing at end of the year.

## **19 Public Deposit**

Company has accepted Public Deposits according to the directives issued by the Reserve Bank of India and the Provision of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under to the extent applicable.

**B. Notes to Accounts****1 (A) Secured Loans**

- (a) Term loans, Cash Credit & Letter of Credit facility from banks is secured by hypothecation of all existing fixed assets of the Company including vehicles, entire stocks and book debts, margin money as may be held by the bank at the time of issue of such Letter of Credit and equitable mortgage of land and building at Village Ten Tal. Palghar, Manor and personal guarantees of some of the Directors. Term Loan repayable within one year is Rs. 62.77 Lakhs (Previous Year Rs.47.51 Lakhs)
- (b) Vehicle loan / Loan against property from the banks / finance companies are secured by the charge on the respective vehicle & property and personal security on flat of a director. Loan repayable within one year is Rs.5.74 Lakhs (Previous Year Rs.13.17 Lakhs)

**2 Contingent Liabilities****(a) Excise**

Raj Oil Mills Ltd. Manufactures and markets pure coconut oil under the brands of Cocoraj, Cocotoss. Such Coconut Oil (CO) is a 100% natural product and meets all standards of edible oil as given in the Prevention of Food Adulteration Act. CO is currently classified under Excise as a vegetable oil under chapter 15 and attracts Excise at zero rate. CO classified under chapter 15 as vegetable oil has been vindicated by the decision of Appellate Tribunal on various occasions. However the Central Board Of Excise and Custom has recently issued instruction vide circular No.890/10/2009-CX dated 3rd June 2009 where in it has classified coconut oil packed in the container size upto 200ml as hair oil there by attracting Excise duty at applicable rates. The company has filled writ petition no. 1600J2009 with the Bombay High Court, Mumbai for interim relief hearing is pending for final disposal. The Honourable High Court vide order dated August 27, 2009 granted interim relief subject to certain conditions and restrained the department of Central Excise from recovering Central Excise. The company has received show cause notice dated March 15, 2010 from the office of the Commissioner of Central Excise, Thane, for Rs. 10.42 crores plus interest and penalty. The company has filed reply to the Department on 15th October 2010. The Commissioner of Central Excise, Thane, has passed an Order and issued Order in Original along with the demand note for the said amount. The Company has filled an Appeal against the said Order with the Central Excise and Custom and Service Tax Appellate Tribunal (CESTAT).

**(b) Income Tax**

The Deputy Commissioner of Income Tax, Mumbai has passed an order u/s 221(1) of Income Tax Act for Assessment Year 2008-09 and levied penalty of Rs 34.72 Lacs. The company has preferred an appeal against the said order before the Income Tax Appellate Tribunal, Mumbai and the case is pending. The Company has been legally advised that the demand is likely to be deleted or substantially reduced and accordingly no provision has been made.

The Additional Commissioner of Income Tax, Mumbai has passed an order u/s 143 (3) of Income Tax Act for the Assessment Year 2008-09 and issued Notice of Demand u/s 156 of Income Tax Act, 1961, for sum of Rs.126.53 lacs. The company has preferred an appeal against the said order before the Commissioner Appeals Income Tax, Mumbai and the case is pending.

**(c) Sales Tax**

The Assistant Commissioner of Sales Tax Investigation Branch, Mumbai has demanded a sum of Rs.151.62 lacs. The case is pending before the Assistant Commissioner of Sales Tax(Investigation), Mumbai

- (d) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.894.70 Lacs (Previous Year 628.89 lacs).

- (e) Company has outstanding Bank Guarantee of Rs.57.00 lacs (Previous Year Rs.57.00 lacs)

**3 Related Party transactions**

As required by Accounting Standard (AS) 18 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India, information in this respect is as follows:

**I. Individual(s) having control with relatives and associates**

Mr. Shaukat S. Tharadra

Mrs. Shahida S. Tharadra

**II Key-Management Personnel**

| Name                 | Designation                  |
|----------------------|------------------------------|
| Shaukat S. Tharadra  | Chairman & Managing Director |
| Azamkhan F. Lohani   | Whole-time Director          |
| Rashid I Tharadra    | Whole-time Director          |
| Abdulla K Musla      | Whole-time Director          |
| Manavendra S.Gokhale | Chief Executive Officer      |



**III Entities owned or significantly influenced by Directors and/or key management personnel or their relatives and with whom Company has entered into transactions during the period under review.**

| Entities                                    | Nature of Relationship |
|---|------------------------|
| Raj Oil Mills Ltd Employee's Gratuity Trust | Associates             |

**IV Entities**

| Entities                                | Nature of Relationship |
|---|------------------------|
| Raj Oil Mills Employee's Gratuity Trust | Associates             |
| Raj Oil Mills                           | Associate concern      |
| Raj Builders                            | Associate concern      |

**V Transaction with related parties**

(Rs. in lakhs)

| Type of Transaction            | Financial Year | Parties referred in I & II above | Parties referred in III & IV above | Total    | Outstanding as on 31-03-2011 Debit / (Credit) |
|--------------------------------|----------------|----------------------------------|------------------------------------|----------|---|
| Unsecured Loan                 | 2010-11        | (525.75)                         | -                                  | (525.75) | (689.36)                                      |
|                                | 2009-10        | (212.30)                         | -                                  | (212.30) | (163.61)                                      |
| Sub-Let Rent                   | 2010-11        | 96.33                            | -                                  | 96.33    | -   |
|                                | 2009-10        | 104.59                           | -                                  | 104.59   | -   |
| Remuneration                   | 2010-11        | 89.36                            | -                                  | 89.36    | -   |
|                                | 2009-10        | 83.14                            | -                                  | 83.14    | -   |
| Contribution to Gratuity Funds | 2010-11        | -                                | 8.73                               | 8.73     | -   |
|                                | 2009-10        | -                                | 8.73                               | 8.73     | -   |

Company has paid Rs.96.33 Lakhs (Previous Period Rs.104.59 Lakh) to Mr. Shaukat S. Tharadra, as Rent for registered office building admeasuring approximate 8950 Sq. Ft. of the carpet area at 224, Bellasis Road, Mumbai taken on perpetual sub-tenancy basis vide agreement dated 1st October 2007.

- 4 In the opinion of the Board, current assets, loans and advances have a value at least equal to the amounts at which they are stated in the Balance Sheet, if realized in ordinary course of business.
- 5 The balances of Sundry Debtors and Sundry Creditors are subject to confirmation from respective parties. Bank Balance subject to cheques on hand realisation.
- 6 Additional information pursuant to the provisions of paragraphs 3, 4, 4B, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 are given to the extent applicable

**(a) Installed Capacity and Production:**

| Particulars           | Year    | Unit | Installed Capacity | Production |
|-----------------------|---------|------|--------------------|------------|
| Crushing & Filtration | 2010-11 | MT   | 117,800            | 81,572     |
|                       | 2009-10 | MT   | 106,150            | 72,418     |

- (i) Installed capacity is as certified by the Management of the Company and accepted by the Auditors as this is a technical matter.
- (ii) The Company's products are exempted from licensing provision under the Industries (Development & Regulation) Act, 1951.



**(b) Particulars in respect of Finished Goods:**

| Particulars           | Financial Year | Manufactured Goods |                      | By Products          |              | Total                |
|-----------------------|----------------|--------------------|----------------------|----------------------|--------------|----------------------|
|                       |                | Qty (In. MT)       | Value (Rs. in lakhs) | Value (Rs. in lakhs) | Qty (In. MT) | Value (Rs. in lakhs) |
| Opening Stock         | 2010-11        | 1,623.35           | 1,315.63             | -                    | 1,623.35     | 1,315.63             |
|                       | 2009-10        | 119.88             | 473.21               | 4.89                 | 119.88       | 478.10               |
| Purchases/Production* | 2010-11        | 81,572.20          | 41,881.39            | -                    | -            | 41,881.39            |
|                       | 2009-10        | 72,418.42          | 36,719.51            | -                    | 72,418.42    | 36,719.51            |
| Turnover              | 2010-11        | 81,572.00          | 46,859.40            | 89.19                | -            | 46,948.59            |
|                       | 2009-10        | 70,914.95          | 46,124.25            | 71.94                | 70,914.95    | 46,196.19            |
| Closing Stock         | 2010-11        | 3,540.48           | 1,817.68             | -                    | -            | 1,817.68             |
|                       | 2009-10        | 1,623.35           | 1,315.63             | -                    | 1,623.35     | 1,315.63             |

\* Purchase inclusive of purchase for Re-sale

**(c) Value of raw material, stores and spare parts consumed:**

| Particulars | Financial Year | Raw Material Value (Rs. in lakhs) | %    | Packing Material Value (Rs. in lakhs) | %    |
|-------------|----------------|-----------------------------------|------|---------------------------------------|------|
| Imported    | 2010-11        | NIL                               |      |                                       |      |
|             | 2009-10        |                                   |      |                                       |      |
| Indigenous  | 2010-11        | 41246.83                          | 100% | 1289.14                               | 100% |
|             | 2009-10        | 35552.63                          | 100% | 2035.65                               | 100% |

**(d) Managerial Remuneration under section 198 of the Companies Act, 1956**

Salaries including salary paid to the following: -

(Amount in Lakhs)

| Sr. | Name                  | Designation                                | 2010-11 | 2009-10 |
|-----|-----------------------|--|---------|---------|
| 1   | Shaukat S. Tharadra   | Chairman and Managing Director             | 28.08   | 34.76   |
| 2   | Rashid I Tharadra     | Whole-time Director                        | 8.24    | 10.84   |
| 3   | Azamkhan. F. Lohani   | Whole-time Director                        | 8.24    | 10.84   |
| 4   | Abdulla K Musla       | Whole-time Director                        | 8.24    | 10.84   |
| 5   | Manavendra S. Gokhale | Chief Executive Officer (L.Y.w.e.f Nov-09) | 36.57   | 15.88   |

Since no commission is payable during the year, computation of net profit under section 198 of the Companies Act, 1956 has not been computed for the year.

**(e) Other information**

(Rs. in lakhs)

| Payment to Auditors (inclusive of Service Tax): | 2010-11 | 2009-10 |
|---|---------|---------|
| - Audit Fees                                    | 4.96    | 6.62    |
| - Tax Audit Fees                                | 1.10    | 2.76    |
| - Certification Fees                            | 0.28    | 3.30    |



- 7 The disclosures as required to be made relating to Micro, Small and Medium Enterprise under the Micro, Small and Medium enterprises development Act, 2006 (MSMED) are not furnished in view of the non availability of information with the Company from such Enterprises.
- 8 As required by Statement of Accounting Standard (AS) 20 "Earnings Per Share", reconciliation of basic and diluted number of Equity Shares used in computing Earnings Per Shares is as follows.

| At the Year Ended                           | 2010-11    | 2009-10    |
|---|------------|------------|
| Profit After Tax (Rs. in lakhs)             | 20,321.74  | 35,894.82  |
| Weighted average no. of shares outstanding  | 36,010,108 | 31,521,093 |
| Diluted weighted average shares outstanding | 36,010,108 | 31,521,093 |
| Nominal Value of Equity Share ( in Rs.)     | 10.00      | 10.00      |
| Basic EPS                                   | 5.64       | 11.39      |
| Diluted EPS                                 | 5.64       | 11.39      |

9. **Segment Information**

As the Company's business activity falls within a single primary business segment "Edible Oil & Cakes" the disclosure requirement of Accounting Standard (AS) 17 "Segment Reporting" are not applicable.

- 10 The Initial Public Offering (IPO) proceeds have been utilized as per the Object of the Issue as stated in the prospectus as under

|                                   | Amount in Lakhs |
|-----------------------------------|-----------------|
| Funds raised through Public Offer | 11400.00        |

| Sl. | Funds Utilized   | Projected        | Actual           |
|-----|--|------------------|------------------|
| 1   | Setting up of Refinery, Crushing unit & Other facilities at Manor & Jaipur (including professional fees, Research & Development, other assets and Provision for Contingencies. | 6,470.47         | 6,349.00         |
|     | General Corporate Purposes   | 1,697.03         | 1,625.00         |
|     | Margin Money for Working Capital Requirements  | 1,466.80         | 1,485.73         |
|     | Brand Promotions   | 841.23           | -                |
|     | Public Issue Expenses  | 924.47           | 1,090.27         |
|     | Balance in Current Accounts and Deposits   | -                | 850.00           |
|     | <b>Total</b>   | <b>11,400.00</b> | <b>11,400.00</b> |

11 **Expenditure in Foreign Currency**

| At the Year Ended | 2010-11 | 2009-10 |
|-------------------|---------|---------|
| Consultancy Fees  | 1.91    | 0.00    |

- 12 As per Accounting standard -22, issued by the Institute of Chartered Accountants of India, the Deferred Tax Liability of Rs.583.78 Lacs (Rs. 20.06 Lacs) has been recognised in the Profit & Loss Account. The Deferred Tax Liability arises mainly due to the timing difference of depreciation claimed as per the books of account and the depreciation claimed under the Income tax Act, 1961. However, looking to the future expansion of the Company, the management has the opinion that no substantial amount of tax liability may arise in future on account of Deferred tax even though it is provided in the books to comply with AS - 22.

The provision for Tax is calculated in accordance with the tax laws applicable to the current financial year. Proceeding under section 132 of the Income Act 1961 are in progress.

13 **Public Deposit Accepted**

During the period Company has accepted fixed deposits from the public amounting to Rs 484.43 lacs as on 31<sup>st</sup> March, 2011.

- 14 The financial statements for the current financial are made up from 1st April, 2010 to 31st March, 2011(12 Months). The corresponding figures for the previous year relate to the period 1st January, 2009 to 31st March, 2010 (15 Months). Therefore, the two are not comparable.



15 There are no dues payable to the Investor Education and Protection Fund as at 31st March 2011.

16 Balance with Non Schedule Bank held in Current Accounts:

(Amount in Rs. Lakhs)

| SI   | Name of Bank                       | As at<br>31/3/2011 | As at<br>31/3/2010 | Maximum Balance<br>outstanding during the year |
|------|------------------------------------|--------------------|--------------------|--|
| i)   | The Kalyan Janta Sahakari Bank Ltd | 0.58               | 0.56               | 0.58   |
| ii)  | The Thane District Co-Op Bank Ltd  | 0.28               | 5.06               | 6.66   |
| iii) | Mogaveera Co-Op Bank Ltd           | 0.55               | 521.82             | 521.82   |

17 Disclosures pursuant to Accounting Standard -15 ( Revised) " Employee Benefits"

(i) The company has recognised as an expenses in the profit and loss account as per Actuarial Valuation in respect of defined contribution plan Rs. 35.95 Lacs ( Previous year Rs. 85.82 Lacs) administered by the Government.

(ii) Defined benefit plan and long term employment benefit:

**A General description:**

**Gratuity [Defined benefit plan]:**

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity. Gratuity is computed based on 15 days salary [last drawn salary] for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy

|  | Amount Rs.<br>Period Ended<br>31.03.2011<br><b>Gratuity</b> | Amount Rs.<br>Period Ended<br>31.03.2010<br><b>Gratuity</b> |
|--|---|---|
| <b>B Change in the present value of the defined benefit obligation</b> |   |   |
| Opening defined benefit obligation                                     | 3438613   | 2364494   |
| Interest cost  | 283686  | 189160  |
| Current service cost   | 653196  | 504181  |
| Benefits paid  | -483636   | -400817   |
| Actuarial (gain) / losses on obligation                                | 222992  | 781595  |
| Closing defined obligation   | <b>4114851</b>  | <b>3438613</b>  |
| <b>C Change in the fair value of plan asset</b>                        |   |   |
| Opening fair value of plan assets                                      | 2613644   | 2585069   |
| Expected return on plan assets   | 209092  | 206806  |
| Contributions by employer  | 810952  | 195651  |
| Benefits paid  | -483636   | -400817   |
| Actuarial gains/ (losses)  | 71994   | 26935   |
| Closing fair value of plan assets                                      | <b>3222046</b>  | <b>2613644</b>  |
| <b>D Actual return on plan assets:</b>                                 |   |   |
| Expected return on plan assets   | 209092  | 206806  |
| Actuarial gain / [loss] on plan assets                                 | 71994   | 26935   |
| Actual return on plan asset  | <b>281086</b>   | <b>233741</b>   |
| <b>E Amount recognized in the balance sheet:</b>                       |   |   |
| Fair value of plan Assets at the end of the year                       | 3222046   | 2613644   |
| Present Value of Benefit obligation as at the end of the Period        | 4114851   | 3438613   |
| Funded Status  | -892805   | -824969   |
| Assets/(Liability) recognized in the Balance Sheet                     | <b>-892805</b>  | <b>-824969</b>  |



|   | Amount Rs.<br>Period Ended<br>31.03.2011<br><b>Gratuity</b> | Amount Rs.<br>Period Ended<br>31.03.2010<br><b>Gratuity</b> |
|---|---|---|
| <b>F (Income)/ Expenses recognized in the Profit &amp; Loss Account Statement</b>   |   |   |
| Current service cost  | 653196  | 504181  |
| Interest cost on benefit obligation   | 283686  | 189160  |
| (Expected Return on Plan Assets)  | (209,092)   | -206806   |
| Net actuarial (gain)/ loss in the period  | 150998  | 754660  |
| Net Benefit or expenses   | <b>878788</b>   | <b>1241195</b>  |
| <b>G Movement in net liability recognized in Balance Sheet</b>  |   |   |
| Opening net liability   | 824969  | -220575   |
| Expenses as above   | 878788  | 1241195   |
| Employer's contribution   | -810952   | -195651   |
| (Assets)/ Liability recognized in the Balance Sheet   | <b>892805</b>   | <b>824969</b>   |
| <b>H Principal actuarial assumptions as at Balance Sheet Date:</b>  |   |   |
| <b>Discount rate</b>  | 8.25%   | 8.00%   |
| [The rate of discount is considered based on market yield on Government Bonds having currency and terms consistence with the currency and terms of the post employment benefit obligations]                 |   |   |
| <b>Expected rate of return on the plan assets</b>   | 8.00%   | 8.00%   |
| [The expected rate of return assumed by the insurance company is generally based on their Investment patterns as stipulated by the Government of India]   |   |   |
| <b>Annual increase in salary cost</b>   | 5.00%   | 3.00%   |
| [The estimates of future salary increases considered in actuarial valuation, take account of Inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market] |   |   |
| <b>I The categories of plan assets as a % of total plan assets are</b>  | 100.00%   | 100.00%   |
| <b>Insurance Company</b>  |   |   |

18 Particulars of Balance Sheet abstract and the Company General Business Profile, pursuant to Part IV of Schedule VI of the Companies Act 1956 is attached herewith.

19 (a) The figures in brackets or in shaded background represent those of previous year.

(b) The figures for the previous year have been regrouped-rearranged wherever necessary.

#### Signature to Schedule "1" to "24"

##### As per our report of even date attached

**For Agarwal Desai & Shah**  
Chartered Accountants  
Firm Registration No: 124850W

**Mrugen H. Shah**  
Partner  
Membership No. 114770  
Place : Mumbai  
Date : 27<sup>th</sup> May, 2011

##### For and on behalf of Board of Directors

**Shaukat S. Tharadra**  
Chairman & Managing Director

**Abdulla K Musia**  
Wholtime Director

**Azamkhan F. Lohani**  
Wholtime Director

**Basavraj Loni**  
Company Secretary



Additional information as required under part IV to the Companies Act, 1956  
(Refer Note 15 of the Schedule " 23 " )

### Balance Sheet Abstract and Company's General Business Profile

#### I. Registration Details

|                    |            |            |    |
|--------------------|------------|------------|----|
| Registration No.   | 133714     | State Code | 11 |
| Balance Sheet Date | 31 03 2011 |            |    |

#### II. Capital Raised during the year (Rs. in thousands)

|              |     |                   |     |
|--------------|-----|-------------------|-----|
| Public Issue | NIL | Rights Issue      | NIL |
| Bonus Issue  | NIL | Private Placement | NIL |

#### III. Position of Mobilisation and Deployment of Funds (Rs. In thousands)

|                   |           |              |           |
|-------------------|-----------|--------------|-----------|
| Total Liabilities | 4,780,776 | Total Assets | 4,769,062 |
|-------------------|-----------|--------------|-----------|

##### Sources of Funds

|                         |         |                        |           |
|-------------------------|---------|------------------------|-----------|
| Share Capital           | 360,101 | Reserves and Surplus   | 2,236,383 |
| Share Application Money | -       | Deferred Tax Liability | 58,378    |
| Secured Loans           | 885,040 | Unsecured Loans        | 137,310   |

##### Application of Funds

|                    |           |                   |        |
|--------------------|-----------|-------------------|--------|
| Net Fixed Assets   | 1,151,967 | Investments       | 250    |
| Net Current Assets | 2,513,282 | Misc. Expenditure | 11,714 |
| Accumulated Losses | NIL       |                   |        |

#### IV. Performance of Company (Rs. In thousands)

|                                    |           |                           |           |
|------------------------------------|-----------|---------------------------|-----------|
| Turnover/Total Income              | 5,003,868 | Total Expenditure         | 4,652,628 |
| Profit Before Tax                  | 351,239   | Profit after Tax          | 259,589   |
| Earning Per Share in Rs. (Basic)   | 5.64      | Dividend Rate (Per Share) | NIL       |
| Earning Per Share in Rs. (Diluted) | 5.64      |                           |           |

#### V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

|                          |          |                     |               |
|--------------------------|----------|---------------------|---------------|
| Item Code No. (ITC Code) | 15089001 | Product Description | Groundnut Oil |
| Item Code No. (ITC Code) | 15131900 | Product Description | Coconut Oil   |
| Item Code No. (ITC Code) | 15159019 | Product Description | Til Oil       |



**RAJ OIL MILLS LIMITED**  
Registered Office : 224-230, Bellasis Road, Mumbai 400 008

**PROXY FORM**

|                                     |  |
|-------------------------------------|--|
| FOLIO NO. (Shares in physical mode) |  |
| DP ID                               |  |
| CLIENT ID                           |  |
| NO. OF SHARES HELD                  |  |

I/We \_\_\_\_\_ residing at \_\_\_\_\_  
 \_\_\_\_\_ being a Member/ Member(s)  
 of Raj Oil Mills Limited hereby appoint Mr. / Ms. \_\_\_\_\_ or failing him/ her,  
 Mr. / Ms. \_\_\_\_\_ as my / our proxy to vote for me / us on my / our behalf  
 at the **9<sup>th</sup> Annual General Meeting** of the Company to be held on Tuesday, 27<sup>th</sup> September, 2011 at 11.00 a.m. at "Hall of  
 Harmony", Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018, and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2011

|                                       |
|---------------------------------------|
| Affix<br>Re. 1.00<br>Revenue<br>Stamp |
|---------------------------------------|

**Notes:**

The form should be signed across the stamp as per specimen signature registered with the Company

The form should be deposited at the Registered Office of the Company forty-eight hours before the time for holding the Meeting.

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**RAJ OIL MILLS LIMITED**  
Registered Office : 224-230, Bellasis Road, Mumbai 400 008

**ATTENDANCE SLIP**

|                                     |  |
|-------------------------------------|--|
| FOLIO NO. (Shares in physical mode) |  |
| DP ID                               |  |
| CLIENT ID                           |  |
| NO. OF SHARES HELD                  |  |

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company. I hereby record my presence at the 9th Annual General meeting of the Company to be held on Tuesday, 27<sup>th</sup> September, 2011 at 11.00 a.m. at "Hall of Harmony", Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400018, and at any adjournment thereof.

\_\_\_\_\_  
Signature of Member/Proxy

**(THIS ATTENDANCE SLIP DULY FILLED TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)**







Regd. Off.: 224, Bellasis Road, Mumbai - 400 008. • Tel.: 2302 1996 - 98 • Fax : 2301 5605.  
Factory : Ten Village (Manor), Taluka-Palghar, Dist.-Thane (M.S.), Pin - 401 404.  
Website : [www.rajoilmillsltd.com](http://www.rajoilmillsltd.com)