

JARDINE HENDERSON, LIMITED

61st

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ANNUAL REPORT OF THE DIRECTORS
WITH ACCOUNTS FOR THE
YEAR ENDED 31ST MARCH

2007



DIRECTORS

SURENDRALAL GIRDHARILAL MEHTA **Chairman**

ASIT KUMAR MITRA

A. V. IYENGAR

RATNANKO BANERJI

RAKESH MACWAN **Managing Director**



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Secretary :

PARIJAT KUMAR HORE

Registered Office :

4, DR. RAJENDRA PRASAD SARANI

KOLKATA - 700 001

JARDINE HENDERSON, LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixtyfirst Annual General Meeting of the Members of the Company will be held at Sitaram Seksaria Auditorium, Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata - 700 017, on **Thursday, 26th July, 2007 at 10.00 a.m.** to transact the following business :—

1. To receive and consider the Audited Accounts for the year ended 31st March 2007, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend.
3. To appoint Directors in place of those retiring by rotation.
4. To appoint Auditors and to fix their remuneration.

4, Dr. Rajendra Prasad Sarani,
Kolkata – 700 001.

By Order of the Board

Dated : 28th June, 2007

(P. K. Hore)
Secretary

Notes :

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
- b) The Register of Members and Transfer Book of the Company will remain closed from 16th July, 2007 to 26th July, 2007, both days inclusive.
- c) The dividend, if approved, will be payable on or before 24th August, 2007 to those members whose names appear in the Register of Members on 26th July, 2007.
- d) 39th unpaid Ordinary Dividend for the year ended 31st March, 1999 was paid into Investor Education and Protection Fund on 10th November, 2006.

JARDINE HENDERSON, LIMITED**REPORT OF THE DIRECTORS**

The Directors submit their Report and Statement of Accounts for the year ended 31st March, 2007.

		Rs.
The Profit and Loss Account before taxation for the year		
Shows a balance of Profit of		55,66,032.00
	Rs.	
From which is to be deducted		
a) Provision for Income Tax	3,95,310.00	
b) Provision for Wealth Tax	40,000.00	
c) Fringe Benefit Tax	4,61,410.00	
d) Proposed Dividend @ 5%	10,00,000.00	
e) Corporate Tax on Dividend	<u>169,950.00</u>	<u>20,66,670.00</u>
Leaving a debit balance of		34,99,362.00
Which after adjusting against the brought forward balance of Profit & Loss Account		<u>1,07, 88, 540.00</u>
to be carried forward to Balance Sheet		<u><u>72,89,178.00</u></u>

DIVIDEND

Dividend @ 5% has been recommended by the Board, if approved, payable on or before 24th August, 2007 to those members whose names appear in the register of members on 26th July, 2007.

REVIEW OF OPERATIONS

The Company continues to expand its Pest Control and Fumigation business to improve its turnover and earnings. As reported last year the sale of assets at Dhanbad had been completed.

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

Information pursuant to Sec.217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998 is duly annexed to the Report as required under the law.

PARTICULARS OF EMPLOYEES

None of the employees of the Company are covered by the provisions of Sec.217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and as such the required particulars under the same have not been furnished with this report.

AUDITORS REPORT

In regard to the remarks in Para 4 (vi) of the Auditors Report attention is drawn to note. 3 of Schedule 20 forming part of the Statement of Accounts.

DIRECTORS

In accordance with Article 83 of the Articles of Association of the Company Mr. A. V. Iyengar and Mr. R. Banerji retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

JARDINE HENDERSON, LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Sec. 217(2AA) of the Companies Act, 1956 the Directors hereby confirm :

- i) that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.



AUDITORS

The Company's Auditors, Messrs. Doshi, Chatterjee, Bagri & Co. Chartered Accountants retire from office and offer themselves for re-appointment.

LISTING OF EQUITY SHARES ON STOCK EXCHANGE

The Company's shares are listed in the Calcutta Stock Exchange and the Listing Fee for the year has been paid.

4, Dr. Rajendra Prasad Sarani,
Kolkata – 700 001.

On behalf of the Board

Dated: 28th June, 2007

S. G. Mehta
Chairman

R. Macwan
Managing Director

JARDINE HENDERSON, LIMITED**ANNEXURE TO DIRECTORS' REPORT**

Information Pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

- a) The Company continues to give priority to conservation of energy as an on-going process.
- b) To reduce the energy cost the Company has taken considerable energy saving measures through various in-house electrical modifications and the effect of the same has been felt.
- c) The Form of disclosure of Particulars (Form-A) is not applicable to this Company.

B. TECHNOLOGY ABSORPTION**I. RESEARCH & DEVELOPMENT (R & D)**

- a) Specific areas in which R&D carried out by the Company.
- b) Benefits derived as a result of above R&D.
- c) Future Plan of Action
- d) Expenditure on R&D
 - i) Capital
 - ii) Recurring
 - iii) Total
 - iv) Total R&D expenditure as a percentage of total turnover.

The Company makes in-house efforts in order to keep pace with technological developments.

The Company is in the process of organizing and reviving the engineering division in line with the market requirements.

The Company has not spent any specific amount on Research and Development during the year under review.

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- a) Efforts in brief made towards technology absorption, adaptation and innovation.
- b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, production development, import substitution, etc.

Further to details set out in Part - 1 above, the Company is endeavouring to update through in-house efforts technology in line with industry requirements for its Engineering Division.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

(1)	Earning	—	Rs.	NIL
(2)	Outgo	—	Rs.	18,000/-

On behalf of the Board

4, Dr. Rajendra Prasad Sarani,
Kolkata - 700 001.
Dated: 28th June, 2007

S. G. Mehta
Chairman

R. Macwan
Managing Director

**AUDITORS' REPORT TO THE MEMBERS
OF
JARDINE HENDERSON, LIMITED**

- 1.0 We have audited the attached Balance Sheet of JARDINE HENDERSON, LIMITED as at 31st March 2007, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2.0 We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3.0 As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
- 4.0 Further to our comments in the Annexure referred to above, we report that: -
- i) We have obtained all the information and explanations, *other than details for outstanding guarantees by the Company*, 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 & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account as submitted to us;
 - iv) On the basis of written representations received from the directors as on 31st March 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 from being appointed as director in terms of clause (g) of subsection (1) of Section 274 of the Companies Act, 1956;
 - v) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement have been drawn up in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 .
 - vi) *Attention is drawn to Note No. 3 regarding non provision of diminution of Rs. 2,383,152/- (Previous Year Rs 2,383,252/) in certain quoted investments since in the opinion of the management, such shortfall is temporary in nature and such investments are strategic and long term. We are unable to comment whether such shortfall is other than temporary:*
- In our opinion and to the best of our information and according to the explanations given to us, the said Statements of Account, *subject to our comments in para 4 (vi) above, the effect whereof is not ascertainable*, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
 - (b) in the case of Profit & Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

2, Ho Chi Minh Sarani
Kolkata-700 071.

**DOSHI, CHATTERJEE, BAGRI & CO.
CHARTERED ACCOUNTANTS**

Place : Kolkata
Date : 28th June, 2007

(R. K. BAGRI)
Partner
Membership No. 51956

**ANNEXURE TO THE AUDITOR'S REPORT
(REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF
JARDINE HENDERSON, LIMITED
AS AT AND FOR THE YEAR ENDED 31ST MARCH'2007)**

- (i) (a) The Company has maintained proper records of fixed assets showing full particulars including quantitative details and situation thereof.
- (b) The Fixed Assets of the company are physically verified by the management according to a phased programme to cover all the items over a period of three years which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) The company has sold all the fixed assets relating to one of its unit during the year but it does not affect the going concern aspect of the company as a whole.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The company is maintaining proper records of inventory. As informed, no material discrepancies were noticed on such physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii)(b), (c) and (d) of the Order are not applicable.
- (b) According to the information and explanations given to us, the Company has not taken any loan, secured or unsecured from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) (f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods & Services. During the course of our audit, no major weakness has been noticed in the underlying internal controls.
- (v) According to the information and explanations provided by the management, there have been no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the National Company Law Tribunal under sections 58A and 58AA.
- (vii) The Company has an internal audit system, which, in our opinion, is commensurate with the size and nature of its business.
- (viii) As informed, the Company has not been prescribed to maintain cost records under section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) As explained to us, the statutory dues payable by the Company comprises provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess. According to the records of the Company and information and explanations given to us, the Company has generally been regular in depositing the aforesaid undisputed statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, custom duty, excise duty, cess and other material statutory dues were outstanding, at the year end for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues outstanding on account of any dispute except for sales tax which are as follows :

JARDINE HENDERSON, LIMITED

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
West Bengal Sales Tax Act, 1941, 1954 & 1956	Sales Tax	822,352	1972-73, 1981-82, 1982-83 & 1987-88	Sales Tax Appellate Tribunal
		21,27,200	1995-96 & 96-97	West Bengal Taxes Appellate Revision Board
		86,139	1999-2000	Assistant Commissioner of Commercial Taxes
Jharkhand Sales Tax	Sales Tax	317,228	1987-88 & 1988-89	Sales Tax Tribunal, Ranchi
		37,552	1995-96	Commissioner of Sales Tax, Ranchi
Jharkhand Central Sales Tax	Sales Tax	714,618	1985-86, 1987-88, 1988-89, 1989-90, 1990-91 & 1991-92	Sales Tax Tribunal, Ranchi
		197,826	1995-96 & 1996-97	Commissioner of Sales Tax, Ranchi
	Total	4,302,915		

The Company has no accumulated losses at the end of the financial year. It has not incurred cash loss during the year. However it had incurred cash loss in the immediately preceding financial year.

According to the information and explanations given to us, there are no dues outstanding to financial institution or bank. It has not issued debentures also. Accordingly, paragraph 4 (xi) of the Order is not applicable.

According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, paragraph 4(xii) of the Order is not applicable.

As the Company is not a chit fund / nidhi / mutual benefit funds / society to which the provisions of special statute relating to chit fund are applicable, paragraph 4(xiii) of the Order is not applicable.

The Company has maintained proper records of the transactions for dealing in shares, securities and other investments and timely entries have been made therein. The shares, securities and other investments have been held by the Company in its own name.

According to the information and explanations given to us, the Company had given guarantee for loans taken by others from banks or financial institutions, long back pertaining to certain companies which have been nationalized in 1972-73. The liabilities in respect thereof have been denied by the company, as referred to vide Note No. 2(a) on Schedule-20. Another guarantee was given (reference note 2(b) on Schedule-20) on account of a company, details whereof are presently not available.

As the Company has not taken any Term Loan, paragraph 4(xvi) of the Order is not applicable.

According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

As the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, paragraph 4(xviii) of the Order is not applicable.

As the Company has not issued any debentures, paragraph 4(xix) of the Order is not applicable.

During the year, since the Company has not raised money by way of public issue, paragraph 4(xx) of the Order is not applicable.

Based upon the audit procedures performed, information and explanations given, and records and documents produced to us by the management, we report that, no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2007.

Chi Minh Sarani
ta-700 071.

DOSHI, CHATTERJEE, BAGRI & CO.
CHARTERED ACCOUNTANTS

(R. K. BAGRI)
Partner

Membership No. 51956

Kolkata
28th June, 2007

JARDINE HENDERSON, LIMITED**BALANCE SHEET AS AT 31ST MARCH 2007**

	<u>SCHEDULE</u>	<u>AS AT 31ST MARCH, 2007 Rs.</u>	<u>AS AT 31ST MARCH, 2006 Rs.</u>
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
a) Share Capital	1	20,000,000	20,000,000
b) Reserves & Surplus	2	101,474,330	101,718,998
		<u>121,474,330</u>	<u>121,718,998</u>
LOANS			
Unsecured	3	200,000	200,000
		<u>200,000</u>	<u>200,000</u>
TOTAL		<u>121,674,300</u>	<u>121,918,998</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	28,760,347	43,771,180
Less : Depreciation		<u>14,779,378</u>	<u>24,901,271</u>
		13,980,969	18,869,909
Capital Work In Progress		<u>1,200,000</u>	<u>1,200,000</u>
		<u>15,180,969</u>	<u>20,069,909</u>
INVESTMENTS	5	19,022,126	13,608,531
CURRENT ASSETS, LOANS & ADVANCES			
a) Inventories	6	3,044,826	3,069,023
b) Sundry Debtors	7	32,962,574	26,935,856
c) Cash & Bank Balances	8	6,181,918	6,115,169
d) Other Current Assets	9	8,627,943	10,584,083
e) Loans & Advances	10	105,482,227	86,420,331
		<u>156,299,488</u>	<u>133,124,462</u>
Less : CURRENT LIABILITIES & PROVISIONS			
a) Current Liabilities	11	52,738,380	29,004,426
b) Provisions	12	<u>16,089,873</u>	<u>16,561,815</u>
		<u>68,828,253</u>	<u>45,566,241</u>
NET CURRENT ASSETS		87,471,235	87,558,221
MISCELLANEOUS EXPENDITURE (To the extent not written off / adjusted)	13	—	682,337
TOTAL		<u>121,918,998</u>	<u>121,918,998</u>

**ACCOUNTING POLICIES AND
NOTES ON ACCOUNTS**

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Schedules 1 to 14 and 21 referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

DOSHI, CHATTERJEE, BAGRI & CO.
CHARTERED ACCOUNTANTS**For and on behalf of the Board**2, Hochiminh Sarani
Kolkata-700 071

(R. K. BAGRI)

S. G. MEHTA
ChairmanR. MACWAN
Managing Director

Dated : June 28, 2007

Partner
Membership No. 51956P. K. HORE
Secretary