



**GILLANDERS ARBUTHNOT
& COMPANY LIMITED.**

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REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2007

**BOARD OF DIRECTORS**

G. D. Kothari

Chairman

S. C. Gladstone (up to 2nd June, 2006)

A. K. Kothari

S. Shah

R. L. Kanoria

A. K. Basu

J. N. Godbole (with effect from 7th March, 2007)

P. K. Khaitan (with effect from 26th April, 2006)

S. S. Rathore

Managing Director

D. K. Sharda

Joint Managing Director

A. Mallick

Executive Director

(with effect from 29th December, 2006)

SENIOR VICE PRESIDENT & SECRETARY

S. Balakrishnan

BANKERS

State Bank of India

Industrial Development Bank of India Ltd.

State Bank of Patiala

United Bank of India

Bank of India

Vijaya Bank

SOLICITORS

Khaitan & Co.

AUDITORS

Price Waterhouse

REGISTERED OFFICE

C-4, Gillander House,

Netaji Subhas Road,

Kolkata - 700 001

Phone : 2230-2331-6, 2230-4182-4

Fax : 2230-4185

Website : www.gillandersindia.com

BRANCHES/OFFICES

Ahmedabad, Amritsar, Bangalore, Chennai, Coimbatore, Delhi, Ernakulam, Hyderabad, Kundli, Ludhiana, Mumbai, Panipat, Salem, Solapur.



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NOTICE

NOTICE is hereby given that the Seventy Third Annual General Meeting of the Members of the Company will be held at the Williamson Magor Hall of The Bengal Chamber of Commerce and Industry, (1st Floor), Royal Exchange, 6, Netaji Subhas Road, Kolkata – 700 001 on Wednesday, the 5th September, 2007 at 3-00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2007, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To confirm the declaration and payment of interim dividend on the Ordinary Shares.
3. To appoint a Director in place of Mr. A. K. Kothari, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. R. L. Kanoria, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. A. K. Basu, who retires by rotation and being eligible offers himself for re-appointment.
6. To consider and if thought fit, to pass with or without modifications the following Resolution which will be proposed as Ordinary Resolution:

“Resolved that Messrs. Price Waterhouse, Chartered Accountants, be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company at a remuneration to be fixed by the Directors and reimbursement of their out-of-pocket expenses actually incurred in the performance of their duties.

Further Resolved that consent of the Company be and is hereby accorded to the Board of Directors of the Company to appoint as Branch Auditors, such person or persons other than the Company's Auditors as are qualified for appointment as Auditors under Section 226 of the Companies Act, 1956, to audit the accounts of such branches/divisions/units of the Company for the financial year ending 31st March, 2008 as the Board of Directors of the Company may decide in consultation with the Company's Auditors and also to fix their remuneration and other terms of appointment”.

SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modifications the following Resolutions which will be proposed as Ordinary Resolutions:

7. “Resolved that Mr. Jayant Narayan Godbole be and is hereby appointed a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.”
8. “Resolved that Mr. A. Mallick be and is hereby appointed a Director of the Company, whose period of office shall not be liable to determination by retirement of Directors by rotation.”
9. “Resolved that pursuant to the provisions of Section 198, 269, 309 and 310, Schedule XIII and all other applicable provisions of the Companies Act, 1956, the Company hereby approves the



GILLANDERS ARBUTHNOT & CO. LTD.

appointment of Mr. A. Mallick as Executive Director of the Company for the period from 29th December, 2006 to 31st March, 2007 and his subsequent reappointment as Executive Director for a further period of one year with effect from 1st April, 2007 on the terms and conditions and payment of remuneration and other perquisites/benefits as set out in the agreements entered into between the Company and Mr. A. Mallick (copies whereof duly authenticated are placed before this Annual General Meeting), such remuneration, perquisites/benefits being also set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting with liberty to the Board of Directors of the Company to alter and vary such terms and conditions including remuneration provided the same are in accordance with the provisions of the Companies Act, 1956 or any re-enactment thereof and/or any Rules/Regulations framed thereunder."

10. "Resolved that pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and all other applicable provisions of the Companies Act, 1956 the Company hereby approves the re-appointment of Mr. S. S. Rathore as Managing Director of the Company for a period of one year with effect from 1st April, 2007 on the terms and conditions and payment of remuneration and other perquisites/benefits as set out in the Agreement entered into between the Company and Mr. S. S. Rathore (copy whereof duly authenticated is placed before this Annual General Meeting), such remuneration, perquisites/benefits being also set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting with liberty to the Board of Directors of the Company to vary and alter such terms and conditions including remuneration provided that the same are in accordance with the provisions of the Companies Act, 1956 or any re-enactment thereof and/or any Rules/Regulations framed thereunder."
11. "Resolved that pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and all other applicable provisions of the Companies Act, 1956 the Company hereby approves the re-appointment of Mr. D. K. Sharda as Joint Managing Director of the Company for a period of one year with effect from 1st April, 2007 on the terms and conditions and payment of remuneration and other perquisites/benefits as set out in the Agreement entered into between the Company and Mr. D. K. Sharda (copy whereof duly authenticated is placed before this Annual General Meeting), such remuneration, perquisites/benefits being also set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting with liberty to the Board of Directors of the Company to vary and alter such terms and conditions including remuneration provided that the same are in accordance with the provisions of the Companies Act, 1956 or any re-enactment thereof and/or any Rules/Regulations framed thereunder."

Registered Office :

C-4, Gillander House,
Netaji Subhas Road,
Kolkata – 700 001.
29th June, 2007.

By Order of the Board
For GILLANDERS ARBUTHNOT & CO. LTD.

S. BALAKRISHNAN
Senior Vice President and Secretary.

Notes :

- 1) A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on a poll on his behalf. Such proxy/proxies need not be a Member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the Meeting.



- 2) An Explanatory Statement under Section 173(2) of the Companies Act, 1956, in respect of the Special Business of the Meeting is annexed hereto.
- 3) The Register of Members of the Company will remain closed from 3rd September, 2007 to 5th September, 2007 both days inclusive.
- 4) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 as amended with effect from 31st October, 1998, dividends for the financial year ended 31st March, 1996 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the date of transfer of the same under subsection (1) of the said Section will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government established under Section 205C of the Act. In compliance with the said provisions of the Act, all unclaimed dividends pertaining to the financial years ended 31st March, 1996 to 31st March, 1999 have already been transferred to the IEPF and all subsequent unpaid dividends will be transferred to the said Fund from time to time. Members are advised that no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims. Shareholders who have not encashed the dividend warrants for the subsequent periods are, therefore, advised to approach the Company for the payment thereof.
- 5) The Ordinary Shares of the Company are listed on the Calcutta Stock Exchange Association Limited and Bombay Stock Exchange Limited. The Company confirms that it has paid Annual Listing Fees to the said Exchanges for the year 2007-2008.
- 6) Members holding shares in physical form are requested to notify any change in their address including pin code, Bank mandate, Income Tax Permanent Account Number, etc. to the Company's Registrar & Transfer Agents-

Maheshwari Datamatics Pvt. Ltd.
(Unit : Gillanders Arbuthnot & Co. Ltd)
6, Mangoe Lane, 2nd Floor
Kolkata – 700001.

Members holding shares in dematerialized form are requested to furnish these information to their respective depository participants for updation of the changes.

- 7) Members holding shares in multiple folios or joint accounts in the same order of names, are requested to consolidate their shareholdings into one folio.
- 8) A brief resume of the Directors seeking reappointment/ appointment at the Annual General Meeting along with details of their other Directorships and shareholding in the Company pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges are provided as an annexure to this notice.

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

Item No. 7

Mr. Jayant Narayan Godbole was appointed as an Additional Director of the Company by the Board of Directors of the Company at its Meeting held on 7th March, 2007. Under the provisions of Section 260 of the Companies Act, 1956 read with Article 92 of the Articles of Association of the Company Mr. Jayant Narayan Godbole will hold office only upto the date of the forthcoming Annual General Meeting. The Company has received a Notice in writing from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. Jayant Narayan Godbole as a Director of the Company at the forthcoming Annual General Meeting. Mr. Jayant Narayan Godbole has filed with the Company his consent to act as a Director pursuant to Section 264 (1) of the Companies Act, 1956.

The Directors of the Company request your approval to the proposed Resolution.



No Director other than Mr. Jayant Narayan Godbole is interested or concerned in the Resolution.

Item Nos. 8 and 9

At the meeting of the Board of Directors held on 29th December, 2006 Mr. A. Mallick was appointed as an Additional Director and thereafter as Executive Director of the Company with effect from the said date up to 31st March, 2007 subject to the approval of the members. Again, at the Board Meeting held on 7th March, 2007 he was reappointed as Executive Director for a further period of one year with effect from 1st April, 2007 subject to the approval of the members.

As per the provisions of Section 260 of the Companies Act, 1956, the appointment of Mr. A. Mallick as Additional Director would terminate at the forthcoming Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member, signifying his intention to appoint Mr. Mallick as a Director of the Company, whose period of office shall not be liable to determination by retirement of directors by rotation. Hence approval of the members is now being sought for his appointment as a non-rotational director at the forthcoming Annual General Meeting as well as to his appointment/reappointment as Executive Director of the Company for the periods mentioned in the preceding paragraph.

The appointment/reappointment of Mr. A. Mallick, as the Executive Director of the Company and the remuneration paid/payable to him as recommended by the Remuneration Committee of the Board of Directors of the Company are in accordance with the conditions specified in Parts I and II of Schedule XIII of the Companies Act, 1956.

In compliance of Section 302 of the Companies Act, 1956 an abstract of the terms and conditions of the appointment/ reappointment of Mr. A. Mallick as Executive Director of the Company and the remuneration paid/payable to him as Executive Director for the period 29th December, 2006 to 31st March, 2007 and for the period 1st April, 2007 to 31st March, 2008 was sent by the Company to all the shareholders and others entitled thereto on 29th December, 2006 and 7th March, 2007 respectively. The said terms and conditions including remuneration which were later embodied in the Agreements entered into by the Company with him are set out below:

1. DUTIES AND RESPONSIBILITIES :

Mr. A. Mallick as the Executive Director of the Company shall, subject to the provisions of the Companies Act, 1956 and the overall superintendence and control of the Board of Directors of the Company perform such duties and exercise such powers as may from time to time be entrusted to or conferred on him by the Board of Directors of the Company.

2. REMUNERATION :

I SALARY :

- i) For the period 29th December, 2006 to 31st March, 2007 : Rs.55,000/- per month;
- ii) For the period 1st April, 2007 to 31st March, 2008 : Rs.59,500/- per month, subject to such periodical increments as may be approved by the Board of Directors of the Company from time to time up to a limit of Rs.75,000/- per month.

- II Apart from salary Mr. A. Mallick will also be entitled to the perquisites classified into the following three categories, Parts A, B and C.

**PART - A**

- i) House Rent Allowance of Rs.6, 500/- per month.
- ii) Reimbursement of expenditure incurred on gas and electricity.
- iii) Reimbursement of medical expenses actually incurred for self and family subject to a maximum of one month's salary per annum.
- iv) Leave Travel Assistance equivalent to one month's salary per annum.
- v) Fees of Clubs: Up to a maximum of two clubs. This will not include any life membership or admission fees.
- vi) Personal Accident Insurance: Premium not exceeding Rs.4,000/- per annum.

PART - B

- i) Company's contribution to Provident Fund as per Rules of the Company.
- ii) Gratuity on retirement at the rate of one half month's salary for each completed year of service subject to the ceiling as provided in law.
- iii) Leave with full pay and allowances. Encashment of leave will be permitted.

PART - C

- i) Free use of car with driver.
- ii) Free telephone facility at residence.
- iii) Provision of car for use on Company's business will not be considered as perquisite. Use of car with driver for private purposes will be valued as per Income Tax Rules, 1962.

3. MINIMUM REMUNERATION:

In the event of absence or inadequacy of profits in any year during the period of service Mr. A. Mallick, as the Executive Director shall be entitled to the same Salary and Perquisites as stated hereinbefore.

The remaining provisions of the Agreement set out the mutual rights and obligations of the parties thereto and other administrative details.

The Board of Directors is of the opinion that the above remuneration being paid/ payable to Mr. A. Mallick, as Executive Director of the Company as approved and recommended by the Remuneration Committee is commensurate with his duties and responsibilities and is well within the limits specified in Part II of Schedule XIII of the Companies Act, 1956. The Resolution set out in the Notice is to be considered accordingly and the Board recommends that the same be passed. A copy of the Agreement referred to in the Resolution is available for inspection by the Members at the Registered Office of the Company between 10-00 A.M. and 12-00 Noon on any working day other than Saturdays till 5th September, 2007 and will also be available for inspection at the Meeting.

No Director of the Company other than Mr. A. Mallick is interested or concerned in the resolution.

Item No. 10

Subject to the approval of the Members of the Company in General Meeting, the Board of Directors of the Company at its Meeting held on 7th March, 2007 re-appointed Mr. S. S. Rathore, as Managing Director of the Company for a period of one year from 1st April, 2007. The previous term of Mr. S. S. Rathore, as Managing Director expired on 31st March, 2007.



The re-appointment of Mr. S. S. Rathore, as Managing Director of the Company and the remuneration being paid/ payable to him as recommended by the Remuneration Committee of the Board of Directors of the Company are in accordance with the conditions specified in Parts I and II of Schedule XIII of the Companies Act, 1956.

In Compliance of Section 302 of the Companies Act, 1956 an abstract of the terms and conditions of the re-appointment of Mr. S. S. Rathore, as Managing Director of the Company and the remuneration payable to him was sent by the Company to all its shareholders and others entitled to receive the same on 7th March, 2007. The said terms and conditions including remuneration which were later embodied in the Agreement entered into by the Company with him are set out below :

1. DUTIES AND RESPONSIBILITIES:

Mr. S. S. Rathore, as the Managing Director of the Company shall, subject to the provisions of the Companies Act, 1956 perform such duties and exercise such powers as have been or may from time to time be entrusted to or conferred on him by the Board of Directors of the Company.

2. REMUNERATION:

- I. SALARY: Rs.1,65,000/- per month with effect from 1st April, 2007 subject to such periodic increments as the Board of Directors of the Company may approve up to a total of Rs. 2,00,000/- per month.
- II. Apart from salary Mr. S. S. Rathore will also be entitled to the perquisites classified into the following three categories, Parts A, B and C.

PART – A

- i) a) The Company shall provide rent free furnished accommodation with free gas, electricity and water. The perquisite value of provision of or reimbursement of expenditure incurred by the Company on gas, electricity, water and furnishings will be determined as per Income Tax Rules, 1962.
- b) In case no accommodation is provided by the Company the Managing Director shall be entitled to house rent allowance limited to 60 percent of his salary.
- ii) Reimbursement of medical expenses as per Rules of the Company.
- iii) Leave Travel Assistance equivalent to one month's salary per annum.
- iv) Fees of Clubs : Up to a maximum of two clubs. This will not include any life membership or admission fees.
- v) Personal Accident Insurance : Premium not exceeding Rs. 6,000/- per annum.

PART – B

- i) Company's contribution to Provident Fund as per Rules of the Company.
- ii) Gratuity on retirement at the rate of one half-month's salary for each completed year of service.
- iii) Leave with full pay and allowances. Encashment of leave will be permitted.



PART – C

- i) Free use of car with driver.
- ii) Free telephone facility at residence.
- iii) Provision of car for use on Company's business will not be considered as perquisite. Use of car with driver for private purposes will be valued as per Income Tax Rules, 1962.

Minimum Remuneration

In the event of absence or inadequacy of profits during the period of service the Managing Director shall be entitled to the same salary and perquisites as stated hereinbefore.

The remaining provisions of the Agreement set out the mutual rights and obligations of the parties thereto and other administrative details.

The Board of Directors is of the opinion that the above remuneration being paid/ payable to Mr. S. S. Rathore, as Managing Director of the Company as approved and recommended by the Remuneration Committee is commensurate with his duties and responsibilities and is within the limits specified in Part II of Schedule XIII of the Companies Act, 1956. The Resolution set out in the Notice is to be considered accordingly and the Board recommends that the same be passed. A copy of the Agreement referred to in the Resolution is available for inspection by the Members at the Registered Office of the Company between 10-00 A.M. and 12-00 Noon on any working day other than Saturdays till 5th September, 2007 and will also be available for inspection at the Meeting.

No Director of the Company other than Mr. S. S. Rathore is interested or concerned in the Resolution.

Item No. 11

Subject to the approval of the Members of the Company in General Meeting the Board of Directors of the Company at its Meeting held on 7th March, 2007 re-appointed Mr. D. K. Sharda as Joint Managing Director of the Company for a period of one year from 1st April, 2007. The previous term of Mr. D. K. Sharda as Joint Managing Director expired on 31st March, 2007.

The re-appointment of Mr. D. K. Sharda as Joint Managing Director of the Company and the remuneration being paid/ payable to him as recommended by the Remuneration Committee of the Board of Directors of the Company are in accordance with the conditions specified in Parts I and II of Schedule XIII of the Companies Act, 1956.

In Compliance of Section 302 of the Companies Act, 1956 an abstract of the terms and conditions of the re-appointment of Mr. D. K. Sharda as Joint Managing Director of the Company and the remuneration payable to him was sent by the Company to all its shareholders and others entitled to receive the same on 7th March, 2007. The said terms and conditions including remuneration which were later embodied in the Agreement entered into by the Company with him are set out below:

1. DUTIES AND RESPONSIBILITIES :

Mr. D. K. Sharda as the Joint Managing Director of the Company shall, subject to the provisions of the Companies Act, 1956 perform such duties and exercise such powers as have been or may from time to time be entrusted to or conferred on him by the Board of Directors of the Company.

2. REMUNERATION :

- I. SALARY: Rs.77,500/- per month with effect from 1st April, 2007 subject to such periodical increments as may be approved by the Board of Directors of the Company from time to time upto a limit of Rs.1,00,000/- per month.
- II. BONUS : Rs.6,000/- per annum.