

JHUNJHUNWALA VANASPATI LIMITED

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**16TH
ANNUAL REPORT
AND ACCOUNTS
2004 - 2005**

JHUNJHUNWALA VANASPATI LIMITED

Chairman & Managing Director	SRI D. N. JHUNJHUNWALA
Whole time Director	SRI S. N. JHUNJHUNWALA
Directors	SRI H. L. AGARWAL MRS PAYAL KHEMKA DR. S.K. DIKSHIT SRI MAHESH KEDIA
Audit Committee	SRI H.L. AGARWAL DR. S.K. DIKSHIT SRI MAHESH KEDIA
Auditors	GARG & COMPANY <i>Chartered Accountants</i> 27A, Waterloo Street KOLKATA - 700 069
Bankers	BANK OF BARODA PUNJAB NATIONAL BANK
Registrar and Share Transfer Agents	M/s. MCS Limited, Sri Venkatesh Bhavan, W-40, Okhla Industrial Area, Phase-II, NEW DELHI-110 020
Registered Office	Jhunjunwala Bhawan Nati Imli Varanasi-221 001
Works	Naupur Dist.- Jaunpur (Uttar Pradesh)

DIRECTOR'S REPORT

To the Members,

The Board of Directors of your Company have pleasure in submitting their 16th Annual Report and Audited Accounts for the year ended 31st March, 2005.

(1) Financial Performance :	Current Year (Rs. In Lacs)	Previous Year (Rs. In Lacs)
Sales and other Income	<u>50528.77</u>	<u>43613.05</u>
Profit before depreciation	949.57	729.43
Depreciation	147.09	110.93
Profit after depreciation	802.48	618.50
Provision for taxation	82.00	66.00
Profit after tax	720.48	552.50
Less :		
Previous year Income / Exp.	—	—
Profit after previous year adjustment	720.48	552.50
Add : Credit Balance		
Profit brought forward from previous year	2090.36	1597.86
Add : Transfer from Investment Allowance Reserve	—	—
	<u>2810.84</u>	<u>2150.36</u>
Proposed Dividend	68.31	—
Provision for Dividend Tax	8.92	—
Transfer to General Reserve	75.00	60.00
Credit Balance Carried over to Balance Sheet	<u>2658.61</u>	<u>2090.36</u>
	<u>2810.84</u>	<u>2150.36</u>

(2) Dividend :

Your Directors are pleased to recommend a dividend on the fully paid equity shares @ 10% for the financial year ended 31st March, 2005.

(3) Current Performance :

The turnover during five months period ended 31st Aug. 2005 is Rs 26477 Lacs against Rs 16774 Lacs during corresponding period of previous year. The company is continue to follow the policy of perpetual technological up gradation. Your company is having ISO 9001:2000 certification for its quality and service in product. During the year Company has opened new depots, which helped to increase the market share.

(4) Finance :

In the year 2004-05, your company is availing the following finances :

- (A) Bank of Baroda have sanctioned cash credit facilities (Hypo) of Rs.750 Lacs and import L/C facility of Rs. 2800 Lacs. Punjab National Bank have also sanctioned cash credit facilities (Hypo) of Rs. 250 Lacs and import L/C facility of Rs. 1700 Lacs. There is a consortium arrangement for credit facilities.

(5) Cash Flow Statement :

In accordance with the requirement of clause 32 of listing agreement of the stock exchange cash flow statement duly verified the Auditors together with their certificate is annexed hereto.

(6) Auditors :

The auditors M/S Garg & Company , Chartered Accountants , retire at the ensuing Annual General Meeting are eligible for reappointment.

(7) Auditors Reports :

The notes to the account referred to in the Auditors report have been explained in note schedule of the Audited accounts. Your directors however like to briefly clarify the auditors qualification as follows.

- A. In respect of auditor's note for gratuity, since the company has procured group gratuity policy.
- B. The company is having a large net of parties, who are supplying raw material, packing materials and other items to company and buyers of vanaspati hence it is not possible to get confirmation from each and every party therefore the Auditors have qualified the same.
- C. The company has not made provision for diminution in the value of investment which are long term and it is the opinion that the fall in the value of investment is not of permanent nature.
- D. The salary and wages include payment of remuneration to Shri D.N. Jhunjunwala Rs. 250000/- (Chairman & Managing Director) , Shri S.N. Jhunjunwala Rs.238000/- (Whole time Director) and to Mrs Payal Khemka Rs.132000/- (Director).
- E. Advances given to Shri D.N. Jhunjunwala and S.N. Jhunjunwala are for company's work only.
- F. Other observations made in the Auditors report are self-explanatory therefore do not call for further comments under section 217 of the companies Act, 1956.
- G. The contingent liability mentioned in schedule 14 are payable only on the basis of legal pronouncement made by the different authorities previously.

- (8)** The company has maintained cost records under section 209(1)(d) of the Companies Act 1956 and get Audited.

(9) Particulars of The Employees :

Company's (particulars of Employees) rules, 1975 as amended read with section 217(2A) of the Companies Act 1956 are not applicable to the company as there are no employees drawing the minimum salary envisaged in the rules.

(10) Audit Committee :

Pursuant to the requirement u/s 292(A) of the companies Act, 1956, an audit committee was constituted. Now the committee comprise of Dr. S.K.Dikshit and other two directors Shri H.L.Agarwal, Shri Mahesh Kedia and Shri Ramesh Kumar Gupta ACA on behalf of internal auditors M/s Singh Bajpai & Associates.

(11) Directors Responsibility Statement :

The Board of Directors of the company confirms :

- A. That in preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure.
- B. That the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true

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The Board of Directors of the company confirms :

- A. That in preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure.
- B. That the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true

and fair view of the state of the affairs of the company as on March 31st 2005 and profit of the company for the year ended on that date.

- C. That the proper and sufficient care has been taken for the maintenance of adequate accounting records and are in accordance with the provision of the Companies Act 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and others .
- D. That the assumption of going concern is followed.

(12) Directors :

Shri H.L.Agarwal, Director of the Company retire by rotation and being eligible offers himself for reappointment, in view of valuable contribution made by Shri H.L.Agarwal to the Company, the Board of Directors recommend to the shareholders to reappoint as a Director of the Company.

Dr. S.K.Dikshit, Director of the Company retire by rotation and being eligible offers himself for reappointment, in view of valuable contribution made by Dr. S.K.Dikshit to the Company, the Board of Directors recommend to the shareholders to appoint as a Director of the Company.

(13) Share Capital :

Pursuant to expansion and modernisation programme your directors propose to increase the authorized share capital of the company from Rs.755 Lacs to Rs.1755 Lacs divided into 15000000 equity shares of Rs.10/- each and 255000, of which existing (A) 5000, 10% Cumulative Redeemable Preference Shares of Rs.100/- each and (B) 250000, Cumulative Redeemable preference Shares of Rs.100/- each.

(14) Listing of Shares :

The equity shares of the company continue to be listed during the year under review at The Stock Exchange, Mumbai and Uttar Pradesh Stock Exchange Association Limited, Kanpur and the annual listing fee to each of these Stock Exchange paid up to date.

(15) Corporate Governance :

As per the provisions of the listing agreement with The Stock Exchange, Mumbai, A report on the corporate governance is given in an annexure herewith.

(16) Management Discussion and Analysis :

As per the provisions of the listing agreement with The Stock Exchange, Mumbai, A report on the Management information system and discussion is given in an annexure herewith.

(17)Energy Conservation And Foreign Exchange :

As required U/S 217(1)(e) of the Companies Act 1956, read with Companies (disclosure particulars in the report of Board of Directors) Rules, 1988, the information on conservation of energy and foreign exchange earning and out go is given in a separate annexure forming part of this report.

(18)Appreciation :

Your Director place on record their sincere appreciation of the services rendered by the employees of the Company and are grateful to the financial Institution and Banks for their assistance. Your Directors are grateful to shareholders customers and suppliers of the Company for their continue and valuable support. Your Directors are thankful to local authorities for the Cooperation extended by them.

By order of the Board

Sd/-

(D.N. Jhunjhunwala)

Chairman & Managing Director

Place : Varanasi

Dated: 28.11.2005

Annexure 1

JHUNJHUNWALA VANASPATI LTD.
ANNEXURE TO DIRECTOR'S REPORT

Particulars as required U/S 217 (1)(a) of the Companies Act. 1956 for the year
 Ended 31st March 2005

	Current Year (Rs. In Lacs)	Previous Year (Rs. In Lacs)
(A) Power & Fuel Consumption		
(1) Electricity		
(a) Purchased		
Unit (000)	2731.00	2855.00
Total Amount (Rs. Lacs)	104.15	120.48
Rate/Unit (Rs.)	3.81	4.22
(b) Our Generation		
(i) Through Diesel Generators		
Unit(000)	5160.00	2530.00
Total Amount (Rs. Lacs)	380.51	163.71
Cost/Unit (Rs.)	7.37	6.47
(2) Coal/Husk		
Quantity (M.T.)	35951.880	35053.38
Total Coal/Husk (Rs. Lacs)	475.51	489.12
Average Rate (Rs.)	1322.62	1395.35
(3) Furnace Oil		
	—	—
(4) Other/Internal Generation		
	—	—
(B) Consumption per MT of Vanaspati production		
Electricity	75.08	55.83
Furnace Oil	—	—
Coal (Kgs.) /Husk (Kgs.)	342.03	363.45
(C) Technology Absorption		
Adaptation & Innovation	—	—
(D) Foreign Exchange Earning and Outgo		
	(Rs.in Lacs)	(Rs. In Lacs)
Total Foreign Exchange earned	—	—
Total Foreign Exchange Used	2653.05	217.10

ANNEXURE TO DIRECTOR'S REPORT

CORPORATE GOVERNANCE REPORT

- 1) The Company believe in a good corporate governance .It will help in better interaction with shareholders, government, lenders and employees..
- 2) **Board of Directors**
The Board of Directors consists of six Directors.

Category

Promoter / Executive Directors

Name of Directors

Shri D.N. Jhunjunwala
Shri S.N. Jhunjunwala
Mrs Payal Khemka

Non-Executive and Independent Directors

Dr. S.K. Dikshit
Shri H.L. Agarwal
Shri Mahesh Kedia

Attendance of Directors at the Board Meeting and Last Annual General Meeting :-

Name of the Director	Attendance Particulars	
	Board Meeting	Last AGM
1. Shri D.N. Jhunjunwala	8	Yes
2. Shri S.N. Jhunjunwala	8	Yes
3. Mrs Payal Khemka	8	Yes
4. Dr. S.K. Dikshit	6	Yes
5. Shri H.L. Agarwal	6	Yes
6. Shri Mahesh Kedia	4	Yes

(Promoter/Directors of the Company are not the Directors in any other Company)

Number of Board Meetings held and the date on which held

Eight Board Meetings were held during the year. The dates on which the meetings were held are as follows :

6.4.2004, 30.4.2004, 30.7.2004, 23.8.2004, 30.10.2004, 4.11.2004, 31.1.2005, 24.2.2005

3) **Audit Committee**

The Audit Committee consists of Non-Executive Directors viz. Dr. S.K. Dikshit, Shri H.L. Agarwal and Shri Mahesh Kedia . The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956.

The Broad terms of reference are as follows :-

- Review of Company's financial reporting process and its financial statements.
- Review of accounting and financial policies and practices.
- Review of internal control system.
- Compliance with Stock Exchange.

- Appointment of external Auditors, fixation of audit fee and payment

During the year, the Committee has met Four times, as against the minimum requirement of Three meetings. Attendance of each Member at the Committee meetings were as follows :

Sl. No.	Name of the Member	Status	No. of meetings attended
1)	Dr. S.K. Dikshit	Chairman & Independent Director	4
2)	Shri H.L. Agarwal	Independent Director	4
3)	Shri Mahesh Kedia	Independent Director	4

The Board has designated Shri S.N. Jhunjhunwala, Director as the Compliance Officer.

4) Remuneration Committee

Remuneration Committee consists of Non-Executive Independent Directors viz. Dr. S.K. Dikshit, Shri H.L. Agarwal and Shri Mahesh Kedia .

The Remuneration Committee has been constituted to recommend the remuneration package of the Chairman & Managing Director, Whole time Director and Director. The Remuneration policy is in consonance with the provisions of the Companies Act.

The Committee met twice during the year as under :-

Sl. No.	Name of the Member	Status	No. of meetings attended
1)	Dr. S.K. Dikshit	Chairman & Independent Director	4
2)	Shri H.L. Agarwal	Independent Director	4
3)	Shri Mahesh Kedia	Independent Director	4

The Committee approved remuneration payable to Shri D.N. Jhunjhunwala, Shri S.N. Jhunjhunwala and Mrs Payal Khemka as per the term of agreement signed with Company

Remuneration paid to Non-Executive Directors :

No Remuneration is paid to Non-Executive Directors.

5) Shareholders / Investors Grievance Committee

Shareholders / Investors Grievance Committee consists of Dr. S.K. Dikshit, Chairman, Shri H.L. Agarwal and Shri Mahesh Kedia. The Committee reviews redressing of Shareholders and Investors complaints like transfer of shares, non-receipt of Balance Sheet and other ancillary matters.

The Board has designated Shri S.N. Jhunjhunwala, Director as the Compliance Officer.

During the year under review , the total number of complaints received 18 and attended were 18 nos. and outstanding complaints as on 31st March, 2005 were Zero nos.