

2005-2006  
AND ACCOUNTS  
ANNUAL REPORT  
17th



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JHUNJHUNWALA  
Vamaspoti Ltd.

**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 D. N. JHUNJHUNWALA 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	Jhunjhunwala 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 17<sup>th</sup> Annual Report and Audited Accounts for the year ended 31<sup>st</sup> March 2006

(1) Financial Performance :	Current Year (Rs. In Lacs)	Previous Year (Rs. In Lacs)
Sales and other Income	67437.74	50528.77
Profit before depreciation	1571.53	949.57
Depreciation	180.59	147.09
Profit after depreciation	1390.94	802.48
Provision for taxation	115.00	82.00
Profit after tax	1275.94	720.48
Less:		
Previous year Income / Exp.	—	—
Profit after previous year adjustment	1275.94	720.48
Add: Credit Balance		
Profit brought forward from previous year	2658.61	2090.36
Add:		
Transfer from Investment Allowance Reserve	—	—
	<u>3934.55</u>	<u>2810.84</u>
Proposed Dividend	85.39	68.31
Provision for Dividend Tax	11.98	8.92
Transfer to General Reserve	100.00	75.00
Dividend Tax 2004-05	1.02	—
Deferred Tax	438.38	—
Credit Balance carried over to Balance Sheet	<u>3297.78</u>	<u>2658.61</u>
	<u>3934.55</u>	<u>2810.84</u>

### (2) Dividend :

Your Directors are pleased to recommend a dividend on the fully paid equity share @12.50% for the financial year ended 31<sup>st</sup> March, 2006.

### (3) Current Performance :

The turnover during five months period ended 31<sup>st</sup> Aug. 2006 is Rs 28930 Lacs against Rs 26477 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.

### Award

We are single largest unit manufacturing Vanaspati Ghee under brand name 'JHOOLA'. We are having strong market network and our brand is very popular in many parts of the country.

The Award committee of Globoil India has selected our brand "JHOOLA" as the "Fastest Growing Vanaspati Brand" which entitled to the GLOBOIL GOLD AWARD. Globoil India is a International Forum for Research, Analysis & Dis-semination of knowledge on Vegetable Oil & related Industries.

The award was presented to Mr. D.N. Jhunjhunwala , Chairman & Managing Director and Mr.S.N. Jhunjhunwala, Director of the Company on 23<sup>rd</sup> September, 2006 at Renaissance Hotel & Convention Centre, Mumbai in presence of dignitaries from all over the world.

**(4) Finance :**

In the year 2005-06, your company is availing the following finances :

- (A) Bank of Baroda have sanctioned cash credit facilities ( Hypo) of Rs.1125 Lacs and import L/C facility of Rs. 5000 Lacs. Punjab National Bank have also sanctioned cash credit facilities (Hypo) of Rs. 625 Lacs and import L/C facility of Rs. 3000 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. 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.
- B. 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.
- C. The salary and wages include payment of remuneration to Shri D.N. Jhunjhunwala Rs. 262000/- (Chairman & Managing Director) , Shri S.N. Jhunjhunwala Rs.250000/- (Whole time Director) .
- D. Advances given to Shri D.N. Jhunjhunwala and S.N. Jhunjhunwala are for company's work only.
- E. 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.

- F. The contingent liability mentioned in schedule 15 are payable only on the basis of legal pronouncement made by the different authorities previously.
  - G. Paid up Share capital includes 403100 Nos of Equity shares of Rs.10/- each mentioned in Schedule 15(7), for which approval from the stock exchange is under process .
- (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 Sri D.N. Jhunjhunwala and other two directors Dr. S. K. Dikshit, 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 and fair view of the state of the affairs of the company as on March 31<sup>st</sup> 2006 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 D.N.Jhunjhunwala, Director of the Company retire by rotation and being eligible offers himself for reappointment, in view of valuable contribution made by Shri D.N.Jhunjhunwala to the Company, the Board of Directors recommend to the shareholders to reappoint as a Director of the Company.

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

**(13) 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.

**(14) 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.

**(15) 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.

**(16) 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.

**(17) 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

S/d

**(D.N. Jhunjhunwala)**

Chairman & Managing Director

Place : Varanasi

Dated : 28.9.2006

**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 31<sup>st</sup> March 2006

	Current Year (Rs. In Lacs)	Previous Year (Rs. In Lacs)
<b>(A) Power &amp; Fuel Consumption</b>		
(1) Electricity		
(a) Purchased		
Unit (000)	2754	2731
Total Amount (Rs. Lacs)	119.39	104.15
Rate/Unit (Rs.)	4.34	3.81
(b) Our Generation		
(i) Through Diesel Generators		
Unit(000)	6044	5160
Total Amount (Rs. Lacs)	530.88	380.51
Cost/Unit (Rs.)	8.78	7.37
(2) Coal/Husk		
Quantity (M.T.)	35708.31	35951.880
Total Coal/Husk (Rs. Lacs)	550.13	475.51
Average Rate (Rs.)	1540.63	1322.62
(3) Furnace Oil		
	—	—
(4) Other/Internal Generation		
	—	—
<b>(B) Consumption per MT of Vanaspati production</b>		
Electricity	71.47	75.08
Furnace Oil	—	—
Coal (Kgs.) /Husk (Kgs.)	290.12	342.03
<b>(C) Technology Absorption</b>		
Adaptation & Innovation	—	—
<b>(D) Foreign Exchange Earning and Outgo</b>		
	(Rs.in Lacs)	(Rs. In Lacs)
Total Foreign Exchange earned	—	—
Total Foreign Exchange Used	3458.20	2653.05

## 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	12	Yes
2. Shri S.N. Jhunjunwala	12	Yes
3. Mrs Payal Khemka	12	Yes
4. Dr. S.K. Dikshit	6	Yes
5. Shri H.L. Agarwal	6	Yes
6. Shri Mahesh Kedia	4	Yes

(Shri D.N.Jhunjunwala, Director is also director in Hari Fertilizers Ltd and Shri S.N.Jhunjunwala is also Director in Hari Fertilizers Ltd and Adamjee Extraction Pvt. Ltd, Colombo , Sri Lanka)

Number of Board Meetings held and the date on which held

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

24.4.05 ,30.7.05 ,17.9.05, 29.10.05, 28.11.05, 30.12.05, 1.12.05, 30.12.05 31.1.06, 9.3.06, 21.3.06 and 22.3.06

### 3) Audit Committee

The Audit Committee consists of Directors viz. Shri D.N.Jhunjunwala ,Dr. S.K. Dikshit, 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)	Shri D. N. Jhunjunwala	Chairman	4
2)	Dr. S. K. Dikshit	Independent Director	4
3)	Shri Mahesh Kedia	Independent Director	4

The Board has designated Shri S.N. Jhunjunwala, 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 and Whole time Director. The Remuneration policy is in consonance with the provisions of the Companies Act.

The Committee met four times 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. Jhunjunwala and Shri S.N. Jhunjunwala 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. Jhunjunwala, Director as the Compliance Officer.

During the year under review , the total number of complaints received 85 and attended were 84 nos. and one complaint was outstanding as on 31st March, 2006 .

**6) General Body Meeting :**

Location and time for last three Annual General Meetings held :

Year	Location	Date	Day	Time
2002-03	Jhunjunwala Bhawan, Nati Imli, Varanasi (U.P.)	30.09.2003	Tuesday	11.00 A.M.
2003-04	Jhunjunwala Bhawan, Nati Imli, Varanasi (U.P.)	30.09.2004	Thursday	11.00 A.M.
2004-05	Shri Annapurna Resturant, Ramkatora, Varanasi (U.P.)	22.12. 2005	Thursday	03.00 P.M.

No special resolutions were put through postal ballot, last year.

**7) Disclosures**

- A) The transactions with the related parties i.e. Promoters, Directors or their Management or relative are not conflicting with Company's interest as one disclosed in the notes forming part of the accounts.
- B) Disclosure by Senior Management in accordance with clause 49 IV (F) (ii) of the listing agreement:- The senior management of the company has confirmed to the Board of directors that they do not have any personal interest relating to material , financial and commercial transactions with the company that may have a potential conflict with the interest of the company at large.
- C) The company does not have any Whistle Blower policy as of now but no personal is being denied any access to the audit committee .

**8) Means of communication**

The company is publishing quarterly unaudited financial results and notice advertisements in Economic Times (National Daily) and Gandiv (Local News Paper).

The Management Discussion and Analysis is a part of the Annual Report.

**9) General Shareholder information**

- a) Annual General Meeting :  
Date/Time and Venue : 30.10.2006 at 3.00 PM at Shri Annapurna Resturant, Ramkatora , Varanasi ( U.P.)
- b) Financial calendar (tentative) (2006-07) :  
Annual General Meeting : 30<sup>th</sup> September, 2007 ( Approx)  
Results for quarter ending 30<sup>th</sup> June,2006 : Last week of July, 2006  
Results for quarter ending 30<sup>th</sup> Sept.2006 : Last week of Oct., 2006  
Results for quarter ending 31<sup>st</sup> Dec.2006 : Last week of Jan., 2007  
Results for quarter ending 31<sup>st</sup> Mar,2007 : Last week of April, 2007
- c) Book closure date : 27.10.2006 to 30.10.2006  
( both days inclusive)
- d) Dividend payment date : Within thirty days from the date of the declaration of Dividend.
- e) Listing of Equity Shares on : The Stock Exchange, Mumbai,  
The U.P. Stock Exchange Association Ltd., Kanpur  
Annual Listing fees for the year 2005-06 have been duly paid to above Stock Exchanges.
- f) (i) Stock Code : Scrip Code No. : Bombay Stock Exchange : 519248  
: Trading symbol : Bombay Stock Exchange : JHUNVAN
- (ii) Demat ISIN Nos. in NSDL and CDSL  
for Equity Shares : INE 430G01018