

Corporate Information

Chairman & Managing Director

Shri D. N. Jhunjhunwala

Whole-Time Director

Shri S. N. Jhunjhunwala

Directors

Shri H. L. Agrawal

Dr. S. K. Dikshit

Shri Mahesh Kedia

Shri Adarsh Jhunjhunwala

Shri Kanhaiya Lal Goenka

Shri Shyam Poddar

Audit Committee

Shri D. N. Jhunjhunwala

Dr. S. K. Dikshit

Shri Mahesh Kedia

Auditors

Garg & Company

Chartered Accountants

27A, Waterloo Street,

Kolkata - 700069.

Company Secretary

Alka Khemka

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 - 110020.

Registered Office

Jhunjhunwala Bhawan,

Nati Imli, Varanasi - 221001.

Works

Naupur

Dist- Jaunpur,

(Uttar Pradesh).



Directors' Report

Dear members

Your Directors have pleasure in presenting their 18th Annual Report together with the audited statement of accounts of the Company for the financial year ended March 31, 2007.

Financial performance

(Rs. in Lacs)

	Current year	Previous year
Sales and other income	69,554.21	67,437.74
Profit before depreciation	1,799.82	1,571.53
Depreciation	204.44	180.59
Profit after depreciation	1,595.38	1,390.94
Provision for taxation	180.00	115.00
Profit after tax	1,415.38	1,275.94
Less:		
Previous year's income/expenditure	—	—
Profit after previous year's adjustment	1,415.38	1,275.94
Add: Credit balance		
Profit brought forward from previous year	3,297.78	2,658.61
Add:		
Transfer from investment allowance reserve	—	—
	4,713.16	3,934.55
Proposed dividend	112.50	85.39
Provision for dividend tax	15.78	11.98
Transfer to general reserve	150.00	100.00
Dividend tax for 2004-05	—	1.02
Deferred tax	293.14	438.38
Credit balance carried over to balance sheet	4,141.74	3,297.78
	4,713.16	3,934.55

Dividend

Your Directors are pleased to recommend the payment of a dividend on equity share at 15% for the financial year ended on March 31, 2007. The dividend will absorb a sum of Rs. 112.50 lac (excluding dividend tax of Rs.15.78 lac).

Current performance

The turnover during the five-month period ended August 31, 2007 is Rs. 40,625 lac against Rs. 28,930 lac during the corresponding period in the previous year. The Company continues to follow the policy of perpetual technological

upgradation. Your Company has the ISO 9001: 2000 certification for its product quality and services.

Award

We are the single largest unit manufacturing vanaspati ghee under the brand name JHOOLA. We have a strong market network and our brand is very popular in many parts of the country.

The Company has been winning awards from the Globoil India for the last two years, reflecting our consistent focus on growth. We were chosen for the **Emerging Company of the**

Year 2007 Award by Globoil India, an international forum for research, analysis and dissemination of knowledge on vegetable oil and related industries.

The award will be presented to Shri D.N. Jhunjhunwala, Chairman and Managing Director, and Shri S.N. Jhunjhunwala, Whole-Time Director of the Company, on September 22, 2007 at Taj Exotica, Goa, in presence of dignitaries from across the world.

Finance

In 2006-07, your Company is availing cash credit facilities (hypo.) of Rs. 1,125 lac and import L/C facility of Rs. 5,000 lac from the Bank of Baroda, and cash credit facilities (hypo.) of Rs. 625 lac and import L/C facility of Rs. 3,000 lac from the Punjab National Bank. There is a consortium arrangement for credit facilities.

Cash flow statement

In accordance with the requirement of Clause 32 of the Listing Agreement with stock exchanges, the cash flow statement is duly verified with the auditors, together with their certificate and is annexed hereto.

Auditors

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

Auditors' Report

The notes to the account referred to in the Auditors' Report are explained in the note schedule of the audited accounts. Your Directors, however, like to briefly clarify the qualification by the auditors as follows:

- The Company has a large network of parties supplying raw material, packing materials and other items to the Company and buyers of vanaspati, and hence it is not possible to get confirmation from every one of them. Therefore, the auditors have qualified the same.

- The Company has not made a provision for the diminution in the value of long-term investments and it is of the opinion that the fall in the value of investment is not permanent nature.

- The salary and wages include a remuneration of Rs. 2.74 lac to Shri D.N. Jhunjhunwala and Rs. 2.62 lac to Shri S.N. Jhunjhunwala (Whole-Time Director).

- Advances given to them are for the Company's work.

- Other observations made in the Auditors' Report are self-explanatory and, therefore, do not call for further comments under Section 217 of the Companies Act, 1956.

- The contingent liability mentioned in Schedule 16 is payable only on the basis of a legal pronouncement made by different authorities previously.

The Company maintained cost records under Section 209(1) (d) of the Companies Act, 1956, and got them audited.

Particulars of employees

The Company's (particulars of employees) Rules, 1975, as amended and 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 as envisaged in the rules.

Audit Committee

Pursuant to the requirement under section 292(A) of the Companies Act, 1956, an Audit Committee has been constituted. The committee comprises Shri D.N. Jhunjhunwala, Dr. S. K. Dikshit, Shri Mahesh Kedia and Shri Ramesh Kumar Gupta, ACA, on behalf of the internal auditors M/s. Singh Bajpai & Associates.

Directors' Responsibility Statement

The Board of Directors of the Company confirms that

- A. In preparation of the annual accounts, the applicable accounting standards were followed and there was no

- material departure.
- B. The selected accounting policies were applied consistently and judgements and estimates made 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, 2007, and profit of the Company for the year ended on that date.
- C. Proper and sufficient care was taken for the maintenance of adequate accounting records which are in accordance with the provision of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- D. The assumption of going-concern is followed.

Directors

- a) Shri D.N. Jhunjhunwala has been reappointed as Chairman & Managing Director of the Company by the Board at its meeting held on June 1, 2007, subject to the approval of shareholders in the Annual General Meeting for a further period of five years from June 1, 2007 to May 31, 2012, on such remuneration and terms and conditions as approved by the Remuneration Committee.
- b) Shri S.N. Jhunjhunwala has been reappointed as Wholetime Director of the Company by the Board at its meeting held on June 1, 2007, subject to the approval of shareholders in the Annual General Meeting for a further period of five years from June 1, 2007 to May 31, 2012 on such remuneration and terms and conditions as approved by the Remuneration Committee.
- c) Dr. S.K. Dikshit, Director of the Company, retires by rotation and being eligible, offers himself for reappointment. In view of his valuable contribution to the Company, the Board of Directors recommends to the shareholders his reappointment as a Director of the Company. He possesses expertise in herbal products and medical science.
- d) Shri Adarsh Jhunjhunwala was inducted on the Board as Additional Director on February 19, 2007. A notice has been received from a shareholder under section 257 of the Companies Act, 1956, proposing him to be appointed as a Director of the Company, subject to retirement by rotation at the 18th Annual General Meeting. He is a Chartered Accountant.
- e) Shri Kanhaiya Lal Goenka was inducted on the Board as Additional Director on February 19, 2007. A notice has been received from a shareholder under section 257 of the Companies Act, 1956, proposing him to be appointed as a Director of the Company, subject to retirement by rotation in the 18th Annual General Meeting. He has a vast experience in the field of vanaspati and mustard oil.

- f) Shri Mahesh Kedia, Director of the Company, retires by rotation and being eligible, offers himself for reappointment. In view of his valuable contribution to the Company, the Board of Directors recommends to the shareholders his re-appointment as a Director of the Company. He is a Chartered Accountant.
- g) Shri Shyam Poddar was inducted on the Board as Additional Director on July 2, 2007. A notice has been received from a shareholder under section 257 of the Companies Act, 1956, proposing him to be appointed as a Director of the Company, subject to retirement by rotation at the 18th Annual General Meeting. He has rich experience in the foreign exchange markets.

Listing of shares

The equity shares of the Company continued to be listed during the year under review at the Stock Exchange, Mumbai, and Uttar Pradesh Stock Exchange Association Ltd., Kanpur, and the annual listing fees of each of these stock exchanges are paid up to date.

Corporate Governance

As per the provisions of the Listing Agreement with stock exchanges, a report on Corporate Governance is given in an annexure herewith.

Management Discussion and Analysis Report

As per the provisions of the Listing Agreement with stock exchanges, a report on the management information and discussion system is given in an annexure herewith.

Energy conservation and foreign exchange

As required under 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, the information on conservation of energy and foreign exchange earning and outgo is given in a separate annexure forming a part of this report.

Appreciation

Your Directors place on record their sincere appreciation of the services rendered by employees of the Company and are grateful to financial institutions and banks for their assistance. Your Directors are also grateful to the shareholders, customers, suppliers and various others stakeholders of the Company for their continued and valuable support. Your Directors are thankful to local authorities for the cooperation extended by them.

By order of the Board of Directors

Place: Varanasi
Dated: September 5, 2007

D. N. Jhunjhunwala
Chairman & Managing Director

ANNEXURE – 1

Annexure to the Directors’ Report

Particulars as required Under Section 217 (1) (e) of the Companies Act, 1956, for the year ended March 31, 2007

	Current year (Rs. in lac)	Previous year (Rs. in lac)
A) Power and fuel consumption		
1) Electricity		
a) Purchased		
Unit (000)	6,621	2,754
Total amount (Rs. lac)	253.45	119.39
Rate/unit (Rs.)	3.82	4.34
b) Own generation		
i) Through diesel generators		
Unit (000)	1,730	6,044
Total amount (Rs. lac)	169.67	530.88
Cost/unit (Rs.)	9.80	8.78
2) Coal/Husk		
Quantity (MT)	46,387.96	35,708.31
Total coal/Husk (Rs. lac)	745.22	550.13
Average rate (Rs.)	1,606.50	1,540.63
3) Furnace oil	–	–
4) Other/internal generation	–	–
B) Consumption per MT of vanaspati production		
Electricity	64.71	71.47
Furnace oil	–	–
Coal (Kg.) / Husk (Kg.)	359.45	290.12
C) Technology absorption		
Adaptation and innovation	–	–
D) Foreign exchange earning and outgo	(Rs. in lacs)	(Rs. in lacs)
Total foreign exchange earned	412.75	–
Total foreign exchange used	4,486.44	3,458.20

Corporate Governance Report

1) Company's philosophy on code of Corporate Governance

In the modern business environment where stakeholders are scattered all over the country, the Company feels that their participation and involvement in the affairs of the Company can be achieved for better corporate governance. The Company provides detailed information on various issues concerning its business and financial performance to the shareholders. It will help in a better interaction with shareholders, the government, lenders, employees and other stakeholders.

2) Board of Directors

The Board of Directors consists of eight Directors. The composition, category and details of the Directors' attendance during the financial year 2006-07 and other particulars are given below:

Category	Name of Directors
Promoter/Executive Directors	Shri D. N. Jhunjhunwala
	Shri S. N. Jhunjhunwala
	Shri Adarsh Jhunjhunwala
Non-Executive and Independent Directors	Dr. S. K. Dikshit
	Shri H. L. Agrawal
	Shri Mahesh Kedia
	Shri Kanhaiya Lal Goenka
	Shri Shyam Poddar

Attendance of Directors at the Board meeting and the last Annual General Meeting:

Name of the Director	Attendance particulars	
	Board meeting	Last AGM
1. Shri D. N. Jhunjhunwala	12	Yes
2. Shri S. N. Jhunjhunwala	12	Yes
3. Dr. S. K. Dikshit	12	Yes
4. Shri H. L. Agrawal	6	Yes
5. Shri Mahesh Kedia	4	Yes
6. Shri Adarsh Jhunjhunwala	3	N.A.
7. Shri Kanhaiya Lal Goenka	3	N.A.
8. Shri Shyam Poddar	N.A.	N.A.

Shri D.N. Jhunjhunwala was reappointed at the Board meeting held on June 1, 2007 as the Chairman and Managing Director of the Company for five years, subject to the approval of members in the ensuing Annual General Meeting.

Shri S.N. Jhunjhunwala, in the Board meeting held on June 1, 2007 was reappointed as the Wholetime Director of the Company for five years, subject to the approval of members in the ensuing Annual General Meeting.

Shri Adarsh Jhunjhunwala was inducted on the Board as an Additional Director on February 19, 2007.

Shri Kanhaiya Lal Goenka was inducted on the Board as an Additional Director on February 19, 2007.

Shri Shyam Poddar was inducted on the Board as an Additional Director on July 2, 2007.

The board members possess the skills, expertise and experience necessary to guide the Company.

Number of Board Meetings held and the dates

During the financial period ended on March 31, 2007, the Board met twelve times:

April 24, 2006, May 12, 2006, July 29, 2006, August 30, 2006, September 28, 2006, October 31, 2006, December 15, 2006, January 18, 2007, February 19, 2007, March 01, 2007, March 15, 2007 and March 28, 2007.

3) Audit Committee

The Audit Committee consists of Directors viz. Shri D. N. Jhunjhunwala, Dr. S. K. Dikshit and Shri Mahesh Kedia. The constitution of the 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 the Company's financial reporting process and its financial statements

- Review of the accounting and financial policies and practices
- Review of the internal control systems
- Compliance with stock exchanges
- Appointment of external auditors, fixation of audit fee and its payment

The constitution of the committee and status of the members are given below:

During the year, the committee met four times:

Sl. No.	Name of the Member	Status	No. of meetings attended
1)	Shri D. N. Jhunjhunwala	Managing Director, Executive Director	4
2)	Dr. S. K. Dikshit	Chairman & Independent Director	4
3)	Shri Mahesh Kedia	Independent Director	4

4) Remuneration Committee

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

The Remuneration Committee was constituted to recommend the remuneration package of the Chairman and Managing Director and the Wholetime Director. The remuneration policy is in consonance with the provisions of the Companies Act, 1956.

The constitution of the committee and status of the members are given below:

During the year, the committee met four times:

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

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

Remuneration paid to Non-Executive Directors:

No remuneration is paid to the Non-Executive Directors.

5) Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee consists of Dr. S. K. Dikshit, Chairman, Shri H. L. Agrawal and Shri Mahesh Kedia. The committee reviews the redressal of shareholder and investor 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 was eighty three and all were attended.

6) General Body Meeting

The details of the last three Annual General Meetings held:

Year	Location	Date	Day	Time
2003-04	Jhunjhunwala Bhawan, Nati Imli, Varanasi (UP)	September 30, 2004	Thursday	11.00 AM
2004-05	Shri Annapurna restaurant, Ramkatora, Varanasi (UP)	December 22, 2005	Thursday	3.00 PM
2005-06	Shri Annapurna restaurant, Ramkatora, Varanasi (UP)	October 30, 2006	Monday	3.00 PM

No special resolutions were put through postal ballot last year.

7) Disclosures

- A) The transactions with related parties i.e. Promoters, Directors, the management, or their relatives, are not conflicting with the Company's interest as disclosed in the notes forming part of the accounts.
- B) Declarations by CEO under Claus 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 in the material, financial and commercial transactions with the Company that may have a potential conflict with the interest of the Company at large.

- C) Declarations by CEO: Shri D. N. Jhunjhunwala has furnished the requisite certificate regarding the code of conduct, attached with the report.
- D) Whistleblower policy: The Company does not have any whistleblower policy as of now but no personnel is denied access to the Audit Committee.

8) Means of communication

The quarterly results, notice and advertisements are published in *The Economic Times* and in the local Hindi daily *Gandiva*.

The Management Discussion and Analysis report (MDA) is a part of the annual report.

9) General shareholder information

a) Details of Annual General Meeting

- Date and time : September 29, 2007 at 3.00 PM
- Venue : Hotel Taj Ganges, Nadesar, Varanasi (Uttar Pradesh)

b) Financial calendar (tentative) for 2007-08

- Annual General Meeting : September 30, 2008 (tentative)
- Results for quarter ending June 30, 2007 : Last week of July, 2007
- Results for quarter ending September 30, 2007 : Last week of October, 2007
- Results for quarter ending December 31, 2007 : Last week of January, 2008
- Results for quarter ending March 31, 2008 : Last week of April, 2008

- c) Book closure date** : September 19, 2007 to September 29, 2007 (both days inclusive)

- d) Dividend payment date** : Within 30 days from the date of the declaration of dividend

- e) Listing of equity shares on** : The Stock Exchange, Mumbai
- The UP Stock Exchange Association Ltd., Kanpur
- Annual listing fees for 2006-07 have been duly paid to both the 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

g) Stock market data

Month	(In Rs.)	
	Bombay Stock Exchange (BSE)	
	Month's high price	Month's low price
April, 2006	72.85	48.05
May, 2006	78.20	51.75
June, 2006	49.35	37.50
July, 2006	44.60	35.20
August, 2006	45.55	38.00
September, 2006	48.00	43.10
October, 2006	53.75	46.70
November, 2006	47.10	41.30
December, 2006	51.25	44.35
January, 2007	78.65	48.00
February, 2007	73.30	58.85
March, 2007	73.40	46.50

There was no trading at The UP Stock Exchange Association Ltd., Kanpur, during the year.

h) Distribution of shareholding as on March 31, 2007:

No. of shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
Up to 500	2983	84.0755	539275	7.1903
501 to 1000	281	7.9200	249804	3.3307
1001 to 2000	132	3.7204	213989	2.8532
2001 to 3000	37	1.0428	98165	1.3089
3001 to 4000	21	0.5919	76297	1.0173
4001 to 5000	16	0.4510	74163	0.9888
5001 to 10000	31	0.8737	224632	2.9951
10001 to 50000	29	0.8174	581719	7.7563
50001 to 100000	4	0.1127	243782	3.2504
Above 100000	14	0.3946	5198174	69.3090
Total	3548	100.00	7500000	100.00

- i) **Registrar and Transfer Agents** : MCS Limited
- (Share transfer and communication regarding share certificates, change of address, etc.) Sri Venkatesh Bhavan, W-40, Okhla Industrial Area, Phase-II, New Delhi 110 020.
- j) **Share transfer system** : Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period of 21 days from the date of receipt, subject to the documents being valid and complete in all respects.

k) Shareholding pattern as on March 31, 2007

Sl. No.	Category	No. of shares (Issued equity)	Percentage
01)	Promoters and associates	3824190	50.989
02)	Indian financial institutions, banks, mutual funds	9900	0.132
03)	Foreign institutional investors/ NRIs	87876	1.172
04)	Others	3578034	47.707
	Total	7500000	100.000

The paid-up share capital includes 689300 equity shares of Rs.10 each, for which listing and trading approval from the stock exchange is under process.

l) Dematerialisation of shares and liquidity:

The shares of the Company are compulsorily traded in demat form by all investors. The Company has arrangements with both the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL), to establish electronic connectivity of our shares for scripless trading and liquidity of shares.

The shares of the Company are actively traded at The Stock Exchange, Mumbai.

m) Plant locations :

- A) Vill. Naupur, P.O. Thanagaddi, Tehsil: Kerakat, Dist. Jaunpur (Uttar Pradesh)
- B) JVL Agro foods (A unit of Jhunjhunwala Vanaspati Ltd.)
- 207, MIA, RIICO, Alwar (Rajasthan)

n) i) Investor correspondence :

For transfer / dematerialisation of shares, and any other query relating to the shares of the Company.

- i) For shares held in physical form : MCS Limited
- Sri Venkatesh Bhavan, W-40, Okhla Industrial Area, Phase-II, New Delhi-110 020.

- ii) For shares held in demat form: To the depository participants.

- ii) Any query on annual report Secretarial Department

The above report was adopted by the Board of Directors at their meeting held on September 5, 2007.

Management Discussion and Analysis Report

A) Industry structure and development

The vegetable oil and ghee industry plays a crucial and significant role in the Indian industry. The economic upswing has created significant business opportunities. Your Company is engaged in the production of vanaspati ghee and refined oil. The production of vanaspati ghee is much lesser compared with the demand in the country. The medium-income group and lower-income group people largely use vanaspati ghee and refined oil as cooking medium; therefore the growth of the industry is inevitable. We have to import raw material in large quantity to bridge this demand-supply gap, therefore the growth of the vanaspati industry will be robust in the near future. The Company has set up a 3-MW power plant on the factory premises to meet the power requirement and will help to mitigate the power costs of the Company.

Marketing

The Company runs 17 depots for the smooth and regular supply of the vanaspati ghee and refined oil within Uttar Pradesh. The product is also sold in Uttar Pradesh, Bihar, Gujarat, Jharkhand, Maharashtra, Madhya Pradesh, Rajasthan, Delhi, Punjab, Harayana, West Bengal and other states. The Company declares various incentive schemes for retailers and dealers for their benefits and, in this way, thousands of small retailers are connected with us. The brand JHOOLA has become a household name.

B) Opportunities, risks and concerns

Strengths

We believe and follow the anthem Customer is the King. The satisfaction of the customer is our first strength.

We make the product as per the preference and taste of the customer so that he gets the full utilisation of every paisa they spent on JHOOLA. We have received full support of our customers despite cutthroat competition in the industry and were able to create the single largest unit in India.

We use modern technology for refining the oil in place of traditional method of chemical refining as the process losses in chemical refinery are very high in comparison to physical refinery. The Company enjoys the status of ISO

9001-2000 certification for its quality and services and runs strong sales network across the country. JVL possesses the single largest manufacturing unit of vanaspati ghee in India.

Weakness

The manufacturing unit is located in the remote village of Jaunpur, a backward district of eastern Uttar Pradesh.

Opportunities

The penetration of the vanaspati industry is approximately 15% at an all-India level, leaving a huge market to be tapped. The brand name JHOOLA is well accepted at grass-root level in Uttar Pradesh, Bihar, Gujarat, Jharkhand, Maharashtra, Madhya Pradesh, Rajasthan, Delhi, Punjab, Harayana, West Bengal and other states. The growth of the industry is directly related with the growth in population and there is ample scope of further expansion.

Threats

Change in the government policies, regulations, customs duty, etc. may affect the Company. These either directly or indirectly affect the performance of the Indian production and manufacturing industry. Your Company runs the risk of facing stiff competition.

C) Outlook

In the long run, the Company visualise itself as a one-stop shop for vanaspati ghee and refined oil to cater to all segments of customers. The Company also aims to continue to be a leader in the industry at the national level. It aspires to make JHOOLA a national brand.

D) Internal control systems and their adequacy

The Company has proper and adequate internal control systems to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and those transactions are authorised, recorded and reported correctly. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining the accountability of assets.

E) Financial and operational performance

Please refer to the Board Report on the performance review

of the Company. The performances of all our running units were up to the mark during the year under review. For all other information pertaining to our finance, please refer to the financial performance section.

F) Material developments in human resources / industrial relations front

The Company believes that the employee is the first customer an organization has to win and thus recognizes the importance and contribution of its human resources for its growth and development and is committed to the development of its people. The Company has been practicing methods and practices for Human Resources. Development. With utmost respect to human values, the Company served its human resources with integrity, through a variety of services by using appropriate training, motivation techniques and employee welfare activities. Industrial relations were cordial and satisfactory.

G) Expansion programme

The Company is the single largest unit manufacturing Vanaspati Ghee in India. The Company is selling its products in Uttar Pradesh and adjoining areas with a network of 17 Nos of Depots connected with thousands of small retailers. To increase its market Share, the Company

has ambitious plans to increase the production of Vanaspati Ghee and Refined Oil in the year to come. The Company is also importing huge quantity of Crude Palm Oil (Edible Grade) from Malaysia, Indonesia, Singapore, and Soya Bean Oil from Argentina and Brazil. The Company has commenced 3 MW power plant in March, 2007 the effect of mitigation of expenses will come in next year.

The Company has acquired one unit for manufacturing Mustard Oil at Alwar (Rajasthan). The production has been commenced and marketed under brand name JHOOLA.

The Company has formed a Wholly Owned Subsidiary in Singapore in the name of M/s. JVL Overseas Pte. Ltd.

H) Fluctuations In Foreign Currency

Favorable fluctuations in foreign currency helped the Company in augmenting the profitability of the Company.

I) Cautionary statement

The Company is importing raw material in large quantity. Hence the Company' operational results may have a significant effect. Largely the import of material is depending on Government regulations and tax laws and economic conditions and demand and supplies.

Declaration by the CEO

UNDER CLAUSE 49 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 Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to the Code of Conduct, as applicable to them for the financial year ended March 31, 2007.

For Jhunjhunwala Vanaspati Ltd.

Place: Varanasi
Dated: September 5, 2007

D. N. Jhunjhunwala
Chairman & Managing Director

Auditors’ Report

To the Members of
JHUNJHUNWALA VANASPATI LIMITED

- 1. We have audited the attached Balance Sheet of JHUNJHUNWALA VANASPATI LTD., as at 31st March, 2007 and also the Annexed Profit and Loss Account of the Company 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. We conducted our audit in accordance with 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 statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion
- 3. 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
- 4. 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 the Books of the Company.
- 5. The Balance Sheet and Profit and Loss Account dealt with by the Report are in agreement with the books of Accounts of the Company.
- 6. n our opinion, Profit & Loss Account and Balance Sheet are prepared in accordance with the applicable accounting standards.
- 7. On the basis of the written representation received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is

disqualified from being appointed as a Director in terms of section 274 (1) (g) of the Companies Act, 1956.

- 8. In our opinion and to the best of our information and according to the explanations given to us, the said account subject to Note No. 4 of Schedule 16 regarding different parties balances taken in account and read together with other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformation with the accounting principles generally accepted in India.
 - i) In the case of Balance Sheet of the state of affairs of the company as at 31st March, 2007 and
 - II) In the case of Profit & Loss Account of the profit for the year ended on that date.
- 9. As required by the Companies (Auditors Report) Order, 2003 issued by the Company Law Board in Terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, we further state that :-
 - i) The company has not yet maintained proper records showing full particulars including quantitative details and situation of fixed assets, which have been physically verified by the management and according to the management no discrepancy was found on such verification. Fixed assets register is under preparation. Addition during the year has been taken as certified by the management. Based on the information and explanations given to us and on the basis of audit procedures performed by us, substantial part of fixed assets have not been disposed off during the year.
 - ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

- b) The procedure 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) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and the book records were not material.
- iii) The company has not granted unsecured loans to the parties listed under Section 301 of the Companies Act, 1956 during the year.
- 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 with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness have been noticed in the internal controls.
- v) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
- b) In our opinion and according to the information and explanations given to us, transactions were made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lacs in respect of each party during the year, which as per management are at the prices which are

reasonable having regard to the prevailing market prices at the relevant time.

- vi) The Company has not accepted any deposits from the public during the year.
- vii) In our opinion, the Company has an Internal Audit System commensurate with the size and nature of its business.
- viii) In our opinion, the Company has made and maintained cost records under 209 (1) (d) of the Companies Act, 1956. We have not however made a detailed examination of the record with a view of determining whether these are accurate or complete.
- ix) a) According to the records of the company and information and explanations given to us, the Company is regular in depositing with appropriate authorities, undisputed amounts payable in respect of Provident Fund, Investor and Protection Fund, E.S.I., Income Tax, Sales Tax, Custom Duty, Excise Duty, Cess and any other statutory dues as applicable.
- b) According to the records of the company and information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty / cess which have not been deposited on account of any dispute except as mentioned under note no. 6 of Schedule 15.
- x) The Company has no accumulated losses at the end of the year. The Company has not incurred cash losses during the year as well as in immediately preceding financial year.
- xi) Based on our audit procedures and information and explanations given by the management, we are of the

Auditors Certificate on Compliance with the conditions of Corporate Governance Under Clause 49 of the Listing Agreement(S)



To the Members of
Jhunjhunwala Vanaspati Limited

- 1. We have reviewed the implementation of Corporate Governance by Jhunjhunwala Vanaspati Limited during the year ended 31st March, 2007, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
- 2. The compliance of conditions on Corporate Governance is the responsibility of the Management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- 3. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.
- 4. We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee.
- 5. On the basis of our review and according to the information and explanations provided to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchanges have been complied with in all material respect by the Company.

For Garg & Company
Chartered Accountants

Camp: Varanasi
27A, Waterloo Street
Kolkata - 700069
Date: The 5th day of September, 2007

G. C. Agarwal
Partner
Membership No.: 52463

opinion that the company has not defaulted in repayment of dues to a financial institution, Bank wherever applicable.

- xii) According to the information and explanations given to us, the Company has not granted any loan against security and hence maintenance of adequate records for such securities does not arise.
- xiii) Based on our examination of the records and information and explanations given to us, proper records have been maintained for dealing in Shares & Other securities and timely entries have been made in those records. We also report that the Company has held the Shares & Securities in its own name, except some of the shares, which are under transfer.
- xiv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Bank and Financial Institutions.
- xv) The term loans have been applied for the purpose for which they were taken.
- xvi) Based on our examination of the records and

information and explanations given to us, the funds raised on Short Term basis have not been used for long term investment and vice-versa.

- xvii) The Company has not made preferential allotment of Equity shares during the year.
- xviii) The Company has not issued any debentures during the year.
- xix) The Company has not raised any money by public issue during the year.
- xx) Based upon the audit procedures performed and the information and explanation given 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 Garg & Company
Chartered Accountants

Camp: Varanasi
27A, Waterloo Street
Kolkata - 700069
Date: The 5th day of September, 2007

G. C. Agarwal
Partner
Membership No.: 52463

Balance Sheet

As at 31st March, 2007

Previous Year (Rs. in Lacs)	LIABILITIES	Schedule	Amount (Rs. in Lacs)	Previous Year (Rs. in Lacs)	ASSETS	Schedule	Amount (Rs. in Lacs)
750.00	Share Capital	01	750.00	2909.78	Fixed Assets	06	4548.74
3929.62	Reserves & Surplus	02	4923.58	152.32	Investments	07	236.01
438.38	deferred Tax Provision		731.52	18499.33	Current Assets, Loans & Advances	09	30620.47
4153.56	Secured Loans	03	10565.49				
1000.00	Unsecured Loans	04	2000.00				
11289.87	Current Liabilities & Provisions	05	16434.63				
	Notes on Accounts & Accounting Policies	16					
21561.43			35405.22	21561.43			35405.22

As per our report of even date attached.

For **Garg & Company**
Chartered Accountants

G. C. Agarwal
Partner
Membership No.: 52463
27A, Waterloo Street
Kolkata - 700069
Dated : The 5th day of September, 2007

D. N. Jhunjhunwala
Director

S. N. Jhunjhunwala
Director

Profit and Loss Account

For the year ended 31st March, 2007

Previous Year (Rs. in Lacs)	Particulars	Schedule	Amount (Rs. in Lacs)	Previous Year (Rs. in Lacs)	Particulars	Schedule	Amount (Rs. in Lacs)
2055.69	Opening Stock		2656.18	66821.20	Sales		69262.66
59619.76	Cost Of Materials	08	60607.49	616.53	Other Receipts	14	291.55
5403.40	Manufacturing Expenses	10	5722.66	2656.18	Closing Stock	15	2794.19
171.52	Administrative Expenses	11	182.70				
1085.53	Selling & Distribution Expenses	12	1165.47				
186.48	Finance Charges	13	214.08				
180.58	Depreciation		204.44				
1390.95	Profit Carried Down		1595.38				
70093.91			72348.40	70093.91			72348.40
100.00	Transfer To General Reserve		150.00	1390.95	Profit Brought Down		1595.38
115.00	Provision For Taxation		180.00	2658.60	Surplus Brought Forward		3297.78
438.38	Deferred Tax		293.14				
85.39	Provision For Dividend		112.50				
11.98	Provision For Dividend Tax		15.78				
1.02	Dividend Tax 2004-2005		–				
3297.78	Surplus Carried Over To Balance Sheet		4141.74				
	Notes on Accounts & Accounting Policies	16					
4049.55			4893.16	4049.55			4893.16
17.01	Earning Per Share		18.87				

As per our report of even date attached.

For **Garg & Company**
Chartered Accountants

G. C. Agarwal
Partner
Membership No.: 52463
27A, Waterloo Street
Kolkata - 700069
Dated : The 5th day of September, 2007

D. N. Jhunjhunwala
Director

S. N. Jhunjhunwala
Director

Schedules annexed to and forming part of the the Balance Sheet As at 31st March, 2007 and Profit and Loss Account for the year ended on that date

Previous Year (Rs. in Lacs)	Particulars	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
	Schedule - 1 - SHARE CAPITAL		
	Authorised Capital		
1500.00	15000000 Equity Shares of Rs10/- each		1500.00
5.00	5000, 10 % Cumulative Red. Pref. Shares of Rs.100/-each		5.00
250.00	250000,Cumulative Red.Pref.Shares of Rs.100/-each		250.00
1755.00			1755.00
	Issued, Subscribed & Paidup Capital		
750.00	7500000 Equity Share of Rs.10/- each.		750.00
750.00			750.00
	Schedule - 2 - RESERVES AND SURPLUS		
	General Reserve		
316.30	(as per last Balance Sheet)	416.30	
100.00	Add: Transfer during the year	150.00	566.30
416.30			
29.31	Capital Reserve		29.31
186.23	Share Premium Account		186.23
	Profit & Loss account		
3297.78	(Balance as per Account annexed)		4141.74
3929.62			4923.58
	Schedule - 3 - SECURED LOANS		
987.18	FROM BANK OF BARODA	761.73	
592.38	FROM PUNJAB NATIONAL BANK	613.36	1375.09
	(Cash Credit (Hyp) from Bank of Baroda and Punjab National Bank on paripasu Basis (Secured by Hypothecation of Entire Stock in Trade; Debtors and movable current assets. Secured by First charge on the fixed assets and personally guaranteed by two Directors, their relative and group company. Also secured by mortgage of joint property of one Director)		
2574.00	BANK OF BARODA/ PUNJAB NATIONAL BANK		9190.40
	(Against Fixed Deposit Receipt Pledged with the Bank)		
4153.56			10565.49
	Schedule - 4 - UNSECURED LOANS		
1000.00	UNSECURED LOANS		2000.00
	(From Industrial Development Bank of India Ltd)		
1000.00			2000.00
	Schedule - 5 - CURRENT LIABILITIES AND PROVISIONS		
	CURRENT LIABILITIES		
	Sundry Creditors (Net)		
10650.98	(For Goods Expenses & other Finance)		15114.37
185.77	Advance from Customers		622.26
138.90	Security Deposit Received		163.84
15.60	TDS Payable		17.32
4.24	Dividend Payable		11.56
	PROVISIONS		
197.00	For Income Tax		377.00
85.39	For Dividend		112.50
11.99	For Dividend Tax		15.78
11289.87			16434.63

Schedules annexed to and forming part of the the Balance Sheet As at 31st March, 2007 and Profit and Loss Account for the year ended on that date

Schedule - 6 - FIXED ASSETS										(Rs. in Lacs)
Particulars	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	Opening As on 01.04.2006	Additions	Sale/ Transfer Adjustments	Closing As on 31.03.2007	Upto 31.03.2006	For the year	Sale/ Adjustments	Total Upto 31.03.2007	As on 31.03.2007	As on 31.03.2006
Land (Free Hold)	12.91	–	–	12.91	–	–	–	–	12.91	12.91
Land (Lease Hold)	10.52	–	–	10.52	–	–	–	–	10.52	10.52
Buildings	382.18	33.47	–	415.65	62.28	13.10	–	75.38	340.27	319.90
Plant & Machinery	3353.64	263.82	–	3617.46	908.96	179.82	–	1088.78	2528.68	2444.68
Office Equipments	35.48	4.37	–	39.85	6.95	1.83	–	8.78	31.07	28.53
Furniture & Fittings	6.92	0.78	–	7.70	3.67	0.47	–	4.14	3.56	3.25
Vehicles	60.51	14.40	–	74.91	28.69	6.66	–	35.35	39.56	31.82
Turbine	58.17	1121.77	–	1179.94	–	2.56	–	2.56	1177.38	58.17
(Co Generation System along with Pressure Boiler)										
Capital Work in Progress	–	404.79	–	404.79	–	–	–	–	404.79	–
Alwar-Mustered Oil										
Total Rs.	3920.33	1843.40	–	5763.73	1010.55	204.44	–	1214.99	4548.74	2909.78
Previous Year	3396.69	525.60	1.96	3920.33	830.88	180.58	0.91	1010.55	2909.78	–
Previous Year (Rs. in Lacs)	Particulars							Amount (Rs. in Lacs)	Amount (Rs. in Lacs)	
	Schedule - 7 - INVESTMENTS (At Cost) (Non Trade)									
	(As Certified by the Management)									
	A) Quoted									
0.53	100 (50), Equity Shares of Rs.5/- (Rs.10/-) each of Ranbaxy Laboratories Ltd.								0.53	
4.29	400000, Equity Shares of Rs. 10/- each of Rich Capital and Financial Services Ltd.								4.29	
31.84	142600 (34240) Equity Shares of Jubilant Organic								26.53	
	During the year face value split to Re.1/- each									
13.39	55200 (71050) Equity Shares of Rs. 10/- each of Arvind Mills Ltd.								10.40	
0.46	500 Equity Shares of Rs. 10/- each of Indorama Synthetics (India) Ltd.								0.46	
0.33	200 Equity Shares of Rs. 10/- each of Shipping Corporation of India								0.33	
0.34	1000 Equity Shares of Rs. 10/- each of Tata Tele Services								0.34	
31.99	10409 (13909) Equity Shares of Rs.10/- each of Bank of Baroda								23.94	
83.17									66.82	
	B) Unquoted									
10.00	100000 Equity Shares of Rs, 10/- each of Jhunjhunwala Oil Mills Ltd.								10.00	
57.15	57000, Equity Shares of Rs.100/- each of Hari Fertilizers Ltd.								57.15	
0.00	222143 (Nil) Equity Shares of SLR 1/- each of Adamjee Extraction Pvt. Ltd , Sri Lanka								100.04	
67.15									167.19	
	C) Mutual Funds									
2.00	15197.568 Units of Rs 10/- in PNB-Mutual Fund								2.00	
152.32	TOTAL (A+B+C)								236.01	
85.17	Aggregate Cost of quoted shares and Mutual Fund								688.20	
194.71	Aggregate market value of quoted shares and Mutual Fund								454.26	

Schedules annexed to and forming part of the the Balance Sheet As at 31st March, 2007 and Profit and Loss Account for the year ended on that date

Previous Year (Rs. in Lacs)	Particulars	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
	Schedule - 8 - COST OF MATERIALS		
17025.70	Purchases		8508.47
42594.06	Raw Materials Consumed		52099.02
59619.76			60607.49
	Schedule - 9 - CURRENT ASSETS, LOANS AND ADVANCES		
	A) CURRENT ASSETS		
	Closing stock (As taken, Valued and Certified by Management)		
1238.07	Finished Goods	473.67	
6217.86	Raw Materials	10901.87	
673.54	Trading Goods	1919.71	
744.57	Work in Process	400.81	
204.67	Chemicals, Packing materials and stores	181.03	13877.09
	SUNDRY DEBTORS (Unsecured, Considered Good)		
116.88	Outstanding for a period exceeding Six months	109.45	
1644.31	Other Debts	1818.31	1927.76
	CASH & BANK BALANCES		
	Cash in hand (As per book and certified by management)	20.65	
654.20	Balance with Schedule Bank in current Accounts	801.64	
4.03	In Dividend Account	11.36	
4568.84	Fixed Deposit (Pledged with Bank) (Notes on Accounts No. 13 of Schedule 15)	11742.55	12576.20
	B) LOANS & ADVANCES		
46.07	Loans to others Advances	42.43	
1884.73	(Recoverable in cash or in kind or for value to be received)	1448.62	
58.95	Security Deposit	59.25	
0.20	Security Deposit (New Unit)	0.20	
4.66	Excise Deposit	2.74	
29.75	Trade Tax Deposit	28.26	
403.86	Income Tax Advance & T.D.S.	657.92	2239.42
18499.33			30620.47
	Schedule - 10 - MANUFACTURING EXPENSES		
1378.93	Power & Fuel		1253.45
453.98	Chemicals Consumed		506.88
2697.00	Packing Materials Consumed		3082.17
10.05	Stores Consumed		11.68
47.64	Freight Inward (Net)		30.20
163.86	Salary & Wages		162.36
10.36	Staff Welfare		12.03
20.22	Repairs to Plant & Machinery (Net)		22.27
1.72	Laboratory Expenses		1.64
2.50	Factory Expenses		2.56
0.11	Repairs to Building		0.11
486.42	Production Expenses		550.79
16.10	Contribution to PF & other Fund		16.93
114.41	Excise Expenses		69.49
0.10	Pollution Control Expenses		0.10
5403.40			5722.66

Schedules annexed to and forming part of the the Balance Sheet As at 31st March, 2007 and Profit and Loss Account for the year ended on that date

Previous Year (Rs. in Lacs)	Particulars	Amount (Rs. in Lacs)	Amount (Rs. in Lacs)
	Schedule - 11 - ADMINISTRATIVE EXPENSES		
1.28	Legal Expenses		3.11
25.11	Travelling Expenses		32.51
12.34	Conveyance Expenses		12.63
51.49	Insurance		36.18
7.91	Rates & Taxes		6.89
1.10	Audit fees		2.25
21.61	Postage, Telegram & Telephone		22.64
5.82	Repairs to Others		6.79
8.66	Printing & Stationery		8.68
26.38	Miscellaneous Expenses		25.81
9.82	Professional & Consultancy charge		25.21
171.52			182.70
	Schedule - 12 - SELLING AND DISTRIBUTION EXPENSES		
195.16	Brokerage & Commission (Net)		170.67
2.89	Advertisement & Publicity		13.63
852.07	Trade Tax & Sales Tax		944.19
14.26	Selling Expenses		15.33
21.15	Rent		21.65
1085.53			1165.47
	Schedule - 13 - FINANCE CHARGES		
80.39	Interest to Banks		155.01
9.83	Interest to Others		9.23
95.73	Bank Charges		39.31
0.00	Bank Finance Charges		10.00
0.53	Lease Rent		0.53
186.48			214.08
	Schedule - 14 - OTHER RECEIPTS		
49.70	Interest Received (Net)		60.79
0.16	Dividend Received		1.11
0.05	Profit on Sale of Fixed Assets		0.00
64.30	Claim Received		15.30
502.32	Profit on Sale of Investments		214.35
616.53			291.55
	Schedule - 15 - CLOSING STOCK		
1238.07	Finished Goods		473.67
744.57	Work in Process		400.81
673.54	Trading Goods		1919.71
2656.18			2794.19

Schedules annexed to and forming part of the the Balance Sheet As at 31st March, 2007 and Profit and Loss Account for the year ended on that date

Schedule - 16 - NOTES ON ACCOUNTS AND ACCOUNTING POLICIES (Rs. in Lacs)

1. Previous Year figures have been regrouped and rearranged wherever necessary. Figures in the brackets are for previous year.
2. Depreciation during the year has been provided on straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956.
3. The liability of gratuity of employees is provided by taking LIC's group gratuity insurance scheme During the year paid Rs.1.07 (Rs.16.55) and debited to profit and loss account. As per management there is no further liability of the gratuity as on 31.03.2007.
4. Sundry Debtors, Creditors,Loans and advances are taken as certified by the management which are subject to confirmation and reconciliation from respective parties.
5.

a. Salary & wages includes payments of Remuneration to

I) Chairman & Managing Director Rs.2.74 (Rs.2.62)

ii) Whole Time Director Rs. 2.62 (Rs.2.50)

iii) Director Rs.0.87 (Rs.NIL)

b. Expenses under different heads includes:

I) Cost Audit Fee Rs.0.28 (Rs.0.27)

ii) Auditors Travelling Rs.0.56 (0.65)

iii) Internal Audit Fee Rs. 0.53 (0.79)

iv) Stock Audit Fee Rs. 0.67 (0.93)
6. Contingent liabilities not provided for in respect of :-

i) Trade Tax liability Rs.36.00 (Rs. 36.00) under appeal before High Court, Allahabad.

ii) Sale tax demand under appeal Rs.16.86 (Rs.16.62) before Commissioner of Sales Tax (Appeal).

iii) Excise demand under appeal at different stages.

a. Rs. 3.41(Rs. 3.41) high court, Allahabad

b. Rs.2.44 (NIL) Commissioner (appeal), Allahabad

iv) Entry Tax demand under appeal of different stages.

a. Rs. 8.56 Hon'ble Supreme Court

b. Rs.30.14 D.C. assessment II , Varanasi
7. Deferred Tax Assets / Liabilities
Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
8. Securities mentioned in Schedule '3' for Secured Loans are given as certified by Management.
9. Sundry Creditors includes Rs.1419.89 (Rs.1378.18) Due to Small Scale Industrial undertakings to the extent such parties have been identified from the available documents/informations with the company and as certified by the management. The names of SSI units to whom the company owe a sum exceeding Rs. 1.00 which is outstanding for more than 30 days are as follows:-

a) Jhunjunwala Oils Mill Ltd. (b) Korvi Activated Earth Process India (c) B.N.Pack (d) M.V.Foils & Packaging

e) Matadin Plastics (f) Spack Laminators Pvt. Ltd.(g) Vandana Packaging Pvt. Ltd. (h) Vinay Wire & poly Pvt. Ltd
- 10.Loans & Advances include Rs.Nil (Nil) Maximum at any time during the year Rs.Nil (3.10) due from Managing Director,
- 11.Additional information (As certified by the management and relied upon by auditors).

A. Licenced and Installed Capacity:-

Item	Licenced Capacity		Installed Capacity
i) Vanaspati	N A	(NA)	72000 (72000) MT per annum
ii) Herbal health care products	N A	(NA)	60 (60) MT per annum
iii) Refined Oil	N A	(NA)	24000 (24000) MT per annum
iv) Tins	N A	(NA)	42 lacs (42 lacs) pcs per annum
v) Washing Soap	N A	(NA)	30000 (30000) MT per annum
vi) Deacidified Oil	N A	(NA)	84000 (84000) MT per annum
vii) HDPE JARS	N A	(NA)	18 Lacs (18 Lacs) Pcs per annum
viii) Fatty Distillation	N A	(NA)	60000 (60000) MT per annum
ix) Gasification	N A	(NA)	5328000 (5328000) NM3 per annum
x) Red Palmolien & Enter Esterified	N A	(NA)	90000 (90000) MT per annum

Note: Above Units production & other financial details are maintained by the company.

Schedules annexed to and forming part of the the Balance Sheet As at 31st March, 2007 and Profit and Loss Account for the year ended on that date

Schedule - 16 - NOTES ON ACCOUNTS AND ACCOUNTING POLICIES

B. Production, Purchases, Sales and Stock Details

i) Manufacturing activity

Particulars	Unit	Opening Stock		Purchase		Production	Sales		Closing Stock	
		Qty	Value Rs.	Qty	Value Rs.		Qty	Value Rs.	Qty	Value Rs.
Vanaspati	MT	2735.598 (2080.664)	1075.89 (886.99)	- (-)	- (-)	112755.3589 (105753.109)	114755.3124 (105096.477)	54017.66 (42402.55)	733.573 (2735.598)	330.54 (1075.89)
Fatty Acid Oil	MT	175.835 (33.870)	34.58 (8.61)	- (-)	- (-)	2903.310 (3489.850)	2794.260 (3347.885)	483.49 (791.18)	284.885 (175.835)	43.71 (34.58)
Acid Oil	MT	12.460 (12.460)	1.88 (1.88)	- (-)	- (-)	- (-)	- (-)	- (-)	12.460 (12.460)	1.88 (1.88)
Refined Oil	MT	262.332 (105.451)	101.89 (45.11)	- (-)	- (-)	16297.436 (17326.857)	16344.611 (17169.576)	7455.10 (6788.35)	214.704 (262.332)	97.54 (101.89)
Deacidified Oil	MT	- (-)	- (-)	- (-)	- (-)	- (-)	- (2.265)	- (0.91)	- (-)	- (-)
Packing *	Nos	276940 (49937)	21.95 (12.37)	- (-)	- (-)	- (-)	- (-)	- (-)	- (276940)	- (21.95)
Material										
Soap Unit	MT	- (4.300)	- (0.30)	- (-)	- (-)	- (-)	- (4.300)	- (0.30)	- (-)	- (-)
Herbal Health	KG	29.357 (51.027)	1.88 (3.26)	(-) (-)	(-) (-)	(-) (22.440)	29.357 (44.110)	1.89 (3.16)	- (29.357)	- (1.88)
Care Products										
Total			1238.07 (958.52)		- (-)			61958.14 (49986.45)		473.67 (1238.07)

Note:

- i) Shortage & Damage of Vanaspati during the year 2.0715 MT (1.698 MT) and Refined Oil 0.453 MT. (0.400 MT)
- ii) Transferred to consumption of packing material*.

ii) Trading activity

Particulars	Unit	Opening Stock		Purchase		Production	Sales		Closing Stock	
		Qty	Value Rs.	Qty	Value Rs.		Qty	Value Rs.	Qty	Value Rs.
Vanaspati	MT	1544.746 (1099.800)	673.54 (398.43)	5899.91442 (21034.48959)	2715.90 (7906.30)	- (-)	3322.65063 (20589.54402)	1484.65 (7676.33)	4122.00936 (1544.74557)	1919.71 (673.54)
Oil	MT	- (-)	- (-)	23674.662 (45114.457)	5792.57 (9119.40)	- (-)	23674.662 (45114.457)	5819.87 (9158.41)	- (-)	- (-)
Total			673.54 (398.43)		8508.47 (17025.70)			7304.52 (16834.74)		1919.71 (673.54)

C. Raw Material Consumed

Particulars	Unit	Indigenous		Imported		Total	
		Qty	Amount	Qty	Amount	Qty	Amount
Edible Oils	MT	16035.480 (14506.065)	6236.71 (4501.27)	117495.262 (114567.964)	45862.31 (38086.75)	133530.742 (129074.029)	52099.02 (42588.02)
Herbs, Plant & Seeds	KG	0.000 (680.000)	0.00 (0.71)	0 (-)		0.000 (680.00)	0.00 (0.71)
SOAP	MT	0.000 (24.160)	0.00 (5.33)			0.000 (24.160)	0.00 (5.33)
Total			6236.71 (4507.31)		45862.31 (38086.75)		52099.02 (42594.06)

Schedules annexed to and forming part of the the Balance Sheet As at 31st March, 2007 and Profit and Loss Account for the year ended on that date

Schedule - 16 - NOTES ON ACCOUNTS AND ACCOUNTING POLICIES

D. Stores & Spare Parts Consumed (All indigenous)	Rs. 11.68	(10.04)
E. Earning in Foreign Exchange I) Export of goods on FOB basis	Rs. 412.75	(Nil)
F. Expenditure in foreign currency:- i) For Travelling.1.63 (Rs.NIL) ii) Brokerage and other Expenses Rs. 2802.07 (Rs. 2509.10) iii) Finance Charges on L/c Rs.1682.74 (Rs. 949.09)		
G. CIF value of Import during the year: a) Raw Material Rs.30588.85 (Rs.29669.33) b) Vanaspati Rs.2266.72 (Rs.7192.04)		

12 Accounting Policies:

- a) Fixed Assets: Fixed assets are Valued at Cost, and adjusted by foreign currency fluctuation against Loan Repayment, less depreciation
- b) Depreciation on account of fluctuation of Foreign currency Loans availed in respect of Fixed Assets is provided as aforesaid over the residual life of the respective Assets.
- ii) Inventories:
 - a) Finished goods, Trading goods are valued at cost or market value which ever is lower.
 - b) Raw Material, Packing Materials, Chemicals and Stores are valued at cost.
 - c) Work in Progress are valued at Raw Material cost.
 - d) By products are valued at estimated realisable value
- iii) Sales: Sales are inclusive of Excise Duty and net of Rebate, Freight, Discount.
- iv) Raw Material consumption includes duty, port charges, transportation, agent commission and net of interest, and finance charges, etc.
- v) Revenue-Recognition:Expenses and income considered payable and receivable respectively have been accounted for on accrual basis except gratuity and misc. petty items are accounted for on cash basis. Where the ability to assess the ultimate collection with reasonable certainty is lacking at the time of raising any claim, revenue recognition is postponed to the extent of uncertainty involved.
- vi) General:
 - a) These accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
 - b) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.
- vii) Foreign Currency Transactions:
 - a) Foreign currency transactions are recorded on the basis of exchange rate prevailing on the date of their occurrence.
 - b) Foreign currency liabilities as on Balance Sheet date are revalued in the accounts on the basis of exchange rates prevailing at the close of the year exchange difference arising there from is adjusted to the cost of Plant & Machineries of units for which loans were taken
- viii) Investment are valued at cost. As per management investment in Shares are on long term basis and reduction in market rates are temporary and hence no provision is required to be made in accounts.

	31.03.2007	31.03.2006
13 Fixed Deposit (Pledged with Banks)	Rs. 36189.52	35353.54
(Less) 100% Margin Deposited in Banks for availing extended credit From suppliers.	Rs. (24446.97)	(30784.70)
FDR in Banks	11742.55	4568.84

Schedules annexed to and forming part of the the Balance Sheet As at 31st March, 2007 and Profit and Loss Account for the year ended on that date

Schedule - 16 - NOTES ON ACCOUNTS AND ACCOUNTING POLICIES

14. Related Party Disclosure :-

The company has entered in to transactions with the following parties :-

Name	Nature of Transaction	Amount	Balance as on 31.3.2007	Relation
Sri D.N. Jhunjhunwala	M.D. Remuneration	2.74	7.58 Cr.	Chairman & Managing Director
Sri S.N. Jhunjhunwala	Director Remuneration	2.62	0.14 Cr.	Wholetime Director
Sri Adarsh Jhunjhunwala	Director Remuneration	0.87	0.17 Cr.	Related Party
Jhunjhunwala Gases (P) Ltd.	Lease Rent	0.53	Nil	Related Party
Jhunjhunwala Oil Mills Ltd.	Raw material Purchase	490.73	13.42 Cr	Related Party
Jhunjhunwala Gases (P) Ltd.	Raw material Purchase	741.47	67.96 Cr.	Related Party
Jhunjhunwala Refineries	Advance	74.91	74.91	Related Party
Smt Anju Jhunjhunwala	Rent	2.76	0.01 Cr.	Related Party
Smt Kishori Devi Jhunjhunwala	Salary	1.44	3.12 Cr.	Related Party
Komal Jhunjhunwala	Salary	1.80	0.74 Cr.	Related Party
Sri S.N. Jhunjhunwala (HUF)	Rent	2.10	0.04 Cr.	Related Party
Juhi Jhunjhunwala	Salary	1.86	1.08 Cr.	Related Party
Sri D.N. Jhunjhunwala	Rent	0.60	Nil	Related Party
Sri V.N. Jhunjhunwala	Advance	1.47	1.47 Cr	Related Party
Nilambar Trexim & Credit Pvt. Ltd.	Handling & storage	12.00	44.20	Related Party
Jhunjhunwala Sewa Society	Bus Rent	1.20	12.85	Related Party
Smt Uma Jhunjhunwala	Advance	0.22	0.22 Cr	Related Party
Shri V.N. Jhunjhunwala (HUF)	Advance	0.01	0.02 Cr	Related Party
M/s Jhoola Refineries Ltd.	Advance	18.26	Nil	Related Party

15 Segment Reporting

The company's present operations are related to production of Vanaspati & Refined oil and Trading of goods.

The entire income of the company are mainly in India, hence there is no reportable geographical segments.

Vanaspati & Refined oil are the primary segment of the company and there is no secondary segment.

Schedules annexed to and forming part of the the Balance Sheet As at 31st March, 2007 and Profit and Loss Account for the year ended on that date

Schedule - 16 - NOTES ON ACCOUNTS AND ACCOUNTING POLICIES

16. Balance Sheet Abstract and Company's General Business Profile:

i. Registration Details

Registration No.

2

0

-

1

1

3

9

6

State Code

2

0

Balance Sheet Date

3

1

0

3

2

0

0

7

ii. Capital Raised during the year (Amount in Rs. '000) – NIL

iii. Details of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities

3

5

4

0

5

2

3

Total Assets

3

5

4

0

5

2

3

Sources of Funds

Paid-up Capital

7

5

0

0

0

Secured Loans

1

0

5

6

5

4

9

Application of Funds

Net Fixed Assets

4

5

4

8

7

5

Net Current Assets

1

3

4

5

4

3

2

Reserves and Surplus

4

9

2

3

5

9

Unsecured Loans

2

0

0

0

0

0

Investments

2

3

6

0

1

Misc. Expenditure

N

I

L

iv. Performance of Company (Amount in Rs. '000)

Turnover / Receipts

6

9

5

5

4

2

1

Total Expenditure

6

7

9

5

8

8

2

Profit before Tax

1

5

9

5

3

9

Profit after Tax

1

4

1

5

3

9

Earnings Per Share (Rs.)

1

8

.

8

7

Dividend Rate (%)

1

5

%

v. Generic Names of Principal Products/Services of Company

Product	Item Code No.
Hydrogenated Vegetable Oils	<div><div>1</div><div>5</div><div>1</div><div>6</div><div>2</div><div>0</div><div>.</div><div>0</div><div>9</div><div></div></div>
Refined Oils	<div><div>1</div><div>5</div><div>1</div><div>6</div><div>2</div><div>0</div><div>0</div><div>0</div><div>.</div><div>0</div><div>0</div></div>
Deacidificied Oil	<div><div>2</div><div>1</div><div>1</div><div>0</div><div>.</div><div>0</div><div>0</div><div></div><div></div><div></div></div>
Herbal Health Care Products	<div><div>7</div><div>1</div><div>2</div><div>9</div><div>0</div><div>0</div><div>9</div><div>.</div><div>0</div><div>0</div></div>
Tin Plate Containers	<div><div>7</div><div>3</div><div>1</div><div>0</div><div>2</div><div>1</div><div>.</div><div>0</div><div>1</div><div></div></div>
Plastic Containers	<div><div>3</div><div>9</div><div>2</div><div>3</div><div>.</div><div>9</div><div>0</div><div></div><div></div><div></div></div>
Washing Soap	<div><div>3</div><div>0</div><div>5</div><div>1</div><div>.</div><div>0</div><div>0</div><div></div><div></div><div></div></div>
Fatty Dist.	<div><div>2</div><div>1</div><div>1</div><div>0</div><div>.</div><div>0</div><div>0</div><div></div><div></div><div></div></div>
Enter Esterifled	<div><div>3</div><div>0</div><div>0</div><div>9</div><div>.</div><div>0</div><div>0</div><div></div><div></div><div></div></div>
Gasification	<div><div>4</div><div>1</div><div>0</div><div>0</div><div>.</div><div>0</div><div>0</div><div></div><div></div><div></div></div>

JHUNJHUNWALA VANASPATI LIMITED

Auditors Certificate

To,
The Board of Directors
Jhunjhunwala Vanaspati Ltd.
Varanasi

We have examined the attached Cash Flow Statement of Jhunjhunwala Vanaspati Ltd., for the year ended 31st March, 2007. The statement is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report of even date to the members of the company.

For Garg & Company
Chartered Accountants

Camp: Varanasi
27A, Waterloo Street
Kolkata - 700 069
Dated: The 5th day of September, 2007

G. C. Agrawal
Partner
Membership No.: 52463

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Cash Flow Statement For the year ended 31st March, 2007

	(Rs.in Lacs)	
	31.03.2007	31.03.2006
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & extraordinary items	1595.39	1390.95
Adjustments for:		
Depreciation	204.44	180.59
Interest Paid	164.25	90.22
Interest Received	(60.79)	(49.71)
Dividend Received	(1.11)	(0.17)
Profit on Sale of Investment	(214.35)	(502.32)
Profit on Sale of Fixed Assets	-	(0.05)
Operation Profit before working capital changes	1687.83	1109.51
Trade & other Receivable	22.21	(2750.04)
Inventories	(4798.38)	(1134.21)
Trade Payables	5437.91	1988.00
Net cash from operating Activities	2349.57	(786.74)
Interest paid	(164.25)	(90.22)
Direct Taxes Paid	(180.00)	(115.00)
Cash Flow before Extra ordinary Items	2005.32	(991.96)
Extra Ordinary items Deferred Tax	(293.14)	(438.38)
Net Cash Flow from operating Activities	1712.18	(1430.34)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1843.40)	(525.60)
Sale of Fixed Assets	-	1.10
Purchase of Investments	(100.05)	(91.13)
Sale of Investments	230.71	603.35
Interest Received	60.79	49.71
Dividend Received	1.11	0.17
Net Cash Flow from Investing Activities	(1650.84)	37.60
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issues Share Capital	-	253.10
Proceeds from Long Term Borrowings	-	-
Proceeds from Short Term Borrowings	7411.93	4937.89
Proceeds from Share Forfeiture	-	14.31
Proceeds from Capital Subsidy	-	15.00
Dividend Paid including Dividend Tax	(128.28)	(98.39)
Net cash flow from Financing Activities	7283.65	5121.91
Net Increase in cash & Cash Equivalent	7344.99	3729.17
Cash & Cash Equivalents Opening	5231.21	1502.04
Cash & Cash Equivalents Closing	12576.20	5231.21

For and on behalf of the Board
For Jhunjhunwala Vanaspati Ltd.

Dated : The 5th day of September, 2007

D. N. Jhunjhunwala
Chairman & Managing Director