

21st ANNUAL REPORT  
AND  
ACCOUNTS

2009 - 2010



***Mihijam Vanaspati Limited***



**BOARD OF DIRECTORS :**

Mr. Rajesh Agarwal  
Mr. Vijoy Prakash  
Mr. Amar Kumar Agarwal  
Mr. Arup Roy  
Mr. J. S. Mishra  
Mr. Amit Kumar Agarwal  
Mr. Anis Khan

**AUDITORS :**

Messrs M. Goenka & Associates,  
Chartered Accountants,  
33/1, N. S. Road,  
Room No. 167  
Kolkata - 700 001

**BANKER :**

Punjab National Bank  
Katras Road Branch  
Shastri Nagar, Dhanbad - 826 001  
Jharkhand

**REGISTERED OFFICE :**

Village: Kangoi, P.O. Mihijam - 815 354,  
District. Jamtara (Jharkhand)

**PLANT :**

Village: Kangoi  
P. O. Mihijam - 815 354,  
District. Jamtara (Jharkhand)

**REGISTRARS AND TRANSFER AGENTS :**

MCS Limited,  
3rd Floor, 77/2A, Hazra Road,  
Kolkata - 700 029



## NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the members of Mihijam Vanaspati Limited will be held at the Registered Office of the Company at Village: Kangoi, P.O. Mihijam, Dist. Jamtara (Jharkhand) on 30th September, 2010 at 11.30 A.M. to transact the following as:

### ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Accounts of the company for the year ended 31st March, 2010 together with the Auditors' report thereon and the Directors' Report.
- 2) To appoint a Director in place of Sri J.S. Mishra, who retires by rotation and is eligible for re-appointment.
- 3) To appoint a Director in place of Sri Rajesh Agarwal, who retires by rotation and is eligible for re-appointment.
- 4) To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorize Board to fix their remuneration.

Place: Mihijam  
Date: 30th July, 2010

By Order of the Board  
(Rajesh Agarwal)  
Mg. Director

### NOTES:

- 1) A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote in a poll instead of him/her and such proxy need not be a member of the company. Proxies, in order to be effective, must be received by the Company at the Registered Office not less than 48 hours before the meeting.
- 2) The Register of Members and Share Transfer Books will remain closed from 27th September, 2010 to 30th September, 2010 (both days inclusive).
- 3) Members holding more than one share certificate in the same name under different ledger folios are requested to apply for consolidation of such folios and send the relevant share certificate to the Company.
- 4) Members are requested to notify immediately any change in their addresses to the Company.
- 5) As per the provisions of the amended Companies Act, 1956, the facility for making nominations is available to the share holders in respect of the equity shares held by them. Members holding shares in physical form may send their request for nomination in the prescribed form duly filled in and signed to the Company's Registrar and Share Transfer Agents. The facility would be made available folio wise to individual share holders including Joint holders and for the entire shares registered under the folio. The members holding shares in dematerialized form may contact and consult their respective Depository Participants (DP) for availing the nomination facility.
- 6) The shareholders desiring any information as regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep information ready.
- 7) Additional information pursuant to Clause 49 of the Listing Agreement(s) with Stock Exchanges, on Directors recommended for appointment or re-appointment at the forthcoming Annual Report.



## DIRECTORS' REPORT

To  
Dear Members,

The Directors take pleasure in presenting the Twenty First Annual Report of the Company along with the Audited statement of Accounts for the period ended 31st March, 2010. The Report also includes the Management Discussion and Analysis Report in accordance with the provisions of the Clause 49 of the Listing Agreement. The year was marked by one of the worst financial crisis in recent memory. Our focus on sustainable and longterm business vision has helped us grow our business profitably during these times.

We discuss with you the highlights of this financial year as below:

	(Rs. in Lacs)	
<b>FINANCIAL RESULTS</b>	<b><u>2009-10</u></b>	<b><u>2008-09</u></b>
Sales and Other Income	7398.08	6755.48
Profit before Interest and Depreciation	246.03	246.96
Profit before Depreciation	208.06	207.09
Profit/Loss before Tax	54.51	16.12
Provision/Payment of I. Tax	10.47	10.91

### CORPORATE OVERVIEW

After global financial turmoil, the world economy witnessed contraction in 2009-10. In tandem with other economies globally, India too had stepped up fiscal efforts to support growth. The Indian economy responded well to government measures and was able to arrest any slide during the current year. The economic growth is expected to be better during the on going year with the higher growth in the GDP of the country.

The Company reported a net sales of Rs.7398.08 lac as compared to Rs. 6755.48 lac in the previous year, an increase of 10%.The profit before tax grew by 338% to 54.51 lac from Rs.16.12 lac as reported in the previous year. The current profitability could be achieved due to continued intense monitoring over costs. Your Company is further taking every possible effort to preserve the financial health of the company and all round containment of costs including focusing on the products on which the margins are better.

In order to conserve the resources for further restructurings, your Company does not recommend any dividend for the year under review.

### RESEARCH & DEVELOPMENT

Your Company continued to adopt innovative measures in consultation with industry experts and other allies on regular basis to provide superior quality products at reduced cost to its customers and bring in better efficiencies at its Plants.

### RURAL AND SOCIAL DEVELOPMENT SERVICE

In continuity to its belief in qualitative improvement of community in surrounding tribal areas, your Company continued to support different social development programmes held for masses.



## CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are attached to this report and made a part of the Annual Report.

## DIRECTORS

Sri J.S. Mishra and Sri Rajesh Agarwal (Mg. Director) will retire by rotation at the ensuing Annual General Meeting being eligible, offer themselves for re-appointment.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors to the best of their knowledge and belief, confirm that:

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- ii) The Company has selected such accounting policies, applied them consistently, made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Company has prepared the attached annual Statement of Accounts for the year ended 31st March, 2010 on a going concern basis.

## AUDITORS

Messrs M. Goenka & Associates, Chartered Accountants, Statutory Auditors, retire as Auditors of the Company at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further comments.

## PARTICULARS OF EMPLOYEES, CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars of employees in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not given, as none of the employees qualify for such disclosure. Particulars in regard to Conservation of Energy, Technology Absorption, etc. required under the Companies' (Disclosure of Particulars of the Report of Board of Directors) Rules, 1988 are set out in a separate statement attached to this report and forms part of it.



During the year under review, there were no foreign exchange earnings. However raw material imported amounts to Rs. 3213.82 lac purchased on 'High Seas Sale Basis'.

**APPRECIATION**

The Board wishes to place on record their appreciation for the sincere services and hard work put in by the employees at all levels. Industrial relations were cordial during the year under review. Your Directors further extend their sincere appreciation to the Central and State Governments, to Commercial Banks and its Customers and business associates for their continued co-operation and patronage and faith reposed in the Company and its management.

On Behalf of the Board of Directors

Place: Mihijam  
Date: 30th July, 2010

(Rajesh Agarwal)  
Mg. Director

(Arup Roy)  
Director



## **MANAGEMENT DISCUSSION & ANALYSIS**

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

After the economic downturn and difficult market conditions in all the sectors globally in 2008-09 economies across the world showed signs of mild recovery and growth during 2009-10. The Indian economy bounced back quickly. It grew at 7.2% in 2009-10. All domestic sectors started the year steadily, gathered momentum in different segments in the second half of the year and ended the year with a reasonable good performance. The profit before tax of the Company increased from Rs. 16.12 lac to Rs. 54.51 lac reflecting a growth of over 338.15%. The Company's operations relates to edible oil segment which has seen wide fluctuations in its fortunes over the past many years.

### **FINANCIAL AND OPERATIONAL REVIEW**

Despite difficult situation, the Company recorded a satisfactory volume of turnover. The gross sales including other incomes and profit before tax during the year were Rs. 7398.08 lac and Rs. 54.51 lac respectively. The Company initiated efforts to streamline its operation and broad-base its product profile to improve net sales realization. It further took steps to reduce its cost of production/operations to improve its profitability and long term sustainability vis-à-vis the prevailing competition.

### **OPPORTUNITIES AND THREATS**

The products of the Company - Vanaspati and Refined Oil are essential goods of mass consumption. The per capita consumption of edible oil/fats in India is on the rise; still it is at a very low level in India in comparison with the average consumption world-wide. With growing awareness about health and rise in per capita income of the Indian consumers in recent years, the Company perceives a significant growth in demand for its products in years to come. Further, with broad basing of the products, the Company expects new in-roads in different market segments to have stability in its operations throughout the year. Thus, the outlook for the sector as well as your Company continues to remain positive.

The threats are perceived mainly from the imports from other countries at concessional prices and adverse demand in domestic markets influenced by erratic monsoon and erosion in purchasing power. The product of the Company being price sensitive, any change in global scenario or change in import duty on raw edible oil may have significant bearing on cost of production and consequential erosion in its margins.

### **OUTLOOK**

The challenge lies in exploring & developing new markets and variety of products to match customer needs. The Company plans to broad base its product range to meet the requirements/penetrate to each and every section of the society. The focus is also on cost reduction, as well as on quality & productivity improvements, resulting in enhanced customer satisfaction and better net sales realization and profitability of the Company.

### **RISKS AND CONCERNS**

Macro economic and global issues like inflation, recession, political and social upheavals, inadequate or excessive rainfall, acts of God and Nature will have an effect on the industry as a whole. The Company's key raw material input of edible seeds and other edible oils are agriculture produce and procured from domestic and international markets at competitive prices. These prices vary on factors like good monsoons, weather conditions, demand and supply scenario, foreign exchange fluctuations and government policy both at domestic and international level.



The Company's products could be out-priced by cheaper and excessive imports from other countries. To minimize the affects of this risk, the Company' focus on cost reduction and quality improvement as well as diversification to new related product line enabling it to sustain its position in the market. The inferior quality and the need to supply materials in time on regular basis and legal compliances may be deterrents to the import of similar products.

Location risk may put the Company far from its raw material sources making its presence unviable. But the Company perceives that the manufacturing unit is strategically located to maximize the benefit of sourcing raw materials at a lower cost and minimize internal freight cost.

#### **INTERNAL CONTROL SYSTEMS**

Your Company's internal control systems are commensurate with its size and nature of business. Your Company places great emphasis on the maintenance of effective internal controls, both from the point of view of compliance with statutory requirements as well as supporting the smooth and efficient running of the business process that have an impact on financial reporting, Your Company has implemented TALLY 9 ERP for integrated accounting and information system, which ensures better system driven controls. Responsibility for ensuring correct and timely performance of the controls has been assigned to specific individuals at all locations.

The Company has adequate internal control systems & procedures with regard to purchase of stores, raw materials including components, plant & machinery, equipment and other assets and for sale of goods. The Company has clearly defined roles and responsibilities for all managerial positions and all operating parameters are monitored and controlled. The Company has internal audit system commensurate with size and nature of its business. Compliances with laws and regulation are also ensured and it is reported to the Board in every Board meeting.

#### **ENVIRONMENT & SAFETY**

The Company recognizes the importance of achieving and demonstrating sound environmental performance by controlling the impact of its activities, product or services on the environment. The Company's environmental policy requires compliance with environmental legislations and prevention of pollution and to make efforts for continual improvement in the environmental performance.

#### **INDUSTRIAL RELATIONS & HUMAN RESOURCE DVELOPMENT**

MVL realizes the challenges of recruitment, integration and retention faced by a new hiring environment. As a result, we have been following a 3R approach - Retain, Recruit and Rejuvenate, to make MVL an Employer of Choice. Today, MVL has approximately 250 direct & indirect working forces. Thus, MVL is creating a collaborative and innovation-driven work culture to attract, retain and develop the best talent in the industry. Industrial relations have continued to be harmonious thorough out the year.

#### **CAUTIONARY STATEMENT**

Statement made in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations may be 'Forward-looking statements' within the meaning of applicable securities law & regulations. Actual result could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply and price conditions, technological changes, changes in government regulations, tax laws & other statutes, conditions impacting conduct of business and other incidental factors.





## CORPORATE GOVERNANCE

### Corporate governance: Our philosophy

Your Company has always focused on good corporate governance to have accountability, transparency and integrity in all its business transactions and practices. During the year the Company has continued fine-tuning of its corporate practices so as to bring them in line with the requirements of clause 49 of the listing agreement by creating an environment based on professionalism, entrepreneurship and pursuit for excellence.

### Board of Directors: Composition

The Board of Directors of the Company comprises seven members, out of whom only one director is Executive Director and others are non-executive Directors. Out of six non-executive Directors, four are independent Directors. Thus, more than half of the total number of Directors is independent non-executive directors. All non-executive Directors with their diverse knowledge, experience and expertise provide valuable contribution in the deliberations and decisions of the Board.

During the financial year 2009-10, the Board of Directors met four times on the following dates: 2nd July, 2009, 1st October, 2009, 2nd November, 2009 & 3rd January, 2010. The gap between any two meetings never exceeded the mandated requirement of four months in clause 49 of the Listing Agreement.

The details relating to composition of the board and the attendance record of all the Directors at Board meeting convened during the financial year 2008-09 as also the number of Directorship and Committee Memberships held by them in other Companies as given under:

Name of Directors	Designation	Attendance Particulars		Directorship in Companies		Membership/Chairmanship in Committees	
		Board Meetings	Last AGM held on 30.09.2009	Listed	Unlisted	Chairman	Member
Sri Vijay Prakash	Independent	-	No	3	1	-	-
Sri Rajesh Agarwal	Mg. Director	5	Yes	-	4	-	-
Sri Arup Roy	Independent	5	Yes	-	2	-	2
Sri J. S. Mishra	Independent	-	No	-	2	-	-
Sri Amar Kumar Agarwal	Non-Executive	5	Yes	-	2	-	1
Sri Amit Kumar Agarwal	Non-Executive	5	Yes	-	-	-	-
Sri Anis Khan	Independent	3	Yes	-	2	-	1

**Note: E – Executive, I - Independent, NE - Non-Executive and NI – Non Independent.**

None of the Directors of the company is a member of more than 10 (ten) Committees or Chairman of more than 5 (five) Committees across all the companies in which he is a Director.



## DISCLOSURE REGARDING RETIREMENT, APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

Sri J.S.Mishra, Director and Sri Rajesh Agarwal, Director both will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Sri Amar Kumar Agarwal, aged 41 years, is B. Com Graduate; He has good experience in the field of commerce and legal fields. He has been associated with edible oil & other business since a long period.

Sri Amit Agarwal, aged 40 years, is B. Com Graduate; He has good experience in the field of commerce and legal fields. He has been associated with edible oil & other business since a long period.

Sri J. S. Mishra, aged 57 years, is an experienced technocrat and a nominee Director of BSIDC. He is also retiring by rotation and is eligible for reappointment as Director of the Company. He has fair experience in business administration by virtue of his association with various fields of business. He is the Chairman of the Share Transfer & Share holders'/Investors' Grievance Committee and remuneration committee.

Sri Arup Roy, aged 43 years, is a B.Sc. (Hons). He has vast experience in the field of Marketing, Finance and Administration. He has been associated with edible oil and FMGC product for a fairly long period of time. He is the Chairman of the Audit Committee and Remuneration Committee.

Sri Anis Khan, aged 50 years, has good experience in the field of commerce and legal fields. He has been associated with edible oil & other business since a long period.

## AUDIT COMMITTEE

The Audit Committee is constituted in accordance with the provisions of Clause 49(ii)(A) of the Listing Agreement and the Companies Act, 1956. The Audit Committee comprises two Non-Executive Directors. The Audit Committee consists of following Directors:

- a) Sri Rajesh Agarwal, Mg. Director
- b) Sri Arup Roy, Director as Chairman
- c) Sri Amit Kumar Agarwal, Director

The terms of reference to the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act. These broadly include review of financial reporting systems, internal control systems, ensuring compliance with regulatory guidelines, discussions on quarterly, half yearly and annual financial results, interaction with auditors, recommendation for appointment of auditors and their remuneration.

The Audit Committee during the year ended on 31st March, 2010 held 5 meetings. These were held on 28th April, 2009, 30th July, 2009, 30th October, 2009, 28th January, 2010 and 14th March, 2010. All the members attended every meeting.

### REMUNERATION COMMITTEE

The Remuneration Committee of the Company consists of following Directors:

- a) Sri J. S. Mishra, Chairman
- b) Sri Arup Roy, Director
- c) Sri Amit Kumar Agarwal, Director

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/Whole-time Directors based on financial position of the Company, trend in the Industry, qualification, experience, performance and other criteria. The terms of reference of this committee are as per the guidelines of the Central Government/Listing Agreement with Stock Exchanges. The Committee did not hold any meeting during the year as there was no agenda to discuss any matter relating to appointment/reappointment and remuneration package of the Managing Director of the Company.

### SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Share Transfer and Shareholders'/Investors' Grievance Committee comprises three Directors viz. Sri J. S. Mishra, Chairman, Sri Arup Roy and Sri Rajesh Agarwal. The Committee looks into redressal of investors' grievances pertaining to share transfers, dematerialization of shares, issue of duplicate shares and other related matters concerning the shareholders/investors.

Share transfers/transmission etc. as approved by the committee are notified to the Board at regular intervals and are taken on record by the Board at their meetings.

### GENERAL BODY MEETINGS

The details of location and time of Annual General Meetings held during last three years is given below:

Financial Year	Location of the meeting	Date	Time
2006-2007	Regd. Office: P.O. Chirkunda District- Dhanbad (Jharkhand) PIN – 828 202	29th September, 2007	12.30 P.M.
2007-2008	Same as above	29th September, 2008	12.30 P.M.
2008-2009	Regd. Office at: Village Kangoi, P.O. Mihijam, District Jamtara (Jharkhand)	30th September, 2009	12.30 P.M.

All the resolutions set out in the respective notices were passed by the members. There were no resolutions put through postal ballots.

### DISCLOSURES

The related party transactions made by the Company with its promoters, Directors or management, their subsidiaries & related Companies or relatives etc. which may have potential conflict with the interest of the Company at large have been suitably disclosed as required by the Accounting Standard (AS 18) in the notes of Accountants of the Audited Annual Report. The Register of Contracts containing the transactions in which Directors are interested is maintained for reference.



## MEANS OF COMMUNICATION

Your Company recognizes communication as a key element of the overall Corporate Governance framework. The corporate communications and investor relation functions are accorded the significant importance within the Company with active ongoing monitoring by the top management. Your Company's quarterly financial results are taken on record by the Board of Directors and submitted to the Stock Exchanges as per requirements of the Listing Agreements. All financial and other vital official releases are properly communicated to the concerned Stock Exchanges.

## GENERAL SHAREHOLDERS' INFORMATION

### 1. Annual General Meeting

Date & Time: 30th September, 2010 at 11.30 A.M.  
 Venue: Registered Office of the Company at  
 Village : Kangoi, P.O. Mihijam 815 354,  
 District : Jamtara (Jharkhand)

### 2. Financial Calendar (2010-11) (Tentative)

- a) Annual General Meeting : Between August and September, 2010  
 b) Unaudited Quarterly Results for all the quarters : Within one month from the end of each Quarter

3. Book Closure Date : 27th September, 2010 to 30th September, 2010  
(Both days inclusive)

4. Dividend Payment Date : Not Applicable since dividend not declared

5. Listing on Stock Exchanges : The Magadh Stock Exchange Association  
 9th Floor, Ashiana Plaza, Budha Marg, Patna-1

The Calcutta Stock Exchange Association Ltd.,  
 7, Lyons Range, Kolkata-700 001

Bombay Stock Exchange, Mumbai  
 Phiroze Jeejeebhoy Towers, Dalal Street,  
 Fort-Mumbai-400 001

Note: Annual Listing fees for the Financial Year 2009-10 have been duly paid/provided for all the above stock exchanges. The Company received a communication from The Stock Exchange, Mumbai, after follow-ups by it on a complaint from a shareholder, that the shares of the Company are suspended for operation since a long time. The Company has already taken up the matter suitably with above stock exchange including its protest on suspension of its shares without any prior notice.

6. Stock Codes: Physical Segment - MSE - NA  
 - CSE - NA  
 - BSE - 19481  
 Demat ISIN Number In NSDL/CDSL - INE 521C01013



7. Stock Market Data: Requisite data in relation to quotations and volume of shares of the Company traded on different stock exchanges and their comparison with broad based indices are not readily available.

8. Registrar and Share Transfer Agents : MCS Limited, 3rd Floor,  
77/2A, Hazra Road, Kolkata-700 029

9. Share Transfer System: Trading in equity shares of the Company is permitted only in dematerialized form w.e.f. 28.08.2000 for all classes of investors as per notification issued by the Securities and Exchange Board of India (SEBI). Share Transfer in physical form can be lodged with the Company at its registered office at Mihijam or MCS Limited at their Kolkata Office.

All matters pertaining to share transfer and relating activities are handled by the Registrar and Share Transfer Agents, MCS Limited, Kolkata. The share transfer requests received are processed by them and a transfer register is sent to the Company for approval at regular interval. The transfer requests are normally processed within one month from the date of receipt if the documents are valid and complete in all respects.

10. Distribution of Shareholding and Shareholding Pattern as on 31st March, 2010

Share Holding of Nominal Value of Rs. 10/- each	Shares	Folios	Per-cent Shares	Per-cent Folios
1 – 500	647725	2265	12.95	74.78
501 – 1000	391475	499	7.83	16.47
1001 – 2000	239300	168	4.79	5.55
2001 – 3000	98400	38	1.97	1.25
3001 – 4000	41700	12	0.83	0.40
4001 – 5000	57100	12	1.14	0.40
5001 – 10000	106600	15	2.13	0.49
10001 – 50000	349500	13	6.99	0.43
50001 – 100000	118300	2	2.37	0.06
And above	2949900	5	59.00	0.17
Total	5000000	3029	100.00	100.00



Sl. No.	Category	No. of Shares	Percentage
1.	Promoters	1322900	26.46
2.	Government Companies	839700	16.79
3.	Corporate Bodies	852600	17.05
4.	Indian Public	1984800	39.70
	Total	5000000	100.00

Dematerialization of shares as on 31st March, 2010 and liquidity-

The Company's shares are optionally traded in dematerialized form and are available for trading on both the Depositories in India-National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 1373800 Equity Shares of the Company representing 27.47% of the Company's Share Capital are dematerialized as on 31st March, 2010.

11. Outstanding GDR/ADR/ Warrants or any Convertible Instruments, Conversion date And likely Impact on equity : The Company has not issued any of these instruments so far
12. Plant Location : Village : Kangoi, P.O.Mihijam – 815 354  
District : Jamtara (Jharkhand)
13. Address for Investor Correspondence : MCS Limited, 3rd Floor  
77/2A, Hazra Road, Kolkata-700 029

or

Village: Kangoi,  
P. O. Mihijam-815 354,  
District : Jamtara (Jharkhand)  
Ph. (06433) 228901,  
(0341) 6460938, 6460939



**Auditors' Certificate on Corporate Governance**

To : The Members, **MIHIJAM VANASPATI LIMITED**

We have examined the compliance of conditions of Corporate Governance procedures implemented by Mihijam Vanaspati Limited during the year ended 31st March, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement(s) with Stock Exchanges have been complied with in all material respect by the Company and that no investor grievance(s) is/are pending for a period exceeding one month against the Company as per records maintained by the Share Transfer and Shareholders'/Investors' Grievance Committee of the Board.

For M. GOENKA & ASSOCIATES

Chartered Accountants

(M. K. Goenka)

Proprietor

Place: Kolkata

Date: 30.07.2010



AUDITORS' REPORT

TO THE MEMBERS OF  
MIHIJAM VANASPATI LIMITED

1. We have audited the attached Balance Sheet of **MIHIJAM VANASPATI LIMITED** as at 31st March, 2010 and also the Profit & Loss Account and the Cash Flow Statement 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 and give 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 examination on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 [as amended by Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 (as amended), we enclose in the Annexure a statement on the matters specified in Paragraph 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:-
  - a) 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;
  - b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
  - c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by the report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - e) On the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of section 274 (1) (g) of the Companies Act, 1956;
  - h) In our opinion and to the best of our information and according to the explanation given to us, the said accounts, subject to Clause (f) & (g) above and read together with the Notes on the accounts, give in the prescribed manner the information required by the Companies Act, 1956 and also give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010
    - ii) In the case of Profit & Loss Account, of the PROFIT for the year ended on that date and
    - iii) In the case of the Cash Flow Statement of the cash flows for the year ended on that date.

For M. GOENKA & ASSOCIATES

Chartered Accountants

Registration No. 319286E

(CA.M. K. GOENKA)

Proprietor

M/No. : 054766

Place : Kolkata

Date : 30.07.2010



**ANNEXURE TO AUDITORS' REPORT****REFERRED TO IN OUR ANNEXED REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.3.2010**

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details & situation of its fixed assets.
- (b) As explained to us, the fixed assets of the Company have been physically verified by the Management during the year in a phased periodical manner, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its Assets. To the best of our knowledge, no discrepancies were noticed on such verification.
- (c) The Company has not disposed of a substantial part of fixed assets during the year as such the going concern is not affected.
- (ii) (a) As explained to us, the inventories have been physically verified by the management at regular intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The company is maintaining proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventories as compared to the books of records.
- (iii) (a) The company has not granted any loans to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore Clauses 4 (iii) (a) to (d) is not applicable.
- (b) The Company has taken an unsecured loan from a company covered in the register maintained under section 301 of the Companies Act, 1956. As on 31.3.2010, the amount outstanding in the company's books was Rs.536.90 lac.
- (c) As informed to us, the said loan has been taken free of interest. Other terms and conditions of the above mentioned unsecured loan, prima facie, do not appear to be prejudicial to the interests of the Company.
- (d) As informed to us, there are no stipulations regarding repayment and as such we are unable to comment in this regard.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit we have not observed any major weakness in 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 information and explanations given to us, the transaction made in pursuance of contracts or arrangement entered in the register under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices wherever comparable prices are available at the relevant time.
- (vi) In our opinion and according to information and explanations given to us, the company has not accepted any deposits from the public during the year.
- (vii) We are informed The Company has no formal internal audit system but internal control is exercised departmentally which in our opinion is commensurate with the size of the Company and the nature of its business.



- (viii) We are informed that the Central Government. has not prescribed the maintenance of cost records under section 209(I) (d) of the Act.
- (ix) (a) According to the information and explanations given to us and the records of the Company to the extent produced before us and examined by us, in our opinion the Company is generally regular in depositing the statutory dues including Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess, Service and other statutory dues, as applicable to the Company, with the appropriate authorities. According to the information and explanations given to us and records to the extent produced before us, no undisputed amounts payable in respect of the statutory dues mentioned above, were in arrears as at the year end for a period of more than 6 months from the date they became payable, except an amount of Rs.26.58 lac (Income Tax).
- (b) In our opinion and according to the information and explanations given to us and books and records, to the extent produced before us, there are disputed amounts in respect of certain Statutory Dues mentioned in (ix) (a) above, details of which are given in Note # 8 of Schedule S to the accounts.
- (x) The Company does not have accumulated losses. It has not incurred cash losses in the financial year under report or in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us by the Management and records to the extent produced before us, the Company has not defaulted in repayment of dues to financial institutions and banks during the year.
- (xii) The Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi mutual benefit fund/society, Therefore, the provisions of clause 4(xiii) of the Companies' (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) During the year under review, there were no dealings in shares, securities, debentures & other investments and as such provisions of clause 4 (xiv) are not applicable.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institution.
- (xvi) No term loans were raised by the Company during the year and such provisions of Clause 4(xvi) are not applicable.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short term basis have not been used for long term assets.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) No debentures have been issued by the Company. As such provisions of clause 4(xix) are not applicable.
- (xx) The Company has not raised money by way of public issue during the year. As such provisions of clause 4(xvi) are not applicable.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud or by the company has been noticed or reported during the year.

For **M. GOENKA & ASSOCIATES**  
Chartered Accountants

Place : Kolkata  
Date : 30.07.2010

(CA.M. K. GOENKA)  
Proprietor  
M/No. : 054766



## BALANCE SHEET AS AT 31st MARCH, 2010

	Schedules	31st March, 2010		31st March, 2009	
		Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
<b>I. SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	A		50,000,000		50,000,000
Reserve & Surplus	B		18,970,532		15,314,039
<b>Loan Funds</b>					
Secured Loans	C	85,265,678		85,822,639	
Unsecured Loans	D	58,392,318	143,657,996	21,000,000	106,822,639
<b>Deferred Tax Liabilities</b>			3,539,602		2,791,616
<b>TOTAL</b>			<b>216,168,130</b>		<b>174,928,294</b>
<b>II. APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	E	160,142,003		122,641,330	
Less : Depreciation		100,992,111	59,149,892	97,194,709	25,446,621
<b>Net Block</b>					
<b>Current Assets, Loans &amp; Advances</b>					
Inventories	F	179,888,939		178,498,626	
Sundry Debtors	G	266,547,495		225,260,716	
Cash & Bank Balances	H	28,792,873		33,952,251	
Loans & Advances	I	67,438,256		25,903,129	
		542,667,563		463,614,722	
<b>Less : Current Liabilities &amp; Provisions</b>					
Current Liabilities	J	381,747,217		311,277,582	
Provisions		3,902,108		2,855,467	
		385,649,325		314,133,049	
<b>Net Current Assets</b>			<b>157,018,238</b>		<b>149,481,673</b>
<b>TOTAL</b>			<b>216,168,130</b>		<b>174,928,294</b>
<b>Accounting Policies &amp; Notes on Accounts</b>		S			

The Schedules Referred To Above form An Integral Part of The Accounts.  
As Per our Report Annexed Herewith.

For **M. GOENKA & ASSOCIATES**

Chartered Accountants

**M. K. Goenka**

Proprietor

Place : Kolkata

Date : 30.07.2010

**Rajesh Agarwal**  
Managing Director

**Arup Roy**  
Director


**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON 31ST MARCH, 2010**

	Schedules	31st March, 2010		31st March, 2009	
		Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
<b>A. INCOME</b>					
Sales	K		728,762,852		673,226,482
Other Income	L		11,044,530		2,322,323
Increase / (Decrease) In Stock	M		2,828,186		6,517,730
			<u>742,635,568</u>		<u>682,066,535</u>
<b>B. EXPENDITURE</b>					
Raw Materials Consumed	N		652,376,115		581,034,082
Manufacturing Expenses	O		39,021,874		46,546,042
Payments To & Provisions For Employees	P		10,353,011		12,271,970
Selling, Distribution, Admin. & Other Exps.	Q		15,640,799		16,984,459
Interest & Other Financial Charges	R		15,354,735		19,097,085
Prior Period Items			640,512		534,445
Depreciation			3,797,402		3,986,515
			<u>737,184,448</u>		<u>680,454,597</u>
<b>Profit For The Year</b>			5,451,120		1,611,938
Income Tax Paid/Provision			1,046,641		1,090,774
Deferred Tax Provision			747,986		(661,393)
FBT Provision			-		83,271
			<u>3,656,493</u>		1,099,286
Balance Brought Forward From Previous Year			11,537,889		10,438,603
<b>Balance Carried To Balance Sheet</b>			<u>15,194,382</u>		<u>11,537,889</u>
<b>Basic and Diluted Earnings per share of Rs. 10 each</b>			0.73		0.21
<b>Accounting Policies &amp; Notes on Accounts</b>	S				

The Schedules Referred To Above form An Integral Part of The Accounts.  
As Per our Report Annexed Herewith.

For **M. GOENKA & ASSOCIATES**

Chartered Accountants

**M. K. Goenka**

Proprietor

Place : Kolkata

Date : 30.07.2010

**Rajesh Agarwal**  
Managing Director

**Arup Roy**  
Director



**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET**

	31st March, 2010		31st March, 2009	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
<b>SCHEDULE 'A' : SHARE CAPITAL</b>				
<b>Authorised</b>				
5000000 Equity Shares of Rs. 10/- each (P.Y. 5000000 Equity Shares of Rs. 10/- each)		<u>50,000,000</u>		<u>50,000,000</u>
<b>Issued &amp; Subscribed</b>				
5000000 Equity Shares of Rs. 10/- each (P.Y. 5000000 Equity Shares of Rs. 10/- each)		<u>50,000,000</u>		<u>50,000,000</u>
<b>Paid-Up</b>				
5000000 Equity Shares of Rs. 10/- each (P.Y. 5000000 Equity Shares of Rs. 10/- each)		50,000,000		50,000,000
<b>TOTAL</b>		<u>50,000,000</u>		<u>50,000,000</u>
<b>SCHEDULE 'B' : RESERVES &amp; SURPLUS</b>				
Share Premium		3,776,150		3,776,150
Profit & Loss Account		15,194,382		11,537,889
<b>TOTAL</b>		<u>18,970,532</u>		<u>15,314,039</u>
<b>SCHEDULE 'C' : SECURED LOANS</b>				
Cash Credit From Punjab National Bank, Dhanbad.		85,265,678		85,822,639
(Secured by way of hypothecation of entire stocks of raw materials, stock in progress, finished goods, book debts, receivables and equitable mortgage on factory land measuring 831 decimals land and other block of assets of the company)				
<b>TOTAL</b>		<u>85,265,678</u>		<u>85,822,639</u>
<b>SCHEDULE - 'D' : UNSECURED LOANS</b>				
From Corporate bodies		58,392,318		21,000,000
<b>TOTAL</b>		<u>58,392,318</u>		<u>21,000,000</u>



SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

SCHEDULE - 'E' FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost on 1st April 2009	Addition During the Period	Adjustments/Sale During the Period	Total	Up-to 31st March, 2009	For the Period	Adjustments During the Period	Total Up-to 31st March, 2009	As on 31st March, 2010	As on 31st March, 2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land (Lease hold) & Development	268,594	-	-	268,594	41,215	2,042	-	43,257	225,337	227,379
Factory Building	13,494,248	-	-	13,494,248	6,159,494	450,708	-	6,610,202	6,884,046	7,334,754
Plant & Machinery (Cont. Process)	17,885,373	-	-	17,885,373	11,398,785	812,206	-	12,210,991	5,674,382	6,486,588
Plant & Machinery	86,934,637	19,994,239	-	106,928,876	76,943,921	2,238,728	-	79,182,649	27,746,227	9,990,716
Vehicles	2,254,903	1,335,072	-	3,589,975	1,410,144	189,870	-	1,600,014	1,989,961	844,759
Office Equipments	1,481,802	55,750	-	1,537,552	1,035,593	83,279	-	1,118,872	418,680	446,209
Furniture & Fixtures	321,770	30,925	-	352,695	205,557	20,569	-	226,126	126,569	116,213
	122,641,328	21,415,986	-	144,057,314	97,194,709	3,797,402	-	100,992,111	43,065,203	25,446,620
Capital (WIP)	-	16,084,689	-	16,084,689	-	-	-	-	16,084,689	-
	122,641,328	37,500,675	-	160,142,003	97,194,709	3,797,402	-	100,992,111	59,149,892	25,446,620
Year 2008-09	120,057,910	2,583,418	-	122,641,328	93,208,192	3,986,515	-	97,194,709	25,446,620	-

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

	31st March, 2010		31st March, 2009	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
<b>SCHEDULE - 'F' : INVENTORIES</b>				
Raw Materials		147,488,075		148,329,6
Stores & Spares		7,232,203		7,828,5
Finished Goods		8,005,647		6,578,9
Work-In-Process		17,163,014		15,761,5
		<u>179,888,939</u>		<u>178,498,6</u>
<b>SCHEDULE 'G' - SUNDRY DEBTORS</b>				
(Unsecured, Considered Good)				
Over Six Months		51,535,721		11,253,0
Other Debts		215,011,774		214,007,6
		<u>266,547,495</u>		<u>225,260,7</u>
<b>SCHEDULE 'H' CASH &amp; BANK BALANCES</b>				
Cash in Hand		1,266,517		681,0
Balance with Schedule Banks				
In Current Account :				
Fixed Deposit with PNB, Dhanbad.		26,707,073		32,482,0
Fixed Deposit with PNB, Kolkata.		30,000		30,0
HDFC Bank Ltd, Asansol.		2,047		2,0
S.B.I., Chirkunda (Current Account)		745,379		363,3
Punjab National Bank, Kolkata		41,857		9,7
IndusInd Bank, Dhanbad.		-		384,0
		<u>28,792,873</u>		<u>33,952,2</u>
<b>SCHEDULE 'I' LOANS &amp; ADVANCES</b>				
(Unsecured Considered Good)				
Advance Recoverable in Cash or in kind or for value to be received		17,147,077		14,952,7
Advances to Suppliers		49,659,814		10,515,6
Security Deposits		371,300		366,3
Prepaid Expenses		260,065		68,5
		<u>67,438,256</u>		<u>25,903,1</u>
<b>SCHEDULE 'J' - CURRENT LIABILITIES</b>				
Sundry Creditors (Raw Material)		329,434,957		299,861,9
Sundry Creditors (C/Goods & Stores)		10,588,076		2,315,1
Sundry Creditors (Others)		192,980		187,6
Sundry Creditors (Expenses)		7,699,054		8,268,6
Advance From Customers		33,832,150		644,1
		<u>381,747,217</u>		<u>311,277,5</u>



**SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	<u>31st March, 2010</u>		<u>31st March, 2009</u>	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
<b>SCHEDULE 'K' - SALES</b>				
Sales (Fatty Acid)		5,052,250		5,130,350
Sales (Spent Nickle Catalyst)		15,103		-
Sales (Refined Palm Oil)		410,265,857		56,763,572
Sales (High Sea Sale)		10,993,402		17,313,428
Sales (Vanaspati )		302,436,240		594,019,132
		<u>728,762,852</u>		<u>673,226,482</u>
<b>SCHEDULE 'L' - OTHER INCOME</b>				
Claim, Rebate & Deductions		-		148,203
Insurance Claim Received		-		80,061
Liabilities Written back		8,703,490		172,964
Interest Received		1,907,060		1,835,302
Sundry Balance Written off		3,711		-
Exchange Fluctuations		430,269		-
Others		-		85,793
		<u>11,044,530</u>		<u>2,322,323</u>
<b>SCHEDULE 'M' - INCREASE / DECREASE IN STOCK</b>				
<b>(A) OPENING STOCK</b>				
Finished Goods		6,578,919		9,090,639
Work-In-Process		15,761,556		6,632,106
Total (A)		<u>22,340,475</u>		<u>15,722,745</u>
<b>(B) CLOSING STOCK</b>				
Finished Goods		8,005,647		6,578,919
Work-In-Process		17,163,014		15,761,556
Total (A)		<u>25,168,661</u>		<u>22,340,475</u>
<b>Increase / (Decrease) In Stock ( B - A )</b>		<u>2,828,186</u>		<u>6,617,730</u>





**SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	31st March, 2010		31st March, 2009	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
<b>SCHEDULE 'N' - RAW MATERIAL CONSUMED</b>				
Opening Stock (Incl. goods in transit)		148,329,634		82,797,543
<b>Add: Cost of Raw Material Purchased</b>				
Cost of Material	607,287,255			589,672,775
Customs Duty (Net)	2,857,832			2,809,537
Freight Inward	11,338,965			26,348,519
Port Clearance Charges	17,995,985			9,905,258
Brokerage on Purchase	219,724			3,204
Storage Tank Charges	1,599,350			575
		<u>641,299,111</u>		<u>711,537,411</u>
		789,628,745		711,537,411
<b>Less: Closing Stock (Incl. Goods In Transit)</b>		<u>147,488,075</u>		<u>148,329,634</u>
Value of Raw Material Consumed		642,140,670		563,207,777
Purchase of Goods For High Seas Sale		10,235,445		16,211,224
Purchase of Finished Goods		-		1,615,081
		<u>652,376,115</u>		<u>581,034,082</u>
<b>SCHEDULE 'O' - MANUFACTURING EXPENSES</b>				
Packing Expenses		20,930,594		20,225,594
Consumable Stores		4,630,671		11,939,964
Power & Fuel		13,431,861		14,366,159
Laboratory Expenses		28,748		14,325
		<u>39,021,874</u>		<u>46,546,042</u>
<b>SCHEDULE 'P' - PAYMENTS TO &amp; PROVISION FOR EMPLOYEES</b>				
Salary & Wages		9,068,347		10,785,550
House Rent		131,982		52,400
Directors' Remuneration		150,000		-
P.F. Contribution & Adm. Charges		267,277		217,396
Ex-Gratia		6,270		637,230
Staff & Labour Welfare		347,796		117,052
Bonus		381,339		462,342
		<u>10,353,011</u>		<u>12,271,970</u>


**SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	<u>31st March, 2010</u>		<u>31st March, 2009</u>	
	Details Rs.	Amount Rs.	Details Rs.	Amount Rs.
<b>SCHEDULE 'Q' - SELLING, DISTRIBUTION ADMINISTRATION &amp; OTHER EXPENSES</b>				
Selling & Distribution Expenses				
Other Selling Expenses	<u>175,453</u>	<u>175,453</u>	<u>20,318</u>	<u>20,318</u>
Auditors' Remunerations				
a) Audit Fees	48,265		21,348	
b) For Tax Audit	5,515		4,495	
c) For Certification Work	-		3,371	
d) Reimbursement of Expenses	<u>-</u>	<u>53,780</u>	<u>2,000</u>	<u>31,214</u>
Repairs & Maintenance				
Plant & Machinery	1,080,165		1,478,007	
Building	121,061		1,213,547	
Others	<u>233,444</u>	<u>1,434,670</u>	<u>465,856</u>	<u>3,157,410</u>
Advertisement		15,156		5,000
Bank Commission & Charges		4,289,857		5,878,104
General & Administration Expenses		2,253,701		1,146,862
Insurance		362,948		444,694
Legal & Professional Charges		463,357		104,370
Membership Subscription & Donation		282,539		136,786
Office Maintenance Expenses		80,298		72,406
Rates, Taxes & Fees		4,966,984		4,663,680
Rent		133,945		144,661
Security Expenses		567,764		587,570
Sundry Balance Written off		-		173,270
Vehicle Maintenance Expenses		560,347		418,113
		<u>15,640,799</u>		<u>16,984,459</u>
<b>SCHEDULE 'R' - INTEREST &amp; OTHER FINANCIAL CHARGES</b>				
Financial Charges on LC Opening		4,337,819		11,407,691
Interest on Loan Against L.C.		723,980		314,500
Interest on Working Capital Loan		10,281,404		7,324,894
Interest Paid on Others		11,532		50,000
		<u>15,354,735</u>		<u>19,097,085</u>



**SCHEDULE 'S' OF NOTES ON ACCOUNTS ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010**

**A. SIGNIFICANT ACCOUNTING POLICIES:**

(a) **Basis of Accounting**

The financial statements have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). Accounts have been prepared on historical cost convention and on the accounting principle of going concern.

(b) **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires estimates & assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and differences between actual results and estimates are recognized in the periods in which the results are known/materialize

(c) **Fixed Assets**

Fixed assets are capitalised at cost inclusive of duties, taxes, freight, installation and other incidental expenses related to acquisition thereof. Assets costing Rs.5,000 (Rupees five thousand) or less are being charged to Profit & Loss account under appropriate heads.

(d) **Depreciation**

- i) Depreciation on Fixed Assets has been provided on straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956 as amended.
- ii) Depreciation on fixed assets added/disposed of during the year has been provided on pro-rata basis with reference to the date of addition/put to use/disposal.
- iii) Extra shift depreciation, wherever applicable has been calculated on actual shift basis.
- iv) Depreciation includes amount amortised in respect of original cost of Leasehold Land over its residual lease period.

(e) **Retirement Benefits**

The estimated accrued liability in respect of payment of Gratuity and Leave Entitlements has not been ascertained and the same will be accounted for as and when paid.

(f) **Revenue Recognition**

- i) The Company adopts the accrual basis of accounting in the preparation of the accounts except for Insurance claims accounted for on cash basis and excise duty & custom duty accounted for on clearance basis.
- ii) Selling expenses and the differential sale in respect of consignment sale is accounted for on the basis of relevant sale statement received from Consignment Agents until the finalisation of accounts.

(g) **Contingent Liability**

Contingent liabilities are not provided for in the accounts and are shown separately in the notes on account.

(h) **Inventories**

Basis of valuation	
Finished Goods	: At average cost or realizable value whichever is lower
By-Products	: At realizable value
Stock with Agents	: At average cost or realizable value whichever is lower
Work-in-process	: At estimated value
Raw Materials	: At cost
Stock in transit	: At cost incurred
Stores & Spares	: At cost



- (i) **Borrowing Costs**  
Borrowing costs are charged to Profit & Loss Account except in cases where the borrowings are directly attributable to the acquisition, construction or production of qualifying asset.
- (j) **Current Tax**  
Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.
- (k) **Deferred Tax**  
Deferred tax resulting from timing differences between book and taxable profits is recognized using the tax rates & laws that have been enacted or substantially enacted as on the Balance Sheet date. As a matter of prudence, deferred tax asset is recognized only to the extent that there is deferred tax liability on account of such timing difference.
- (l) **Foreign Currency Transactions**  
Transactions in foreign currency are recorded at the exchange rate prevailing at the time of transaction. Current assets and liabilities are restated at the rate prevailing at the year end or at the forward rate, where forward cover has been taken and the difference between the year end rate and the exchange rate at the date of transaction is recognized as Income or Expense in the profit and loss account.
- (m) **Earnings Per Share**  
Earnings per share is calculated by dividing the net profit or loss for the year after prior period adjustments attributable to shareholders by the weighted average number of equity shares outstanding during the year.
- (n) **Provisions, Contingent Liabilities and Contingent Assets**  
As per AS-29 – "Provisions, Contingent Liabilities and Contingent Assets" the Company recognizes provisions only where reliable estimates can be made for probable outflow of resources to settle the present obligation as a result of past events and the same is reviewed at each Balance Sheet date. Contingent Liabilities are generally not provided for in the accounts and are shown separately in the Notes on Accounts. Contingent Assets are neither recognized nor disclosed in the financial statements since this may result in the recognition of income that may never be realized.
- (o) **Impairment**  
Impairment loss is recognized wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognized as an expense in the statement of profit & loss and carrying amount is reduced to its recoverable amount.
- (p) **Research and Development Expenditure**  
Revenue expenses are charged to the Profit & Loss Account in the year in which they are incurred.

**B. NOTES ON ACCOUNTS:**

- 1) Contingent liabilities not provided for in respect of the claims against the Company, which have not been acknowledged as debts:
- Central Excise - Rs. 6.32 lac (Net of Rs. 0.55 lac deposited) (Previous Year Rs.9.00 lac, net of Rs. 3.22 lac deposited).
  - Customs – Rs. 106.89 lac (Net of Rs. 55.00 lac deposited) (Previous year Rs. 106.89 lac, net of Rs. 55.00 lac deposited)
  - Different Appeals pending before Commercial Taxes Authorities - Rs. 578.23 lac (Net of Rs 13.93 Lac deposited) (Previous Year Rs. 338.95 lac, net of Rs. 14.22 lac deposited).
  - Excise & Sales tax liability on bye products – Amount not ascertainable.
  - Different Appeals pending before CIT (A) Ranchi - Rs. 206.62 lac (Net of Rs 10.00 Lac deposited) (Previous Year Rs. Nil).
- 2) Purchases are net of claims received against shortages and quality.
- 3) There are no separate reportable segments as per Accounting Standard 17 as the entire operations of the Company relate to one segment, viz. edible oil.



- 4) Balances of Sundry Debtors and Sundry Creditors are subject to confirmation.  
 5) Other Income includes Rs.78.12 lac (Previous Year. Nil) towards Fuel Surcharges charged by DVC in Electric Bill in Last 3Years (01.04.2006 to 31.03.2009) now settled and written off the liabilities of DVC from the said amount.

	(2009-10)	(2008-09)
6) Payment to Auditors: (Rs.)	48,265.00	26719.00
i) Audit Fees	5,515.00	4495.00
ii) Tax Audit Fees	<u>53,780.00</u>	<u>31214.00</u>

- 7) Disclosure in respect of Related Parties pursuant to Accounting Standard 18

a) List of Related parties

i) Associates

- Gaurang Alloys & Iron Limited
- Rajesh Auto Merchandise Private Limited
- S R Enterprises
- Bhasa Construction and Industrial Projects Private Limited
- Urmindra Vincom Private Limited

b) List of Managerial Personnel

i) Directors

- Sri Amar Agarwal
- Sri Amit Agarwal
- Sri Rajesh Agarwal
- Sri Arup Roy
- Sri Anis Khan

(Rs. in lacs)

Nature of transaction	2009-10	2008-09
<b>Associates</b>	<b>2949.05</b>	<b>4221.38</b>
Purchase of goods	112.94	-
Sale of goods	617.15	210.00
Loans & Advances Taken		
<b>Key Managerial personnel</b>	<b>1.60</b>	<b>-</b>
Remuneration and Office Rent		
<b>Credit Balances outstanding</b>	<b>536.90</b>	<b>210.00</b>
Associates (Unsecured Loan)	1941.99	823.23
Associates (Creditors)	1.50	-
Key Managerial personnel		-
<b>Debit Balances</b>	<b>232.72</b>	<b>11.97</b>
Associates	2.00	-
Key Managerial personnel		

- Related party relationship have been identified by the management and relied upon by the Auditors.

- 8) Due to non-availability of adequate documents/information from parties, the Company is not in a position to furnish the information with regard to the small scale undertaking as on 31st March, 2010 as required vide Notification no. G.S.R. 129(E) dated 22nd February, 1999 issued by the Department of Company Affairs.

9) EARNING PER SHARE (EPS)

	2009-10	2008-09
a) Numerator		
- Net profit after tax as disclosed in profit & loss a/c	36.56	10.99
b) Denominator		
- Weighted average number of equity shares outstanding	5000000	5000000
c) Basic and Diluted Earnings per share of Rs. 10 each	0.73	0.21



- 10) In compliance with the Accounting Standard 22 relating to 'Accounting for Taxes on Income', the Company has recognized cumulative deferred tax liabilities (net) amounting Rs. 35.40 lac as detailed under:

Particulars	31.03.2010 (Current Year)	31.03.2009 (Previous Year)
a) Deferred Tax Liability :	35.40 (Lac)	27.91 (Lac)
b) Deferred Tax Assets :	-	-
c) Deferred Tax Liability (Net)	35.40 (Lac)	27.91 (Lac)

- 11) Particulars of disputed demands in respect of Sales Tax, Excise Duty and Customs Duty as on 31st March, 2010 which have not been deposited or deposited under protest are set out below:

Name of the Statute	Nature of the dues	Gross Amount (Rs. In lakhs)	Paid Under Protest (Rs. in lakhs)	Period to which related (FY)	Forum where dispute is pending
Central and State Sales Tax Acts	Taxes including interest	170.89	10.37	1994-95, 1995-96, 1996-97, 1997-98, 1998-99, 1999-2k, 2000-01, 2001-02	Sales Tax Appellate Tribunal
		178.43	-	2002-03	Commissioner of Commercial Taxes, Jharkhand
		240.54	1.26	2003-04, 2004-05	Joint Commissioner of Commercial Taxes, Appeal, Dumka
		2.30	2.30	2003-04	ACCT, Durgapur
Central Excise Act, 1944	Duty Demand	6.87	0.55	1999-2000, 2000-2001	Assistant Commissioner, Central Excise
Customs Act, 1962	Demand Custom duty Demand against DEPB	159.40	55.00	2003-04, 2004-05	Commissioner of Customs
		2.49	-	2004-05	Commissioner of Customs
Income Tax Act	Income Tax	216.62	10.00	2002-03 to 2007-08	CIT (A) Ranchi

- 12) Additional information pursuant to provisions of paragraph 3, 4C, 4D of part II of Schedule VI to The Companies Act, 1956.

A. **Capacity**

Licensed Capacity  
Installed Capacity

**31.3.2010**

Not Applicable  
19800 M.T.P.A.  
of Vanaspati/  
Refined oil

**31.3.2009**

Not Applicable  
19800 M.T.P.A.  
of Vanaspati/  
Refined oil

- B. Particulars in Respect of Production/Purchases, Turnover, Opening and Closing Stock of Goods

Item	Unit	Op. Stock Qty.	Prod/Purch Qty.	Turnover Qty.	Cl. Stock Qty.
Vanaspati	MT	123.1879	7,170.2955	7,155.8464	137.370
Refined Oil	MT	14.6250	8,533.4807	8,508.5418	39.5639
Palm Kernal Oil	MT	-	1,020.0000	1,020.0000	-
Spent Nickle Catalyst	MT	12.9880	3.0810	15.1030	0.9660
Fatty Acid	MT	2.6200	511.4100	505.2250	8.8050
		153.4209	17,238.2672	17,204.7162	186.9719

## C. Particulars in Respect of Raw materials Consumed

Item	Unit	Opening Stock Qty.	Purchases Qty.	Consumption Qty.	Closing Stock Qty.
Rice Bran Oil	MT	-	-	-	-
Palm Kernal Oil	MT	-	-	-	-
Refined RBO	MT	25.9000	3,197.2950	2,568.5250	654.6700
Crude Palm Oil	MT	2,366.2090	7,682.5450	8,445.6400	1,603.1140
Til Oil	MT	-	134.2750	134.2750	-
RBD Palmolien	MT	1,499.4800	-	632.4600	867.0200
RBD Palm Oil	MT	24.2100	3,037.8950	3,036.1150	25.9900
Mustered Oil	MT	-	848.3320	596.8480	251.4840
		3,915.7990	14,900.3420	15,413.8630	3,402.2780

## D. Value of Imports calculated on C.I.F. basis :

	<u>2009-10</u> Amount (Rs. In lacs)	<u>2008-09</u> Amount (Rs. In lacs)
Raw Materials	3213.82	3552.86
Stores and Spare Parts	Nil	Nil
Capital Goods	Nil	Nil

## E. Value of Imported and Indigenous Raw Materials, Spare Parts &amp; Components Consumed and percentage thereof to the total consumption :

		<u>2009-10</u> (Rs. In lacs)	<u>2008-09</u> (Rs. In lacs)
<b>(i) Raw Materials</b>	<b>Percentage</b>	<b>Amount</b>	<b>Amount</b>
Imported	58.17%	3537.34	2850.20
Indigenous	41.83%	<u>2543.94</u>	<u>2913.09</u>
		6081.28	5763.29
<b>(ii) Stores, Spare Parts &amp; Components</b>			
Imported		Nil	Nil
Indigenous	100%	<u>255.61</u>	<u>321.64</u>
		255.61	321.64

## F. Earning and Expenditure in foreign currency Rs. Nil (Previous year Rs. Nil)

13) Corresponding figures of the previous year have been regrouped and/or re-arranged wherever considered necessary.

14) Figures are rounded off to the nearest rupee.

For **M. GOENKA & ASSOCIATES**  
Chartered Accountants

**M. K. Goenka**  
Proprietor

Place : Kolkata  
Date : 30.07.2010

**Rajesh Agarwal**  
Managing Director

**Arup Roy**  
Director



### BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

#### I. Registration Details

Registration No.	03-03379	State Code	03
Balance Sheet Date	31 3 2010		
	Date Month Year		

#### II. Capital Raised during the year (Amount in Rs.)

Public Issue	Right Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

#### III. Position of Mobilisation and Deployment of Fund (Amount in Rs.)

	Total Liabilities	Total Assets
	216168130	216168130
Sources of Funds	Paid-Up Capital	Reserves & Surplus
	50000000	18970532
	Secured Loans	Unsecured Loans
	85265678	58392318
	Net Deferred Tax Liability	
	3539602	
Application of Funds	Net Fixed Assets	Investments
	59149892	-
	Net Current Assets	Misc. Expenditure
	157018238	-
	Accumulated Losses	-

#### IV. Performance of Company (Amount in Rs.)

Net Turnover	Total Expenditure
728762852	737184448
Profit Before Tax	Profit After Tax
5,451,120	3,656,493
Earning per share in Rs. (Basic and diluted)	Dividend rate %
0.73	-

#### V. Generic Names of Three Principal Products/ Services of Company (As per monetary terms)

Item Code No. (ITC Code)	Product Description
151620.91	1 Vanaspati
151590.40	2. Refined Rice Bran Oil
1511190.10	3. RBD Palm Oil
151190.20	4. RBD Palmolein Oil

For **M. GOENKA & ASSOCIATES**  
Chartered Accountants

**M. K. Goenka**  
Proprietor

Place : Kolkata  
Date : 30.07.2010

**Rajesh Agarwal**  
Managing Director

**Arup Roy**  
Director





**CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31st March, 2010**

	(Rs. in '000) 2009-10	(Rs. in '000) 2008-09
<b>A. Net Profit before tax &amp; extra-ordinary items</b>	5,451.12	1,612.38
Adjustments for:		
Depreciation	3,797.40	3,986.52
Interest	15,354.74	19,097.08
Interest and Other Income	11,044.53	2,322.32
<b>Operating Profit before Working Capital Changes</b>	<b>35,647.79</b>	<b>27,018.30</b>
Adjustments for:		
Trade and other receivables	(82,821.91)	(84,331.77)
Inventories	(1,390.31)	(74,901.45)
Trade and other Payables	71,516.28	106,753.34
<b>Cash generated from operations</b>	<b>22,951.84</b>	<b>(25,461.58)</b>
Direct Taxes paid	(1,046.64)	(1,174.05)
Interest Paid	(15,354.74)	(19,097.08)
Interest and Other Income	(11,044.53)	(2,322.32)
<b>Cash flow before extra ordinary items</b>	<b>(4,494.06)</b>	<b>(48,055.03)</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(4,494.06)</b>	<b>(48,055.03)</b>
<b>B. Cash flow from Investment Activities</b>		
Purchase of Fixed Assets	(37,500.68)	(2,583.42)
Sale of Fixed Assets	-	-
Net Cash used in Investment Activities	(37,500.68)	(2,583.42)
<b>C. Cash Flow from Finance Activities:</b>		
Proceeds from Long Term Borrowings (Net)	36,835.36	71,474.31
Equity Capital & Reserves	-	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>36,835.36</b>	<b>71,474.31</b>
Net increase/ (decrease) in cash and cash equivalents	(5,159.38)	20,835.86
Cash and cash equivalents (Opening)	33,952.69	13,116.83
Cash and cash equivalents (Closing)	28,793.31	33,952.69

As Per Our Report Annexed Herewith.

For **M. GOENKA & ASSOCIATES**  
Chartered Accountants

**M. K. Goenka**  
Proprietor

Place : Kolkata  
Date : 30.07.2010

**Rajesh Agarwal**  
Managing Director

**Arup Roy**  
Director