

JAINEX AAMCOL LIMITED

Board of Directors

Bhagat Singh Dugar
R. Mazumdar
Rahul Dugar
Mohan Z. Kothari

Bankers

Bank of India

Auditors

R. A. SINGH & ASSOCIATES
Chartered Accountants,
Mumbai.

Registered Office

405 & 406, Sharda Chambers,
15, Sir Vitthaladas Thackersey Marg,
New Marine Lines, Mumbai - 400 020.

Factory

L-3, MIDC Industrial Area, Chikalthana,
Aurangabad - 431 210. Maharashtra

Registrar For the Depository Scheme

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound, LBS Marg,
Bhandup (West), Mumbai – 400 078.

ISIN No.

INE 280 F 01019 with CDSL

Scrip Code (BSE)

505212

NOTICE

Notice is hereby given that the 63rd Annual General Meeting of the shareholders of **JAINEX AAMCOL LIMITED** will be held at Kilachand Conference Room, Indian Merchants Chamber, Indian Merchants Chamber Marg, Churchgate, Mumbai – 400 020 on Monday, the 26th day of, September, 2011 at 12.00 noon to transact the following business :

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statements of Accounts of the company for the year ended 31st March 2011 and the reports of Directors and Auditors thereon.
2. **To consider and if thought fit to pass with or without modification the following resolution as Special Resolution:**

“RESOLVED that Messrs. R. A. Singh & Associates, Chartered Accountants, Mumbai, FRN 110271W, be and are hereby re-appointed as Auditors of the company to hold office until the conclusion of the next Annual General Meeting of the company at a remuneration to be mutually agreed between the Directors of the company and the Auditors”.

AS SPECIAL BUSINESS:

3. **To consider and if thought fit, to pass with or without modification, the following resolutions as an Ordinary Resolutions :**

“RESOLVED that pursuant to the provisions of section of 198, 269, 309,310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (“Act”) approval be and is hereby granted to the re-appointment of Mr. R. Mazumdar as Managing Director of the company for a period of 3 years w.e.f. 01.01.2011”

“RESOLVED FURTHER THAT Mr. R. Mazumdar in his capacity as Managing Director, be paid remuneration as may be fixed by the Board, from time to time, within the limits approved by the members as per the details given in the explanatory statements.”

4. To consider and if thought fit, to pass with or without modification, the following resolutions as an Ordinary Resolutions :

“RESOLVED that pursuant to the provisions of Section of 198, 269, 309,310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (“Act”), approval be and is hereby granted to the appointment of Mr. Bhagat S. Dugar as Executive Chairman of the Company for a period of 3 years w.e.f. 01.04.2011 at a salary of Rs. 25,000/-p.m. with liberty to the Board of Directors to alter or vary the terms and conditions of the said appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Bhagat S.Dugar , within the limits approved by the members as per the details given in the explanatory statements.”

5 To consider and if thought fit, to pass with or without modification, the following resolutions as an Ordinary Resolutions :

“RESOLVED that the Resolutions u/s 293(1) (a) and 293 (1)(d) of the Companies Act, 1956, authorizing the Board of Directors of the company to borrow and create charge in favour of company’s bankers/institutions upto Rs.20 crores, passed by the members through Postal Ballot on 30th May,2011 be and are hereby ratified.”

BY ORDER OF THE BOARD

(R. MAZUMDAR)
MANAGING DIRECTOR

REGISTERED OFFICE

405/406,Sharda Chambers,
15, Sir V.T. Marg,
New Marine Lines
Mumbai – 400 020.
Maharashtra.

PLACE: Mumbai

DATED: 30th July, 2011

NOTES:

1. ***Register of Members will remain closed from 19th September 2011 to 26th September, 2011 (both days inclusive).***
2. ***A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on poll to vote instead of himself and proxy need not be a Member of the Company.***
3. ***Explanatory Statement under section 173(2) is annexed hereto.***
4. ***Members are requested to immediately intimate change of address, if any, to the Registrars & Share Transfer Agent of the Company, at M/s. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai - 400 078.***
5. ***In accordance with the provisions of section 205A of the Companies Act, 1956, there are no unpaid dividends required to be deposited into the Investor Education and Protection Fund of the Central Government.***

Explanatory Statement under section 173(2) of the Companies Act, 1956.

Item No. 2

Section 224A of the Companies Act, 1956 provides that in case of the Companies in which not less than 25% of subscribed share capital is held by the Public Financial Institutions or any Government or Nationalised Banks or other Financial Institutions referred to therein, appointment or re-appointment of Auditors in such companies shall be made by special resolution. As more than 25% of the subscribed share capital of the company is held by the categories or bodies corporate mentioned in the section, the resolution for appointment of the said Auditors is proposed as a special resolution as set out in item No. 2.

Item No. 3

The Board has by resolution on 31st January 2011 re-appointed Mr. R. Mazumdar as Managing Director for a period of 3 years w.e.f 1st January 2011 subject to the approval of the members in the Annual General Meeting.

The Board is of the view that his re-appointment as Managing Director will be beneficial to the company at a gross annual salary of Rs. 3,00,000/-and reimbursement of vehicle and mobile telephone expenses. Provision for use of mobile phone for company's business would not be considered as perquisites. Taking into consideration the size of the company, the profile of Mr. R. Mazumdar, the responsibilities entrusted on him and the industry benchmark, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterparts in other companies.

The monetary value of the perquisites together with the salary will be within the limits specified in Schedule XIII of the Companies Act, 1956. Perquisites shall be evaluated as per Income Tax Rules wherever applicable and in absence of any such rules perquisites shall be evaluated at actual cost.

Terms and conditions of the said appointment and/or agreement may be altered and varied from time to time by the Board as it may in its discretion deem fit within the maximum amount payable to the Managing Director in accordance with Schedule XIII of the Companies Act, 1956 or any amendments made hereafter in this regard.

Accordingly, the remuneration payable to Managing Director is recommended for approval of the members.

Mr. R. Mazumdar may be deemed to be interested in the resolution.

Item No. 4

The Board has by resolution on 30th April 2011 appointed Mr. Bhagat Singh Dugar, Chairman as Executive Chairman for a period of 3 years w.e.f 1st April 2011 subject to the approval of the members in the Annual General Meeting.

Mr. Bhagat Singh Dugar, the Chairman of the company devotes considerable time to overview the affairs of the company. In view of the same, the Board of the Directors are of the view that he should be appointed as the Executive Chairman of the company at a gross annual salary of Rs. 3,00,000/-. Taking into consideration the size of the company, the profile of Mr. Bhagat Singh Dugar, the responsibilities entrusted on him and the industry benchmark, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterparts in other companies.

The monetary value of the perquisites together with the salary will be within the limits specified in Schedule XIII of the Companies Act, 1956. Perquisites shall be evaluated as per Income Tax Rules wherever applicable and in absence of any such rules perquisites shall be evaluated at actual cost.

Terms and conditions of the said appointment and/or agreement may be altered and varied from time to time by the Board as it may in its discretion deem fit within the maximum amount payable to the Executive Chairman in accordance with Schedule XIII of the Companies Act, 1956 or any amendments made hereafter in this regard.

Accordingly, the remuneration payable to the Executive Chairman is recommended for approval of the members.

Mr. Bhagat Singh Dugar and Mr. Rahul Dugar are concerned or interested in the Resolution.

Item No. 5

The Bankers of the Company, Bank of India, CP Tank Branch, Mumbai, have advised the Company vide their letter no. CPT:ADV:APL:133 dated 3rd June 2011 to ratify the Resolutions u/s 293 (1) (a) and 293 (1) (d) of the Companies Act, 1956, authorizing the Board of Directors of the company to borrow and create charge in favour of company's bankers/institutions upto Rs.20 crores, passed by the members through Postal Ballot on 30th May,2011 at the next Annual General Meeting of the company. Accordingly the aforesaid Resolution are place for ratification. Copy of the said letter is available for inspection at the Registered Office of the company.

BY ORDER OF THE BOARD

(R. MAZUMDAR)
MANAGING DIRECTOR

REGISTERED OFFICE

405/406, Sharda Chambers,
15, Sir V.T. Marg,
New Marine Lines
Mumbai – 400 020.
Maharashtra.

PLACE: Mumbai

DATED: 30th July, 2011

JAINEX AAMCOL LIMITED

JAINEX AAMCOL LIMITED DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors present their Annual Report together with Audited Accounts of the company for the year ended 31st March, 2011

1. **FINANCE AND ACCOUNTS**

	2011 Rs. in lacs	2010 Rs. in lacs
a) Sales	1190.33	767.51
b) Other Income	4.14	9.69
	1194.47	777.20
Operating Profit before Tax	32.48	(61.27)
Less : Provision for Income Tax MAT - (net)	0.19	-
Add/Less : Deferred Tax (credit)	7.64	(27.64)
Profit for the year after Tax	24.65	(33.63)
Add. Profit b/f from previous year	(13.82)	20.09
Balance available for appropriations	10.83	(13.54)
Less :		
Interest of Dividend Distribution Tax for Previous Year	-	0.28
Balance carried to Balance Sheet	10.83	(13.82)

Your Directors are pleased to inform that consequent to the demand revival, the turn over of the company increased by 55% to Rs 1190.33 lacs resulting in EBITDA of Rs.242.39 lacs as against Rs.125.19 lacs in previous year. The net profit after tax has also increased to Rs 24.65 lacs as against a net loss of Rs.33.63 lacs in previous year. The order book is healthy and barring unforeseen circumstances, your company expects to achieve better sales and consequent profits in the current year. Issue and Allotment of equity shares at premium

The Company has filed an application together with a scheme of arrangement with its specified creditors for settlement of unsecured loans amounting to Rs.3.20 Crores given by them by issue and allotment of 800000 equity shares of Rs.10/- each at a premium of Rs.30/- u/s 391 and 394 of the Companies Act 1956 with the Hon'ble Bombay High Court. The said application was filed after obtaining the NOC to the proposed scheme from the Bombay Stock Exchange as per the terms of the Listing Agreement. The Hon'ble Bombay High Court had vide its order dated 6-5-2011 directed the company to convene the meeting of its member on 13-6-2011 for approval of the said scheme. The meeting was held on the appointed date and the scheme was approved by the requisite majority of the members. The company has filed the Chairman's Report on the outcome of the meeting with the Hon'ble Bombay High Court. The Hon'ble Bombay High Court has admitted the petition on 29th July, 2011. Necessary steps will be taken by the company to give effect to the scheme as per the directions of the Hon'ble Bombay High Court.

2. AUDITORS

Messrs. R. A. Singh & Associates, Chartered Accountants, Mumbai, FRN 110271W the retiring auditors are eligible for re-appointment. The Board recommends their re-appointment.

3. DIRECTORS

Mr. R.Mazumdar, Managing Director has been re-appointed for a further period of 3 years w.e.f. 1 st January,2011 by the Board of Directors. The notice convening the Annual General Meeting includes the proposals for re-appointment and payment of remuneration to the Managing Director.

Mr. Bhagat Singh Dugar, Chairman has been appointed as Executive Chairman for a period of 3 years w.e.f. 1 st April 2011 by the Board of Directors. The notice convening the Annual General Meeting includes the proposals for appointment and payment of remuneration to the Executive Chairman.

Mr. Rahul Dugar resigned as a Whole Time Director on 31st March 2011 but continues as a Director on the Board of the Company. Your Directors place on record their appreciation of his services and look forward to the continued benefit of his advice.

4. EMPLOYEE RELATIONS

Employee's relation remained cordial during the year. Your Directors would like to record their appreciation for the services rendered by all categories of the company's employees.

5. BANKERS

Your Directors would like to place on record their appreciation for the pro-active support and assistance given by the bankers, Bank of India and look forward to receive their continued support and assistance.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The company is in compliance with various accounting and financial reporting requirements in respect of the financial statements for the year under review. Pursuant to Section 217 (2AA) of the Companies Act, 1956, and in respect of the annual accounts for the year under review, the Directors hereby confirm that:

a) In preparation of annual accounts, the applicable accounting standards have been followed save and except those mentioned in the Notes to Accounts in Schedule 16.

b) They have in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and 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 at the end of the financial year and of the profit and loss account of the company for that year.

c) Proper and sufficient care for 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 frauds and others irregularities have been taken to the best of their knowledge and ability.

d) The annual accounts have been prepared on a “going concern basis”.

7. CORPORATE GOVERNANCE

The requirements of Corporate Governance are not applicable to the company in view of its paid-up capital being less than the limits specified for the purpose by the authorities.

8. ADDITIONAL INFORMATION

a) CONSERVATION OF ENERGY/TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO.

The information required u/s 217(1)(e) of the Company's Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988 with respect of these matters is appended hereto (Annexure 1) and form part of this report.

b) No information is to be furnished pursuant to provisions of section 217(2)(A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 as there are no employees including Whole Time Directors drawing remuneration in excess of the limits prescribed in the said section/ rules.

c) The company has obtained a Compliance Certificate from a Company Secretary in whole time practice as required under sub-section (1) of Section 383A of the Companies Act, 1956 which is enclosed herewith forming part of Directors' Report.

By Order of the Board

(B. S. DUGAR)
CHAIRMAN

(R. MAZUMDAR)
MANAGING DIRECTOR

PLACE: MUMBAI

DATED: 30th JULY, 2011

Information required u/s 217(1)(e) of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988.

I. Conservation of Energy.

Wherever possible energy conservation measures have already been implemented and there are no major areas where further energy conservation measure can be taken. However, efforts to conserve and optimize the use of energy through improved operational methods and other means are being continued on an ongoing basis.

Particulars as per Form B**A. Research & Development (R & D)**

1. Specific areas in which R & D is carried out by the Company - The R & D efforts of the Company are directed towards quality control, improvement of existing products and development of allied products.
2. Benefits derived as a result of the above R & D. Improvement in the product quality and import substitution.
3. The company has developed the manufacture of spline gauges and dry cutting hobs and are examining various measures for improvement of productivity and reduction of costs.
4. Expenditure on R & D
The R & D efforts are totally integrated with the manufacturing activities including development of new products. As such R & D expenses cannot be segregated.

B. Technology Absorption, Adaptation and Innovations.**1. Efforts**

The company had originally started manufacturing Hobs in collaboration with Messer. KlingelInberg Verzahntechnik, Gmbh of Germany and the collaboration ended in 1981. During the period of collaboration the company successfully absorbed the technology and since beginning, the company is continuing the manufacture of Gear Hobs and it is also keeping abreast with the latest technology development abroad.

2. Benefits

The company has been in a position to cater to the requirements of customers both Indian and Foreign.

3. Particulars of Technology imported during the last 5 years.

The company has not imported any technology during last 5 years. The earlier technical collaboration expired in 1981. There is no technical collaboration with any party at present.

C. Foreign Exchange - Earnings and Outgo

The information on foreign exchange earnings is contained in Schedule – 16 - Note No. 8(c), (d) and (e).

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of **JAINEX AAMCOL LIMITED** as at **31st March, 2011** and the Profit & Loss Account 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.

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 mis-statement. An audit includes examining, 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 made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order 2003 (CARO) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i) 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;
- ii) 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 those books.
- iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable and read with notes given in Schedule - 16 - Notes to Accounts.
- v) On the basis of written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with **Accounting Policies and Notes** given in Schedule 16; give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011,
- b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date and
- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**for R. A. SINGH & ASSOCIATES
CHARTERED ACCOUNTANTS**

**R. A. SINGH
(PROPRIETOR)**

FRN 110271W

Place : MUMBAI

Date : 30th JULY, 2011

Statement on the Companies (Auditor's Report) Order, 2003

Annexure

Re: **JAINEX AAMCOL LIMITED**

Referred to in paragraph 3 of our report of even date,

- (i)
- (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets other than furniture & fixtures and office equipments.
 - (b) All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) The company has not disposed off substantial part of fixed assets during the year and therefore the question of affecting the status of going concern of the company does not arise.
- (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 procedures of physical verification of inventories followed by the management are 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 inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii)
- (a) The company has taken loans from body corporates, a firm, shareholders and directors covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 691.19 lacs and the year-end balance of loans taken from such parties was Rs. 691.19 lacs.
 - (b) In our opinion, the rate of interest (paid in some cases) and other terms and conditions on which loans have been taken from companies or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the company.
 - (c) The company is regular in repaying the principal amounts as stipulated or as and when required.

- (d) There is no overdue amount of loans taken from companies or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (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 purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v)
- (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) There are no transactions of purchase and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 5 lacs or more in respect of each party.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from public. The company has, however, taken loans from shareholders and body corporates which are under exempt category and also from a firm *whose two major partners are shareholders/directors* and therefore compliances under the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to such deposits are not considered for compliance by the company.
- (vii) In our opinion, internal audit system conducted by a professional firm is commensurate with the size of the company and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company. The company is not required to maintain any records pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- (ix)
- (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, ESIC, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess, Investor Education and Protection Fund and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs

JAINEX AAMCOL LIMITED

duty, excise duty and cess were in arrears as at 31.03.2011 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the dues set out herein below in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess have been deposited by the company with the appropriate authorities on account of disputes.

Name of Statute	Nature of Dues	Amount in Rs. lacs	Amount in Rs. lacs paid under protest	Period to which the Amount relates	Forum were disputes is pending
Customs	Customs Duty	7.14	2.00	2008-2009	CESTAT

- (x) The company does not have any accumulated losses as at 31.03.2011 and has not incurred cash losses in the current financial period and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, 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) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) The company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (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, prima facie, not been used during the year for long term investments.

- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies, Act, 1956 during the year and hence the question of whether the price at which shares have been issued is prejudicial to the interest of the company does not arise.
- (xix) The provisions of clause 4 (xix) of Companies (Auditors Report) Order, 2003 regarding security or charge in respect of Debentures issued are not applicable to the Company.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

for **R. A. SINGH & ASSOCIATES**
CHARTERED ACCOUNTANTS

R. A. SINGH
(PROPRIETOR)

Place : Mumbai

Date : 30th July, 2011

JAINEX AAMCOL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

SR. No.	PARTICULARS	SCH No.	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
I. SOURCES OF FUNDS				
1. Shareholders' Fund				
	a) Share Capital	1	6993940	6993940
	b) Reserves & Surplus	2	13697471	14803925
			20691411	21797865
2. Loan Funds				
	a) Secured Loans	3	68798782	79583127
	b) Unsecured Loans	4	69162557	64862557
			137961339	144445684
			642417	-
			159295167	166243549
3. Deferred Tax Credit				
II. APPLICATION OF FUNDS				
1. Fixed Assets				
	a) Gross Block	5	189447403	188507302
	b) Less : Depreciation		87360661	76623997
	Net Block		102086742	111883305
2. Current Assets, Loans & Advances				
	a) Inventories	6	25360468	17503293
	b) Sundry Debtors	7	25898439	22435801
	c) Cash & Bank Balances	8	913022	2435991
	d) Loans & Advances	9	27877207	20374446
	Less :-		80049136	62749531
	Current Liabilities & Provisions	10	22964403	10072659
	Net Current Assets		57084733	52676872
3. Deffered Tax Assets				
			-	122044
4. Misc. Expenditure				
	(to the extent not written off / adjusted)			
	a) Preliminary Expenses		123692	179438
	b) Profit & Loss Account (Debit balance as per annexed accounts)		-	1381890
			123692	1561328
			159295167	166243549
	Notes on Accounts	16		

Note : Schedule 1 to 10 and 16 form an integral part of the Balance Sheet.
As per our report of even date attached.

For R. A. SINGH & ASSOCIATES
CHARTERED ACCOUNTANTS

R. A. SINGH

PROPRIETOR FRN 110271W

PLACE : MUMBAI

DATED : 30th July, 2011

B. S. DUGAR
(Chairman)

R. MAZUMDAR
(Managing Director)

JAINEX AAMCOL LIMITED**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011**

SR. No.	PARTICULARS	SCH No.	For the Year Ended on 31.03.2011 (Rs.)	For the Year Ended on 31.03.2010 (Rs.)
1. INCOME				
	Sales	11(A)	119033416	76751014
	Other Income	11(B)	414148	969017
			119447564	77720031
2. EXPENDITURE				
	Raw Materials Consumed	12(A)	31331643	20361681
	Stock Increase(-)/Decrease(+)	12(B)	(574153)	(634869)
	Excise Duty and Education Cess		9746578	5150671
	Service Tax and Education Cess		490615	388472
	Employees' Remuneration & Benefits	13	25934194	18791765
	Other Administrative & Selling Exp.	14	28279436	21147232
	Finance Charges	15	11058490	9003153
	Depreciation		11997580	
	Less:- Transfer from Revaluation Reserve		2120816	
	Preliminary Expenses written off		55746	55746
			116199313	83847296
3.	Profit before tax (1 - 2)		3248251	(6127265)
4.	Provision for Taxation			
	Income Tax - Current Year (MAT)		621182	-
	MAT Credit		(602226)	-
	Deferred Tax		764461	(2764054)
			783417	(2764054)
5.	Net Profit for the year (3 - 4)		2464834	(3363211)
6.	Balance B/fd from Previous Year		(1381890)	2009363
7.	Appropriation		1082944	(1353848)
	Interest of Dividend Distribution Tax of earlier year		-	28042
				28042
8.	BALANCE CARRIED TO BALANCE SHEET		1082944	(1381890)
	Notes on Accounts	16		

Note : Schedules 11 to 16 form an integral part of the Profit & Loss Account.
As per our report of even date attached.

For R. A. SINGH & ASSOCIATES
CHARTERED ACCOUNTANTS

R. A. SINGH
PROPRIETOR FRN 110271W

PLACE : MUMBAI
DATED : 30th July, 2011

B. S. DUGAR
(Chairman)

R. MAZUMDAR
(Managing Director)

JAINEX AAMCOL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011 (Rs. in Lakhs)

Sr. No.	PARTICULARS	Amount 2010-2011	Amount 2009-2010
1.	Cash flow from Operating Activities		
A)	Net Profit before tax, extraordinary item and Deferred Revenue Expense.	33.04	(60.72)
	Adjustment for Depreciation	98.77	95.83
	“ “ Profit on Sale of Fixed Assets	(2.40)	-
	“ “ Interest	110.58	90.03
	Operating Profit before working capital changes	239.99	125.14
B)	Adjustment for Working Capital Changes		
	Increase in Trade / Other Receivables	109.65	53.62
	Increase in Inventories	78.57	(67.91)
	Deferred Tax Assets/Liabilities	7.64	(27.64)
		195.86	(41.93)
	Less : Increase in Trade / Other Liabilities	128.91	3.53
	Net Increase in Net Current Assets	66.95	(45.46)
C)	Cash Generated from Operations (A - B)	173.04	170.60
	Less : Interest Paid	110.58	90.03
	Less : Direct Tax	0.19	-
	Less : Dividend /Dividend Tax	-	0.28
	Cash flow before Extraordinary Items	62.27	80.29
	Add : Extraordinary Items - Deferred Tax Credit	7.64	(27.64)
	Net Cash from Operating Activities	69.91	52.65
2.	Cash flow from Investing Activities		
	Purchase of Fixed Assets	22.98	23.89
	Preliminary Expenses	-	1.40
	Sale of Fixed Assets (incl. revaluation on impact)	(2.68)	-
	Net Cash used in Investing Activities	20.30	25.29
3.	Cash flow from Financing Activities		
	Decrease in secured loans	107.84	41.93
	Decrease in unsecured loans	-	-
		107.84	41.93
	Less : Increase in Capital/Loans		
	Increase in Capital	-	-
	Secured Loans	-	-
	Unsecured Loans	43.00	23.93
	Net Cash used in Financing Activities	64.84	18.00
4.	Net Increase in Cash and Cash Equivalent (1-2-3)	(15.23)	9.36

JAINEX AAMCOL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011
(Rs. in Lakhs)

: 2 :

Sr. No.	PARTICULARS	Amount 2010-2011	Amount 2009-2010
5.	Cash and Cash Equivalent as at the opening (Opening Balance)	24.36	15.00
6.	Cash and Cash Equivalent as at the closing (Closing Balance) (4+5)	9.13	24.36

As per our report of even date attached.

for R. A. SINGH & ASSOCIATES
CHARTERED ACCOUNTANTS

R. A. SINGH
PROPRIETOR
FRN 110271W

PLACE : MUMBAI
DATED : 30th JULY, 2011

B. S. DUGAR
(Chairman)

R. MAZUMDAR
(Managing Director)

JAINEX AAMCOL LIMITED

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2011

SR. No.	PARTICULARS	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
SCHEDULE - 1 - SHARE CAPITAL			
Authorised			
	3000000(3000000)-Equity Shares of Rs.10/- each	30000000	30000000
		30000000	30000000
Issued, Subscribed & Paid - up			
	No. of Shares		
	F.Y. 11 F.Y.10		
	Equity Shares of Rs. 10 each fully paid up.	696338 696338	6963380 6963380
	696338 696338		
	Less : Calls in arrears from others	3595	3595
		6959785	6959785
	Add : Forfieted Shares 13662 13662	34155	34155
	(On 13662 Shares @ Rs. 2.50 each)	6993940	6993940
		6993940	6993940

NOTES :

- (i) 3000 Equity Shares of Rs. 10/- each issued as fully paid to vendors as purchase consideration without payment being received in cash.
- (ii) 50000 Equity Shares of Rs. 10/- each issued as fully paid Bonus Shares by capitalisation of reserves.

JAINEX AAMCOL LIMITED

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
SCHEDULE - 2 - RESERVES & SURPLUS		
1) Capital Reserve		
As per last Balance Sheet	1500000	1500000
2) Capital Redemption Reserve		
As per last Balance Sheet	3897400	3897400
	3897400	3897400
3) Revaluation Reserve		
Opening Balance	9406525	11570190
Less: Transferred to Profit & Loss Account	2120816	2163665
Less: Effect on account of sale of revalued machinery	68582	-
Closing Balance	7217127	9406525
4) Profit & Loss Account		
As per annexed account	1082944	-
	13697471	14803925
SCHEDULE - 3 - SECURED LOANS		
1 From Bank of India		
i) Term Loan	49699348	59520677
ii) Interest Accrued and due thereon	-	537654
	49699348	60058331
B) Working Capital Limits		
i) Cash Credit Account	16609214	19500050
Packing Credit Account	2464721	-
Interest Accrued and due thereon	25499	24746
(Secured against hypothecation of Raw Materials, Work in Process, Finishing Goods & Receivables)	19099434	19524796
(The above limits are further secured by hypothecation of Plant & Machinery and collateral secured by Equitable Mortgage of Land & Buildings situated at L/3, Chikalthana MIDC Indl. Estate, Aurangabad)		
	68798782	79583127
SCHEDULE - 4 - UNSECURED LOANS		
From		
1. Body Corporates	55108795	51008795
2. Firm	789605	789605
3. Shareholders / Directors	13220651	13020651
4. Government of Maharashtra		
Sales Tax Loan	43506	43506
	69162557	64862557

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2011 • SCHEDULE - 5 - FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost as on 01.04.2010 Rs.	Additions during the year Rs.	Deductions during the year Rs.	Total Cost as on 31.03.2011 Rs.	Depreciation as on 01.04.2010 Rs.	Depreciation for the year Rs.	Adjustment for the year Rs.	Depreciation up to 31.03.2011 Rs.	Net Book Value as on 31.03.2011 Rs.	Net Book Value as on 31.03.2010 Rs.
1 Leasehold Land	5338777	-	-	5338777	913072	76305	-	989377	4349400	4425705
2 Factory & Office Buildings	8732191	-	-	8732191	2916266	291655	-	3207921	5524270	5815925
3 Plant & Machinery	157364686	1459216	1334201	157489701	65341154	9603327	1243831	73700650	83789051	92023532
4 Computer & Computer Software	9719214	823623	14500	10528337	4912175	1573972	13602	6472545	40555792	4807039
5 Furniture, Fixtures & Office Equipments	6223523	15363	9400	6229486	1725729	371205	3483	2093451	4136035	4497794
6 Motor Vehicles	1128911	-	-	1128911	815601	81116	-	896717	232194	313310
TOTAL	188507302	2298202	1358101	189447403	76623997	11997580	1260916	87360661	102086742	111883305
Prev. Year	186118633	2388669	-	188507302	64876887	11747110	-	76623997	111883305	-

Notes: (1) The Gross Block of Fixed Assets as at 31.03.2011 include Rs. 346.43 lacs (net of sale of half land at Aurangabad during the financial FY 03 and machinery in FY 11) on account of revaluation of Fixed Assets of Aurangabad Unit comprising Land, Building and Plant & Machine carried out on 01.04.1998 by an approved valuer.

(2) Cumulative amount transferred on account of Depreciation on Revaluation Rs. 274.27 lacs (net of adjustment/ deduction on account of sale of land). (Refer Note - 2 of Schedule 16)

JAINEX AAMCOL LIMITED

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
SCHEDULE - 6 - INVENTORIES		
(As certified by the Management)		
Stores etc. (at cost)	1499287	1255508
Machinery Spares (at cost)	1425549	605151
Tools etc.	214563	102199
Raw Materials (at cost)	14008818	7902337
Work-in-Progress (at cost)	4722218	3442320
Finished Goods (at cost or market or realisable value whichever is lower)	3490033	4195778
	25360468	17503293
SCHEDULE - 7 - SUNDRY DEBTORS		
Unsecured (Considered Good)		
Debts outstanding for more than 6 months	1285147	1130716
Other Debts	24613292	21305085
	25898439	22435801
SCHEDULE - 8 - CASH & BANK BALANCES		
Cash in hand	85073	54881
Balances with Scheduled Banks - in Current Accounts	827949	1757734
in Fixed Deposits Account	-	623376
(held as margin against LCs and BGs opened for raw material and machinery)	913022	2435991
SCHEDULE - 9 - LOANS AND ADVANCES		
Unsecured (Considered Good)		
Advances recoverable in cash or kind or for value to be received.		
a) Capital Items	9304737	12735033
b) Others	18193830	7353483
c) Deposits	378640	285930
	27877207	20374446

JAINEX AAMCOL LIMITED**SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2011**

PARTICULARS	AS AT 31.03.2011 (Rs.)	AS AT 31.03.2010 (Rs.)
SCHEDULE -10 - CURRENT LIABILITIES & PROVISIONS		
A) Current Liabilities		
a) Sundry Creditors		
For Materials	11740490	3142406
For Capital Items	1177677	33157
For Expenses	7496276	5265556
For Others Finance	1059137	1078279
b) Credit Balances of Parties/Customers	1451820	553261
TOTAL (I)	22925400	10072659
PROVISIONS		
B) Provision for IncomeTax (Net of taxes Paid)	39004	-
TOTAL (I + II + III)	22964403	10072659
NOTE : Sundry Creditors due to Micro and SMEs exceeding Rs. 1 lakh	N. A.	N. A.

JAINEX AAMCOL LIMITED

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2011

PARTICULARS	For the year Ended on 31.03.2011 (Rs.)	For the year Ended on 31.03.2010 (Rs.)
SCHEDULE - 11 INCOME		
(A) Sales	119033416	76751014
(B) Other Income		
Misc. Receipts	414148	969017
	414148	969017
Total (A + B)	119447564	77720031
SCHEDULE - 12 (A)		
RAW MATERIALS CONSUMED		
Opening Stock	7902337	13379387
Add : Purchases (net of returns, cenvat + Freight & Octroi)	37438124	14884631
	45340461	28264018
Less : Closing Stock	14008818	7902337
	31331643	20361681
SCHEDULE - 12 (B)		
STOCK INCREASE (-)/ DECREASE (+)		
Opening Stock		
Work-in-Progress	3442320	1970370
Finished Goods	4195778	5032859
	7638098	7003229
Less : Closing Stock		
Work-in-Progress	4722218	3442320
Finished Goods	3490033	4195778
	8212251	7638098
	(574153)	(634869)

JAINEX AAMCOL LIMITED

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2011

PARTICULARS	For the year Ended on 31.03.2011 (Rs.)	For the year Ended on 31.03.2010 (Rs.)
SCHEDULE - 13		
EMPLOYEES' REMUNERATION & BENEFITS		
1) Salaries & Wages	7167867	6364140
2) Bonus	835404	776866
3) Other Allowances	13637147	8174984
4) Contribution to Provident Fund	950723	811735
5) Contribution to Retirement Benefit Funds	300019	258180
6) Workmen and Staff Welfare	1557034	1143860
7) Directors Remuneration	1486000	1262000
	25934194	18791765
SCHEDULE - 14		
OTHER ADMINISTRATIVE & SELLING EXPENSES		
1) Stores and Tools & Spares consumed etc.	2740013	2323493
2) Labour Charges (Mfg.)	3050999	2095342
3) Power & Fuel	3811830	2935223
4) Rates & Taxes	65969	65969
5) Rent	6000	49000
6) Insurance Charges	296087	185992
7) Repairs and Maint. - Plant & Mach.	2343431	1376617
- Building	19714	132639
- Others	364734	204531
8) Legal, Professional and Retainer fees	1620911	1923310
9) Travelling & Conveyance	3174048	3353323
10) Commission	4993859	1651865
11) Consignment Expenses	1090980	895807
12) Sundries	4700861	3954121
	28279436	21147232
SCHEDULE - 15		
FINANCE CHARGES		
1. Interest		
Term Loan	7752025	5704736
Cash Credit	2509126	2885909
Car Loan	-	5598
Others	455992	-
	10717144	8596243
2. Bank Processing Charges	41442	156163
3. Bank Charges	299904	250747
	11058490	9003153

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
SCHEDULE - 16 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**A Significant Accounting Policies****1 ACCOUNTING CONVENTION**

The Financial Statements are prepared under the historical cost convention on the basis of going concern and in accordance with Generally Accepted Accounting Principles, Accounting Standards prescribed by ICAI and as per the provisions of the Companies Act, 1956.

2 REVENUE RECOGNITION

Turnover includes excise duty, education cess, job work receipts and sale of scraps and does not include VAT/CST.

3 MISCELLANEOUS EXPENDITURE

Expenses related to increase in authorized share capital and issue thereunder are amortized over a period of five years.

4 INVENTORIES VALUATION (AS - 2)

- a) Raw materials are valued at cost. Cost is ascertained on FIFO basis.
- b) Work in Progress is valued at raw material cost + overheads.
- c) Finished Goods are carried at lower of cost or market value whichever is less.
- d) Stores are taken at cost.
- e) Tools and Spares are taken at net of 1/3rd for usage.
- f) Scrap is valued at net realisable value and is included under finished goods.

5 CASH FLOW STATEMENT (AS - 3)

Cash Flow Statement is prepared under "Indirect Method".

6 CHANGE IN ACCOUNTING POLICIES (AS - 5)

- a) There is no change in accounting policy during the year.

7 DEPRECIATION (AS - 6)

- a) Depreciation is provided under straight line method on fixed assets except in some cases which are on WDV method as in the past in compliance with section 205 (2) (b) of the Companies, Act, 1956 at rates specified in Schedule XIV of the Companies Act, 1956 as amended from time to time.
- b) Depreciation on additions/deletions is provided on pro-rata basis from the date of such additions /deletions.
- c) No depreciation has been provided on fixed assets representing written down value below 5% of the original cost.

8 FIXED ASSETS (AS-10)

- a) Fixed Assets are stated at cost (net of cenvat wherever availed) and includes an amount of Rs.346.43 lacs added on revaluation of Fixed Assets viz. Leasehold Land, Building and Plant & Machinery of

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
SCHEDULE - 16 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
(CONTD)

company's Unit at Aurangabad, carried out by an approved valuer during FY 99, less accumulated depreciation. The gross and net block of fixed assets are therefore more by Rs 346.43 lacs and Rs. (Rs. 353.70 lacs) and Rs. 72.17 lacs (Rs. 94.06 lacs) respectively and the corresponding effect has been given in the Revaluation Reserve Account. Depreciation (cumulative as well as for the year) on the revalued amount added to fixed assets on account of revaluation is adjusted by transfer of equivalent amount from Revaluation Reserve Account created on revaluation of fixed assets to Profit & Loss Account.

- b) Leasehold land is shown at cost, including lease premium paid.

9 TRANSACTION OF FOREIGN CURRENCY ITEMS (AS - 11)

- a) Foreign currency Transactions are recorded at the exchange rates prevailing on the date of transaction.
- b) Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the year end are translated at exchange rates applicable on that date.
- c) Non - monetary items denominated in foreign currency (such as fixed assets) are valued at forward contract exchange rate contracted for the such liability, wherever applicable.
- d) Any gains or losses arising due to exchange differences arising on translation or settlement are accounted for in the profit & loss account.
- e) In the case of forward exchange contracts, the premium or discount arising at the inception of such contracts, is amortised as income or expense over the life of the contract as well as exchange difference on such contracts, i.e. difference between exchange rate at the reporting / settlement date and the exchange rate on the date of inception/ the last reporting date, is recognised as income / expense for the period.

10 EMPLOYEE BENEFITS (AS - 15 Revised)**a) Defined Contribution Plan**

The state governed provident fund scheme, employees state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid / payable under the schemes is recognised during the period in which the employee renders the related services.

b) Defined benefit plan/ Long Term Compensated Absences.

The company's Employees Gratuity Fund Scheme managed by the LIC of India is a defined plan. The present value of obligation based on actuarial valuation using the Projected Unit Credit Method is being determined and any effect thereof will be provided / accounted as and when finalized.

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
SCHEDULE - 16 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
(CONTD)**c) Compensated Absences**

The company has provided for the leave encashment liability at the balance sheet date based on permissible accumulated leave balance of the employees at the last salary drawn. Liability as per actuarial valuation is being determined and any effect thereof will be provided / accounted as and when finalized. The company has no defined benefit plan for this purpose as yet.

11 BORROWING COST (AS-16)

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of such assets till such time as the assets are ready for their intended use. Qualifying assets are assets that necessarily require a substantial period of time to get ready for their intended use. All the other borrowing cost is recognized as an expense.

12 LEASES (AS-19)

Leasehold land is amortized over the period of lease.

13 TAXES ON INCOME (AS - 22)

- a) Current tax is determined as the amount of tax payable in respect of taxable income for the period, as per applicable tax rates and laws.
- b) Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets on timing differences, being the difference between taxable income and accounting income that originates in one period and capable of reversal in one or more subsequent periods.

14 DISCONTINUING OPERATIONS (AS - 24)

The Company has not discontinued any operations during the year.

15 IMPAIRMENT OF ASSETS (AS-28)

- a) Impairment of assets has been recognized and losses if any has been charged to profit & Loss account.
- b) As of each balance sheet date, the carrying amount of assets is tested for impairment so as to determine -
 - (i) the provision for impairment loss, if any, required, or

JAINEX AAMCOL LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT SCHEDULE - 16 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (CONTD)

(ii) the reversal, if any, required or impairment has recognized in previous periods.

16 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (AS-29)

- a) The provisions are recognised and measured by using a substantial degree of estimation.
- b) Contingent liabilities and contingent assets are disclosed after a careful evaluation of the facts and legal aspects of the matter involved in issue.

17 BUSINESS SEGMENT

The company operates in a business segment viz. Gear Cutting, Special Cutting Tools and Spline Gauges and is considered single segment operations.

B. NOTES TO ACCOUNTS

- 1 Sundries in schedule 14 includes Auditor's Remuneration as under
- | | | |
|----------------------------|-------|-------|
| Audit Fees | 44120 | 33090 |
| Tax Audit Fees | 11030 | 11030 |
| Taxation and other matters | 25525 | 28072 |

Current year (Rs)	Previous Year (Rs)
44120	33090
11030	11030
25525	28072
80675	72192

- 2 The company is not required to have a Qualified Company Secretary in view of Section 383A of Companies Act, 1956.
- 3 The balances of Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation.
- 4 Commitments pending on capital accounts is Rs. 617 lacs - net of advance (previous year Rs. NIL).
- 5 Provision for Contingencies (not provided)
- a Import against DALC for Rs NIL for purchase of raw materials (previous year Rs. NIL).

**SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
SCHEDULE - 16 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
(CONTD)**

- b On account of claim by two ex-employee amounting to Rs. 0.37 lacs and Rs. 2.97 lacs which the company is contesting before the appropriate authority and is of the view that the claim will not sustain.
- c A charge sheet has been filed in the JMFC, XVth Court, Aurangabad by the MIDC CIDCO Police Station, Aurangabad against the erstwhile Technical Director, N. K. Chatterjee and two other ex-employees of the company for the misappropriation of funds carried out by them during their tenure of employment with the company. The company has also filed a suit in the City Civil Court at Aurangabad claiming an amount of Rs 72 lacs from N. K. Chatterjee for the amounts misappropriated. The amounts so misappropriated will be accounted for in the year of recovery. As a counterblast to the FIR, the said ex-employee N. K. Chatterjee has made a claim of Rs. 50 lacs for his alleged terminal dues in the City Civil Court, Aurangabad which is being contested by the company.
- d On account of penalty of Rs 1.75 lacs imposed by SEBI which is represented by the company for remission/ waiver.
- e On account of additional custom duty demand of Rs. 713812 on account of a CNC machine imported in ealier years which had been contested in appeal before tha Appellate Tribunal.

6. Related party Disclosure**(a) Related Party and their Relationship.**

Subsidiaries	:	NIL
Associates	:	Jainex Foods Pvt. Limited Jainex Limited Jainex Imports & Exports Pvt. Limited Dugar Brothers & Company

Key Management Personnel : Mr. B. S. Dugar (Chairman)
Mr. R. Mazumdar (MD), Mr. M. Z. Kothari
(Jt. MD), Mr. Rahul Dugar (WTD).

Relatives of Key Management Personnel : - -

JAINEX AAMCOL LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT SCHEDULE - 16 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (CONTD)

(b) Transactions with Related Party.	Nature	Amt/ (Rs.) 31.03.2011	Amt. (Rs.) 31.03.2010
Subsidiaries		NIL	NIL
Associates /Directors	Siting Fees To Director	-	-
	Interest to Director	140000	-
	Payments to Body Corporates	194375	-
	Interest Purchases	52655	-
	Interest to Relatives of Directors	-	-
	Reimburseme of Exp. to a Director	-	-
	Payments to a firm	10000	-
	Interest Purchases	-	-
	Consultancy Fees	-	-
Key Management Personnel	Directors Salary Allowances, Rent etc.	2082968	1262000
		-	46000
Relatives of Key Management Personal		NIL	NIL
7			
	Disclosure as required by Clause 32 of listing Agreement.		
	Amount of loans/advances in nature of loans outstanding from subsidiaries and Associates during the year.		
	Subsidiaries	NIL	NIL
	Associates	NIL	NIL
	Key Management Personnel	NIL	NIL
	Relatives of Key Management Personnel	NIL	NIL

JAINEX AAMCOL LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT SCHEDULE - 16 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (CONTD)

8. Additional Information pursuant to the provisions of paragraph 3,4C and 4D of the part II of Schedule VI to the Companies Act, 1956.

	31.03.2011		31.03.2010	
	Qty (in tonnes)	Amount (Rs.)	Qty (in tonnes)	Amount (Rs.)
(a) Raw Materials Consumed				
High Speed Steel/ Rounds/Bars.	32.198	31331643	15.908	20361681
Percentage of Consumption of Raw Materials				
Direct Import	19%	4267776	67%	13622941
Locally procured imports	68%	26541428	-	-
Indigenous	13%	522440	33%	6738740
	100%	31331643	100%	20361681
(b) Stores and Tools & Spares consumed/written off (all indigneous)		2740013		2323493
		2740013		2323493
(c) CIF Value of Imports of				
(i) Raw Materials		5724190		4400607
(ii) Machinery Spares (CIF)		1882880		-
(iii) Plant & Machinery (Advance)		9304737		-
		16911807		4400607
(d) Expenditure in Foreign Currency	(Travelling)	275070		532861
	(Legal Fee)	3108247		-
(e) Earnings in Foreign Currency F.O.B. value of Export		7848328		6623198

JAINEX AAMCOL LIMITED

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT SCHEDULE - 16 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (CONTD)

(f)

Class of Goods	Unit	Capacities		Production Qty.	Opening Stock		Closing Stock		Sales	
		Lic enc ed.	Inst all- ed.		Qty.	Value Rs.	Qty.	Value Rs.	Qty.	Value Rs.
Gear Hobs Cutters & Guages Category I	Nos	12000 (12000)	3500 (3500)	4865 (3.343)	141 (221)	2444280 (4981716)	181 (141)	3342673 (2444280)		
Category II (Impaired Stock)				208 (0)	128 (128)	151464 (51143)	167 (208)	147361 (151464)		
				4865 (3343)	349 (349)	2595744 (5032859)	348 (349)	3490034 (2595744)	4866 (3343)	111021110 (72645052)
Job Work Scraps (Qty. in Mt.)					- (0)	- (0)	- (15)	- (1600034)		5198593 (4105962) 2813714 (0)
									TOTAL	119033416 (76751014)

NOTES : 1. Figures in the bracket denote figure for previous year.

2. Installed Capacity is as certified by the Management.

9. Basic & Diluted Earning Per Share (EPS) computed in accordance with Accounting Standard (AS) 20 "Earning Per Share" : (In Rupees)

Particulars		Current Year	Previous Year
		Rs.	Rs.
Basic & Diluted Profit after Tax / Deferred Tax	A	2464834	(3363211)
Number of shares subscribed	B	696338	696338
Basic & Diluted EPS	A/B	3.54	Negative

10. As per Accounting Standard 22 (AS-22) " Accounting for Taxes on Income " Major components of Deferred Tax Assets and Liabilities :

Particulars	Upto 31/03/2010	For current year	As at 31/03/2011
	Rs.	Rs.	Rs.
Depreciation on Fixed Assets Liability	34500227	564307	35064534
Leave Encashment Assets	-	(690536)	(690536)
Preliminary Assests	-	(123692)	(123692)
Unabsorbed Depreciation Assets	(34895191)	2723903	(32171288)
Total	(394964)	2473982	2079018
Deferred Tax Liability @ 30.90%	(122044)	764460	642417

**SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
SCHEDULE - 16 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
(CONTD)**

11 The Disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules, 2006 are given below.

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised are charged off for the year are as under.

	F. Y. 11	F. Y. 10
Employers Contribution to state governed Provident Fund	345214	280150
Employers Contribution to state governed Pension Scheme	493046	435568
Employers Contribution to state governed Employees State Insurance	469119	310233

b) Defined benefit plan/ Long Term Compensated Absences.

The company's Employees Gratuity Fund Scheme managed by the LIC of India is a defined plan. The present value of obligation based on actuarial valuation using the Projected Unit Credit Method is being determined and any effect thereof will be provided / accounted as and when finalized.

c) Compensated Absences

The company has provided for the leave encashment liability at the balance sheet date based on permissible accumulated leave balance of the employees at the last salary drawn. Liability as per actuarial valuation is being determined and any effect thereof will be provided / accounted as an when finalized. The company has no defined benefit plan for this purpose as yet.

12 Information pursuant to Part IV of Schedule VI to the Companies Act, 1956. Balance Sheet abstract and general business profile and cash flow statement pursuant to clause 32 of listing agreement are annexed hereto.

13 Figures for previous year have been rearranged/regrouped wherever necessary.

Signature to Schedules 1 to 16

for R. A. SINGH & ASSOCIATES

Chartered Accountants

R. A. SINGH

PROPRIETOR FRN 110271W

PLACE : MUMBAI

DATED : 30th July, 2011

B. S. DUGAR

(Chairman)

R. MAZUMDAR

(Managing Director)

JAINEX AAMCOL LIMITED

Additional Information as required under Part IV of Schedule VI
to the Companies Act, 1956

14. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

State Code	:	11
Registration No.	:	5695
Balance Sheet Date	:	31.03.2011

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

Public Issue	:	NOT APPLICABLE
Bonus Issue	:	NOT APPLICABLE
Right Issue	:	NOT APPLICABLE
Private Placement	:	NOT APPLICABLE

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

Total Liabilities	<u>159295</u>	Total Assets	<u>159295</u>
<u>Sources of Funds</u>		<u>Application of Funds</u>	
Paid-up Capital	6994	Net Fixed Assets	102087
Share Application Money (Pending Allotment)	-	Investments	-
Reserve & Surplus	13697	Misc. Expenditure	124
Secured Loans	68799	Net Current Assets	57085
Unsecured Loans	69163	Deferred Tax Asset	-
Deferred Tax Credit	642	Accumulated Losses	-
	<u>159295</u>		<u>159295</u>

IV. Performance of the Company (Amount Rs. in Thousands)

Turnover including Other Incomes	119448	Total Expenditure	116199
Profit Before Tax	3248	Profit After Tax after def. tax credit	2465
Earning Per share in Rs. (after deffered tax)	<u>3.54</u>	Dividend per share	<u>NIL</u>

V. Generic Names of Three Principal Services of Company

Item Code No.	8207	Hob & Cutter
	9017	Spline Guages
Service Description	MANUFACTURE OF GEAR CUTTING TOOLS, SPECIAL CUTTING TOOLS, SPLINE GUAGES, LABOUR JOBS, ETC.	

As per our report of even date attached

for R. A. SINGH & ASSOCIATES

Chartered Accountants

R. A. SINGH

PROPRIETOR FRN 110271W

PLACE : MUMBAI

DATED : 30th July, 2011

B. S. DUGAR

(Chaiman)

R. MAZUMDAR

(Managing Director)