

2007



**ANNUAL REPORT
AND
ACCOUNTS**

JAINEX AAMCOL LIMITED

JAINEX AAMCOL LIMITED

Board of Directors

Bhagat Singh Dugar
R. Mazumdar
S. Banerjee
P. C. Vora
Rahul Dugar
Mohan Z. Kothari

Bankers

Bank of India

Auditors

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

Registered Office

1 & 2, Broach Sadan, Broach Street,
Devji Ratansi Marg, Masjid Bunder,
Mumbai - 400 009. (Maharashtra)

Factory

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

Registrar For the Depository Scheme

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

ISIN No.

INE 280 F 01019 with CDSL

JAINEX AAMCOL LIMITED

NOTICE

Notice is hereby given that the 59th 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 Friday, the 21st, September, 2007 at 12 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 2007 and reports of Directors and Auditors thereon.
2. To elect Director in place of Shri B. S. Dugar who retires by rotation and being eligible, offers himself for re-appointment.

AS SPECIAL BUSINESS:

- 3 **To consider and if though fit to pass with or without modification/s the following resolution as Special Resolution.**

“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”) the company hereby approves the appointment of Mr. Mohan Z. Kothari as Whole Time Director of the company for a period of 3 years w.e.f. 01.04.2007 at a salary of Rs.40000 / - p.m. in the scale of Rs. 40000 / - p.m. to Rs. 60000 / - 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.Mohan Z. Kothari.

“FURTHER RESOLVED that the perquisites (including allowances) payable or allowable and commission to the Whole Time Director be as follows:

PERQUISITES:

- 1 In addition to the salary the Whole Time Director shall also be entitled to perquisites which would include house rent allowance, leave travel concession for self and family, reimbursement of vehicle expenses.
- 2 Contribution to Provident Fund would not be included in the computation of ceiling on remuneration to the extent these are not taxable under the Income Tax Act, 1961

JAINEX AAMCOL LIMITED

- 3 Provision for use on company's business, of telephone at residence would not be considered as perquisites.

COMMISSION:

In addition to the salary and perquisites the Whole Time Director would be entitled to such commission on the turnover of new products and net profits of the company as detailed in the appointment letter.

Provided that the remuneration payable to the Whole Time Director (including the salary, commission, perquisites, benefits and amenities) does not exceeds the limits laid down in section 198 and 309 of the Act including any statutory modifications or re-enactment thereof.

"FURTHER RESOLVED that where in any financial year during the currency of the tenure of the Whole Time Director the company has no profits or its profits are inadequate, the company may pay to the Whole Time Director the above remuneration as minimum remuneration for a period not exceeding 3 years from the date of appointment by way of salary, perquisites and other allowances and benefits subject to receipt of requisite approval if any."

4. **To consider and if thought fit to pass with or without modification the following resclution as Special Resolution:**

"RESOLVED that M/s. R. A. Singh & Associates, Chartered Accountants, Mumbai 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 remuneration to be mutually agreed between the Directors of the company and the Auditors".

5. **To consider and if thought fit to pass with or without modification the following resolution as Ordinary Resolution:**

"RESOLVED that pursuant to section 16 and all other applicable provisions, if any , of the Companies' Act ,1956 Clause V of the Memorandum of Association of the company be altered by substituting in its place and stead the following:

V. The Authorised Share Capital of the company is Rs. 3,00,00,000 (Rupees Three Crores only) divided in to 30,00,000 (Thirty lacs) Ordinary (Equity) Shares of Rs. 10 each

6. **To consider and if thought fit to pass with or without modification the following resolution as Special Resolution:**

"RESOLVED that pursuant to section 31 and all other applicable provisions, if any , of the Companies' Act ,1956 Article 4 of the Articles of Association of the company be substituted by the following:

JAINEX AAMCOL LIMITED

3. The Authorised Share Capital of the company is Rs. 3,00,00,000 (Rupees Three Crores only) divided in to 30,00,000 (Thirty lacs) Ordinary (Equity) Shares of Rs. 10 each

BY ORDER OF THE BOARD

DIRECTOR

REGISTERED OFFICE

1 & 2, Broach Sadan,
Broach Street,
Devji Ratansi Marg,
Masjid Bunder,
Mumbai – 400 009.
Maharashtra.

PLACE: MUMBAI

DATED: 31ST JULY, 2007

NOTES:

1. Register of Members will remain closed from 17th September 2007 to 21st September, 2007 (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. Intime Spectrum Registry 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.

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

Item No. 3

The Board has by resolution on 2nd April 2007 appointed Mr.Mohan Z. Kothari as Whole time Director for a period of 3 years w.e.f 1st April 2007 at a salary of Rs. 40000/- p. m. in a scale of Rs.40000/- to Rs. 60000/- p. m. and other perquisites , allowances and commission as fully set out in item no.3 of the Notice . Mr.Mohan Z, Kothari is a B.E.(Mech) and has over 20 years technical and commercial experience in gear cutting tools. The Board is of the view that his appointment as Whole Time Director will be beneficial to the company.

Taking in to consideration the size of the company, the profile of Mr. Mohan Z. Kothari, the responsibilities entrusted on him and the industry benchmarks 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 Whole time Director in accordance with Schedule XIII of the Companies Act, 1956 or any amendments made hereafter in this regard.

Your Directors commend the resolution for the approval of the members.

Mr.Mohan Z. Kothari may be deemed to be interested in the resolution.

Item No. 4

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.4.

The Board recommends the passing of the Resolution for acceptance by the members.

None of the Directors of the Company is, in any way, concerned or interested in this item of business.

Item Nos. 5 and 6.

The company has been examining various growth opportunities from time to time in line with its objectives of becoming a leading gear cutting tool manufacturer . As a part of its future growth strategy the company proposes to expand its capacity

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substantially . The company in order to meet its growth objectives and to strengthen its financial position may be require to generate long term resources by issue and allotment of Equity Shares.

Presently the Authorised Share Capital of the company is Rs.1,50,00,000 divided in to 11,00,000 Ordinary(Equity) Shares of Rs. 10 each and 40,000 14% Redeemable Cumulative Preference Shares of Rs.100 each. The issued , subscribed and paid capital of the company is Rs.54,63,380 divided into 5,46,338 Ordinary(Equity) Shares of Rs. 10 each.

Depending upon the future growth plans of the Company, the Authourised Share Capital of the Company is being increased from Rs.1,50,00,000 divided into 11,00,000 Ordinary (Equity) Shares of Rs. 10 each and 40,000 14% Redeemable Cumulative Preference Shares of Rs. 100 each to Rs. 3,00,00,000 divided into 30,00,000 Ordinary (Equity) Shares of Rs. 10 each as set forth in the Resolution at item No. 5 and 6 of the Notice.

Consequent upon the increase in Authorised Share Capital, Clause V of Memorandum of Association and Article 4 of the Articles of Association of the Company would have to be altered in the manner as set out in Item Nos. 5 and 6 of the Notice respectively.

Accordingly, the Resolutions at Item Nos. 5 and 6 seek approval of the Members for increase in Authorised Share Capital and alteration of the Memorandum and Articles of Association of the Company.

A copy of the existing Memorandum and Articles of the Company along with the proposed draft amendments is available for inspection by any Member at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on all working days (except Saturdays, Sundays and Public Holidays) upto the date of this Annual General Meeting.

The Board recommends the passing of the Resolutions at Item Nos. 5 as Ordinary Resolutions and the Resolution at Item No. 6 as a Special Resolution.

None of the Directors of the Company is, in any way, concerned or interested in these item of business.

BY ORDER OF THE BOARD

DIRECTOR

REGISTERED OFFICE

1 & 2, Broach Sadan,
Broach Street,
Devji Ratansi Marg,
Masjid Bunder,
Mumbai – 400 009.
Maharashtra.

PLACE: MUMBAI

DATED: 31ST JULY, 2007

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, 2007

1. FINANCE AND ACCOUNTS

	2007 Rs. in lacs	2006 Rs. in lacs
a) Sales	626.10	482.42
b) Other Income/Receipts/Interest	10.25	2.12
	636.35	484.54
Operating Profit before Tax	93.64	82.08
Less : Provision for Income Tax (including Fringe Benefit Tax)	30.17	31.71
Add/Less : Deferred Tax	4.96	(2.06)
Profit after Tax	58.51	52.43

The directors are pleased to report that during the year under review, the company maintained improvement in its performance and turnover of the company has increased by 30% and profit after tax by 12%. The demand for the company's products continues to be healthy and in line with the growth in the automotive industry. The demand is expected to increase substantially with the commissioning of the transmission units of Maruti Udyog Ltd, Mahindra Renault Ltd and Nissan Ltd. The Board is pleased to report that during the current year it has received a trial order from Germany The company in order to meet the demand from these sophisticated customers is upgrading and augmenting its production capacity. During the current year it has already installed the latest state of the art inspection equipment and placed orders for CNC and other machines.. The company has also taken up the project for manufacture of Spline Guages and Shaving Cutters, products which complement the existing product range.. The cost of these projects will be financed by raising funds through issue and allotment of Equity shares, internal generation and term loans Accordingly it is necessary to amend the respective clauses in the Memorandum and Articles of Association of the company which is sought to be done in items 5 and 6 of the Notice of this Annual General Meeting. These resolutions are commended for your acceptance.

With these developments your management is confident that barring unforeseen circumstances, the company's turnover and profits would increase substantially.

The company had redeemed the 14% Redeemable Preference Shares and made a proposal to the preference share holders viz. General Insurance Co. Ltd., New India Assurance Co. Ltd, National Insurance Co. Ltd ,United India Insurance Co. Ltd and Oriental General & Fire Insurance Co. Ltd to accept allotment of 1,50,000 Equity shares or Rs.

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10 each in lieu of the preference dividend payable to them. The company has received the consent from General Insurance Co. Ltd., New India Assurance Co. Ltd, and National Insurance Co. Ltd to the said proposal and similar consent is expected from the remaining 2 share holders Your company would approach the authorities concern as well as the members shortly for their approval to such issue of equity shares.

2. AUDITORS

Messrs.. R. A. Singh & Associates, the retiring auditors are eligible for re-appointment. The Board recommends their re-appointment.

3. DIRECTORS

Shri Mohan Z. Kothari was appointed as Whole time Director w.e.f. 1st April 2007, subject to approval of shareholders. The necessary resolutions for your approval to the appointment of Shri Mohan Z. Kothari as Whole time Director of the company have been included in the notice to the ensuing Annual General meeting. The Directors commend his appointment.

Shri B.S.Dugar retires by rotation and being eligible, offers himself for re-appointment. The Directors recommend his re-appointment.

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. 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) Appropriate accounting policies have been selected and applied consistently and judgment and estimates that are reasonable and prudent have been made 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

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irregularities have been taken to the best of their knowledge and ability.

- d) The annual accounts have been prepared on a "going concern basis".

6. 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.

7. 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)
DIRECTOR

(R. MAZUMDAR)
DIRECTOR

PLACE: MUMBAI
DATED: 31ST JULY, 2007

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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.

II. 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 is implementing project for manufacture of spline gauges and shaving cutters and 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. Klingelberg Verzahntechnik, Gmbh of Germany and the collaboration ended in 1981. During the period of collaboration the company has successfully absorbed the technology and is now in a position to develop and manufacture 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. 10(c), (d) and (e).

JAINEX AAMCOL LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of **JAINEX AAMCOL LIMITED** as at **31st March, 2007** 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 misstatement. 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) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes and Accounting Policies 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, 2007,
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date and

JAINEX AAMCOL LIMITED

- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.
- vi) On the basis of written representations received from the Directors as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

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

Place : Mumbai
Date : 31ST JULY, 2007

JAINEX AAMCOL LIMITED

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 fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the company and such disposal has, in our opinion, not affected the going concern status of the company.

(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 and Shareholders covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 49.83 lacs and the year-end balance of loans taken from such parties was Rs. 49.83 lacs.
- (b) In our opinion, the rate of interest 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 and has been regular in the payment of interest.

JAINEX AAMCOL LIMITED

- (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 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.

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- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears as at 31.03.2007 for a period of more than six months from the date they became payable.
- (x) The company does not have any accumulated losses and has not incurred cash losses during the financial year covered by our audit and 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) To the best of our knowledge and belief and according to the information and explanation given to us, in our opinion, the term loans availed by the company were applied by the company during the year for the purposes for which the loan 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 the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets.
- (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 are not applicable to the Company.

JAINEX AAMCOL LIMITED

- (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 : 31ST JULY, 2007

JAINEX AAMCOL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2007

SR. No.	PARTICULARS	SCH No.,	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
I. SOURCES OF FUNDS				
1. Shareholders' Fund				
	a) Share Capital	1	5493940	5493940
	b) Reserves & Surplus	2	27939485	24252049
			33433425	29745989
2.	Deferred Tax Credit		1629842	1133525
3. Loan Funds				
	a) secured Loans	3	9298321	7033265
	b) Unsecured Loans	4	8151248	1872243
			17449569	8905508
			52512835	39785022
II. APPLICATION OF FUNDS				
1. Fixed Assets				
	a) Gross Block	5	79115206	72175189
	b) Less : Depreciation		49090949	45481618
	Net Block		30024257	26693571
2. Current Assets, Loans & Advances				
	a) Inventories	6	6178823	7561619
	b) Sundry Debtors	7	14742780	10034686
	c) Cash & Bank Balances	8	3599613	2408257
	d) Loans & Advances	9	4964942	740340
	Less :-		29486158	20744902
	Current Liabilities & Provisions	10	6997579	7658145
	Net Current Assets		22488578	13086757
3. Misc. Expenditure -				
	(to the extent not written off / adjusted)			
	a) Deferred Revenue Expenditure		-	4694
			-	4694
			52512835	39785022
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

PLACE : MUMBAI
 DATED : 31ST JULY, 2007

B. S. DUGAR
 (Director)

R. MAZUMDAR
 (Director)

JAINEX AAMCOL LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2007

SR. No.	PARTICULARS	SCH No.	For the Year Ended on 31.03.2007 (Rs.)	For the Year Ended on 31.03.2006 (Rs.)
1.	INCOME			
	Sales	11(A)	62609975	48241667
	Other Income	11(B)	1024786	212589
			63634761	48454256
2.	EXPENDITURE			
	Raw Materials Consumed	12(A)	16688212	10373278
	Stock Increase(-)/Decrease(+)	12(B)	(1665158)	717653
	Excise Duty and Education Cess		8204715	6296727
	Service Tax and Education Cess		213709	149046
	Employees' Remuneration & Benefits	13	14169463	11096630
	Other Administrative & Selling Exp.	14	13225717	9876725
	Finance Charges	15	1792282	620350
	Depreciation		3799953	
	Less:- Transfer from Revaluation Reserve		2163665	
	Deferred Revenue Expenses written off		4694	4691
			54269923	40245873
3.	Profit before tax (1 - 2)		9364838	8208382
4.	Provision for Taxation			
	Income Tax - Current Year		2730000	3011000
	Income Tax - Previous Year		35361	-
	Deferred Tax		496317	(205826)
	Fringe Benefit Tax - Current Year		171600	160000
	Fringe Benefit Tax - Previous Year		80460	-
			3513738	2965174
5.	Net Profit for the year (3 - 4)		5851100	5243208
6.	Transfer to Capital Redemption Reserve		-	2532800
			5851100	2710408
7.	Balance B/fd from Previous Year		793464	(1916944)
8.	BALANCE CARRIED TO BALANCE SHEET		6644565	793464
	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

PLACE : MUMBAI
DATED : 31ST JULY, 2007

B. S. DUGAR
(Director)

R. MAZUMDAR
(Director)

JAINEX AAMCOL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007 (Rs. in Lakhs)

Sr. No.	PARTICULARS	Amount 2006-2007	Amount 2005-2006
1.	Cash flow from Operating Activities		
A)	Net Profit before tax, extraordinary item and Deffered Revenue Expense.	93.36	82.13
	Adjustment for Depreciation	16.36	11.11
	" " Interest	17.92	6.20
	Operating Profit before working capital changes	127.64	99.44
B)	Adjustment for Working Capital Changes		
	Increase in Trade / Other Receivables	89.33	55.04
	Increase in Inventories	(13.83)	12.17
	Deferred Tax Assets / Liabilities	4.96	(2.06)
		80.46	65.15
	Less : Increase in Trade / Other Liabilities	(6.61)	28.78
	Net Increase in Net Current Assets	87.07	36.37
C)	Cash Generated from Operations (A - B)	40.57	63.07
	Less : Interest Paid	17.92	6.20
	Less : Direct Tax	27.65	30.11
	Less : Fringe Benifit Tax	2.52	1.60
	Cash flow before Extraordinary Items	(7.52)	25.16
	Add : Extraordinary Items		
	Deferred Tax Credit	4.96	(2.06)
	Net Cash from Operating Activities	(2.56)	23.10
2.	Cash flow from Investing Activities		
	Purchase of Fixed Assets	71.37	26.86
	Sale of Fixed Assets	(0.40)	-
	Net Cash used in Investing Activities	70.97	26.86
3.	Cash flow from Financing Activities		
	Redemption of Preference Shares	-	25.33
	Repayment of Loans	-	20.67
		-	46.00
	Less : Increase in Secured Loans	22.65	65.77
	Unsecured Loans	62.79	-
	Net Cash used in Financing Activities	(85.44)	(19.77)
4	Net Increase in Cash and Cash Equivalent (1-2-3)	11.91	(16.01)

JAINEX AAMCOL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007 (Rs. in Lakhs)

: 2 :

Sr. No.	PARTICULARS	Amount 2006-2007	Amount 2005-2006
5.	Cash and Cash Equivalent as at the opening (Opening Balance)	24.08	8.07
6.	Cash and Cash Equivalent as at the closing (Closing Balance) (4+5)	35.99	24.08

As per our report of even date attached.

for R. A. SINGH & ASSOCIATES
CHARTERED ACCOUNTANTS

R. A. SINGH
PROPRIETOR

PLACE : MUMBAI
DATED : 31ST JULY, 2007

(B. S. DUGAR)
(Director)

(R. MAZUMDAR)
(Director)

JAINEX AAMCOL LIMITED

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2007

SR. No.	PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
SCHEDULE - 1 - SHARE CAPITAL			
Authorised			
	40000 - 14% Redeemable Cumulative Preference Shares of Rs. 100/- each	4000000	4000000
	1100000-Equity Shares of Rs.10/- each	11000000	11000000
		15000000	15000000
Issued, Subscribed & Paid - up			
	Equity Shares of Rs. 10 each fully paid up. 546338 (546338)	5463380	5463380
	Less : Calls in arrears from others.	3595	3595
		5459785	5459785
	Add : Forfieted Shares 13662(13662) (On 13662 Shares @ Rs. 2.50 each)	34155	34155
		5493940	5493940
		5493940	5493940

NOTES :

(A) (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, 2007

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
SCHEDULE - 2 - RESERVES & SURPLUS		
1) Capital Reserve	1500000	1500000
2) Capital Redemption Reserve		
As per last Balance Sheet	3897400	1364600
Add : Transfer from Profit & Loss Account to the extend of preference share capital redeemed.	-	2532800
	3897400	3897400
3) Profit & Loss Account		
As per annexed account	6644565	7934643)
4) Revaluation Reserve		
Opening Balance	18061185	20224850
Less:		
Transferred to Profit & Loss Account (being the difference of depreciation on revalued cost and original cost of revalued fixed assets.)	2163665	2163665
Closing Balance	15897520	18061185
	27939485	24252049
SCHEDULE - 3 - SECURED LOANS		
1 From Bank of India		
a) Term Loan	3437500	1554500
(Secured against hypothecation of specific Machinery)		
b) Cash Credit Account	5365937	5105397
(Secured against hypothecation of Raw Materials, Work in Process, Finishing Goods & Receivables (The above limits are further secured by hypothecation of Plant & Machinery and Equitable Mortgage of Land & Building situated at L/3, Chikalhana Indl. Estate, Aurangabad)		
2 From ICICI Bank		
Auto Car Loan secured against Motor Vehicles.	494884	373368
	9298321	7033265
SCHEDULE - 4 - UNSECURED LOANS (*)		
From		
1. Body Corporates	3507553	383171
2. Shareholders	4600189	1435041
3. Government of Maharashtra		
Sales Tax Loan	43506	54031
	8151248	1872243
(*) Includes interest wherever credited		

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2007 • SCHEDULE - 5 - FIXED ASSETS											
PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	Cost as on 01.04.2006 Rs.	Additions during the year Rs.	Deductions during the year Rs.	Total Cost as on 31.03.2007 Rs.	Depreciation as on 01.04.2006 Rs.	Depreciation for the year Rs.	Adjustment for the year Rs.	Depreciation up to 31.03.2007 Rs.	Net Book Value as on 31.03.2007 Rs.	Net Book Value as on 31.03.2006 Rs.	
1 Leasehold Land	5338778	-	-	5338778	607852	76305	-	684157	4654621	4730926	
2 Factory & Office Buildings	4868912	-	-	4868912	1986502	162622	-	2149124	2719788	2882410	
3 Plant & Machinery	58977348	6273007	-	65250355	41273501	3132247	-	44405749	20844607	17703847	
4 Computer	1059613	169013	-	1228626	489048	163712	-	652760	575866	570565	
5 Furniture, Fixtures & Office Equipments	1130715	168909	-	1299624	749093	90895	-	839988	459636	381622	
6 Motor Vehicles	799823	526538	197450	1128911	375622	174173	190622	359173	769738	424201	
TOTAL	72175189	7137467	197450	79115206	45481618	3799953	190622	49090949	30024257	26693571	
Prev. Year	69489680	2685509	-	72175189	42207180	3274438	-	45481618	26693571		

Notes: (1) The Gross Block of Fixed Assets as at 31.03.2007 include Rs. 353.70 lacs (net of sale of half land at Aurangabad during the financial FY 03) on account of revaluation of Fixed Assets of Aurangabad Unit comprising Land, Building and Plant & Machinery carried out on 01.04.98 by an approved valuer.

(2) Cumulative amount transferred on account of Depreciation on Revaluation Rs. 194.73 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, 2007

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
SCHEDULE - 6 - INVENTORIES		
(As certified by the Management)		
Stores etc. (at cost)	664307	456337
Tools etc. (at cost)	141482	265519
Raw Materials (at cost)	2273777	5405664
Work-in-Progress (at cost)	1853172	869011
Finished Goods (at cost or market or realisable value whichever is lower)	1246085	565088
	6178823	7561619
SCHEDULE - 7 - SUNDRY DEBTORS		
Unsecured (Considered Good)		
Debts outstanding for more than 6 months	559897	629457
Other Debts	14182883	9405229
	14742780	10034686
SCHEDULE - 8 - CASH & BANK BALANCES		
Cash in hand	49959	37169
Balances with Scheduled Banks - in Current Accounts	2430154	1046088
in Fixed Deposits Account	1119500	1325000
(held as margin against LCs and Bank Guarantee opened for raw material and machinery)	3599613	2408257
SCHEDULE - 9 - LOANS AND ADVANCES		
Unsecured (Considered Good)		
Advances recoverable in cash or kind or for value to be received.		
a) Capital Item	3758678	571109
b) Others	966832	-
Deposits	239431	169231
	4964942	740340

JAINEX AAMCOL LIMITED**SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2007**

PARTICULARS	AS AT 31.03.2007 (Rs.)	AS AT 31.03.2006 (Rs.)
SCHEDULE -10 - CURRENT LIABILITIES & PROVISIONS		
I) Current Liabilities		
a) Sundry Creditors		
For Goods	1936817	3031629
For Expenses	3620430	3204990
For Others Finance	657394	640975
b) Credit Balances	776338	454372
TOTAL (I)	6990979	7331966
II) Provision for IncomeTax (Net of Taxes Paid)	-	200639
iii) Provision for FBT (Net of Taxes paid)	6600	125540
TOTAL (I + II + III)	6997579	7658145

NOTE :

Sundry Creditors do not include any balance due to small scale industrial undertakings exceeding Rs. 1 lakh.

JAINEX AAMCOL LIMITED

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2007

PARTICULARS	For the year Ended on 31.03.2007 (Rs.)	For the year Ended on 31.03.2006 (Rs.)
SCHEDULE - 11		
INCOME		
(A) Sales	62609975	48241667
(B) Other Income		
Misc. Receipts	991614	212589
Profit on sale of Fixed Assets	33172	-
	1024786	212589
Total (A + B)	63634761	48454256
 SCHEDULE - 12 (A)		
RAW MATERIALS CONSUMED		
Opening Stock	5405664	3562212
Add : Purchases (net of Cenvat Credit availed)	13556325	12216730
	18961989	15778942
Less : Closing Stock	2273777	5405664
	16688212	10373278
 SCHEDULE - 12 (B)		
STOCK INCREASE (-)/ DECREASE (+)		
Opening Stock		
Work-in-Progress	869011	975666
Finished Goods	565088	1176086
	1434099	2151752
Less : Closing Stock		
Work-in-Progress	1853172	869011
Finished Goods	1246085	565088
	3099257	1434099
	(1665158)	717653

JAINEX AAMCOL LIMITED

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2007

PARTICULARS	For the year Ended on 31.03.2007 (Rs.)	For the year Ended on 31.03.2006 (Rs.)
SCHEDULE - 13		
EMPLOYEES' REMUNERATION & BENEFITS		
1) Salaries & Wages	4714640	3808431
2) Bonus	537637	473715
3) Other Allowances	6174744	4869663
4) Contribution to Provident Fund	579452	454623
5) Contribution to Retirement Benefit Funds	241051	177025
6) Workmen and Staff Welfare	829289	613423
7) Directors Remuneration	1092650	699750
	14169463	11096630
SCHEDULE - 14		
OTHER ADMINISTRATIVE & SELLING EXPENSES		
1) Stores and Tools & Spares consumed etc.	2406653	1403958
2) Labour Charges	1115502	675785
3) Power & Fuel	2364760	1871370
4) Rates & Taxes	65969	69423
5) Rent	169620	172621
6) Insurance Charges	226405	162267
7) Repairs and Maint. - Plant & Mach.	1374669	426225
- Building	160580	238723
- Others	109952	62918
8) Travelling & Conveyance	1702952	1493962
9) Sundries	3528655	3299473
	13225717	9876725
SCHEDULE - 15		
FINANCE CHARGES		
1. Interest		
Term Loan	371585	-
Cash Credit	659306	77800
Car Loan	25135	23821
Others	441920	392300
2. Bank Charges	294336	126429
	1792282	620350

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

SCHEDULE - 16 - NOTES ON ACCOUNTS

1. Significant Accounting Policies

1.1 Method of Accounting

- (a) The accounts have been prepared as per historical cost convention on an accrual basis.
- (b) Accounting Policies not specifically referred to otherwise are in consistent and in consonance with generally accepted accounting principles and accounting standards prescribed by ICAI. The following income and expenses are considered on cash basis :-

Interest receivable on overdue payments from Debtors, Income-Tax and Sales Tax Departments on Refunds and commission to selling agents.

1.2 Sales

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

1.3 Fixed Assets

Fixed assets are stated at cost (net of Cenvat wherever availed) and includes an amount of Rs. 353.70 lacs added on revaluation of Fixed Assets viz. Leasehold Land, Building and Plant & Machinery of 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. 353.70 lacs and Rs.158.97 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.

1.4 Depreciation

Depreciation is provided on the basis as mentioned in Note No. 2. Tools & Spares are written off as and when consumed/discarded.

1.5 Inventories

Inventories are valued as follows :-

- (a) Raw Materials, Stores,
Tools and Spares - at cost.
- (b) Work in Progress - at raw material cost.
- (c) Finished Goods - at cost or market or realisable value whichever is lower and includes provision for excise duty and education cess

JAINEX AAMCOL LIMITED

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

SCHEDULE - 16 - NOTES ON ACCOUNTS (CONTD)

- 1.6 Foreign currency transactions.
Purchases and sales in foreign currency are recorded in equivalent rupee value prevailing on actual payment / receipt basis.
- 1.7 Retirement Benefits
Retirement benefits are accounted on accrual basis.
- 1.8 Taxes on Income
Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income-Tax Act, 1961. Deferred tax is recognised, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.
- 1.9 Business Segments
The company operates in a single business segment namely Gear Cutting and Special Cutting Tools.
2. Depreciation
- 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 The Gross Block of Fixed Assets include Rs. 353.70 lacs (previous year Rs. 353.70 lacs) on account of revaluation of Fixed Assets comprising Land, Building and Plant & Machinery carried out during FY 99 by an approved valuer. Consequent to the said revaluation, there is an additional charge/ depreciation of Rs. 21.63 lacs (Prev. Year 21.63 lacs) computed as per straight line method except the cost of revalued leasehold land which is amortised pro-rata over the balance/residue period of lease and the amount equivalent to the additional depreciation/charge has been withdrawn from Revaluation Reserve and credited to the Profit and Loss Account.
- c No depreciation has been provided on fixed assets representing written down value below 5% of the original cost.
3. Sundries in Schedule 14 includes Auditors' Remuneration as audit fees of Rs. 33706 (previous year RS. 33672), Rs. 11236 for Tax Audit fees (previous year Rs. 11020) and Rs. 28072 for Taxation and other matters (previous year Rs. 24795)
4. The company is not required to have a Qualified Company Secretary in view of Section 383A of Companies Act, 1956.
5. The balances of Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation.
6. Commitments on capital account Rs. 164 lacs (previous year Rs. MIL)

JAINEX AAMCOL LIMITED

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

SCHEDULE - 16 - NOTES ON ACCOUNTS (CONTD)

7. Provisions For Contingencies

- (a) Import against DALC for Rs. 19 lacs (net of margin) for purchase of raw materials (previous year Rs. 22 lacs).
- (b) On account of claim by an ex-employee amounting to Rs. 0.37 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 amount so misappropriated will be accounted for in the year of recovery. As a counter 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.

8. The Cumulative Preference Share have been fully redeemed by the company. The company has made a proposal to the insurance companies who were preference shareholders for settling the arrears of preference dividend by issue of 150000 equity shares of the company at par. The company has received the consent to the said proposal from General Insurance Co. Ltd., New India Assurance Co. Ltd. and National Insurance Co. Ltd. Similar consent letters are awaited from United India Insurance Co. Ltd. and Oriental General & Fire Assurance Co. Ltd.

9. Related party Disclosure

9.1 (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. Sauti Banerjee and Mr. Rahul Dugar
Relatives of Key Management Personnel	:	-

JAINEX AAMCOL LIMITED

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

(b) Transactions with Related Party.	Nature	Amt/ (Rs.) 31.03.2007	Amt. (Rs.) 31.03.2006
Subsidiaries		NIL	NIL
Associates	Siting Fees To Director	35000	-
	Interest to Director	194747	-
	Payment to Body Corporates	78033	216756
	Interest Purchases	250000	-
	Interest to Relatives of Directors	168000	168000
	Reimburseme of Exp. to a Director	142213	126844
	Reimbursement of Exp. to a firm	-	7726
Key Management Personnel	Directors Salary Allowances, Rent etc.	750000	699750
		554458	131013
Relatives of Key Management Personal		NIL	NIL
9.2			
Disclosure as required by Clause 32 of listing Agreement.			
Amount of loans/advances in nature of loans outstanding from subsidiaries and Associates during 2006 - 07.			
Subsidiaries		NIL	NIL
Associates		NIL	NIL
Key Management Personnel		NIL	NIL
Relatives of Key Management Personnel		NIL	NIL

JAINEX AAMCOL LIMITED

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

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

	31.03.2007		31.03.2006	
	Qty (in tonnes)	Amount (Rs.)	Qty (in tonnes)	Amount (Rs.)
(a) Raw Materials Consumed High Speed Steel Rounds/Bars.	20.675	16688212	14.504	10373278
Percentage of Consumption of Raw Materials				
Imported	77%	12774181	82%	8471439
Indigenous	23%	3914031	18%	1901839
	100%	16688212	100%	10373278
(b) Stores and Tools & Spares consumed/written off (all indigneous)		2406653		1403958
		2406653		1403958
(c) CIF Value of Imports of (i) Raw Materials (ii) Plant & Machinery	(CIF)	8313503		8793569
		3484325		1866900
		11797828		10660469
(d) Expenditure in Foreign Currency (Travelling)		469804		430938
(e) Earnings in Foreign Currency F.O.B. value of Export		424238		81009

JAINEX AAMCOL LIMITED

SCHEDULES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT SCHEDULE - 16 - NOTES ON ACCOUNTS

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	Nos.	12000 (12000)	3500 (2500)							
Category I	)			2983 (2534)	54 (51)	538544 (1158322)	131 (54)	1241426 (538544)		
Category II	)				141 (144)	26544 (17764)	16 (141)	4659 (26544)		
	)			2983 (2534)	195 (195)	565088 (1176086)	147 (195)	1246085 (565088)	3031 (2534)	59424311 (46083265)
Job Work										1972259 (1504558)
Sale of Scraps										1213405 (653844)
									TOTAL	62609975 (48241667)

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

2. Installed Capacity as certified by the Management.

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

Particulars		Current Year	Previous Year
Basic & Diluted		Rs.	Rs.
Profit after Tax	A	5851100	5243208
Number of shares subscribed	B	548338	546338
Basic & Diluted EPS	A/B	10.71%	9.60%

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

Particulars	Upto 31/03/2006	For current year	As at 31/03/2007
	Rs.	Rs.	Rs.
Depreciation on Fixed Assets Liability	3818225	1627943	5146168
Leave Encashment Assets	(260652)	(53443)	(304095)
Others	-	-	-
Total	3367573	1474500	4842073
Deferred Tax Liability @ 33.66%	1133626	496317	1629842

13. 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.

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

Signature to Schedules 1 to 16

for **R. A. SINGH & ASSOCIATES**
Chartered Accountants

B. S. DUGAR
(Director)

R. A. SINGH
PROPRIETOR

PLACE : MUMBAI
DATED : 31ST JULY, 2007

R. MAZUMDAR
(Director)

JAINEX AAMCOL LIMITED

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

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

I. Registration Details

State Code : 11
Registration No. : 5695
Balance Sheet Date : 31.03.2007

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>52513</u>	Total Assets	<u>52513</u>
<u>Sources of Funds</u>		<u>Application of Funds</u>	
Paid-up Capital	5494	Net Fixed Assets	30024
Share Application Money (Pending Allotment)	-	Investments	-
Reserve & Surplus	27939	Misc. Expenditure	-
Secured Loans	9298	Net Current Assets	24489
Unsecured Loans	8151	Deferred Tax Asset	-
Deferred Tax Credit	1630	Accumulated Losses	-
	<u>52513</u>		<u>52513</u>

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

Turnover including Other Incomes	63635	Total Expenditure	54270
Profit Before Tax	9365	Profit After Tax after def. tax credit	59
Earning Per share in Rs.	<u>10.71</u>	Dividend per share	<u>NIL</u>

V. Generic Names of Three Principal Services of Company

Item Code No. 8207
Service Description MANUFACTURE OF GEAR CUTTING TOOLS,
SPECIAL CUTTING TOOLS, LABOUR JOBS, ETC.

As per our report of even date attached

for **R. A. SINGH & ASSOCIATES**
Chartered Accountants

R. A. SINGH
PROPRIETOR

B. S. DUGAR
(Director)

PLACE : MUMBAI
DATED : 31ST JULY, 2007

R. MAZUMDAR
(Director)

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