

2010



**ANNUAL REPORT
AND
ACCOUNTS**

JAINEX AAMCOL LIMITED

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

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

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

NOTICE

Notice is hereby given that the 62nd 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 27th day of, September, 2010 at 11.00 a.m. 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 2010 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 M/s. 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 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/s the following resolution /s as an Ordinary 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”) approval be and is hereby granted to the re-appointment of Mr. Mohan Z. Kothari as Joint Managing Director (Whole Time Director) of the company for a period of 3 years w.e.f. 01.04.2010 upto and including 31.03.2012.”

JAINEX AAMCOL LIMITED

"RESOLVED FURTHER THAT Mr. M. Z. Kothari in his capacity as Joint 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 re-appointment of Mr. Rahul Dugar as Whole Time Director of the Company for a period of 3 years w.e.f. 01.04.2010 upto and including 31.03.2012".

"RESOLVED FURTHER THAT Mr. Rahul Dugar in his capacity as Whole Time 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."

BY ORDER OF THE BOARD

(R. MAZUMDAR)
MANAGING DIRECTOR

REGISTERED OFFICE

Broach Sadan,
Broach Street,
Devji Ratansey Marg,
Masjid Bunder,
Mumbai – 400 009.
Maharashtra.

PLACE: MUMBAI

DATED : 7 th August, 2010

NOTES:

1. **Register of Members will remain closed from 20th September 2010 to 27th September, 2010 (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.**

JAINEX AAMCOL LIMITED

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 19th April 2010 re-appointed Mr. Mohan Z. Kothari as Joint Managing Director for a period of 3 years w.e.f 1st April 2010 upto and including 31.03.2012 subject to the approval of the members in the Annual General Meeting.

Mr. Mohan Z. Kothari is a B.E. (Mech) and has over 23 years technical and commercial experience in gear cutting tools. The Board is of the view that his re-appointment as Joint Managing Director will be beneficial to the company at a gross annual salary of Rs. 13,00,000/- in a scale of Rs. 13,00,000/- to Rs. 15,00,000/- inclusive of perquisites. In addition, Mr. Mohanlal Z. Kothari will be entitled to incentive on turnover as set out in the re-appointment letter which can be inspected during office hours (between 10 am to 6 pm – Monday to Friday) at the registered office. Provision for use of telephone at residence for company's business would not be considered as perquisites. Taking into consideration the size of the company, the profile of Mr. Mohan Z. Kothari, 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 Joint 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 Joint Managing Director is recommended for approval of the members.

JAINEX AAMCOL LIMITED

Mr. Mohan Z. Kothari may be deemed to be interested in the resolution being Joint Managing Director.

Item No. 4

The Board has by resolution on 19th April 2010 re-appointed Mr. Rahul Dugar as Whole Time Director for a period of 3 years w.e.f 1st April 2010 upto and including 31.03.2012 subject to the approval of the members in the Annual General Meeting.

Mr. Rahul Dugar joined the Board of the Company on 31.07.2003. Keeping in view of the commercial experience of Mr. Rahul Dugar, the Board is of the view that his re-appointment as whole-time Director will be beneficial to the company.

The principal terms and conditions of service of Mr. Rahul Dugar as contained in his appointment with the company are as follows.

- I. Salary
Rs.25,000/- per month with yearly increment as may be decided by the Board.
- II. Perquisites
 - (1) Gratuity
Not exceeding half a month's salary for each completed year of service.
 - (2) Leave
One month's leave with full pay for every eleven months period of service. Encashment of unavailed leave being allowed.
 - (3) Leave Travel Allowance
For self, wife and dependent children to and fro from any place in India once a year subject to the condition that, only actual fares and no hotel expenses will be reimbursed.
 - (4) House Rent Allowance
Free furnished accommodation.
 - (5) Medical Reimbursement one-month salary in a year for self and family.
 - (6) Personal Accident Insurance Personal Accident Insurance Premium not to exceed Rs.4,000/- per annum.
 - (7) Provision of free use of Company's Car with Driver for Company's business and free use of telephone facility at residence.

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.

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Gratuity payable and encashment of leave shall not be included in the computation of the limits as aforesaid.

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

BY ORDER OF THE BOARD

(R. MAZUMDAR)
MANAGING DIRECTOR

REGISTERED OFFICE
Broach Sadan,
Broach Street,
Devji Ratansey Marg,
Masjid Bunder,
Mumbai – 400 009.
Maharashtra.

PLACE: MUMBAI

DATED : 7 th August, 2010

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, 2010

1. FINANCE AND ACCOUNTS

	2010 Rs. in lacs	2009 Rs. in lacs
a) Sales	767.51	664.37
b) Other Income	5.65	4.13
	773.16	668.50
Operating Profit before Tax	(61.27)	(83.93)
Less : Provision for Income Tax (including Fringe Benefit Tax)	-	1.19
Add/Less : Deferred Tax (credit)	(27.64)	(15.25)
Profit for the year after Tax	(33.63)	(69.87)
Add. Profit b/f from previous year	20.09	107.52
Balance available for appropriations	(13.54)	37.65
Less : Preference Dividend	-	15.00
Dividend Distribution Tax	-	2.54
Interest of Dividend Distribution Tax for Previous Year	0.28	-
Balance carried to Balance Sheet	(13.82)	20.09

The global meltdown, which impacted particularly the Automotive Industry - the sector in which your company operates - severely effected the company's performance during the previous year, continued for the first 6 months of the year under review. Your Directors are pleased to inform that the demand has since revived, which has resulted in higher sales of Rs.767.51 lacs in the current year as against Rs. 664.37 lacs in the 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

Pursuant to the Special Resolution passed by the members of the company at the Annual General Meeting held on September 30, 2009 authorising the company to issue and allot equity shares of Rs.10/- each at a premium of Rs.30/- to the promoters u/s. 81 of the Company Act, 1956, an application dated January 11, 2010 was made to SEBI seeking exemption under Regulation 4 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulation 1997. The Takeover Panel had rejected the application. The Promoters had then made representation to the Member, SEBI who after considering the Promoters' representation directed the Takeover Panel to reconsider the same. The decision of the Takeover Panel is pending.

Broach Project

M/s. Arthur Klink GmbH had failed and neglected to discharge their contractual obligations and responsibilities, the company terminated the Contract and recalled the advance amount of Euro 197,435. As Arthur Klink GmbH did not repay the said advance, the company has invoked arbitration under the International Zurich Chamber of Commerce, Zurich. The said arbitration is pending. The company is hopeful of getting a favorable outcome in the matter.

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. M. Z. Kothari and Mr. Rahul Dugar both Whole Time Directors retire and are eligible for re-appointment at the forthcoming Annual General Meeting. The notice convening the Annual General Meeting includes the proposals for re-appointment and payment of remuneration to said Whole Time Directors.

4. EMPLOYEE RELATIONS

Your Directors are pleased to place on record their sincere appreciation of the sacrifice made voluntarily in the remuneration by all officers of the company to help the company tide over the global meltdown. Your Directors would also like to place on 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 full 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.

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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".

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: 7th AUGUST, 2010

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.

I. 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 shaving cutters 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. Klingelberg 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).

JAINEX AAMCOL LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of **JAINEX AAMCOL LIMITED** as at **31st March, 2010** 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as 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:

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- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010,
- b) in the case of the Profit and Loss Account, of the loss 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 : 7th August, 2010

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 any 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 corporate, 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. 648.19 lacs and the year-end balance of loans taken from such parties was Rs. 648.19 lacs.
 - (b) In our opinion, the rate of interest (neither provided nor paid for the year) 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.

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

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duty, excise duty and cess were in arrears as at 31.03.2010 for a period of more than six months from the date they became payable.

- (x) The company has incurred loss during the year and has thus accumulated loss at year end. The company has however not incurred cash loss during the financial year covered by our audit but there was cash loss 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 explanation 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.

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 : 7th August, 2010

JAINEX AAMCOL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

SR. No.	PARTICULARS	SCH No.	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
I. SOURCES OF FUNDS				
1. Shareholders' Fund				
	a) Share Capital	1	6993940	6993940
	b) Reserves & Surplus	2	14803925	18976953
			21797865	25970893
	2. Deferred Tax Credit		-	2642010
3. Loan Funds				
	a) secured Loans	3	79583127	83775769
	b) Unsecured Loans	4	64862557	62469857
			144445684	146245626
			166243549	174858529
II. APPLICATION OF FUNDS				
1. Fixed Assets				
	a) Gross Block	5	188507302	186118633
	b) Less : Depreciation		76623997	64876888
	Net Block		111883305	121241745
2. Current Assets, Loans & Advances				
	a) Inventories	6	17503293	24294335
	b) Sundry Debtors	7	22435801	13859780
	c) Cash & Bank Balances	8	2435991	1500109
	d) Loans & Advances	9	20374446	23588115
	Less :-		62749531	63242339
	Current Liabilities & Provisions	10	10072659	9720089
	Net Current Assets		52676872	53522250
	3. Deferred Tax Assets		122044	
	4. Misc. Expenditure			
	(to the extent not written off / adjusted)			
	a) Preliminary Expenses		179438	94534
	b) Profit & Loss Account		1381890	-
	(Debit balance as per annexed accounts)		1561328	94534
			166243549	174858529
	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 : 7th August, 2010

B. S. DUGAR

(Chairman)

R. MAZUMDAR

(Managing Director)

JAINEX AAMCOL LIMITED

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

SR. No.	PARTICULARS	SCH No.	For the Year Ended on 31.03.2010 (Rs.)	For the Year Ended on 31.03.2009 (Rs.)
1.	INCOME			
	Sales	11(A)	76751014	66437436
	Other Income	11(B)	565283	412512
			77316297	66849948
2.	EXPENDITURE			
	Raw Materials Consumed	12(A)	20361681	19916208
	Stock Increase(-)/Decrease(+)	12(B)	(634869)	(3819121)
	Excise Duty and Education Cess		5150671	7117768
	Service Tax and Education Cess		388472	368247
	Employees' Remuneration & Benefits	13	18791765	18875926
	Other Administrative & Selling Exp.	14	20743498	19606322
	Finance Charges	15	9003153	5918215
	Depreciation		11747110	
	Less:- Transfer from Revaluation Reserve		2163665	
	Preliminary Expenses written off		55746	27616
			9583445	7231905
			83443562	75243086
3.	Profit before tax (1 - 2)		(6127265)	(8393138)
4.	Provision for Taxation			
	Income Tax - Current Year (MAT)		-	-
	Income Tax - Earlier Year		-	(97085)
	MAT Credit		-	-
	Deferred Tax		(2764054)	(1524833)
	Fringe Benefit Tax - Current Year		-	216128
			(2764054)	(1405790)
5.	Net Profit for the year (3 - 4)		(3363211)	(6987348)
6.	Balance B/fd from Previous Year		2009363	10751636
			(1353848)	3764288
7.	Appropriation			
	Preference Dividend (arrears)		-	1500000
	Dividend Distribution Tax		-	254925
	Interest of Dividend Distribution Tax of Previous Year		28042	-
			28042	1754925
8.	BALANCE CARRIED TO BALANCE SHEET		(1381890)	2009363
	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 : 7th August, 2010

B. S. DUGAR
(Chairman)

R. MAZUMDAR
(Managing Director)

JAINEX AAMCOL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010 (Rs. in Lakhs)

Sr. No.	PARTICULARS	Amount 2009-2010	Amount 2008-2009
1.	Cash flow from Operating Activities		
A)	Net Profit before tax, extraordinary item and Deferred Revenue Expense.	(60.72)	(83.66)
	Adjustment for Depreciation	95.83	72.32
	“ “ Interest	90.03	59.18
	Operating Profit before working capital changes	125.14	47.84
B)	Adjustment for Working Capital Changes		
	Increase in Trade / Other Receivables	53.62	(34.10)
	Increase in Inventories	(67.91)	16.02
	Deferred Tax Assets/Liabilities	(27.64)	(15.25)
		(41.93)	(33.33)
	Less : Increase in Trade / Other Liabilities	3.53	(28.54)
	Net Increase in Net Current Assets	(45.46)	(4.79)
C)	Cash Generated from Operations (A - B)	170.60	52.63
	Less : Interest Paid	90.03	59.18
	Less : Direct Tax (net)	-	(0.97)
	Less : Fringe Benefit Tax	-	2.16
	Less : Dividend	-	15.00
	Less : Dividend Distribution Tax Int. on delay	0.28	2.55
	Cash flow before Extraordinary Items	80.29	(25.29)
	Add : Extraordinary Items - Deferred Tax Credit	(27.64)	(15.25)
	Net Cash from Operating Activities	52.65	(40.54)
2.	Cash flow from Investing Activities		
	Purchase of Fixed Assets	23.89	575.74
	Preliminary Expenses	1.40	0.58
	Sale of Fixed Assets	-	-
	Net Cash used in Investing Activities	25.29	576.32
3.	Cash flow from Financing Activities		
	Decrease in secured loans	41.93	-
	Decrease in unsecured loans	-	-
		41.93	-
	Less : Increase in Capital/Loans		
	Increase in Capital	-	15.00
	Secured Loans	-	418.60
	Unsecured Loans	23.93	171.50
	Net Cash used in Financing Activities	18.00	(605.10)
4.	Net Increase in Cash and Cash Equivalent (1-2-3)	(9.36)	(11.76)

JAINEX AAMCOL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010 (Rs. in Lakhs)

: 2 :

Sr. No.	PARTICULARS	Amount 2009-2010	Amount 2008-2009
5.	Cash and Cash Equivalent as at the opening (Opening Balance)	15.00	26.76
6.	Cash and Cash Equivalent as at the closing (Closing Balance) (4+5)	24.36	15.00

As per our report of even date attached.

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

R. A. SINGH
PROPRIETOR
FRN 110271W

PLACE : MUMBAI
DATED : 7th August, 2010

B. S. DUGAR **R. MAZUMDAR**
(Chairman) (Managing Director)

JAINEX AAMCOL LIMITED

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2010

SR. No.	PARTICULARS	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
SCHEDULE - 1 - SHARE CAPITAL			
	Authorised		
	3000000(1100000)-Equity Shares of Rs.10/- each	30000000	30000000
		30000000	30000000
	Issued, Subscribed & Paid - up		
	No. of Shares		
	F.Y. 10 F.Y.09		
a)	Equity Shares of Rs. 10 each fully paid up. 696338 546338	6963380	5463380
b)	Proposed Allotment to Earstwhil - 150000		1500000
	Preference Shareholders as per 696338 696338		
	the Scheme of Arrangement approved by Hon'ble Bombay High Court allotted on 6/4/2009)		
	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 :

(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, 2010

PARTICULARS	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (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	11570190	13733855
Less: Transferred to Profit & Loss Account	2163665	2163665
Closing Balance	9406525	11570190
4) Profit & Loss Account		
As per annexed account	-	2009363
	14803925	18976953
SCHEDULE - 3 - SECURED LOANS		
1 From Bank of India		
i) Term Loan	59520677	25661348
ii) Interest Accrued and due thereon	537654	511233
	60058331	26172581
iii) DALC Acceptances (Capex) (Secured against hypothecation of specific machinery)	-	37014754
	60058331	63187335
B) Working Capital Limits		
i) Cash Credit Account	19500050	20422867
Interest Accrued and due thereon	24746	7333
(Secured against hypothecation of Raw Materials, Work in Process, Finishing Goods & Receivables)	19524796	20430200
(The above limits are further secured by hypothecation of Plant & Machinery and collaterally secured by Equitable Mortgage of Land & Buildings situated at L/3, Chikalhana MIDC Indl. Estate, Aurangabad)		
2 From ICICI Bank		
Auto Car Loan secured against Motor Vehicles.		158234
	79583127	83775769
SCHEDULE - 4 - UNSECURED LOANS (*)		
From 1. Body Corporates	51008795	50116095
2. Firm	789605	789605
3. Shareholders / Directors	13020651	11520651
3. Government of Maharashtra		
Sales Tax Loan	43506	43506
	64862557	62469857

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2010 • SCHEDULE - 5 - FIXED ASSETS											
PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK			
	Cost as on 01.04.2009 Rs.	Additions during the year Rs.	Deductions during the year Rs.	Total Cost as on 31.03.2010 Rs.	Depreciation as on 01.04.2009 Rs.	Depreciation for the year Rs.	Adjustment for the year Rs.	Depreciation up to 31.03.2010 Rs.	Net Book Value as on 31.03.2010 Rs.	Net Book Value as on 31.03.2009 Rs.	
1 Leasehold Land	5338777	-	-	5338777	836767	76305	-	913072	4425705	4502010	
2 Factory & Office Buildings	8732191	-	-	8732191	2624611	291655	-	2916266	5815925	6107580	
3 Plant & Machinery	155075587	2289099	-	157364686	56001445	9339709	-	65341154	920235329	9074142	
4 Computer & Computer Software	9687853	31361	-	9719214	3351712	1560463	-	4912175	4807039	6336141	
5 Furniture, Fixtures & Office Equipments	6155314	68209	-	6223523	1356204	369525	-	1725729	4497794	4799110	
6 Motor Vehicles	1128911	-	-	1128911	706148	109453	-	815601	313310	422763	
TOTAL	186118633	2388669	-	188507302	64876887	11747110	-	76623997	111883305	121241746	
Prev. Year	128544512	57574122	-	186118634	55481318	9395570	-	64876888	121241746		

Notes: (1) The Gross Block of Fixed Assets as at 31.03.2010 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 & Machine carried out on 01.04-1998 by an approved valuer.

(2) Cumulative amount transferred on account of Depreciation on Revaluation Rs. 259.64 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, 2010

PARTICULARS	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
SCHEDULE - 6 - INVENTORIES		
(As certified by the Management)		
Stores etc. (at cost)	1255508	1108311
Tools & Spares (at cost)	102199	469070
Machinery Spares (Net off write off)	605151	2334338
Raw Materials (at cost)	7902337	13379387
Work-in-Progress (at cost)	3442320	1970370
Finished Goods (at cost or market or realisable value whichever is lower)	4195778	5032859
	17503293	24294335
SCHEDULE - 7 - SUNDRY DEBTORS		
Unsecured (Considered Good)		
Debts outstanding for more than 6 months	1130716	2113878
Other Debts	21305085	11745902
	22435801	13859780
SCHEDULE - 8 - CASH & BANK BALANCES		
Cash in hand	54881	39860
Balances with Scheduled Banks - in Current Accounts	1757734	1203873
in Fixed Deposits Accounts	623376	256376
(held as margin against LCs and BGs opened for raw material and machinery)	2435991	1500109
SCHEDULE - 9 - LOANS AND ADVANCES		
Unsecured (Considered Good)		
Advances recoverable in cash or kind or for value to be received.		
a) Capital Item	12735033	12760051
b) Others	7353483	10540834
c) Deposits	285930	287230
	20374446	23588115

JAINEX AAMCOL LIMITED

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
SCHEDULE -10 - CURRENT LIABILITIES & PROVISIONS		
A) Current Liabilities		
a) Sundry Creditors		
For Raw Materials	3142406	2198958
For Capital Items	33157	1088481
For Expenses	5265556	4664310
For Others Finance	1078279	802398
b) Credit Balances	553261	494889
TOTAL (I)	10072659	9249036
B) PROVISIONS		
a) Provision for IncomeTax (Net of taxes Paid)	-	-
b) Provision for FBT (Net of taxes Paid)	-	216128
c) Dividend Tax Payable	-	254925
TOTAL (I + II + III)	10072659	9720089
NOTE :		
Sundry Creditors due to Micro and SMEs exceeding Rs. 1 lakh	-	248758

JAINEX AAMCOL LIMITED

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2010

PARTICULARS	For the year Ended on 31.03.2010 (Rs.)	For the year Ended on 31.03.2009 (Rs.)
SCHEDULE - 11		
INCOME		
(A) Sales	76751014	66437436
(B) Other Income		
Misc. Receipts	565283	412512
	565283	412512
Total (A + B)	77316297	66849948
 SCHEDULE - 12 (A)		
RAW MATERIALS CONSUMED		
Opening Stock	13379387	15930733
Add : Purchases	14884631	17364862
	28264018	33295595
Less : Closing Stock	7902337	13379387
	20361681	19916208
 SCHEDULE - 12 (B)		
STOCK INCREASE (-)/ DECREASE (+)		
Opening Stock		
Work-in-Progress	1970370	1082806
Finished Goods	5032859	2101302
	7003229	3184108
Less : Closing Stock		
Work-in-Progress	3442320	1970370
Finished Goods	4195778	5032859
	7638098	7003229
	(634869)	(3819121)

JAINEX AAMCOL LIMITED

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2010

PARTICULARS	For the year Ended on 31.03.2010 (Rs.)	For the year Ended on 31.03.2009 (Rs.)
SCHEDULE - 13		
EMPLOYEES' REMUNERATION & BENEFITS		
1) Salaries & Wages	6364140	6011852
2) Bonus	776866	786315
3) Other Allowances	8174984	7943508
4) Contribution to Provident Fund	811735	816556
5) Contribution to Retirement Benefit Funds	258180	257703
6) Workmen and Staff Welfare	1143860	1040293
7) Directors Remuneration	1262000	2019700
	18791765	18875926
SCHEDULE - 14		
OTHER ADMINISTRATIVE & SELLING EXPENSES		
1) Stores and Tools & Spares consumed etc.	2323493	2640532
2) Labour Charges (Mfg.)	2095342	2421072
3) Power & Fuel	2935223	2538689
4) Rates & Taxes	65969	65969
5) Rent	49000	70427
6) Insurance Charges	185992	232832
7) Repairs and Maint. - Plant & Mach.	1376617	1489143
- Building	132639	189550
- Others	204531	179824
8) Legal, Professional and Retainer fees	1923310	1012843
9) Travelling & Conveyance	3353323	3309099
10) Rebate, Discount and Commission	1651865	1044497
11) Consignment Expenses	895807	715196
12) Sundries	3550387	3696649
	20743498	19606322
SCHEDULE - 15		
FINANCE CHARGES		
1. Interest		
Term Loan	5704736	2639357
Cash Credit	2885909	2612512
Car Loan	5598	19823
Others	-	10635
	8596243	5282327
2. Bank Processing Charges	156163	279483
3. Bank Charges	250747	356405
	9003153	5918215

JAINEX AAMCOL LIMITED

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.
- c) Finished Goods are carried at lower of cost or market value whichever is less.
- d) Stores Tools and Spares are taken at cost.
- e) 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.
- d) Tools & Spares are written off as and when consumed/ discarded are proportionately on usage basis

8 FIXED ASSETS (AS-10)

- a) 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

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

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. 94.06 lacs (Rs. 115.70 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 the 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.
- 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.

c) Compensated Absences

The company has provided for the leave encashment liability at the balance sheet date based on permissible accumulated leave balance

JAINEX AAMCOL LIMITED

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

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 |
| Tax Audit Fees |
| Taxation and other matters |

Current year (Rs)	Previous Year (Rs)
33090	33090
11030	11030
28072	28072
72192	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 on capital accounts pending is Rs. NIL (previous year Rs. NIL).
- 5 Provision for Contingencies
- a Import against DALC for Rs NIL for purchase of raw materials (previous year Rs. NIL).

JAINEX AAMCOL LIMITED

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.
6. Related party Disclosure
- 6 (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.) 31.03.2010	Amt. (Rs.) 31.03.2009
Subsidiaries		NIL	NIL
Associates /Directors	Siting Fees To Director	-	-
	Interest to Director	-	-
	Payment to Body Corporates	-	-
	Interest	-	-
	Purchases	117337	-
	Interest to Relatives of Directors	-	-
	Reimburseme of Exp. to a Director	21735	-
	Payment to a firm	-	-
	Interest	-	-
	Purchases	-	28652
	Consultancy Fees	362360	-
Key Management Personnel	Directors Salary Allowances, Rent etc.	1262000	1470250
		46000	73000
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.			
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.

	31.03.2010		31.03.2009	
	Qty (in tonnes)	Amount (Rs.)	Qty (in tonnes)	Amount (Rs.)
(a) Raw Materials Consumed				
High Speed Steel Rounds/Bars.	15.908	20361681	18.929	19916208
Percentage of Consumption of Raw Materials				
Imported	67%	13622941	80%	15880864
Indigenous	33%	6738740	20%	4035344
	100%	20361681	100%	19916208
(b) Stores and Tools & Spares consumed/written off (all indigneous)		2323493		2640532
		2323493		2640532
(c) CIF Value of Imports of				
(i) Raw Materials	(CIF)	4400607		12652035
(ii) Plant & Machinery		-		44917051
		4400607		57569086
(d) Expenditure in Foreign Currency	(Travelling)	532861		499071
(e) Earnings in Foreign Currency F.O.B. value of Export		6623198		6366185

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)	3343 (3317)	221 (93)	4981716 (2067319)	141 (221)	2444280 (4981716)		
Category II (Impaired Stock)				(0)	128 (90)	51143 (33983)	208 (128)	151464 (51143)		
				3343 (3317)	349 (183)	5032859 (2101302)	349 (349)	2595744 (5032859)	3343 (3151)	72645052 (62282640)
Job Work										4105962 (2588706)
Scraps (Qty. in Mt.)					- (0)	- (0)	15 (0)	1600034 (0)		- (1566090)
									TOTAL	76751014 (66437436)

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	A	(3363211)	(6987348)
Number of shares subscribed	B	696338	696338
Basic & Diluted EPS	A/B	Negative	Negative

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

Particulars	Upto 31/03/2009	For current year	As at 31/03/2010
	Rs.	Rs.	Rs.
Depreciation on Fixed Assets Liability	31357719	3142508	34500227
Leave Encashment Assets	(435422)	435422	-
Unabsorbed Depreciation Assets	(22372104)	(12523087)	(34895191)
Total	8550193	(8945157)	(394964)
Deferred Tax Liability @ 30.90%	2642010	(2764054)	(122044)

JAINEX AAMCOL LIMITED

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.

	<u>F.Y. 10</u>	<u>F.Y. 09</u>
Employers Contribution to state governed Provident Fund	280150	279261
Employers Contribution to state governed Pension Scheme	435568	442350
Employers Contribution to state governed Employees State Insurance	310233	304258

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 purpos 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 : 7th August, 2010

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 : 31.03.2010

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

Public Issue : NOT APPLICABLE
Bonus Issue : NOT APPLICABLE
Right Issue : NOT APPLICABLE
Private Placement : 1500000

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

Total Liabilities	<u>166244</u>	Total Assets	<u>166244</u>
<u>Sources of Funds</u>		<u>Application of Funds</u>	
Paid-up Capital	6994	Net Fixed Assets	111883
Share Application Money (Pending Allotment)	-	Investments	-
Reserve & Surplus	14804	Misc. Expenditure	179
Secured Loans	79583	Net Current Assets	52677
Unsecured Loans	64863	Deferred Tax Asset	122
Deferred Tax Credit	0	Accumulated Losses	1382
	<u>166244</u>		<u>166244</u>

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

Turnover including Other Incomes	77316	Total Expenditure	83444
Profit Before Tax	-6127	Profit After Tax after def. tax credit	-3363
Earning Per share in Rs. (after deferred tax)	<u>Negative</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 : 7th August, 2010

B. S. DUGAR
(Chairman)

R. MAZUMDAR
(Managing Director)

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Mumbai – 400 078.