

2008



**ANNUAL REPORT
AND
ACCOUNTS**

JAINEX AAMCOL LIMITED

JAINEX AAMCOL LIMITED

Board of Directors

Bhagat Singh Dugar

R. Mazumdar

Rahul Dugar

Mohan Z. Kothari

K. J. Lokhande

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

JAINEX AAMCOL LIMITED

NOTICE

Notice is hereby given that the 60th 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 Tuesday, the 30th, September, 2008 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 2008 and the reports of Directors and Auditors thereon.
2. To appoint Shri B. S. Dugar, Director who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting. Messrs R. A. Singh & Associates, Chartered Accountants retire at this Annual General Meeting and being eligible, are entitled for re-appointment at a remuneration to be mutually agreed between the Directors of the company and the Auditors.

AS SPECIAL BUSINESS:

4. **Appointment of Shri K. J. Lokhande as Director**

To appoint Shri K. J. Lokhande a Director who was appointed as Additional Director of the company w.e.f. 01.04.2008 by the Board and holds office upto the date of forthcoming Annual General Meeting of the company u/s. 260 of the Companies Act, 1956 and is eligible for re-appointment in respect of whom the company has received a notice in writing u/s. 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director.

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

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 the company hereby approves the appointment

JAINEX AAMCOL LIMITED

of Shri R. Mazumdar as Managing Director of the company for a period of 3 years w.e.f. 01.01.2008 at a salary of Rs. 25000/- 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. R. Mazumdar.

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

PERQUISITES:

In addition to the salary, the Managing Director shall also be entitled to perquisites which would include reimbursement of vehicle expenses.

"FURTHER RESOLVED that where in any financial year during the currency of the tenure of the Managing Director, the company has no profits or its profits are inadequate, the company may pay to the Managing 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."

BY ORDER OF THE BOARD

MANAGING DIRECTOR

REGISTERED OFFICE

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

PLACE: MUMBAI

DATED: 31st JULY, 2008

JAINEX AAMCOL LIMITED

NOTES:

- 1. Register of Members will remain closed from 25th September 2008 to 30th September, 2008 (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.**

JAINEX AAMCOL LIMITED

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

Item No. 4

Shri K. J. Lokhande was appointed as Additional Director on 01.04.2008 by the Board of Directors of the company under Article 92 of the Company's Articles. As per section 260 of the Companies Act, 1956, Mr. K. J. Lokhande holds office only upto the date of the forthcoming Annual General Meeting. Mr. K. J. Lokhande has extensive experience and knowledge in production and machine maintenance. The Board considers it desirable that the company should receive the benefit of his valuable experience and advice and therefore commends his appointment.

A notice u/s. 257 of the Companies Act, 1956 has been received from a member signifying his intension to propose Shri K. J. Lokhande as a Director.

None of the Directors of the Company other than Shri K. J. Lokhande are concerned or interested in this item of business.

Item No. 5

The Board has by resolution on 29 January 2008 appointed Shri R. Mazumdar, FCA, a Director of the company, who has considerable knowledge and experience in gear cutting tool industry as Managing Director for a period of 3 years w.e.f 1st January 2008 at a salary of Rs. 25000/- p.m. and reimbursement of vehicle expenses as set out in item no. 5 of the Notice. The Board is of the view that his appointment as Managing Director will be beneficial to the company.

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

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

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

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

BY ORDER OF THE BOARD

MANAGING DIRECTOR

REGISTERED OFFICE

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

PLACE: MUMBAI
DATED: 31st JULY, 2008

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, 2008

1. FINANCE AND ACCOUNTS

	2008	2007
	Rs. in lacs	Rs. in lacs
a) Sales	934.86	626.10
b) Other Income/Receipts/Interest	2.60	10.25
	937.46.	636.35
Operating Profit before Tax	69.18	93.64
Less : Provision for Income Tax (including Fringe Benefit Tax)	2.74	30.17
Add/Less : Deferred Tax	25.37	4.96
Profit after Tax	41.07	58.51

During the year under review, the turnover of the company has increased by 49%. The company commenced manufacture of Spline Gauges, a product line complementary to its existing line during the year. The Spline Gauges have been accepted by the customers for their quality. The project for Shaving Cutters is under implementation and barring unforeseen circumstances the commercial production should commence in the third quarter of current year.

Your directors are also pleased to report that your company has entered into a Memorandum of Understanding for manufacture of broaches with Arthur Klink GmbH Germany, one of the world's leading manufacturers. The commercial production of broaches is expected to commence from the second quarter of next year. This project will enable your company to cater to the requirements of helical and pot broaches which are presently imported by the automotive industry.

The scheme of arrangement under Sec. 391/394 of the Companies Act, 1956 for issue of 1,50,000 equity shares of the company at par to the erstwhile preference shareholders in lieu of the arrears of Preference Dividend has been unanimously approved by all the members at the Extra Ordinary General Meeting of the equity shareholders on 19th January 2008. The scheme is now before the Hon'ble Bombay High Court for approval.

2. **AUDITORS**

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

3. **DIRECTORS**

Shri S. Banerjee, Executive Director resigned from the Board on 7th January 2008 due to the ill health of his wife. Your Directors place on record their appreciation of the services rendered by Shri S. Banerjee during his tenure on the Board.

Shri R. Mazumdar, Director of the company was appointed as Managing Director with effect from 1st January 2008 subject to the approval of the shareholders. Necessary resolutions for your approval to the appointment of Shri R. Mazumdar as Managing Director to the company have been included in the Notice to the ensuing Annual General Meeting. The Board commends his appointment.

Shri K. J. Lokhande, was co-opted on the Board as Additional Director on 1st April 2008. In terms of Sec.260 of the Companies Act 1956, his term of office is up to the date of the Annual General Meeting. Shri K. J. Lokhande being eligible offers himself for reappointment. The Board commends his reappointment.

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

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- 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)
CHAIRMAN

(R. MAZUMDAR)
MANAGING DIRECTOR

PLACE: MUMBAI

DATED: 31st JULY, 2008

JAINEX AAMCOL LIMITED

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 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. KlingelInberg Verzahrntechnic, 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. 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, 2008** 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;
- i) 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.
- ii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- iii) 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.
- iv) 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:

JAINEX AAMCOL LIMITED

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008,
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.
- v) On the basis of written representations received from the Directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 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, 2008

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 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 Corporates, a Firm and Shareholders/Directors covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 452.76 lacs and the year-end balance of loans taken from such parties was Rs. 452.76 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.
 - (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.

JAINEX AAMCOL LIMITED

- (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 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 duty, excise duty and cess were in arrears as at 31.03.2008 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.

JAINEX AAMCOL LIMITED

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

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

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

Place : MUMBAI
Date : 31st JULY, 2008

JAINEX AAMCOL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2008

SR. No.	PARTICULARS	SCH No.	AS AT 31.03.2008 (Rs.)	AS AT 31.03.2007 (Rs.)
I.	SOURCES OF FUNDS			
	1. Shareholders' Fund			
	a) Share Capital	1	5493940	5493940
	b) Reserves & Surplus	2	29882891	27939485
			35376831	33433425
	2. Deferred Tax Credit		4166843	1629842
	3. Loan Funds			
	a) secured Loans	3	41915664	9298321
	b) Unsecured Loans	4	45319857	8151248
			87235521	17449569
			126779195	52512835
II.	APPLICATION OF FUNDS			
	1. Fixed Assets			
	a) Gross Block	5	128544512	79115206
	b) Less : Depreciation		55481318	49090949
	Net Block		73063194	30024257
	2. Current Assets, Loans & Advances			
	a) Inventories	6	22692240	6178823
	b) Sundry Debtors	7	25835219	14742780
	c) Cash & Bank Balances	8	2676225	3599613
	d) Loans & Advances	9	15022795	4964942
	Less :-		66226479	29486158
	Current Liabilities & Provisions	10	12574195	6997579
	Net Current Assets		53652284	22488578
	3. Misc. Expenditure - (to the extent not written off / adjusted) Preliminary Expenses		63717	-
			63717	-
			126779195	52512835
	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, 2008

B. S. DUGAR
(Chairman)

R. MAZUMDAR
(Director)

JAINEX AAMCOL LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2008

SR. No.	PARTICULARS	SCH No.	For the Year Ended on 31.03.2008 (Rs.)	For the Year Ended on 31.03.2007 (Rs.)
1.	INCOME			
	Sales	11(A)	93486057	62609975
	Other Income	11(B)	260170	1024786
			93746227	63634761
2.	EXPENDITURE			
	Raw Materials Consumed	12(A)	20634872	16688212
	Stock Increase(-)/Decrease(+)	12(B)	(84851)	(1665158)
	Excise Duty and Education Cess		12477019	8204715
	Service Tax and Education Cess		404134	213709
	Employees' Remuneration & Benefits	13	21477490	14169463
	Other Administrative & Selling Exp.	14	21120307	13225717
	Finance Charges	15	6557035	1792282
	Depreciation 6390369			
	Less:- Transfer from Revaluation Reserve 2163665		4226704	1636288
	Deferred Revenue Expenses written off		15929	4694
			86828639	54269923
3.	Profit before tax (1 - 2)		6917588	9364838
4.	Provision for Taxation			
	Income Tax - Current Year (MAT)		783763	2730000
	MAT Credit		(783763)	-
	Income Tax - Previous Year		-	35361
	Deferred Tax		2537001	496317
	Fringe Benefit Tax - Current Year		262046	171600
	Fringe Benefit Tax - Previous Year		11470	80460
			2810517	3513738
5.	Net Profit for the year (3 - 4)		4107071	5851100
6.	Balance B/d from Previous Year		6644565	793464
7.	BALANCE CARRIED TO BALANCE SHEET		10751636	6644565
	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, 2008

B. S. DUGAR
(Chairman)

R. MAZUMDAR
(Director)

JAINEX AAMCOL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008 (Rs. in Lakhs)

Sr. No.	PARTICULARS	Amount 2007-2008	Amount 2006-2007
1.	Cash flow from Operating Activities		
A)	Net Profit before tax, extraordinary item and Deferred Revenue Expense.	69.34	93.36
	Adjustment for Depreciation	42.27	16.36
	" " Interest	65.57	17.92
	Operating Profit before working capital changes	177.18	127.64
B)	Adjustment for Working Capital Changes		
	Increase in Trade / Other Receivables	211.50	89.33
	Increase in Inventories	165.13	(13.83)
	Deferred Tax Assets / Liabilities	25.37	4.96
		402.00	80.46
	Less : Increase in Trade / Other Liabilities	55.77	(6.61)
	Net Increase in Net Current Assets	346.23	87.07
C)	Cash Generated from Operations (A - B)	(169.05)	40.57
	Less : Interest Paid	65.57	17.92
	Less : Direct Tax	-	27.65
	Less : Fringe Benefit Tax	2.74	2.52
	Cash flow before Extraordinary Items	(237.36)	(7.52)
	Add : Extraordinary Items		
	Deferred Tax Credit	25.37	4.96
	Net Cash from Operating Activities	(211.99)	(2.56)
2.	Cash flow from Investing Activities		
	Purchase of Fixed Assets	494.29	71.37
	Preliminary Expenses	0.82	-
	Sale of Fixed Assets	-	(0.41)
	Net Cash used in Investing Activities	495.11	70.96
3.	Cash flow from Financing Activities		
	Redemption of Preference Shares	-	-
	Repayment of Loans	-	-
	Less : Increase in Secured Loans	326.17	22.65
	Unsecured Loans	371.69	62.79
	Net Cash used in Financing Activities	(697.86)	(85.44)
4	Net Increase in Cash and Cash Equivalent (1-2-3)	(9.24)	11.92

JAINEX AAMCOL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008 (Rs. in Lakhs)

: 2 :

Sr. No.	PARTICULARS	Amount 2007-2008	Amount 2006-2007
5.	Cash and Cash Equivalent as at the opening (Opening Balance)	36.00	24.08
6.	Cash and Cash Equivalent as at the closing (Closing Balance) (4+5)	26.76	36.00

As per our report of even date attached.

for R. A. SINGH & ASSOCIATES
CHARTERED ACCOUNTANTS

R. A. SINGH
PROPRIETOR

PLACE : MUMBAI
DATED : 31ST JULY, 2008

(B. S. DUGAR)
(Chairman)

(R. MAZUMDAR)
(Director)

JAINEX AAMCOL LIMITED

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2008

SR. No.	PARTICULARS	AS AT 31.03.2008 (Rs.)	AS AT 31.03.2007 (Rs.)
SCHEDULE - 1 - SHARE CAPITAL			
Authorised			
40000 - 14% Redeemable Cumulative Preference			
Shares of Rs. 100/- each			
3000000(1100000)-Equity Shares of Rs.10/- each		-	4000000
		30000000	11000000
		<u>30000000</u>	<u>15000000</u>
Issued, Subscribed & Paid - up			
	No. of Shares		
	F.Y. 08 F.Y.07		
Equity Shares of Rs. 10 each	546338 546338		
fully paid up.		5463380	5463380
Less : Calls in arrears from others.		3595	3595
		<u>5459785</u>	<u>5459785</u>
Add : Forfeited Shares	13662 13662	34155	34155
(On 13662 Shares @			
Rs. 2.50 each)		<u>5493940</u>	<u>5493940</u>
		<u>5493940</u>	<u>5493940</u>

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, 2008

PARTICULARS	AS AT 31.03.2008 (Rs.)	AS AT 31.03.2007 (Rs.)
SCHEDULE - 2 - RESERVES & SURPLUS		
1) Capital Reserve	1500000	1500000
2) Capital Redemption Reserve		
As per last Balance Sheet	3897400	3897400
	3897400	3897400
3) Revaluation Reserve		
Opening Balance	15897520	18061185
Less: Transferred to Profit & Loss Account	21636652	2163665
Closing Balance	13733855	15897520
4) Profit & Loss Account		
As per annexed account	10751636	6644565
	29882891	27939485
SCHEDULE - 3 - SECURED LOANS		
1 From Bank of India		
i) Term Loan	6826237	3437500
ii) Interest Accrued and due thereon	83232	-
	6909469	3437500
iii) DALC Acceptances (Capex)		
(Secured against hypothecation of specific machinery)	13161480	-
	20070949	3437500
B) Working Capital Limits		
i) Cash Credit Account	15519209	5365937
ii) DALC Acceptances	5992335	-
(Secured against hypothecation of Raw Materials, Work in Process, Finishing Goods & Receivables)		
(The above limits are further secured by hypothecation of Plant & Machinery and collaterally secured by Equitable Mortgage of Land & Buildings situated at L/3, Chikalthana Indl. Estate, Aurangabad)	21511544	5365937
2 From ICICI Bank		
Auto Car Loan secured against Motor Vehicles.	333171	494884
	41915664	9298321
LOANS (*)		
From		
1. Body Corporates	37366095	3507553
2. Firm	389605	-
3. Shareholders / Directors	7520651	4600189
4. Government of Maharashtra Sales Tax Loan	43506	43506
(*) Includes interest wherever credited	45319857	8151248

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2008 • SCHEDULE - 5 - FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 01.04.2007 Rs.	Additions during the year Rs.	Deductions during the year Rs.	Total Cost as on 31.03.2008 Rs.	Depreciation as on 01.04.2007 Rs.	Depreciation for the year Rs.	Adjustment for the year Rs.	Depreciation up to 31.03.2008 Rs.	Net Book Value as on 31.03.2008 Rs.	Net Book Value as on 31.03.2007 Rs.
1 Leasehold Land	5338778	-	-	5338778	684157	76305	-	760462	4578315	4654621
2 Factory & Office Buildings	4868912	3863279	-	8732191	2149124	183833	-	2332956	6399235	2719788
3 Plant & Machinery	65250355	32808994	-	98059349	44405749	4637699	-	49043447	49015902	20844607
4 Computer & Computer Software	1228626	8097669	-	9326295	652760	1144283	-	1797042	7529253	575866
5 Furniture, Fixtures & Office Equipments	1299624	4659364	-	5958989	839988	148965	-	988952	4970036	459636
6 Motor Vehicles	1128911	-	-	1128911	359173	199285	-	558458	570453	769738
TOTAL	79115206	49429306	-	128544512	49090949	6390369	-	55481318	73063194	30024257
Prev. Year	72175189	7137467	197450	79115206	45481618	3799953	190622	49090949	30024257	

Notes: (1) The Gross Block of Fixed Assets as at 31.03.2008 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. 216.37 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, 2008

PARTICULARS	AS AT 31.03.2008 (Rs.)	AS AT 31.03.2007 (Rs.)
SCHEDULE - 6 - INVENTORIES		
(As certified by the Management)		
Stores etc. (at cost)	1256716	664307
Machinery Spares	1815455	-
Tools etc. (at cost)	505228	141482
Raw Materials (at cost)	15930733	2273777
Work-in-Progress (at cost)	1082806	1853172
Finished Goods (at cost or market or realisable value whichever is lower)	2101302	1246085
	22692240	6178823
SCHEDULE - 7 - SUNDRY DEBTORS		
Unsecured (Considered Good)		
Debts outstanding for more than 6 months	2175270	559897
Other Debts	23659949	14182883
	25835219	14742780
SCHEDULE - 8 - CASH & BANK BALANCES		
Cash in hand	62639	49959
Balances with Scheduled Banks -		
in Current Accounts	256086	2430154
in Fixed Deposits Account	2357500	1119500
(held as margin against LCs and Bank Guarantee opened for raw material and machinery)	2676225	3599613
SCHEDULE - 9 - LOANS AND ADVANCES		
Unsecured (Considered Good)		
Advances recoverable in cash or kind or for value to be received.		
a) Capital Item	8847665	3758678
b) Others	5927155	966833
c) Deposits	247975	239431
	15022795	4964942

JAINEX AAMCOL LIMITED

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2008

PARTICULARS	AS AT 31.03.2008 (Rs.)	AS AT 31.03.2007 (Rs.)
SCHEDULE -10 - CURRENT LIABILITIES & PROVISIONS		
I) Current Liabilities		
a) Sundry Creditors		
For Raw Materials	3942165	1936817
For Capital Items	1040382	-
For Expenses	4726717	3620430
For Others Finance	2579682	657394
b) Credit Balances	248203	776338
TOTAL (I)	12537149	6990979
II) Provision for IncomeTax (Net of Taxes Paid)	-	-
iii) Provision for FBT (Net of Taxes paid)	37046	6600
TOTAL (I + II + III)	12574195	6997579

NOTE:

Sundry Creditors include Rs. 248758/- due to Micro and SMEs exceeding Rs.-1 lakh (previous year Rs. NIL).

JAINEX AAMCOL LIMITED

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2008

PARTICULARS	For the year Ended on 31.03.2008 (Rs.)	For the year Ended on 31.03.2007 (Rs.)
SCHEDULE - 11		
INCOME		
(A) Sales	93486057	62609975
(B) Other Income		
Misc. Receipts	260170	991614
Profit on sale of Fixed Assets	-	33172
	260170	1024786
Total (A + B)	93746227	63634761
SCHEDULE - 12 (A)		
RAW MATERIALS CONSUMED		
Opening Stock	2273777	5405664
Add : Purchases (net of Cenvat Credit availed)	34291828	13556325
	36565605	18961989
Less : Closing Stock	15930733	2273777
	20634872	16688212
SCHEDULE - 12 (B)		
STOCK INCREASE (-)/ DECREASE (+)		
Opening Stock		
Work-in-Progress	1853172	869011
Finished Goods	1246085	565088
	3099257	1434099
Less : Closing Stock		
Work-in-Progress	1082806	1853172
Finished Goods	2101302	1246085
	3184108	3099257
	(84851)	(1665158)

JAINEX AAMCOL LIMITED

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2008

PARTICULARS	For the year Ended on 31.03.2008 (Rs.)	For the year Ended on 31.03.2007 (Rs.)
SCHEDULE - 13		
EMPLOYEES' REMUNERATION & BENEFITS		
1) Salaries & Wages	6563488	4714640
2) Bonus	1108347	537637
3) Other Allowances	9810609	6174744
4) Contribution to Provident Fund	855743	579452
5) Contribution to Retirement Benefit Funds	250000	241051
6) Workmen and Staff Welfare	1275231	829289
7) Directors Remuneration	1614072	1092650
	21477490	14169463
SCHEDULE - 14		
OTHER ADMINISTRATIVE & SELLING EXPENSES		
1) Stores and Tools & Spares consumed etc.	3231894	2406653
2) Labour Charges (Mfg.)	2095719	1115502
3) Power & Fuel	2614741	2364760
4) Rates & Taxes	65969	65969
5) Rent	160536	169620
6) Insurance Charges	222312	226405
7) Repairs and Maint. - Plant & Mach.	1256367	1374669
- Building	1253175	160580
- Others	159341	109952
8) Travelling & Conveyance	3297226	1702952
9) Sundries	6763027	3528655
	211220307	13225717
SCHEDULE - 15		
FINANCE CHARGES		
1. Interest		
Term Loan	487708	371585
Cash Credit	783102	659306
Car Loan	33047	25135
Others	4495800	441920
2. Bank Charges	757378	294336
	6557035	1792282

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 is amortized over a period of five years.

4 INVENTORIES VALUATION (AS - 2)

- a) Raw materials are valued at the lower of cost and net realizable value. 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.
- d) Stores, Tools and Spares are carried at cost.

5 CASH FLOW STATEMENT (AS - 3)

Cash Flow Statement is prepared under "Indirect Method".

6 CHANGE IN ACCOUNTING POLICIES (AS - 5)

There is no change in accounting policy during the year.

7 DEPRECIATION (AS - 6)

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.

SCHEDULE TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
SCHEDULE - 16 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
(CONTD)**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 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. 137.34 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) Transactions of foreign currencies are recorded at the exchange rates prevailing on the date on which transaction took place.
- b) Current assets and liabilities denominated in foreign currency as at the balance sheet date are converted at the exchange rate prevailing on balance sheet date. Exchange differences are recognized as income or expense in the profit and loss account.

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 the difference if any will be provided in the next year.

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 difference if any will be provided in next year. The company has no defined benefit plan for this purpose as yet.

JAINEX AAMCOL LIMITED

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

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
 - (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.

JAINEX AAMCOL LIMITED

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

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)
33706	33706
11236	11236
28072	28072
73014	73014

- 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. 164 lacs (previous year Rs NIL).
- 5 Provision 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 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.

JAINEX AAMCOL LIMITED

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

- d On account of penalty of Rs 1.75 lacs imposed by SEBI which is represented by the company for remission/ waiver.
- 6 The Company filed Company Petition no.170 of 2008 in the Hon'ble Bombay High Court for sanction of the Hon'ble Court u/s 391 and 394 of the Companies Act 1956 to a Scheme of Arrangement between the company and its Specified Creditors i.e. the erstwhile preference shareholders. The Scheme of Arrangement is for an issue of 150000 equity shares at par to the Specified Creditors in lieu of the arrears of Preference Dividend of Rs.54,56,360/- payable to them. The Hon'ble Court had ordered a meeting of the Equity Shareholders and the Specified Creditors to be convened to consider and approve the Scheme of Arrangement. Accordingly, a meeting of the Equity Shareholders and the Specified Creditors had been convened on 19th January 2008. At the said meeting, the Equity Shareholders and the Specified Creditors had unanimously given their consent to the Scheme of Arrangement. The minutes of the said meeting have been conveyed to the Hon'ble Court. The next date of hearing of the Company Petition has been fixed on 1st August 2008 when the sanction of the Hon'ble Court to the Scheme is expected.
7. Related party Disclosure
- 7.1 (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. R. MAzumdar (MD), Mr. M. Z. Kothari
(Jt. MD), Mr. Rahul Dugar (WTD), Sauti
Banerjee (WTD) (since resigned w.e.f.
30.11.2007) |
| 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.) 31.03.2008	Amt. (Rs.) 31.03.2007
Subsidiaries		NIL	NIL
Associates /Directors	Siting Fees To Director	25000	35000
	Interest to Director	593402	194747
	Payment to Body Corporates		
	Interest	3641189	78033
	Purchases	-	250000
	Interest to Relatives of Directors	210000	168000
	Reimburseme of Exp. to a Director	-	142213
	Payment to a firm		
	Interest	51209	-
Key Management Personnel	Directors		
	Salary	1526072	750000
	Allowances, Rent etc.	107150	554458
Relatives of Key Management Personal		NIL	NIL
7.2			
Disclosure as required by Clause 32 of listing Agreement.			
Amount of loans/advances in nature of loans outstanding from subsidiaries and Associates during 2007 - 08.			
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.

	31.03.2008		31.03.2007	
	Qty (in tonnes)	Amount (Rs.)	Qty (in tonnes)	Amount (Rs.)
(a) Raw Materials Consumed				
High Speed Steel	22.486	20634872	20.675	16688212
Rounds/Bars.				
Percentage of				
Consumption of Raw				
Materials				
Imported	78%	16064562	77%	12774181
Indigenous	22%	4570310	23%	3914031
	100%	20634872	100%	16688212
(b) Stores and Tools & Spares consumed/written off (all indigneous)		3231894		2406653
		3231894		2406653
(c) CIF Value of Imports of				
(i) Raw Materials		26504202		8313503
(ii) Plant & Machinery	(CIF)	19070850		3484325
		45575052		11797828
(d) Expenditure in Foreign Currency	(Travelling)	252150		469804
(e) Earnings in Foreign Currency				
F.O.B. value of Export		1125676		424238

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)							
		}	}	4049 (2983)	106 (54)	1238078 (538544)	93 (106)	2067319 (1238078)		
Category II (Impaired Stock)		}	}		41 (141)	8007 (26544)	90 (41)	33983 (8007)		
				4049 (2983)	147 (195)	1246085 (565088)	183 (147)	2101302 (1246085)	4013 (3031)	87490761 (59424311)
Job Work										3661756 (1972259)
Scraps										2333540 (1213405)
									TOTAL	93486057 (62609975)

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

2. Installed Capacity as certified by the Management.

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

Particulars		Current Year	Previous Year
		Rs.	Rs.
Basic & Diluted Profit after Tax	A	4107071	5851100
Number of shares subscribed	B	546338	546338
Basic & Diluted EPS	A/B	7.52%	10.71%

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

Particulars		Upto 31/03/2007	For current year	As at 31/03/2008
		Rs.	Rs.	Rs.
Depreciation on Fixed Assets	Liability	5146168	11363997	16510165
Leave Encashment	Assets	(304095)	(187933)	(492028)
Unabsorbed Depreciation	Assets	-	(3759110)	(3759110)
Total		4842073	7416954	12259027
Deferred Tax Liability @	33.99%	1629842	2521023	4166843

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.
- | | |
|--|--------|
| Employers Contribution to state governed Provident Fund | 334031 |
| Employers Contribution to state governed Pension Scheme | 480739 |
| Employers Contribution to state governed Employees State Insurance | 175458 |
- 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 the difference if any will be provided in the next year.
- 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 difference if any will be provided in next year. The company has no defined benefit plan for this purpose as yet.
- 12 Information pursuant to Part IV of Schedule VI to the Companies Act, 1956. Balance Sheet abstract and general business profile and cash flow statement pursuant to clause 32 of listing agreement are annexed hereto.
- 13 Figures for previous year have been rearranged/regrouped wherever necessary.

Signature to Schedules 1 to 16

for R. A. SINGH & ASSOCIATES
Chartered Accountants

R. A. SINGH
PROPRIETOR

B. S. DUGAR
(Chairman)

PLACE : MUMBAI
DATED : 31st JULY, 2008

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 : 31.03.2008

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>126779</u>	Total Assets	<u>126779</u>
<u>Sources of Funds</u>		<u>Application of Funds</u>	
Paid-up Capital	5494	Net Fixed Assets	73063
Share Application Money (Pending Allotment)	-	Investments	-
Reserve & Surplus	29883	Misc. Expenditure	64
Secured Loans	41915	Net Current Assets	53652
Unsecured Loans	45320	Deferred Tax Asset	-
Deferred Tax Credit	4167	Accumulated Losses	-
	<u>126779</u>		<u>126779</u>

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

Turnover including	93746	Total Expenditure	86829
Other Incomes			
Profit Before Tax	6918	Profit After Tax	41
		after def. tax credit	
Earning Per share in Rs.	<u>7.52</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

B. S. DUGAR
(Chairman)

PLACE : MUMBAI
DATED : 31ST JULY, 2008

R. MAZUMDAR
(Managing Director)

JAINEX AAMCOL LIMITED

MEMBERS ARE REQUESTED TO CLEARLY MENTION THE FOLIO NO.
ALLOTTED TO THEM (THE FOLIO NO. IS MENTIONED ON ENVELOPE)
IN THE REGISTER OF MEMBER OF THE COMPANY IN THE PLACE PROVIDED
FOR
JAINEX AAMCOL LIMITED
PROXY

I/We _____ of _____
in the district of _____ being a member(s)
Folio No. _____ of the abovenamed company hereby appoint
Mr. _____ of _____
_____ in the district of _____ or failing him
Mr. _____ of _____
in the district of _____ as my/our Proxy in my/our
absence to attend and to vote for me/us on my/our behalf at the 60th Annual
General Meeting of the Company to be held at 12.00 Noon on Tuesday, the 30th
September 2008.

Signed this _____ day of _____ 2008.



Signature of Member

- Notes : 1. The Proxy to be valid should be deposited at the Registered
Office of the Company at 1 & 2, Broach Sadan, Broach Sreet, Devji
Ratansi Marg Masjid Bunder, Mumbai - 400 009. (Maharashtra) not
later than 11.00 a.m. on 27th Sep. 2008.
2. The Proxy should be executed on 1 Rupee Revenue Stamp.
3. The Proxy need not be a Member.

JAINEX AAMCOL LIMITED

Registered Office : 1 & 2, Broach Sadan, Broach Sreet, Devji Ratansi Marg,
Masjid Bunder, Mumbai - 400 009. (Maharashtra)

ATTENDANCE SLIP

Please Complete this attendance slip and hand it over at the entrance.

Name if the Member
Folie No.

I hereby record my presence at the 60th Annual General Meeting held at Mumbai
on 30th September 2008 at 12.00 Noon at Kilachand Conference Room, Indian
Merchant Chamber, Indian Merchant Chamber Marg, Churchgate, Mumbai - 20.

Signature Member or Proxy

BOOK - POST

To,

If Undelivered please return to :

JAINEX AAMCOL LIMITED

1 & 2, BROACH SADAN, BROACH STREET,
DEVJI RATANSI MARG, MASJID BUNDER,
MUMBAI - 400 009. (MAHARASHTRA)