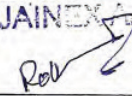
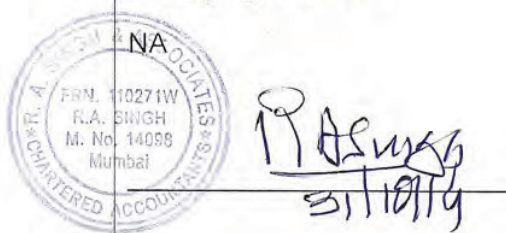
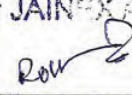
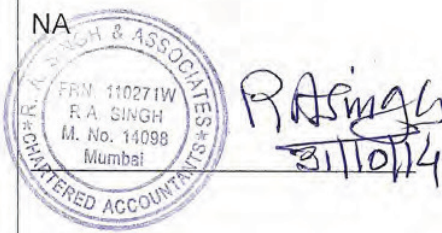


FORM A

1.	Name of the Company :	JAINEX AAMCOL LIMITED
2.	Annual financial statements for the year ended	31 st March, 2014.
3.	Type of Audit observation	As given in Annexure to Form A attached
4.	Frequency of observation	As given in Annexure to Form A attached
5.	To be signed by –	For JAINEX AAMCOL LIMITED
	Managing Director	 M.Z.Kothari Managing Director
	CFO	
	Auditor of the company	
	Audit Committee Chairman	NA

FORM B

1.	Name of the Company :	JAINEX AAMCOL LIMITED
2.	Annual financial statements for the year ended	31 st March, 2014.
3.	Type of Audit qualification	As given in Annexure to Form B attached
4.	Frequency of observation	As given in Annexure to Form B attached
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report :	As given in Annexure to Form B attached
6.	Additional comments from the board/audit committee chair :	NIL
7.	To be signed by –	For JAINEX AAMCOL LIMITED
	Managing Director	 M.Z.Kothari Managing Director
	CFO	NA
	Auditor of the company	
	Audit Committee Chairman	NA

JAINEX AAMCOL LIMITED
Annexure to Form A – FY 2014 - BSE

Type of Audit observation	Frequency of observation
<u>Un-qualified/Matter of Emphasis</u>	
MAIN AUDIT REPORT TO THE MEMBERS - QUALIFICATION/OBSERVATIONS - NIL	
CARO Annexure to Audit Report OBSERVATIONS Clause No. i(a) 1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets other than furniture & fixtures and office equipments.	Repetitive since long
Clause No. vi 2. 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/body corporates which are under exempt category and therefore compliances under the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to such deposits are not considered for compliance by the company.	Repetitive since long
Clause No. vii 3. In our opinion, internal audit system conducted by a professional firm was for a part of the year and thereafter the internal audit has been done internally. Such change over has no adverse impact on internal audit system of the company.	Second Time
Clause No. ix(b) 4. According to the information and explanations given to us, the dues set out herein below in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess have been deposited by the company with the appropriate authorities on account of disputes.	Repetitive since last four years

Name of Statute	Nature of Dues	Amount in Rs. lacs	Amount in Rs. lacs paid under protest	Period to which the amount relates	Forum where disputes is pending
Customs	Custom Duty	7.14	2.00	2008-2009	Commissioner of Customs – (Appeals)

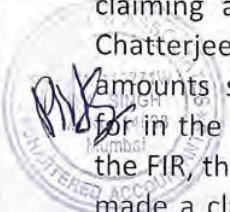


JAINEX AAMCOL LIMITED

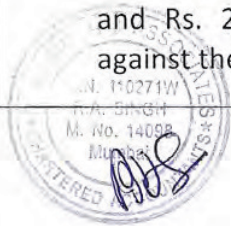
Annexure to Form B – FY 2014 - BSE

COVERING REPLY TO ITEM 3, 4 AND 5

Type of Audit qualification	Frequency of observation	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report
<p><u>Qualified/Subject to</u> / <u>Except for</u></p> <p>1. 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 not determined and any effect thereof will be provided / accounted as and when finalized.</p>	<p>Repetitive since last years</p>	<p>Point No. 1.11(b) of Note No. 1 Gratuity Scheme is with LIC and payment is made/provided as per the LIC valuation and is Self Explanatory</p>
<p>2. 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 not 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.</p>	<p>Repetitive since last years</p>	<p>Point No. 1.11(c) of Note No. 1</p> <p>Since every year leave encashment is done. There is no accumulated leave balance beyond 15 days. Hence, management is of the opinion that the liability on account of leave is not significant/material.</p>
<p>3. On account of claims by two ex-employees amounting to Rs. 0.37 lacs and Rs. 2.97 lacs which the company is contesting before the appropriate authority/court.</p>	<p>Repetitive every year being in dispute</p>	<p>Point No. 8 (b) of Note No. 26 is self explanatory Not provided due to dispute in Appeal</p>
<p>4. 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 in FY 03 - 04. 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 counter blast to the FIR, the said ex-employee N. K. Chatterjee has made a claim of Rs. 50 lacs in FY 04 - 05 for his</p>	<p>Repetitive every year being in dispute /under litigation</p>	<p>Point No. 8 (c) of Note No. 26 is self explanatory/under litigation</p>



<p>alleged terminal dues in the City Civil Court, Aurangabad which is being contested by the company.</p>		
<p>5. On account of penalty of Rs 1.75 lacs imposed by SEBI which is represented by the company for remission/ waiver.</p>	<p>Repetitive every year</p>	<p>Point No. 8 (d) of Note No. 26 is self explanatory and no demand raised till date and under remission.</p>
<p>6. On account of additional custom duty demand of Rs. 7,13,812/- on a CNC machine imported in FY 07 - 08 which had been contested in appeal before the Commissioner of Customs (Appeal) and Rs. 2,00,500/- has been paid as advance against the same.</p>	<p>Repetitive every year</p>	<p>Point No. 8 (e) of Note No. 26 is self explanatory and under appeal</p>



: 1 :
NOTICE

Notice is hereby given that the 66th Annual General Meeting of the shareholders of **JAINEX AAMCOL LIMITED** will be held at 1116, Dalamal Towers, 211, Nariman Point, Mumbai – 400 020 on Monday, the 29th day of September, 2014 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 2014 and the reports of Directors and Auditors thereon.
2. "RESOLVED that Messrs. R. A. Singh & Associates, Chartered Accountants, Mumbai, FRN 110271W, be and are hereby re-appointed as Auditors of the company to hold office until the conclusion of the next Annual General Meeting of the company at a remuneration to be mutually agreed between the Directors of the company and the Auditors".

AS SPECIAL BUSINESS :

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

3. **Appointment of Mr. Kunal S. Bafna as Whole Time Director**

"RESOLVED that pursuant to the provisions of section of 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 ("Act") approval be and is hereby granted to the appointment of Mr. Kunal S. Bafna as Whole Time Director of the company for a period of 3 years w.e.f. 10.10.2013 upto and including 09.10.2016."

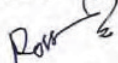
"RESOLVED FURTHER THAT Mr. Kunal S. Bafna in his capacity as Whole Time Director, be paid remuneration as fixed by the Board, from time to time, within the limits approved by the members as per the details given in the explanatory statement."

4. **Appointment of Mr. Mohan Z. Kothari as Managing Director**

"RESOLVED that pursuant to the provisions of section of 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 ("Act") approval be and is hereby granted to the appointment of Mr. Mohan Z. Kothari as Managing Director of the company for the balance term of 2 years w.e.f. 1st April, 2014"

"RESOLVED FURTHER THAT Mr. Mohan Z. Kothari in his capacity as Managing Director, be paid remuneration as fixed in the last AGM, from time to time, within the limits approved by the members as per the details given in the explanatory statement."

BY ORDER OF THE BOARD



**(MOHAN Z. KOTHARI)
MANAGING DIRECTOR**

REGISTERED OFFICE

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

PLACE: Mumbai

DATED: 31st May, 2014

NOTES:

1. *Register of Members will remain closed from 17th September, 2014 to 29th September, 2014 (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 102(1) of the Companies Act, 2013 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.*

u

Explanatory Statement under section 102(1) of the Companies Act, 2013.

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No.3

The Board has by resolution on 10th October, 2013 appointed Mr. Kunal S. Bafna as Whole Time Director for a period of 3 years w.e.f 10.10.2013 upto and including 09.10.2016 subject to the approval of the members in the Annual General Meeting.

Mr. Kunal S. Bafna is a Chartered Accountant and has over 20 years commercial experience in manufacturing industry. The Board is of the view that his appointment as Whole Time Director will be beneficial to the company at a gross monthly salary of Rs. 25,000/- inclusive of perquisites. Taking into consideration the size of the company, the profile of Mr. Kunal S. Bafna, 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 V of the Companies Act, 2013. Perquisites shall be evaluated as per Income Tax Rules wherever applicable and in absence of any such rules perquisites shall be evaluated at actual cost.

Terms and conditions of the said appointment and/or agreement may be altered and varied from time to time by the Board as it may in its discretion deem fit within the maximum amount payable to the Whole Time Director in accordance with Schedule V of the Companies Act, 2013 or any amendments made hereafter in this regard.

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

Mr. B. S. Dugar and Mr. Rahul Dugar are interested in the said resolution.

Mr. Kunal S. Bafna may be deemed to be interested in the resolution being Whole Time Director.

Item No.4

The Board by resolution on 9th April, 2013 had re-appointed Mr. Mohan Z. Kothari as Joint Managing Director for a period of 3 years w.e.f 1st April 2013 upto and including 31.03.2016 which was approved by the members in the last Annual General Meeting. As the Managing Director, Mr. R. Mazumdar is incapacitated due to major illness from 17.02.2014, the Board has elevated the Joint Managing Director, Mr. Mohan Z. Kothari to the position of Managing Director w.e.f 01.04.2014 for the balance two years period of his term on the same terms and conditions. However the brief background of the Managing Director is as under.

Mr. Mohan Z. Kothari is a B.E. (Mech) and has over 26 years technical and commercial experience in gear cutting tools. The Board is of the view that his appointment as Managing Director will be beneficial to the company at a gross annual salary of 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 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 as approved in last AGM is commensurate with the remuneration packages paid to similar senior level counterparts in other companies.



: 4 :

The monetary value of the perquisites together with the salary will be within the limits specified in Schedule V of the Companies Act, 2013. 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 V of the Companies Act, 2013 or any amendments made hereafter in this regard.

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

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

4

: 5 :
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, 2014

FINANCE AND ACCOUNTS

	2014	2013
	Rs in lacs	Rs in lacs
a) Revenue from operations	1232.08	1249.63
b) Other Income	0.34	8.19
	1232.41	1257.82
Operating Profit(loss) before Depreciation, amortization, Extraordinary items and Tax	66.00	130.67
Less: Depreciation and amortization	138.65	151.61
Less : Extraordinary Items	(67.48)	-
Less : Provision for Income Tax (net)	-	-
Add/Less: Deferred Tax (credit)	(1.10)	(7.86)
Profit for the year after tax	(4.07)	(13.08)
Add : Profit b/f from previous year	(2.09)	10.99
Balance carried to Balance Sheet	(6.16)	(2.09)

Your Directors have to inform that the due to continuing slow down in automotive industry, the turnover of the company was marginally reduced over the previous year from Rs. 1249.63 lacs to Rs. 1232.08 lacs. However exports have increased by 58% to Rs 314.76 lacs. The EBITDA for the year under review taking into consideration of extra ordinary items of prior period receipts/increase in salaries, etc. ; is Rs.266.43 lacs as against Rs. 269.36 lacs in previous year. The Company is trying to offset the adverse impact of the demand recession in India by increasing the exports.

In view of slowdown in Automotive Industry which consists of 70% of company's turnover and looking to the current trend in the sector, the company has made an application to its bankers, Bank of India, for re-schedulement of future installments of term loans due to negative working results and inadequate cash flows to meet and honour the current and future burden of installments which are higher from current year and the past years. The proposal is under consideration by the Bank.

AUDITORS

Messrs. R. A. Singh & Associates, Chartered Accountants, Mumbai, FRN 110271W the retiring auditors are eligible for re-appointment. The Company has received letters from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment. The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

COST AUDITORS

The Company has appointed M. R. Pandit & Co., Cost auditors for conducting the audit of cost records of the Company for the financial year 2013-14:

DIRECTORS

Shri Kunal S. Bafna was appointed as Whole time Director w.e.f. 10th October, 2013, subject to approval of shareholders. The necessary resolutions for your approval to the appointment of Shri Kunal S. Bafna as Whole time Director of the company have been included in the notice to the ensuing Annual General meeting. The Directors commend his appointment

Shri R. Mazumdar, Managing Director of the company ceases to be Managing Director w.e.f. 01.04.2014 due to his incapacity and continuing major illness from 17.02.2014 and therefore he is deemed to have vacated the office of Managing Director. The Board appreciates for his long association and tenure with the company of over four decades during which he has worked tirelessly for the company, improved its performance over the years and has successfully implemented various modernization/expansion plans of the company. The Board wishes him all the best in speedy recovery of his health.

Shri Mohan Z. Kothari, Jt. Managing Director has been appointed as Managing Director for the balance term of 2 years w.e.f. 1st April 2014 by the Board of Directors on the same terms and conditions as approved by the Board and shareholders in the last AGM save and except the change in designation as Managing Director in view of Shri R. Mazumdar ceasing to be Managing Director. The notice convening the Annual General Meeting includes the proposal/terms for his appointment and payment of remuneration as Managing Director. The Directors recommend his appointment.

EMPLOYEE RELATIONS

Your Directors would also like to place on record their appreciation for the services rendered by all categories of the company's employees.

BANKER

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

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 forming part of Accounts.
- 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 loss of the company for that year.
- c) Proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and others irregularities have been taken to the best of their knowledge and ability.
- d) The annual accounts have been prepared on a "going concern basis".

C. J.

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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.

ADDITIONAL INFORMATION

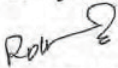
a) **CONSERVATION OF ENERGY/TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO.**

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


(M. Z. KOTHARI)
MANAGING DIRECTOR


(RAHUL DUGAR)
DIRECTOR

PLACE: Mumbai

DATED: 31st May, 2014

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

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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 dry cutting hobs and are examining various measures for improvement of productivity and reduction of costs.
4. Expenditure on R & D
The R & D efforts are totally integrated with the manufacturing activities including development of new products. As such R & D expenses cannot be segregated.

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

1. **Efforts**

The company had originally started manufacturing Hobs in collaboration with Messer. 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 Note No. 26(3), (4) and (5).

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R. A. SINGH & ASSOCIATES

CHARTERED ACCOUNTANTS

FRN 110271W

25, Saibaba Shopping Centre,
Keshavrao Kadam Marg,
Mumbai Central,
Mumbai – 400 008.
Phone: 2300 6009 / 2300 6011

AUDITORS' REPORT TO THE MEMBERS

Report on the Financial Statements

We have audited the accompanying financial statements of **JAINEX AAMCOL LIMITED (the Company)**, which comprise the Balance Sheet as at **31st March, 2014**, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of this financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statements based on our audit. We conducted our audit in accordance with the Standards of Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from materials misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

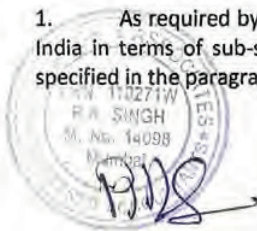
Opinion

In our opinion and to the best of information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014,
- b) in the case of the Statement of Profit and Loss, 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.

Report on Other Legal and Regulatory Requirements

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



2. As required by section 227 (3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
- e) On the basis of written representations received from the Directors as on 31st March, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as director in terms of section 274(1)(g) of the Act.



for R. A. SINGH & ASSOCIATES
CHARTERED ACCOUNTANTS

R. A. Singh
R. A. SINGH
(PROPRIETOR)
FRN 110271W

Place : Mumbai

Date : 31st May, 2014

JAINEX AAMCOL LIMITED

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

Annexure to Independent Auditor's Report

(Referred in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" 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 substantial part of fixed assets during the year and therefore the question of affecting the status of going concern of the company does not arise.

(ii)

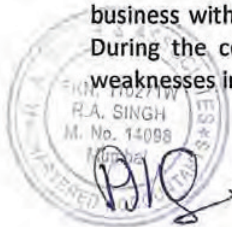
- (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii)

- (a) The company has taken loans from body corporates and shareholders covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 343.18 lacs and the year-end balance of loans taken from such parties was Rs. 293.18 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 or as and when required.
- (d) There is no overdue amount of loans taken from companies or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(iv)

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.



- (v)
- (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) There are no transactions of purchase and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 5 lacs or more in respect of each party.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from public. The company has, however, taken loans from shareholders/body corporates which are under exempt category and therefore compliances under the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to such deposits are not considered for compliance by the company.
- (vii) In our opinion, internal audit system conducted by a professional firm was for a part of the year and thereafter the internal audit has been done internally. Such change over has no adverse impact on internal audit system of the company.
- (viii) The company is required to maintain records pursuant to the amendment rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and the same is maintained as required.
- (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 as applicable to the company.

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 31.03.2014 for a period of more than six months from the date they became payable.

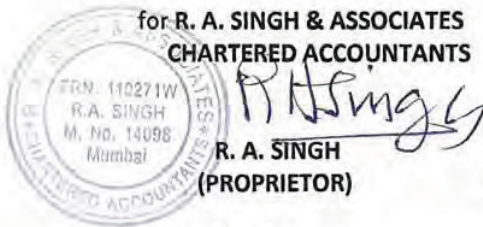
- (b) According to the information and explanations given to us, the dues set out herein below in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess have been deposited by the company with the appropriate authorities on account of disputes.

Name of Statute	Nature of Dues	Amount in Rs. lacs	Amount in Rs. lacs paid under protest	Period to which the amount relates	Forum where disputes is pending
Customs	Custom Duty	7.14	2.00	2008-2009	Commissioner of Customs – (Appeals)

- (x) The company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year but has incurred a loss during the year and therefore has an accumulated loss as at 31.03.2014.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



- (xiii) In our opinion, the company is not a chit fund or a *nidhi* mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) The company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that funds raised on short-term basis have, prima facie, not been used during the year for long term investments.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies, Act, 1956 during the year and hence the question of whether the price at which shares have been issued is prejudicial to the interest of the company does not arise.
- (xix) The provisions of clause 4 (xix) of Companies (Auditors Report) Order, 2003 regarding security or charge in respect of Debentures issued are not applicable to the Company.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.



Place : Mumbai

Date : 31st May, 2014

JAINEX AAMCOL LIMITED

Balance Sheet as at 31st March, 2014

Sr. No	Particulars	Note No.	As at 31.03.2014 ₹	As at 31.03.2013 ₹
I.	<u>EQUITY AND LIABILITIES</u>			
(1)	<u>Shareholder's Funds</u>			
	(a) Share Capital	2	14993940	14993940
	(b) Reserves and Surplus	3	34492872	35097885
			49486812	50091825
(2)	<u>Non-Current Liabilities</u>			
	(a) Long-Term Borrowings	4	74193330	90981245
	(b) Deferred Tax Liabilities (Net)	5	0	0
	(c) Long-Term Provisions		389897	389897
			74583227	91371142
(3)	<u>Current Liabilities</u>			
	(a) Short-Term Borrowings	6	25839592	28645017
	(b) Trade Payables	7	18312516	14913299
	(c) Other Current Liabilities	8	21772678	18464420
	(d) Short-Term Provisions	9	7482181	3544944
			73406967	65567680
	Total		197477006	207030647
II.	<u>ASSETS</u>			
(1)	<u>Non-Current Assets</u>			
	(a) <u>Fixed Assets</u>			
	(i) Tangible Assets	10	128675518	139386151
	(ii) Intangible Assets		385118	452786
			129060636	139838937
	(b) Long Term Loans and Advances	11	2175374	2174564
	(c) Other Non-Current Assets	12	424495	565993
	(d) Deferred Tax Assests (Net)	5	197967	88096
			2797836	2828653
(2)	<u>Current Assets</u>			
	(a) Inventories	13	26893968	29290475
	(b) Trade Receivables	14	27087872	28015499
	(c) Cash and Cash Equivalents	15	4262390	4774006
	(d) Short-Term Loans and Advances	16	6897241	1996056
	(e) Other Current Assets	17	477063	287021
			65618534	64363057
	Total		197477006	207030647

Accompanying notes forming part of the accounts. - Note Nos. 1 to 26


As per our report of even date attached.

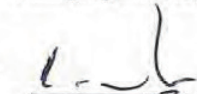
For R.A.SINGH & ASSOCIATES
CHARTERED ACCOUNTANTS



(R.A.SINGH)
PROPRIETOR

Membership No. : 014098
Firm Reg. No.: 110271W
Place :- Mumbai
Dated :- 31st May,2014


(M. Z. Kothari)
Managing Director


(Rahul Dugar)
Director

JAINEX AAMCOL LIMITED**Statement of Profit and Loss for the year ended on 31st March, 2014**

Sr. No	Particulars	Note No.	FY 2013-2014	FY 2012-2013
			₹	₹
I	Revenue from Operations	18	123207629	124963197
II	Other Income	19	33658	818595
III	Total Revenue		123241287	125781792
IV	Expenses:			
	Cost of Raw Materials Consumed	20(A)	30092275	28563264
	Changes in inventories of finished goods & work-in-progress	20(B)	-446009	374826
	Employee Benefit Expense	21	31621613	27650337
	Financial Costs	22	13295327	13868377
	Depreciation and Amortization Expense	23	13864752	15160897
	Other Expenses	24	42078772	42257511
	Total Expenses		130506730	127875212
V	Profit before extraordinary items and tax		-7265443	-2093420
VI	Extraordinary items (net)	25	-6748422	0
VII	Profit before tax		-517021	-2093420
VIII	Tax Expense:			
	(1) Current Tax		0	0
	(2) Deferred Tax Credit(-)/Debit(+)		-109870	-786013
			-109870	-786013
IX	Profit for the year		-407151	-1307407
X	Earning per equity share:			
	Basic & Diluted		0	0

Accompanying notes forming part of the accounts. - Note Nos. 1 to 26

As per our report of even date attached.

For **R.A.SINGH & ASSOCIATES**

CHARTERED ACCOUNTANTS



(R.A.SINGH)


PROPRIETOR

Membership No. : 014098

Firm Reg. No.: 110271W

Place :- Mumbai

Dated :- 31st May,2014


(M. Z. Kothari)
Managing Director


(Rahul Dugar)
Director

JAINEX AAMCOL LIMITED

Cash Flow Statement for the year ended 31 March, 2014

Sr. No.	Particulars	FY 2013-2014 ₹	FY 2012-2013 ₹
A.	Cash flow from operating activities		
1	Net Profit / (Loss) before extraordinary items and tax	-7265443	-2093420
	<i>Adjustments for:</i>		
	Depreciation and amortisation	13723254	14951453
	Amortisation of share issue expenses and discount on shares	141498	209444
	(Profit) / loss on sale / write off of assets	0	-294084
	Finance costs	13295327	13868377
	Interest income	-310801	-213181
2	Operating profit / (loss) before working capital changes	19583835	26428589
	<i>Changes in working capital:</i>		
	<i>Adjustments for (increase) / decrease in operating assets:</i>		
	Inventories	-2396507	-33500
	Trade receivables	-927626	-10498
	Short-term loans and advances	4901185	-686413
	Long-term loans and advances	810	160600
	Other current assets	190042	185419
		1767904	-384392
	<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
	Trade payables	3399217	-1529284
	Other current liabilities	3308258	5124148
	Short-term provisions	3937237	276002
	Long-term provisions	0	0
		10644712	3870866
	Cash flow from extraordinary items	0	0
	Cash generated from operations	-8876808	-4255258
	Net income tax (paid) / refunds	0	0
3	Net cash flow from / (used in) operating activities (A)	28460643	30683847
B.	Cash flow from investing activities		
	Capital expenditure on fixed assets, including capital advances	-3142815	-3022373
	Proceeds from sale of fixed assets	0	8502512
	Interest received	310801	213181
	Cash flow from extraordinary items	6748422	0
	Net cash flow from / (used in) investing activities (B)	3916408	5693320



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JAINEX AAMCOL LIMITED

Cash Flow Statement for the year ended 31 March, 2014

Sr. No.	Particulars	FY 2013-2014 ₹	FY 2012-2013 ₹
C.	Cash flow from financing activities		
	Share application money received		
	Proceeds from long-term borrowings	-16787915	-21004095
	Expenses on issue of shares	0	-707491
	Net increase / (decrease) in working capital borrowings	-1890631	1707501
	Proceeds from other short-term borrowings	-914794	-1313748
	Finance cost	-13295327	-13868377
	Net cash flow from / (used in) financing activities (C)	-32888667	-35186210
	Net increase / (decrease) in Cash and cash equivalents (A+B+C)	-511616	1190957
	Cash and cash equivalents at the beginning of the year	4774006	3583049
	Cash and cash equivalents at the end of the year (Refer Note 15)	4262390	4774006
	Reconciliation of Cash and cash equivalents with the Balance		
	Cash and cash equivalents as per Balance Sheet (Refer Note 15)	4262390	4774006
	* Comprises:		
a)	Cash on hand	63630	79699
b)	Balances with banks		
	(i) In current accounts	2128760	2624307
	(ii) In earmarked accounts	2070000	2070000
		4262390	4774006
	Notes:		
	(i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.		
	(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.		
	(iii) Figures for previous year have been rearranged/regrouped wherever necessary.		

As per our report of even date attached.

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



(R.A.SINGH)

PROPRIETOR

Membership No. : 014098

Firm Reg. No.: 110271W

Place :- Mumbai

Dated :- 31st May, 2014

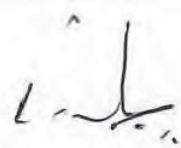

(M. Z. Kothari)
Managing Director

(Rahul Dugar)
Director

1 SIGNIFICANT ACCOUNTING POLICIES

Sr. No	Particulars
1	<u>Significant Accounting Policies</u>
1.1	<u>ACCOUNTING CONVENTION</u> 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 are as per the provisions of the Companies Act, 1956 and Companies Act, 2013 wherever applicable.
1.2	<u>USE OF ESTIMATES</u> The preparation of the financial statements require the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.
1.3	<u>REVENUE RECOGNITION (AS - 9)</u> <u>Sale of goods</u> Turnover includes excise duty, education cess, service tax, job work receipts and sale of scraps and does not include VAT/CST.
1.4	<u>MISCELLANEOUS EXPENDITURE</u> Expenses related to increase in authorized share capital and issue thereunder are amortized over a period of five years.
1.5	<u>INVENTORIES VALUATION (AS - 2)</u> a) Raw materials are valued at cost. b) Work in Progress is valued at raw material cost + overheads. c) Finished Goods are carried at lower of cost or market value which ever is less. d) Stores are taken at cost. e) Tools and Spares are taken at net of 1/3rd for usage. f) Scrap at realisable value
1.6	<u>CASH FLOW STATEMENT (AS - 3)</u> Cash Flow Statement is prepared under "Indirect Method".
1.7	<u>CHANGE IN ACCOUNTING POLICIES (AS - 5)</u> There is no change in accounting policy during the year.

SR. 110271W
B.A. SINGH
M. No. 14098
MCA 21
2014



Row 2

Jainex Aamcol Limited

Notes forming part of the Accounts (Contd.)

1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Sr. No	Particulars
1.8	<p><u>DEPRECIATION (AS - 6)</u></p> <p>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.</p> <p>b) Depreciation on additions/deletions is provided on pro-rata basis from the date of such additions /deletions.</p> <p>c) No depreciation has been provided on fixed assets representing written down value below 5% of the original cost and fixed assets not put to use / under return</p>
1.9	<p><u>TANGIBLE/INTANGIBLE FIXED ASSETS (AS-10)</u></p> <p>a) Fixed Assets are stated at cost (net of cenvat wherever availed) and includes an amount of Rs. 339.21 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 339.21 lacs (Rs. 339.21 lacs) and Rs. 57.11 lacs (Rs. 59.09 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.</p> <p>b) Leasehold land is shown at revalued cost.</p>
1.10	<p><u>TRANSACTION OF FOREIGN CURRENCY ITEMS (AS - 11)</u></p> <p>a) Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction.</p> <p>b) Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the year end are translated at exchange rates applicable on that date.</p> <p>c) Non-monetary items denominated in foreign currency (such as fixed assets) are valued at forward contract exchange rate contracted for the such liability, wherever applicable.</p> <p>d) Any gains or losses arising due to exchange differences arising on translation or settlement are accounted for in the profit & loss account with regard to revenue items. Similarly FX gain or loss arising on account of capital items are debited/credited to capex items.</p> <p>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.</p>



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Jainex Aamcol Limited

Notes forming part of the Accounts (Contd.)

1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Sr. No	Particulars
1.11	<p><u>EMPLOYEE BENEFITS (AS - 15 Revised)</u></p> <p>a) <u>Defined Contribution Plan</u> 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 year in which the employee renders the related services.</p> <p>b) <u>Defined benefit plan/ Long Term Compensated Absences.</u> 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 not determined and any effect thereof will be provided / accounted as and when finalized.</p> <p>c) <u>Compensated Absences</u> 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 not 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.</p>
1.12	<p><u>BORROWING COST (AS-16)</u> 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.</p>
1.13	<p><u>LEASES (AS-19)</u> Leasehold land comprising only on account of revaluation is amortized over the period of lease.</p>
1.14	<p><u>TAXES ON INCOME (AS - 22)</u></p> <p>a) Current tax is determined as the amount of tax payable in respect of taxable income for the year, as per applicable tax rates and laws.</p> <p>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.</p>
1.15	<p><u>DISCONTINUING OPERATIONS (AS - 24)</u> The Company has not discontinued any operations during the year.</p>



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1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Sr. No	Particulars
1.16	<p><u>IMPAIRMENT OF ASSETS (AS-28)</u></p> <p>a) Impairment of assets has been recognized and losses if any has been charged to Profit & Loss account.</p> <p>b) As of each balance sheet date, the carrying amount of assets is tested for impairment so as to determine -</p> <ul style="list-style-type: none">i. the provision for impairment loss, if any, required, orii. the reversal, if any, required or impairment has recognized in previous year.
1.17	<p><u>PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (AS-29)</u></p> <p>a) The provisions are recognised and measured by using a substantial degree of estimation.</p> <p>b) Contingent liabilities and contingent assets are disclosed after a careful evaluation of the facts and legal aspects of the matter involved in issue.</p>
1.18	<p><u>BUSINESS SEGMENT</u></p> <p>The company operates in a business segment viz. Gear Cutting, Special Cutting Tools and Spline Gauges and is considered single segment operations.</p>
1.19	<p><u>EARNINGS PER SHARE (AS - 20)</u></p> <p>Basic/Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the number of equity shares outstanding during the year.</p>



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Notes forming part of the Accounts

Sr. No	Particulars	As at	As at
		31.03.2014 ₹	31.03.2013 ₹
	NOTE NO: 2 SHARE CAPITAL		
a)	Authorised 30,00,000 (30,00,000) Equity Shares of Rs. 10/- each.	30000000	30000000
b)	Issued, Subscribed & Paid up 14,96,338 (14,96,338) Equity Shares of Rs. 10/- each fully paid up	14963380	14963380
	Less : Calls in Arrears from others	3595	3595
		14959785	14959785
	Add : Forfeited Shares 13,662 (13,662) Shares of Rs. 2.50/- each	34155	34155
		14993940	14993940
c)	Reconciliation of number of shares Shares at the beginning of the year	1496338	696338
	Add :- Shares issued during the year	0	800000
	Less :- Buy back of shares/Reduction in share capital	0	0
	Outstanding shares at the year end	1496338	1496338
d)	Shares held by each shareholder holding more than 5% of the shares		
		31.03.2014	31.03.2013
		Nos. of Shares	Nos. of Shares
		% of hodling	% of hodling
1	Jainex Foods Private Ltd	577956	577956
		38.62%	38.62%
2	Bhagat Singh Dugar	212300	210900
		14.19%	14.09%
3	Rahul Bhagat Dugar	95250	95250
		6.37%	6.37%
		885506	884106
		59.18%	59.08%



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Notes forming part of the Accounts (Contd.)

Sr. No	Particulars	As at 31.03.2014 ₹	As at 31.03.2013 ₹
	NOTE NO: 2 SHARE CAPITAL- Contd.		
e)	Following details during the period from 01.04.2009 to 31.03.2014		
i.	Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash. (Issued to Insurance Companies in lieu of arrears of Preference Dividend allotted on 06/04/09)	150000	150000
ii.	Aggregate number and class of shares allotted as fully paid up by way of bonus shares.	0	0
iii.	Aggregate number and class of shares bought back	0	0
		150000	150000
f)	Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date.	0	0
	NOTE NO: 3 RESERVE & SURPLUS		
a)	Capital Reserve As per last Balance Sheet	1500000	1500000
b)	Capital Redemption Reserve As per last Balance Sheet	3897400	3897400
c)	Share Premium Account (on Preferential Allotment) - in FY 13	24000000	24000000
d)	Revaluation Reserve As per last Balance Sheet	5909277	6107139
	Less : Debit for depreciation on revalued portion	197862	197862
	Less: Effect on account of sale of revalued machinery	0	0
	Closing Balance	5711415	5909277
e)	Surplus - Profit & Loss account As per last Balance Sheet	-208792	1098615
	Add : Net Profit/(Net Loss) for the current year	-407151	-1307407
	Closing Balance	-615943	-208792
		34492872	35097885



int.

Row 2

Notes forming part of the Accounts (Contd.)

Sr. No	Particulars	As at 31.03.2014 ₹	As at 31.03.2013 ₹
	NOTE NO: 4 LONG TERM BORROWINGS		
	(Secured)		
	From Bank of India, Mumbai		
a	Rupee Term Loans	64964125	63097504
b	Capex FLCs - Acceptances	0	12672188
		64964125	75769692
	Less : Shown under other current liabilities Note No. 8	19603697	14972593
		45360428	60797099
c	Car Loan	138392	291078
	Less : Shown under other current liabilities Note No. 8	138392	150229
		0	140849
		45360428	60937948
Nature of Security and terms of repayment for Long Term secured borrowings:			
TL	Nature of Security	Term of Repayments *	
II	Term Loan of ₹ 8.74 Lacs (Previous Year ₹ 21.72 Lacs)	Repayable in 21 Quarterly Instalments starting from 31.03.09. Last Instalment due on 30.06.15	
III	Term Loan of ₹ 45.07 Lacs (Previous Year ₹ 59.44 Lacs)	Repayable in 24 Quarterly Instalments starting from 01.04.10. Last Instalment due on 31.03.16.	
IV	Term Loan of ₹ 167.15 Lacs (Previous Year ₹ 210.00 Lacs)	Repayable in 24 Quarterly Instalments starting from 31.03.11. Last Instalment due on 31.03.16.	
V	Term Loan of ₹ 9.72 Lacs (Previous Year ₹ 24.15 Lacs)	Repayable in 21 Quarterly Instalments starting from 30.06.09. Last Instalment due on 30.06.14.	
VI	Term Loan of ₹ 106.27 Lacs (Previous year ₹ 105.00 Lacs)	Repayable in 24 Quarterly Instalments starting from 31.03.2012. Last Instalment due on 31.12.2017.	
VII	Term Loan of ₹ 312.69 Lacs (Previous Year Term Loan of ₹ 337.38 Lacs including under DA-Capex LC 720 days ₹ 126.72)	Repayable in 24 Quarterly Instalments starting from 31.03.2013. Last Instalment due on 31.12.2018.	
	Above Term Loans are secured by hypothecation of Plant & Machinery acquired under specific term loans and are collaterally secured by Equitable Mortgage of Land and Building situated at L/3,Chikhalthana, MIDC Indl Estate, Aurangabad and hypothecation of Plant and Machinery not acquired under above term loans.	Rate of interest for above Term Loans is 14.70% p.a. w.e. f. 20.01.2014, previous year 14.75% p.a.	
(*)	The company has made application to BOI for re-schedulement of above term loans in view of negative working results coupled with downward trend in automobile sector and the same is pending before the bank for consideration.		
	Car Loan of Rs. NIL Lacs (Previous Year Rs. 1.41 Lacs) is secured against Tata Indigo Motor Car.	Repayable in 36 EMI starting from 31.12.2011. Last Instalment due on 30.11.2014.	
	(Unsecured)		
d	Loans & Advances from related parties	28818400	30028795
e	Other Loans & Advances		
	Sales Tax Loan from Govt. of Maharashtra	14502	14502
	Repayable on 1-2-2015 (interest free)		
	Total (c to d)	28832902	30043297
	Total (a to d)	74193330	90981245



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Notes forming part of the Accounts (Contd.)

Sr. No	Particulars	As at 31.03.2014 ₹	As at 31.03.2013 ₹
	NOTE NO: 5 DEFERRED TAX LIABILITY		
	<u>Tax effect on items constituting deferred tax liability</u>		
a)	On difference between book balance and tax balance of fixed assets.	14320586	14457813
b)	<u>Tax effect on items constituting deferred tax assets</u>		
	Leave Encashment	232467	205421
	Preliminary Expenses	131169	174892
	Interest on Term Loan	124186	
	Excise Duty Payable on	67825	
	Unabsorbed Depreciation	13962906	14165596
		14518553	14545909
	Net deferred tax liability (a-b)	-197967	-88096
	NOTE NO: 6 SHORT TERM BORROWINGS		
1	<u>Secured</u>		
	<u>Loans repayable on demand</u>		
	<u>From Bank of India</u>		
a	Cash Credit Account	23062173	24026145
b	Packing Credit Account	2277419	3204078
		25339592	27230223
	(Secured against hypothecation of Raw Materials, Work in Process, Finished Goods and Receivables)		
	(The above limits are collaterally secured by Equitable Mortgage of Land and Building situated at L/3,Chikhalthana, MIDC Indl Estate, Aurangabad) and hypothecation of Plant & Machinery not acquired under Term Loans from Bank of India.		
2	<u>Un-secured</u>		
a	Loans & Advances from related parties	500000	1400292
b	Sales Tax Loan from Govt. of Maharashtra	0	14502
		500000	1414794
		25839592	28645017
	NOTE NO: 7 TRADE PAYABLES		
a	<u>Other than Acceptances</u>		
	<u>For Materials/Goods</u>	13237410	11383449
	<u>For Expenses</u>	5075106	3529850
		18312516	14913299
	Sundry Creditors due to Micro and SMEs exceeding Rs. 1 lakh.	N.A.	N.A.



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Notes forming part of the Accounts (Contd.)

Sr. No	Particulars	As at 31.03.2014 ₹	As at 31.03.2013 ₹
	NOTE NO: 8 OTHER CURRENT LIABILITIES		
	<u>Current maturities of long-term debt</u>		
	<u>(Secured)</u>		
	<u>From Bank of India</u>		
a	Term Loans	18815702	14972593
b	Term Loans (interest accrued and due)	787995	
c	Car Loan	138392	150229
	Refer Note No: -4- Long Term Borrowings for details of securities.	19742089	15122822
	<u>Others Payables</u>		
c	Statutory dues	1584014	1451525
d	Capital Creditors	27937	101459
e	Advance/ credit balance of Customers	418638	1788614
		21772678	18464420
	NOTE NO: 9 SHORT TERM PROVISIONS		
a	<u>Provision for Employee Benefits</u>		
1	Salary & Reimbursements	6595705	2776729
2	Contribution to PF	134157	103421
3	Leave Encashment	752319	664794
		7482181	3544944
b	<u>Provision for Taxation</u>		
1	Income Tax	0	0
		7482181	3544944



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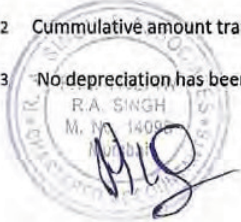
forming part of the Accounts (Contd.)

TE No. - 10 - FIXED ASSETS

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Value as at 01.04.2013	Additions	Deductions	As at 31.03.2014	Upto 31.03.2013	For the year	Deductions	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
I. Tangible Assets										
A. Leasehold Land	5338777	0	0	5338777	1284490	73714	0	1358204	3980573	4054287
B. Factory & Office Building	8732191	0	0	8732191	3791231	291655	0	4082886	4649305	4940960
C. Plant and Equipment	221033664	2758619	0	223792283	95261830	12632944	0	107894774	115897509	125771834
D. Office Equipment	914484	151599	0	1066083	495802	42848	0	538650	527433	418682
E. Furnitures & Fixtures	5816505	0	0	5816505	2370200	358813	0	2729013	3087492	3446305
F. Vehicles	1184921	0	0	1184921	690354	128043	0	818397	366524	494567
G. Computer	9913962	187091	0	10101053	9654446	279925	0	9934371	166682	259516
SUB TOTAL (I)	252934504	3097309	0	256031813	113548353	13807942	0	127356295	128675518	139386151
II. Intangible Assets										
1. Computer Software	670000	45506	0	715506	217214	113174	0	330388	385118	452786
SUB TOTAL (II)	670000	45506	0	715506	217214	113174	0	330388	385118	452786
Total [I + II] (Current Year)	253604504	3142815	0	256747319	113765567	13921116	0	127686683	129060636	139838937
(Previous Year)	259604949	3022373	9022818	253604504	99430642	15149315	814390	113765567	139838937	

Note :

- The Gross Block of Fixed Assets as at 31.03.2014 include Rs. 339.21 lacs (PY Rs. 339.21) 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.
- Cummulative amount transferred on account of depreciation on revaluation 282.10 lacs (net of adjustment /deduction on account of sale of land).
- No depreciation has been charged on assets not in use.



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Notes forming part of the Accounts (Contd.)

Sr. No	Particulars	As at 31.03.2014 ₹	As at 31.03.2013 ₹
	NOTE No: 11 LONG TERM LOANS AND ADVANCES		
a	Security Deposits		
	Un-secured, considered good	584450	583640
b	Deposit for Customs' Appeal - Capital item	200500	200500
c	MAT Credit Entitlements	1390424	1390424
		2175374	2174564
	NOTE NO: 12 OTHER NON CURRENT ASSETS		
	Pre-liminary Expenses	424495	565993
	NOTE NO: 13 INVENTORIES		
a	Raw Materials At Cost	12298344	14953562
	Goods in Transit At Cost	0	878149
		12298344	15831711
b	Work-in-Progress At Cost	4842540	2772596
c	Finished Goods At Cost or Realisable value whichever is lower	4750027	6744472
	Internally Manufactured		
d	Stores & Spares At Cost	2787433	2456778
e	Loose Tools At Cost	1300543	500390
f	Machinery Spares At Cost	439956	879913
g	Scraps At Realisable value	475125	104615
		26893968	29290475



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Notes forming part of the Accounts (Contd.)

Sr. No	Particulars	As at 31.03.2014 ₹	As at 31.03.2013 ₹
	NOTE NO: 14 TRADE RECEIVABLES		
a	Outstanding for a period exceeding six months from the date they are due for payment		
	Unsecured, considered good	3149657	799413
	Unsecured, considered doubtful	0	0
		3149657	799413
b	Outstanding for a period less than six months from the date they are due for payment		
	Unsecured, considered good	23938215	27216086
	Unsecured, considered doubtful		0
		23938215	27216086
		27087872	28015499
	NOTE NO: 15 CASH AND CASH EQUIVALENTS		
	Cash and Cash Equivilant		
i	Cash on Hand	63630	79699
ii	<u>Balances with Banks</u>		
	In Current Accounts	2128760	2624307
iii	<u>Other Bank Balances</u>		
	In earmarked deposit for BG margin(EPCG)	2070000	2070000
		4262390	4774006
	NOTE NO: 16 SHORT TERM LOANS AND ADVANCES		
a	Loans and advances to Employees	30941	64123
b	Prepaid Expenses	110031	191123
c	<u>Balances with Govt Authorities</u>		
	Balance with Excise Authorises	138124	290098
	Balance with Income Tax Authorises	191911	1024497
		330035	1314595
d	<u>Other loans and advances</u>	6426234	426215
		6426234	426215
		6897241	1996056
	NOTE NO: 17 OTHER CURRENT ASSETS		
	Interest Accrued on TDR/MSEB Deposit	477063	287021
		477063	287021

Notes forming part of the Accounts (Contd.)

Sr. No	Particulars	FY - 13-14 ₹	FY - 12-13 ₹
	NOTE NO: 18 REVENUE FROM OPERATIONS		
a)	SALES		
	Gear Hobs	86101843	83811601
	Milling Cutters	9771113	14031124
	Spline Gauges	13143895	11346821
		109016851	109189546
	<u>Less : Sales Return</u>		
	Gear Hobs	1490809	1108427
	Cuttters	181719	401400
	Spline Gauges	313852	219871
		1986380	1729698
		107030471	107459848
	Add: Central Excise Duty & ED. Cess Collected	9399083	10946728
	Gross Sales	116429554	118406576
b)	Other Operating Revenues		
	Job Work Charges	5337482	4482751
	Add :Service Tax collected on Job Work	642323	539609
	Scrap /Misc. Sales	798270	1534261
		6778075	6556621
	Total (a+ b)	123207629	124963197
	includes export of Rs.	31476057	19924994
	NOTE NO: 19 OTHER INCOME		
	Profit on Sales of Fixed Assets	0	115457
	FX Gain on Return of Machinery (net of expenses)	0	178627
	Misc. Receipts/write-off(net)	-35128	31032
	Interest Received	241858	213181
	Interest on Income Tax Refund	68943	0
	Net FX Gain/(Loss) on Transactions and Translations	-399411	131779
	Bad Debt Recovered	157396	148519
		33658	818595



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Notes forming part of the Accounts (Contd.)

Sr. No	Particulars	FY - 13-14 ₹	FY - 12-13 ₹
	NOTE NO: 20 COST OF RAW MATERIALS CONSUMED		
A.	Cost of Raw Material Consumed		
	Inventory at the beginning of the year	15831711	15357791
	Add : Purchase (net of returns, cenvat + freight & octroi)	26558908	29037184
	Less : Inventory at the end of the year	12298344	15831711
		30092275	28563264
	Details of Raw Material Consumption		
		13-14	12-13
		Qty in MT	Qty in MT
a)	Import	5610.6 22.59%	3086 12.15%
		9916341 32.95%	3799536 13.30%
c)	Indigenous/ Local purchase	19222 77.41%	22311 87.85%
		20175935 67.05%	24763728 86.70%
		24833	25397
		100.00%	100.00%
		30092276	28563264
		100.00%	100.00%
B.	Changes in Inventories		
a	Inventories at the end of the year:		
	Finished Goods	4750027	6744472
	Work-in-Progress	4842540	2772596
	Scrap	475125	104615
		10067692	9621683
b	Inventories at the beginning of the year:		
	Finished Goods	6744472	6676265
	Work-in-Progress	2772596	2683244
	Scrap	104615	637000
		9621683	9996509
	Net (Increase)/Decrease	-446009	374826
	NOTE NO: 21 EMPLOYEE BENEFITS EXPENSE		
a	Salaries, Wages & Allowances	28004842	24309823
b	Contribution to Provident and Other Funds	1306303	1265108
c	Gratuity Fund Contribution	383339	348268
d	Staff Welfare Expenses	1927129	1727138
		31621613	27650337



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Notes forming part of the Accounts (Contd.)

Sr. No	Particulars	FY - 13-14 ₹	FY - 12-13 ₹
	NOTE NO: 22 FINANCE COST		
a)	Interest expense on:		
	Borrowings from Bank (WC + TL)	12820502	13065342
	Borrowings from Others	0	283021
b)	Other borrowing costs	474825	520014
		13295327	13868377
	NOTE NO: 23 DEPRECIATION AND AMORTIZATION EXPENSE		
	Depreciation	13921116	15149315
	Less : Transferred from Revaluation Reserve	197862	197862
		13723254	14951453
	Preliminary Expenses W/off	141498	209444
		13864752	15160897
	NOTE NO: 24 OTHER EXPENSES		
a	Manufacturing Expenses		
	Consumption of Stores Etc	3013321	3004752
	Consumption of Tools and Spares	755300	741133
	Consumption of Packing Materials	731623	657985
	Excise Duty	9422711	10965643
	Service Tax	669080	539611
	Increase /(decrease) of Excise Duty on Finished Goods	-219396	7503
	Labour Charges (Mfg.)	4316226	4032926
	Power and Fuel	4364198	4453291
	Repairs and Maintenance - Buildings	104271	0
	Repairs and Maintenance - Machinery	1243800	920511
		24401134	25323354
b	Administrative & Other Expenses		
	Travelling and Conveyance	2489331	2055954
	Sales Commission	5304247	5890447
	Consignment Expenses	2783517	2056756
	Legal and Professional	2087801	2364908
	Miscellaneous Expenses	5012742	4566092
		17677638	16934157
	Total	42078772	42257511
	NOTE NO: 25 EXTRAORDINARY ITEMS		
	Prior Period Income		
a	LBT Refund Receivables - FY -10,11,12 & 13	-5304000	
b	Industrial Promotion Subsidy Refund Receivables - FY 13	-669000	
c	Excess bonus provision written back FY - 13	-156113	
d	Industrial Promotion Subsidy Refund Received FY- 10,11 & 12	-2171000	
	Prior Period Expenses		
a	Salaries, Wages & Allowances	1514217	0
b	Staff Welfare Expenses	37474	0
		-6748422	0



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Jainex Aamcol Limited

Notes forming part of the Accounts (Contd.)

Sr. No	Particulars	FY 2013-14 ₹	FY 2012-13 ₹
	NOTE NO: - 26- ADDITIONAL INFORMATION		
1	CONTINGENT LIABILITIES AND COMMITMENTS (To the extent not provided for)		
a)	Contingent Liabilities	0	0
	(i) Claims against the company not acknowledged as debt		
	(ii) Guarantees		
	Bank Guarantee valid upto 28/09/2021 against EPGC Licence issued by Bank of India against export obligations to be fulfilled in 6 yrs commencing from FY 12. The said guarantee is equivalent to 15% of duty saved amount of Rs. 119.49 lacs for import of 3 Machines (now reduced to two machines) under export obligation against which 100% margin by way of TDR (i.e. 15% of Rs. 119.49 lacs equivalent to Rs. 17.92 lacs but rounded to Rs. 20.70 lacs) is held by bank.	2070000	2070000
	(iii) A Bond of Rs. 335 lacs in the form of undertaking dated 27/09/2011 is given by the Company under said EPGC No. 03330030577 dated 15/09/2011 in favour of President of India account custom towards duty saved plus interest for 10 years at 18% p.a. in case if there is a short fall in meeting the export obligations. (Net of export obligation fulfilled in FY 12, FY 13 & FY14, balance Export obligations of USD 467480 to be fulfilled in 3 years by FY -17)	13147381	23400000
		15217381	25470000
b)	Commitments		
	(i) Commitment pending on capital accounts - net of advance	Nil	Nil
	(ii) Uncalled liability on shares and other investments partly paid	Nil	Nil
	(iii) Other commitments (specify nature)	Nil	Nil
		0	0
		15217381	25470000
2	Payment to Auditors		
	a) As Auditor	50000	40000
	b) For Tax Audit Fees	15000	10000
	c) For Taxation & Other Matters	10000	10000
	d) For Banking Matters	25000	25000
	e) Service Tax	12360	10506
		112360	95506



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Recd

Jainex Ammcol Limited

Notes forming part of the Accounts (Contd.)

Sr. No	Particulars	FY 2013-14 ₹	FY 2012-13 ₹
3	<u>CIF Value of Imports</u>		
	i. Raw Materials;	8989638	5836147
	ii. Components and Spare Parts;	439966	49410
	iii. Capital Goods;	0	146535
		9429604	6032092
4	<u>Expenditure in Foreign Currency</u>		
	Travelling	115068	103751
5	<u>Earning in Foreign Exchange</u>		
	Export of goods calculated on FOB basis	31476057	19924994
6	Basic & Diluted Earning Per Share (EPS) computed in accordance with Accounting Standard (AS) 20 "Earning Per Share": (In Rupees)		
	Profit after Tax	-407151	-1307407
	Number of shares subscribed	1496338	1496338
	Basic & Diluted EPS	0.0	0.0



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7 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
Employers Contribution to state governed Pension Schemes
Employers Contribution to state governed Employees State Insurance

	Rs. FY- 14	Rs. FY- 13
Employers Contribution to state governed Provident Fund	502947	450832
Employers Contribution to state governed Pension Schemes	656491	670238
Employers Contribution to state governed Employees State Insurance	573676	511550
	1733114	1632620

b) Defined benefit plan/ Long Term Compensated Absences.

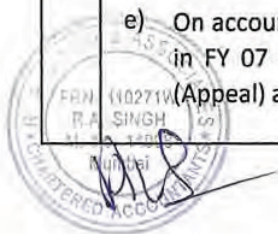
The company's Employees Gratuity Fund Scheme managed by the LIC of India is a defined plan. The present value of obligation based on actuarial valuation using the Projected Unit Credit Method is not determined and any effect thereof will be provided / accounted as and when finalized.

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 not 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.

8 Amounts not provided for

- a) Import against DALC for Rs NIL for purchase of raw materials (previous year Rs NIL).
- b) On account of claims by two ex-employees amounting to Rs. 0.37 lacs and Rs. 2.97 lacs which the company is contesting before the appropriate authority/court.
- 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 in FY 03 - 04. 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 counter blast to the FIR, the said ex-employee N. K. Chatterjee has made a claim of Rs. 50 lacs in FY 04 - 05 for his alleged terminal dues in the City Civil Court, Aurangabad which is being contested by the company.
- d) On account of penalty of Rs 1.75 lacs imposed by SEBI which is represented by the company for remission/ waiver.
- e) On account of additional custom duty demand of Rs. 7,13,812/- on a CNC machine imported in FY 07 - 08 which had been contested in appeal before the Commissioner of Customs (Appeal) and Rs. 2,00,500/- has been paid as advance against the same.



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Ravi

Notes forming part of the Accounts (Contd.)

9	<u>Realisable value</u> In the opinion of the Board, all assets other than fixed assets have a realisable value in the ordinary course of business which is not less than the amount at which it is stated.
10	The company is not required to have a Qualified Company Secretary in view of Section 383A of Companies Act, 1956.
11	<u>Confirmation of Balances</u> The balances of trade receivables, trade payables, unsecured loans and loans and advances are subject to confirmation
12	<u>Related Party Disclosures</u>
a)	<u>Related Party and their Relationship</u>
	Subsidiaries : NIL
	Associates : Jainex Foods Private Limited Jainex Limited Jainex Imports & Exports Private Limited Dugar Brothers & Company
	Key Management Personnel : Mr. B. S. Dugar (Chairman) Mr. R. Mazumdar (Ex-MD) Mr. M. Z. Kothari (Jt. MD now MD) Mr. Kunal Bafna
	Relatives of Key Management Personnel :



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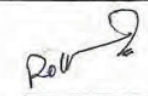
Notes forming part of the Accounts (Contd.)

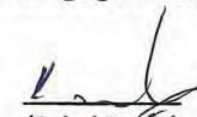
b)	Transactions with Related Party	Nature	Amount 31.03.2014	Amount 31.03.2013
	Subsidiaries :	-	Nil	Nil
	Associates/Directors :	Sitting Fees to Directors	Nil	Nil
		Interest to Director	Nil	Nil
		Payments to Body Corporates		
		Interest	0	283021
		Purchases	0	-
		Interest to Relatives of Directors	Nil	Nil
		Reimbursement of Exp. to Directors	Nil	Nil
		Payments to a Firm		
		Interest	Nil	Nil
		Purchases	Nil	Nil
		Consultancy fees	Nil	Nil
	Key Management Personnel :	Directors		
		Salary,	2222675	2263564
		Allowances, Rent etc.		-
	Relatives of Key Management Personnel :		Nil	Nil
13	Disclosure as required by Clause 32 of listing Agreement.			
	Amount of Loans/Advances in nature of loans outstanding from Subsidiaries and Associates during the year			
	Subsidiaries :		NIL	NIL
	Associates :		NIL	NIL
	Key Management Personnel :		NIL	NIL
	Relatives of Key Management Personnel :		NIL	NIL
14	Figures for previous year have been rearranged/regrouped wherever necessary.			

As per our report of even date attached
For R. A. SINGH & ASSOCIATES
CHARTERED ACCOUNTANTS

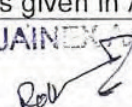
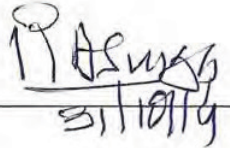
R. A. SINGH
(PROPRIETOR)
 Membership No. : 014098
 Firm Reg. No. : 110271 W
 Place :- Mumbai
 Dated :- 31st May, 2014



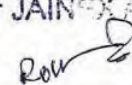
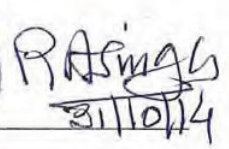

(M. Z. Kothari)
Managing Director


(Rahul Dugar)
Director

FORM A

1.	Name of the Company :	JAINEX AAMCOL LIMITED
2.	Annual financial statements for the year ended	31 st March, 2014.
3.	Type of Audit observation	As given in Annexure to Form A attached
4.	Frequency of observation	As given in Annexure to Form A attached
5.	To be signed by –	For JAINEX AAMCOL LIMITED
	Managing Director	 M.Z.Kothari Managing Director
	CFO	NA
	Auditor of the company	 R.A. Singh 31/03/14
	Audit Committee Chairman	NA

FORM B

1.	Name of the Company :	JAINEX AAMCOL LIMITED
2.	Annual financial statements for the year ended	31 st March, 2014.
3.	Type of Audit qualification	As given in Annexure to Form B attached
4.	Frequency of observation	As given in Annexure to Form B attached
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report :	As given in Annexure to Form B attached
6.	Additional comments from the board/audit committee chair :	NIL
7.	To be signed by –	For JAINEX AAMCOL LIMITED
	Managing Director	 M.Z.Kothari Managing Director
	CFO	NA
	Auditor of the company	 R.A. Singh 31/03/14
	Audit Committee Chairman	NA

JAINEX AAMCOL LIMITED

Annexure to Form A – FY 2014 - BSE

Type of Audit observation	Frequency of observation
<u>Un-qualified/Matter of Emphasis</u>	
MAIN AUDIT REPORT TO THE MEMBERS - QUALIFICATION/OBSERVATIONS - NIL	
<u>CARO Annexure to Audit Report</u> OBSERVATIONS <u>Clause No. i(a)</u> 1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets other than furniture & fixtures and office equipments.	Repetitive since long
<u>Clause No. vi</u> 2. 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/body corporates which are under exempt category and therefore compliances under the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to such deposits are not considered for compliance by the company.	Repetitive since long
<u>Clause No. vii</u> 3. In our opinion, internal audit system conducted by a professional firm was for a part of the year and thereafter the internal audit has been done internally. Such change over has no adverse impact on internal audit system of the company.	Second Time
<u>Clause No. ix(b)</u> 4. According to the information and explanations given to us, the dues set out herein below in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess have been deposited by the company with the appropriate authorities on account of disputes.	Repetitive since last four years

Name of Statute	Nature of Dues	Amount in Rs. lacs	Amount in Rs. lacs paid under protest	Period to which the amount relates	Forum where disputes is pending
Customs	Custom Duty	7.14	2.00	2008-2009	Commissioner of Customs – (Appeals)

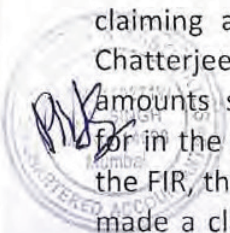


JAINEX AAMCOL LIMITED

Annexure to Form B – FY 2014 - BSE

COVERING REPLY TO ITEM 3, 4 AND 5

Type of Audit qualification	Frequency of observation	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report
<p><u>Qualified/Subject to /Except for</u></p> <p>1. 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 not determined and any effect thereof will be provided / accounted as and when finalized.</p>	<p>Repetitive since last years</p>	<p>Point No. 1.11(b) of Note No. 1 Gratuity Scheme is with LIC and payment is made/provided as per the LIC valuation and is Self Explanatory</p>
<p>2. 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 not 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.</p>	<p>Repetitive since last years</p>	<p>Point No. 1.11(c) of Note No. 1</p> <p>Since every year leave encashment is done. There is no accumulated leave balance beyond 15 days. Hence, management is of the opinion that the liability on account of leave is not significant/material.</p>
<p>3. On account of claims by two ex-employees amounting to Rs. 0.37 lacs and Rs. 2.97 lacs which the company is contesting before the appropriate authority/court.</p>	<p>Repetitive every year being in dispute</p>	<p>Point No. 8 (b) of Note No. 26 is self explanatory Not provided due to dispute in Appeal</p>
<p>4. 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 in FY 03 - 04. 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 counter blast to the FIR, the said ex-employee N. K. Chatterjee has made a claim of Rs. 50 lacs in FY 04 - 05 for his</p>	<p>Repetitive every year being in dispute /under litigation</p>	<p>Point No. 8 (c) of Note No. 26 is self explanatory/under litigation</p>



<p>alleged terminal dues in the City Civil Court, Aurangabad which is being contested by the company.</p>		
<p>5. On account of penalty of Rs 1.75 lacs imposed by SEBI which is represented by the company for remission/ waiver.</p>	<p>Repetitive every year</p>	<p>Point No. 8 (d) of Note No. 26 is self explanatory and no demand raised till date and under remission.</p>
<p>6. On account of additional custom duty demand of Rs. 7,13,812/- on a CNC machine imported in FY 07 - 08 which had been contested in appeal before the Commissioner of Customs (Appeal) and Rs. 2,00,500/- has been paid as advance against the same.</p>	<p>Repetitive every year</p>	<p>Point No. 8 (e) of Note No. 26 is self explanatory and under appeal</p>

