

**Jai  
Corp  
LIMITED**

22<sup>nd</sup>  
**ANNUAL REPORT**  
**2006 - 2007**

# HIGHLIGHTS

(Rs. in Lacs)

	2006 - 2007	2005 - 2006	2004 - 2005	2003 - 2004	2002 - 2003
Turnover & Other Income	<b>35,010.61</b>	22,064.97	30,784.14	22,844.43	23,288.67
Depreciation	<b>995.87</b>	818.52	772.40	830.26	900.25
Profit before tax	<b>7,829.45</b>	662.12	960.43	3,918.53	1,874.86
Tax for the year	<b>645.45</b>	(37.44)	118.15	1,159.31	166.07
Profit after tax	<b>7,184.00</b>	699.56	842.28	2,759.22	1,708.79
Dividend (including tax thereon)	<b>Nil</b>	Nil	Nil	Nil	Nil
Plough back including depreciation	<b>8,182.02</b>	1,518.95	1,610.84	3,590.25	2,627.87
Shareholders' Funds (Net Worth)	<b>33,884.03</b>	26,727.01	26,030.39	25,202.97	22,416.07
Debt / Equity Ratio	<b>0.21/1</b>	0.09/1	0.09/1	0.02/1	0.04/1

# JAI CORP LIMITED

22<sup>nd</sup> ANNUAL REPORT 2006 - 2007

## BOARD OF DIRECTORS

(As on 29th June, 2007)

J. K. Jain  
Chairman

Virendra Jain  
Managing Director

S. P. Jain

K. M. Doongaji

S.H. Junnarkar

D. K. Contractor

Dr. P. P. Shah

S. N. Chaturvedi

Gaurav Jain  
Executive Director & Acting Chief Financial Officer

V. S. Pandit  
Director-Works

## COMPANY SECRETARY & COMPLIANCE OFFICER

Ananjan Datta

## AUDITORS

Chaturvedi & Shah  
Chartered Accountants

## BANKERS

UTI Bank Ltd.,  
HDFC Bank Ltd.,  
Canara Bank

## REGISTERED OFFICE :

A-3, M.I.D.C. Indl. Area,  
Nanded-431 603,  
Maharashtra.

## MANUFACTURING FACILITIES AT :

- Plastic Processing Division :**  
Plot No. A-2/4, Plot No. A-2/8, Plot No. C-2/1  
M.I.D.C., Murbad, Dist. Thane, Maharashtra.  
140/1/1/1-1-140/1/1/9, Village Khadoli  
Silvassa [Dadra & Nagar Haveli (U.T.)]
- Spinnings Divisions :**  
Survey No. 246, Village Vasona,  
Silvassa [Dadra & Nagar Haveli (U.T.)]  
Survey No. 45 B, Govt. Industrial Estate, Masat,  
Silvassa [Dadra & Nagar Haveli (U.T.)]
- Sipta Coated Steels Division :**  
A-3, M.I.D.C. Indl. Area,  
Nanded, Maharashtra.
- Comet Steels Division :**  
A-4, M.I.D.C. Indl. Area,  
Nanded, Maharashtra.

## REGISTRARS & TRANSFER AGENT

KARVY COMPUTERSHARE PVT LIMITED

"KARVY HOUSE"  
46, Road No. 4, Street No. 1,  
Banjara Hills, Hyderabad - 500 034.  
Tel. : 040-23312454/23320251/751/752  
Fax : 040-23311968  
E-mail : psrchmuthy@karvy.com

**NOTICE**

NOTICE is hereby given that the Twenty-Second Annual General Meeting of the Members of Jai Corp Limited will be held on Friday the 14th day of September, 2007 at 2:00 p.m. at the Registered Office of the Company at A-3, MIDC Industrial Area, Nanded- 431 603, Maharashtra to transact the following businesses :

**AS ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2007, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Satya Pal Jain, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Sandeep H. Junnarkar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Praveen P. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors who shall hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

**AS SPECIAL BUSINESS:**

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the appointment of Shri Virendra Jain as the Managing Director of the Company for a period of 5(five) years with effect from 4th January, 2007 upon the terms and conditions, including remuneration and minimum remuneration as set out in the Agreement to be entered into between the Company and Shri Virendra Jain, a draft whereof as placed before this meeting is hereby specifically approved with the authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement so long as the same is within the limits specified under Sections 198, 269, 309, 310 and Schedule XIII to the Companies Act, 1956 or any statutory modification or re-enactment thereof, for the time being in force, or any amendment thereto, as may be agreed between the Board of Directors and Shri Virendra Jain;

**RESOLVED FURTHER THAT** the amount of remuneration to Shri Virendra Jain in a financial year shall not exceed the ceiling of 5% of the net profits of that financial year and 10% of the net profits to all such managerial personnel taken together in that financial year as laid down in Schedule XIII to the Companies Act, 1956;

**RESOLVED FURTHER THAT** in the event of any statutory amendment, modification, and/or relaxation by the Central Government to the Schedule XIII or to any of the Sections of the Companies Act, 1956, the Board of Directors be and are hereby authorized to vary or increase the remuneration within such prescribed limit and the aforesaid Agreement between the Company and Shri Virendra Jain be suitably amended to give effect to such amendments, modifications, relaxations and/ or variations without any further reference to the Company in a General Meeting;

**RESOLVED FURTHER THAT** till such time Shri Virendra Jain continues to remain the Managing Director he shall not be liable to retire by rotation;

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to take such steps as may be necessary, proper and expedient to give effect to this resolution.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the appointment of Shri V.S. Pandit as the Director Works of the Company for a period of 5(five) years with effect from 1st April, 2007 upon the terms and conditions, including remuneration and minimum remuneration as set out in the Agreement to be entered into between the Company and Shri V.S.Pandit, a draft whereof as placed before this meeting is hereby approved with the authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement so long as the same is within the limits specified under Sections 198, 269, 309, 310 and Schedule XIII to the Companies Act, 1956 or any statutory modification or re-enactment thereof, for the time being in any force, or any amendment thereto, as may be agreed between the Board of Directors and Shri V.S.Pandit;

**RESOLVED FURTHER THAT** the amount of remuneration to Shri V.S.Pandit in a financial year shall not exceed the ceiling of 5% of the net profits of that financial year and 10% of the net profits to all such managerial personnel taken together in that financial as laid down in Schedule XIII to the Companies Act, 1956;

**RESOLVED FURTHER THAT** in the event of any statutory amendment, modification, and/or relaxation by the Central Government to the Schedule XIII or to any of the Sections of the Companies Act, 1956, the Board of Directors be and are hereby authorized to vary or increase the remuneration within such prescribed limit and the aforesaid Agreement between the Company and Shri V.S.Pandit be suitably amended to give effect to such amendments, modifications, relaxations and / or variations without any further reference to the Company in a General Meeting;

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to take such steps as may be necessary, proper and expedient to give effect to this resolution.”

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded that each equity share of the face value of Rs. 10/- each of the Company be and is hereby sub-divided into 10 equity shares of the face value of Re. 1/- each and that the sub-divided authorised share capital of the Company be and is hereby increased and re-classified from Rs.25,00,00,000/- (Rupees Twenty five crores only) divided into 2,00,00,000 (two crores) equity shares of Rs. 10/- (Rupees ten only) each, 1% 15,000 (Fifteen thousand) Non-Cumulative Non-Participating Redeemable Preference Shares of Rs.100/- (Rupees One hundred only) each and 4,85,000 (Four lakh eighty five thousand) unclassified shares of Rs.100/- (Rupees One hundred only) each to Rs. 50,00,00,000 (Rupees Fifty Crore) divided into 45,00,00,000 (Forty five Crore) equity shares of Re. 1/- (Rupee One) each and 1% 15,000 Non-Cumulative Non-Participating Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred Only) each and 4,85,000 (Four Lacs Eighty five Thousand) unclassified shares of Rs. 100/- (Rupees Hundred) each with power to the Board to decide on the extent of variation in such rights;

**RESOLVED FURTHER THAT** the share certificates in relation to such of the issued equity shares of the Company as are in physical form be cancelled and fresh certificates be issued in lieu thereof with regard to the sub-divided equity shares in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 and in the case of shareholders who hold the equity shares/opt to receive the

sub-divided equity shares in dematerialised form, the sub-divided equity shares shall be credited to the respective beneficiary accounts of the shareholders with the respective Depository Participants in lieu of the equity shares presently credited to such accounts;

**RESOLVED FURTHER THAT** the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following as new Clause V;

“V. The Authorised Share Capital of the Company is Rs. 50,00,00,000 (Rupees Fifty Crores) divided into 45,00,00,000 (Forty five Crores) equity shares of Re. 1/- (Rupee One only) each and 1% 15,000 (Fifteen Thousand) Non-Cumulative Non-Participating Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred Only) each and 4,85,000 (Four Lacs Eighty five Thousand) unclassified shares of Rs. 100/- (Rupees Hundred) each with rights, privileges and conditions as provided by the Company's Articles of Association for the existing share capital, subject to increase or decrease in accordance with the Company's regulations and legislative provisions for the time being in force in this behalf, and with power to divide the shares in the Capital for the time being into equity share capital, preference share capital with or without voting rights as may be permissible at law, and to attach thereto respectively, any preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the provisions of the Companies Act, 1956 and the regulations of the Company, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.”

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as it may in its absolute discretion deem necessary and to settle any question that may arise in this regard:”

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 31 and all other applicable provisions if any, of the Companies Act, 1956 (including any statutory modification amendment thereto or re-enactment thereof for the time being in force), the existing Article 2 of the Articles of Association of the Company be substituted by the following as new Article 2 :-

“2. The Authorised Share Capital of the Company is Rs. 50,00,00,000 (Rupees Fifty Crores) divided into 45,00,00,000 (Forty-five Crores) equity shares of Re. 1/- (Rupee One only) each and 1% 15,000 (Fifteen Thousand) Non-Cumulative Non-Participating Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred Only) each and 4,85,000 (Four Lacs Eighty Five Thousand) unclassified shares of Rs. 100/- (Rupees Hundred only) each with rights, privileges and conditions as provided by the Company's Articles of Association for the existing share capital, subject to be increased or decreased in accordance with the Company's regulations and legislative provisions for the time being in force in this behalf, and with power to divide the Shares in the Capital for the time being into equity share capital, preference share capital with or without voting rights as may be permissible at law, and to attach thereto respectively, any preferential qualified or special rights, privileges or conditions as may be determined by or in accordance with the provisions of the Companies Act, 1956 and the regulations of the Company, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby

authorised to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard.”

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** a sum of Rs. 862.91 lakhs out of the Company's Share Premium Account forming a part of the reserves and surplus of the Company be capitalised and that the said sum so capitalised be applied in creating and issuing at par 86,26,940 new Equity Shares of the Rs.10/- each or 8,62,69,400 new Equity Shares of Re.1/- each credited as fully paid up (hereinafter referred to as the “said Bonus Shares”) in the share capital of the Company and the said Bonus Shares be appropriated as capital and not as income and allotted and distributed as fully paid up Bonus Shares to and amongst the persons registered in the Register of Members as holders of the existing Equity Shares of the Company or as beneficial owners of shares in the records of the Depositories appointed by the Company in the proportion of 1(one) number of new Equity Share for every 1 (one) number of existing Equity Share held by such Member as on a date to be hereafter determined by the Board (the “Record Date”);

**RESOLVED FURTHER THAT** such new Equity Shares distributed as Bonus Shares shall rank *pari passu* in all respects with the existing fully paid Equity Shares of the Company;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or expedient.”

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** the Board of Directors (hereinafter referred to as “the Board”) which term shall be deemed to include any Committee which the Board may constitute for this purpose), be and is hereby authorized, in accordance with Section 293(1)(d) of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Company, to borrow any sum or sums of money (including external commercial borrowings in foreign denominated currencies from any foreign sources / countries as prescribed by guidelines, if any, in this respect) from time to time at their discretion, for the purpose of the business of the Company, from any one or more banks, financial institutions and other persons, firms, bodies corporate, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may, at any time, exceed upto a sum of Rs. 2500,00,00,000 (Rupees Two Thousand and Five Hundred Crores only) over and above the aggregate of the paid - up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) and that the Board of Directors be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable and expedient to give effect to this resolution.”

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** the consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations over such of the assets of the Company, both present and future or the whole or substantially the whole of any undertaking of the Company or any part thereof, together with power to take over the management thereof in certain events of default in such form and manner with such ranking as to priority and at such times and on such terms as may be decided by the Board of Directors in favour of financial institutions/banks/other lenders / trustees for the holders of debentures / bonds / other instruments which may be issued to and subscribed by the financial institutions / banks / other lenders by way of private placement or otherwise, to secure loans, debentures, bonds or other instruments of an amount not exceeding in the aggregate Rs.2500 crores (Rupees Two thousand and five hundred crores only) together with interest thereon at the respective agreed rates, costs and all other moneys, expenses and fees payable by the Company to the aforesaid parties or any of them under the agreements / arrangements entered into / to be entered into by the Company in respect of the said loans, debentures, bonds or other instruments;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to finalise with the aforesaid parties, the documents for creating the mortgages, charges and hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, proper, desirable or expedient for the purpose of giving effect to this resolution.”

13. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions contained in Section 372A and all other applicable provisions, if any, of the Companies Act 1956 or any other law for the time being in force (including any statutory modification or re-enactment thereof for the time being in force) and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, the prior consent of the Company be and is hereby accorded to Board of Directors to acquire by way of subscription, purchase or otherwise the securities of the companies for an amount not exceeding in aggregate Rs.1000 crores (Rupees One thousand crores) engaged in infrastructure and allied sectors including investments in equity shares of Mumbai SEZ Limited, Rewas Ports Limited and Urban Infrastructure Holding Private Limited notwithstanding the fact that the proposed investments together with investments already made by the Company exceed the higher of 60% of the paid up share capital and free reserves of the Company or 100% of its free reserves;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred on the Board to any Committee of Directors or the Managing Director or any Director(s) of the Company to give effect to the aforesaid resolution;

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board / Committee/ Managing Director / Director(s) be and is hereby authorized to agree, make and accept all such terms(s), condition(s) modification(s) and alteration(s) as it/he may deem fit, including condition(s), modification(s) and alteration(s) stipulated or required by any relevant authorities or by their bye-laws, rules, regulations, or guidelines, and the Board is also hereby authorized to resolve and settle all questions, difficulties or doubts that may arise

in regard to such investment and to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental as the Board / Committee/ Managing Director / Director(s) in its/his absolute discretion may deem fit without being required to seek any further consent or approval of the Company or otherwise to the end and intent that they/he shall be deemed to have given approval thereto expressly by the authority of this resolution.

14. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** in accordance with the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956, as also provisions of any other applicable laws, rules and regulations (including any statutory modifications thereto or re-enactment thereof for the time being in force) and the enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and SEBI guidelines for Qualified Institutions Placement (QIP) specified under Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and subject to such approvals, consents, permissions and sanctions of such statutory and/or regulatory authorities as may be applicable and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (‘Board’ which term shall be deemed to include any Committee which the Board may have constituted or hereafter may constitute for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board of Directors of the Company to create, offer, issue and allot in one or more placements/ tranches to Qualified Institutional Buyers (QIB) as defined under sub-clause (v) of Clause 2.2.2B of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, equity shares for an aggregate sum not exceeding 25% of the post issued paid-up capital of the Company through placement document at such time or times at a price to be determined in accordance with Clause 13A.3 of SEBI guidelines for Qualified Institutions Placement specified under Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000;

**RESOLVED FURTHER THAT** in accordance with Clause 13A.2.2 of Chapter XIII-A of SEBI (Disclosure and Investor Protection) Guidelines, 2000, a minimum of 10% of the securities issued pursuant to said guidelines shall be allotted to mutual funds and if no mutual fund is agreeable to take up the minimum portion or any part thereof then such minimum portion or part thereof may be allotted to other QIBs;

**RESOLVED FURTHER THAT** the relevant date for the QIP as per the Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended up to date, for determination of the applicable price for the allotment of Equity Shares and/or shares arising out of conversion of securities is 15.08.2007 i.e. the day 30 days prior to the date the general meeting at which this resolution is considered;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the authorities involved in such issues subject to such conditions as the SEBI/GOI/RBI or such other appropriate authorities may impose at the time of their approval and as agreed to by the Board;

**RESOLVED FURTHER THAT** the Board is also authorized to appoint, and enter into and execute all such arrangements/ agreements with any Merchant Bankers / Advisors/Registrars and all such agencies as may be involved including by way of payment of commission, brokerage, fees, expenses incurred in cash or otherwise in relation to the issue of securities and other expenses, if any, or the like;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to finalise the mode and the terms of issue and allot such number of equity shares as may be necessary in accordance with the terms of issue and/or placement document and all such shares will rank *pari passu* with the existing equity shares of the Company in all respects;

**RESOLVED FURTHER THAT** for the purpose aforesaid, the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of shares and utilization of proceeds, as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this Resolution;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred in such manner as they may deem fit.”

15. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** in accordance with the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956, as also provisions of any other applicable laws, rules and regulations (including any statutory modifications thereto or re-enactments thereof for the time being in force) and the enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and the SEBI (Disclosure and Investor Protection) Guidelines, 2000, and subject to such approvals, consents, permissions and sanctions of such statutory and/or regulatory authorities as may be applicable and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (‘Board’ which term shall be deemed to include any Committee which the Board may have constituted or hereafter may constitute for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot by way of public issue, with or without provision for reservation on firm and / or competitive basis of such part of issue and for such categories of persons as may be permitted in the course of one or more public offerings in domestic market(s), equity shares to all eligible investors, including residents and/or non-residents and/or institutions / banks and/or incorporated bodies and/or individuals and/or trustees and/or stabilizing agent or otherwise and whether or not such investors are members of the Company, through one or more prospectus and/or letter of offer for all shares so issued and allotted could give rise to the issue of an aggregate sum not exceeding 25% of the post issued paid-up capital of the Company , such issue and allotment to be made at such time or times in one or more tranche or tranches, at such price or prices, at market price(s) or at a discount or premium to market price(s), in such manner and where necessary in consultation with the Book Running Lead Managers and/or Underwriters and/or other Advisors or otherwise on such terms and conditions, including issue of shares as fully or partly paid, making of calls and manner of appropriation of application money or call money in respect of different class(es) of investor(s) and/or in respect of different securities as the Board may in its absolute discretion decide at the time of issue of the securities;

**RESOLVED FURTHER THAT** the Board is also authorised to appoint, and enter into and execute all such arrangements/ agreements with any Merchant Bankers / Advisors/Registrars and all such agencies as may be involved including by way of payment of commission, brokerage, fees, expenses incurred in cash or otherwise in relation to the issue of securities and other expenses, if any, or the like;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to finalise the mode and the terms of issue and allot such number of equity shares as may be necessary in accordance with the terms of issue and all such shares will rank *pari passu* with the existing equity shares of the Company in all respects;

**RESOLVED FURTHER THAT** for the purpose aforesaid, the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of shares and utilization of proceeds, as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred in such manner as they may deem fit.”

16. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to Section 81(1 A) , if any, and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and enabling provisions of the Memorandum and the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the provisions of the applicable rules, regulations, guidelines or laws and subject to any approval, consent, permission or sanction of the Central Government, Reserve Bank of India and any other appropriate authority, institution or body (hereinafter collectively referred to as the “appropriate authorities”), and subject to such conditions and modifications as may be prescribed by any one of them while granting any such approval, consent, permission, and / or sanction which may be agreed to by the Board of Directors of the Company (hereinafter called the “Board” which term shall be deemed to include any committee which the Board may have constituted or hereafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot, in international offering any security including Global Depository Receipts and / or American Depository Receipts convertible into equity shares, preference shares whether cumulative / redeemable / convertible at the option of the Company and / or the option of the holders of the security and / or securities linked to equity shares / preference shares and /or any instrument or securities representing convertible securities such as foreign currency convertible bonds debentures or warrants convertible into depository-receipts underlying equity shares/ equity shares / preference shares, (hereinafter referred to as the “Securities”) to be subscribed by foreign/domestic investors/institutions and/or corporate bodies/entities including mutual funds, banks, insurance companies and / or individuals or otherwise, whether or not such persons/entities/ investors are members of the Company whether in one or more currency, such issue and allotment to be made at such time or times in one or more tranche or tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in Its absolute discretion think fit, in consultation with the lead managers, underwriters, advisors or other intermediaries for an aggregate sum not exceeding 25% of the post issued paid-up capital of the Company;

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the aforesaid issue of securities may have all or any terms or combination of terms including conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever, and all such other terms as are provided in securities offerings of this nature including

terms for issue of such securities or variation of the conversion price the security during the duration of the securities and the Company is also entitled to enter into and execute all such arrangements as the case may be with any lead managers, managers, underwriters, bankers, financial institutions, solicitors, advisors, guarantors, depositories, custodians and other intermediaries in such offerings of securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or payment of their remuneration for their services or the like, and also to seek the listing of such securities on one or more stock exchanges including international stock exchanges, wherever permissible;

**RESOLVED FURTHER THAT** the Company may enter into any arrangement with any agency or body authorised by the Company for the issue of securities in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the domestic and/or international practice and regulations, and under the norms and practices prevalent in securities markets;

**RESOLVED FURTHER THAT** for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same as described above, the Board any Committee thereof be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion deem necessary or desirable for such purpose with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit;

**RESOLVED FURTHER THAT** for the purpose aforesaid, the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage /charge under Section 293(1)(a) of the said Act in respect of the aforesaid securities either on *pari passu* basis Otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this Resolution;

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or the Chairman or any other officers /authorised representatives of the Company to give effect to the aforesaid resolution."

17. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Companies Act, 1956 and all other applicable rules, regulations, guidelines and laws (including any statutory modification or re-enactment thereof for the time being in force) and subject to all requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions, which may be agreed to by the Board of Directors of the Company and/or a duly authorized Committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as "the Board"), the consent of the Company be and is hereby accorded for investments by Foreign Institutional Investors including their sub-accounts (hereinafter referred to as "the FIIs"), in the shares of the Company, by purchase or acquisition from the market under the Portfolio Investment Scheme under FEMA, subject to the condition that the total holding of all FIIs put together shall not exceed 49% of the paid up equity share capital outstanding at any point of time;

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

18. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** in accordance with the provisions of Section 81, if any, and all other applicable provisions of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable law and regulation, the Articles of Associations of the Company and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval (s), permission(s) and sanction(s) of any authority and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors (hereinafter referred to as "the Board" which term shall include 'Employees Stock Compensation Committee' of the Board ) consent of the Company be and is hereby accorded to the Board to grant, offer and issue in one or more tranches or tranches , to such permanent employees of the Company whether working in India or abroad and Directors of the Company whether Whole time Director or otherwise ( hereinafter referred to as the "Employees"), as may be decided by the Board, options exercisable by the Employees under a Scheme titled "Employees Stock Option Scheme " (hereinafter referred to as "the Scheme") to subscribe to such number of equity shares and/or equity linked instruments which could give rise to the issue of equity shares (hereinafter referred to as the "the securities")of the Company not exceeding 2,50,000 equity shares of the face value of Rs.10/- each or such other number of equity shares of equivalent value as may arise after giving effect to any corporate action like split, bonus etc. in one or more tranches, at such price and on such terms and conditions and inter alia, on the terms and conditions as may be determined by the Board in accordance with the Guidelines or any other applicable provisions as may be prevailing at that time;

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to formulate, evolve, decide upon and bring into effect such Scheme on such terms and conditions as contained in Explanatory Statement to this item in the Notice and to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in terms and conditions of the Scheme from time to time including but not limited to amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the Scheme;

**RESOLVED FURTHER THAT** the Equity Shares may be allotted in accordance with the Scheme either directly or through a trust which may be set up in any permissible manner and that the Scheme may also envisage for providing any financial assistance to the Trust to enable the trust to acquire, purchase or subscribe to the Equity Shares of the Company;

**RESOLVED FURTHER THAT** any new equity shares to be issued and allotted as aforesaid shall rank *pari passu* interse with the then existing equity shares of the Company in all respects;

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps for listing the equity shares allotted under the Scheme on the stock exchanges where the equity shares of the Company are listed as per the provisions of the Listing Agreements with the stock exchanges concerned, the Guidelines and other applicable laws and regulations;



**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any question, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

19. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"**RESOLVED THAT** in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable law and regulation, the Articles of Associations of the Company and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval (s), permission(s) and sanction(s) of any authority and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors (hereinafter referred to as "the Board" which term shall include 'Employees Stock Compensation Committee' of the Board) consent of the Company be and is hereby accorded to the Board extend the benefit of the Employees Stock Option Scheme referred to in the resolution under Item No. 18 in this Notice and duly passed at this meeting, also to such permanent employees of the subsidiaries companies of the Company whether working in India or out of India and Directors of the subsidiaries companies whether Whole time Directors or otherwise, as may be decided by the Board and/or such other persons, as may from time to time, be allowed under prevailing laws and regulations on such terms and conditions as may be decided by the Board;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any question, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

By Order of the Board of Directors

Mumbai,  
9th August, 2007.

A.Datta  
Company Secretary

**NOTES :**

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. The instrument appointing a proxy or Power of Attorney, if any, under which it is signed should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid meeting.
3. The Register of Members and Share Transfer Books will remain closed from Thursday, the day of 16th September, 2007 to Friday, the 24th day of September, 2007 (both days inclusive).

4. The amount of un-paid/un-claimed dividend for the financial year ended upto 1999-00 has been transferred to the Investor Education & Protection Fund. Un-paid/ un-claimed dividend for the year 2000-01 will be transferred to the Investor Education & Protection Fund on or after the date mentioned hereunder pursuant to the provisions of Section 205A of the Companies Act, 1956:

Un-paid Dividend 2000-01: 06-11-2008.

The members who have not en-cashed their dividend warrant/s are requested to make their claims to the Company's Registrar & Transfer Agent, Messrs Karvy Computershare Private Limited. It may be noted that once the un-paid dividend is transferred to the aforesaid Fund, no claim shall lie with the Company and/or the Fund in respect of such amount.

5. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company's Registrar & Transfer Agent, Messrs Karvy Computershare Private Limited details of such folios together with the share certificates for consolidating their holding in one folio. The share certificates will be returned to the Member/s after making requisite changes thereon.
6. Non-resident Indian shareholders are requested to inform the Company immediately:-
  1. Change in residential status on return to India for permanent settlement.
  2. Particulars of NRE Bank Account maintained in India.
  3. Copy of Reserve Bank of India permission.
7. Consequent upon the introduction of Section 109A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations in respect of shares held by them in physical form are requested to send the necessary particulars in Form 2B (available on request) to the Company's Registrar & Transfer Agent, Messrs Karvy Computershare Private Limited.

By Order of the Board of Directors

Mumbai,  
9th August, 2007.

A.Datta  
Company Secretary

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:**

**Item No. 6:**

The Board of Directors (hereafter referred to as "the Board") at their meeting held on 4th January, 2007 appointed Shri Virendra Jain as Managing Director of the Company for a period of five years commencing from 4th January, 2007. The appointment of Shri Virendra Jain is subject to the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 (hereafter referred to as "the Act") read with Schedule XIII to the Act. The draft Agreement proposed to be entered into with Shri Virendra Jain inter-alia contains the following terms: **Salary:** Rs.2,00,000/- per month. **Commission:** In addition to salary and perquisites, based on the net profits of the Company in a particular financial year computed in the manner laid down in Section 309(5) of the Act, commission may also be paid as may be approved by the Board not exceeding the limits laid down in Section 309(3) of the Act. **Perquisites and Allowances :** Accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilization of gas, electricity, water, furnishing and repairs, medical expenses/re-imbursment for self and his family including dependants, leave travel concession for self and his family including dependants, club fees, medical insurance and such other perquisites and allowances as agreed/authorized by the Board up to Rs.2,00,000/- per month, subject to overall ceiling of remuneration as stipulated under the Act. The minimum remuneration payable to Shri

Virendra Jain in the event of loss or inadequacy of profits in any financial year during the period of his appointment will be subject to a maximum ceiling of Rs. 24,00,000/- per annum or up to Rs. 2,00,000/- per month, including the perquisites set out in Section II Part II of Schedule XIII to the Companies Act, 1956.

The Board commends the passing of this resolution as an ordinary resolution. The draft Agreement proposed to be entered into between the Company and Shri Virendra Jain is available for inspection by the Members of the Company at the Registered Office of the Company between 11:00 a.m. and 2.00 p.m. on any working day of the Company. The above may be treated as abstract of the Agreement proposed to be entered into between the Company and Shri Virendra Jain pursuant to Section 302 of the Companies Act, 1956. No other Director except Shri Jai Kumar Jain, Shri Satyapal Jain and Shri Gaurav Jain Directors of the Company, being related to Shri Virendra Jain may be considered concerned or interested in this resolution.

**Item No. 7:**

The Board of Directors (hereafter "the Board") at in their meeting held on 14th March, 2007 appointed Shri Vasudeo Srinivas Pandit as Director – Works of the Company for a period of five years commencing from 1st April, 2007 up to 31st March, 2012. The appointment of Shri Vasudeo Srinivas Pandit is subject to the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 (hereafter referred to as "the Act") read with Schedule XIII to the Act. The draft Agreement proposed to be entered into with Shri Vasudeo Srinivas Pandit inter-alia contains the following terms : **Salary** : not exceeding Rs.2,00,000/- per month. **Commission**: In addition to salary and perquisites, based on the net profits of the Company in a particular financial year computed in the manner laid down in Section 309(5) of the Act, commission may also be paid as may be approved by the Board not exceeding the limits laid down in Section 309(3) of the Act. **Perquisites and Allowances** : Accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilization of gas, electricity, water, furnishing and repairs, medical expenses/re-imbursment for self and his family including dependants, leave travel concession for self and his family including dependants, club fees, medical insurance and such other perquisites and allowances as agreed/authorized by the Board up to Rs.2,00,000/- per month, subject to overall ceiling of remuneration as stipulated under the Act. The minimum remuneration payable to Shri Vasudeo Srinivas Pandit in the event of loss or inadequacy of profits in any financial year during the period of his appointment will be subject to a maximum ceiling of Rs. 24,00,000/- per annum or up to Rs. 2,00,000/- per month, including the perquisites set out in Section II Part II of Schedule XIII to the Companies Act, 1956.

The Board commends the passing of this resolution as an ordinary resolution. The draft Agreement proposed to be entered into between the Company and Shri Vasudeo Srinivas Pandit is available for is available for inspection by the Members of the Company at the Registered Office of the Company between 11:00 a.m. and 2.00 p.m. on any working day of the Company. The above may be treated as abstract of the Agreement proposed to be entered into between the Company and Shri Vasudeo Srinivas Pandit pursuant to Section 302 of the Companies Act, 1956. No other Director other than Shri Vasudeo Srinivas Pandit may be considered concerned or interested in this resolution except as a member of the Company.

**Item Nos. 8, 9 & 10:**

a) The fully paid-up equity shares of the Company are trading at a price of more than Rs.4,000/- per share and such high value of each share seems to be gradually emerging as a constraint for small investors from participating in the value creation process at the Company, which has, therefore, also led to gradual reduction in liquidity of the

Company's shares and hence increased volatility in the stock. Towards overcoming the liquidity problems and enabling better and increased participation of small investors, it is proposed to reduce the nominal value of the Equity shares of the Company by sub dividing the face value from Rs. 10/- per equity share to Re. 1/- per equity share. It is also proposed that the Memorandum of Association be amended in order to reflect the alteration in the capital structure of the Company.

- b) Further, the Company, in order to meet its growth objectives and to strengthen its financial position may be required to generate long term resources by issuing securities. It is therefore deemed appropriate to increase the Authorized Share Capital of the Company from Rs. 25 crores to Rs.50 crores and for that purpose the Memorandum of Association and the Articles of Association of the Company are proposed to be suitably altered as set out in the resolutions at Item Nos. 8 and 9 of the accompanying Notice.
- c) It is proposed to enhance shareholders' value by issuing fully paid Bonus Shares in the ratio of 1(one) fully paid Equity Share for 1(one) fully Equity Share held by the Member.

Hence, resolutions at Item Nos. 8, 9 and 10 of the accompanying Notice have been proposed by the Board of Directors.

The Board of Directors accordingly recommend the resolutions set out at Item Nos. 8, 9 and 10 of the accompanying Notice for the approval of the Members.

The Directors of the Company may be deemed to be interested in these resolutions to the extent of their respective shareholdings in the Company in the same proportion as that of every other member of the Company.

**Item Nos.11, 12 & 13:**

In terms of the provisions of Section 293(1)(d) and Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of the Company, cannot except with the consent of the Company in general meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course, of business, in excess of the aggregate of the paid up capital and its free reserves that is to say reserves not set apart for any specific purpose. Keeping in view the Company's business requirements and its growth plans, it is considered desirable to increase the said borrowing limits. Hence, the resolution at Item 12 under Section 293(1)(d) of the Companies Act, 1956. As the proposed borrowing may require mortgaging the properties of the Company to secure such borrowing. Hence the resolution at Item 11 under section 293(1)(a) of the Companies Act, 1956.

To expand the Company's operation it is desirable to invest in different sectors of infrastructure and allied businesses. Considering the future outlook of the Company, the Board of Directors of the Company has decided to invest in these sectors, to acquire by way of subscription or otherwise, securities of amount not exceeding Rs.1,000 crores (Rupees One thousand crores). The investment would be made depending upon market conditions and in stages, as the Company may deem fit, which shall ultimately result seek to achieve gaining dominant market leadership. Mumbai SEZ Limited is a company registered in Maharashtra and is currently engaged in developing Special Economic Zones ; Rewas Ports Limited is a company registered in Maharashtra and is currently engaged in developing Ports and Urban Infrastructure Holding Private Limited is a company registered in Maharashtra and is currently engaged in Infrastructural development .

The Special Resolution at Item 13 is to enable the Company to seize an opportunity available and to save the time gap between available opportunity and approval required from shareholders.

The Board of Directors accordingly recommend the resolutions set out at Item No. 11, 12 and 13 of the accompanying Notice for the approval of the Members.

None of the Directors are in any way concerned or interested in the said resolutions except to the extent of their respective shareholding in the Company.

**Item Nos. 14, 15 and 16:**

The Company, in order to enhance its global competitiveness and increase the ability to compete with peer groups in domestic and international markets need to strengthen its financial position by augmenting long-term resources. To achieve significant competitive advantages, through easy access to large amounts of domestic and international capital, with extended maturities at optimal costs, the Company may need to issue securities in domestic and international markets as contemplated in the resolutions and as may be decided by the Board and found to be expedient and in the interest of the Company. The Company may raise funds by one or more sources, including, Qualified Institutional Placements, Public Issues and offering of securities in international markets.

**(a) Qualified Institutional Placements**

The Company proposes to raise capital by way of issue of Equity Shares as specified in the resolution to Qualified Institutional Buyers in accordance with the SEBI Guidelines under Chapter XIII-A of SEBI (Disclosure and Investor Protection) Guidelines, 2000.

Consent of the shareholders is sought for issuing securities as stated in the resolution which would result in issuance of further Equity Shares of the Company in accordance with the terms and nature of the securities. The Board, in consultation with its Merchant Bankers and other advisors, will finalise the placement document which inter alia shall be placed on the website of Bombay Stock Exchange Limited and/or National Stock Exchange of India Limited. The pricing of the securities offered to Qualified Institutional Buyers pursuant to SEBI Guidelines for Qualified Institutions Placement shall not be less than at a price to be determined in accordance with clause 13A.3 of SEBI Guidelines for Qualified Institutions Placement specified under Chapter XIII-A of SEBI (Disclosure and Investor Protection) Guidelines, 2000.

The final pricing of one or more such placements of securities to Qualified Institutional Buyers shall be determined in consultation with the Merchant Bankers. However, the aggregate size of the proposed issue of securities shall not exceed 25% of the post issued paid-up capital of the Company.

**(b) Public Issue**

The Company may raise capital by way of a follow-on public issue of Equity Shares and/or other securities convertible into equity shares as specified in the resolution. The aggregate size of the proposed follow-on public issue of securities shall not exceed 25% of the post issued paid-up capital of the Company.

**(c) Issue of Securities In the International Markets**

Further, the Company may also raise funds by way of ADR/GDR/FCCB and /or such other securities as may be permitted to be listed in international markets. The proposed issue of Securities as above may be made in one or more tranches, in the international market in one or more currency, such that the Securities to be issued shall not exceed 25% of the post issued paid-up capital of the Company.

For reasons aforesaid, in all the above three cases an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the pricing and terms of the respective issues, if it decides to implement the same.

Section 81 of the Companies Act, 1956 and Clause 23(a) of the Listing Agreement provide, inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company unless the shareholders decide otherwise.

Since the Special Resolution proposed may result in issue of Equity Shares of the Company otherwise than to the members of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 and the provisions of the Listing Agreements.

The Board of Directors recommend passing of the Special Resolutions as proposed at Item Nos. 14,15 and 16 of the Notice.

None of the Directors are, in any way concerned or interested in the said resolutions except to the extent of their respective shareholding in the Company.

**Item No17:**

The Foreign Institutional Investors (FIIs) are the largest participants the Indian capital market. It is proposed to facilitate greater FII investment in the Company, which would not increase liquidity of the Company's shares. It would also reflect the Company's dedication to the highest standards of corporate governance, its excellent management skills which are some of the criteria which FIIs consider. As required by the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 the FIIs may invest in the equity shares under the Portfolio Investment Scheme of the Reserve Bank of India up to the limits decided by the Board of Directors and approved of Members of the Company by way of a special resolution.

The Board of Directors of the Company, have proposed, subject to the approval of Members by way of a special resolution, to enhance the said FII investment limit to 49% of the paid up equity capital of the Company.

The Board of Directors accordingly recommend the Special Resolution set out at Item No. 17 of the accompanying Notice for the approval of the Members.

None of the Directors are, in any way, concerned or interested in the said resolution except to the extent of their respective shareholding in the Company.

**Item Nos. 18 & 19:**

Stock options have long been recognised as an effective instrument to attract talent and align the interest of employees with those of the Company and its shareholders, providing an opportunity to employees to share the growth of the Company and to create long-term wealth in the hands of the employees. Stock option schemes also create a common sense of ownership between the Company and its employees, paving the way for unified approach to the common objective of enhancing shareholder value. The main objective of such schemes is to give employees who are performing well an opportunity to gain from the Company's performance, thereby, acting as a retention tool and to attract best talent available in the market.

The Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include 'Employee Stock Compensation Committee' of the Board) is now considering to reward such permanent employees of the Company, whether working in India or out of India and Directors of the Company whether Whole time or otherwise (hereinafter referred collectively as the "Employees" ) as it may decide from time to time, through this mechanism.

The salient features of the proposed Employees Stock Option Scheme are as under:-

**(A) Total number of Options to be granted**

The options to be granted under the Scheme shall not exceed 2,50,000 equity shares of face value Rs.10/- each or such other number of equity shares of equivalent value as may arise after giving effect to any corporate action like split, bonus etc.

**(B) Identification of classes of employees entitled to participate in the Scheme**

Such permanent employees, including Directors, of the Company and its subsidiary companies as may be decided by the Board, from time to time, will be entitled to participate in the Scheme.

Under the prevailing guidelines, an employee who is a promoter or who belongs to the promoter group will not be eligible to participate in the Scheme. A Director, who either by himself or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company, will also not be eligible to participate in the Scheme.

The options granted under the Scheme shall not be renounced, transferred, pledged, hypothecated, mortgaged or otherwise alienated in any manner.

**(C) Requirements of vesting, period of vesting and maximum period of vesting**

There shall be a minimum period of one year between the grant of options and vesting of options. The maximum vesting period may extend up to four years from the date of grant of options, unless otherwise decided by the Board. The vesting shall happen in one or more tranche(s) as may be decided by the Board.

**(D) Exercise price or pricing formula**

The exercise price for the purpose of the grant of options shall be the 'market price' within the meaning set out in the Guidelines, i.e. the latest available closing price prior to the date of the meeting of the Board of Directors when options are granted on that stock exchange where there is highest trading volume on the said date plus applicable tax as may be levied on the Company in this regard.

**(E) Exercise period and the process of exercise**

Exercise period will commence from the vesting date and will expire not later than seven years from the date of grant of options or such other period as may be decided by the Board.

Options will be exercisable by the Employees by a written application to the designated officer of the Company, in such manner, and on execution of such documents as may be prescribed by the Board.

Options shall lapse if not exercised any time within the exercise period or such extended period as may be prescribed by the Board.

**(F) Appraisal process for determining the eligibility of employees to participate in the Scheme**

The Company has a formal performance appraisal system established whereby performance of the employees is assessed each year on the basis of various functional and managerial parameters. The appraisal process is revised at regular intervals in line with the existing benchmarks.

**(G) Maximum number of options to be issued per employee and in aggregate**

The number of options that would be granted to an employee under the Scheme shall be decided by the Board. However, options to be granted to a single employee shall not result into equity shares exceeding 0.10% of the issued, subscribed and paid-up equity shares of the Company as on March 31, 2007. The aggregate of all such grants shall not exceed 2,50,000 equity shares of face value Rs.10/- each or such other number of equity shares of equivalent value as may arise after giving effect to any corporate action like split, bonus etc.

The maximum number of equity shares that can be issued under the Scheme to each Non-executive Director of the Company in a financial year and in aggregate shall not exceed 100 equity shares equity shares of face value Rs.10/- each or such other number of equity

shares of equivalent value as may arise after giving effect to any corporate action like split, bonus etc and 1,000 equity shares of face value Rs.10/- each or such other number of equity shares of equivalent value as may arise after giving effect to any corporate action like split, bonus etc respectively.

**(H) Accounting methods/policies**

The Company and its subsidiary companies shall conform to the accounting policies in the Clause 13.1 of the Guidelines and/or such other guidelines as may be applicable from time to time.

**(I) Method of valuation of options**

The Company shall use the intrinsic value method for valuation of the options. 'Intrinsic value' means excess of the market price of the share under the Scheme over the exercise price of the option (including upfront payment, if any).

**(J) Statement of disclosure**

The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised, had the fair value of the options been recognised, shall be disclosed in the Directors' Report and the impact of such difference on profit and on the earnings per share (EPS) of the Company shall also be disclosed in the Directors' Report.

Clause 6(1) of the Guidelines requires that any employee stock option scheme must be approved by way of a special resolution. Further, as the Scheme will entail further shares to be offered to persons other than existing Members of the Company, consent of Members is required by way of a special resolution pursuant to the provisions of Section 81(1A) of the Companies Act, 1956. Accordingly, the resolutions set out at Item Nos. 18 are being placed for approval of Members pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 and Clause 6(1) of the Guidelines and all other applicable provisions of law.

As per Clause 6(3) of the Guidelines, a separate special resolution is required to be passed if the benefits of the Scheme are to be extended to the employees of the holding and/or subsidiary companies. Further, as the Scheme will entail further shares to be offered to persons other than existing Members of the Company, consent of Members is required by way of a special resolution pursuant to the provisions of Section 81(1A) of the Companies Act, 1956. Accordingly, the resolution set out at Item No.19 is being placed for approval of Members pursuant to the provisions of Section 81 (1A) of the Companies Act, 1956 and Clause 6(3) of the Guidelines and all other applicable provisions of laws.

The options to be granted under the Scheme shall not be treated as an offer or invitation made to public to for subscription in the equity shares of the Company.

The Board commends the Special Resolution set out at Item Nos. 18 & 19 for approval of members.

The Directors may be deemed to be concerned or interested in the said resolution at Item No.18 of the Notice except to the extent of their respective shareholding in the Company and to the extent of options that may be offered to them under the Scheme. Save as aforesaid, none of the Directors are, in any way, concerned or interested in the said resolutions.

By Order of the Board of Directors

Mumbai,  
9th August, 2007

A. Datta  
Company Secretary

## DIRECTORS' REPORT

Your Directors are pleased to present the Twenty-second Annual Report and the Audited Accounts for the year ended 31st March, 2007.

## FINANCIAL RESULTS

	(Rs. In Lakhs)	
	Year Ended 31-03-2007	Year Ended 31-03-2006
Sale & Services (Gross)	27088.90	20063.00
Less: Excise duty recovered on sale	751.40	1136.73
<b>Net Sales</b>	<b>26337.50</b>	18926.27
Operating Profit	9942.25	1588.29
Less: Provision for diminution in investments	610.69	7.37
Less: Finance Charges	506.24	100.28
Gross Profit	8825.32	1480.64
Less: Depreciation	995.87	818.52
Profit Before Tax	7829.45	662.12
Less: Provision for Tax	645.45	(37.44)
Profit After Tax	7184.00	699.56
Balance brought forward from last year	6404.71	5778.09
Prior Period Adjustments (Net)	2.15	0.87
Excess provision for Income-tax in earlier years	(29.12)	(3.81)
<b>Amount available for Appropriation</b>	<b>13561.74</b>	6474.71
<b>Appropriations:</b>		
General Reserve	720.00	70.00
Surplus carried to Balance Sheet	12841.74	6404.71
<b>Total</b>	<b>13561.74</b>	6474.71

## OPERATIONS:

During the year under review, the turnover of the Company's Steel Division has grown marginally to Rs. 156.09 crores as compared to last year's turnover of Rs. 155.34 crores.

The Plastic Division of the Company has recorded a turnover of Rs. 56.88 crores with exports of the Plastic Division contributing a turnover of Rs. 45.99 crores.

The Spinning Division of the Company has recorded a turnover of Rs. 57.92 crores as compared to 14.08 crores in the previous year.

## DIVIDEND:

In order to conserve resources of your Company for the current/ future projects your Directors do not recommend any dividend on the equity shares of the Company.

## DIRECTORS:

Shri Satya Pal Jain resigned as the Managing Director of the Company on 04-01-2007 however, he continues to be a member of the Board.

Shri Virendra Jain was appointed the Managing Director of the Company by the Board for a period of 5 years with effect from 04-01-2007. His appointment and remuneration are subject to approval of the members in the ensuing Annual General Meeting.

The term of appointment of Shri V.S.Pandit as Director- Works came to an end on 2nd April, 2007. The Board decided to re-appoint Shri Pandit as Director- Works for a period of 5 years with effect from 1st April, 2007. His re-appointment and remuneration are subject to approval of the members in the ensuing annual general meeting.

Shri Satya Pal Jain, Shri Sandeep H. Junnarkar and Dr. Praveen P. Shah retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

Brief resume of the Directors proposed to be reappointed, nature of their expertise, in specific functional areas and names of companies in which they hold directorships, memberships/ chairmanships of Board Committees as stipulated under Clause 49 of the Listing Agreements are provided in the Report on Corporate Governance forming part of the Annual Report.

## DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is, hereby, confirmed :

- (i) that in the preparation of the accounts for the financial year ended 31st March, 2007, applicable accounting standards have been followed along with proper explanation relating to material departure ;
- (ii) that appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007 and of the profit of the Company for the year ended on that date;
- (iii) that proper and sufficient care has been taken for the 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 fraud and other irregularities;
- (iv) that accounts for the financial year ended 31st March, 2007 have been prepared on a 'going concern' basis.

## AUDITORS AND AUDITORS' REPORT :

Messrs Chaturvedi & Shah, Chartered Accountants, Mumbai hold office as statutory auditors of the Company until the conclusion of the ensuing Annual General Meeting. It is proposed to re-appoint them as Statutory Auditors of the Company until the conclusion of the next Annual General Meeting. Pursuant to the provisions of Section 224 (1B) of the Companies Act, 1956 your Company has received a certificate from Messrs Chaturvedi & Shah, Chartered Accountants, Mumbai confirming their eligibility for re-appointment.

The Notes to the Accounts referred to in the Auditors' Report are self explanatory and, therefore, do not call for any further explanation.

**DISCLOSURE OF PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure-A forming part of this report.

**SUBSIDIARY COMPANY:**

As required under the provisions of Section 212 of the Companies Act, 1956, a copy of the Balance Sheet and Profit and Loss Account together with Reports of Directors and Auditors in respect of subsidiary company is attached for the members' perusal.

**FIXED DEPOSIT:**

Your Company has not accepted any fixed deposit during the year under review.

**PARTICULARS OF EMPLOYEES:**

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are given in Annexure -B forming part of this report.

**INDUSTRIAL RELATIONS:**

There was minor disruption of work in the Company's Spinning Unit at Vasona, Silvassa in August, 2006. The matter has been satisfactorily sorted out.

Otherwise the relations with the employees remained cordial and satisfactory during the year under review.

**TRANSFER OF UNPAID/UNCLAIMED AMOUNTS TO IEPF:**

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the declared dividends which remained unpaid/ unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the said Act.

**CORPORATE GOVERNANCE:**

Your Company is committed to maintain highest standards of corporate governance. A separate section on Corporate Governance and a certificate

from the Statutory Auditors of the Company regarding compliance of the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges form part of the Annual Report.

**GROUP FOR INTERSE TRANSFER OF SHARES:**

As required under Clause 3(1)(e) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 persons constituting 'Group' (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the of the provisions of Regulations 10 to 12 of the aforesaid SEBI Regulations, are given in Annexure-C forming part of this report.

**FUTURE OUTLOOK:**

Last year India experienced a GDP growth of over 9%. The Indian economy is now the 2<sup>nd</sup> fastest growing economy in the world. The current boom is being led by both consumption and investment. We as a nation are on the threshold of very exciting future that is offering us tremendous opportunity.

Your Company has drawn out a business plan that shall help it to capitalize on the emerging opportunities in the infrastructure sector. Your Company is examining various options to participate in that sector through the development of infrastructure and services. Your Company is examining several investment options that shall create sustainable value for all the shareholders.

While investments in your Company's existing businesses will help it erive scale and better cash flows, the investments in new usinesses shall create the platform for capitalizing on the explosive growth opportunities that India is now offering us.

**ACKNOWLEDGEMENT:**

Your Directors express their grateful appreciation for the assistance and co-operation received from the Banks, Institutions, Government Authorities, Customers, Vendors and Shareholders during the year under review. Your Directors place on record their deep sense of appreciation for the committed services of Executives, Staff and Workers of the Company.

For and on behalf of the Board of Directors

Mumbai,  
31st July, 2007.

J.K. Jain  
Chairman

**ANNEXURE "A" TO DIRECTORS' REPORT**

**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

**A) CONSERVATION OF ENERGY :**

- (a) Your Company has taken various steps for minimization of energy consumption by putting continuous efforts towards optimization of operating and processing activities, upgradation of plant equipments etc.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods :

Due to various steps taken, your Company has been able to conserve energy more effectively.

(d) **FORM-A:**

Form for Disclosure of Particulars with Respect to Conservation of Energy.

	<b>Current Year Ended 31.03.2007</b>	PreviousYear Ended 31.03.2006
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**a) Power and Fuel Consumption**

**1. Electricity**

**(a) Purchased**

Units	37796059	25243850
Total Amount (Rs.)	1,354,07,375	8,57,44,939
Average Rate/Unit (Rs.)	3.58	3.40

**(b) Own generation through Diesel Generator**

Units	23099	123414
Units/litre of Diesel Oil	2.24	2.92
Average Rate/Unit (Rs.)	16.53	10.09

**2. Others**

**(a) HSD/LDO/FO**

Quantity (KL)	130.364	1415.27
Total Amount (Rs.)	28,95,026	418,48,389
Average Rate/Unit (Rs./KL)	22,207.25	29,569.04

**(b) LPG**

Qty (KL)	133.89	303.62
Total Amount (Rs.)	43,39,545	83,77,057
Average Rate (Rs./KL)	32,411.27	27,590.60

**b) Consumption per unit of production :**

Product	Year ended 31.03.2007				Year ended 31-03-2006			
	GP/GC Coils/ Sheets	CR Coil/ Sheets	Woven sacks / Fabrics / Bags	Spinning Yarn	GP/GC Coils/ Sheets	CR Coil/ Sheets	Woven Sacks/ Fabrics / Bags	Spinning Yarn

Production (MT)	35,201	34,949	5,906	4,768	35379	38,688	4,675	1,293
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Electricity (Units)	129.31	250.88	3519.12	2848.48	104.38	248.77	2884.14	3577
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Others

a) HSD (KL)	-	0.01	-	-	0.03	0.01	0.01	-
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b) LPG (KL)	0.02	-	-	-	0.01	-	-	-
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**B) REASERCH & DEVELOPMENT (R&D) :**

In-house Research & Development work is carried out to develop new products and to improve existing products. No significant expenditure is incurred.

**C) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

Your Company has not imported any technology during last five years from the beginning of the financial year ended 31-03-2007, hence the information required to is not applicable to your Company.

**D) FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Your Company has exported its products during the year review and has imported raw materials, stores and capital items, the details of which are as follows :

	(Rs. in Lakhs)
1) FOB Value of Exports	6791.48
2) CIF Value of Imports	9026.59
3) Expenditure in Foreign Currency	156.31

**ANNEXURE "B" TO DIRECTORS' REPORT****PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975****Employed for a part of the financial year and in receipt of remuneration aggregating to not less than Rs.2,00,000/- per month.**

Name	Age (Years)	Designation/ Nature of duties	Remuneration per Annum (Rs.)	Qualification	Total Experience years	Date of Employment	Last employment held Designation - period for which post held
S. P. Jain	52	Managing Director	20,06,883	B. Com.	31	01.10.1995	Comet Steels Ltd. Managing Director (11 years)
Gaurav Jain	27	Executive Director	12,22,514	B.Sc.(Econ) B.Sc.(Comp.Sc.)	6	01.10.2006	Not Applicable

**Notes:**

1. Remuneration as above includes salary, allowance, bonus, ex-gratia, leave travel assistance, re-imbursment of medical expenses, Company's contribution to provident fund and monetary value of other perquisites calculated in accordance with the provisions of the Income- tax Act, 1961 and the rules framed thereunder.
2. The nature of employment is contractual.
3. Shri S.P.Jain is related to Shri J.K.Jain, Shri Virendra Jain and Shri Gaurav Jain Directors of the Company.
4. Shri Gaurav Jain is related to Shri J.K.Jain, Shri S.P. Jain and Shri Virendra Jain Directors of the Company.

**ANNEXURE "C" TO DIRECTORS' REPORT****GROUP FOR INTERSE TRANSFER OF SHARES UNDER CLAUSE 3(1)(e) OF SECURITIES & EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1977.**

- 1 Anand Jain
- 2 Ankit Jain
- 3 Gaurav Jain
- 4 Harsh Jain
- 5 Sushma Jain
- 6 Virendra Jain
- 7 Rina Jain
- 8 Satyapal Jain
- 9 Jai Kumar Jain
- 10 Laxmi Jain
- 11 Hide N Chic Furniture Pvt. Ltd.
- 12 Kasturi Trading Co Pvt Ltd
- 13 Somerset Trading Pvt. Ltd.
- 14 Sparsh Trading Pvt. Ltd.
- 15 Nidhi Polyester Ltd.
- 16 PET Fibres Ltd.
- 17 Richmond Traders Pvt Ltd.
- 18 Ridhi Synthetic Traders Ltd.

Mumbai,  
31st July, 2007 .For and on behalf of the Board of Directors  
J.K.Jain  
Chairman



**MANAGEMENT DISCUSSION & ANALYSIS (M D&A)****Business Review**

The performance of your Company during the year ended 31st March, 2007 and the management's view on the future outlook are discussed below :

**Steel Division:**

Although the production of hot rolled coils has increased in India there has been continuous shortage of hot rolled coils in the domestic industry. The main reason being that the local hot rolled manufacturers in India are opting to export their products rather than to supply the hot rolled coils to the local cold rollers as the international hot rolled coils market is very strong. Moreover, the hot rolled coils manufacturers have created massive cold rolling and galvanizing capacities in their plants with the result, they are able to sell the finished product i.e. cold rolled coils and galvanized coils at much lower prices than what the stand alone cold rolled manufacturers are able to do. With this situation, the margins in the cold rolling and galvanizing industry have thinned down. Moreover, the production of cold rolled and galvanizing could not be sustained to previous year's levels mainly due to the non-availability of hot rolled coils.

During the year under review the Steel Division of your Company achieved a gross turnover of Rs.15609.46 lakhs as compared to Rs. 15534.40 lakhs for the previous year. The Company achieved a production of 35,201 MT of GP/GC as compared to last year's 35,765 MT while that of CR was 34,949 MT and 38,688 MT respectively.

Your Directors are examining several strategic options that could create/unlock value for shareholders in this business.

**Plastic Processing Division:**

The Indian Plastic Industry has taken great strides. The last few decades have seen it rise to the position of a leading force in the country with a sizeable base. The industry itself is growing at a fast pace and the per capita consumption of plastics in the country has increased manifold as compared to the earlier decade. Plastics has undoubtedly gained notable importance in every sphere of activity. It has substituted and saved scarce natural resources. It is an inseparable part of our daily life. Constant developments in polymer technology, processing machineries, know how and cost effective production is fast replacing conventional materials in every segment with plastics. India ranks 8th in the world with per capita consumption of 4.1 kg. which is likely to increase to 6 kgs. by March 2007, if availability of polymers is not a constraint. Polymers demand in India may touch 7 million tonnes by 2007 and may reach a figure of 10 million tonnes by 2010-11. India is expected to be the third largest consumer of polymers after US and China by that time. Growth rate expected between 12% to 14%, consistently out performing GDP.

Your Company is one of the leading manufacturer of small woven sacks/fabrics and is a market leader in manufacturing of fabrics used in geotextile application. The Packaging Division achieved a production of 5,906 MT during the year as compared to 4,675 MT during the previous year.

The Plastic Processing Division is engaged in manufacturing of woven sacks and fabrics of Polypropylene (PP), High Density Polyethylene (HDPE) and Low Density Polyethylene (LDPE) at units located at Murbad in Maharashtra and Khadoli (100% EOU) in Dadra & Nagar Haveli U.T. The Plastic Processing Division achieved a turnover of Rs. 5687.59 lakhs with exports constituting a turnover of Rs. 4599.26 lakhs as compared to Rs. 3120.41 lakhs and Rs. 2446.86 lakhs respectively in the previous year. Your Company is strongly placed to meet international demand and is always striving to improve upon its competitive advantages over its competitors.

However, this industry is highly susceptible to the volatility of raw material price.

Your Company is examining several options of increasing its presence in this business both through organic and inorganic initiatives that will create further value for its shareholders.

**Spinning Division:**

Your Company achieved a gross turnover of Rs. 5791.85 lakhs in the year under 'Vision 2010' for textiles-formulated by the Government to help increase India's share in the world textile trade from the current 4 per cent to 8 per cent by 2010, and achieve export value of US\$ 50 billion by 2010. The same statement also envisages growth in Indian textile economy from the current US\$ 37 billion to US\$ 85 billion by 2010, creation of 12 million new jobs in the textile sector; modernisation and consolidation to create a globally competitive textile industry.

In addition, the likely abolition of the textile committee cess for all textiles and textile machinery will help improve global competitiveness of Indian textile companies. In a further bid to bolster the envisaged annual growth rate of 11 per cent, the Government will also increase the TUF (Technology Upgradation Fund) from US\$ 124 million in 2006-07 to US\$ 211 million in 2007-08. While the post-MFA (multi-fibre agreement) era is marked with both opportunities as well as challenges, India has ample natural advantages to capitalise on: strong raw material base-cotton, man-made fibres, jute, silk; large production capacity (spinning-21 per cent of world capacity and weaving-33 per cent of world capacity but of low technology); vast pool of skilled manpower; entrepreneurship; flexibility in production process.

Your Company achieved a gross turnover of Rs.5791.85 lakhs in the year under review as compared to Rs. 1408.19 lakhs in the preceding year. The strengthening of Rupee vis-à-vis Dollar is a cause of concern to the textile exporters from India.

**Risk Concerns & Risk Management:**

Your Company is exposed to the normal industry risk factors of competition, economic cycle, raw material availability and uncertainties in the international and domestic markets and credit risk. Your Company is manages these risks by maintaining a conservative financial profile and by following prudent business and risk management practices.

**Internal Control System and their Adequacy:**

Your Company has a proper and adequate system of internal controls which are designed to assist in the identification and management of risks to ensure the integrity of accounting system, proper authorization, recording and reporting of all transactions, monitor and control against any unauthorized use or disposition of assets, safeguarding of Company's assets.

Your Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines and ensuring the reliability of financial and operational information. The Audit Committee of your Company reviews the adequacy of internal control systems.

**Human Resources and Industrial Relations :**

The relation with the employees at all the units continued to be cordial and satisfactory. The total number of employees as on 31st March, 2007 was around 1716 .

**Forward – Looking Statements:**

The report contains forward-looking statements that involve risks and uncertainties.

When used in this discussion, the words like 'plans', 'expects', 'anticipates', 'believes', 'intends', 'estimates', or other similar expressions as they relate to Company or its business are intended to identify such forward-looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events. The Company's actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements.

The Company undertakes no obligation or responsibility to publicly amend, update, modify or revise any forward-looking statements, on the basis of any new information, future event, subsequent development or otherwise.

For and on behalf of the Board of Directors

Mumbai,  
31st July, 2007.

J.K.Jain  
Chairman

## REPORT ON CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges on Corporate Governance, the Company submits, hereunder, a report on the matters mentioned in the said Clause and the practice followed by the Company.

### 1. Company's philosophy on code of governance.

The Company strongly believes in fair, efficient and transparent business operations, proper disclosure of relevant information and to serve the best interests of all the stakeholders, viz., the employees, shareholders, customers, the Government and the society at large. The Company strives towards excellence through adoption of best governance and disclosure practices.

### 2. Board of Directors:

The Board of Directors of the Company has an optimum combination

Name of the Director	Category of Directorship & Designation	No. of Board Meetings Attended	Attendance at Last AGM	# No. of Other Directorships Held (in Public Companies)	# No. of other Board committees positions held in other Companies
Shri J.K.Jain	Promoter -Chairman (Non-Executive)	8	Yes	1	NIL
Shri Virendra Jain #1	Promoter-Managing Director (Executive)	8	No	5	NIL
Shri S.P.Jain #2	Promoter-Non-Executive Director	7	Yes	3	NIL
Shri K. M. Doongaji	Non-Executive, Independent	8	Yes	1	NIL
Shri S.H. Junnarkar	Non-Executive, Independent	7	No	10	6-Member 1 - Chairman
Shri D.K. Contractor	Non-Executive, Independent	8	No	5	1-Member 1- Chairman
Shri V. S. Pandit #3	Executive, Director -Works	3	No	NIL	NIL
Dr. P. P. Shah	Non-Executive, Independent	2	No	6	4- Member 1-Chairman
Shri S N Chaturvedi	Non-Executive, Independent	8	No	2	2-Member
Shri Gaurav Jain #4	Promoter-Executive Director	6	No	1	NIL

\* In accordance with Clause 49, Membership/Chairmanship of only the Audit Committee and Shareholders/Investors Grievance Committee of all Public Limited Companies has been considered.

# Excludes Directorship in Foreign Companies, Private Limited Companies and Companies incorporated under Section 25 of the Companies Act, 1956.

#1 appointed Managing Director w.e.f. 4th January, 2007, subject to approval of shareholders.

#2 ceased to be Managing Director w.e.f. 4th January, 2007.

#3 re-appointed Director-Works w.e.f. 1st April, 2007, subject to approval of shareholders.

#4 appointed Executive Director w.e.f. 1st October, 2006.

None of the Director is a member in more than ten audit/ shareholders' grievance committees and acts as a chairman in more than five audit/ shareholders' grievance committees across all public limited companies in which he is a director.

Equity shares of the Company held by Non- Executive Directors as on 31.03.2007:

Sr. No	Name of the Non - executive director	Equity shares held
1.	Shri J.K.Jain	239
2	Shri Satyapal Jain	1240367
3.	Shri K.M.Doongaji	Nil
4.	Shri S.H.Junnarkar	Nil
5.	Shri D.K.Contractor	Nil
6.	Dr.P.P.Shah	Nil
7.	Shri S N Chaturvedi	Nil

### Brief Resume of Directors who are proposed to be re-appointed :

#### Shri Satyapal Jain :

Shri Satyapal Jain is a Commerce Graduate from the University of Mumbai. He was the Managing Director of the Company from 1995 till beginning of 2007. He is having to his credit, more than 27 years of experience in manufacturing and marketing of cold rolled and galvanised plain and corrugated sheets. He is an ex-chairman of Cold Rolled Steel

of executive and non-executive Directors. The present strength of the Board is ten Directors, of which three Directors i.e. Managing Director, Executive Director and Director - Works are Executive Directors and seven Directors are Non-Executive Directors of which five being independent Directors. The number of independent Directors on the Board is in conformity with the requirement of the Listing Agreement.

Eight Board Meetings were held during the year ended 31st March, 2007, with a time gap of not more than four months between two Meetings. The dates of the Board Meetings are 3rd May ,2006, 9th June, 2006, 29th July, 2006, 5th September, 2006, 31st October, 2006, 4th January, 2007, 29th January, 2007 and 14th March, 2007 as against the minimum requirement of four meetings.

Manufacturers Association. He is also a director of Prime Wovens Limited, Development Agri Realtors Limited and Magico Exports & Consultants Limited.

#### Shri Sandeep H. Junnarkar:

Shri Sandeep H. Junnarkar is a B.Sc. graduate, a law graduate from the University of Mumbai and a solicitor by profession. He is an erstwhile partner of Messrs Kanga & Company and presently partner of Junnarkar and Associates, Advocates, Solicitors and Notaries, Mumbai. His area of specialization includes Banking Laws, Corporate Laws including Monopolies Laws, Exchange Control Laws and Securities Regulations. He is a Member of the Committee of Bombay Incorporated Law Society.

He is also on the Board of various companies like Everest Industries Limited, Excel Crop Care Limited, IL & FS Infrastructure Development Corporation Limited, IPCL, Reliance Industrial Infrastructure Limited, Reliance Industrial Investments & Holdings Limited, Reliance Ports & Terminals Limited, Sunshield Chemicals Limited, Tilaknagar Industries Limited and Sterlite Industries (India) Limited .

**Dr. Pravin P.Shah :**

Dr. Pravin P. Shah is a practising Chartered Accountant, having over 38 years of experience (out of which 6 years in the U.S.A.) in the areas of Financial Consultancy, Corporate Structuring / Re-structuring, Foreign Collaborations, Management Consultancy, Business Re-organisations, Taxation, Valuation, Property matters, Accounting, Auditing, Company law and FEMA. He is also a member of the ICWA and has also done Ph. D in cost accounting from University of Mumbai. He is also a member of Taxation Committee of the Indian Merchants' Chambers. He is a partner of Pravin P. Shah & Co., Chartered Accountants.

He is also on the Board of various other companies like Adani Enterprises Limited, Bhansali Engineering Polymers Limited, Claris Lifesciences Limited, JM Financial Limited and Bombay Rayon Fashions Limited.

**CEO/CFO:**

Shri Virendra Jain, Managing Director and Shri Gaurav Jain , Executive Director, are designated as Chief Executive Officer ( CEO) and Acting Chief Financial Officer (CFO) of the Company respectively as per the Clause 49 of the listing agreement.

Shri Umesh Agrawal erstwhile Chief Financial Officer has resigned with effect from 1st June, 2007. Shri Ashok Tak was appointed as CFO with effect from 29th June, 2007, resigned as CFO with effect from 5th July, 2007.

**Board Meetings:**

The Board of Directors meet at least once in every quarter to review performance of the Company along with the financial results. The functions of the Board are effectively and efficiently discharged by briefing each Board Member of development that have taken place.

The Board is given presentation covering Finance, Sales & Marketing and Operations of the Company, before taking on record the quarterly results of Company.

In special and exceptional circumstances, additional or supplementary items on the agenda are permitted. The Company Secretary records/enters the minutes of the proceedings of each Board and Committee Meeting within 30 days from the conclusion of the meeting.

The Minutes of Board Meetings of Sarbags Pty. Ltd. (Non-Indian Subsidiary) were placed before the Board.

**3. Audit Committee:**

The Audit Committee has three Non-executive and one executive Director. Majority being Independent Directors. Shri K. M. Doongaji, Independent Director acts as Chairman of the Committee. Shri S N Chaturvedi, Shri D.K. Contractor and Shri Virendra Jain are members. The constitution of Audit Committee meets with the requirements under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

**Powers of Audit Committee:**

The audit committee has the following powers:

- (1) To investigate any activity within its terms of reference.
- (2) To seek information from any employee.
- (3) To obtain outside legal or other professional advice.
- (4) To secure attendance of outsiders with relevant expertise, if it considers necessary.

**Role of Audit Committee:**

The terms of reference stipulated by the Board to the Audit Committee, are, as contained under Clause 49 of the Listing Agreement, as follows:

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information to insure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and approval of external Auditors, fixation of audit fee and also approval for payment for any other service.

- c. Reviewing with management the annual financial statements before submission to the Board, focussing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgement by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) Compliance with accounting standards, (viii) compliance with Stock Exchange and legal requirements concerning financial statements (viii) any related party transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit functions.
- f. Discussion with internal auditors any significant findings and follow up there on.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the board.
- h. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- i. Reviewing the Company's financial and risk management policies.
- j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividend) and creditors.
- k. Review the financial statements and in particular investments made by unlisted subsidiary Company.

**Review of information by Audit Committee**

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letter / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor.

**Meeting of the Audit Committee**

The Audit Committee has met four times during the year 2006-2007, on 3rdMay, 2006, 29th July, 2006, 31st October, 2006 and 29th January, 2007.

Representative of Statutory Auditor were invited and were present at the Audit Committee Meetings.

**Attendance of each Member at the Audit Committee meetings held during the year:**

Name of Director	Designation	Meetings Held	Meetings Attended
Shri K.M.Doongaji	Chairman	4	4
Shri S.N.Chaturvedi	Member	4	4
Shri Virendra Jain	Member	4	4
Shri D.K.Contractor	Member w.e.f. 29.01.2007	n.a.	n.a.

The Company Secretary acts as the Secretary to the Audit Committee.

**4. Remuneration Committee & details of remuneration to Directors:**

The Company has not constituted a remuneration committee. Presently, there is one Managing Director and two whole-time Directors. The remuneration paid to them is subject to the limits laid down under Sections 198, 309 and Schedule XIII to the Companies Act, 1956. The remuneration consists of Salary, Company's contribution to Provident Fund and Superannuation Fund and other perquisites and allowances in accordance with the rules of the Company, applicable from time to time.

The Managing Director and the two Whole Time Directors are not paid any sitting fees for attending the Board/ Committee meetings. The Non-executive Directors are paid sitting fees @ Rs.5,000/- per meeting and out-of-pocket expenses to attend the meetings.

The details of remuneration paid to the Directors (including perquisites and allowances) for the year ended 31st March, 2007 are as under:

Name of Director	Sitting Fees (Rs.)	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
Shri J.K.Jain	40000	NIL	NIL	NIL
Shri Virendra Jain #1	45000	NIL	NIL	NIL
Shri S.P. Jain #2	10000	18,25,806	1,81,077	20,06,883
Shri K.M.Doongaji	60000	NIL	NIL	NIL
Shri S.H.Junnarkar	35000	NIL	NIL	NIL
Shri D.K.Contractor	40000	NIL	NIL	NIL
Shri V.S.Pandit #4	NIL	9,02,000	15,000	9,17,000
Dr.P.P.Shah	10000	NIL	NIL	NIL
Shri S N Chaturvedi	60000	NIL	NIL	NIL
Shri Gaurav Jain	20000	12,00,000	22,514	12,22,514

#1 Shri Virendra Jain appointed Managing Director w.e.f. 4th January, 2007: salary payable to him after appointment as Managing Director is subject to approval of the shareholders. No sitting fee is paid to him after his appointment as the Managing Director.

#2 Shri S.P. Jain ceased to be Managing Director w.e.f. 4th January, 2007: no salary has been paid to him after that date. Sitting fee has been paid to him for attending meetings after he ceased to be the Managing Director.

The terms of the service contract with the executive directors are as under:

Shri Virendra Jain, Managing Director, appointed for a period of 5 years with effect from 4th January, 2007, subject to approval of shareholders.

Shri V. S. Pandit, Director – Works, appointed for a period of 5 years with effect from 1st April, 2002. He has been re-appointed for a further period of 5 years with effect from 1st April, 2007, subject to approval of shareholders.

Shri Gaurav Jain, Executive Director appointed for a period of 5 years with effect from 1st October, 2006.

The Company has paid Rs. 13,23,311/- as professional charges during the year to Pravin P Shah & Associates, Chartered Accountants and PPS & Associates, Chartered Accountants, where Dr. Pravin. P. Shah, Director of the Company is the proprietor.

**5. Shareholders' / Investors' Grievance Committee**

The Company has delegated the powers to approve the transfer of shares to the Committee consisting of presently 4 members: (1) Shri Virendra Jain, non-executive member upto 29.01.2007, (2) Shri. Jai Kumar Jain, Non-executive Chairman (from 29.01.2007), (3) Shri S. P. Jain as member and (4) Shri Gaurav Jain as member (from 29.01.2007).

The Investor Grievance Committee met at least once in every quarter to review and to take note of the Compliance Reports submitted to

the Stock Exchanges and grievances of the shareholders.

**Meeting of the Investor Grievance & Share Transfer Committee**

During the Financial Year 2006-07 the Investor Grievance & Share Transfer Committee has met 41 times.

**Attendance of each Member at the Investor Grievance Committee meetings held during the year:**

Name of Director	Designation	Meetings Held	Meetings Attended
Shri Virendra Jain	Chairman upto 29.01.2007	41	40
Shri S.P.Jain	Member	41	38
Shri Jai Kumar Jain	Chairman w.e.f. 29.01.2007	6*	6
Shri Gaurav Jain	Member w.e.f. 29.01.2007	6*	6

\*number of meetings held subsequent to becoming member.

Name and designation of Compliance Officer: Shri Ananjan Datta, Company Secretary.

469 shareholders complaints received during the year ended 31-03-2007 and all of them have been resolved.

No requests were pending for transfer and/or dematerialization for approval as on 31st March, 2007.

**Procedure at the Committee Meetings**

The procedure of Board Meetings is applicable to the Committee Meetings as far as may be practicable. The minutes of the Committee Meetings are placed before the Board of Directors for their perusal and noting.

**Prevention of Insider Trading**

The Board ensures that the Code of Conduct for prevention of Insider Trading adopted in terms of Regulation 12(1) of the SEBI [Prohibition of Insider Trading] Regulations, 1992 are strictly adhered to.

**Code of Business Conduct and Ethics for Directors, Senior Management and Employees**

Statement of Code of Conduct has been approved by the Board in its meeting held on 28th October, 2005. The Code lays down the standards of business conduct, ethics and governance. The same has been posted on the website of the Company. All the Board

Members, senior management and employees have affirmed their compliance with the code.

**6. Subsidiary Monitoring framework:**

Financial statements, in particular the investments made by the unlisted subsidiary Company, are reviewed and noted by the Audit Committee of the Company.

Minutes of the meeting of subsidiary Company and a statement containing all significant transactions and arrangements entered into by the unlisted subsidiary Company are placed before the Board.

**7. General Body meetings**

Details of last three Annual General meetings of the Company:

PARTICULARS	LOCATION	DATE & TIME
21st Annual General Meeting	Registered Office at A-3, MIDC Industrial Area, Nanded- 431 603 Maharashtra	24th August, 2006 at 2.00 p.m.
20th Annual General Meeting	-do-	25th August, 2005 at 2 p.m.
19th Annual General Meeting	-do-	10th September, 2004 at 2 p.m.

No special resolution, requiring Postal Ballot, as required by the Companies (passing of the resolution by postal ballot) Rules, 2004/ Clause 49 of the Listing Agreement, has been passed in the previous three Annual General Meetings nor any proposal to conduct special resolution through Postal Ballot.

#### 8. Disclosures:

- a) Materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the directors or the management, the subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large:

None of the transactions with any of the related parties were in conflict with the interests of the Company.

Further in compliance to the Accounting Standard, a detailed disclosure of transactions with related parties as laid down under AS -18 issued by the ICAI has been made in Notes to Accounts – ' Schedule "O" forms part of the Annual Report.

- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges, SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

The National Stock Exchange Limited (NSE) had suspended trading in the Company's shares from April 2003 to mid-August, 2003 due to non-compliance of some clauses of the listing agreement; the suspension was subsequently revoked by the NSE on complying those clauses.

- c) Management Discussion & Analysis Report is a part of the Directors' Report.

#### 9. Secretarial Audit

In compliance to the circular received from the Stock Exchanges mandating all listed companies to subject themselves to a Secretarial Audit for purpose of reconciliation of the total admitted capital with both the depositories and the total issued and listed capital, the Company confirms that there exist no discrepancies with regard to its admitted capital. A certified report to this effect by Practicing Company Secretary Messrs Savita Jyoti Associates, is submitted at close of each quarter to the Stock Exchanges.

#### 10. Means of Communication

The Company is registered with Electronic Data Information and Retrieval System (EDIFAR) website maintained by the National Information Centre, (NIC) Delhi. The Company is sharing the relevant information on that website. The quarterly and annual financial results are normally published in The Free Press Journal (English newspaper) and Navshakti (Vernacular newspaper). The Company has not made presentation to any institutional investors / Analysts. At present, half yearly results are not sent to household of each shareholder.

#### 11. General Shareholder Information:

AGM: Date, Time and Venue:

22nd Annual General Meeting, 14th September, 2007 at 2:00 P.M. at the registered office of the Company at A-3, MIDC Industrial Area, Nanded 431603, Maharashtra.

Financial Calendar (Tentative)

- Results for the quarter ended June, 2007 : End July, 2007
- Results for the quarter ended September, 2007 : End October, 2007
- Results for the quarter ended December, 2007 : End January, 2008
- Results for the quarter ended March, 2008 : End April, 2007
- Annual General Meeting : End September, 2008
- Dates of Book Closure: 16th August, 2007 to 24th August, 2007

The Company's shares are listed on the following Stock Exchanges:

Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	National Stock Exchange of India Limited. Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra- Kurla Complex, Bandra (East), Mumbai – 400 051.
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Annual Listing Fees as prescribed has been paid to the above stock exchanges for the financial year 2007-08.

#### Stock Code:

Bombay Stock Exchange (BSE) : 512237  
National Stock Exchange (NSE) : JAICORPLTD  
Demat ISIN for NSDL and CDSL : INE070D01019

#### Registrars and Transfer Agents :

KARVY COMPUTERSHARE PRIVATE LIMITED

#### Unit : Jai Corp Limited

"Karvy House", 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad-500 034, Tel. Nos. – 040 –2331 2454/2332 0751/52, Fax: 040-2331 1968/2332 3049

#### Address for correspondence:

Shareholders' correspondence should be addressed to the Registrar and Share Transfer Agent of the Company at the address mentioned above.

The Shareholders can also contact the Company through e-mail: cs2@jaicorpindia.com

Website : www.jaicorpindia.com

#### Share Transfer System:

Presently, the share transfers in physical form are registered and returned within the stipulated period of 10 to 15 days from the receipt, if the documents are clear in all respects.

#### Dematerialization of shares:

The Equity Shares of the company are traded in compulsory dematerialised form by all the investors' w.e.f. 9th March, 2001.

The Company has entered into agreements with both the depositories viz, National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd (CDSL), enabling the investors to hold shares of the Company in electronic form through the depository of their choice.

As on 31st March, 2007, the number of dematerialized shares was 8499949 which represents 98.47 % of the total paid up capital.

#### Details of dematerialized and physical shares as on 31st March, 2007:

Sr. No.	Particulars	No. of Shareholders	No. of Equity Shares	% Equity Shares
1.	CDSL	2101	365995	4.24
2.	NSDL	5669	8133954	94.23
	<b>Total Demat Holding</b>	<b>7770</b>	<b>8499949</b>	<b>98.47</b>
3.	Physical	1882	131451	1.53
	<b>Total Shareholding</b>	<b>9652</b>	<b>8631400</b>	<b>100.00%</b>

Outstanding GDRs /ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity - Not Applicable as the company has not issued such instruments.

**Plant Locations :**

Steel Division : Nanded, Maharashtra  
 Plastic Processing Division : Murbad, Maharashtra,  
 Khadoli, Silvassa (Dadra & Nagar Haveli-U.T.),  
 Spinning Division : Vasona, Silvassa (Dadra & Nagar Haveli-U.T.),  
 Masat, Silvassa (Dadra & Nagar Haveli-U.T.),

**Market Price Data during each month in last financial year on the BSE and the NSE:**

Month	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2006	290.25	127.85	290.55	125.00
May, 2006	601.05	304.80	600.10	305.05
June, 2006	570.00	291.10	569.90	289.60
July, 2006	320.00	192.10	320.00	181.50
August, 2006	364.05	246.40	357.45	242.35
September, 2006	421.65	271.00	426.55	276.00
October, 2006	389.95	325.00	398.00	320.00
November, 2006	1146.90	405.00	1150.85	398.00
December, 2006	2774.75	1160.00	2768.35	1150.85
January, 2007	4095.00	2906.25	4081.80	2857.70
February, 2007	3331.20	1820.50	3296.00	1829.30
March, 2007	2470.00	1452.05	2460.00	1476.55

**Liquidity:**

The average daily turnover of the equity shares of the Company during the financial year 2006-2007 is as follows:

**BSE :** 5,509 shares

**NSE :** 2,253 shares

**Distribution of shareholding as on 31st March, 2007 is as follows:**

Sr. No.	CATEGORY FROM - TO	NO. OF SHARE HOLDERS	NUMBER OF SHARES	% OF HOLDERS
1	1- 5000	9401	411121	97.40
2	5001-10000	104	81655	1.08
3	10001-20000	69	100601	0.71
4	20001-30000	17	41224	0.18
5	30001-40000	6	21319	0.06
6	40001-50000	8	36373	0.08
7	50001-100000	29	230866	0.30
8	100001 and above	18	7708241	0.19
<b>TOTAL</b>			<b>9652</b>	<b>100.00</b>

**The Shareholding pattern as on 31st March, 2007 is as follows:**

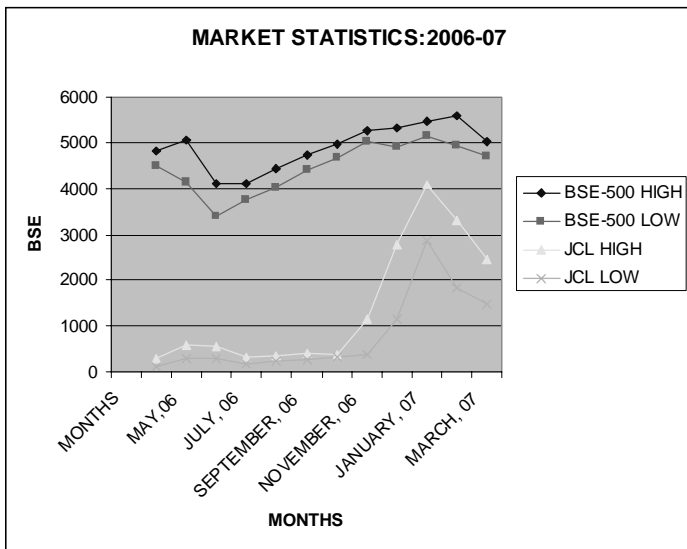
Sr. No.	Description	No. of share Holders	Shares	% of Equity
1	Promoters (including Directors, and their relatives)	18	7567289	87.67
2	Mutual Funds	9	15084	0.18
3	Financial Institutions and Banks	4	2770	0.03
4	Bodies Corporate	506	242250	2.81
5	NRI / Foreign Nationals	84	94131	1.09
6	Resident Individuals	8988	706931	8.19
7	Cleaning Members	43	2995	0.03
<b>TOTAL</b>			<b>9652</b>	<b>100.00</b>

**Transfer of Unclaimed & Unpaid Dividend Amount to Investor Education & Protection Fund:**

During the year under review the Company has credited unclaimed and unpaid dividend amount declared for the year 1998-99, a sum of Rs. 3,17,942/- to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 and the IEPF (Awareness and Protection of Investors) Rules, 2001.

**Dividend Payment Date:**

Not Applicable



**DECLARATION ON CODE OF CONDUCT**

As required by Clause 49(1D) of the Listing Agreement with the Stock Exchange(s), it is hereby declared that all Board Members and senior management personnel have affirmed compliance with the Code of Conduct of the Company.

Mumbai,  
July 31, 2007

Virendra Jain  
Managing Director & Chief Executive Officer

**CERTIFICATE OF CORPORATE GOVERNANCE**

To,

**The Members,  
JAI CORP LIMITED.**

We have examined the compliance of conditions of Corporate Governance by JAI CORP LIMITED, for the year ended on 31<sup>st</sup> March, 2007, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has, complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing agreement.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

For **CHATURVEDI & SHAH**  
Chartered accountant

**R.KORIA**  
Partner  
Membership No.35629

Place: Mumbai.  
Date: **29<sup>th</sup> June 2007**

**AUDITORS' REPORT****To the members of**

We have audited the attached Balance Sheet of 'JAI CORP LIMITED' as at 31st March, 2007, the Profit and Loss Account and also the Cash Flow Statement 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. These 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.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act 1956, we give in the Annexure hereto a statement on the matters specified in the paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state 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 such books.
  - c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.
  - d) In our opinion the Balance Sheet and the Profit and Loss Account and Cash Flow Statement complies with the mandatory Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - e) On the basis of the written representations received from the Directors as on 31st March, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon, 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 :
    - I) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
    - II) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and

- III) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For CHATURVEDI & SHAH  
Chartered Accountants

**R.KORIA**  
Partner

Membership No. 35629

Place: Mumbai

Date: 29th June 2007

**ANNEXURE TO AUDITORS' REPORT**  
**(Referred to in paragraph 1 of our report of even date)**

- (i) In respect of its fixed assets: -
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, all the fixed assets have been physically verified by the management in accordance with the programme of verification, which in our opinion is reasonable, considering the size and nature of its assets. No material discrepancies were noticed on such verification as compared to the book records.
  - (c) In our opinion and according to the information and explanations given to us, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- (ii) In respect of its inventories: -
  - (a) As explained to us, inventories have been physically verified by the management at reasonable intervals.
  - (b) In our opinion, 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) On the basis of our examination of inventory records, we are of the opinion that the company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of the inventories, as compared to book records and minor discrepancy have been properly dealt with in the books of account.
- (iii) In respect of loans, secured or unsecured, granted or taken by the company to / from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956: -
  - (a) The company has granted loans to two parties. The maximum amount involved during the year was Rs.172 lacs and there was no balance outstanding at the year-end.
  - (b) In our opinion and according to the information and explanations given to us, the rate of interest and terms and conditions of above loans are not, prima facie, prejudicial to the interest of the Company.
  - (c) The said loans were repayable on demand and parties have been regular in repayment of interest.
  - (d) The above loans have been fully recovered during the year.
  - (e) According to the information and explanations given to us, the Company has not taken any loans during the year, hence clause 4 (iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.



- (iv) In our opinion and according to the information and explanations given to us there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventories and fixed assets and for sale of goods and services. We have neither come across nor we have been informed of any continuing failure to correct major weakness in the aforesaid internal control.
- (v) (a) In our opinion and according to the information and explanations given to us, transactions that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956, have been entered.
- (b) According to the information and explanations given to us, these contracts or arrangements have been made at prices which are prima facie reasonable having regard to the prevailing market price at the relevant time, except for certain transactions for purchase and sale of goods and materials of specific nature for which alternative quotations are not available and hence we are unable to comment upon.
- (vi) The Company has not accepted any deposit from the public and hence directives issued by the Reserve Bank of India and the provisions of section 58A, 58 AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder are not applicable for the year under audit.
- (vii) The company has an internal audit system, which in our opinion, needs to be further strengthened to make it commensurate with the size and nature of its business.
- (viii) We are informed by the management that Central Government has prescribed the maintenance of Cost Records under section 209 (1) (d) of the Companies Act, 1956, in respect of one of the products of the company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate.
- (ix) (a) According to the records, the Company has generally been regular, in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess and any other statutory dues.
- (b) According to the information and explanations given to us, there is no undisputed amounts payable in respect of such statutory dues which were outstanding as at 31st March, 2007 for a period of more than six months from the date they became payable.
- (c) The disputed statutory dues aggregating to Rs.108.84 lacs, that have not been deposited on account of matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the Dues	Amount (Rs. in Lacs)	Period to which the amount	Forum where dispute is pending relates
Central and Bombay Sales	Sales Tax	84.74	1999-2000 and 2000-01	Dy. Commissioner (Appeals)
Central and Bombay Sales Tax Act	Sales Tax	9.61	1993-94 to 1994-95	Maharashtra Sales Tax Tribunal

Central Excise Act, 1944	Excise duty	0.04 0.91	1993-94 1995-96	Commissioner (Appeals)
		0.22	1997-98	
		12.02	2005-06	
		1.30	2001-02	Central Excise and Service Tax Appellate Tribunal
<b>Total</b>		<b>108.84</b>		

- (x) The company neither has accumulated losses nor it has incurred any cash losses during the current financial year and the immediately preceding financial year.
- (xi) Based on our audit procedures and information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institution and bank.
- (xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debenture and other securities.
- (xiii) In our opinion, the company is not a chit fund, a nidhi or a mutual benefit society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
- (xiv) The company has maintained proper records of transactions and contracts in respect of trading in shares and other investments and timely entries have been made therein. The investments are held by the Company in its own name.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the information and explanations given to us the term loans raised during the year, were prima facie being applied for the purpose for which they were raised.
- (xvii) On the basis of review of utilization of funds, which is based on overall examination of the Balance Sheet of the Company as at 31st March, 2007, related informations as made available to us and as represented to us, by the management, we are of the opinion, that funds raised on short term basis have not prima facie been utilized for long term purposes.
- (xviii) During the year company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures and hence clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xx) During the year the company has not raised any money by public issues.
- (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 CHATURVEDI & SHAH  
Chartered Accountants

**R.KORIA**  
Partner

Place: Mumbai  
Date: 29th June 2007

**Membership No. 35629**

**BALANCE SHEET AS AT 31ST MARCH, 2007**

	Schedule	(Rs.in Lacs)	
		AS AT 31.03.2007	AS AT 31.03.2006
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	862.91	862.91
Reserves & Surplus	B	33,021.12	25,864.10
		<b>33,884.03</b>	26,727.01
<b>Loan Funds</b>			
Secured Loans	C	4,000.00	615.93
Unsecured Loans	D	3,207.90	1,896.17
		<b>7,207.90</b>	2,512.10
<b>Net Deferred Tax Liability</b> ( Refer Note No.9 of schedule 'P' )		<b>1,296.17</b>	1,030.41
<b>Total</b>		<b>42,388.10</b>	<b>30,269.52</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	E	24,166.42	21,369.15
Less: Depreciation		13,151.77	12,203.09
Net Block		11,014.65	9,166.06
Capital Work-in-Progress		1,495.53	1,297.98
		<b>12,510.18</b>	10,464.04
<b>Investments</b>			
<b>Current Assets, Loans and Advances</b>			
Inventories	F	3,879.86	4,959.57
Sundry Debtors	G	2,576.36	2,736.17
Cash & Bank Balances		1,527.14	176.71
Loans & Advances		4,586.55	2,320.61
		<b>12,569.91</b>	10,193.06
<b>Less:Current Liabilities and Provisions</b>			
Current Liabilities	H	823.08	2,067.88
Provisions		848.46	345.15
		<b>1,671.54</b>	2,413.03
<b>Net Current Assets</b>		<b>10,898.37</b>	7,780.03
		<b>42,388.10</b>	<b>30,269.52</b>
<b>Notes on Accounts &amp; Contingent Liabilities</b>	P		

As per our report of even date

**For CHATURVEDI & SHAH**  
Chartered Accountants

**R. KORIA**  
Partner  
Place : Mumbai

Dated : 29th June, 2007

For and on behalf of the Board of Directors

**For JAI CORP LTD**

**J. K. JAIN** Chairman  
**VIRENDRA JAIN** Managing Director  
**GAURAV JAIN** Executive Director  
**A. DATTA** Company Secretary

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007**

		(Rs.in Lacs)	
	Schedule	YEAR ENDED 31.03.2007	YEAR ENDED 31.03.2006
<b>INCOME</b>			
Turnover	I	27,088.90	20,063.00
Less: Excise duty recovered on sales		751.40	1,136.73
Net Turnover		<u>26,337.50</u>	18,926.27
Other Income	J	7,921.71	2,001.97
Variation In Stock	K	(2,714.10)	(1,528.12)
		<u>31,545.11</u>	<u>19,400.12</u>
<b>EXPENDITURES</b>			
Purchases and Raw Materials Consumed	L	17,138.26	14,152.49
Employees' Remuneration and Benefits	M	1,209.67	770.82
Manufacturing, Selling & Administrative Expenses	N	4,166.91	3,044.50
Finance Charges	O	506.24	100.28
Excise Duty		(301.29)	(148.61)
Depreciation		995.87	818.52
		<u>23,715.66</u>	<u>18,738.00</u>
<b>PROFIT FOR THE YEAR BEFORE TAX</b>		<b>7,829.45</b>	<b>662.12</b>
Less : Provision for Taxation :			
Current Tax		790.92	-
Mat Credit		(425.23)	-
Fringe Benefit Tax		14.00	15.59
Deferred Tax ( Credit)		265.76	(53.03)
<b>PROFIT FOR THE YEAR AFTER TAX</b>		<b>7,184.00</b>	<b>699.56</b>
Balance brought forward from last year		6,404.71	5,778.09
Prior Period Adjustments (Net)		2.15	0.87
Income Tax / Wealth Tax of earlier years		(29.12)	(3.81)
<b>AMOUNT AVAILABLE FOR APPROPRIATIONS</b>		<b>13,561.74</b>	<b>6,474.71</b>
<b>Appropriation</b>			
General Reserve		720.00	70.00
<b>SURPLUS CARRIED TO BALANCE SHEET</b>		<b>12,841.74</b>	<b>6,404.71</b>
<b>Basic &amp; Diluted earning per equity share of Rs. 10 each.</b>		<b>83.27</b>	<b>8.11</b>
(Refer Note No. 10 of Schedule 'P')			
<b>Notes on Accounts &amp; Contingent Liabilities</b>	<b>P</b>		
As per our report of even date		For and on behalf of the Board of Directors	
<b>For CHATURVEDI &amp; SHAH</b>		<b>For JAI CORP LTD</b>	
Chartered Accountants		<b>J. K. JAIN</b>	Chairman
<b>R. KORIA</b>		<b>VIRENDRA JAIN</b>	Managing Director
Partner		<b>GAURAV JAIN</b>	Executive Director
Place : Mumbai		<b>A. DATTA</b>	Company Secretary
Dated : 29th June, 2007			

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	AS AT 31.03.2007	(Rs. in Lacs) AS AT 31.03.2006
<b>SCHEDULE "A"</b>		
<b>AUTHORISED</b>		
2,00,00,000 Equity Shares of Rs. 10 each	<b>2,000.00</b>	2,000.00
15,000 1% Non-Cumulative Non-Participating Redeemable Preference Shares of Rs. 100 each	<b>15.00</b>	15.00
4,85,000 Unclassified Shares of Rs. 100 each	<b>485.00</b>	485.00
	<b>2,500.00</b>	2,500.00
<b>ISSUED AND SUBSCRIBED</b>		
86,31,400 Equity Shares of Rs. 10 each	<b>863.14</b>	863.14
<b>FULLY PAID UP</b>		
86,26,940 Equity Shares of Rs. 10 each.	<b>862.69</b>	862.69
Add: Forfeited Share (Amount Originally Paid up on 4460 Shares)	<b>0.22</b>	0.22
	<b>862.91</b>	862.91

**Notes :-**

**Of the above shares :**

- (i) 24,00,000 Equity Shares have been allotted as Bonus Shares by Capitalisation of Free Reserves.
- (ii) 49,63,522 Equity Shares have been allotted, without payment being received in cash, pursuant to the Scheme of Amalgamation of Sipta Coated Steels Limited and Comet Steels Limited with the Company.

### SCHEDULE "B"

#### RESERVES & SURPLUS

<b>Capital Reserve</b>		
As per last Balance Sheet	<b>92.17</b>	92.17
<b>Equity Share Premium</b>		
As per last Balance Sheet	<b>6,068.22</b>	6,068.22
<b>General Reserve</b>		
As per last Balance Sheet	<b>13,299.00</b>	13,229.00
Add : Transferred from Profit and Loss Account	<b>720.00</b>	70.00
	<b>14,019.00</b>	13,229.00
<b>Profit and Loss Account</b>	<b>12,841.74</b>	6,404.71
	<b>33,021.12</b>	25,864.10

## SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.,)

	(Rs. in Lacs)	
	AS AT 31.03.2007	AS AT 31.03.2006
<b>SCHEDULE "C"</b>		
<b>SECURED LOANS</b>		
i) Term Loan from Bank	4,000.00	-
ii) Working Capital Loan from Bank	-	615.93
	<u>4,000.00</u>	<u>615.93</u>

- NOTE :**
- The term Loan from bank referred to in (i) above is secured by way of Mortgage of immovable assets of the company situated at Nanded , Vasona & Khadoli (Silvassa) and hypothecation of movable assets of the company except inventories & book debts.
  - The working capital loan referred to in (ii) above is secured by hypothecation of the Company's inventories, book debts and movable assets and further secured by way of a negative lien on immovable fixed assets.
  - All the above loan are guaranteed by two of the Directors of the Company in their personal capacity

## SCHEDULE "D"

### UNSECURED LOANS

Interest Free Sales-tax Loan	828.28	874.97
Buyer's Credit	2,379.62	1,021.20
	<u>3,207.90</u>	<u>1,896.17</u>

**Note :** Amount repayable within one year Rs. 2426.31 Lacs (Previous Year Rs.1067.89 Lacs)

## SCHEDULE - E

### FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2006	Additions	Deductions / Adjustments	AS AT 31.03.2007	UPTO 31.03.2006	For The Year	Deductions / # Adjustments	UPTO 31.03.2007	AS AT 31.03.2007	AS AT 31.03.2006
<b>TANGIBLE ASSETS</b>										
FREEHOLD LAND	586.16	21.40	-	607.56	-	-	-	-	607.56	586.16
LEASEHOLD LAND	485.15	36.47	14.74	506.88	-	6.03	-	6.03	500.85	485.15
BUILDINGS	3,544.59	402.75	21.00	3,926.34	963.64	101.75	5.04	1,060.35	2,865.99	2,580.95
PLANT & MACHINERY	15,873.14	2,456.75	217.45	18,112.44	10,718.17	823.17	33.07	11,508.27	6,604.17	5,154.97
FURNITURE & FIXTURES	128.75	1.22	1.63	128.34	99.89	6.83	1.28	105.44	22.90	28.86
OFFICE EQUIPMENTS	289.84	23.27	4.33	308.78	205.48	14.71	2.22	217.97	90.81	84.36
VEHICLES	396.14	120.15	5.59	510.70	150.53	43.38	5.59	188.33	322.37	245.61
<b>INTANGIBLE ASSETS</b>										
DRAWINGS & DESIGNS*	65.38	-	-	65.38	65.38	-	-	65.38	-	-
<b>TOTAL</b>	21,369.15	3,062.01	264.74	24,166.42	12,203.09	995.87	47.20	13,151.77	11,014.65	9,166.06
PREVIOUS YEAR	19,716.31	2,773.72	1,120.88	21,369.15	11,648.11	818.52	263.54	12,203.09	9,166.06	-
CAPITAL WORK IN PROGRESS									1,495.53	1,297.98

\* Other than internally generated.

### NOTES :-

- Leasehold land includes Rs. 13.97 Lacs (Previous Year Rs. 13.97 Lacs) in respect of which title is pending for transfer in the name of the company.
- Building includes Rs.0.01 Lacs (Previous Year Rs. 0.01 Lacs) being the value of shares in Co operative Housing Society Towards ownership of residential flats.
- Capital Work-in-Progress includes :
  - Rs.22.80 Lacs (Previous Year Rs.Nil Lacs) on account of Pre-Operative Expenditure.
  - Rs. 10.09 Lacs (Previous year Rs. Nil Lacs) on account of cost of construction Material at site.
  - Rs. 340.77 lacs ( Previous year Rs.260.75 lacs ) on account of advances made to the suppliers for capital expenditure.
- Electrical Installation includes Rs. 25.40 lacs ( previous year Rs. 25.40 Lacs ) being the amount spent for erection of 11 KV underground cable feeder from khadoli sub- station to Unit, the ownership of which vests with Electricity Dept of Dadra & Nagar Haveli ( a union territory ).
- Addition to Fixed assets and Capital Work in Progress includes Rs. 13.69 Lacs (Previous Year Rs. 1.67 Lacs) on account of Exchange difference (Net).

**SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.,)**

(Rs. in Lacs)

	QUANTITY			(Rs. in Lacs)	
	AS AT 31.03.2007	AS AT 31.03.2006		AS AT 31.03.2007	AS AT 31.03.2006
<b>SCHEDULE "F"</b>					
<b>INVESTMENTS</b>					
<b>(A) LONG TERM INVESTMENTS</b>					
<b>(I) TRADE INVESTMENTS</b>					
<b>UNQUOTED-FULLY PAID UP</b>					
<b>IN EQUITY SHARE OF</b>					
<b>SUBSIDIARY COMPANY</b>					
SARBAGS PTY LTD	50,000	50,000	A\$1	12.34	12.34
<b>OTHERS</b>					
<b>IN EQUITY SHARES</b>					
Mumbai SEZ Ltd. (Prev. known as Mumbai Integrated SEZ Ltd.)	15,000,000	15,000,000	10	2,084.94	1,500.00
Urban Infrastructure Holdings Pvt. Ltd. (Prev. known as Skill SEZ Infrastructure Holdings Pvt. Ltd.)	1,600	1,600	10	0.16	0.16
Urban Infrastructure Venture Capital Ltd. (Including 6 Shares of Rs. 10 each fully paid up held jointly with Nominees)	500,000	25,000	10	50.00	2.50
Urban Infrastructure Trustees Ltd. (Including 6 Shares of Rs. 10 each fully paid up held jointly with Nominees)	25,000	25,000	10	2.50	2.50
Urban Assets Reconstruction Pvt. Ltd. *	5,000	-	10	0.50	-
Urban Energy Generation P. Ltd *	4,000	-	10	0.40	-
Urban Energy Distribution P. Ltd *	4,000	-	10	0.40	-
Urban Energy Transmission P. Ltd *	4,000	-	10	0.40	-
Urban Telecom P. Ltd *	4,000	-	10	0.40	-
Urban Communications Infrastructure P Ltd *	4,000	-	10	0.40	-
Urban Infotech Solutions P. Ltd *	4,000	-	10	0.40	-
* The Company under the same management .					
<b>UNQUOTED-PARTLY PAID UP</b>					
<b>IN EQUITY SHARES</b>					
Urban Infrastructure Holdings Pvt. Ltd. (Prev. known as Skill SEZ Infrastructure Holdings Pvt. Ltd.) (Partly Paid Rs. 4.35 per Share) cost of Rs. 10/-)	16,000,000	16,000,000	10	696.00	696.00
Mumbai SEZ Limited (Prev. known as Mumbai Integrated SEZ Ltd.) (Partly Paid Rs. 1 per Share)	65,000,000	-	10	650.00	-
Rewas Ports Limited (Partly Paid Rs. 1/- per unit)	50,000,000	-	10	500.00	-
<b>(II) NON TRADE INVESTMENTS</b>					
<b>UNQUOTED FULLY PAID UP</b>					
<b>Adventity BPO India Pvt.Ltd.</b>					
<b>IN PREFERENCE SHARES</b>					
	-	396,395	1	-	440.00
<b>IN EQUITY SHARES</b>					
	1,207,205	810,810	1	1,340.00	900.00
<b>IN UNITS</b>					
HDFC India Real Estate Fund	89,318	40,000	1000	893.18	400.00
Urban infrastructure Opportunity Fund (Partly Paid Rs. 50000/- per Share)	19000	-	100000	9,594.69	-
<b>(B) CURRENT INVESTMENTS</b>					
<b>OTHER THAN TRADE INVESTMENTS</b>					
<b>QUOTED- FULLY PAID UP</b>					
<b>IN EQUITY SHARES</b>					
Bank of Maharashtra	-	137,500	10	-	42.14
Dalmia Cement Bharat Ltd.	168,000	-	10	605.59	-
Lakshmi Machine Works Ltd.	1,521	100	10	36.18	-
Gujarat State Petronet Ltd.	-	31,667	10	-	8.55
Jet Airways ( India ) Ltd.	-	100	10	-	0.97
Oswal Chemical & Fertilizers Ltd.	414,032	250,000	10	104.52	84.79

## SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.,)

(Rs. in Lacs)

	QUANTITY				
	AS AT 31.03.2007	AS AT 31.03.2006		AS AT 31.03.2007	AS AT 31.03.2006
<b>SCHEDULE "F" (Contd.....)</b>					
Dena Bank Ltd.	-	700,000	10	-	254.80
Century Textile Ltd.	-	14,450	10	-	55.26
Reliance Industries Ltd.	222,150	920,600	10	980.79	3,697.61
Reliance Energy Ventures Ltd.	-	143,400	10	-	61.72
Reliance Capital Ventures Ltd.	-	920,600	10	-	92.44
Reliance Communication Ventures Ltd.	-	920,600	5	-	2,751.87
Reliance Natural Resources Ltd.	1,084,000	920,600	5	109.53	49.78
United Western Bank Ltd.	-	90,000	10	-	44.10
Rap Media Limited	350,000	-	10	889.00	-
J. B. Chemical & Fertilizers Ltd.	-	90,000	2	-	101.59
Vakranjee Softwares Ltd	100,000	-	10	136.70	-
<b>QUOTED-PARTLY PAID UP</b>					
<b>IN EQUITY SHARES</b>					
Hindalco Industries Limited (Partly Paid Rs. 0.50/- per share)	235,000	225,476	1	190.24	136.33
<b>UNQUOTED-FULLY PAID UP</b>					
<b>IN UNITS</b>					
Prudential ICICI Inst LQ. Plan - Super	1,001,109	6,895,931	10	100.29	690.00
TOTAL				<b>18,979.55</b>	<b>12,025.45</b>

NOTES : (I) Aggregate value of Investments :-

(Rs. in Lacs)

	As at 31.03.2007		As at 31.03.2006	
	'Book Value	Market Value	'Book Value	Market Value
Quoted Investments	3,052.55	5,378.04	7,381.95	11,608.81
Unquoted Investments	15,927.00	-	4,643.50	-

(ii) The current investments are net off provision for diminution in value of current investment by Rs.610.69 Lacs ( Previous Year Rs 7.37 lacs.)

(iv) Movements during the year

**Purchased and Sold**

**Equity Shares**

	Face Value Rs.	Nos.	Cost (Rs. in Lacs)
JSW Steel Ltd	10	23,000	79.68
Lakshmi Machine Works Ltd.	10	6,779	161.11
Oswal Chemical & Fertilizers Ltd.	10	52,968	10.89
Dena Bank Ltd.	10	250,000	79.42
United Western Bank Ltd.	10	280,000	111.78
Bharat Forge Company Ltd.	2	35,000	128.29
Bajaj Auto Ltd.	10	19,105	585.88

**Mutual Fund Units**

Birla Sun Life Mutual Fund	10	5,514,731	1,200.00
ICICI Prudential Mutual Fund	10	219,041,799	21,919.70

**SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.,)**

	(Rs. in Lacs)	
	AS AT 31.03.2007	AS AT 31.03.2006
<b>SCHEDULE "G"</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>CURRENT ASSETS</b>		
<b>INVENTORIES</b>		
(Certified and Valued by the Management)		
Stores, Spares, Packing Materials, Fuel, etc.	519.35	592.54
Raw Materials	2,216.87	509.28
Work-in-Progress	375.57	319.98
Finished Goods	746.97	3,461.56
Scrap	18.16	63.80
Others*	2.94	12.41
	<u>3,879.86</u>	<u>4,959.57</u>
* includes realisable value of discarded fixed assets Rs.2.94 lacs ( Previous year Rs.2.94 lacs ).		
<b>SUNDRY DEBTORS</b>		
(Unsecured, considered good and subject to confirmation)		
For a period of more than six months	6.69	9.40
Others	2,569.67	2,726.77
	<u>2,576.36</u>	<u>2,736.17</u>
<b>CASH AND BANK BALANCES</b>		
Cash on hand	2.06	0.93
Balances with Scheduled Banks		
In Current Accounts	1,383.98	99.22
In Fixed Deposit Accounts *	141.10	76.56
	<u>1,527.14</u>	<u>176.71</u>
* Includes Rs.140.25 lacs Pledged with various Govt. Deptts.(Previous year Rs 75.43 Lacs)		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good and subject to confirmation)		
Advances recoverable in cash or in kind or for value to be received *	3,107.89	1,602.05
Deposits	184.80	167.65
Balance with Customs & Excise Authorities	92.84	236.34
Income Tax (Net)	775.79	314.57
Mat Credit	425.23	-
	<u>4,586.55</u>	<u>2,320.61</u>
	<u>12,569.91</u>	<u>10,193.06</u>
* Includes Rs. 404 Lacs (Previous Year Rs. 404 Lacs) being advance paid towards uncalled money		
<b>SCHEDULE "H"</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors *	430.33	294.59
(Refer Note No. 25 of Schedule 'P')	430.33	294.59
<b>Investor Education &amp; Protection Fund #</b>		
Unclaimed Dividend	5.65	8.85
Unclaimed for Buy back of shares	40.25	40.73
Other Liabilities	346.85	1,723.71
	<u>823.08</u>	<u>2,067.88</u>
<b>PROVISIONS</b>		
Income Tax	790.92	-
Wealth Tax (Net)	8.11	6.98
Leave Encashment	15.91	11.54
Gratuity	29.77	21.59
Other Provision **	3.75	305.04
	<u>848.46</u>	<u>345.15</u>
	<u>1,671.54</u>	<u>2,413.03</u>
* Includes Rs. 61.46 lacs ( previous year Rs. 55.74 lacs ) for capital expenditure.		
** The Company has recognised liability based on substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 31st March 2006 of Rs. 305.04 Lacs as per the estimated pattern of despatches. During the year Rs. 305.04 Lacs was utilized for clearance of goods. Liability recognized under this class for the year is Rs. 3.75 Lacs, which is outstanding as on 31st March 2007. Actual outflow is expected in the next financial year.		
# The amount does not include amount, due & outstanding, to be credited to Investor Education Protection Fund.		



**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

	(Rs. in Lacs)	
	Year Ended 31.03.2007	Year Ended 31.03.2006
<b>SCHEDULE "I"</b>		
<b>TURNOVER</b>		
Sales	25,034.49	19,761.76
Services	400.14	7.49
Export Incentive	813.73	293.75
Commission	840.54	-
	<u>27,088.90</u>	<u>20,063.00</u>
<b>SCHEDULE "J"</b>		
<b>OTHER INCOME</b>		
Dividend - Current Investments	535.92	153.68
Profit on Sale / Discarding of Fixed Assets (Net)	-	294.36
Profit on Sale of Current Investment(Net)	6,387.56	1,364.10
Sundry Balances W/Back(Net)	30.49	32.31
Exchange difference (Net)	36.39	18.87
Rent Received	117.16	27.25
Interest Received	764.29	67.91
( Tax deducted at Source Rs.127.49 lacs (Previous year Rs.8.26 lacs )		
Miscellaneous Income	49.90	43.49
	<u>7,921.71</u>	<u>2,001.97</u>
<b>SCHEDULE "K"</b>		
<b>VARIATION IN STOCK</b>		
Closing Stock		
Finished Goods	746.97	3,461.56
Work-in-Progress	375.57	319.98
Scrap	18.16	63.80
Others	-	9.46
	<u>1,140.70</u>	<u>3,854.80</u>
Opening Stock		
Finished Goods	3,461.56	4,692.89
Work-in-Progress	319.98	581.64
Scrap	63.80	98.82
Others	9.46	9.57
	<u>3,854.80</u>	<u>5,382.92</u>
Variation In Stock	<u>(2,714.10)</u>	<u>(1,528.12)</u>
<b>SCHEDULE "L"</b>		
<b>PURCHASES &amp; RAW MATERIALS CONSUMED</b>		
<b>PURCHASES</b>	6,502.37	26.51
<b>RAW MATERIALS CONSUMED</b>		
Opening Stock	509.28	1,914.45
Add: Purchases	12,343.48	12,720.81
	<u>12,852.76</u>	<u>14,635.26</u>
Less: Closing Stock	2,216.87	509.28
	<u>10,635.89</u>	<u>14,125.98</u>
	<u>17,138.26</u>	<u>14,152.49</u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT (Contd.,)**

(Rs. in Lacs)

**Year Ended**      **Year Ended**  
**31.03.2007**      **31.03.2006**

**SCHEDULE "M"**

**EMPLOYEES' REMUNERATION AND BENEFITS**

Salaries, Wages and Perquisites	1,133.27	722.94
Contribution to Provident and Other Funds	54.24	35.50
Staff Welfare & amenities	11.32	7.25
Gratuity	10.84	5.13
	<u>1,209.67</u>	<u>770.82</u>

**SCHEDULE "N"**

**MANUFACTURING, SELLING & ADMINISTRATIVE EXPENSES**

Power, Fuel and Water	1,452.72	1,369.91
Stores, Spares and Packing Materials	853.52	608.18
Job Work Charges	103.83	22.55
Repairs and Maintenance		
Plant & Machinery	41.72	35.92
Buildings	57.42	14.85
Others	20.97	21.50
Rent	27.33	29.44
Rates and Taxes	41.09	24.35
Insurance	63.69	58.74
Legal, Professional and Consultancy Charges	58.68	28.91
Travelling and Conveyance	121.24	138.93
Advertisement, Publicity and Sales Promotion	13.35	13.03
Freight, Handling Charges and Octroi (Net)	341.14	421.26
Brokerage, Commission and Discount	132.25	106.19
Payment to Auditors	19.85	17.72
Provision for Diminution in value of current Investments	610.69	7.37
Directors Sitting Fees	3.24	2.32
Charity and Donation	0.05	6.65
Bad Debts	2.00	0.03
Loss on Sale / Discarding of Fixed Assets ( Net )	13.20	-
Wealth Tax	7.17	6.40
Other Expenses	181.76	110.25
	<u>4,166.91</u>	<u>3,044.50</u>

**SCHEDULE "O"**

**FINANCE CHARGES**

Interest on Term Loan	288.99	-
Interest ( On other than Term loans )	159.21	65.31
Bank Charges	58.04	34.97
	<u>506.24</u>	<u>100.28</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT****SCHEDULE "P"****NOTES ON ACCOUNTS AND CONTINGENT LIABILITIES****1 SIGNIFICANT ACCOUNTING POLICIES****a. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under historical Cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

**b. USE OF ESTIMATES**

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.

**c. FIXED ASSETS**

Fixed Assets are stated at cost of acquisition or construction, net of modvat \ cenvat, Value Added Tax, less accumulated depreciation. All costs, including trial production and financing costs till commencement of commercial production are capitalised.

**d. DEPRECIATION**

- i) Depreciation is provided on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- ii) Drawings & Designs are written off on straight line method over a period of ten years.
- iii) The lease hold land has been amortisation over a lease period.

**e. INVESTMENTS**

Current investments are carried at lower of cost and market value/NAV, computed individually. Long Term Investments are stated at cost. Provision for diminution in the value of long Term investments is made only if such decline is other than temporary in the opinion of the management.

**f. VALUATION OF INVENTORIES**

In general, all inventories of Finished Goods, Work-in-Progress etc., are stated at lower of cost or net realisable value. Cost of inventories comprise of all cost of purchase, cost of conversion and other cost incurred in bringing the inventory to their present location and condition. Raw Material & Stores and spares in respect of Packaging / Spinning Division are stated at cost on FIFO basis and in respect of Steel Division on Average basis. Scrap and trial run products are valued at estimated net realisable value. Inventories of Finished Goods and Scrap includes excise duty wherever applicable.

**g. CUSTOMS**

The liability on account of Customs duty is recognised on clearance of the goods from the bonded warehouse.

**h. EXPORT INCENTIVES**

- i) The benefits in respect of Duty Draw Back and Credit in Pass Book scheme is recognised as and when right to receive are established as per the terms of scheme.
- ii) The benefits in respect of Advance Licence received by the company against the Export made by it are recognised as and when goods are imported against them.

**i. FOREIGN CURRENCY TRANSACTIONS**

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of monetary items, which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange rate difference and the premium paid on forward contracts has been recognized over the life of the contract.
- iii) Non monetary foreign currency items are carried at cost.
- iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss Account except in cases where they relate to the acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

**j. TURNOVER**

Turnover include sales of waste, scrap, service charges, commission, export incentive and excise duty but excludes sales tax / Value Added Tax

**k. EMPLOYEES' RETIREMENT BENEFITS**

Company's contributions to Provident Fund are charged to the Profit and Loss Account. Gratuity is charged to the profit and loss account on the basis of actuarial valuation.

**l. BORROWING COST**

Borrowing costs that are attributable to the acquisition or Construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS (Contd.,)**

**m. PROVISION FOR CURRENT AND DEFERRED TAX**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.

**n. IMPAIRMENT OF ASSETS**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**o. PROVISION ,CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes on Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

2 In the opinion of the Management, the Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business.

**3 Auditor's Remuneration**

(Rs. In lacs)

	<b>2006-07</b>	2005-06
Audit Fees	<b>10.00</b>	10.00
Tax Audit Fees	<b>3.50</b>	3.50
Certification Fees	<b>3.90</b>	2.95
Out of Pocket Expense	<b>2.45</b>	1.27
	<b>19.85</b>	17.72

4. a) The Company has been advised that the computation of net Profits for the purpose of Directors' remuneration under Section 349 of the Companies Act, 1956 need not be enumerated since no commission has been paid to the Directors. Fixed monthly remuneration has been paid to the Directors as per Schedule XIII to the Companies Act, 1956.

**b) Directors' Remuneration**

(Rs. In lacs)

	<b>2006-07</b>	2005-06
Salary	<b>39.28</b>	32.06
Perquisites	<b>2.19</b>	2.76
	<b>41.47</b>	34.82

**5. Disclosure of Financial and Derivative Instruments**

a Derivative contracts entered into by the company and outstanding as on 31st March 2007 for Hedging Foreign Currency :-

(Rs. In lacs )

	<b>2006-07</b>	<b>2005-06</b>
Forward Contracts	-	<b>2,230</b>

b Unhedged foreign currency exposure as on 31st March 2007 is equivalent to Rs.3012.20 Lacs (Previous year Rs. 2,468.03 Lacs)

6 During the year the company has adopted the policy of amortising the premium paid for lease hold land over the remaining lease Period. This change in accounting policy has resulted in increase in depreciation by Rs. 6.03 Lacs and decrease in profit for the year by the equal amount .

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS (Contd.,)**

7 The details of Pre-operative expenditure includes

Particulars	(Rs. In lacs)	
	2006-07	2005-06
Employees's Remuneration & Benefits	10.20	81.48
Power, Fuel & Water	4.34	3.30
Rates & Taxes	1.46	0.62
Legal, Professional & Consultancy	3.44	0.20
Travelling & Conveyance	1.73	0.17
Bank Charges	0.02	0.01
Other Expenses	1.95	0.55
Consumable & Stores	0.34	-
Loss on Sale of Plant & Machinery	2.54	-
Freight Inward	0.22	-
Testing Expenses	0.14	-
<b>Total Expenses</b>	<b>26.38</b>	<b>86.33</b>
Less :- Misc. Income	0.67	-
<b>Total</b>	<b>25.71</b>	<b>86.33</b>
Less :- allocated During the Year	2.91	86.33
	<b>22.80</b>	-

8 Advance recoverable in cash or in kind / debtors, includes the following amounts due from Pvt. Companies/Partner ship Firm, in which directors are interested:-

Name of the Party	(Rs. In lacs)	
	2006-07	2005-06
Polyplast Agencies Pvt. Ltd.	7.48	1.34
Resin Distributors Pvt. Ltd.	2.33	6.66
Daman Plastic	0.03	1.40
<b>Total</b>	<b>9.84</b>	<b>9.40</b>

9 The deferred tax liability comprises of the following:

	(Rs. In lacs )	
	As on 31.03.2007	As on 31.03.2006
<b>(i) Deferred Tax Liability</b>		
Related to fixed assets	1,379.35	1,099.54
<b>(ii) Deferred Tax Assets</b>		
Provision for diminution in value of current investment	67.65	0.83
Unabsorbed Depreciation	-	57.15
Disallowance under the Income Tax Act, 1961	15.53	11.15
<b>Total</b>	<b>83.18</b>	<b>69.13</b>
<b>Deferred tax Liability (net)</b>	<b>1,296.17</b>	<b>1,030.41</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS (Contd.,)**

**10 Basic and Diluted Earnings per Share**

		(Rs. In lacs)
	<b>2006-07</b>	2005-06
(a) Net Profit available for equity Share Holder (Amount used as numerator)	<b>7,184.00</b>	699.56
(b) Weighted Average Number of equity shares used as denominator for calculating EPS	<b>8,626,940</b>	8,626,940
(c) Basic & Diluted Earning Per Share (Rs.)	<b>83.27</b>	8.11

**Reconciliation between Number of shares used for calculating Basic & diluted earning per share**

(a) No. of Share outstanding at the year end	8,626,940	8,626,940.00
(b) No. of Shares purchased and cancelled during the year	-	-
(c) Weighted average number of shares used for calculating Basic & Diluted earning per share	8,626,940	8,626,940.00

**11 (A) As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosure of transactions with the related parties as defined in the Accounting Standard are given below:**

**(I) List of related parties and relationship.**

- (i) Subsidiary: Sarbags Pty. Ltd.
- (ii) Associates :- Urban Infrastructure Venture Capital Ltd.  
Urban Infrastructure Trustees Ltd.  
Urban Telecom P.59

Ltd (Associates w.e.f. 01.12.2006)

- Urban Energy Distribution P. Ltd. (Associates w.e.f. 01.12.2006)
- Urban Energy Transmission P. Ltd. (Associates w.e.f. 01.12.2006)
- Urban Energy Generation P. Ltd. (Associates w.e.f. 01.12.2006)
- Urban Assets Reconstruction Co.P. Ltd (Associates w.e.f. 14.02.2007)
- Urban Communication Infrastructure P. Ltd. (Associates w.e.f. 14.02.2007)
- Urban Infotech Solution P. Ltd. (Associates w.e.f. 14.02.2007)

**(iii) Key Managerial Personnel and relatives of such personnel:**

- (a) Shri J. K. Jain Chairman
- (b) Shri S. P. Jain Managing Director (up to 04.01.2007)
- (c) Shri Virendra Jain Managing Director (w.e.f. from 04.01.2007)
- (d) Shri V. S. Pandit Director (Works)
- (e) Shri Gaurav Jain Executive Director (w.e.f. from 01.10.2006)

**(iv) Enterprises over which persons described in (iii) above and their Relatives are able to exercise significant influence (Other related Parties) with whom transactions have taken place:-**

- (a) Pet Fibres Ltd.
- (b) Sun Shine Fibres Pvt. Ltd.
- (c) Dotson Steels Ltd.
- (d) Suniti Commercials Ltd.
- (e) Silvassa Plastic
- (f) Silvassa Pipes Pvt Ltd.
- (g) Resin Distributors Pvt Ltd.
- (h) Puriya Industrial Packaging Pvt.Limited
- (i) Polyplast Agencies Pvt Ltd.
- (j) Prime Wovens Ltd.
- (k) Tech Fab India
- (l) Polysil Pipes
- (m) Daman Plastic

**(II) Transactions during the year with related parties :**

					(Rs. In lacs)
<b>Nature of Transaction</b>	<b>Subsidiary</b>	<b>Associates</b>	<b>Key Management Personnel</b>	<b>Other Related Parties</b>	<b>Total</b>
<b>Fixed Assets</b>					
(a) Sold during the year	-	-	-	13.63	13.63
	(-)	(-)	(-)	(1,132.75)	(1,132.75)
(b) Purchased during the year	-	-	-	12.21	12.21
	(-)	(-)	(-)	(4.24)	(4.24)
<b>Investments</b>					
(a) Purchased during the year	-	50.40	-	-	50.40
	(10.00)	(-)	(-)	(-)	(10.00)
(b) Preference Share Redeemed during the year	-	-	-	-	-
	(100.93)	(-)	(-)	(-)	(100.93)
(c) Balance as at 31st March, 2007	12.34	55.40	-	1,340.00	1,407.74
	(12.34)	(5.00)	(-)	(1,340.00)	(1,357.34)
<b>Loans &amp; Advances</b>					
(a) Given/adjusted during the year	-	-	-	172.00	172.00
	(-)	(-)	(-)	(1,234.55)	(1,234.55)
(b) Returned during the year	-	-	-	172.00	172.00
	(-)	(-)	(-)	(1,234.55)	(1,234.55)

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS (Contd.,)**

(II) Transactions during the year with related parties : Nature of Transaction	Subsidiary	Associates	Key Management Personnel	Other Related Parties	(Rs. In lacs) Total
<b>Sale of Goods</b>					
(a) Sales	21.37	-	-	307.18	328.55
(b) Services	(-)	(-)	(-)	(468.28)	(468.28)
	(-)	(-)	(-)	3.80	3.80
	(-)	(-)	(-)	(-)	-
<b>Other Income</b>					
(a) Interest received	-	-	-	-	-
(b) Rent Received	(-)	(-)	(-)	(2.46)	(2.46)
(c) Miscellaneous Income	(-)	(-)	(-)	(0.41)	(0.41)
	(-)	(-)	(-)	4.00	4.00
	(-)	(-)	(-)	(3.00)	(3.00)
<b>Purchase of Goods</b>					
	(-)	(-)	(-)	204.58	204.58
	(-)	(-)	(-)	(62.20)	(62.20)
<b>Discount on Raw Materials (Deducted from Purchases)</b>					
	(-)	(-)	(-)	66.99	66.99
<b>Recovery of Expenses</b>					
	(-)	(-)	(-)	(119.96)	(119.96)
	(-)	(-)	(-)	0.25	0.25
	(-)	(-)	(-)	(0.35)	(0.35)
<b>Expenditure</b>					
(a) Directors' Remuneration & Perks	-	-	41.47	-	41.47
(b) Directors' Sitting Fee	(-)	(-)	(34.82)	(-)	(34.82)
(c) Job work Charges	(-)	(-)	1.15	-	1.15
(d) Rent	(-)	(-)	(0.85)	(-)	(0.85)
(e) Other Expenses	(-)	(-)	-	15.99	15.99
	(-)	(-)	(-)	(-)	(-)
	(-)	(-)	(-)	12.00	12.00
	(-)	(-)	(-)	(12.00)	(12.00)
	(-)	(-)	(-)	0.62	0.62
	(-)	(-)	(-)	(0.08)	(0.08)

Note : Figures in bracket represent previous year's amounts

**Significant transactions with related parties :-**

- i) Fixed Assets Includes Rs. 1.41 Lacs (Previous Year Rs.NIL) sold to Pet Fibres Ltd. Rs. 12.18 Lacs (Previous Year Rs. Nil ) sold to Prime Wovens Ltd., Rs.NIL (Previous Year Rs. 300.56 Lacs) sold to Suniti Commercials Ltd. , Rs. NIL (Previous Year Rs. 555.25 Lacs) sold to Sun Shines Fibre Pvt Ltd, Rs. NIL (Previous Year Rs. 240.0 Lacs) sold to Silvassa Pipes and Rs.0.04 Lacs (Previous Year Rs.NIL ) sold to Puriya Industrial Packaging Pvt.Ltd.
- ii) Fixed Assets Includes Rs. 1.78 Lacs (Previous Year Rs. 3.83 Lacs) purchase from Pet Fibres Ltd.,Rs.NIL (Previous Year Rs. 0.41 Lacs) purchase from Dotsons Steels Ltd. and Rs. 7.75 Lacs (Previous Year Rs. NIL Lacs) purchase from Prime Wovens Ltd, Rs.2.25 Lac (Previous Year Rs.NIL) purchase from Suniti Commercial Ltd., Rs.0.22 Lacs (Previous Year Rs.NIL) purchase from Silvassa Pipes, Rs.0.10 Lacs (Previous Year Rs.NIL) purchase from Polysil Pipes, Rs.0.11 Lacs (Previous Year Rs.NIL) purchase from Puriya Industrial Packaging Pvt. Ltd.
- iii) Investment during the year Rs. 47.50 Lacs (Previous Year Rs.2.50 Lacs) in Urban Infrastructure Venture Capital Pvt. Ltd., Rs NIL (Previous Year Rs. 2.50 Lacs) in Urban Infrastructure Trustee Pvt. Ltd.,Rs 0.40 Lacs (Previous Year Rs. NIL) in Urban Communication Infrastructure Pvt.Ltd., Rs 0.40 Lacs (Previous Year Rs. NIL) in Urban Infotech Solution Pvt. Ltd., Rs 0.50 Lacs (Previous Year Rs. NIL) in Urban Assets Reconstruction Company Pvt.Ltd., Rs 0.40 Lacs (Previous Year Rs. NIL) in Urban Telecom Pvt.Ltd., Rs 0.40 Lacs (Previous Year Rs. NIL) in Urban Energy Distribution Pvt. Ltd., Rs 0.40 Lacs (Previous Year Rs. NIL) in Urban Energy Transmission Pvt. Ltd. and Rs 0.40 Lacs (Previous Year Rs. NIL) in Urban Energy Generation Pvt. Ltd..
- iv) Investment redeemed during the year Includes Rs. NIL (Previous Year Rs. 100.93 Lacs) in Sarbags Pty Ltd.
- v) Investment as at 31st March 2007, Includes Rs. 12.34 Lacs (Previous Year Rs. 12.34 Lacs) in Sarbags Pty. Ltd., Rs. 1340.00 Lacs (Previous Year Rs. 1340.00 Lacs) in Adventity BPO India Pvt. Ltd.,Rs.50.0 Lacs (Previous Year Rs.2.50 Lacs ) in Urban Infrastructure Venture Capital Pvt. Ltd., Rs.2.50 Lacs (Previous Year Rs.2.50 Lacs) in Urban Infrastructure Trustee Pvt. Ltd., Rs.0.40 Lacs (Previous Year Rs.NIL) in Urban Communication Infrastructure Pvt. Ltd., Rs.0.40 Lacs (Previous Year Rs.NIL) in Urban Infotech Solution Pvt. Ltd., Rs.0.50 Lacs (Previous Year Rs. NIL) in Urban Assets Reconstruction Company Pvt. Ltd., Rs.0.40 Lacs (Previous Year Rs. NIL) in Urban Telecom Pvt. Ltd., Rs. 0.40 Lacs (Previous Year Rs. NIL) in Urban Energy Distribution Pvt. Ltd., Rs. 0.40 Lacs (Previous Year Rs. NIL) in Urban Energy Transmission Pvt. Ltd. and Rs.0.40 Lacs (Previous Year Rs. NIL) in Urban Energy Generation Pvt. Ltd.
- vi) Loans and advances Includes Rs. 112.00 Lacs (Previous Year Rs. 550.30 Lacs) given to Pet Fibres Ltd. and Rs. 60.00 Lacs (Previous Year Rs. 642.25 Lacs) given to Prime Wovens Ltd.
- vii) Loans and Advances includes Rs. 112.00 Lacs (Previous Year Rs. 550.30 Lacs) return by Pet Fibres Ltd., Rs. 60.00 Lacs (Previous Year Rs. 640.25 Lacs) return by Prime Wovens Ltd.
- viii) Advances recovered in cash or in kinds Rs. Nil (Previous Year Rs. Nil Lacs ) given to Pet Fibres Ltd. and Rs.Nil (Previous Year Rs. Nil Lacs) given to Prime Wovens Ltd.
- ix) Advances recovered in cash or in kinds Rs. Nil (Previous Year Rs. Nil Lacs ) return by Pet Fibres Ltd. and Rs.Nil (Previous Year Rs. Nil Lacs) return by Prime Wovens Ltd.

- x) Advances recovered in cash or in kinds as at 31st March 2007 Rs. Nil (Previous Year Rs. Nil Lacs ) from Resin Distributors Pvt. Ltd. and Rs. Nil (Previous Year Rs. Nil Lacs) from Poly plast Agencies Pvt. Ltd.
- xi) Deposit Includes Rs. Nil (Previous year Rs. Nil Lacs) given to Resin Distributors Pvt. Ltd. and Rs.Nil (Previous Year Rs. Nil Lacs) given to Poly Plast Agencies Pvt. Ltd.
- xii) Deposit Includes Rs. Nil (Previous year Rs. Nil Lacs) return by Resin Distributors Pvt. Ltd. and Rs. Nil (Previous Year Rs. Nil) return by Poly Plast Agencies Pvt. Ltd.
- xiii) Advance received against sale of fixed assets Includes Rs.Nil (Previous Year Rs. Nil Lacs) given by Silvassa Pipes Pvt. Ltd. and Rs.Nil (Previous Year Rs. Nil Lacs) given by Silvassa Poly Plast India Pvt. Ltd.
- xiv) Sales Includes Rs.246.36 Lacs (Previous Year Rs. 156.54 Lacs) sold to Prime Wovens Ltd., Rs. NIL (Previous Year 132.52 Lacs) sold to Tufropes Pvt Ltd and Rs. 21.92 Lacs (Previous Year Rs. 130.21 Lacs) sold to Puriya Industrial Packaging Pvt Ltd., Rs.0.13 Lacs (Previous Year Rs. NIL) sold to Pet Fiber Ltd., Rs.6.64 Lacs (Previous Year Rs. NIL) sold to Dotsons Steel Ltd., Rs.19.82 Lacs (Previous Year Rs. NIL) sold to Sun Shine Fibre P Ltd., Rs.1.87 Lacs (Previous Year Rs. NIL) sold to Tech Feb and Rs.10.43 Lacs (Previous Year Rs. NIL) sold to Daman Plastics Ltd. and Rs.21.37 Lacs (Previous Year Rs. NIL) sold to Sarbags Pty.Ltd..
- xv) Services Includes Rs. Nil (Previous Year Rs. Nil Lacs) provided to Suniti Commercials Ltd. and Rs. Nil (Previous Year Rs. Nil Lacs) provided to Prime Wovens Ltd.
- ix) Services includes Rs. 3.80 Lacs (Previous Year Rs. Nil Lacs) provided to Puriya Industrial Packaging Pvt.Ltd.
- x) Interest Income Includes Rs. NIL (Previous Year 0.76 Lacs) received from Pet Fibres Ltd, Rs.NIL (Previous Year Rs.1.26 Lacs) received from Prime Wovens Ltd.and Rs. NIL (Previous Year Rs.0.44 Lacs) received from Suniti Commercials Ltd..
- xi) Rent Income Includes Rs. NIL (Previous Year Rs. 0.41 Lacs) received from Sunshine Fibres Pvt. Ltd..
- xii) Miscellaneous Income Includes Rs.0.63 Lacs (Previous Year Rs.Nil Lacs) received from Prime Wovens Ltd., Rs. NIL (Previous Year Rs. 0.76 Lacs) received from Dotsons Steels Ltd., Rs. 0.45 Lacs ( Previous Year Rs.Nil Lacs ) received from Tech Feb, Rs. NIL (Previous Year Rs. 0.92 Lacs) received from Sunshine Fibre Pvt Ltd.and Rs. 2.91 Lacs (Previous Year Rs. 0.87 Lacs) from Puriya Industrial Packaging Pvt. Ltd.
- xiii) Prior period adjustment includes Rs. Nil (Previous year Rs Nil ) of Resin Distributor Pvt. Ltd., Rs. Nil (Previous Year Rs.Nil) of Sunshine Fibres Pvt. Ltd. , Rs. Nil (Previous Year Rs. Nil) of Daman Plastics and Rs. Nil (Previous Year Rs. Nil ) from Polyplast Agency Pvt. Ltd.
- xiiii) Recovery of Expenses represents Rs. 0.25 Lacs (Previous Year Rs. 0.34 Lacs) from Prime Wovens Ltd..
- xv) Purchase of Goods Includes Rs.3.14 Lacs (Previous Year Rs. Nil Lacs) purchase from Pet Fibres Ltd. , Rs. 190.92 Lacs (Previous Year 36.11 Lacs) purchase from Prime Wovens Ltd., and Rs 8.60 Lacs (Previous Year Rs. 22.74 Lacs) purchase from Puriya Industrial Packaging Pvt Ltd., Rs 1.25 Lacs (Previous Year Rs. NIL) purchase from Sun Shine Fibre Pvt. Ltd., Rs 0.28 Lacs (Previous Year Rs. NIL) purchase from Polysil Pipes and Rs 0.39 Lacs (Previous Year Rs. NIL) purchase from Silvassa Plastics
- xvi) Discount on Raw material includes Rs. 9.66 Lacs (Previous Year Rs. 89.64 Lacs ) received from Resin Distributors Pvt. Ltd. and Rs. 57.33 Lacs (Previous Year Rs.30.33 Lacs ) received from Polyplast Agencies Pvt. Ltd.
- xvii) Director sitting fees Includes Rs. 0.45 Lacs (Previous Year Rs.0.45 Lacs) paid to Virendra Jain , Rs. 0.20 Lacs (Previous Year Rs.0.15 Lacs) paid to Gaurav Jain, Rs 0.10 Lacs (Previous Year Rs.NIL) paid to S.P. Jain. and Rs 0.40 Lacs (Previous Year Rs. 0.25 Lacs) paid to J.K. Jain.
- xviii) Director remuneration and perks Includes Rs. 20.07 Lacs (Previous Year Rs. 26.61 Lacs) paid to S. P. Jain, Rs. 12.23 Lacs (Previous Year Rs.NIL) paid to Gaurav Jain and Rs. 9.17 Lacs (Previous Year Rs. 8.21 Lacs) paid to V. S. Pandit.
- xix) Job work charges Includes Rs. 0.44 Lacs (Previous Year Rs. Nil Lacs) paid to Pet Fibres Ltd., Rs.12.61 Lacs (Previous Year Rs. Nil Lacs) paid to Prime Wovens Ltd., Rs. 2.94 Lacs (Previous Year Rs. Nil Lacs) paid to Daman Plastics.
- xx) Rent Expenditure Includes Rs. 12.00 Lacs (Previous Year Rs.12 Lacs) paid to Pet Fibres Ltd.
- xxi) Other Expenses includes Rs.0.05 Lacs (Previous Year Rs.0.01 Lacs) paid to Pet Fibres Ltd. , Rs.0.52 Lacs (Previous Year Rs. 0.05 Lacs) paid to Prime Wovens Ltd., and Rs. 0.05 (Previous Year Rs. 0.02 Lacs ) paid to Puriya Industrial Packaging Pvt Ltd.,

**(B) Loans and advances in the nature of Loans given to Subsidiaries and other related parties:**

**(a) Loans and Advances in the nature of Loans:**

Name of the company	Relationship	(Rs. In lacs )		
		Balance as at 31.03.07	Balance as at 31.03.06	Maximum amount outstanding during the year
Pet Fibres Ltd	Director is Interested	—	—	112.00
Prime Wovens Ltd.	Director is Interested	—	—	60.00

Note :

Loans and advances shown above, fall under the category of 'Loans & Advances in nature of Loans where there is no repayment schedule'.

**(b) Investment in the shares of the company by the Loanee**

Pet Fibres Ltd.	Director is Interested	10,000 Shares of Rs. 10/- each
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**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS (Contd.,)**
**12. Segment information as per Accounting Standard – 17 on Segment Reporting for the year ended 31st March 2007.**

i) Information about Primary (Product wise) Segments.

(Rs. in Lacs)

Particulars	Steel		Plastic Processing		Spinning		Unallocated		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
<b>Segment Revenue</b>										
External Turnover	15609.46	15534.40	5687.59	3120.41	5791.85	1,408.19	-	-	27088.90	20063.00
Inter Segment Turnover	-	-	-	-	-	-	-	-	-	-
<b>Gross Turnover</b>	15609.46	15534.40	5687.59	3120.41	5791.85	1,408.19	-	-	27088.90	20063.00
<b>Less : Excise duty recovered on Sales</b>	529.14	936.43	149.13	93.31	73.13	106.99	-	-	751.40	1136.73
<b>Net Turnover</b>	15080.32	14597.97	5538.46	3027.10	5718.72	1,301.20	-	-	26337.50	18926.27
<b>Results</b>										
Segment Results	761.58	(1371.68)	426.26	466.86	132.53	111.35	-	-	1320.37	(793.47)
Unallocated Corporate Income (Net)	-	-	-	-	-	-	5597.92	1307.03	5597.92	1307.03
<b>Operating Profit/ (Loss)</b>	761.58	(1371.68)	426.26	466.86	132.53	111.35	5597.92	1307.03	6918.29	513.56
Interest Expenses	196.99	97.67	4.78	2.34	304.46	0.25	0.01	0.02	506.24	100.28
Interest / Dividend / Rent Income	515.16	51.58	3.34	3.01	12.05	0.77	886.85	193.48	1417.40	248.84
Provision For Income Tax	-	-	-	-	-	-	645.45	(37.44)	645.45	(37.44)
<b>Net Profit/ (Loss)</b>	1079.75	(1417.77)	424.82	467.53	(159.88)	111.87	5839.31	1537.93	7184.00	699.56
<b>Other Information</b>										
Segment Assets	8103.41	9383.44	6536.26	6350.05	5729.35	2,860.97	-	-	20369.02	18594.46
Unallocated Corporate Assets	-	-	-	-	-	-	23690.62	14088.09	23690.62	14088.09
<b>Total Assets</b>	8103.41	9383.44	6536.26	6350.05	5729.35	2,860.97	23690.62	14088.09	44059.64	32682.55
<b>Segment Liabilities</b>	4242.22	3119.42	297.52	206.47	3494.46	97.35	-	-	8034.20	3423.24
Unallocated Corporate Liabilities	-	-	-	-	-	-	2141.41	2532.30	2141.41	2532.30
<b>Total Liabilities</b>	4242.22	3119.42	297.52	206.47	3494.46	97.35	2141.41	2532.30	10175.61	5955.54
<b>Capital Expenditure</b>	34.46	796.02	841.67	633.20	2305.62	2,275.76	77.81	-	3259.56	3704.98
<b>Depreciation</b>	436.63	454.45	253.33	295.20	259.03	52.86	46.88	16.01	995.87	818.52
<b>Non - Cash Expenditure</b>	-	-	-	-	-	-	610.69	7.37	610.69	7.37

ii) Notes :

(a) Segments have been identified and reported taking into account, the differing risks and returns, the organization structure and the internal reporting system. These are organized into three main business segment based on products:

- Steel :-** The company is manufacturing CR/GP/GC Coils/ Sheets at Steel unit located at Nanded ( Maharashtra )
- Plastic Processing:-** The company is manufacturing Woven sacks/ Fabrics at packaging units which are mainly located at Murbad (Maharashtra) & Khadoli (Silvassa).
- Spinning :-** The company is manufacturing spinning yarn at its units located at Vasona & Masat '(Silvassa)
- Unallocated :-** Consists of expenses incurred at the corporate level which relates to the company as a whole, income from investments of surplus funds, Corporate assets includes Real Estate, Investments and ICDs.

(b) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments. Unallocated includes expenses incurred at the corporate level which relates to the company as a whole.

iii) Secondary segment Information :-

	2006-07	(Rs. In Lacs) 2005-06
1. Segment Revenue - External Turnover		
- Within India	18,461.01	9,939.58
- Outside India	8,627.89	10,123.42
Total Revenue	27,088.90	20,063.00
2. Segment Assets		
- Within India	44,047.30	32,670.21
- Outside India	12.34	12.34
Total Assets	44,059.64	32,682.55
3. Segment Liability		
- Within India	10,175.61	5,955.54
- Outside India	-	-
Total Liability	10,175.61	5,955.54
4. Capital Expenditure		
- Within India	3,259.56	3,704.98
- Outside India	-	-
Total Expenditure	3,259.56	3,704.98

## SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS (Contd.,)

### 13 LICENSED AND INSTALLED CAPACITY (as certified by the Management)

	Unit	Licensed Capacity		Installed Capacity	
		2006-07	2005-06	2006-07	2005-06
(a) CR Coils	MT	N.A.	N.A.	62,500	62,500
(b) GP/GC Coils/Sheets	MT	N.A.	N.A.	55,000	55,000
(c) Woven Sacks/Fabrics	MT	N.A.	N.A.	19,500	19,500
(d) Spinning Yarn	MT	N.A.	N.A.	7,500	7,500

Note : Licensed Capacity is not applicable in view of the Company's products have been delicensed.

### 14 ACTUAL PRODUCTION

	Unit	2006-07	2005-06
(a) CR Coils/Sheets *#	MT	11,739	40,150
(b) GP/GC Coils/Sheets **#	MT	10,419	35,379
(c) Woven Sacks/Fabrics ***	MT	5,906	4,676
(d) Tape & Liner****	MT	—	333
(e) Spinning Yarn	MT	4,768	1,293

\* Including 11309 MT (Previous year 35428 MT) Captive consumption.

\*\* Including 74 MT (Previous year 181 MT) Captive consumption.

\*\*\* Including Nil M.T. (Previous year 4 MT) captive consumption

\*\*\*\* Including Nil MT(Previous year 4 MT) captive consumption

# Excludes the goods manufactured as job processor CR Coils 24535 MT & GP/GC Coils 24782 MT

Previous year (CR Coils 734 MT & GP/CG Coils 386 MT)

### 15 STOCKS

	Qty. (MT)	2006-07		(Rs. In lacs)	
		Value	Qty. (MT)	2005-06	Value
<b>OPENING STOCK</b>					
CR Coils/Sheets	1,895	527.63	1,364	390.27	
GP/GC Coils/Sheets	5,675	1,970.57	11,382	4,179.89	
Tubes	-	-	-	-	
Woven Sacks/Fabrics	1,240	908.20	163	120.14	
Polyester Chips	-	-	22	2.59	
Spinning Yarn	54	55.16	-	-	
Others	-	12.41	-	13.50	
		<u>3,473.97</u>		<u>4,706.39</u>	
<b>CLOSING STOCK</b>					
CR Coils/Sheets	-	-	1,895	527.63	
GP/GC Coils/Sheets	-	-	5,675	1,970.57	
Woven Sacks/Fabrics	737	541.89	1,240	908.20	
Spinning Yarn	181	205.08	54	55.16	
Others	-	2.94	-	12.41	
		<u>749.91</u>		<u>3,473.97</u>	
<b>16 TURNOVER</b>					
CR Coils/Sheets	2,325	726.35	4,191	1,281.14	
GP/GC Coils/Sheets	16,565	5,848.83	40,905	12,985.74	
Tubes	-	-	-	-	
Melting Scrap	52,690	6,382.77	-	-	
Woven Sacks/Fabrics	6,409	5,630.35	3,594	2,785.50	
Liner & Tape	-	-	330	206.79	
Spinning Yarn	4,641	5,756.17	1,239	1,403.86	
Reprocess Granuals	20	6.94	145	50.72	
Polyster Chip	-	-	22	2.59	
Cr Strip	28	16.29	-	-	
Scrap	1,777	384.59	4,786	967.91	
Others	-	254.46	192	77.51	
Export Incentive	-	813.74	-	293.75	
Services and Commission	-	1,268.41	-	7.49	
		<u>27,088.90</u>		<u>20,063.00</u>	
<b>17 RAW MATERIALS CONSUMED</b>					
HR Steel Coils	11,571	2,739.08	41,356	8,928.50	
CR Coil	18	4.48	-	-	
Zinc & other Alloys	407	573.49	2,172	1,779.47	
PSF/VSF	4,923	3,853.37	1,422	976.76	
HDPE/PP/LDPE/LLDPE	5,758	3,270.92	4,676	2,225.58	
Master Batch	292	173.13	249	131.22	
Fabric	31	21.42	156	84.45	
		<u>10,635.89</u>		<u>14,125.98</u>	

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS (Contd.,)**
**19 VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS AND SPARE PARTS AND COMPONENTS CONSUMED**

	(Rs. In lacs)			
	Value	2006-07 % of Total	Value	2005-06 % of Total
<b>(i) Raw Materials</b>				
Indigenous	10,521.54	98.92	11,832.84	83.77
Imported	114.35	1.08	2,293.14	16.23
	<u>10,635.89</u>	<u>100.00</u>	<u>14,125.98</u>	<u>100.00</u>
<b>(ii) Spare Parts &amp; Components</b>				
Indigenous	826.84	96.90	556.68	91.50
Imported	26.68	3.10	51.50	8.50
	<u>853.52</u>	<u>100.00</u>	<u>608.18</u>	<u>100.00</u>

**20 VALUE OF IMPORTS ON CIF BASIS**

	(Rs. In lacs)	
	2006-07	2005-06
Raw Materials	1,687.09	2,194.50
Stores items	26.26	69.75
Capital Goods	1,360.33	135.50
Melting Scrap	5,952.91	-
	<u>9,026.59</u>	<u>2,399.75</u>

**21 EXPENDITURE IN FOREIGN CURRENCY**

Travelling	9.31	33.18
Interest and Bank Charges	138.07	60.52
Professional & Consultation Fees	-	2.81
Others	8.93	38.84
	<u>156.31</u>	<u>135.35</u>

**22 EARNINGS IN FOREIGN CURRENCY**

FOB value of Exports*	6,791.48	9,241.22
-----------------------	----------	----------

\*Excluding Export through Export House Rs.1836.41 Lacs (Previous Year Rs.882.20 Lacs )

**23 Contingent liabilities in respect of -**

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for ( net of advances paid) (Cash outflow is expected on execution of such capital contracts )	169.90	63.36
(b) Contingent Liabilities in respect of Claims not acknowledged as debts (Disputed liability in appeal)		
Sales Tax	94.36	94.36
Excise Duty	14.49	87.75
Railway Claims	80.66	80.66
Provident Fund	89.25	112.00
Income Tax	82.26	-
Other Claims	15.90	15.90
	<u>376.92</u>	<u>390.67</u>
(c) Uncalled Liability on partly paid up share/unit (net of advance paid towards unpaid calls)	20,462.80	662.34
(d) Unexpired letter of credit (These are established in favour of suppliers. But material under the aforesaid letter of credit are yet to be received as on year end date. Cash outflow expected on the basis of payment term as mention in Letter Of Credit.)	643.21	621.00

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS (Contd.,)**

		Qty.	2006-07	Qty.	(Rs. In lacs)
		(MT)	Value	(MT)	2005-06
					Value
<b>18 PURCHASES</b>					
H.R. Coils		545	222.75	—	—
Melting Scrap		52,690	6,257.61	—	—
CR Steel Strip		28.00	16.29	—	26.51
Others		—	5.72	—	—
			<u>6,502.37</u>		<u>26.51</u>
<b>24 Excise duty</b>					
a) Excise duty shown as a reduction from Turnover				751.40	1,136.73
b) Excise duty charged to Profit & Loss Account					
i) Difference between closing & opening stock				301.29	149.17
ii) Excise duty payment on Capt. Consumption				-	0.56
				<u>301.29</u>	<u>148.61</u>
<b>25</b>	The Company has not received any information from “suppliers” regarding their status under the Micro, Small Medium Enterprises Development Act, 2006 as well as in respect of small scale undertakings and hence disclosures, if any, relating to amounts unpaid as at year end together with interest paid / payable as required under the said Act have not been given.				
<b>26</b>	The Company has not received any information from “suppliers” regarding their status under the Micro, Small Medium Enterprises Development Act, 2006 as well as in respect of small scale undertakings and hence disclosures, if any, relating to amounts unpaid as at year end together with interest paid / payable as required under the said Act have not been given.				
	During the year the company is liable to pay Minimum Alternate Tax (“MAT”) under section 115 JB of the Income Tax Act, 1961 (“The Act”) and the amount paid as MAT is allowed to be carried forward for being set off against the future tax liabilities computed in accordance with the provisions of the Act, other than section 115 JB of the Act, in next seven years. Based on the future projection of the performances, prepared by the company, the company will be liable to pay the income tax computed as per the provisions, other than section 115 JB of the Act. Accordingly, as advised in Guidance Note on “Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961” issued by the Institute of Chartered Accountants of India, Rs. 425.23 Lacs being the excess of tax payable under section 115 JB of the Act over tax payable as per the provisions other than section 115 JB of the Act has been considered as MAT credit entitlement and and credited to profit and loss account.				
<b>27</b>	The Previous year’s figures have been regrouped, rearranged and reclassified wherever necessary.				

As per our report of even date

**For CHATURVEDI & SHAH**  
Chartered Accountants

**R. KORIA**  
Partner

Place : Mumbai  
Date : 29th June , 2007

For and on behalf of the Board of Directors

**For JAI CORP LTD**

**J. K. JAIN** Chairman

**VIRENDRA JAIN** Managing Director

**GAURAV JAIN** Executive Director

**A. DATTA** Company Secretary

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### REGISTRATION DETAILS

Registration No. 

3	6	5	0	0
---	---	---	---	---

 State Code 

1	1
---	---

Balance Sheet Date 

3	1	0	3	2	0	0	7
---	---	---	---	---	---	---	---

### CAPITAL RAISED DURING THE YEAR

Public issue 

N	I	L
---	---	---

 Right issue 

N	I	L
---	---	---

Bonus issue 

N	I	L
---	---	---

 Private Placement 

N	I	L
---	---	---

### POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs Thousands)

Total Liabilities 

4	4	0	5	9	6	4
---	---	---	---	---	---	---

 Total Assets 

4	4	0	5	9	6	4
---	---	---	---	---	---	---

#### Sources of Funds :

Paid up Capital 

8	6	2	9	1
---	---	---	---	---

 Reserves & Surplus 

3	3	0	2	1	1	2
---	---	---	---	---	---	---

Secured Loans 

4	0	0	0	0	0
---	---	---	---	---	---

 Unsecured Loans 

3	2	0	7	9	0
---	---	---	---	---	---

#### Application of funds :

Net Fixed Assets 

1	2	5	1	0	1	8
---	---	---	---	---	---	---

 Investments 

1	8	9	7	9	5	5
---	---	---	---	---	---	---

Net Current Assets 

1	0	8	9	8	3	7
---	---	---	---	---	---	---

 Misc Expenditure 

N	I	L
---	---	---

### PERFORMANCE OF COMPANY (Amount in Rs Thousands)

Turnover (Net) & Other Income 

3	4	2	5	9	2	1
---	---	---	---	---	---	---

 Total Expenditure 

2	3	7	1	5	6	6
---	---	---	---	---	---	---

Profit before tax 

7	8	2	9	4	5
---	---	---	---	---	---

 Profit after tax 

7	1	8	4	0	0
---	---	---	---	---	---

Earning per share in Rs. 

8	3.	2	7
---	----	---	---

 Dividend rate % 

N	I	L
---	---	---

### GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY(as per monetary terms)

Product Description 

I	T	C	C	O	D	E
---	---	---	---	---	---	---

Cold Rolled Steel Coils/Sheets 

7	2	0	9
---	---	---	---

Galvanised Plain/Corrugated Coils/Sheets 

7	2	1	0
---	---	---	---

Sacks and Bags 

3	9	2	3
---	---	---	---

Synthetic Yarn 

5	5	0	9
---	---	---	---

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007**

	<u>2006-2007</u>	<u>2005-2006</u>
(Rs. in Lacs)		
<b>A. Cash Flow from Operating Activities</b>		
Net Profit after tax as per P & L Account	7,184.00	699.56
Extra Ordinary items	(28.49)	0.03
	<u>7155.51</u>	<u>699.59</u>
Adjusted for		
Depreciation	995.87	818.52
Tax Provision	652.62	(31.04)
Effects of exchange rate change	(36.39)	(11.32)
Loss / (Profit) on sale of investments ( Net )	(6,387.56)	(1,364.10)
Provision for diminuation in value of Investment	610.69	7.37
Loss / (Profit) on sale/discarding of fixed assets ( Net )	13.20	(294.36)
Finance Charges	506.24	100.28
Income/Interest on Investment	(764.29)	(13.12)
Dividend Income	(535.92)	(153.68)
	<u>(4,945.54)</u>	<u>(941.45)</u>
Operating Profit before Working Capital Changes	<u>2,209.97</u>	<u>(241.86)</u>
Adjusted for		
Trade & Other Receivables	(365.36)	3,720.32
Inventories	1,079.71	2,901.36
Trade Payables	(1,473.84)	(708.25)
	<u>1,450.48</u>	<u>5,671.57</u>
Cash generated from operations	<u>1,450.48</u>	<u>5,671.57</u>
Interest paid	(506.24)	(100.28)
	<u>(510.38)</u>	<u>257.10</u>
Direct taxes paid	<u>(510.38)</u>	<u>257.10</u>
Cash Flow before extraordinary items	<u>433.86</u>	<u>5,828.39</u>
Extra Ordinary items	2.15	0.87
	<u>436.01</u>	<u>5,829.26</u>
Net Cash from / (used in) Operating Activities	<u>436.01</u>	<u>5,829.26</u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(3,253.83)	(3,657.80)
Sale of Fixed Assets	204.34	1,151.70
Purchase of Investments	(38,881.71)	(43,480.82)
Sale of Investments	37,704.48	40,044.23
Loans (Net)	(794.45)	(225.57)
Income/Interest on Investment	707.56	40.32
Dividend Received	535.92	153.68
	<u>(3,777.69)</u>	<u>(5,974.26)</u>
Net Cash (used in) / From Investing Activities	<u>(3,777.69)</u>	<u>(5,974.26)</u>
<b>C. Cash Flow from Financing Activities</b>		
Short term loans ( Net )	742.49	(733.42)
Proceeds of Long Term Loans	4,000.00	1,021.20
Refund of Long Term Loans (Net)	(46.69)	(23.29)
Buyback of Shares including share premium	(0.48)	(0.93)
Dividends Paid	(3.20)	(4.24)
	<u>4,692.12</u>	<u>259.32</u>
Net Cash From /(used in) Financing Activities	<u>4,692.12</u>	<u>259.32</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	<u>1,350.43</u>	<u>114.32</u>
Opening Balance of Cash and Cash Equivalents	176.71	62.39
Closing Balance of Cash and Cash Equivalents	<u>1,527.14</u>	<u>176.71</u>

**Notes :**

- 1) The above Cash Flow Statements has been prepared under the "Indirect Method" as set out in Accounting Standard-3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- 2) Bracket indicates cash outflow.
- 3) Previous year figures have been regrouped wherever necessary.

As per our report of even date

**For CHATURVEDI & SHAH**  
Chartered Accountants

**R. KORIA**  
Partner

Place : Mumbai

Date : 29th June, 2007

For and on behalf of the Board of Directors

**For JAI CORP LTD**

**J. K. JAIN**

Chairman

**VIRENDRA JAIN**

Managing Director

**GAURAV JAIN**

Executive Director

**A. DATTA**

Company Secretary

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY**

1	Name of the Subsidiary	: Sarbags Pty Ltd.
2	Financial year of the Subsidiary company ended on	: 31st March, 2007
3	Holding Company's interest	
	i) No. of Equity Shares	: 50,000
	Face Value	: Au \$ 1
	Extent of Holding	: 100%
4	The net aggregate amount of Subsidiary's Profit / (Losses) so far as it concerns the members of the Holding Company not dealt with in the Holding Company's Accounts	
	i) For the Current Financial year (Rs.)	: Rs. 23.07 lakhs : Au \$ 66554
	ii) For the previous Financial year since it become a subsidiary (Rs.)	: Rs. 38.17 lakhs : Au \$ 114658
5	Net aggregate amount of Profit/(Losses) of the subsidiary which has been dealt with in the accounts of the Holding Company	
	i) For the Current Financial Year (Rs.)	: NIL
	ii) For the previous Financial year (Rs.)	: NIL

## Corporate Information

ABN 75 097 994 879

### Directors

Dilip Shukla  
Virendra Jain

### Company Secretary

Dilip Shukla

### Registered Office :

19, Casino Road,  
Greystances, NSW 2000

### Bankers

Westpac Banking Corporation  
22 - 24 Station Street,  
Wentworthville NSW 2145

### Auditors

Gould Ralph & Company  
Level 42 AAP Centre  
259 George Street, Sydney NSW 2000

## DIRECTORS' REPORT

Your directors present their report together with the financial report of Sarbags Pty Limited for the financial year ended 31 March 2007 and auditors report thereon.

### DIRECTORS

The following persons were directors of the Company during the whole of the financial year and up to the date of this report unless otherwise stated:

Dilip Shukla  
Virendra Jain

### OPERATING RESULTS

The operating profit of the Company for the financial year after providing for any applicable income tax amounted to \$66,554

### REVIEW OF OPERATIONS

A review of the operations of the company during the financial year and the results of those operations found that during the year, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the directors there have been no significant changes in the state of affairs of the Company during the financial year.

### PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the financial year were the importing and distribution of packaging products. No significant change in the nature of this activity occurred during the financial year.

### AFTER BALANCE SHEET DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### LIKELY DEVELOPMENTS AND RESULTS

There are no other likely new developments or subsequent results not otherwise disclosed in this report.

### ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

### DIVIDENDS PAID, RECOMMENDED, AND DECLARED

No dividends have been paid or declared since the start of the year.

### OPTIONS

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the end of the year.

### INDEMNIFICATION OF OFFICER OR AUDITOR

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or of a related body corporate:

- (i) indemnified or made any relevant agreement for indemnifying against a liability including costs and expenses in successfully defending legal proceedings; or

- (ii) paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings; with the exception of the payment of a premium to insure the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than wilful breach of duty in relation to the Company.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:

Dated : 29 June, 2007

**Dilip Shukla**  
Director

**Virendra Jain**  
Director

## INDEPENDENT AUDIT REPORT

### TO THE MEMBERS OF

### SARBAGS PTY LIMITED

ABN: 75 097 994 879

### AUDIT OPINION

In our opinion, the financial report of Sarbags Pty Limited is in accordance with :

- (a) the Corporations Act 2001, including :
  - (i) giving a true and fair view of the company's financial position as at 31 March 2007 and of its performance for the financial year ended on that date in accordance with the accounting policies described in Note 1; and
  - (ii) complying with Accounting Standards in Australia to the extent described in Note 1 and the Corporations Regulations 2001; and
- (b) other mandatory professional requirements to the extent described in Note 1.

### SCOPE

#### The financial report and directors' responsibility

We have audited the financial report, being a special purpose financial report of Sarbags Pty Limited for the year ended 31 March 2007, comprising the statement of financial performance, statement of financial position, statement of cash flows, notes to the financial statements, and the directors' declaration. The Company's directors are responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial report are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company. No opinion is expressed as to whether the accounting policies used and described in Note 1, are appropriate to the needs of the members.

#### Audit approach

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of our audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all material misstatements have been detected.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and assessment of the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors. The procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with accounting policies described in Note 1 to the financial report, so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations and cash flows. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements in Australia.

The audit opinion expressed in this report has been formed on the above basis.

While we consider the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of prudence of business decisions made by directors or management.

#### Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

#### Harris & Associates Glenn Harris

Chartered Accountants

Sydney

Date: 29 June, 2007



**Income Statement**

For the year ended 31 March 2007

	Notes	2007		2006	
		A \$	INR (in lakhs)	A \$	INR (in lakhs)
Sales Revenue		944,296	327.39	1,261,863	420.07
Other revenue from ordinary activities		12,235	4.24	-	-
		<b>956,532</b>	<b>331.63</b>	1,261,863	420.07
Cost of goods sold		<b>(679,645)</b>	<b>(235.63)</b>	(831,059)	(276.66)
Distribution expenses		<b>(1,637)</b>	<b>(0.57)</b>	(4,700)	(1.56)
Marketing expenses		<b>(9,783)</b>	<b>(3.39)</b>	(39,600)	(13.18)
Administrative expenses		<b>(150,897)</b>	<b>(52.32)</b>	(167,035)	(55.61)
Other expenses from ordinary activities		<b>(9,943)</b>	<b>(3.45)</b>	(50,479)	(16.80)
		<b>(851,905)</b>	<b>(295.36)</b>	(1,092,873)	(363.82)
<b>Profit from ordinary activities before income tax expense</b>		<b>104,627</b>	<b>36.27</b>	168,990	56.26
<b>Income tax expense</b>					
<b>Income tax expense relating to ordinary activities</b>		<b>(38,073)</b>	<b>(13.20)</b>	(54,332)	(18.09)
<b>Profit from ordinary activities after income tax expenses</b>		<b>66,554</b>	<b>23.07</b>	114,658	38.17

The accompanying notes form part of these financial statements

being : 1A\$ = Rs. 34.67 and for the 12 months ended 31st March, 2006 being : 1A\$=Rs. 33.29

**Balance Sheet**

As at 31 March 2007

	Notes	2007		2006	
		A \$	INR (In Lakhs)	A \$	INR (In Lakhs)
<b>CURRENT ASSETS</b>					
Cash assets		817,163	287.56	386,299	123.42
Receivables		98,114	34.53	126,053	40.27
Inventories		153,598	54.05	154,032	49.21
<b>TOTAL CURRENT ASSETS</b>		<b>1,068,875</b>	<b>376.14</b>	666,384	212.91
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment		115	0.04	204	0.07
Intangible assets		137,432	48.36	147,182	47.02
Deferred tax assets		13,311	4.68	13,311	4.25
<b>TOTAL NON-CURRENT ASSETS</b>		<b>150,858</b>	<b>53.09</b>	160,697	51.34
<b>TOTAL ASSETS</b>		<b>1,219,733</b>	<b>429.22</b>	827,081	264.25
<b>CURRENT LIABILITIES</b>					
Payable		355,735	125.18	52,813	16.87
Tax liabilities		3,080	1.08	(15,408)	(4.92)
Provision		32,737	11.52	39,872	12.74
<b>TOTAL CURRENT LIABILITIES</b>		<b>391,552</b>	<b>137.79</b>	77,277	24.69
<b>NET ASSETS</b>		<b>828,181</b>	<b>291.44</b>	749,804	239.56
<b>EQUITY</b>					
Contributed equity		50,000	17.60	50,000	15.98
Reserves		17,226	6.06	5,404	1.73
Retained profits		760,955	267.78	694,400	221.86
<b>TOTAL EQUITY</b>		<b>828,181</b>	<b>291.44</b>	749,804	239.56

The accompanying notes form part of these financial statements

Statement of Financial Position has been converted at the Closing Rate of 1A\$=Rs. 35.19 and opening balance are converted at 1A\$=Rs. 31.95

**Statement of Cash Flows**

For the year ended 31 March 2007

	Notes	2007		2006	
		A \$	INR (In Lakhs)	A \$	INR (In Lakhs)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Receipts from customers		967,587	335.46	1,350,629	449.62
Payments to suppliers and employees		(517,163)	(179.30)	(1,130,952)	(376.49)
Income Tax Paid		(19,587)	(6.79)	(128,296)	(42.71)
<b>Net cash provided (used in) by operating activities</b> <sup>19(b)</sup>		<b>430,837</b>	<b>149.37</b>	91,381	30.42
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds on sales of property, plant and equipment		-	-	-	-
Net cash provided by (used in) investing activities		-	-	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of borrowings		-	-	(410,000)	(136.49)
<b>Net cash provided (used in) investing activities</b>		<b>-</b>	<b>-</b>	(410,000)	(136.49)
<b>Net increase (decrease) in cash held</b>		<b>430,837</b>	<b>149.37</b>	(318,619)	(106.07)
Cash at beginning of financial year		386,299	128.35	704,918	234.42
<b>Cash at end of financial year</b>	19(a)	<b>817,136</b>	<b>277.72</b>	386,299	128.35

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2007

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the Corporations Act 2001. The directors have determined that the Company is not a reporting entity.

Sarbags Pty Limited is a company limited by shares, incorporated and domiciled in Australia.

The report has been prepared in accordance with the requirements of the Corporations Act 2001, and the following applicable Accounting Standards and Urgent Issues Group Consensus Views:

AASB 107 : Cash Flow Statements

AASB 108 : Accounting Policies, Changes in Accounting Estimates and Errors

AASB 110 : Events Occurring After Balance Date

AASB 1031 : Materiality

AASB 101 : Presentation of Financial Statements

No other Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report.

**(a) Income Tax**

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the operating profit adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**(b) Inventories**

Inventories are measured at the lower of cost and net realisable values. Costs are assigned on the basis of average weighted costs and include direct materials, direct labour, and an appropriate portion of variable and fixed overhead expenses.

**(c) Property, Plant and Equipment**

Each class of property, plant and equipment are carried at cost or fair value less, where applicable, any accumulated depreciation.

**Plant and Equipment**

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

**Depreciation**

The depreciable amount of all fixed assets, including capitalised leased assets, are depreciated on a straight line or diminishing value basis over their estimated useful lives to the Company commencing from the time the asset is held ready for use.

**(d) Intangibles**

**Goodwill**

Goodwill is initially recorded at the amount by which the purchase price for a business exceeds the fair value attributable to its net tangible assets at the date of acquisition. Goodwill is tested for impairment each reporting period and if appropriate, is written down.

**(e) Foreign Currency Transactions and Balances**

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

The assets and liabilities of the overseas controlled branch, which is self sustaining, are translated at financial year end rates and operating results are translated at the average rate for the year. Gains and losses arising on translation are taken directly to the foreign currency translation reserve.

**(f) Employee Benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages, salaries and annual leave which will be settled after one year, have been measured at their nominal amount plus related on-costs. Employee benefits payable later than one year have been measured at their nominal amount.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

**(g) Cash**

For the purpose of the statement of Cash Flows, cash includes cash on hand and at call deposits with the banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

**(h) Revenue**

Revenue from sale of goods is recognised (net of returns, discounts and allowances) when control of the good has passed to the buyer.

Interest revenue is recognised on a proportional basis taking in to account the interest rates applicable to the financial assets.

Other revenue is recognised when the right to receive the revenue is established.

All revenue is stated net of the amount of the goods and services tax (GST).

**(i) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown as inclusive of GST.

**(j) Comparative Figures**

Comparative figures are, where appropriate, reclassified so as to be comparable with the current financial year presentation requirements.

**(k) Adoption of Australian Equivalents to International Financial Reporting Standards**

The Australian Accounting Standards Board (AASB) has adopted International Financial Reporting Standards (IFRS) effective for financial years commencing on or after 1 January 2005. The change will result in goodwill no longer being amortised as is currently the case. Rather, goodwill will be assessed for any impairment and be written down if required, otherwise carried as an asset with no write down. The Directors consider that the impairment of goodwill for the year ended 31 March 2007 and 31 March 2006 is consistent with amortisation on a straight line basis over twenty years. Accordingly the adoption of AIFRS has not resulted in the change in reported balances.

	Note	2007 A \$ (in lakhs)	INR 2006 A \$ (in lakhs)	INR
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**NOTE 2: PROFIT FROM ORDINARY ACTIVITIES**

Profit from ordinary activities before income tax has been determined after:

**Expenses:**

Impairment of Goodwill	9750	3.38	9,750	3.25
Depreciation and amortisation of property, plant and equipment	93	0.03	1,835	0.61

**Remuneration of the current auditors for**

Audit	-	-	-	-
Taxation and related services	1,000	0.35	3,879	1.29

**Remuneration of auditors for prior year auditors:**

Audit	-	-	7,500	2.50
Taxation and related services	2,500	0.87	3,879	1.29

**NOTE 3: INCOME TAX EXPENSE**

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense (benefit) as follows:

Prima "facie tax" payable on profit from ordinary activities before income tax at 30% (2006 - 30%)	31,388	10.88	50,697	16.88
Add :				
Tax effect of :				
Loss not brought to account	2,441	0.85	-	-
Amortisation of goodwill	2,925	1.01	2,925	0.97
Difference in foreign income tax rates	1,319	0.46	2,977	0.99
Under provision for income tax in prior year			(2,267)	(0.75)
Income tax expenses relating to ordinary activities	38,073	13.20	54,332	18.09

## Notes to the Financial Statements For the year ended 31 March 2007

	Note	2007 A \$ (in lakhs)	INR 2006 A \$(in lakhs)	INR 2006 A \$(in lakhs)
<b>NOTE 4: CASH ASSETS</b>				
Cash at Bank	817,163	287.56	386,299	123.42
	817,163	287.56	386,299	123.42
<b>NOTE 5: RECEIVABLES</b>				
<b>CURRENT</b>				
Trade debtors	98,114	34.53	119,553	38.20
Other debtors	-	-	6,500	2.08
	98,114	34.53	126,053	40.28
<b>NOTE 6: INVENTORIES</b>				
<b>CURRENT</b>				
Stock on hand, at cost	153,598	54.05	154,032	49.21
	153,598	54.05	154,032	49.21
<b>NOTE 7: PROPERTY, PLANT AND EQUIPMENT</b>				
Office Equipment at cost	9,414	3.31	9,330	2.98
Less accumulated impairment	(9,299)	(3.27)	(9,125)	(2.92)
Total property, plant and equipment	115	0.04	204	0.06
<b>NOTE 8: INTANGIBLE ASSETS</b>				
Goodwill at cost	195,000	68.62	195,000	62.30
Less accumulated amortisation	(57,568)	(20.26)	(47,818)	(15.28)
	137,432	48.36	147,182	47.02
<b>NOTE 9: DEFFERED TAX ASSETS</b>				
Future income tax benefits				
- Timing Difference	13,311	4.68	13,311	4.25
<b>NOTE 10: PAYABLES</b>				
<b>CURRENT</b>				
Unsecured liabilities				
Trade Creditors	325,722	114.62	27,705	8.85
Sundry Creditors and Accruals	8,451	2.97	4,919	1.57
Goods and Services Tax Payable	21,562	7.59	20,189	6.45
	355,735	125.18	52,813	16.87

## NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 31 March 2007

	Note	2007 A \$ (in lakhs)	INR 2006 A \$(in lakhs)	INR 2006 A \$(in lakhs)
<b>NOTE 11: TAX LIABILITIES</b>				
<b>CURRENT</b>				
Income tax payable / (receivable)	3,080	1.08	(15,408)	(4.92)
<b>NOTE 12: PROVISIONS</b>				
<b>CURRENT</b>				
Employee Benefits	32,737	11.52	39,872	12.74
Income Tax				
(a) Aggregate employee benefits liability	32,737	11.52	39,872	12.74
(b) Number of employees at year end	1		1	
<b>NOTE 13: CONTRIBUTED EQUITY</b>				
50,000 (2003 - 50,000) ordinary share, fully paid (a)	50,000	17.60	50,000	15.98
(a) Ordinary shares:				
Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amount paid up on shares held.				
<b>NOTE 14: RESERVES</b>				
Foreign currency reserve (a)	17,226	6.06	5,403	1.73
(a) Foreign currency reserve				
Movements during the financial year:				
Opening Balance	5,403	1.90	24,031	7.68
Adjustments arising from transaction of foreign controlled entities' financial statements	11,823	4.16	(18,628)	(5.95)
Closing Balance	17,226	6.06	5,403	1.73
The foreign currency reserve is used to capture unrealised gains / losses from transactions of a self sustaining foreign operation				
<b>NOTE 15: RETAINED PROFITS</b>				
Retained profits/(accumulated losses) at the beginning of the financial year	694,401	244.36	579,743	185.23
Net profit(loss) attributable to members of the entity	66,554	23.07	114,658	36.63
Retained profits at the end of the financial year	760,955	267.43	694,401	221.86

# Sarbags Pty Ltd

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

	2007	INR	2006	INR
	A \$ (in lakhs)		A \$ (in lakhs)	

### NOTE 16: RELATED PARTY TRANSACTIONS

- (a) The directors of Sarbags Pty Limited during the year were – Mr Dilip Shukla and Mr Virendra Jain.
- (b) Purchases from Jai Corp Limited (the ultimate parent entity) were made under normal commercial terms and conditions.
- (c) The ultimate parent entity is Jai Corp Limited, incorporated in India.

### NOTE 17: ECONOMIC DEPENDENCE

The company is economically dependent on its parent company for the supply of inventory. During the year approximately 99% of the inventory purchases were made from Jai Corp Limited.

### NOTE 18: SEGMENT REPORTING

#### Primary Reporting - Geographical segments

The company has the following geographical segments:

- Australia
- New Zealand

2007	Australia A \$	New Zealand A \$	Total A \$	INR (in Lakhs)
<b>REVENUE</b>				
External Sales	550,503	393,793	944,296	327.39
Other	2,785	9,450	12,235	4.24
Total Segment Revenue	553,288	403,243	956,531	331.63
Total revenue from ordinary activities			956,531	331.63

#### RESULT

Segment result				
Profit from ordinary activities before income tax expenses	(10,750)	115,377	104,627	36.27

Income Tax Expense			38,073	13.20
Profit from ordinary activities after income tax expense			66,554	23.07

Net Profit			66,554	23.07
Segment assets	859,088	360,645	1,219,733	429.22
Segment liabilities	291,295	100,257	391,552	137.79

2006	Australia A \$	New Zealand A \$	Total A \$	INR (in Lakhs)
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#### REVENUE

External Sales	844,089	417,774	1,261,863	420.07
Other	-	-	-	-
Total Segment Revenue	844,089	417,774	1,261,863	420.07

Total revenue from ordinary activities			1,261,863	420.07
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#### RESULT

Segment result				
Profit from ordinary activities before income tax expenses	69,730	99,260	168,990	56.26
Income Tax Expense			54,332	18.09
Profit from ordinary activities after income tax expenses			114,658	38.17
Net Profit			114,658	38.17
Segment assets	652,849	174,232	827,081	264.25
Segment liabilities	77,887	(610)	77,277	24.69

The company operates in one business segment, being the importation and distribution of heavy duty storage bags

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

	Note	2007 A \$ (in lakhs)	INR A \$ (in lakhs)	2006 A \$ (in lakhs)	INR A \$ (in lakhs)
<b>NOTE 19: CASH FLOW INFORMATION</b>					
(a) Reconciliation of cash		<b>817,163</b>	<b>287.56</b>	386,299	123.42
(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax :					
Profit from ordinary activities after income tax		<b>66,554</b>	<b>23.07</b>	114,658	38.17
Non-cash flows in profit from ordinary activities:					
Depreciation		<b>93</b>	<b>0.03</b>	1,835	0.61
Amortisation		<b>9,750</b>	<b>3.38</b>	9,750	3.25
Transfer to foreign currency reserve		<b>11,822</b>	<b>4.10</b>	(18,628)	(5.95)
Changes in assets and liabilities					
Decrease in receivables		<b>27,939</b>	<b>9.69</b>	88,766	29.55
(Increase)/decrease in inventories		<b>434</b>	<b>0.15</b>	97,605	32.49
Increase/(Decrease) in payables		<b>302,922</b>	<b>105.02</b>	(169,474)	(56.42)
(Decrease) in Income tax		<b>18,488</b>	<b>6.41</b>	(37,005)	(12.32)
Sundry Amounts		<b>(30)</b>	<b>(0.01)</b>	(3,559)	(1.18)
Increase/(Decrease) in provisions		<b>(7,135)</b>	<b>(2.47)</b>	7,433	2.47
Cash flows from operations		<b>430,837</b>	<b>149.37</b>	91,381	30.67

**(c) Credit stand-by arrangements and loan facilities:**

The company has a bank overdraft facility of \$200,000(2006-\$200,000) of which \$ Nil (2006-\$Nil) was being utilised at balance date. This facility is subject to a yearly review. Interest rates on this facility are variable.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

**NOTE 20: COMPANY DETAILS**

The registered office of the company is :

Sarbags Pty Limited

19 Casino Road

Greystanes NSW 2145

The directors have determined that Sarbags Pty Limited is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the Sarbags Pty Limited declare that:

- The accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:
  - comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
  - give a true and fair view of the Company's financial position as at 31 March 2007 and of its performance for the year ended on that date and in accordance with the accounting policies described in Note 1 to the financial statements.
- In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board

**Dilip Shukla**  
Director

**Virendra Jain**  
Director

Dated : 29 June, 2007

**AUDITORS 'REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

TO THE BOARD OF DIRECTORS

**JAI CORP LIMITED**

We have audited the attached Consolidated Balance Sheet of Jai Corp Limited ("the Company") and its subsidiary and its associates, as at 31st March 2007 and the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statement and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Sarbags Pty. Ltd, and whose financial statements reflect total assets of Rs.423.58 Lacs as at 31st March 2007, total revenues of Rs. 306.01 lacs and net cash flows amounting to Rs.164.14 lacs for the year ended on that date. These financial statements have been audited by other auditor whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of subsidiary, is based solely on the report of the other auditor.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS)- 21 "Consolidated Financial Statements" and Accounting Standard (AS)-23 "Accounting for Investment in Associates in Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of report of other auditor on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements gives a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiary as at 31st March, 2007;
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated profits of the Company and its subsidiary for the year then ended; and
- (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiary for the year then ended.

**For CHATURVEDI & SHAH**  
Chartered Accountants

**R.KORIA**  
Partner  
Membership No. 35629

Place: Mumbai  
Dated: 29th June 2007

**CONSOLIDATED BALANCE SHEET  
AS AT 31ST MARCH, 2007**

Schedule	(Rs.in Lacs)	
	AS AT 31.03.2007	AS AT 31.03.2006
<b>SOURCES OF FUNDS</b>		
<b>Shareholders' Funds</b>		
Share Capital A	862.91	862.91
Reserves & Surplus B	33,457.09	26,088.68
	<b>34,320.00</b>	26,951.59
<b>Loan Funds</b>		
Secured Loans C	4,000.00	615.93
Unsecured Loans D	3,207.90	1,896.17
	<b>7,207.90</b>	2,512.10
<b>Net Deferred Tax Liability</b> (Refer Note No.2 of schedule 'O')	<b>1,291.48</b>	1,026.16
<b>Total</b>	<b>42,819.38</b>	30,489.85
<b>APPLICATION OF FUNDS</b>		
<b>Fixed Assets</b>		
Gross Block E	24,231.77	21,434.50
Less: Depreciation	13,168.72	12,221.34
Net Block	11,063.05	9,213.16
Capital Work-in-Progress	1,495.53	1,297.98
	<b>12,558.58</b>	10,511.14
<b>Investments</b>		
In Associates	212.27	2.36
In Others	18,911.81	12,008.10
	<b>19,124.08</b>	12,010.46
<b>Current Assets, Loans and Advances</b>		
Inventories F	3,933.91	5,008.78
Sundry Debtors	2,609.92	2,776.44
Cash & Bank Balances	1,814.70	300.13
Loans & Advances	4,586.56	2,325.54
	<b>12,945.09</b>	10,410.89
<b>Less: Current Liabilities and Provisions</b>		
Current Liabilities G	947.31	2,084.75
Provisions	861.06	357.89
	<b>1,808.37</b>	2,442.64
<b>Net Current Assets</b>	<b>11,136.72</b>	7,968.25
	<b>42,819.38</b>	30,489.85
<b>Notes on Accounts &amp; Contingent Liabilities</b>		
O		

As per our report of even date  
**For CHATURVEDI & SHAH**  
Chartered Accountants

**R. KORIA**  
Partner

Mumbai, 29th June, 2007

For and on behalf of the Board of Directors  
**For JAI CORP LTD**

**J. K. JAIN** Chairman  
**VIRENDRA JAIN** Managing Director  
**GAURAV JAIN** Executive Director  
**A. DATTA** Company Secretary

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE  
YEAR ENDED 31ST, MARCH 2007**

SCHEDULE	(Rs. in Lacs)	
	Year Ended 31.03.2007	Year Ended 31.03.2006
<b>INCOME</b>		
Turnover H	27,394.91	20,483.07
Less: Excise duty recovered on sales	751.40	1,136.73
<b>Net Turnover</b>	<b>26,643.51</b>	19,346.34
Other Income I	7,925.96	2,001.97
Variation In Stock J	(2,709.26)	(1,563.74)
	<b>31,860.21</b>	19,784.57
<b>EXPENDITURES</b>		
Purchases and Raw Materials Consumed K	17,352.37	14,396.65
Employees' Remuneration and Benefits L	1,251.54	821.39
Manufacturing, Selling & Administrative Expenses M	4,181.35	3,076.99
Finance Charges N	506.24	100.50
Excise Duty	(301.29)	(148.60)
Depreciation	999.29	822.38
	<b>23,989.50</b>	19,069.31
<b>Profit for the year before tax</b>	<b>7,870.71</b>	715.26
<b>Less : Provision for Taxation :</b>		
Current Tax	804.12	16.90
Mat Credit	(425.23)	-
Fringe Benefit Tax	14.00	15.59
Deferred Tax ( Credit)	265.76	(51.84)
<b>Profit for the year after tax</b>	<b>7,212.06</b>	734.61
Add/ Less Share in Profit / ( Loss) of Associates	159.51	(2.64)
<b>Profit for the year after tax (Including Associates)</b>	<b>7,371.57</b>	731.97
Balance brought forward from last year	6,642.23	5,983.21
Prior Period Adjustments (Net)	2.15	0.87
Income Tax / Wealth Tax of earlier years	(29.12)	(3.82)
<b>AMOUNT AVAILABLE FOR APPROPRIATIONS</b>	<b>13,986.83</b>	6,712.23
<b>APPROPRIATIONS</b>		
General Reserve	720.00	70.00
<b>SURPLUS CARRIED TO BALANCE SHEET</b>	<b>13,266.83</b>	6,642.23
<b>Basic &amp; Diluted earning per equity share of Rs. 10 each.</b> (Refer Note No. 3 of Schedule 'O')	<b>85.45</b>	8.48
<b>Notes on Accounts &amp; Contingent Liabilities</b> O		

As per our report of even date  
**For CHATURVEDI & SHAH**  
Chartered Accountants

**R. KORIA**  
Partner

Mumbai, 29th June, 2007

For and on behalf of the Board of Directors  
**For JAI CORP LTD**

**J. K. JAIN** Chairman  
**VIRENDRA JAIN** Managing Director  
**GAURAV JAIN** Executive Director  
**A. DATTA** Company Secretary

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

		(Rs.in Lacs)	
		AS AT	AS AT
		31.03.2007	31.03.2006
<b>SCHEDULE "A"</b>			
<b>SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
2,00,00,000	Equity Shares of Rs. 10 each	2,000.00	2,000.00
15,000	1% Non-Cumulative		
	Non-Participating Redeemable		
	Preference Shares of Rs. 100 each	15.00	15.00
4,85,000	Unclassified Shares of Rs. 100 each	485.00	485.00
		<u>2,500.00</u>	<u>2,500.00</u>
<b>ISSUED AND SUBSCRIBED</b>			
86,31,400	Equity Shares of Rs. 10 each	863.14	863.14
<b>FULLY PAID UP</b>			
86,26,940	Equity Shares of Rs. 10 each.	862.69	862.69
	Add : Forfeited Share(Amount Originally Paid up on 4460 Shares)	0.22	0.22
		<u>862.91</u>	<u>862.91</u>

Notes :- Of the above shares

- (i) 24,00,000 Equity Shares have been allotted as Bonus Shares by Capitalisation of Free Reserves.
- (ii) 49,63,522 Equity Shares have been allotted, without payment being received in cash, pursuant to the Scheme of Amalgamation of Sipta Coated Steels Limited and Comet Steels Limited with the Company.

**SCHEDULE - E  
FIXED ASSETS**

**SCHEDULE "B"  
RESERVES & SURPLUS**

	AS AT 31.03.2007	AS AT 31.03.2006
<b>Capital Reserve</b>		
As per last Balance Sheet	92.17	92.17
<b>Equity Share Premium</b>		
As per last Balance Sheet	6,068.22	6,068.22
<b>Foreign Currency Translation Reserve</b>	10.87	(12.84)
<b>General Reserve</b>		
As per last Balance Sheet	13,299.00	13,229.00
Add : Transferred from Profit and Loss Account	720.00	70.00
	<u>14,019.00</u>	<u>13,229.00</u>
<b>Profit and Loss Account</b>	<u>13,266.83</u>	<u>6,642.23</u>
	<u>33,457.09</u>	<u>26,088.68</u>

**SCHEDULE "C"  
SECURED LOANS**

	AS AT 31.03.2007	AS AT 31.03.2006
i) Term Loan from Bank	4,000.00	-
ii) Working Capital Loan from Bank	-	615.93
	<u>4,000.00</u>	<u>615.93</u>

**NOTE :**

- i) The term Loan from bank referred to in (i) above is secured by way of Mortgage of immovable assets of the company situated at Nanded , Vasona & Khadoli (Silvassa) and hypothecation of movable assets of the company except inventories & book debts.
- ii) The working capital loan referred to in (ii) above is secured by hypothecation of the Company's inventories, book debts and movable assets and further secured by way of a negative lien on immovable fixed assets.
- iii) All the above loan are guaranteed by two of the Directors of the Company in their personal capacity

**SCHEDULE "D"  
UNSECURED LOANS**

	AS AT 31.03.2007	AS AT 31.03.2006
Interest Free Sales-tax Loan	828.28	874.97
Buyer's Credit	2,379.62	1,021.20
	<u>3,207.90</u>	<u>1,896.17</u>

Note : Amount repayable within one year Rs. 2426.31 Lacs (Previous Year Rs.1067.89 Lacs).  
(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2006	Additions	Deductions / Adjustments	AS AT 31.03.2007	UPTO 31.03.2006	For The Year	Deductions/ # Adjustments	UPTO 31.03.2007	AS AT 31.03.2007	AS AT 31.03.2006
<b>TANGIBLE ASSETS</b>										
FREEHOLD LAND	586.16	21.40	-	607.56	-	-	-	-	607.56	586.16
LEASEHOLD LAND	485.15	36.47	14.74	506.88	-	6.03	-	6.03	500.85	485.15
BUILDINGS	3,544.59	402.75	21.00	3,926.34	963.64	101.75	5.04	1,060.35	2,865.99	2,580.95
PLANT & MACHINERY	15,873.14	2,456.75	217.45	18,112.44	10,718.17	823.17	33.07	11,508.27	6,604.17	5,154.97
FURNITURE & FIXTURES	128.75	1.22	1.63	128.34	99.89	6.83	1.28	105.44	22.90	28.86
OFFICE EQUIPMENTS	292.89	23.27	4.33	311.83	208.47	14.73	2.22	220.98	90.85	84.42
VEHICLE	396.14	120.15	5.59	510.70	150.53	43.38	5.59	188.33	322.37	245.61
<b>INTANGIBLE ASSETS</b>										
GOODWILL	62.30	-	-	62.30	15.28	(1.34)	-	13.94	48.36	47.02
DRAWINGS & DESIGNS*	65.38	-	-	65.38	65.38	-	-	65.38	-	-
<b>TOTAL</b>	<b>21,434.50</b>	<b>3,062.01</b>	<b>264.74</b>	<b>24,231.77</b>	<b>12,221.34</b>	<b>994.56</b>	<b>47.20</b>	<b>13,168.72</b>	<b>11,063.05</b>	<b>9,213.16</b>
PREVIOUS YEAR	19,785.26	2,773.72	1,124.48	21,434.50	11,663.45	821.43	263.54	12,221.34	9,213.16	-
CAPITAL WORK IN PROGRESS									1,495.53	1,297.98

\* Other than internally generated.

**NOTES :-**

1. Leasehold land includes Rs. 13.97 Lacs (Previous Year Rs. 13.97 Lacs) in respect of which title is pending for transfer in the name of the company.
2. Building includes Rs.0.01 Lacs (Previous Year Rs. 0.01 Lacs) being the value of shares in Co operative Housing Society Towards ownership of residential flats.
3. Capital Work-in-Progress includes :
  - i) Rs.22.80 Lacs (Previous Year Rs.Nil Lacs) on account of Pre-Operative Expenditure.
  - ii) Rs. 10.09 Lacs (Previous year Rs. Nil Lacs) on account of cost of construction Material at site.
  - iii) Rs. 340.77 lacs ( Previous year Rs.260.75 lacs ) on account of advances made to the suppliers for capital expenditure.
4. Electrical Installation includes Rs. 25.40 lacs ( previous year Rs. 25.40 Lacs ) being the amount spent for erection of 11 KV underground cable feeder from khadoli sub-station to Unit, the ownership of which vests with Electricity Deptt of Dadra & Nagar Haveli ( a union territory ).
5. Addition to Fixed assets and Capital Work in Progress includes Rs. 13.69 Lacs (Previous Year Rs. 1.67 Lacs) on account of Exchange difference (Net).
6. Deduction to Gross Block includes Rs. Nil Lacs (Previous Year Rs. 3.60 Lacs) and Depreciation excludes Rs. 4.73 Lacs (Previous Year excludes Rs. 0.95 Lacs) on account of translation of fixed assets and depreciation to date respectively of foreign subsidiary. The effect of which is considered in Foreign Currency Translation Reserve.



**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)**

	(Rs.in Lacs)		(Rs.in Lacs)	
	AS AT	AS AT	AS AT	AS AT
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
<b>SCHEDULE *F*</b>				
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
<b>CURRENT ASSETS</b>				
<b>INVENTORIES</b>				
(Certified and Valued by the Management)				
Stores, Spares, Packing Materials, Fuel, etc.	519.35	592.54		
Raw Materials	2,216.87	509.28		
Work-in-Progress	375.57	319.98		
Finished Goods	801.02	3,510.77		
Scrap	18.16	63.80		
Others *	2.94	12.41		
	<u>3,933.91</u>	<u>5,008.78</u>		
* includes realisable value of discarded fixed assets Rs.2.94 lacs ( Previous year Rs.2.94 lacs ).				
<b>SUNDRY DEBTORS</b>				
(Unsecured, considered good and subject to confirmation)				
For a period of more than six months	6.69	9.40		
Others	2,603.23	2,767.04		
	<u>2,609.92</u>	<u>2,776.44</u>		
<b>CASH AND BANK BALANCES</b>				
Cash in hand	2.06	0.92		
Balances with Scheduled Banks				
In Current Accounts	1,383.98	99.23		
In Fixed Deposit Accounts*	141.10	76.56		
Balance with Non Scheduled Banks**				
In Current Accounts	287.56	123.42		
	<u>1,814.70</u>	<u>300.13</u>		
* Includes Rs.140.25 lacs Pledged with various Govt. Deptts.( Previous year Rs 75.43 Lacs)				
** Balances with Non Scheduled Bank in Current Account Comprises Westpac Trust, Auckland & Westpac Banking Corporation, Australia. Maximum Balances outstanding during the year is Rs. 52.00 Lacs & Rs. 75.19 Lacs respectively ( Previous Year Rs. 114.90 Lacs & 141.23 Lacs respectively )				
<b>LOANS AND ADVANCES</b>				
(Unsecured, considered good and subject to confirmation)				
Advances recoverable in cash or in kind or for value to be received*	3,107.89	1,602.05		
Deposits	184.80	167.65		
Balance with Customs & Excise Authorities	92.85	236.35		
Income Tax (Net)	775.79	319.49		
MAT Credit	425.23	-		
	<u>4,586.56</u>	<u>2,325.54</u>		
	<u>12,945.09</u>	<u>10,410.89</u>		
* Includes Rs. 404 Lacs (Previous Year Rs. 404 Lacs) being advance paid towards uncalled money				
<b>SCHEDULE "G"</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>CURRENT LIABILITIES</b>				
Sundry Creditors*				
(Refer Note No. 13 of Schedule 'O')				
Others*	544.00	303.44		
	<u>544.00</u>	<u>303.44</u>		
<b>Investors Education &amp; Protection Fund #</b>				
Unclaimed Dividend	5.65	8.85		
Unclaimed for Buy back of shares	40.25	40.73		
Other Liabilities	357.41	1,731.73		
	<u>947.31</u>	<u>2,084.75</u>		
<b>PROVISIONS</b>				
Income Tax	792.00	-		
Wealth Tax (Net)	8.11	6.98		
Leave Encashment	26.26	20.55		
Gratuity	30.94	25.32		
Other Provision**	3.75	305.04		
	<u>861.06</u>	<u>357.89</u>		
	<u>1,808.37</u>	<u>2,442.64</u>		
* Includes Rs. 61.46 lacs ( previous year Rs. 55.74 lacs ) for capital expenditure.				
** The Company has recognised liability based on substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 31st March 2006 of Rs. 305.04 Lacs as per the estimated pattern of despatches. During the year Rs. 305.04 Lacs was utilized for clearance of goods. Liability recognized under this class for the year is Rs. 3.75 Lacs, which is outstanding as on 31st March 2007. Actual outflow is expected in the next financial year.				
# The amount does not include amount, due & outstanding, to be credited to Investor Education Protection Fund.				
<b>SCHEDULE "H"</b>				
<b>TURNOVER</b>				
	<b>YEAR ENDED</b>	<b>YEAR ENDED</b>		
	31.03.2007	31.03.2006		
Sales	25,340.50	20,181.83		
Services	400.14	7.49		
Export Incentive	813.73	293.75		
Commission	840.54	-		
	<u>27,394.91</u>	<u>20,483.07</u>		
<b>SCHEDULE "I"</b>				
<b>OTHER INCOME</b>				
Dividend - Current Investments	535.92	153.68		
Profit on Sale / Discarding of Fixed Assets (Net)	-	294.36		
Profit on Sale of Current Investment(Net)	6,387.56	1,364.10		
Sundry Balances W/Back(Net)	30.49	32.31		
Exchange difference (Net)	37.68	18.87		
Rent Received	117.16	27.25		
Interest Received	767.25	67.91		
( Tax deducted at Source Rs.127.49 lacs (Previous year Rs.8.26 lacs )				
Miscellaneous Income	49.90	43.49		
	<u>7,925.96</u>	<u>2,001.97</u>		
<b>SCHEDULE "J"</b>				
<b>VARIATION IN STOCK</b>				
<b>Closing Stock</b>				
Closing Stock				
Finished Goods	801.02	3,510.77		
Work-in-Progress	375.57	319.98		
Scrap	18.16	63.80		
Others	-	9.47		
	<u>1,194.75</u>	<u>3,904.02</u>		

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (Contd.)**

SCHEDULE "J" (Cont.)	(Rs.in Lacs)	
	Year Ended 31.03.2007	Year Ended 31.03.2006
<b>Opening Stock</b>		
Finished Goods	3,510.77	4,777.73
Work-in-Progress	319.98	581.64
Scrap	63.80	98.82
Others	9.46	9.57
	<b>3,904.01</b>	<b>5,467.76</b>
Variation In Stock	<b>(2,709.26)</b>	<b>(1,563.74)</b>

SCHEDULE "K"	(Rs.in Lacs)	
<b>PURCHASES &amp; RAW MATERIALS CONSUMED</b>		
<b>PURCHASES</b>	<b>6,716.48</b>	<b>270.67</b>
<b>RAW MATERIALS CONSUMED</b>		
Opening Stock	509.28	1,914.45
Add: Purchases	12,343.48	12,720.81
	<b>12,852.76</b>	<b>14,635.26</b>
Less: Closing Stock	2,216.87	509.28
	<b>10,635.89</b>	<b>14,125.98</b>
	<b>17,352.37</b>	<b>14,396.65</b>

SCHEDULE "L"	(Rs.in Lacs)	
<b>EMPLOYEES' REMUNERATION AND BENEFITS</b>		
Salaries, Wages and Perquisites	1,171.00	762.22
Contribution to Provident and Other Funds	55.49	46.80
Staff Welfare & amenities	11.32	7.24
Gratuity	13.73	5.13
	<b>1,251.54</b>	<b>821.39</b>

SCHEDULE "M"	(Rs.in Lacs)	
<b>MANUFACTURING, SELLING &amp; ADMINISTRATIVE EXPENSES</b>		
Power, Fuel and Water	1,452.72	1,369.91
Stores, Spares and Packing Materials	853.52	608.18
Job Work Charges	103.83	21.80
Repairs and Maintenance		
Plant & Machinery	41.72	35.92
Buildings	57.42	14.85
Others	21.00	21.54
Rent	27.33	34.45
Rates and Taxes	41.09	24.35
Insurance	63.69	60.55
Legal, Professional and Consultancy Charges	58.68	28.91
Travelling and Conveyance	123.12	139.59
Advertisement, Publicity and Sales Promotion	14.85	26.37
Freight, Handling Charges and Octroi (Net)	341.71	422.83
Brokerage, Commission and Discount	132.25	106.19
Payment to Auditors	24.49	23.08
Provision for Diminution in value of Current Investments	610.70	7.37
Directors Sitting Fees	3.24	2.32
Charity and Donation	0.05	6.65
Bad Debts	2.00	0.03
Loss on Sale / Discarding of Fixed Assets ( Net )	13.20	-
Wealth Tax	7.17	6.40
Other Expenses	187.57	115.70
	<b>4,181.35</b>	<b>3,076.99</b>

SCHEDULE "N"	(Rs.in Lacs)	
<b>FINANCE CHARGES</b>		
Interest on Term Loan	288.99	-
Interest ( On other than term loans)	159.21	65.31
Bank Charges	58.04	35.19
	<b>506.24</b>	<b>100.50</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS - SCHEDULE "O"**  
**NOTES ON CONSOLIDATED ACCOUNTS AND CONTINGENT LIABILITIES**  
**1 SIGNIFICANT ACCOUNTING POLICIES**

- A. The subsidiary company & associate companies considered in the consolidated financial Statements is:

Name of the Company	Nature of Interest	Country of Incorporation	Proportion of ownership Interest	Remarks
Sarbags Pty Ltd.	Subsidiary	Australia	100%	
Urban Infrastructure Venture Capital Ltd.	Associates	India	50%	
Urban Infrastructure Trustee Ltd.	Associates	India	50%	
Urban Telecom Private Ltd.	Associates	India	40%	Associate w.e.f. 01.12.06
Urban Energy Distribution P. Ltd.	Associates	India	40%	Associate w.e.f. 01.12.06
Urban Energy Transmission P. Ltd.	Associates	India	40%	Associate w.e.f. 01.12.06
Urban Energy Generation P. Ltd.	Associates	India	40%	Associate w.e.f. 01.12.06
Urban Assets Reconstruction Co. P. Ltd	Associates	India	50%	Associate w.e.f. 14.02.07
Urban Communication Infrastructure P. Ltd.	Associates	India	40%	Associate w.e.f. 14.02.07
Urban Infotech Solution P. Ltd.	Associates	India	40%	Associate w.e.f. 14.02.07

- B. **Principles of Consolidation**

The Consolidated financial statements relate to Jai Corp Ltd. (The company) and its subsidiary company & associate companies. The Consolidated Financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary company have been combined on line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits and losses.
- The consolidated financial statements have been prepared using uniform Accounting policies for like transactions and other events in similar circumstances with certain exception as mentioned below and are presented to the extent possible, in the same manner as the company's separate financial statements.

Item	Particulars	Amount Cost (Rs.in Lacs)	Proportion to to the Cost of fixed Assets
Depreciation	Sarbags Pty.Ltd. has charged depreciation on Office Equipment @7.5% & 33.30% as against Schedule XIV rates followed by the company.	4.73	(0.0195%)

- Financial Statement of foreign Subsidiary - Sarbags Pty. Ltd. have been converted in Indian Rupees at following Exchange Rates:-
  - Revenue and Expenses : At the Average of the year.
  - Assets and Liabilities : At the end of the year.
 The resultant translation exchange difference has been transferred to Foreign Currency Translation Reserve.
- The financial Statement of the Company and its associates has been combined on the basis of equity method in accordance with Accounting Standard -23 on "Accounting for Investment in Associates in Consolidated Financial Statement", whereby the investment is initially recorded at cost , identifying any Goodwill/capital reserve arising at the time of acquisition. The carrying amount of investment is adjusted thereafter for post acquisition change in the Company's share of net assets of the associate.
- Investment Other than in subsidiaries and associates have been accounted as per Accounting Standard 13 (AS) -13 on "Accounting For Investments".

**C. Other significant accounting policies:**

These are set out under significant accounting policies of financial statements of the Company and Sarbags Pty. Ltd.

**2. The deferred tax liability as at 31st March 2007 comprises of the following:**

	(Rs. in Lacs)	
	As on 31.03.2007	As on 31.03.2006
<b>(i) Deferred Tax Liability</b>		
Related to fixed assets	1,379.35	1,099.54
<b>(ii) Deferred Tax Assets</b>		
Provision for diminution in value of investment	67.65	0.83
Unaborsbed Depreciation	-	57.15
Disallowance under the Income Tax Act, 1961	15.53	11.15
Provision for Employees Entitlement	4.69	4.25
<b>Total</b>	<b>87.87</b>	<b>73.38</b>
<b>Deferred tax Liability (net)</b>	<b>1,291.48</b>	<b>1,026.16</b>

**3 Basic and Diluted Earnings per Share**

	(Rs. In lacs )	
	2006-07	2005-06
<b>(a) Net Profit available for Equity Share Holder</b> (Amount used as numerator )	7,371.57	731.97
<b>(b) Weighted Average Number of equity shares</b> used as denominator for calculating EPS	8,626,940	8,626,940
<b>(c) Basic &amp; Diluted Earning Per Share (Rs.)</b>	<b>85.45</b>	<b>8.48</b>

**4 Related Party Disclosures:**

- (I) List of related parties and relationship
- (i) Associates :- Urban Infrastructure Venture Capital Ltd.  
Urban Infrastructure Trustees Ltd.  
Urban Telecom Private Ltd (Associates w.e.f. 01.12.2006)  
Urban Energy Distribution P. Ltd. (Associates w.e.f. 01.12.2006)  
Urban Energy Transmission P. Ltd. (Associates w.e.f. 01.12.2006)  
Urban Energy Generation P. Ltd. (Associates w.e.f. 01.12.2006)  
Urban Assets Reconstruction Co.P. Ltd (Associates w.e.f. 14.02.2007)  
Urban Communication Infrastructure Ltd. (Associates w.e.f. 14.02.2007)  
Urban Infotech Solution Ltd. (Associates w.e.f. 14.02.2007)
- (ii) Key Managerial Personnel and relatives of such personnel:
- (a) Shri J. K. Jain Chairman  
(b) Shri S. P. Jain Managing Director (up to 4th Jan 2007.)  
(c) Shri Virendra Jain Managing Director (in Parent w.e.f. 04.01.07) and Director (in Subsidiary co)  
(d) Shri V. S. Pandit Director (Works)  
(e) Shri Dilip Shukla Director ( in Subsidiary co. )  
(f) Shri Gaurav Jain Executive Director (w.e.f. from 01.10.2006)
- (iii) Enterprises over which persons described in (ii) above and their Relatives are able to exercise significant influence (Other related Parties) with whom transactions have taken place:-
- (a) Pet Fibres Ltd.  
(b) Sun Shine Fibres Pvt. Ltd.  
(c) Dotson Steels Ltd.  
(d) Suniti Commercial Ltd.  
(e) Silvassa Plastic  
(f) Silvassa Pipes Pvt Ltd.  
(g) Resin Distributors Pvt Ltd.  
(h) Puriya Industrial Packaging Pvt. Ltd.  
(i) Polyplast Agencies Pvt Ltd.  
(j) Prime Wovens Ltd.  
(k) Tech Fab India  
(l) Polysil Pipes  
(m) Daman Plastic

(II) Transactions during the year with related parties :

Nature of Transaction	(Rs. In lacs)		
	Key Management Personnel	Other Related Parties	Total
<b>Fixed Assets</b>			
(a) Sold during the year	-	13.63	13.63
(b) Purchased during the year	( - )	(1,132.75)	(1,132.75)
	-	12.21	12.21
	( - )	( 4.24)	(4.24)
<b>Investments</b>			
(a) Purchased during the year	-	-	-

(b) Sold During the year	( - )	-	-
(c) Balance as at 31st March, 2007	( - )	( - )	( - )
	-	1,340.00	1,340.00
	( - )	(1,340.00)	(1,340.00)

**Loans & Advances**

(a) Given/adjusted during the year	-	172.00	172.00
(b) Returned during the year	( - )	(1,234.55)	(1,234.55)
	-	172.00	172.00
	( - )	(1,234.55)	(1,234.55)

**Sale of Goods**

(a) Sales	-	307.18	307.18
(b) Services	( - )	(468.28)	(468.28)
	-	3.80	3.80
	( - )	( - )	( - )

**Other Income**

(a) Interest received	( - )	(2.46)	(2.46)
(b) Rent Received	-	-	-
(c) Miscellaneous Income	( - )	(0.41)	(0.41)
	-	4.00	4.00
	( - )	(3.00)	(3.00)

**Prior Period Adjustments ( Net )**

	( - )	( - )	( - )
	-	204.58	204.58

**Purchase of Goods**

	( - )	(62.20)	(62.20)
	-	66.99	66.99

**Discount on Raw Materials**

( Deducted from Purchases)	( - )	(119.96)	(119.96)
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**Recovery of Expenses**

	-	0.25	0.25
	( - )	(0.35)	(0.35)

**Expenditure**

(a) Directors' Remuneration & Perks	74.39	-	74.39
	(66.05)	( - )	(66.05)
(b) Directors' Sitting Fee	1.15	-	1.15
	(0.85)	( - )	(0.85)
(c) Job work Charges	-	15.99	15.99
	( - )	( - )	( - )
(d) Rent	-	12.00	12.00
	( - )	(12.00)	(12.00)
(e) Sundry Balance Write Off	-	-	-
	( - )	( - )	( - )
(f) Other Expenses	-	0.62	0.62
	( - )	(0.08)	(0.08)

Note:

Figures in bracket represent previous year's amounts

**Significant transactions with related parties:**

- i) Fixed Assets Includes Rs. 1.41 Lacs (Previous Year Rs.NIL) sold to Pet Fibres Ltd. Rs. 12.18 Lacs (Previous Year Rs. Nil ) sold to Prime Wovens Ltd., Rs.NIL (Previous Year Rs. 300.56 Lacs) sold to Suniti Commercial Ltd. , Rs. NIL (Previous Year Rs. 555.25 Lacs) sold to Sun Shines Fibre Pvt Ltd, Rs. NIL (Previous Year Rs. 240.0 Lacs) sold to Silvassa Pipes and Rs.0.04 Lacs (Previous Year Rs.NIL ) sold to Puriya Industrial Packaging Pvt. Ltd.
- ii) Fixed Assets Includes Rs. 1.78 Lacs (Previous Year Rs. 3.83 Lacs) purchase from Pet Fibres Ltd.,Rs.NIL (Previous Year Rs. 0.41 Lacs) purchase from Dotsons Steels Ltd. and Rs. 7.75 Lacs (Previous Year Rs. NIL Lacs) purchase from Prime Wovens Ltd, Rs.2.25 Lac (Previous Year Rs.NIL) purchase from Suniti Commercial Ltd., Rs.0.22 Lacs (Previous Year Rs.NIL) purchase from Silvassa Pipes, Rs.0.10 Lacs (Previous Year Rs.NIL) purchase from Polysil Pipes, Rs.0.11 Lacs (Previous Year Rs.NIL) purchase from Puriya Industrial Packaging Pvt. Ltd.
- iii) Investment as at 31st March 2007, Includes Rs. 1340.00 Lacs (Previous Year Rs. 1340.00 Lacs) in Adventivity BPO India Pvt. Ltd.
- iv) Loans and advances Includes Rs. 112.00 Lacs (Previous Year Rs. 550.30 Lacs) given to Pet Fibres Ltd. and Rs. 60.00 Lacs (Previous Year Rs. 642.25 Lacs) given to Prime Wovens Ltd.
- v) Loans and Advances includes Rs. 112.00 Lacs (Previous Year Rs. 550.30 Lacs) return by Pet Fibres Ltd., Rs. 60.00 Lacs (Previous Year Rs. 640.25 Lacs) return by Prime Wovens Ltd.
- vi) Sales Includes Rs.246.36 Lacs (Previous Year Rs. 156.54 Lacs) sold to Prime Wovens Ltd., Rs. NIL (Previous Year 132.52 Lacs) sold to Tufropes Pvt Ltd and Rs. 21.92 Lacs (Previous Year Rs. 130.21 Lacs) sold to Puriya Industrial Packaging Pvt Ltd., Rs.0.13 Lacs (Previous Year Rs. NIL) sold to Pet Fiber Ltd., Rs.6.64 Lacs (Previous Year Rs. NIL) sold to Dotsons Steel Ltd., Rs.19.82 Lacs (Previous Year Rs. NIL) sold to Sun Shine Fibre P Ltd., Rs.1.87 Lacs (Previous Year Rs. NIL) sold to Tech Feb and Rs.10.43 Lacs (Previous Year Rs. NIL) sold to Daman Plastics Ltd.

- vii) Services includes Rs. 3.80 Lacs (Previous Year Rs. Nil Lacs) provided to Puriya Industrial Packaging Pvt.Ltd.
- viii) Interest Income Includes Rs. NIL (Previous Year 0.76 Lacs) received from Pet Fibres Ltd, Rs.NIL (Previous Year Rs.1.26 Lacs) received from Prime Wovens Ltd.and Rs. NIL (Previous Year Rs.0.44 Lacs) received from Suniti Commercials Ltd..
- ix) Rent Income Includes Rs. NIL (Previous Year Rs. 0.41 Lacs) received from Sunshine Fibres Pvt. Ltd..
- x) Miscellaneous Income Includes Rs.0.63 Lacs (Previous Year Rs.Nil Lacs) received from Prime Wovens Ltd., Rs. NIL (Previous Year Rs. 0.76 Lacs) received from Dotsons Steels Ltd., Rs. 0.45 Lacs ( Previous Year Rs.Nil Lacs ) received from Tech Feb, Rs. NIL (Previous Year Rs. 0.92 Lacs) received from Sunshine Fibre Pvt Ltd.and Rs. 2.91 Lacs (Previous Year Rs. 0.87 Lacs) from Puriya Industrial Packaging Pvt. Ltd.
- xi) Recovery of Expenses represents Rs. 0.25 Lacs (Previous Year Rs. 0.34 Lacs) from Prime Wovens Ltd..
- xii) Purchase of Goods Includes Rs.3.14 Lacs (Previous Year Rs. Nil Lacs) purchase from Pet Fibres Ltd. , Rs. 190.92 Lacs (Previous Year 36.11 Lacs) purchase from Prime Wovens Ltd., and Rs 8.60 Lacs (Previous Year Rs. 22.74 Lacs) purchase from Puriya Industrial Packaging Pvt Ltd., Rs 1.25 Lacs (Previous Year Rs. NIL) purchase from Sun Shine Fibre Pvt. Ltd., Rs 0.28 Lacs (Previous Year Rs. NIL) purchase from Polysil Pipes and Rs 0.39 Lacs (Previous Year Rs. NIL) purchase from Silvassa Plastics
- xiii) Discount on Raw material includes Rs. 9.66 Lacs (Previous Year Rs. 89.64 Lacs ) received from Resin Distributors Pvt. Ltd. and Rs. 57.33 Lacs (Previous Year Rs.30.33 Lacs ) received from Polyplast Agencies Pvt. Ltd.
- xiv) Director sitting fees Includes Rs. 0.45 Lacs (Previous Year Rs.0.45 Lacs) paid to Virendra Jain , Rs. 0.20 Lacs (Previous Year Rs.0.15 Lacs) paid to Gaurav Jain, Rs 0.10 Lacs (Previous Year Rs.NIL) paid to S.P. Jain. and Rs 0.40 Lacs (Previous Year Rs. 0.25 Lacs) paid to J.K. Jain.
- xv) Director remuneration and perks Includes Rs. 20.07 Lacs (Previous Year Rs. 26.61 Lacs) paid to S. P. Jain, Rs. 12.23 Lacs (Previous Year Rs.NIL) paid to Gaurav Jain and Rs. 9.17 Lacs (Previous Year Rs. 8.21 Lacs) paid to V. S. Pandit and Rs.32.92 Lacs (Previous Year Rs.NIL) paid to Dilip Shukla.
- xvi) Job work charges Includes Rs. 0.44 Lacs (Previous Year Rs. Nil Lacs) paid to Pet Fibres Ltd., Rs.12.61 Lacs (Previous Year Rs. Nil Lacs) paid to Prime Wovens Ltd., Rs. 2.94 Lacs (Previous Year Rs. Nil Lacs) paid to Daman Plastics.
- xvii) Rent Expenditure Includes Rs. 12.00 Lacs (Previous Year Rs.12 Lacs) paid to Pet Fibres Ltd.
- xviii) Other Expenses includes Rs.0.05 Lacs (Previous Year Rs.0.01 Lacs) paid to Pet Fibres Ltd. , Rs.0.52 Lacs (Previous Year Rs. 0.05 Lacs) paid to Prime Wovens Ltd., and Rs. 0.05 (Previous Year Rs. 0.02 Lacs ) paid to Puriya Industrial Packaging Pvt Ltd..
- ( B ) Loans and advances in the nature of Loans given to other related parties:**
- (a) Loans and Advances in the nature of Loans:(Rs. In lacs )
- | Name of the company | Relationship           | Balance as at 31.03.07 | Balance as at 31.03.06 | Maximum amount outstanding during the year |
|---------------------|------------------------|------------------------|------------------------|--|
| Pet Fibres Ltd      | Director is Interested | -                      | -                      | 112.00                                     |
| Prime Wovens Ltd.   | Director is Interested | -                      | -                      | 60.00                                      |
- Note:**  
Loans and advances shown above, fall under the category of 'Loans & Advances in nature of Loans where there is no repayment schedule'.
- (b) Investment in the shares of the company by the Loanee**
- |                 |                        |                                |
|-----------------|------------------------|--------------------------------|
| Pet Fibres Ltd. | Director is Interested | 10,000 Shares of Rs. 10/- each |
|-----------------|------------------------|--------------------------------|

5. Segment information as per Accounting Standard – 17 on Segment Reporting for the year ended 31st March 2007.

i) **Information about Primary (Product wise) Segments.**

(Rs. in Lacs)

Particulars	Steel		Plastic Processing		Spinning		Unallocated		Total	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
<b>Segment Revenue</b>										
External Turnover	15609.46	15534.40	5993.60	3540.48	5791.85	1,408.19	-	-	27394.91	20483.07
Inter Segment Turnover	-	-	-	-	-	-	-	-	-	-
Gross Turnover	<b>15609.46</b>	<b>15534.40</b>	<b>5993.60</b>	<b>3540.48</b>	<b>5791.85</b>	<b>1408.19</b>	-	-	<b>27394.91</b>	<b>20483.07</b>
Less : Excise duty recovered	529.14	936.43	149.13	93.31	73.13	106.99	-	-	751.40	1136.73
Net Turnover	<b>15080.32</b>	<b>14597.97</b>	<b>5844.47</b>	<b>3447.17</b>	<b>5718.72</b>	<b>1,301.20</b>	-	-	<b>26643.51</b>	<b>19346.34</b>
<b>Results</b>										
Segment Results	761.58	(1371.68)	464.57	502.14	132.53	111.35	-	-	1358.68	(758.19)
Unallocated Corporate Income (Net)	-	-	-	-	-	-	5757.45	1322.47	5757.45	1322.47
<b>Operating Profit/ (Loss)</b>	<b>761.58</b>	<b>(1371.68)</b>	<b>464.57</b>	<b>502.14</b>	<b>132.53</b>	<b>111.35</b>	<b>5757.45</b>	<b>1322.47</b>	<b>7116.13</b>	<b>564.28</b>
Interest Expenses	196.99	97.67	4.78	2.56	304.46	0.25	0.01	0.02	506.24	100.50
Interest/ Dividend/Rent Income	515.16	51.58	6.27	3.01	12.05	0.77	886.85	193.48	1420.33	248.84
Provision for I. Tax	-	-	-	-	-	-	-	-	-	-
Income Tax	-	-	-	-	-	-	658.65	(19.35)	658.65	(19.35)
<b>Net Profit/ (Loss)</b>	<b>1079.75</b>	<b>(1417.77)</b>	<b>466.06</b>	<b>502.59</b>	<b>(159.88)</b>	<b>111.87</b>	<b>5985.64</b>	<b>1535.28</b>	<b>7371.57</b>	<b>731.97</b>
<b>Other Information</b>										
Segment Assets	8103.41	9383.44	6959.84	6614.99	5729.35	2,860.97	-	-	20792.60	18859.40
Unallocated Corporate Assets	-	-	-	-	-	-	23835.15	14073.09	23835.15	14073.09
<b>Total Assets</b>	<b>8103.41</b>	<b>9383.44</b>	<b>6959.84</b>	<b>6614.99</b>	<b>5729.35</b>	<b>2860.97</b>	<b>23835.15</b>	<b>14073.09</b>	<b>44627.75</b>	<b>32932.49</b>
<b>Segment Liabilities</b>	<b>4242.22</b>	<b>3119.42</b>	<b>429.66</b>	<b>236.08</b>	<b>3494.46</b>	<b>97.35</b>	-	-	<b>8166.34</b>	<b>3452.85</b>
Unallocated Corporate Liabilities	-	-	-	-	-	-	2141.41	2528.05	2141.41	2528.05
<b>Total Liabilities</b>	<b>4242.22</b>	<b>3119.42</b>	<b>429.66</b>	<b>236.08</b>	<b>3494.46</b>	<b>97.35</b>	<b>2141.41</b>	<b>2528.05</b>	<b>10307.75</b>	<b>5980.90</b>
<b>Capital Expenditure</b>	<b>34.46</b>	<b>796.02</b>	<b>841.67</b>	<b>633.20</b>	<b>2305.62</b>	<b>2,275.76</b>	<b>77.81</b>	<b>0.00</b>	<b>3259.56</b>	<b>3704.98</b>
<b>Depreciation</b>	<b>436.63</b>	<b>454.45</b>	<b>256.75</b>	<b>299.06</b>	<b>259.03</b>	<b>52.86</b>	<b>46.88</b>	<b>16.01</b>	<b>999.29</b>	<b>822.38</b>
<b>Non - Cash Expenditure</b>	-	-	-	-	-	-	610.69	7.37	610.69	7.37

ii) Notes:

- (a) Segments have been identified and reported taking into account, the differing risks and returns, the organization structure and the internal reporting system. These are organized into two main business segment based on products:

**Steel :-** The company is manufacturing CR/GP/GC Coils/ Sheets at Steel unit located at Nanded ( Maharashtra )

**Plastic Processing:-** The company is manufacturing Woven sacks/ Fabrics at packaging units which are mainly located at Murbad (Maharashtra) & Khadoli (Silvassa).

**Spinning :-** The company is manufacturing spinning yarn at its units located at Vasona & Masat (Silvassa)

**Unallocated :-** Consists of expenses incurred at the corporate level which relates to the company as a whole, income from investments of surplus funds, Corporate assets includes Real Estate, Investments and ICDS.

(b) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments. Unallocated includes expenses incurred at the corporate level which relates to the company as a whole.

iii) Secondary Segment Information (Geographical Segments)

		(Rs. In Lacs)			
	<b>2006-07</b>		2005-06	Total	<b>25.71</b>
				Less :- allocated During the Year	<b>2.91</b>
					<b>86.33</b>
1. Segment Revenue - External Turnover					<b>22.80</b>
- Within India	18435.39		9939.58		-
- Outside India	8959.52		10543.49		-
Total Revenue	27394.91		20483.07		
2. Segment Assets					
- Within India	44375.15		32679.89		
- Outside India	252.60		252.60		
Total Assets	44627.75		32932.49		
3. Segment Liability					
- Within India	10278.14		5951.29		
- Outside India	29.61		29.61		
Total Liability	10307.75		5980.90		
4. Capital Expenditure					
- Within India	3259.56		3704.98		
- Outside India	-		0.00		
Total Capital Expenditure	3259.56		3704.98		
<b>6. Auditor's Remuneration</b>					
Audit Fees	13.47		11.50		
Tax Audit Fees	4.16		4.00		
Certification Fees	3.90		2.95		
Out of Pocket Expenses	2.45		1.27		
Other Capacity	0.51		3.37		
	<b>24.49</b>		<b>23.09</b>		
<b>7. Directors' Remuneration</b>					
Salary	72.20		63.29		
Perquisites	2.19		2.76		
	<b>74.39</b>		<b>66.05</b>		
<b>8. Disclosure of Financial and Derivative instruments</b>					
(i) Derivative contracts entered into by the company and outstanding as on 31st March 2007 for Hedging Foreign Currency :-		(Rs. In lacs )			
	<b>2006-07</b>		<b>2005-06</b>		
Forward Contracts	-		<b>2,230.00</b>		
(ii) Unhedged foreign currency exposure as on 31st March 2007 is equivalent to Rs. 3011.24 Lacs (Previous year Rs. 2,468.03 lacs).					
9. During the year the company has adopted the policy of amortising the premium paid for lease hold land over the remaining lease Period. This change in accounting policy has resulted in increase in depreciation by Rs. 6.03 Lacs and decrease in profit for the year by the equal amount .					
10. The details of Pre-operative expenditure capitalised are as under :					
(Rs. In lacs)					
<b>Particulars</b>	<b>As at</b>		<b>As at</b>		
<b>2006-07</b>			<b>2005-06</b>		
Employees's Remuneration & Benefits	10.20		81.48		
Power, Fuel & Water	4.34		3.30		
Rates & Taxes	1.46		0.62		
Legal, Professional & Consultancy	3.44		0.20		
Travelling & Conveyance	1.73		0.17		
Bank Charges	0.02		0.01		
Other Expenses	1.95		0.55		
Consumable & Stores	0.34		-		
Loss on Sale of Plant & Machinery	2.54		-		
Freight Inward	0.22		-		
Testing Expenses	0.14		-		
Total Expenses	26.38		86.33		
Less :- Misc. Income	0.67		-		
	<b>25.71</b>		<b>86.33</b>		
	<b>2.91</b>		<b>2.91</b>		
	<b>22.80</b>		<b>83.42</b>		
<b>11. Contingent liabilities in respect of -</b>					
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for ( net of advances paid) (Cash outflow is expected on execution of such capital contracts )				<b>169.90</b>	63.36
(b) Contingent liabilities in respect of Claims not acknowledged as debts (Disputed liability in appeal)					
Sales Tax				<b>94.36</b>	94.36
Excise Duty				<b>14.49</b>	87.75
Railway Claims				<b>80.66</b>	80.66
Provident Fund				<b>89.25</b>	112.00
Income Tax				<b>82.26</b>	-
Other Claims				<b>15.90</b>	15.90
				<b>376.92</b>	390.67
(c) Uncalled Liability on partly paid up share (net of advance paid towards unpaid calls)				<b>20,462.80</b>	662.34
(d) Unexpired letter of credit (These are established in favour of suppliers. But material under the afore said letter of credit are yet to be received as on year end date. Cash outflow expected on the basis of payment term as mention in Letter of Credit.)				<b>643.21</b>	621.00
<b>12 Excise duty</b>				<b>2006-07</b>	<b>2005-06</b>
a) Excise duty shown as a reduction from Turnover				<b>751.40</b>	1,136.73
b) Excise duty charged to Profit & Loss Account					
i) Difference between closing & opening stock				<b>(301.29)</b>	(149.17)
ii) Excise duty payment on Capt. Consumption				-	0.56
				<b>(301.29)</b>	<b>(148.61)</b>
<b>13</b> The Company has not received any information from "suppliers" regarding their status under the Micro, Small Medium Enterprises Development Act. 2006 as well as in respect of small scale undertakings and hence disclosures, if any, relating to amounts unpaid as at year end together with interest paid / payable as required under the said Act have not been given.					
<b>14</b> During the year the company is liable to pay Minimum Alternate Tax ("MAT") under section 115 JB of the Income Tax Act, 1961 ("The Act") and the amount paid as MAT is allowed to be carried forward for being set off against the future tax liabilities computed in accordance with the provisions of the Act, other than section 115 JB of the Act, in next seven years. Based on the future projection of the performances, prepared by the company, the company will be liable to pay the income tax computed as per the provisions, other than section 115 JB of the Act. Accordingly, as advised in Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by the Institute of Chartered Accountants of India, Rs. 425.23 Lacs being the excess of tax payable under section 115 JB of the Act over tax payable as per the provisions other than section 115 JB of the Act has been considered as MAT credit entitlement and credited to profit and loss account.					
<b>15</b> The consolidated financial statement have been prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" and Accounting Standard (AS-23) " Accounting for Investment in Associate in Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India. The previous year's figures have been recasted, rearranged and reclassified wherever necessary.					
As per our report of even date				For and on behalf of the Board of Directors	
<b>For CHATURVEDI &amp; SHAH</b>				<b>For JAI CORP LTD</b>	
Chartered Accountants				<b>J. K. JAIN</b>	Chairman
<b>R. KORIA</b>				<b>VIRENDRA JAIN</b>	Managing Director
Partner				<b>GAURAV JAIN</b>	Executive Director
Mumbai, 29th June, 2007				<b>A. DATTA</b>	Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007**

	2006 - 2007	(Rs.in Lacs) 2005 - 2006
<b>A. Cash Flow from Operating Activities</b>		
Net Profit after tax as per P & L Account	7,371.57	731.97
Extra Ordinary items	6.25	(49.43)
	<u>7,377.82</u>	<u>682.54</u>
Adjusted for		
Depreciation	994.56	821.43
Tax Provision	665.82	(12.95)
Effects of exchange rate change	(36.39)	(11.32)
Loss / (Profit) on sale of investments ( Net )	(6,547.07)	(1,364.10)
Provision for diminution in value of Investments	610.69	7.37
Loss / (Profit) on sale/discarding of fixed assets ( Net )	13.20	(294.36)
Finance Charges	506.24	100.50
Income/Interest on Investment	(767.25)	(13.12)
Dividend Income	(535.92)	(153.68)
	<u>2,281.70</u>	<u>(237.69)</u>
Operating Profit before Working Capital Changes		
Adjusted for		
Trade & Other Receivables	(369.97)	3,747.54
Inventories	1,074.87	2,936.99
Trade Payables	(1,367.71)	(764.53)
	<u>1,618.89</u>	<u>5,682.31</u>
Cash generated from operations		
Interest paid	(506.24)	(100.50)
Direct taxes paid	(517.58)	227.97
	<u>595.07</u>	<u>5,809.78</u>
Cash Flow before extraordinary items		
Extra Ordinary items	2.15	0.87
	<u>597.22</u>	<u>5,810.65</u>
Net Cash from \ (used in) Operating Activities		
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(3,253.84)	(3,657.80)
Sale of Fixed Assets	204.34	1,151.70
Difference due to Exchange fluctuation	-	-
Purchase of Investments	(38,881.71)	(43,480.82)
Sale of Investments	37,704.46	39,948.60
Loans (Net)	(794.45)	(225.57)
Income/Interest on Investment	710.52	40.32
Dividend Received	535.92	153.68
	<u>(3,774.76)</u>	<u>(6,069.89)</u>
Net Cash ( used in ) \ from Investing Activities		
<b>C. Cash Flow from Financing Activities</b>		
Short term loans (Net)	742.49	(733.42)
Proceeds of Long Term Loans	4,000.00	1,021.20
Refund of Long Term Loans (Net)	(46.69)	(23.29)
Buyback of Shares including Share Premium	(0.49)	(0.93)
Dividends Paid	(3.20)	(4.24)
	<u>4,692.11</u>	<u>259.32</u>
Net Cash from \ ( used in ) Financing Activities		
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	1,514.57	0.08
Opening Balance of Cash and Cash Equivalents	300.13	300.05
Closing Balance of Cash and Cash Equivalents	1,814.70	300.13

Notes :

- 1) The above Cash Flow Statements has been prepared under the "Indirect Method" as set out in Accounting Standard-3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- 2) Bracket indicates cash outflow.
- 3) Previous year figures have been regrouped wherever necessary.

As per our report of even date  
**For CHATURVEDI & SHAH**  
Chartered Accountants

**R. KORIA**  
Partner

Place : Mumbai

Dated : 29th June , 2007

For and on behalf of the Board of Directors

**J.K. JAIN**

Chairman

**VIRENDRA JAIN**

Managing Director

**GAURAV JAIN**

Executive Director

**A. DATTA**

Company Secretary

**Jai Corp Limited**

Regd. Office : A-3, M.I.D.C. Indl. Area, Nanded-431 603, Maharashtra.

**ATTENDANCE SLIP**

**22<sup>ND</sup> ANNUAL GENERAL MEETING, 14TH SEPTEMBER, 2007**

I hereby record my presence at the **22<sup>nd</sup> ANNUAL GENERAL MEETING** of the Company at A-3, M.I.D.C. Indl. Area, Nanded-431 603, Maharashtra on Friday, the 14th September, 2007 at 2.00 p.m.

Folio No. : ..... DP ID\* .....Client ID\* .....

No. of Share held .....

Full name of the Shareholder/Proxy (in block letters)

Signature

**Note** : Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and hand over at the entrance of the hall.

TEAR - HERE

**Jai Corp Limited**

Regd. Office : A-3, M.I.D.C. Indl. Area, Nanded-431 603, Maharashtra.

**PROXY FORM**

Folio No. : ..... DP ID\* .....Client ID\* .....

I/We.....of

.....in the district of

.....being a member(s) of the above named Company, hereby appoint

.....of.....in the district of

..... or failing him..... of

..... in the district of.....

as my/our proxy to vote for me/us on my/our behalf at the **TWENTY SECOND ANNUAL GENERAL MEETING** of the Company to be held at A-3, M.I.D.C. Indl. Area, Nanded-431 603, Maharashtra, on Friday the 14th September, 2007 at 2.00 p.m. and at any adjournment thereof.

Signed this ..... day of .....2007.

Signature.....

Re. 1  
Revenue  
Stamp

**Note** : 1. The proxy need not be a member.  
2. The Proxy Form duly signed across revenue stamp should be deposited at the Registered Office of the Company not later than 48 hours before the time of the meeting.

TEAR - HERE

**BOOK - POST**

**Jai  
Corp**  
LIMITED

If undelivered, please return to :

**KARVY COMPUTERSHARE PRIVATE LIMITED**

Unit : **Jai Corp Limited**

"Karvy House",

46, Avenue 4, Street No.1

Banjara Hills, Hyderabad - 500 034.