

Jaybharat

TEXTILES AND REAL ESTATE LTD.
(Formerly Known as : JAYBHARAT SAREES LTD.)

21ST ANNUAL REPORT
2005 - 2006

BOARD OF DIRECTORS

Shri Saurabh Kumar Tayal - Chairman
 Shri Raman Aggarwal - Managing Director
 Shri Rajshekhar S.Ganiger
 Shri Anil Kumar Dubey
 Shri Subhash Chandra Nigam
 Shri C.K.Porwal
 Shri Farinda Bihari Rai
 Shri Pravin Sharma
 Shri Romil Agarwal
 Shri Chandrashekhar Pandey
 Shri Mahendra Patel
 Shri Harinder Kumar

PRINCIPAL BANKER

Indian Overseas Bank

AUDITORS

M/s. Sanjay & Vijay Associates
 Chartered Accountants

COMPANY SECRETARY

Shri Girjesh Shrivastava

REGISTERED OFFICE

Village Salvav , Taluka Pardi
 Near Vapi , Valsad, Gujarat - 396 191

CORPORATE OFFICE

Raghuvanshi Mills Compound,
 11/12, Senapati Bapat Marg,
 Lower Parel (W), Mumbai - 400 013.

PLANTS

Bhilad, Dist. Valsad, Gujarat.
 Pulgaon, Dist. Wardha, Maharashtra.

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ANNUAL GENERAL MEETING on Tuesday, June 6th 2006, at 12.00 p.m.,
 at Village Salvav , Taluka Pardi, Vapi ,Dist Valsad, Gujarat 396 191.

JAYBHARAT TEXTILES AND REAL ESTATE LIMITED

(Formerly known as : Jaybharat Sarees Ltd.)

NOTICE

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting of the Members of **JAYBHARAT TEXTILES AND REAL ESTATE LIMITED** will be held at the Registered Office of the Company i.e. Village Salvav, Taluka Pardi, Near Vapi, Dist Valsad – 396 191 at 12.00 p.m. on Tuesday the 6th June, 2006 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Company's Balance Sheet as at 31st March 2006 and Profit and Loss Account for the year ended on that date and Reports of Directors and Auditors thereon.
2. To declare dividend for the year 2005-06.
3. To appoint a Director in place of Shri Rajshekhar S.Ganiger, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Farindra Bihari Rai, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri C.K.Porwal, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To re-appoint M/s. Sanjay & Vijay Associates, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix the Auditors' remuneration.

SPECIAL BUSINESS :

To consider and, if thought fit, to pass with or without modifications the following resolutions as **ORDINARY RESOLUTIONS** :

7. "RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri. Romil Aggarwal, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by rotation."
8. "RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri Chandrashekhar Pandey, who was appointed as an Additional Director Pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by rotation."
9. "RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri Mahendra Patel, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by rotation."
10. "RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri Harinder Kumar, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retire by rotation."
11. "RESOLVED THAT pursuant to the provisions of Section 269, 309, 310, 311 and Schedule XIII and other applicable provisions of the Companies Act, 1956 and other statutes, Shri Raman Aggarwal, the Managing Director be paid in addition to the current remuneration of Rs.10,000/- per month, Commission upto 1% of the Net Profits of the Company, subject however that his total remuneration shall not exceed Rs.6,00,000/- p.a.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution the Board of Directors of the Company be and is hereby authorized to take such steps and to do all such acts, deeds, matters and things as are required under the law".

12. "RESOLVED THAT pursuant to the recommendation of the Board of Directors in this behalf and pursuant further to Article 116 of Articles of Association and subject to the consent and other approvals, if any, a sum of Rs. 15,31,35,000/- standing to the credit of Profit and Loss Account be and is hereby capitalized and aforesaid sum of Rs. 15,31,35,000/- be applied for allotment of Bonus Shares to persons whose name appear on the Register of Members, and in respect of shares held in electronic form to the Beneficial Owners as per the Beneficiary list, on a date to be specified by Board of Directors in the proportion of Fifteen such new Equity Shares for every Ten existing Equity Shares held by such persons respectively on the said date, upon the footing that they become entitled thereto for all purpose as capital.

RESOLVED FURTHER THAT any of such new shares which on an exact distribution in the proportion aforesaid, would fall to be allotted in fractions be allotted in the name of Directors of the Company upon trust to sell the same and divide the net proceeds amongst the shareholders entitled to such fractions pro-rata in accordance with their rights; and such new Equity Shares, as and when issued and fully paid, shall rank parri pasu with the existing issued Equity Shares.

RESOLVED FURTHER THAT the Board be and is hereby authorized to settle any question or difficulty whatsoever in regard to the issue and allotment of the aforesaid bonus shares including any fractional entitlement of members in such manner as it may think necessary or expedient."

13. "RESOLVED THAT in supersession of all earlier resolutions passed in this regard, pursuant to Article No.4 of the Articles of Association of the Company and Sections 94 and other applicable provisions of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs.30.00 Crores(Rupees Thirty Crores only) to Rs.55.00 Crores (Rupees Fifty Five Crores only) by creating additional 5,00,00,000 (Five Crore only) Equity Shares of Rs 5/- each.

RESOLVED FURTHER THAT in supersession of all earlier resolutions passed in this regard, pursuant to Section 16 and other applicable provisions of the Companies Act, 1956, Clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the same and substituting, in its place, the following :

"V. Authorised Share Capital of the Company is Rs.55,00,00,000 /- (Rupees Fifty Five Crores only) divided into 11,00,00,000 (Eleven Crores) Equity Shares of Rs.5/- (Rupees Five only) each with powers to increase or reduce the Capital of the company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential rights, privileges and conditions in such manner as may for the time being provided by regulations of the Company.

To consider and, if thought fit, to pass with or without modifications the following resolution as **SPECIAL RESOLUTION** :

14. "RESOLVED THAT in supersession of all earlier resolutions passed in this regard, pursuant to Section 31 and any other applicable provisions of the Companies Act, 1956, existing Article 3 of the Articles of Association of the Company be and is hereby deleted and new Article 3 be substituted, in its place, as under:
3. The Authorized Share capital of the Company shall be Rs.55,00,00,000/-(Rupees Fifty Five Crores Only) divided into 11,00,00,000 (Eleven Crore) Equity shares of Rs.5/- each.

NOTES :

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business is annexed hereto under item no 7 to 10 and forms an integral part of this notice.
2. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON (WHETHER A SHAREHOLDER OR NOT) AS HIS/HER PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL BE ENTITLED TO VOTE ONLY UPON A POLL.
3. The instrument(s) appointing the Proxy, if any, shall be delivered at the Registered Office of the Company not less than forty eight (48) hours before the commencement of the Meeting and the instrument of proxy shall be treated as invalid in case of default.
4. The Register of Members and Share Transfer Register of the Company will remain closed from Friday, 2nd June 2006 to Tuesday, 6th June 2006 (both days inclusive) to comply with Annual Book Closure requirements.
5. All documents and agreements referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except holidays, between 10.00 A.M. and 1.00 P.M., up to the date of Annual General Meeting.
6. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.

For and on Behalf of the Board of Directors

Place : Mumbai
Date : 4th May, 2006

Saurabh Kumar Tayal
Chairman

JAYBHARAT TEXTILES AND REAL ESTATE LIMITED

(Formerly known as : Jaybharat Sarees Ltd.)

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

ITEM NOS. 7 TO 10 :

The Board of Directors of the Company (the Board), has appointed, pursuant to provisions of Section 260 of the Company Act, 1956 (the Act) and Article 82 of the Articles of Association of the Company, Shri. Romil Aggarwal, Shri Chandrashekhar Pandey, Shri Mahendra Patel and Shri Harinder Kumar as an Additional Director of the Company with effect from 29th September, 2005.

In terms of the provisions of Section 260 of the Act, Shri. Romil Aggarwal, Shri Chandrashekhar Pandey, Shri Mahendra Patel and Shri Harinder Kumar would hold office upto the date of this Annual General Meeting.

The Company has received notice in writing from some member alongwith a deposit of Rs. 500/- proposing the candidature of Shri. Romil Aggarwal, Shri Chandrashekhar Pandey, Shri Mahendra Patel and Shri Harinder Kumar, for the office of Director of the Company, under the provisions of Section 257 of the Act.

A brief resume of all the above proposed appointees, nature of their expertise in specific functional area and names of Companies in which they hold directorship and memberships/chairmanships of the Board Committee, as stipulated under Clause 49 of Listing Agreement with the Stock Exchange(s) in India, are provided in Report on Corporate Governance forming part of the Annual Report.

The Board commends the resolutions set out at Item nos. 7 to 10 of the Notice for your approval. Save and except Shri Romil Aggarwal, Chandrashekhar Pandey, Mahendra Patel and Shri Harinder Kumar with respect to their individual appointment, none of the other Directors of the company is, in any way, concerned or interested in the resolution.

ITEM NO. 11 :

Shri Raman Aggarwal was appointed as Managing Director by the Board on 21st January, 2005 pursuant to section 198, 269, 308, 309, 310 and 311 and schedule XIII of the Companies Act, 1956 subject to the approval of members in the General Meeting for a period of 3 years upon terms and conditions as set out in the Agreement dated 21st January, 2005.

Broad terms and conditions of his appointment are as follows :

A. Salary : Rs. 10000/- P.M.

B. Perquisites : As per Company's Rules, subject to the ceilings prescribed under schedule XIII of the Companies Act, 1956.

In view of his services to the Company during his tenure and with a view to introduce performance based incentives the Board had in its meeting dated 28th February 2006, decided to increase the remuneration of Mr. Raman Aggarwal in the following manner with effect from 1st April 2005.

A : Salary : Rs. 10000/- P.M.

B : Perquisites : As per Company's Rules, subject to the ceilings prescribed under schedule XIII of the Companies Act, 1956.

C : Commission : Upto 1% of the Net Profits of the Company for the Financial year subject however that the total Remuneration inclusive of Salary, Perquisites and Commission shall not exceed Rs. 6.00 Lacs per annum

The Directors recommend the Resolution for members' approval.

None of the Directors except Mr. Raman Aggarwal are interested or concerned in this resolution.

ITEM NO. 12 :

The Company has to the credit of its Profit and Loss Account forming part of General Reserves a sum of Rs. 2447.75 Lacs as at 31st March 2006. The Directors propose to capitalize a sum of Rs. 15,31,35,000 out of this to be applied for the issue of 3,06,27,000 new Equity Shares of Rs 5/- each credited as fully paid up as Bonus Shares. Article 116 of the Company's Articles of Association authorizes the capitalization and the issue of the bonus shares by the Company in the manner proposed. The proposed resolution is intended to give effect to the above proposal. New Equity Shares will be issued and allotted as Bonus Equity Shares in the proportion of Fifteen new Equity Shares credited as fully paid up for every Ten existing Equity Shares as proposed in the Resolution. The said Bonus Shares shall rank pari passu in all respects with the existing Equity Shares. The fraction entitlement if any of the respective members will be settled in the manner indicated in the Resolution. The proposed issue of bonus shares will be in compliance with applicable Guidelines issued by Securities Exchange Board of India in this respect. The Bonus Shares will be allotted to such Members of the Company whose name appear in the Register of Members of the Company, and in respect of shares held in electronic form to the Beneficial Owners as per the Beneficiary list, as on the date to be decided by the Board of Directors. Requisite application will also be made to various Stock Exchanges where the existing shares of the Company are already listed for permission to deal in such Bonus Shares.

The Directors recommend the Resolution for Members' approval. The Directors are deemed to be interested or concerned in this resolution to the extent of their shareholding.

ITEM NOS. 13 & 14:

The present Authorised Capital of the Company is Rs.30,00,00,000/- (Rupees Thirty Crores Only) divided into 60000000 Equity Shares of Rs.5/- (Rupees Five Only) each. In order to meet the requirement of the proposed expansion and diversification plans of the Company it is proposed to increase the Authorized Share Capital to Rs.55,00,00,000/- (Rupees Fifty Five Crores Only) divided into 11,00,00,000 Equity Shares of Rs.5/- each (Rupees Five only). Consequent upon the increase in Share Capital, the Clause V of the Memorandum and Article 3 of Articles of Association are also required to be altered. The approval of the members is, hence sought for increase in Authorized Share Capital and consequential amendments in the Memorandum and Articles of Association. The Board recommends the passing of this resolution. None of the Directors is interested in this resolution.

For and on Behalf of the Board of Directors

Place : Mumbai
Date : 4th May, 2006

Saurabh Kumar Tayal
Chairman

JAYBHARAT TEXTILES AND REAL ESTATE LIMITED

(Formerly known as : Jaybharat Sarees Ltd.)

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 21st Annual Report and the Audited Statements of Accounts of your Company for the financial year ended 31st March 2006.

FINANCIAL RESULTS :

	2005-2006 (Rs. In Lacs)	2004-2005 (Rs. In Lacs)
Sales	19191.85	7525.45
Other Income	0.00	0.00
Profit before Depreciation, Interest and Tax	3070.31	1036.72
Interest & Finance Charges	2.62	0.04
Depreciation	183.97	9.27
Provision for Tax & Deferred Tax	386.48	100.25
Net Profit (Loss)	2497.24	927.16
Profit / (Loss) brought forward from Previous Year	926.10	92.45
Profit / (Loss) carried to Balance Sheet	3116.84	1003.29

Note : Previous year figures have been regrouped / rearranged wherever necessary

DIVIDEND :

The Directors are pleased to recommend a dividend of 5% on the Paid up Equity Share Capital of the Company. The dividend (including tax payable by the Company) will absorb Rs. 56.78 Lacs.

INCREASE IN AUTHORISED SHARE CAPITAL

In order to expand its Capital your Company has increased its Authorised Share Capital from Rs. 10.50 Crores to Rs. 30.00 Crores by creating additional 1,95,00,000 Equity Shares of Rs. 10/- Each by passing resolution at the Extra Ordinary General Meeting of the Members held on 2nd September, 2005.

SUBDIVISION OF SHARES OF THE COMPANY

During the year Equity shares of the Company of the face value of Rs. 10/- each were sub-divided into two Equity Shares of Rs. 5/- each resulting in 10209000 shares of Rs. 10/- each being converted into 20418000 shares of Rs. 5/- each fully paid. The Memorandum and Articles of the Company have been amended accordingly.

BONUS SHARES :

The Company has to the credit of its General Reserves a sum of Rs. 2447.75 lacs as at 31st March, 2006. The Directors propose to capitalize a sum of Rs. 15,31,35,000/- out of this to be applied for the issue of 3,06,27,000 new Equity Shares of Rs. 5/- each credited as fully paid up as Bonus Shares. New Equity Shares will be issued and allotted as Bonus Equity Shares in the proportion of Fifteen such new Equity shares credited as fully paid up for every Ten such existing Equity Shares as proposed in the Resolution. The said Bonus Equity Shares shall rank pari passu in all respects with the existing Equity Shares. The proposed issue of bonus shares will be in compliance with applicable guidelines issued by Securities and Exchange Board of India in this respect.

OPERATIONS :

The Company has achieved a Sales Turnover of Rs. 19191.85 Lacs in F.Y. 2006 as against Rs. 7525.45 Lacs in F.Y. 2005. Cash accruals have increased to Rs. 2681.21 Lacs from Rs. 936.43 Lacs in F.Y. 2005. The Net Profits have gone up to Rs. 2497.24 lacs in F.Y. 2006 from Rs. 927.16 Lacs in F.Y. 2005. The PBDIT has increased from Rs. 1036.72 Lacs in F.Y. 2005 to Rs. 3070.31 Lacs in F.Y. 2006.

ENTRY INTO REAL ESTATE SECTOR :

Your Company had been exploring opportunities for venturing into other emerging sectors where there is high potential of growth. Accordingly, your Company took a major step towards diversification of its business and ventured into the Real Estate Sector. At the Extraordinary General Meeting of the Company held on 2nd September 2005, the Members approved the alteration of Memorandum of Association of the Company by adoption of new object enabling the Company to venture into the Real Estate Sector. In order to reflect the activities relating to the real estate and construction segment, the name of the Company was changed from 'Jaybharat Sarees Limited' to 'Jaybharat Textiles and Real Estate Limited'. The Company has plans to attain core competence in the sector alongwith the existing business of Textiles.

FUTURE PLANS :

On the textile front, the Company is in the process of expanding its capacities both quantitatively and qualitatively under the Technology Upgradation Fund Scheme (TUFs) of Government of India. The Project envisages setting up spinning facilities for 75600 spindles for the manufacture of cotton yarn and 10700 TPA manufacturing. The project is being carried out at village salvav, Taluka Pardi, Vapi, Gujarat and is estimated to cost Rs. 26945 Lacs. On completion of the project the Company shall attain expanded capacities in the segments of textile value chain i.e. yarn spinning, (ring spinning) and textile fabric processing. The project would commence commercial production from September, 2006.

In real estate sector the Company plans to diversify its activities. The diversification includes construction and development of Five Star Hotels, Shopping Malls, Multiplexes, Commercial Area, etc. These projects are likely to have long gestation periods.

The Company has commenced work on a Commercial Complex at Vapi Gujarat. This Complex shall comprise of a Shopping Mall, a Five Screen Multiplex, Restaurants, Food Courts, and Commercial Offices. The complex will also have a Five Star Hotel. This project is expected to be a landmark project for the state of Gujarat.

SUBSIDIARY COMPANY :

In the context of the mandatory requirement to present consolidated accounts, which provides members with a consolidated position of the Company including its subsidiary, at the first instance, members are being provided with the Report and Accounts of the Company and the consolidated accounts treating these as abridged accounts as contemplated by Section 219 of the Companies Act, 1956. Members who wish to receive the full Report and Accounts including the Report and Accounts of the subsidiary will be provided with it upon receipt of a written request. This will help save considerable cost in connection with printing and mailing of the Report and Accounts.

DIRECTORS :

During the year, Shri Akhilesh Kumar Vora, Shri Sanjay Nimbalkar and Shri Gaurav Thakur resigned from the Directorship of the Company. Your Directors place on record their appreciation of the services rendered by the Directors concerned. Shri Romil Agarwal, Shri Chandrashekhar Pandey, Shri Mahendra Patel and Shri Harinder Kumar were appointed as Additional Directors of the Company during the year.

Shri Farindra Bihari Rai, Shri Rajshekhar Ganiger and C.K.Porwal, Directors, retire by rotation and, being eligible, offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES :

There were no employees drawing remuneration of Rs. 24,00,000/- or more per annum employed throughout the year or Rs. 2,00,000/- or more, per month employed for a part of the year.

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March 2006, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for the year under review;
- (iii) that the Directors had taken proper and sufficient care 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 frauds and

JAYBHARAT TEXTILES AND REAL ESTATE LIMITED

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other irregularities;

(iv) that the Directors had prepared the accounts for the financial year ended 31st March 2006 on a 'going concern' basis.

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure forming part of this Report.

CORPORATE GOVERNANCE

Your Company is committed to the adoption of good Corporate Governance practices in letter and spirit. Under the revised Clause 49 of the Listing Agreement, your Directors are pleased to inform that Company has implemented all the mandatory stipulations prescribed under Clause 49. A Certificate from a Practising Company Secretary in line with Clause 49 is annexed to and forms part of the Director's Report. A detailed report on Corporate Governance and Management discussion and analysis is separately attached.

AUDITOR'S REPORT

The remarks made by the Auditors in their Report have been suitably dealt within the schedules and notes and therefore, do not call for any further clarification.

AUDITORS

M/s. Sanjay & Vijay Associates, Chartered Accountants, the Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

EMPLOYEE RELATIONS

The management employee relations continue to be cordial the Board is committed to strengthen the same and to work towards ensuring health, safety, welfare and a healthy working environment for its employees.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the assistance and support extended by Banks, Consultants, Solicitors, Shareholders and Employees of the Company.

For and on Behalf of the Board of Directors

Place : Mumbai
Date : 4th May, 2006

Saurabh Kumar Tayal
Chairman

ANNEXURE TO THE DIRECTORS' REPORT :

Information as per Section 217(1)(e), of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year 2005 - 2006

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

The Company has been making concerted efforts for enhancement in capacity utilisation, cost competitiveness and quality through systematic process monitoring and adherence to technological norms. Sophisticated instruments are used for regulation and adjustment as per parameters. Efforts are also made for upgradation of the quality of the Plant Operation. Utilities are being combined for effective energy conservation.

b) Additional Investments and Proposals being implemented for reduction of consumption of energy :

The Company, as a matter of policy, has a regular and ongoing programme for investments in energy saving devices. Studies are being made to reduce energy consumption and make suitable investments in this area, if necessary.

c) Impact of the measures (a) & (b) above for reduction of energy consumption and consequential impact on the cost of production of goods:

The Company has economised considerably the cost of power despite steep hike in the tariffs and is constantly exploring avenues for cost saving as an on-going process.

d) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM A OF THE RULES IN RESPECT OF INDUSTRIES SPECIFIED IN THE SCHEDULE THEREOF

	Year ended 31.03.2006	Year ended 31.03.2005
A. Power and Fuel Consumption in respect of :		
1. Electricity		
(a) Purchased		
1. Units (KWH in Lacs)	43.54	63.18
2. Total amount (Rs. in lacs)	285.62	105.00
3. Rate per unit (Rs/unit)	6.56	6.41
(b) Own Generation		
(Through Diesel Generator/Furnace Oil)		
1. Units (KWH in Lacs)	188.00	50.86
2. Units per litre of fuel	3.82	3.64
3. Cost per unit (Rs/unit)	5.76	5.61
2. Coal	0.00	0.00
3. Furnace Oil Others / Internal Generation	0.00	0.00
B. Consumption per unit of production		
(Product : Yarn & Fabric)		
1. Electricity (KWH/Tonne)	1126.30	0.00
2. Coal (Kgs.)	0.00	0.00
3. Furnace Oil (Ltrs.)	0.00	0.00
4. Steam (Tonnes)	0.00	0.00

Note : Since the Company manufactures different qualities of fabrics/yarns with product-mix changing significantly, there are no specific norms for per unit of production.

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II. TECHNOLOGY ABSORPTION :

Efforts made in technology absorption as per form B of the annexure to the rules.

1. Research and Development (R & D)

a) Specified areas in which R & D Activities are carried out by the Company

R & D activities are being carried out continuously to produce better quality of yarn and fabrics.

b) Benefits derived as a result of the above

With the help of R & D activities, the Company has been able to produce quality yarn and fabrics of international standards.

c) Future Plan of Action

Efforts aimed at cost reduction, improvement in quality of existing products and development of new process will continue.

d) Expenditure on R & D

Expenditure on R & D is being booked under the respective heads of expenditure in the profit & Loss Account as no separate account is maintained for the purpose.

2. Technology Absorption, Adaption And Innovation.

The Company has not utilized any imported technology

III. Foreign Exchange Earnings and Out-Go :

	Year ended 31.03.2006	Year ended 31.3.2005
a) Foreign Exchange Outgo (Rs. In Lacs)	Nil	Nil
b) Foreign Exchange earned (Rs. In Lacs)	Nil	Nil

For and on Behalf of the Board of Directors

Place : Mumbai
Date : 4th May, 2006

Saurabh Kumar Tayal
Chairman

REPORT ON CORPORATE GOVERNANCE

The Company's Shares are listed on the Bombay Stock Exchange Limited in India. As required by clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance in accordance with the SEBI prescribed format is given below :

1. Company's Philosophy on Code of Governance :

The main goal of Corporate Governance is maximization of shareholder's value and protection of the interests of all the stakeholders. It includes the policies and procedures adopted by the Company in achieving its objectives in relation to its shareholders, employees, customers, and suppliers, regulatory authorities and society at large.

The Company has ensured that the Directors of the Company are subject to their duties, obligations and responsibilities in the best interests of the Company, to give direction and remain accountable to their shareholders and other beneficiaries for their actions. The responsibilities of the Board includes setting out the company's strategic aims, providing the leadership to put them into effect, supervision of the management of the business and reporting to the shareholders on their stewardship.

It is a recognized philosophy of the Company that effective and good Corporate Governance is a must, not only in order to gain credibility and trust, but also as a part of strategic management for the survival, consolidation and growth. The Company remains committed to imbibe the principles of Corporate Governance in its functioning in true letter and spirit.

2. Board of Directors

2.1 Composition The Board of Directors consists of 12 Directors.

During the year 2005-2006, the Board met 6 times on the following dates namely 27th April 2005, 27th July, 2005, 29th September 2005, 10th October 2005, 10th January 2006 and 28th February 2006.

The maximum time-gap between any two meetings was not more than Four calendar months.

The following table gives details of Directors, attendance of Directors at the Board Meetings and at the last Annual General Meeting, number of membership held by Directors in the Board / Committees of various companies :-

Name	Category	Attendance Particulars		Number of other directorships and Total Committee member/Chairmanships		
		Board Meetings	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Shri Saurabh Kumar Tayal	NEC	6	Yes	4	1	1
Shri Raman Aggarwal	MD	6	No	1	Nil	Nil
Shri Gaurav Thakur (Resigned as Director w.e.f. 29/09/2005)	D	1	Yes	Nil	Nil	Nil
Shri Akhilesh Kumar Vora (Resigned as Director w.e.f. 29/09/2005)	ID	0	No	Nil	Nil	Nil
Shri Rajshekhar S. Ganiger	ID	5	No	1	2	2
Shri Anil Kumar Dubey	ID	6	Yes	1	2	Nil
Shri Subhash C. Nigam	ID	5	No	Nil	2	Nil
Shri Farindra Bihari Rai	ID	6	No	1	Nil	Nil
Shri Pravin Sharma	ID	6	No	1	2	Nil
Shri Sanjay Nimbalkar (Resigned as Director w.e.f. 30/09/2005)	ID	0	No	1	Nil	Nil
Shri C.K.Porwal	ID	4	No	Nil	Nil	Nil
Shri Romil Agarwal (Appointed as Director on 29/09/2005)	ID	2	No	4	3	Nil
Shri Chandrashekhar Dubey (Appointed as Director on 29/09/2005)	ID	2	No	2	Nil	Nil
Shri Mahendra Patel (Appointed as Director on 29/09/2005)	ID	1	No	1	Nil	Nil
Shri Harinder Kumar (Appointed as Director on 29/09/2005)	ID	3	No	7	Nil	Nil

JAYBHARAT TEXTILES AND REAL ESTATE LIMITED

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NEC = Non-Executive Chairman, MD = Managing Director, ID = Independent Director, D = Director.

None of the Directors is a member in more than ten committees and acts as a Chairman in more than five committees across all companies in which he is a Director.

2.2 Appointment / Re-appointment of Directors

As required under Clause 49(VI) of the Listing Agreement the brief details of the Directors seeking re- appointment at the ensuing Annual General Meeting are furnished hereunder :-

Sr. No.	Name of Director	Brief Resume	Area of Expertise	Other Directorships	Other Committee Memberships
1.	Shri Farindra Bihari Rai	Shri Farindra Bihari Rai is a Diploma holder in Textile Technology and has over 16 years of experience in Textile Industry.	Spinning and Knitting.	KSL & Industries Ltd.	Nil
2.	Shri Rajshekhar Ganiger	Shri Rajshekhar Ganiger, 40 yrs, is having diploma in Textile Technology and more than 16 years experience in Textile Industry. He is specialized in double yarn T.F.O.	Doubling, T.F.O.	KSL & Industries Ltd.	2
3.	Shri C.K.Porwal	Shri Chandra Kishore Porwal is a Science Graduate and an MBA and holds Diploma in textile Technology and has vast experience in the Textile Industry.	Electrical Engg.	KSL & Industries Ltd.	Nil
4.	Shri Romil Aggarwal	Shri Romil Aggarwal is a B.E. (Mech) and has to his credit more than 3 years experience as technical consultant in fabrication and designing.	Technical consultant in fabrication and designing.	1) Kalameshvar Textile Mills Ltd. 2) Reward Real Estate Co. Ltd. 3) Pulgaon Cotton Mills Ltd. 4) KSL & Industries Limited	3
5.	Shri Chandrashekhar Pandey	Shri Chandrashekhar Pandey is a DCE & B. Tech. in Civil Engineer and having more than 10 years of experience in Industrial construction, Waste water treatment project, Project execution work etc.	Industrial Construction	1) KSL & Industries Limited 2) Reward Real Estate Co. Ltd.	Nil
6.	Shri Mahendra Patel	Shri Mahendra Patel is Diploma Holder in Textile Technology and has to his credit more than 25 years experience in spinning operations.	Spinning Operations	KSL & Industries Limited	Nil
7.	Shri Harinder Kumar	Shri Harinder Kumar is a Commerce Graduate and has to his credit more than 4 years experience in commercial operations, finance & accounts, auditing, taxation and well versed with Import and Export operations.	Commercial Operation and Accounts	1) KSL & Industries Limited 2) Reward Real Estate Co. Ltd. 3) Alpha (India) Properties Ltd. 4) Empress Realty Ltd. 5) Realtime Properties Ltd. 6) Richi-Rich Realty Ltd. 7) Sukh-Suvidha Real Estate Ltd.	Nil

2.3 Non-Executive Directors Compensation Disclosures

Details of Sitting Fees paid to Non-Executive Directors of the Company during the year is as follows:

Name of Director	Category	Attendance Particulars	
		Board Meetings	Sitting Fees Paid
Shri Saurabh Kumar Tayal	NEC	6	6000/-
Shri Gaurav Thakur (Resigned as Director w.e.f. 29/09/2005)	ID	1	1000/-
Shri Akhilesh Kumar Vora (Resigned as Director w.e.f. 29/09/2005)	ID	0	Nil
Shri Rajshekhar S. Ganiger	ID	5	5000/-
Shri Anil Kumar Dubey	ID	6	6000/-
Shri Subhash C. Nigam	ID	5	5000/-
Shri Farindra Bihari Rai	ID	6	6000/-
Shri Pravin Sharma	ID	6	6000/-
Shri Sanjay Nimbalkar (Resigned as Director w.e.f. 30/09/2005)	ID	0	Nil
Shri C.K.Porwal	ID	4	4000/-
Shri Romil Agarwal (Appointed as director on 29/09/2005)	ID	2	2000/-
Shri Chandrashekhar Dubey (Appointed as director on 29/09/2005)	ID	2	2000/-
Shri Mahendra Patel (Appointed as director on 29/09/2005)	ID	1	1000/-
Shri Harinder Kumar (Appointed as director on 29/09/2005)	ID	3	3000/-
Total Rs.			47000/-

3. Audit Committee**3.1. Brief description and terms of reference**

The Terms of reference of the Audit Committee are as follows:

1. Oversight of the Company's financial reporting process and disclosure of financial information.
2. Reviewing with the management Annual and Quarterly Financial Statements before submission to the board for approval.
3. Reviewing the adequacy of Internal Control Systems and reporting by Internal Auditors.
4. Discussion with the Statutory Auditors before the Audit Commences as well as post Audit discussion to ascertain any area of concern.
5. Management Discussion and Analysis of financial Conditions and Results of Operations.
6. Any other function as may be assigned by the Board.

The Audit Committee also has authority to investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose has full access to information contained in the records of the company and external professional advice, if necessary. The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board.

3.2 Composition, name of members and Chairman

The Audit Committee comprises Mr. Rajshekhar S Ganiger, as Chairman of the Committee, with Mr. Anil Kumar Dubey, Mr. Subhash C Nigam and Mr. Pravin Sharma as members of the Committee.

3.3 Attendance

During the year 2005-2006, the Audit Committee met 5 times on the following dates namely 27th April 2005, 27th July, 2005, 29th September 2005, 10th October 2005, 10th January 2006.

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Name of Member	Designation	Attendance
Shri Rajshekhar Ganiger	Chairman	4
Shri Anil Kumar Dubey	Member	4
Shri Subhash Nigam	Member	3
Shri Pravin Sharma	Member	3

4. Remuneration Committee

The Remuneration Committee of the Board has been formed on 28th February 2006. The Remuneration Committee comprises of Mr. Romil Agarwal as Chairman of the Committee with Mr. Harinder Kumar and Mr. Chandrashekhar Pandey as members of the Committee. The Company Secretary acts as Secretary to the Committee.

4.1 Terms of Reference

The terms of reference of the Audit Committee inter alia consist of reviewing the overall compensation policy, service agreements and other employment conditions of Executive Directors. The remuneration of the Executive Directors is decided by Board of Directors on the recommendation of the Remuneration Committee as per the remuneration policy of the Company and within the overall ceiling approved by the shareholders.

4.2 Meetings of the Committee :

During the year the Remuneration Committee met once which was for the limited purpose of deciding the Remuneration of Mr. Raman Agarwal, Managing Director.

Name of Member	Designation	Attendance
Shri Romil Agarwal	Chairman	1
Shri Chandrashekhar Pandey	Member	1
Shri Harinder Kumar	Member	1

5. Shareholders' / Investors' Grievance Committee

The Committee comprises of Shri Rajshekhar S Ganiger, Chairman, Shri Anil Kumar Dubey and Shri Pravin Sharma, as members of the Committee. The Committee, inter alia, looks into redressing of shareholders'/investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc. The Committee oversees the performance of the Share Department of the Company and recommends

measures for overall improvement of the quality of investor services. The Board of Directors has delegated the power for approving transfer of securities to the managing director and Chairman of the Company.

5.1 Meetings of the Committee:

During the year 2005-2006, the Investor Grievance Committee met 4 times on the following dates namely 27th April 2005, 27th July, 2005, 29th September 2005, 10th October 2005, 10th January 2006.

Name of Member	Designation	Attendance
Shri Rajshekhar Ganiger	Chairman	4
Shri Anil Kumar Dubey	Member	3
Shri Pravin Sharma	Member	3

Name & Designation of Compliance Officer - Mr. Girjesh Shrivastava, Company Secretary

No of Shareholder's Complaint received so far - Nil

Number not solved to the satisfaction of shareholders - Nil

Number of pending complaints - Nil

6. General Body Meetings

6.1 The last three Annual General Meetings of the Company were held as under :-

Year	Location	Date	Time
2004-2005	Village Savlav, Taluka Pardi, Near Vapi, Dist Valsad – Gujarat 396191	14th June 2005	12.30 P.M.
2003-2004	Poonam Vinod Jagan Park Chala, Vapi Gujarat	10th September, 2004	1.30 P.M.
2002-2003	Near Deli Village, Sanjan Road, Valsad, Gujarat	30th September 2003	1.30 P.M.

6.2 The special resolutions moved at the last AGM was passed by show of hands by requisite majority of members attending the meeting and no resolutions were required to be passed by Postal Ballot.

6.3 During the year the Company was not required to pass any resolution through Postal Ballot.

7. Disclosures

(a) Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors of the management, their 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 at large.

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

There were no instances of non-compliance of any matter related to the capital markets during the last three years.

8. Means of Communication

(a) The Company has published its quarterly results in The Economic Times the English Daily National Newspaper Loksatta-Jansatta the Hindi Daily National Newspaper.

(b) The Quarterly Results are also displayed on the website of the Company.

(c) The Company sends regular intimation of any official news releases to the Bombay Stock exchange Limited where the shares of the Company are Listed

(d) Management Discussion and Analysis forms integral part of this annual report.

9. General Shareholder Information

9.1 Annual General Meeting :

- Date and time : 6th June 2006 at 12.00 P.M.
 - Venue : Village Salvav , Taluka Pardi , N.H. 8
 Near Vapi Dist Valsad Gujarat

9.2 Financial Year : 1st April to 31st March
 Financial Calendar 2006-2007 (tentative) : Annual General Meeting – (Next year) July 2007

Board Meetings

Results for the quarter ending June 30, 2006 : Last week of July 2006
 Results for the quarter ending September 30, 2006 : Last week of October 2006
 Results for the quarter ending December 31, 2006 : Last week of January 2007
 Results for the year ending March 31, 2007 : Last week of April 2007

9.3 Book Closure date : 2nd June 2006 to 6th June 2006
 (Both Days Inclusive)

9.4 Dividend Payment date : 21st June 2006

9.5 (a) Listing of Equity shares : Bombay Stock Exchange Limited

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(b) ISIN allotted to Equity Shares : INE091E01021 (Post Split)

INE091E01013 (Pre Split)

(Note : Annual listing fees for the year 2006-2007 has been duly paid to the Stock Exchange, Mumbai)

9.6 Stock Code : 512233

9.7 Stock Market Data (As on 31st March ,2006) :

JAYBHARAT TEXTILES AND REAL ESTATE LIMITED (Formerly Known as : Jaybharat Sarees Ltd.)				
Month	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares Traded
April 2005	113.80	113.80	113.80	50
May 2005	119.45	119.45	119.45	300
June 2005	125.40	125.40	125.40	100
July 2005	175.15	*19.20	19.20	400
August 2005	66.75	21.10	66.75	1750
September 2005	158.55	70.05	158.55	3750
October 2005	202.85	161.70	199.05	6100
November 2005	251.80	203.00	249.10	700
December 2005	366.50	254.05	366.00	1443
January 2006	495.00	371.00	495.00	2915
February 2006	541.90	497.00	523.55	6553
March 2006	532.00	**262.00	280.00	4342

Source : www.bseindia.com

* At the Annual General Meeting of the Company held on 14th June, 2005 the Members approved bonus issue of 91,88,100 Equity Shares and the record date fixed was 12th August, 2005.

** The face value of Equity Shares of the Company was sub divided from the face value of Rs. 10/- each to Rs. 5/- each per Share vide resolution passed at EGM held on 18th February, 2006 and record date fixed was 10th March, 2006 for the split up.

9.8 Performance in comparison to broad-based indices such as BSE sensex, CRISIL index etc.

The shares of the Company are listed at Mumbai Stock Exchange , the Stock Market Details of which has been given as above.

9.9 Registrar & Share Transfer Agent : Mondkar Computers Pvt. Ltd.

21, Shakil Niwas, Mahakali Caves Road,
Opp. Satya Sai Baba Temple, Andheri (E),
Mumbai 400093.

9.10 Share Transfer System :

The Shares of the company, being in the compulsory demat list , are transferable through the Depository system. All the transfers received are processed and approved by Share Transfer Committee which normally meets twice a month. Shares under objection are returned within two weeks.

9.11 Shareholding Pattern as on 31st March, 2006

	Category	No. of shares helds	Percentage of shareholding
1.	Promoter's Holding	13996580	68.55
2.	Mutual Funds, Banks, Financial Institutions, FIs, NRIs & OCBs	0	0.00
3.	Domestic Companies	0	0.00
4.	Resident Individuals	6421420	31.45
	Total	20418000	100.00

9.12 Distribution of Shareholding as on 31st March 2006

Category		Number of Shareholders	Number of Shares held
From	To		
Upto	500	2469	485377
501	1000	1	948
1001	2000	2	3815
2001	3000	0	0
3001	4000	1	3633
4001	5000	0	0
5001	10000	1	8200
10001	Above	27	19916027
TOTAL		2501	20418000

9.13 Dematerialisation of Shares : Shares of the Company can be held and traded in Electronic Form.

9.14 Outstanding GDR/ADR / Warrants or any convertible instruments , conversion date and likely impact on equity : N.A.

9.15 Plant Location : Bhilad, Dist. Valsad, Gujarat.
Pulgaon, Dist. Wardha, Maharashtra.

9.16 (i) Address for Investor
Correspondence For transfer / dematerialization of shares , payment of dividend on shares, interest and redemption of debentures, and any other query relating to the shares and debentures of the Company
Corporate Office,
Mondkar Computers Pvt. Ltd. 21,
Shakil Niwas, Mahakali Caves Road,
Opp. Satya Sai Baba Temple,
Andheri (E.) Mumbai - 400093.

(ii) Any query on Annual Report
Village Salvav , Taluka Pardi, Near Vapi Gujarat – 396 195.

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S.K. JAIN & CO. COMPANY SECRETARIES

CERTIFICATE ON CORPORATE GOVERNANCE

To the members of JAYBHARAT TEXTILES AND REAL ESTATE LIMITED

We have examined the compliance of the conditions of Corporate Governance by JAYBHARAT TEXTILES AND REAL ESTATE LIMITED for the year ended 31st March 2006 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statement of the Company.

In our opinions and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above listing agreement.

We state that in respect of investor grievances received during the year ended 31st March 2006 no investor grievances are pending against the Company as on 4th May 2006 as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee.

We further 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 S. K. JAIN & CO.
PRACTISING COMPANY SECRETARIES

Place : Mumbai
Dated : 4th May, 2006

S. K. JAIN
PROPRIETOR
C. P. No. 3076
M. No. FCS 1473

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT :

The Management of JAYBHARAT TEXTILES AND REAL ESTATE LIMITED presents its analysis report covering performance and outlook of the Company. The report has been prepared in compliance with the requirement of Corporate Governance as laid down in the Listing Agreement. The management accepts responsibility for the integrity and objectivity of the financial statements. However, investors and readers are cautioned that this discussion contains certain forward looking statements that involve risk and uncertainties.

a) Industry structure and Developments**i) Textile Industry :**

The Textile Industry occupies a unique place in our country. One of the earliest to come into existence in India, it accounts for 14% of the total Industrial production, contributes to nearly 30% of the total exports. Textile Industry has a unique position as a self-reliant industry, from the production of raw materials to the delivery of finished products, with substantial value-addition at each stage of processing; it is a major contribution to the country's economy.

The Recent Developments in the Textile sector are as follows :

1. Ministry of Finance has added 165 new textile products under duty drawback schedule. The new products included wool tops, cotton yarn, acrylic yarn, viscose yarn, various blended yarn/fabrics, fishing nets etc. Further, the existing entries in the drawback schedule relating to garments have been expanded to create separate entries of garments made up of (1) cotton; (2) man made fibre blend and (3) MMF. Separate rates have been prescribed for these categories of garments on the basis of composition of textiles.
2. After the phasing out of quota regime under the multi-fibre pact, India can envisage its textile sector becoming \$100b industry by 2010. This will include exports of \$50b. The proposed targets would be achieved provided reforms are initiated in textile sector and local manufacturers adopt measures to improve their competitiveness.

ii) Real Estate Industry:

The Real Estate sector is one of the fastest growing sectors of the Economy. Driven by positive growth in the economy, real estate in India is booming. The year 2006 started on a promising note when the Government of India opened the construction and development sector in February 2006, and allowed 100 per cent foreign direct investment (FDI) under the 'automatic route' in order to spur investment in the vital infrastructure sector.

The development of real estate in India focuses on two primary areas: retail and residential.

- India has been ranked 5th in the list of 30 emerging retail markets and an impressive 20 per cent growth rate for the organised retail segment by 2010 has been predicted.
- The organised segment is also expected to grow from a mere 2 per cent to 20 per cent by the end of the decade.

The Company has recently ventured into the Real Estate Sector . The Company is planning a foray into the sector through construction and development of Five Star Hotels, Shopping Malls, IT Parks, Residential Complexes, Multiplexes etc. these projects are likely to have long gestation periods.

b) Opportunity and Threats**Textile Industry**

With the abolition of the quota regime, the mood in the Indian Textile Industry is upbeat with new investment flowing for the industry. As a result of various initiatives taken by the Government, there has been new investment of Rs. 50,000 Crore in the textile industry in the last five years. Further, India's cotton production increased by 57% over the last five years;

The textile industry is undergoing a major reorientation towards non-clothing applications of textiles, known as technical textiles, which are growing roughly at twice rate of textiles for clothing applications and now account for more than half of total textile production. There is ample scope in the market by promoting research and development in this sector.

The industry expects investment of Rs. 1,40,000 Crore in this sector in the post-Multi Fibre Arrangement - MFA phase. A Vision 2010 for textiles formulated by the government after intensive interaction with the industry and Export Promotion Councils to capitalise on the upbeat mood aims to increase India's share in world's textile trade from the current 4% to 8% by 2010 and to achieve export value of US \$ 50 billion by 2010. Vision 2010 for textiles envisages growth in Indian textile economy from the current US \$ 37 billion to \$ 85 billion by 2010; and modernisation and consolidation for creating a globally competitive textile industry.

There will be opportunities as well as challenges for the Indian textile industry in the post-MFA era. But India has natural advantages which can be capitalised on strong raw material base - cotton, man-made fibres, jute, silk; large production capacity (spinning - 21% of world capacity and weaving - 33% of world capacity but of low technology); vast pool of skilled manpower; entrepreneurship; flexibility in production process; and long experience with US/EU (European Union). At the same time, there are constraints relating to fragmented industry, constraints of processing, quality of cotton, concerns over power cost, labour reforms and other infrastructural constraints and bottlenecks.

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Real Estate Sector

The importance of the Real Estate sector, as an engine of the nation's growth, can be gauged from the fact that it is the second largest employer next only to agriculture and its size is close to US \$ 12 billion and grows at about 30% per annum. Five per cent of the country's GDP is contributed by the housing sector. In the next five years this contribution to the GDP is expected to rise to 6%.

The Real Estate Industry has significant linkages with several other sectors of the economy and over 250 associated industries. Furthermore, this sector has witnessed a spurt in demand not just in residential property but also in commercial property. A fast growing area is the I.T. and I.T.-enabled services along with the BPO boom. Estimates worked out show that 42 million sq. ft. of space will be required every year till 2008, only in I.T. and I.T.-enabled services especially in the cities like Bangalore, Chennai, Hyderabad and Pune, which is also now gradually shifting to North India.

The future of the real estate sector in India is going to be guided by two important factors, namely suitable amendments in the Foreign Direct Investment (FDI) guidelines in townships, housing, built-up infrastructure and construction –development projects as well as abolition of Service Tax on the construction industry especially the housing sector.

However the Sector is overburdened with taxes; any further imposition of taxes in any form would adversely affect the growth of this sector of the economy. Moreover, rising Stamp Duties, and an archaic Legal system which is cumbersome as well as time consuming are some of the areas that pose challenges for entrants in the sector. The governments policies in this regard would play an important role in deciding the growth rate of the sector.

c) Segment-wise performance

The Company's operations can be categorized into two segments namely Textile and Real Estate. However since the operations of the Company in the Real Estate Segment are in the implementation stage, the current financial years performance relates only to the Textile Segment. The same has been detailed in the Financial Results of the Company.

d) Outlook

As the industrial and economic growth of the country is showing steadily improvement The Company has drawn out and is implementing an extensive action plan which comprises thrust on high margin products, reduction in raw material costs, rationalization of operations and over-heads, optimising inventory level, selective credit policy to customers and liquidation of slow-moving inventories and overdue receivables.

The Company with its superior product mix and higher value-addition, coupled with the change in industry scenario like more fiscal incentives as announced by Government of India for textile industry, change in consumer preferences from woven to knitted clothes etc. is expected to benefit significantly.

Forward looking statements are based on certain assumptions and expectations of the future events that are subject to risks and uncertainties. Actual future results and trend may differ materially from historical results, depending on variety of factors.

e) Risk and Concern

There risk and concerns faced by the Company are similar to those faced by any growing organization in today's dynamic industrial and economic scenario. The impact of events and developments at the macroeconomic level is being seen in the day to day functioning of enterprises. Moreover the Fiscal policies of the Government at the Macroeconomic as well as at the industry level are fundamental concerns for any organization. The challenges of functioning in a technology driven industrial scenario coupled with the need to maintain competitive costs are concerns which need to be addressed on an ongoing basis. At the micro level unethical competitions from sick units, free market policies and removal of quantitative restrictions and general human resource risk are a cause of concern for the Company.

f) Internal Control system and their adequacy

The Company's internal control systems are adequate, considering size and nature of operation of the Company, to meet regulatory/statutory requirements assure recording of all transactions and report reliable and timely financial information. Additionally, it also provides protection against misuse or loss of any of the company assets. The Company is in the process of implementing SAP as an Enterprise Resource Planning (ERP) package, which will further enhance the Internal Control mechanism.

Your Company ensures adherence to all Internal Control policies and procedures as well as compliance with all regulatory guidelines. The adequacy of internal controls is reviewed by the Audit Committee of the Board of directors.

g) Financial Performance Vs. Operational Performance

The Company has achieved a Sales Turnover of Rs. 19191.85 Lacs in F. Y. 2006 as against Rs. 7525.45 Lacs in F. Y. 2005. Cash

accruals have increased to Rs. 2681.20 Lacs from Rs.936.43 Lacs in F.Y. 2005. The Net Profits has gone up to Rs. 2497.23 lacs in F. Y. 2006 from Rs. 927.16 Lacs in F. Y. 2005. The Profit before Depreciation Interest and Tax has increased to Rs. 3070.31 Lacs in F. Y. 2006 from Rs. 1036.72 Lacs in F. Y. 2005.

h) Development in Human Resources/Industrial Relation front

As part of HR-initiatives, thrust is given for Leadership Development to meet the aspirations and long-term goals of the Company. The Company has also laid qualitative objectives to maximize overall growth. Emphasis was placed on building a cohesive workforce to maximize returns to all stakeholders. Focused attention was given for knowledge updating and application of new technologies available to reduce costs and to meet the business challenges.

The focus of Human resource is on building and developing intellectual capital through innovative ideas. The industrial relation climate of the Company continues to remain harmonious with focus on quality and safety.

i) Research and Development :

Increased globalization has made the marketing of products and retention of customers highly competitive. The need of the hour is total customer satisfaction and value for money from the products marketed. Keeping this objective as paramount, the research and development activities were focused into prompt attention to major customer complaints/ suggestions in order to retain/enhance customer satisfaction. The Company has started launching products of better quality and new look as per customer requirements.

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AUDITORS' REPORT

To,
The Members of
JAYBHARAT TEXTILES AND REAL ESTATE LIMITED

We have audited the attached Balance Sheet of **JAYBHARAT TEXTILES AND REAL ESTATE LIMITED** as at 31st March, 2006, and the Profit and Loss Account and the Cash Flow Statement of the Company 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.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
3. Further to our comments in the Annexure referred to in paragraph 2 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 purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement have been prepared in compliance with the Accounting standards referred to in Section 211 (3C) of the Act, to the extent applicable.
 - e) On the basis of the written representations received from the directors as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 from being appointed as a director of the Company in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, Profit and Loss account and Cash Flow Statement read together with 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 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, 2006.
 - 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 Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

FOR M/S. SANJAY & VIJAY ASSOCIATES
Chartered Accountants

Place : Mumbai
Dated : 4th May 2006

VIJAY BHANDARI
Partner
M. No. 103205

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2006 OF JAYBHARAT TEXTILES AND REAL ESTATE LIMITED.

On the basis of such checks/ audit procedures as we considered appropriate on the books of accounts produced before us and according to the information and explanation given to us during the course of audit, we state that:

1. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Fixed Assets.
 - (b) The management has at reasonable intervals carries out the physical verification of the fixed assets. No material discrepancies have been noticed on such verification.
 - (c) No assets have been disposed by the company during the year , therefore reporting under this clause does not arise.
2. In respect of its inventories:
 - (a) The inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of the stocks, the frequency of such verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) In our opinion, company is maintaining proper records of inventory. The discrepancies noticed on physical verification of the above referred inventories as compared to the book records were not material and have been properly dealt with in the books of account.
3. The company had not granted nor taken any loans ,secured or unsecured to / from Companies, firm or other parties covered in the register maintained under section 301 of the Companies Act 1956. Accordingly Sub-clause (b), (c) & (d) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, , there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls and there is no counting failure for the same.
5. In respect of transactions covered under Section 301 of the Companies Act 1956 :
 - (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, We are of the opinion that the transactions hat need to be entered into the register under section 301 have been so entered.
 - (b) According to the information and explanations given to us, purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs.5,00,000/- (Rupees Five Lacs only) or more in respect of each party have been made at prices which are reasonable having regards to the prevailing market price for such goods, materials or services or the prices at which the transactions for similar goods and services have been made with other parties, where applicable.
6. The Company has not accepted any deposits from the public; hence question of complying with the provision of Section 58A and 58AA of the Companies Act ,1956 and Rules made there under does not arise.
7. In our opinion, the internal audit system of the Company is commensurate with the size of the company and nature of its business.
8. We are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government of India under Section 209 (1) (d) of the Act have been maintained. However we have not carried out any detailed examination of such accounts and records.
9. In respect of statutory dues:
 - (a) According to the records of the company, the Provident Fund and Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Cess and other material statutory dues have been regularly depositing during the year with appropriate authorities though there is delay in some cases.
 - (b) There are no disputed statutory dues. Therefore reporting under this clause does not arise.

JAYBHARAT TEXTILES AND REAL ESTATE LIMITED

(Formerly known as : Jaybharat Sarees Ltd.)

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and immediately preceding year.
11. There are no outstanding dues to any Institution or Banks.
12. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit fund, Nidhi, mutual benefit fund or a society.
14. During the year, the Company has not dealt in dealing and trading of shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from bank or financial institutions.
16. No term loans were acquired during the year by the company. Therefore reporting under this clause does not arise.
17. In our opinion the company has financed, the long term investment that internal Accruals and therefore reporting under this clause does not arise.
18. The Company has not made any preferential allotment of shares during the Year.
19. During the year covered by our audit report the Company has not issued any Secured debentures.
20. The Company has not raised any money by public issues during the year Covered by our report.
21. As per the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

FOR M/S. SANJAY & VIJAY ASSOCIATES
Chartered Accountants

Place : Mumbai
Dated : 4th May 2006

VIJAY BHANDARI
Partner
M. No. 103205

ANNUAL REPORT 2005 - 2006

BALANCE SHEET AS AT 31ST MARCH, 2006

	SCHEDULES	AS ON 31.03.2006 (RS. IN LACS)	AS ON 31.03.2005 (RS. IN LACS)
A. SOURCES OF FUNDS :-			
1 Share Holders Fund :			
a) Share Capital	"A"	1020.90	102.09
b) Reserves & Surplus	"B"	2447.75	926.10
		<u>3468.65</u>	<u>1028.19</u>
2 Deferred Tax Liability		161.13	22.31
		<u>161.13</u>	<u>22.31</u>
3 Unsecured Loans	"C"	4000.00	0.00
TOTAL :		<u>7629.78</u>	<u>1050.50</u>
B. APPLICATION OF FUNDS			
1 Fixed Assets	"D"		
Gross Block		3975.97	842.35
Less: Depreciation		196.91	12.94
Net Block		<u>3779.06</u>	<u>829.41</u>
2 Investments	"E"	533.53	523.53
3 Current Assets Loans & Advances :	"F"		
a) Sundry Debtors		2215.29	142.76
b) Inventories		2159.73	1099.79
c) Cash & Bank Balances		9.06	9.39
d) Loans & Advances		318.41	521.58
		<u>4702.49</u>	<u>1773.52</u>
Less : Current Liabilities & Provisions	"G"	1385.30	2075.96
Net Current Assets		<u>3317.19</u>	<u>-302.44</u>
TOTAL :		<u>7629.78</u>	<u>1050.50</u>

SIGNIFICANT ACCOUNTING POLICIES
AND NOTES FORMING PART OF
THE ACCOUNTS

"N"

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR M/S. SANJAY & VIJAY ASSOCIATES
CHARTERED ACCOUNTANTS

VIJAY BHANDARI
Partner

SAURABH KUMAR TAYAL
Chairman

RAMAN AGGARWAL
Managing Director

PLACE : MUMBAI
DATE : 4th May, 2006.

GIRJESH SHRIVASTAVA
Company Secretary

JAYBHARAT TEXTILES AND REAL ESTATE LIMITED

(Formerly known as : Jaybharat Sarees Ltd.)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006.

PARTICULARS	SCHEDULES	AS ON	AS ON
		31.03.2006 (RS. IN LACS)	31.03.2005 (RS. IN LACS)
A. INCOME			
a) Income from Operation	"H"	19191.85	7525.45
b) Other Income	"I"	0.00	0.00
c) Increase in stock		(145.31)	641.54
TOTAL :		19046.54	8166.99
B. EXPENSES			
a) Material & Goods Consumed	"J"	12503.33	5938.37
b) Manufacturing Expenses	"K"	2825.47	1018.03
c) Selling & Administrative Expenses	"L"	647.43	173.87
d) Interest & Financial Charges	"M"	2.62	0.04
e) Depreciation		183.97	9.27
TOTAL :		16162.82	7139.58
Profit/(Loss) before Taxation		2883.72	1027.41
Less : Provision For Taxation		247.66	80.56
Deferred Tax Liabilities		138.82	19.69
Profit after Tax		2497.24	927.16
Add : Profit/(Loss) B/F From Previous Year		926.10	92.45
Add : Depreciation right back on Change of depreciation Policy		0.00	6.18
AMOUNT AVAILABLE FOR APPROPRIATION		3423.34	1025.79
APPROPRIATIONS			
Transfer to General Reserve		249.72	0.00
Proposed Dividend		51.05	20.42
Tax on Dividend		5.73	2.08
Profit/(Loss) Carried to B/S		3116.84	1003.29
TOTAL :		3423.34	1025.79
Basics/ Diluted Earning Per Share: (Note 'N') (Face value of Rs. 5/- each) (Rupees)			
Basic and diluted (Previous Year Face value of Rs. 10/- each)		12.23	90.82
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS	"N"		

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR M/S. SANJAY & VIJAY ASSOCIATES
CHARTERED ACCOUNTANTSVIJAY BHANDARI
PartnerSAURABH KUMAR TAYAL
ChairmanRAMAN AGGARWAL
Managing DirectorPLACE : MUMBAI
DATE : 4th May, 2006.GIRJESH SHRIVASTAVA
Company Secretary

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SCHEDULE A TO N ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31 ST MARCH' 2006. AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE	AS ON 31.03.2006 (RS. IN LACS)	AS ON 31.03.2005 (RS. IN LACS)
SCHEDULE "A" : SHARE CAPITAL		
AUTHORISED		
6,00,00,000 Equity Share of Rs. 5/- each (Previous year 1,05,00,000 Equity Shares of Rs.10/- Each)	3000.00	1050.00
ISSUED SUBSCRIBED & PAID UP		
2,04,18,000 Equity Share of Rs.5/-each (Previous year 1020900 Equity Shares of Rs.10/- Eacn) (Of the above Equity Shares, 9960000 Shares were allotted as bonus shares by capitalisation of reserves)	1020.90	102.09
TOTAL :	1020.90	102.09
SCHEDULE "B" : RESERVE & SERPLUS		
General Reserve		
Net Profit as per Profit & Loss Account	249.72	0.00
	3116.84	1003.29
	3366.56	1003.29
Less: amount transferred to Capital account for issu of Bonus Shares	918.81	77.19
TOTAL :	2447.75	926.10
SCHEDULE "C" : UNSECURED LOANS		
Others Loans	4000.00	0.00
TOTAL :	4000.00	0.00

SCHEDULE "D" :FIXED ASSETS AS AT 31ST MARCH, 2006

SR. NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
		AT COST ON	ADDITION	AS ON	AS ON	DURING	WRITTEN	UPTO	AS ON	AS ON
		01-04-2005	DEDUCTION	31.03.2006	01.04.2005	THE YEAR	BACK	31.03.2006	31.03.2006	31.03.2005
1	LAND AT SILVASSA	23.00	0.00	23.00	0.00	0.00	0.00	0.00	23.00	23.00
2	LAND AND SITE DEVELOPMENT	400.00	235.00	635.00	0.00	0.00	0.00	0.00	635.00	400.00
3	PLANT & MACHINERIES	305.85	1623.42	1929.28	11.10	151.73	0.00	162.83	1766.46	294.76
4	BUILDING	25.63	1240.43	1266.06	1.27	30.48	0.00	31.75	1234.31	24.36
5	FURNITURE & FIXTURE	0.17	0.19	0.35	0.00	0.01	0.00	0.02	0.34	0.17
6	MOTOR VEHICLE	13.20	7.56	20.76	0.57	1.75	0.00	2.32	18.43	12.63
	TOTAL	767.85	3106.59	3874.45	12.94	183.97	0.00	196.91	3677.54	754.91
7	Capital Work In Progress	74.50	27.02	101.52	0.00	0.00	0.00	0.00	101.52	74.50
	TOTAL	842.35	3133.61	3975.97	12.94	183.97	0.00	196.91	3779.05	829.41
	PREVIOUS YEAR	175.50	666.85	842.35	9.85	9.27	6.18	12.94	829.41	165.66

JAYBHARAT TEXTILES AND REAL ESTATE LIMITED

(Formerly known as : Jaybharat Sarees Ltd.)

SCHEDULE	AS ON 31.03.2006 (RS. IN LACS)	AS ON 31.03.2005 (RS. IN LACS)
SCHEDULE "E" : INVESTMENTS		
Pulgaon Cotton Mills Ltd. (100% Share Holding)	523.53	523.53
Asahi Fibres Ltd. (2025870 Shares of Rs. 10/- each)	10.00	0.00
TOTAL :	533.53	523.53
SCHEDULE "F" : CURRENT ASSETS, LOAN AND ADVANCES		
A. CURRENT ASSET		
1 Sundry Debtors (Unsecured considered good)		
a) Debtors exceeding 6 Months	125.62	0.00
b) Others	2089.67	142.76
TOTAL :	2215.29	142.76
2 Inventories		
Stock of raw material & WIP	1658.65	453.40
Finished Goods	501.08	646.39
TOTAL :	2159.73	1099.79
3 Cash & Bank Balance		
Balance with Banks	2.27	2.00
Cash in hand	6.79	7.39
TOTAL :	9.06	9.39
B. LOANS & ADVANCES (Recoverable in cash or kind or for value to be received)		
TOTAL :	318.41	521.58
GRAND TOTAL :	4702.49	1773.52
SCHEDULE "G" : CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
SUNDRY CREDITORS		
For Goods	298.45	158.56
For Expenses & Other Liabilities	782.41	1813.20
	1080.86	1971.76
B PROVISIONS		
Provision For Taxation	247.66	81.70
Proposed Dividend	51.05	20.42
Tax on Dividend	5.73	2.08
	304.44	104.20
TOTAL :	1385.30	2075.96
SCHEDULE "H" : INCOME FROM OPERATIONS		
Sales	19191.85	7525.45
Income From job charges	0.00	0.00
	19191.85	7525.45

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SCHEDULE	AS ON 31.03.2006 (RS. IN LACS)	AS ON 31.03.2005 (RS. IN LACS)
SCHEDULE "I" : OTHER INCOME		
Interest Income	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
SCHEDULE "J" : MATERIALS AND GOODS CONSUMED		
Opening Stock	453.40	11.38
Add : Purchase	13708.58	6380.38
Less : Stock of Raw materials & WIP	1658.65	453.40
Material & Goods Consumed	<u>12503.33</u>	<u>5938.37</u>
Increase in stock of finished Goods		
Closing Stock	501.08	646.39
Opening Stock	646.39	4.85
	<u>-145.31</u>	<u>641.54</u>
SCHEDULE "K" : MANUFACTURING EXPENSES		
Labour Charges	1056.56	493.93
Power & Fuel Exp.	1368.52	390.34
Repair & Maintainace	35.47	8.43
Spares, consumable & Packing Material	364.92	125.33
	<u>2825.47</u>	<u>1018.03</u>
SCHEDULE "L" : SELLING & ADMINISTRATIVE EXPENSES		
Salaries & Bonus	53.68	16.45
Staff Welfare Expenses	7.21	4.06
Electricity Charges	9.24	2.21
General Expenses	28.36	10.42
Insurance	7.75	2.60
Repairs & Maintenance	13.82	7.95
Postage & Telegram	18.08	3.52
Registration & Filing Fees	10.05	1.05
Auditors Remuneration	0.12	0.11
Rent, Rates & Taxes	3.65	1.24
Shop Maintenance	4.46	1.21
Consultancy Charges	6.31	3.41
Legal & Professional Charges	19.78	2.70
Conveyance/Travelling Expenses	41.15	10.86
Advertisement Expenses	18.25	8.74
Printing & Stationary	26.31	10.74
Carriage Outword	98.62	51.38
Discount and Commission	192.60	15.07
Sale and Business Promotion	51.82	13.74
Directors Remuneration	6.00	0.00
Directors Sitting Fees	0.47	0.12
Telephone Charges	27.25	6.02
Motor Car Expenses	2.45	0.27
TOTAL :	<u>647.43</u>	<u>173.87</u>
SCHEDULE "M" : INTEREST & FINANCIAL CHARGES		
Bank charges	2.62	0.04
Interest Expenses	0.00	0.00
TOTAL :	<u>2.62</u>	<u>0.04</u>

JAYBHARAT TEXTILES AND REAL ESTATE LIMITED

(Formerly known as : Jaybharat Sarees Ltd.)

SCHEDULE "N": SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ("GAAP"), and in compliance with the Accounting Standards referred to in section 211 (3C) and other requirements of the Companies Act, 1956

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets, provision for doubtful debts/advances etc. Actual results could differ from these estimates.

2. REVENUE RECOGNITION :

Sales are recognised on dispatch of goods to customers.

3. VALUATION OF INVENTORIES:

Inventory consist of Raw material and finished goods, which are valued, at cost or net realizable value, whichever is lower.

4. FIXED ASSETS :

Fixed assets are stated at cost of acquisition less depreciation. The cost comprises the purchase price and other attributable costs.

5. DEPRECIATION :

The Company follows the straight line method of providing depreciation at the rate prescribed in schedule XIV to the Companies Act, 1956 read with Section 205(2) (b) of the said Act on pro-rata basis uniformly on in respect of all assets.

6. RETIREMENT BENEFITS :

Gratuity and Leave encashment is accounted for on cash basis as and when paid.

7. TAXES ON INCOME:

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provision of the Income Tax Act, 1961, and based on expected outcome of assessment / appeals.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised

II NOTES OF ACCOUNTS

- (A) 1. There are no contracts remaining to be executed on Capital account therefore no advance are to be paid against such contracts.
2. Contingent liabilities provided for during the year are Rs. 1175000/- (Previous year Rs. Nil).
3. Deferred Tax Liability has been arises due to difference in depreciation amount as per the Companies Act, 1956 and as per the Income Tax Act, 1961.
- (B) The company has paid 6.00 Lacs remuneration to Managing Director. (Previous year NIL).
- (C) Auditor's remuneration is included in Administrative and Other expenses. The break up is as follows.

	<u>CURRENT YEAR</u>	<u>PRECIOUS YEAR</u>
(a) As Auditors	12,342	11,000
(b) In other Capacity	-	-

(D) Additional information pursuant to the provision of paragraph 3 & 4 in part II of Schedule VI to the Companies Act, 1956.
Quantitative information pertaining to goods manufacturing, turnover, stock and Raw Material Consumed (Rs.in 000's)

	<u>2005-06</u>		<u>2004-2005</u>	
	<u>Qty. (Tonnes)</u>	<u>Value (in 000)</u>	<u>Qty. (Tonnes)</u>	<u>Value (in 000)</u>
MANUFACTURING				
I Opening Stock				
Raw Material & SIP	886.518	45339.55	22.216	1138.34
Finished Goods	944.852	64639.47	6.505	485.13
II Closing Stock				
Raw Material & SIP	2769.29	165865	886.518	45339.55
Finished Goods	644.85	50108	944.852	64639.47
III Purchase	23393.26	1370857.79	12298.366	638037.86
Raw Cotton		624.047		31976.16
IV Sales	20783.60	1919185.24	9938.420	752545.15
clean Cotton		575.130		48072.64
Raw Material Consumed		1250333.14		593837.28

TRADING

Sarees & Dress Materials		<u>Qty. (Mtrs.)</u>	<u>Value (in 000)</u>	<u>Qty. (Tonnes)</u>	<u>Value (in 000)</u>
I Sales		NIL	NIL	NIL	NIL
II Purchase		NIL	NIL	NIL	NIL

- (E) The balance of advances, debtors and creditors are subject to confirmation and reconciliation, if any.
- (F) The company has two business segment namely "Textiles" and "Real Estate" hence segment reporting as required under AS-17 issued by ICAI and made mandatory w.e.f. 1/04/2001 for certain business enterprises is applicable in case of company. But during the year company dealt with only Textiles activity, so all figure of Balance sheet and Profit & Loss A/c are belong to Textiles segment only.
- (G) There is no payments due to small scale industries.
- (H) Gratuity and Leave encashment is accounted for on cash basis as and when paid.
- (I) The company recognizes for Deferred Tax Assets / Liabilities on the basis of the timing difference. Company has no DTA and in respect of DTL arising out of depreciation for the year has been recognised of Rs. 13882030/- (Previous Year Rs.22.31.Lacs)
- (J) Earnings Per Share :
- | | |
|--|-------------|
| i. Net Profit as per Profit & Loss Account (inLacs) | Rs. 2497.24 |
| ii. Number of equity shares | 20418000 |
| iii. Basic and Diluted Earning per share of Rs. 5/- each | Rs. 12.23 |
- (K) The figures, for the previous year are recasted and regrouped wherever necessary as to make them comparable with those of current year.

JAYBHARAT TEXTILES AND REAL ESTATE LIMITED

(Formerly known as : Jaybharat Sarees Ltd.)

SIGNATURE TO SCHEDULE "A" to "N"

FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR M/S. SANJAY & VIJAY ASSOCIATES
CHARTERED ACCOUNTANTS

VIJAY BHANDARI
Partner

SAURABH KUMAR TAYAL
Chairman

RAMAN AGGARWAL
Managing Director

PLACE : MUMBAI
DATE : 4th May, 2006.

GIRJESH SHRIVASTAVA
Company Secretary

**ADDITIONAL INFORMATION UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956
Balance Sheet Abstract and Company's General Business Profile**

I. REGISTRATION DETAILS

Registration No.	: 11553 of 84-85	State Code	: 04
Balance sheet Date	: 31.03.2006		

II. CAPITAL RAISED DURING THE YEAR (Amount Rs. in Lacs)

Public Issue	: Nil	Right Issue	: Nil
Bonus Issue	: 918.81	Private Placement	: Nil

III. POSITION TO THE MOBILISATION AND DEPLOYMENT OF FUNDS (Amount Rs. in Lacs)

Total Liabilities	: 7629.78	Total Assets	: 7629.78
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SOURCE OF FUNDS

Paid-up Capital	: 1020.90	Secured Loans	: Nil
Reserves & Surplus	: 2447.75	Unsecured Loans	: 4000
		Deferred Tax liability	: 161.13

APPLICATION OF FUNDS

Net Fixed Assets	: 3779.06	Investments	: 533.53
Net Current Assets	: 3317.19	Misc. Expenditure	: Nil
Accumulated Losses	: Nil		

IV. PERFORMANCE OF COMPANY (Amount Rs. in Lacs)

Turnover	: 19046.54	Other Income	: 0
Total Expenses	: 16162.82	Profit/(Loss) before Tax	: 2883.72
Profit/(Loss) after Tax	: 2497.24	Earning Per Share (In Rs.)	: 12.23
Dividend Rate %	: 5%		

V. GENERAL NAMES OF PRINCIPAL PRODUCT/TRADING

Item Code No.(ITC Code)	: 52-05
Product description	: Cotton yarn

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR M/S. SANJAY & VIJAY ASSOCIATES
CHARTERED ACCOUNTANTS

VIJAY BHANDARI
Partner

SAURABH KUMAR TAYAL
Chairman

RAMAN AGGARWAL
Managing Director

PLACE : MUMBAI
DATE : 4th May, 2006.

GIRJESH SHRIVASTAVA
Company Secretary

JAYBHARAT TEXTILES AND REAL ESTATE LIMITED

(Formerly known as : Jaybharat Sarees Ltd.)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

	2005-2006 (RS. IN LACS)	2004-2005 (RS. IN LACS)
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ACTIVITIES	2883.72	1027.41
Adjustment for Non Cash Charges		0.00
Depreciation & Amortisation	183.97	9.27
Dividend	0.00	0.00
	<u>3067.69</u>	<u>1036.69</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
Adjustment for .		
Trade and Other Receivables	(1864.39)	(646.87)
Inventories	(1059.94)	(1083.56)
Trade Payable	(890.90)	1897.99
	<u>(747.54)</u>	<u>1204.25</u>
CASH GENERATED FROM OPERATION		
Direct taxes paid	86.67	10.18
	<u>(834.21)</u>	<u>1194.08</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3133.62)	(666.85)
Sale of Fixed Assets	0.00	0.00
Purchase of investments	(10.00)	(523.53)
Dividend and Other Income received	0.00	0.00
	<u>(3143.62)</u>	<u>(1190.38)</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from issue of shares capital	0.00	0.00
Total proceeds from borrowing	4000.00	0.00
share application money	0.00	0.00
Dividend paid	(22.50)	0.00
	<u>3977.50</u>	<u>0.00</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	<u>(0.33)</u>	<u>3.70</u>
CASH AND CASH EQUIVALENTS(Opening Balance)	9.39	5.69
CASH AND CASH EQUIVALENTS(Closing Balance)	9.06	9.39
	<u>(0.33)</u>	<u>3.70</u>

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard on 'Cash Flow Statement (AS -3)' issued by the Institute of Chartered Accountants of India.

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR M/S. SANJAY & VIJAY ASSOCIATES
CHARTERED ACCOUNTANTS

VIJAY BHANDARI
Partner

SAURABH KUMAR TAYAL
Chairman

RAMAN AGGARWAL
Managing Director

PLACE : MUMBAI
DATE : 4th May, 2006.

GIRJESH SHRIVASTAVA
Company Secretary

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT.1956
RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES FOR FINANCIAL YEAR 2005-06.**

Name of the Subsidiary Company	Pulgaon Cotton Mills Limited
Financial Year of the Subsidiary Company ended on	31st March,2006
Date from which they became Subsidiary Company	14th March,2005
(a) Number of shares held by "Jaybharat Textiles and Real Estate Ltd." with its nominees in the subsidiary at the end of the financial year of the Company	22750000 Equity shares of Rs.10/-each.
(b) Extent of interest of holding company at the end of the financial year of subsidiary Company	100%

DETAILS OF SUBSIDIARY COMPANY	(Rs. in Lacs)
CAPITAL	2275.00
RESERVE	0.00
TOTAL ASSETS	2284.80
TOTAL LIABILITIES	2284.80
DETAILS OF INVESTMENT	0.00
TOTAL INCOME	0.00
PROFIT (LOSS) BEFORE TAXATION	(20.45)
PROVISION FOR TAXATION	0.00
PROFIT (LOSS) AFTER TAXATION	(20.45)

AUDITORS' REPORT

To,
The Board of Directors of,
JAYBHARAT TEXTILES AND REAL ESTATE LIMITED

We have audited the attached Consolidated Balance Sheet of **JAYBHARAT TEXTILES AND REAL ESTATE LIMITED** and its subsidiary as at 31st March, 2006, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement of the Company 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 statements and other financial information regarding its subsidiary. 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 prepared, in all material respects, in accordance with and identified financial reporting network and 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.

We did not audit the financial statement of subsidiary Pulgaon Cotton Mills Limited. The financial statement of subsidiary audited by other auditor whose report is furnished to us, and our opinion, in so far as it related to the accounts included in respect of subsidiary, is based solely on the reports of the other auditors.

We report that the Consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard issued by the institute of Chartered Accountants of India.

Based on our audit of financial statements of Company and on consolidation of reports of other auditor of subsidiary, included in the consolidated financial statements and best to our information and according to explanation given to us, we are of opinion that the attached consolidated statements give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) In the case of Consolidated Balance Sheet, of the state of affairs of Jaybharat Textiles and Real Estate Limited as at 31st March, 2006 ;
- b) In the case of Consolidated Profit and Loss Account, of the profit of the year ended on that date ; and
- c) In the case of the Consolidated Cash Flow Statement, of the cash flow for the year ended on that date.

For M/s. SANJAY & VIJAY ASSOCIATES
Chartered Accountants

Place : Mumbai
Dated : 4th May, 2006

VIJAY BHANDARI
Partner
M. No. 103205

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006

SCHEDULES		AS AT 31.03.2006 (RS. IN LACS)	AS AT 31.03.2005 (RS. IN LACS)
A. SOURCES OF FUNDS :-			
1. Share Holders Fund :			
a) Share Capital	"A"	1020.90	102.09
b) Reserves & Surplus	"B"	2426.46	925.25
		<u>3447.36</u>	<u>1027.34</u>
2. Deferred Tax Liability		161.13	22.31
3. Loan Funds	"C"	4009.80	9.80
		<u>4170.93</u>	<u>32.11</u>
TOTAL :		<u>7618.29</u>	<u>1059.45</u>
B. APPLICATION OF FUNDS			
1. Fixed Assets	"D"		
Gross Block		4259.10	1226.99
Less : Depreciation		565.10	363.04
Net Block		<u>3694.00</u>	<u>863.95</u>
Add :- Capital WIP		101.67	0.16
		<u>3795.67</u>	<u>864.11</u>
Goodwill		484.67	484.67
2. Investments	"E"	10.00	0.00
3. Current Assets Loans & Advances :	"F"		
a) Sundry Debtors		2215.29	142.76
b) Inventories		2163.18	1103.23
c) Cash & Bank Balances		9.06	9.44
d) Loans & Advances		571.15	542.82
		<u>4958.68</u>	<u>1798.25</u>
Less : Current Liabilities & Provisions	"G"	1630.73	2087.58
Net Current Assets		<u>3327.95</u>	<u>(289.33)</u>
TOTAL :		<u>7618.29</u>	<u>1059.45</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS	"N"		

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR M/S. SANJAY & VIJAY ASSOCIATES
CHARTERED ACCOUNTANTSVIJAY BHANDARI
PartnerSAURABH KUMAR TAYAL
ChairmanRAMAN AGGARWAL
Managing DirectorPLACE : MUMBAI
DATE : 4th May, 2006.GIRJESH SHRIVASTAVA
Company Secretary

JAYBHARAT TEXTILES AND REAL ESTATE LTD. - CONSOLIDATED FINANCIAL STATEMENTS

(Formerly Known as : Jaybharat Sarees Ltd.)

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

PARTICULARS	SCHEDULES	AS AT 31.03.2006 (RS. IN LACS)	AS AT 31.03.2005 (RS. IN LACS)
A. INCOME			
a) Income from Operation	"H"	19191.85	7525.45
b) Other Income	"I"	0.00	0.00
c) Increase/(Decrease) in stock		(145.31)	641.54
TOTAL :		<u>19046.54</u>	<u>8166.99</u>
B. EXPENSES			
a) Material & Goods Consumed	"J"	12503.34	5938.37
b) Manufacturing Expenses	"K"	2825.65	1018.03
c) Selling & Administrative Expenses	"L"	649.61	173.87
d) Interest & Financial Charges	"M"	2.63	0.04
e) Depreciation		202.06	10.12
TOTAL :		<u>16183.28</u>	<u>7140.43</u>
Profit/(Loss) before Taxation		2863.26	1026.56
Less : Provision For Taxation		247.66	80.56
Deferred Tax Liabilities		<u>138.82</u>	<u>19.69</u>
Profit after Tax		2476.78	926.31
Add : Profit/(Loss) B/F From Previous Year		925.25	92.45
Add : Depreciation right back on Change of depreciation Policy		0.00	6.18
AMOUNT AVAILABLE FOR APPROPRIATION		<u>3402.03</u>	<u>1024.94</u>
APPROPRIATIONS			
Transfer to General Reserve		249.72	0.00
Proposed Dividend		51.05	20.42
Tax on Dividend		5.73	2.08
Profit/(Loss) Carried to Balance Sheet		<u>3095.53</u>	<u>1002.44</u>
		<u>3402.03</u>	<u>1024.94</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS	"N"		

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR M/S. SANJAY & VIJAY ASSOCIATES
CHARTERED ACCOUNTANTS

VIJAY BHANDARI
Partner

SAURABH KUMAR TAYAL
Chairman

RAMAN AGGARWAL
Managing Director

PLACE : MUMBAI
DATE : 4th May, 2006.

GIRJESH SHRIVASTAVA
Company Secretary

SCHEDULE A TO N ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31 ST MARCH' 2006. AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE	AS AT 31.03.2006 (RS. IN LACS)	AS AT 31.03.2005 (RS. IN LACS)
SCHEDULE "A" : SHARE CAPITAL		
AUTHORISED		
6,00,00,000 Equity Share of Rs. 5/- each (Previous year 1,05,00,000 Equity Shares of Rs.10/- Each)	3000.00	1050.00
ISSUED, SUBSCRIBED & PAID UP		
204,18,000 Equity Shares of Rs.5/-each (Previous year 1020900 Equity Shares of Rs.10/- Each) (Of the above Equity Shares, 9960000 Shares were allotted as bonus shares by capitalisation of reserves)	1020.90	102.09
TOTAL :	<u>1020.90</u>	<u>102.09</u>
SCHEDULE "B" : RESERVES & SURPLUS		
General Reserve	249.72	0.00
NET PROFIT AS PER PROFIT AND LOSS ACCOUNT	3095.53	1002.44
Less : amount transferred to Capital account for issuos of Bonus Shares	918.81	77.19
TOTAL :	<u>2426.46</u>	<u>925.25</u>
SCHEDULE "C" : UNSECURED LOANS		
From others - Vinar & Co.	0.80	0.80
90, 7.75% Debentures of 10000/- each.	9.00	9.00
Others Loans	4000.00	0.00
TOTAL :	<u>4009.80</u>	<u>9.80</u>

SCHEDULE "D" : CONSOLODATED FIXED ASSETS AS AT 31ST MARCH, 2006

SR. NO.	PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
		AT COST ON	ADDITION	AS ON	AS ON	DURING	WRITTEN	UPTO	AS ON	AS ON
		01-04-2005	DEDUCTION	31.03.2006	01.04.2005	THE YEAR	BACK	31.03.2006	31.03.2006	31.03.2005
1	LAND AT SILVASSA	23.10	0.00	23.10	0.00	0.00	0.00	0.00	23.10	23.10
2	LAND AND SITE DEVELOPMENT	400.00	235.00	635.00	0.00	0.00	0.00	0.00	635.00	400.00
3	PLANT & MACHINERY	645.11	1623.42	2268.53	324.65	167.84	0.00	492.49	1776.04	320.46
4	BUILDING	56.22	1240.43	1296.65	24.26	31.50	0.00	55.76	1240.88	31.96
5	FURNITURE & FIXTURES	3.88	0.19	4.07	3.47	0.25	0.00	3.72	0.35	0.41
6	MOTOR VEHICLE	17.19	7.56	24.75	4.39	2.13	0.00	6.52	18.23	12.80
7	OFFICE EQUIPMENTS	2.51	0.00	2.51	2.00	0.12	0.00	2.12	0.39	0.51
8	ELECTRIC FITTING	4.48	0.00	4.48	4.27	0.21	0.00	4.48	0.00	0.21
	TOTAL	1152.49	3106.60	4259.10	363.04	202.06	0.00	565.10	3693.99	789.45
9	CAPITAL WORK IN PROGRESS	74.66	27.01	101.67	0.00	0.00	0.00	0.00	101.67	74.50
	TOTAL	1227.15	3133.61	4360.77	363.04	202.07	0.00	565.10	3795.66	863.95

JAYBHARAT TEXTILES AND REAL ESTATE LTD. - CONSOLIDATED FINANCIAL STATEMENTS

(Formerly known as : Jaybharat Sarees Ltd.)

SCHEDULE	AS AT 31.03.2006 (RS. IN LACS)	AS AT 31.03.2005 (RS. IN LACS)
SCHEDULE "E" : INVESTMENTS		
Asahi Fibres Ltd. (2025870 Shares of Rs. 10/- each)	10.00	0.00
Long Term Investment at Cost (Unquoted)	0.00	0.00
One Share of Rs. 25/- in Deoli Sahakari Shetkari Kharedi Vikri Samiti Ltd.		
TOTAL :	<u>10.00</u>	<u>0.00</u>
SCHEDULE "F" : CURRENT ASSETS, LOANS AND ADVANCES		
A. CURRENT ASSET		
1 Sundry Debtors (Unsecured considered good)		
a) Debtors exceeding 6 Months	125.62	0.00
b) Others	2089.67	142.76
TOTAL :	<u>2215.29</u>	<u>142.76</u>
2. Inventories		
Stock of raw material & WIP	1658.65	456.84
Finished Goods	501.08	646.39
Stores, Spares, Packing materials, fuel etc. and non moving items	3.45	0.00
TOTAL :	<u>2163.18</u>	<u>1103.23</u>
3. Cash & Bank Balance		
Balance with Banks	2.27	2.05
Cash in hand	6.79	7.39
TOTAL :	<u>9.06</u>	<u>9.44</u>
B. LOANS & ADVANCES		
(Recoverable in cash or kind or for value to be received)	553.36	542.82
Sundry Deposits	17.58	0.00
Tax deducted at Source	0.21	0.00
TOTAL :	<u>571.15</u>	<u>542.82</u>
GRAND TOTAL :	<u>4958.68</u>	<u>1798.25</u>
SCHEDULE "G" : CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
1) Sundry Creditors		
For Goods	302.01	(65.94)
For Expenses & Other Liabilities	1024.28	2049.32
TOTAL :	<u>1326.29</u>	<u>1983.38</u>
B. PROVISIONS		
Provision For Taxation	247.66	81.70
Proposed Dividend	51.05	20.42
Tax on Dividend	5.73	2.08
TOTAL :	<u>304.44</u>	<u>104.20</u>
TOTAL :	<u>1630.73</u>	<u>2087.58</u>
SCHEDULE "H" : INCOME FROM OPERATIONS		
Sales	19191.85	7525.45
Income From job charges	0.00	0.00
TOTAL :	<u>19191.85</u>	<u>7525.45</u>

ANNUAL REPORT 2005 - 2006

SCHEDULE	AS AT 31.03.2006 (RS. IN LACS)	AS AT 31.03.2005 (RS. IN LACS)
SCHEDULE "I" : OTHER INCOME		
Interest Income	0.00	0.00
	0.00	0.00
SCHEDULE "J" : MATERIALS AND GOODS CONSUMED		
Opening Stock	453.40	11.38
Add : Purchase	13708.59	6380.38
Less: Stock of Raw materials & WIP	1658.65	453.40
Material & Goods Consumed	12503.34	5938.37
Increase in stock of finished Goods		
Closing Stock	501.08	646.39
Opening Stock	646.39	4.85
	(145.31)	641.54
SCHEDULE "K" : MANUFACTURING EXPENSES		
Labour Charges	1056.56	493.93
Power & Fuel Exp.	1368.70	390.34
Repair & Maintainace	35.47	8.43
Spares, consumable & Packing Material	364.92	125.33
	2825.65	1018.03
SCHEDULE "L" : SELLING & ADMINISTRATIVE EXPENSES		
Salaries & Bonus	54.88	16.45
Staff Welfare Expenses	7.30	4.05
Electricity Charges	9.24	2.21
General Expenses	28.55	10.42
Insurance	7.75	2.60
Repairs & Maintenance	13.97	7.95
Postage & Telegram	18.08	3.52
Regestration & Filing Fees	10.08	1.05
Auditors Remuneration	0.26	0.11
Rent, Rates & Taxes	3.65	1.24
Shop Maintenance	4.46	1.21
Consultancy Charges	6.31	3.41
Legal & Professional Charges	19.78	2.70
Conveyance/Travelling Expenses	41.36	10.86
Advertisement Expenses	18.25	8.74
Printing & Stationary	26.36	10.74
Carriage Outword	98.62	51.38
Discount and Commission	192.60	15.07
Sale and Business Promotion	51.82	13.74
Directors Sitting Fees	0.47	0.12
Directors Remuneration	6.00	0.00
Telephone Charges	27.37	6.02
Motor Car Expenses	2.45	0.28
TOTAL :	649.61	173.87
SCHEDULE "M" : INTEREST & FINANCIAL CHARGES		
Bank charges	2.63	0.04
Interst Expenses	0.00	0.00
TOTAL :	2.63	0.04

**SCHEDULE 'N'
SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND
LOSS ACCOUNT**

1. a. ACCOUNTING CONCEPTS

The financial statements have been prepared under the historical cost convention and the accrual basis of accounting. The accounts of parent company and the subsidiary have been prepared in accordance with the accounting Company follows the mercantile system of Accounting and recognizes Income and Expenditure on accrual basis. The accounts are prepared on historical cost basis, as a going concern, and are consistent with generally accepted accounting principles.

b. PRINCIPLE OF CONSOLIDATION

The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS-21) issued by the Institute of Chartered Accountants of India. The consolidated financial statements have been prepared on the following basis :

- The financial statement of Jaybharat Textiles & Real Estate Ltd. And its subsidiary companies have been combined on a line-by line basis by adding together the book values of like items of assets , liabilities ,Income and expenses, after fully eliminating intra-group balances and intra-group transaction.
- The difference between the cost of investment in subsidiary, over the net assets at the time of acquisition of shares in subsidiary is recognized in the financial statements as Goodwill.
- Company has acquired 100% equity of subsidiary.
- Investment other than in subsidiary have been accounted as per Accounting standard (AS)13 "Accounting for Investment".
- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements.

c. FIXED ASSETS

Fixed Assets are stated at cost of acquisition less depreciation. The cost comprises the purchase price and other attributable costs directly related to the cost of asset.

d. DEPRECIATION

Depreciation on fixed assets has been provided on Straight line method at the rates prescribed in Schedule XIV to the Companies (Amendment) Act 1988 read with Section 205(2) (b) of the said Act on pro-rata basis uniformly in respect of all assets.

e. INVENTORIES

Inventories are valued at cost or net realisable value, whichever is lower.

NOTES ON ACCOUNTS TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1. The subsidiary companies considered in the consolidated financial statements is :

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest
Pulgaon Cotton Mills Ltd.	India	100%

The company has invested Rs.523.53 crores to acquire 100% equity of Pulgaon Cotton Mills Limited located at Pulgaon. On the date of such investment the company has Total Reserve of Rs.NIL and total accumulated Losses were 2236.14 Lacs.

The necessary adjustments in consolidated accounts is made in accordance with the Accounting Standard- 21 " Consolidated Financial Statement" and Goodwill of Rs. 484.67 Lacs recognized on such consolidation.

2. The company has two business segment namely "Textiles" and "Real Estate" hence segment reporting as required under AS-17 issued by ICAI and made mandatory w.e.f. 1/04/2001 for certain business enterprises is applicable in case of company. But during the year company dealt with only Textiles activity, so all figure of Balance sheet and Profit & Loss A/c are belong to Textiles segment only.

3. Earning Per Share

Basic and Diluted Earnings Per Share is calculated as under:

a. Net Profit as per Profit & Loss A/c (Rs.in lacs)	2476.78
b. Weighted average Number of equity shares	20418000
c. Basic and diluted Earning per share (Rs)	12.13
(Face value Rs. 5/- each)	

4. Since the consolidated financial statements have been prepared for the first time, the comparable figures for the previous year have not been presented.

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR M/S. SANJAY & VIJAY ASSOCIATES
CHARTERED ACCOUNTANTS

VIJAY BHANDARI
Partner

SAURABH KUMAR TAYAL
Chairman

RAMAN AGGARWAL
Managing Director

PLACE : MUMBAI
DATE : 4th May, 2006.

GIRJESH SHRIVASTAVA
Company Secretary

JAYBHARAT TEXTILES AND REAL ESTATE LTD. - CONSOLIDATED FINANCIAL STATEMENTS

(Formerly Known as : Jaybharat Sarees Ltd.)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

	2005 - 2006 (RS.IN LACS)
(A) CASH FLOW FROM OPERATING ACTIVITIES	
NET PROFIT BEFORE TAX AND EXTRAORDINARY ACTIVITIES	2863.26
Adjustment for Non Cash Charges Depreciation & Amortisation	202.06
Dividend	0.00
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	3065.32
Adjustment for	
Trade and Other Receivables	(2095.89)
Inventories	(1059.95)
Trade Payable	(657.09)
CASH GENERATED FROM OPERATION	(747.60)
Direct taxes paid	86.67
NET CASH FROM OPERATING ACTIVITIES	(834.27)
(B) CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(3133.62)
Sale of Fixed Assets	0.00
Purchase of investments/Goodwill	(10.00)
Dividend and Other Income received	0.00
NET CASH USED IN INVESTING ACTIVITIES	(3143.62)
(C) CASH FLOW FROM FINANCING ACTIVITIES	
Proceed from issue of shares capital	0.00
Total proceeds from borrowing	4000.00
share application money	0.00
Dividend paid	(22.50)
NET CASH FROM FINANCING ACTIVITIES	3977.50
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(0.38)
CASH AND CASH EQUIVALENTS(Opening Balance)	9.44
CASH AND CASH EQUIVALENTS(Closing Balance)	9.06
	(0.38)

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard on 'Cash Flow Statement (AS -3)' issued by the Institute of Chartered Accountants of India.

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR M/S. SANJAY & VIJAY ASSOCIATES
CHARTERED ACCOUNTANTSVIJAY BHANDARI
PartnerSAURABH KUMAR TAYAL
ChairmanRAMAN AGGARWAL
Managing DirectorPLACE : MUMBAI
DATE : 4th May, 2006.GIRJESH SHRIVASTAVA
Company Secretary

ATTENDANCE SLIP

JAYBHARAT TEXTILES AND REAL ESTATE LIMITED

(Formerly Known as Jaybharat Sarees Ltd.)

Registered Office: Village Savlav, Taluka Pardi, Near Vapi, Dist Valsad, Gujarat- 396191
(PLEASE COMPLETE THIS SLIP AND HAND IT OVER AT THE ENTRANCE OF MEETING HALL)

TWENTY FIRST ANNUAL GENERAL MEETING

Member's Name (in capital letters)

Folio No. No. of Shares held

DP. ID*	
---------	--

Client ID*	
------------	--

I hereby record my presence at the Twenty First Annual General Meeting of the company being held on Tuesday, 6th June 2006 at 12.00 p.m. at Village Savlav, Taluka Pardi, Near Vapi, Dist Valsad, Gujarat- 396191.

Signature of the Shareholder or Proxy

* Applicable for investors holding shares in electronic form

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PROXY FORM

JAYBHARAT TEXTILES AND REAL ESTATE LIMITED

(Formerly Known as Jaybharat Sarees Ltd.)

Registered Office: Village Savlav, Taluka Pardi, Near Vapi, Dist Valsad, Gujarat- 396191

DP. ID*	
---------	--

Regd. Folio No.	
-----------------	--

Client ID*	
------------	--

I/We

of

being a member/members of the Company, hereby appoint

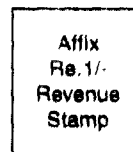
of in the District of

or failing him 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 First Annual General Meeting of the Company to be held on Tuesday, the 6th June 2006 at 12.00 p.m. or at any adjournment thereof.

Signed this Day of 2006



* Applicable for investors holding shares in electronic form.

Note : The Proxy form duly completed and signed must deposited at the Registered Office of the Company, not less the 48 hours before the meeting.

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