



JRC INDUSTRIES LIMITED

**THIRTEENTH ANNUAL REPORT
2006-2007**

JRC INDUSTRIES LIMITED

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BOARD OF DIRECTORS :

Mr. Gautam Shah
Mr. Ramakant S. Tawde
Mr. Rajendra Thanvi
Mr. Pravin Doshi
Mr. Deepak Bhagat
Mr. T.S. Ramcharan

AUDITORS:

M/S. Sunderji Gosar & Co.,
Chartered Accountants,
Mumbai - 400 014.

BANKERS:

IDBI Bank Ltd.

REGISTERED OFFICE:

F/21, Vikram Chamber,
Near Sales India,
Ashram Road,
Ahmedabad - 380 009,
Gujarat.

JRC INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 13th Annual General Meeting of the members of **JRC INDUSTRIES LTD.**, will be held at the Registered Office of the Company at **F/21, VIKRAM CHAMBER, NEAR SALES INDIA, ASHRAM ROAD, AHMEDABAD – 380 009, GUJARAT**, on 14th September, 2007 at 12.00 noon. to transact the following business.

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Balance Sheet as at March 31st, 2007 the Profit & Loss Account for the year ended as on that date and the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Ramakant Tawde, who retires by rotation and being eligible offers himself for reappointment.
- 3) To appoint **M/s. SUNDERJI GOSAR & CO.**, Chartered Accountants, as Auditors of the Company and to authorise the board to fix their remuneration.

SPECIAL BUSINESS :

To consider and if thought fit, to pass, with or without modification following resolutions as an ordinary resolution.

- 4) “Resolved that” Mr. Gautam Ramniklal Shah who was appointed as an additional Director of the Company by the Board of Directors in the meeting held on 3rd December, 2005 and who hold the office up to the date of this AGM and in respect of whom the notice in writing U/S 257 of the Companies Act, 1956 has been received from member signifying his intentions to propose him as a Candidate for the office of Directors of the Company is and hereby appointed as a Director liable to retire by rotation.
- 5) “Resolved that” Mr. T.S. Ramcharan who was appointed as an additional Director of the Company by the Board of Directors in the meeting held on 3rd December, 2005 and who hold the office up to the date of this AGM and in respect of whom the notice in writing U/S 257 of the Companies Act, 1956 has been received from member signifying his intentions to propose him as a Candidate for the office of Directors of the Company is and hereby appointed as a Director liable to retire by rotation.
- 6) “Resolved that” Mr. Deepak Tikamdas Bhagat das who was appointed as an additional Director of the Company by the Board of Directors in the meeting held on 3rd December, 2005 and who hold the office up to the date of this AGM and in respect of whom the notice in writing U/S 257 of the Companies Act, 1956 has been received from member signifying his intentions to propose him as a Candidate for the office of Directors of the Company is and hereby appointed as a Director liable to retire by rotation.

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Explanatory Statement:

As required Under Section 173 (2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the Special Business under item No. 4, 5 & 6 above.

Item No. 4

Mr. Gautam Ramniklal Shah who was appointed as an Additional Director of the Company on 3rd December, 2005 pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting.

Pursuant to Section 257 of the Companies Act, 1956, notice in writing has been received from a member of the company along with a deposit of Rs. 500/- signifying the intention to propose the said Director as a candidate for the Office of The Director of the company.

As his presence on the Board would benefit the Company, your Director recommended the proposed resolution for Member's Approval.

None of the Directors are interested in this resolution except Mr. Gautam Ramniklal Shah since it relates to his appointment.

Item No. 5

Mr. T.S. Ramcharan who was appointed as an Additional Director of the Company on 3rd December, 2005 pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting.

Pursuant to Section 257 of the Companies Act, 1956, notice in writing has been received from a member of the company along with a deposit of Rs. 500/- signifying the intention to propose the said Director as a candidate for the Office of The Director of the company.

As his presence on the Board would benefit the Company, your Director recommended the proposed resolution for Member's Approval.

None of the Directors are interested in this resolution except Mr. Gautam Ramniklal Shah since it relates to his appointment.

Item No. 6

Mr. Deepak Tikamdas Bhagat who was appointed as an Additional Director of the Company on 3rd December, 2005 pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting.

Pursuant to Section 257 of the Companies Act, 1956, notice in writing has been received from a member of the company along with a deposit of Rs. 500/- signifying the intention to propose the said Director as a candidate for the Office of The Director of the company.

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As his presence on the Board would benefit the Company, your Director recommended the proposed resolution for Member's Approval.

None of the Directors are interested in this resolution except Mr. Gautam Ramniklal Shah since it relates to his appointment.

NOTES:

- 1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.
- 2) The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the time of meeting.
- 3) The Register of Members and Share Transfer Books of the Company will remain closed on 08-09-2007 to 14-09-2007 (Both days inclusive).
- 4) Members are requested to promptly notify any changes in their address to the Company at its Registered Office. All documents referred to in the notice and Explanatory Statements are open for inspection at the Registered Office of the Company during the office hours on all days except Saturday, Sunday and Public Holidays between 11.00 a.m. to 1.00 p.m. up to the date of Annual General Meeting.

IF ANY OF THE MEMBERS HAVE ANY QUERIES ON THE AUDITED ACCOUNTS, DIRECTORS REPORT & AUDITORS REPORT, THE SAME SHOULD BE FORWARDED TO THE COMPANY IN WRITING AT ITS REGISTERED OFFICE AT LEAST 10 DAYS BEFORE THE MEETING, SO THAT THE SAME CAN BE REPLIED TO AT THE ANNUAL GENERAL MEETING TO THE MEMBERS SATISFACTION.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS:

**RAMAKANT TAWDE
(CHAIRMAN & MANAGING DIRECTOR)**

Place : Ahmedabad, Gujarat.

Date : 01-08-2007.

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DIRECTORS REPORT

To:
The Members,

Your directors have pleasure in presenting the 13th annual report, together with the audited statement of accounts of the company for the year ended 31st March 2007.

| Financial Results | Rs. In Lacs Year Ended <u>31.03.2007</u> | Rs. In Lacs Year Ended <u>31.03.2006</u> |
|---|---|---|
| Profit/(Loss) before Depreciation & Taxes | (4.00) | (1.55) |
| <u>Less:</u> Depreciation | - | - |
| Profit before Tax | (4.00) | (1.55) |
| <u>Less:</u> Provision for Tax | NIL | NIL |
| Profit after Tax | (4.00) | (1.55) |
| <u>Add:</u> Transfer from Reserves | NIL | NIL |
| Deferred Tax Asset | 0.75 | 0.60 |
| Balance Brought Forward | (2.40) | (1.45) |
| Balance Carried Forward | (5.65) | (2.40) |

DIVIDEND:

Your Directors are refraining from recommending any dividend to conserve resources.

OPERATIONS:

Your company has made a loss of Rs. 4.00 Lacs for the current year as compared to loss of Rs. 1.55 Lacs in the previous year. Your Directors are hopeful to achieve better results in the current year.

DIRECTORS:

During the year under review Mr. Gautam Ramnkilal Shah, Shri T.S. Ramcharan & Shri Deepak Tikamdas Bhagat were appointed as Additional Directors of the Company w.e.f 03-12-2005. At the ensuing Annual General Meeting it is proposed to regularize the appointment of Mr. Gautam Ramnkilal Shah, Shri T.S. Ramcharan & Shri Deepak Tikamdas Bhagat as the Directors of the Company who are liable to retire by rotation.

Mr. RAJENDRA THANVI retire by rotation at the ensuing Annual General Meeting and being eligible propose themselves for reappointment.

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FIXED DEPOSITS:

No fixed deposits were accepted from Public as envisaged under Section 58A and 58B of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

AUDITOR'S REPORT:

In respect of the observations made by Auditors, the notes on Accounts are self – explanatory.

AUDITORS:

M/s. SUNDERJI GOSAR & CO., Chartered Accountants, Statutory Auditors retire at the conclusion of ensuing Annual General Meeting and being eligible offer themselves for reappointment as statutory auditors of your Company.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, your Directors confirm that,

- 1) In the preparation of the accounts, the applicable accounting standards have been followed.
- 2) Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the affairs of the company for the period ended 31.03.2007,
- 3) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and,
- 4) The accounts have been prepared on a going concern basis.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The information required under Rule 2 of the Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 relating to the conservation of energy and technology absorption, is not being given, since the Company is not engaged in Manufacturing activity.

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REPORT ON CORPORATE GOVERNANCE:

The report on Corporate Governance in accordance with the guidelines of the Securities & Exchange Board of India and clause 49 of the Listing Agreements with the Stock Exchanges is attached and marked as Annexure – A to this report

FOREIGN EXCHANGE EARNINGS & OUTGO.

During the year the company did not earn nor have spent any foreign exchange.

PARTICULARS OF EMPLOYEES:

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report for the year ended 31st March, 2007.

None of the employees during the period has received salary exceeding Rs. 12 Lacs p.m.

ACKNOWLEDGEMENT:

Your Directors would like to express their appreciation for the co-operation and assistance received from the bankers during the year under review.

Your Directors wish to place on record their appreciation for the devoted services by executives, officers and staff of the Company for its success.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

RAMAKANT TAWDE
Chairman & Managing Director

Place: Mumbai
Date: 30-6-2007.

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REPORT ON CORPORATE GOVERNANCE

JRC Industries Ltd. came into being in 1994 with its activities running in the name & style of JRC Finvest Ltd. Later on due to sluggishness in the Market the company has diversified its business into manufacturing and trading in magnets, white board & various magnetic items. Consequence to the change in business, the name of the company had been changed to JRC Industries Ltd. in 1997. Further the Board lays emphasis on transparency, accountability and integrity in all its operations and dealings with outsiders. Your Company has adopted some of the best practices in corporate governance much before the Code was formulated. The following are the detailed practices on Corporate Governance in your Company:

1. BOARD OF DIRECTORS:

(a) Composition of the Board : (for the financial year 2006-2007)

The Board comprises of 6 Directors of which 1 is whole-time Director. The Independent Non-Executive Directors are persons of eminence and experience drawn from various facets of corporate affairs.

| Director | Category of Directorship | No. of Meetings attended | Attendance at Last AGM | * No. of outside Directorship held | Total No. of Membership of Committees |
|------------------------|--------------------------|--------------------------|------------------------|------------------------------------|---------------------------------------|
| Mr. Ramakant S.Tawde | WTD | 5 | YES | 0 | 0 |
| Mr. Pravin Doshi | Director | 5 | YES | 0 | 1 |
| Mr. Rajendra R. Thanvi | Director | 5 | YES | 0 | 1 |
| Mr. Deepak T. Bhagat | Director | 2 | NO | 0 | 1 |
| Mr. Gautam Shah | Director | 2 | NO | 0 | 0 |
| Mr. T.S. Ramcharan | Director | 2 | NO | 0 | 0 |

5 Board Meeting were held during the financial year 2006-2007. The dates on which the meetings were held are given below:

29.04.2006, 30.06.2006, 30.07.2006, 30.10.2006, 31.01.2007

2. AUDIT COMMITTEE:

The following Executive Directors are the members of the Audit Committee:

1. Shri. Pravin N. Doshi Chairman of the Committee
2. Shri. Deepak T. Bhagat Director
3. Shri. Rajendra R. Thanvi Director

The Committee met four times during the year 2006-2007 on 29.04.2006, 30.07.2006, 30.10.2006 and 31.01.2007.

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The Audit Committee held discussions with the Statutory Auditors on the "Limited Review" of the half-yearly accounts, matters relating to compliance of accounting standards, their observations arising from the annual audit of the Company's accounts and other related matters.

3. REMUNERATION OF DIRECTORS:

The Company has not formed a remuneration committee. The Company does not pay any remuneration to Directors.

Mr. Ramakant Tawde, Executive Director of the Company, is also a Compliance Officer.

4. SHAREHOLDERS COMMITTEE:

The Committee meets weekly. The share / debenture transfers are registered in about three weeks time and certificates are despatched to the transferees within 30 days. The Committee is being broad based in order to make it a Shareholder' Committee not only for approving transfer of shares but also to monitor investors' complaints etc. with a non-executive Chairman.

During the year, the Company has not received any complaint letters from the shareholders. There were no pending complaint letters from the shareholders as on 31.03.2007

Delivery of equity shares of the Company by all investors / shareholders is now mandatory in the dematerialised form in all Stock Exchanges.

5. GENERAL BODY MEETINGS:

Location and time, where last AGM was held:

| Year | Location | Date | Time |
|-----------|---|------------|------------|
| 2005-2006 | F/21, Vikram Chamber, . Near Sales India, Ashram Road, Ahmedabad - 380 009. | 26.08.2006 | 11.30 A.M. |

The resolutions, including special resolutions, were passed by show of hands.

6. MEANS OF COMMUNICATION:

The Company publishes quarterly results and annual results as required under the Listing Agreement. The results are also sent to the Stock Exchanges for general information. The notice of the AGM alongwith annual report is being sent to the shareholders well in advance of the AGM.

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7. SHAREHOLDER INFORMATION:

i) Annual General Meeting:

Date : 14.09.2007
 Time : 12.00 Noon
 Venue : F-21, Vikram Chamber, Near Sales India, Asharam Road,
 Ahmedabad – 380 009, Gujarat.

ii) Financial Calendar

Financial reporting for
 Quarter ending June 30, 2007 : End of July 2007
 Quarter ending Sept. 30, 2007 : End of October 2007
 Quarter ending Dec. 31, 2007 : End of January, 2008
 Quarter ending March 31, 2008 : End of June 2008
 Annual General Meeting for the
 Year ended March 31, 2008 : End of September 2008

iii) Dates of Book Closure : 08.09.2007 to 14.09.2007
 (both days inclusive)

iv) Dividend payment date : --

v) Listing on Stock Exchanges at :
 1. The Stock Exchange, Mumbai
 2. Vadodara Stock Exchange Limited

vi) Demat ISIN Number in NSDL
 and CDSL : INE563D01013

vii) Stock Market Data: (in Rupees)

| Year 2006-2007 | Bombay Stock Exchange | |
|----------------|-----------------------|-------------------|
| | Month's High Price | Month's Low Price |
| April | 3.24 | 2.86 |
| May | 3.10 | 2.30 |
| June | 2.39 | 1.88 |
| July | 2.47 | 1.76 |
| August | 3.70 | 2.40 |
| September | 3.27 | 2.64 |
| October | 2.75 | 2.50 |
| November | 3.79 | 2.88 |
| December | 4.06 | 3.14 |
| January | 4.67 | 2.43 |
| February | 5.00 | 3.50 |
| March | 4.05 | 3.00 |

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viii) Registrar and Share Transfer Agents
 Sharex Dynamic (India) Private Limited
 17/B, Dena Bank Building
 2nd Floor, Horiman Circle, Fort,
 Mumbai – 400 001

ix) Share Transfer System

Share Transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. Physical shares are dematerialised and electronic credit is given to those shareholders, who opt for dematerialisation, share certificates are dispatched by Registered Posts.

x) (a) Distribution of Shareholding (as on 31.03.2007)

| | For the Year 2006-2007 | | | |
|----------------|------------------------|-------------------|-------------------|-------------------|
| | No.of Shareholders | % of Shareholders | No.of Shares held | % of Shareholding |
| 1 - 100 | 206 | 14.54 | 19390 | 0.39 |
| 101 - 200 | 121 | 8.54 | 24089 | 0.48 |
| 201 - 500 | 386 | 27.24 | 169240 | 3.38 |
| 501 - 1000 | 273 | 19.27 | 240631 | 4.81 |
| 1001 - 5000 | 310 | 21.88 | 791302 | 15.81 |
| 5001 - 10000 | 56 | 3.94 | 416356 | 8.32 |
| 10001 -100000 | 63 | 4.45 | 1469354 | 29.35 |
| 100001 - Above | 2 | 0.14 | 1876238 | 37.48 |
| Total | 1417 | 100 | 50066000 | 100.00 |

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(b) Categories of Shareholders (as on 31.03.2007)

| | For the Year 2006-2007 | | | |
|--------------------------------|------------------------|-------------------|-------------------|-------------------|
| | No.of Shareholders | % of Shareholders | No.of Shares held | % of Shareholding |
| Promoters & Associates | 7 | 0.49 | 803988 | 16.06 |
| Individual | 1368 | 96.54 | 4080797 | 81.51 |
| Corporate | 40 | 2.83 | 99815 | 1.99 |
| Financial Institutions & Banks | 2 | 0.14 | 22000 | 0.44 |
| Total | 1417 | 100 | 5006600 | 100.00 |

The shares of the Company are listed in Mumbai and Vadodara Stock Exchange and hence facilitates liquidity. It is confirmed that the Company has paid Annual Listing Fee to each of the above exchanges. The stock code on BSE is 530027

(xi) Address for Investor correspondence : Sharex Dynamic India Private Limited
Unit : JRC Industries Limited
17/B, Dena Bank Building
2nd Floor, Horniman Circle, Fort,
Mumbai – 400 001

Place : Mumbai

Date : 30-06-2007

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of **JRC Industries Limited**

We have examined the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement entered into by the Company with the Stock Exchange of India for the financial year ended on March 31, 2007.

The objective of our examinations is to give our opinion on whether the Company has complied with the conditions of Corporate Governance as stipulated in the provisions of Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchange of India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

We have conducted our examination on the basis of the relevant records and documents maintained by the company and furnished to us for examination and the information and explanations given to us by the Company.

On the basis of the records maintained by the 'Shareholders / Investors Grievance Committee' of the Company, we state that there were no investor grievances pending against the Company for the period exceeding one month.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchange of India.

We further state that such compliance is neither an assurance as to the future viability of the Company nor to the efficiency with which the management has conducted the affairs of the Company.

VKM & ASSOCIATES
Practicing Company Secretaries

(Vijay Kumar Mishra)
Partner
M. No. 5023
C.P.No. 4279

Place : Mumbai
Date : 30-06-2007

J R C INDUSTRIES LIMITED

AUDITORS REPORT

**The Members of
M/s. J R C INDUSTRIES LIMITED,
MUMBAI.**

We have audited the attached Balance Sheet of **M/s. J R C INDUSTRIES LIMITED**, as at 31st March 2007, the Profit and Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

1. We conducted our audit of Mumbai in accordance with the auditing standards generally accepted in India. Those Standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit included 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 enclosed in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which is to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - (ii) In our opinion, proper books of account as required by law, have been kept by the Company, so far as appears from our examination of these books.
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

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- (v) On the basis of written representations received from the directors, as on 31st March 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- a) In the case of the balance sheet, of the state of affairs of the company as at 31st March, 2007.
- b) In the case of the profit and loss account, of the loss for the year ended on that date; and
- c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For **SUNDERJI GOSAR & CO.**
Chartered Accountants.

(ALPESH K. SAVLA)
PARTNER
M. No. 47828.

Place: **Mumbai**
Date : **30-06-2007.**

J R C INDUSTRIES LIMITED

ANNEXURE TO THE AUDITORS REPORT.

Re. J R C INDUSTRIES LIMITED.

Referred to in paragraph 3 of our report of even date,

- (i) (a) As there are no Fixed Assets in the Company clause relating thereto is not reported on.
- (ii) (a) As there is no inventory the clause relating thereto is not reported on.
- (iii) (a) The company has not taken any loan from parties covered in the register maintained under section 301 of the Companies Act, 1956. The Company has not granted loans to parties covered in the Register maintained under 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the provisions of sections 58A and 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules – 1975 do not apply during the year under consideration.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The clause relating to internal audit is not applicable to the company.

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- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it. However there has been a delay in Depositing of the income tax deducted from the payments made.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and cess were in arrears, as at 31-03-2007 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has incurred cash loss during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution.
- (xii) As explained to us The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) As per the explanations given to us, in our opinion, the company is not a chit fund or a *nidhi* mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) As per the information and explanations given to us the Company had given guarantees for loans taken by others from bank or financial institutions, however, the same has been withdrawn and as on date there is no any guarantee for loans taken by others from bank or financial institutions.
- (xvi) There are no term loans taken by the Company, hence the clause related there to is not being reported.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.

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- (xviii) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The company has not received any money through Public Issue of Debentures.
- (xx) The Company has not received any money through a Public Issue this year.
- (xxi) To the best of my knowledge and according to 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 **SUNDERJI GOSAR & CO.**
Chartered Accountants.

(ALPESH K. SAVLA)
PARTNER
M. No. 47828.

Place: **Mumbai**
Date : **30-06-2007.**

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JRC INDUSTRIES LTD.

BALANCE SHEET AS ON 31ST MARCH, 2007

| PARTICULARS | SCHEDULE | CURRENT YEAR | PREVIOUS YEAR |
|---|----------|-----------------|------------------|
| SOURCES OF FUNDS | | | |
| Share Capital | A | 50,066,000 | 50,066,000 |
| Reserve & Surplus | B | - | - |
| Total Rs. | | 50,066,000 | 50,066,000 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | Nil | NIL |
| Current Assets, loans | | | |
| Advances & Deposits | C | | |
| Loans, Advances & deposits | | 48,919,945 | 49,403,208 |
| Cash & Bank Balance | | 310,049 | 309,469 |
| | | 49,229,994 | 49,712,677 |
| Less: Current liabilities & Provisions | | | |
| Current Liabilities | D | 26,967 | 109,159 |
| Provisions for Tax | | - | - |
| | | 26,967 | 109,159 |
| Net Current Assets | | 49,203,027 | 49,603,518 |
| Differed Tax Assets | | 297,150 | 222,535 |
| Miscellaneous Expenditure | E | 565,823 | 239,947 |
| TOTAL Rs. | | 50,066,000 | 50,066,000 |

Notes to Accounts
As per our Report of Even Date

For SUNDERJI GOSAR & CO.
Chartered Accountant

For JRC INDUSTRIES LTD.

Alpesh K. Savla
(Partner)

Rajendra Thanvi
Director

Ramakant Tawde
Director

Place: MUMBAI.

Date: 30.06.2007

JRC INDUSTRIES LIMITED

JRC INDUSTRIES LIMITED.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007.

| SCHEDULE | 2006- 07 | 2005 - 06 |
|---------------------------------------|-----------|-----------|
| <u>INCOME</u> | | |
| Gross Receipts | - | 138,362 |
| Total Rs. (A) | - | 138,362 |
| <u>EXPENDITURE</u> | | |
| Travelling & Conveyance | 106,854 | 21,872 |
| Legal & Professional Fees | 169,706 | 245,597 |
| Other Expenses | 123,931 | 25,598 |
| Depreciation | - | - |
| Total Rs. (B) | 400,491 | 293,067 |
| Loss during the Year | (400,491) | (154,705) |
| <u>Less:</u> Provision for Tax | - | - |
| Net Profit after Tax | (400,491) | (154,705) |
| <u>Add:</u> Differed Tax Assets | 74,615 | 60,482 |
| Balance b/f of Profit & Loss | (239,947) | (145,724) |
| Profit Available for Appropriation | (565,823) | (239,947) |
| Balance Carried Over to Balance Sheet | (565,823) | (239,947) |
| | (565,823) | (239,947) |

Notes to Accounts

As per our report of even date

For SUNDERJI GOSAR & CO.
Chartered Accountant

For JRC INDUSTRIES LTD.

Alpesh K. Savla
(Partner)

Rajendra Thanvi
DIRECTOR

Ramakant Tawde
DIRECTOR

Place : Mumbai
Date : 30.06.2007

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JRC INDUSTRIES LIMITED.

SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31-03-2007

| <u>SCHEDULE - A:</u> | <u>31st MARCH</u> | <u>31st MARCH</u> |
|--|-------------------|-------------------|
| <u>Share Capital:</u> | <u>2007</u> | <u>2006</u> |
| Authorised Capital | _____ | _____ |
| 55,00,000 shares of Rs.10/- each | <u>55,000,000</u> | <u>55,000,000</u> |
| <u>Issued, Subscribed & Paid up:</u> | | |
| 50,06,600 Equity Shares of Rs. 10/- each | <u>50,066,000</u> | <u>50,066,000</u> |
| Total Rs. | <u>50,066,000</u> | <u>50,066,000</u> |

| <u>SCHEDULE - B:</u> | | |
|--------------------------------|----------|----------|
| <u>Reserves & Surplus:</u> | | |
| Profit & Loss Account | _____ | _____ |
| Total Rs. | <u>-</u> | <u>-</u> |

| <u>SCHEDULE - C:</u> | | |
|--|-------------------|-------------------|
| <u>Loans & Advances as on 31-03-2007</u> | | |
| (Considerd Goods By Management) | | |
| Advances | _____ | _____ |
| Total Rs. | <u>48,919,945</u> | <u>49,403,208</u> |

A.

| <u>SCHEDULE - D:</u> | | |
|--------------------------------|-------------------|-------------------|
| <u>Cash & Bank Balance</u> | | |
| Bank Balance | _____ | _____ |
| Cash in Hand | _____ | _____ |
| Total Rs. | <u>32,598</u> | <u>32,018</u> |
| | <u>277,451</u> | <u>277,451</u> |
| Total Rs. | <u>310,049</u> | <u>309,469</u> |
| Grand Total (A+B) | <u>49,229,994</u> | <u>49,712,677</u> |

B.

JRC INDUSTRIES LIMITED

SCHEDULE : D

CURRENT LIABILITIES :

Sundry Creditors

Steel & Tube Exporter P v t. Ltd.

- 83,239

Sunderji Gosar & Co.

26,967 25,920

26,967 109,159

Provision:

Provison for Taxation

- -

SCHEDULE : E

Profit & Loss A/c Debit Balance

565,823 239,947

565,823 239,947

SCHEDULE : G

Gross Receipts :

Other Income

- 138,362

- 138,362

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JRC INDUSTRIES LIMITED.

Advances as on 31-03-2007

| | |
|-----------------------------------|-------------------|
| Apex Spinning | 37,768,582 |
| Inertia Steel and Ind. Pv t. Ltd. | 11,151,363 |
| Total Rs. | <u>48,919,945</u> |

Sundry Creditors as on 31-03-2007

| | |
|----------------------|---------------|
| Sunderji Gosar & Co. | 26,967 |
| | <u>26,967</u> |

Details of Other Income:

Interest Received

-

Other Expenses

| | |
|------------------------|----------------|
| Advertisement Expenses | 8,640 |
| FBT Tax | 33,439 |
| Printing & Stationery | 18,587 |
| Audit Fees | 37,495 |
| Bank Charges | 150 |
| Mis. Expenses | 25,620 |
| Total Rs. | <u>123,931</u> |

JRC INDUSTRIES LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2007.

1. **ACCOUNTING CONVENTION:**

The financial statement are prepared under the historical cost convention in accordance with the accounting principles accepted in India and are in line with the relevant laws as well as the guide lines prescribed by the department of company affairs and the Institute of Chartered Accountants of India.

2. **METHOD OF ACCOUNTING:**

Method of accounting employed by the company is generally mercantile both as to income and expenditure except in the case of refunds from government bodies viz. sales tax, income tax etc. and Dividend received from Companies, which are being accounted on cash basis.

3. **FIXED ASSETS AND DEPRECIATION:**

There are no Fixed Assets with the Company.

4. **INVENTORY:**

There are no stocks during the year under consideration.

5. **REVENUE RECOGNITION:**

In the year under consideration there is no revenue received or receivable.

6. **RETIREMENT BENEFITS:**

The Provision of Provident Fund, ESIC etc. are not applicable to the company as there are no employees.

7. **FOREIGN CURRENCY TRANSACTIONS:**

There are no transactions in foreign currency during the year under consideration.

8. **BORROWING COSTS:**

In the year under consideration no interest has been paid nor any borrowings made by the company.

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9. **TAXES ON INCOME.**

As per the accounting standard AS-22 issued by ICAI, the net deferred tax asset amounting to Rs. 2.97 Lacs (Previous Year Rs 2.22 Lacs) on account carried forward losses for the year under consideration, is accounted for using the tax rate and laws that have been enacted or substantially enacted as on the Balance Sheet date, has been credited to the profit and loss account.

10. **CONTINGENT LIABILITY:**

Contingent Liability are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

| | | | |
|-----|--------------------------------|--------------------------------|---------------------------------|
| 11. | Auditors remuneration includes | <u>Current Year</u> | <u>Previous Year</u> |
| | Audit Fees | 24,000 | 24,000 |
| | | <u>24,000</u> | <u>24,000</u> |
| | | ===== | ===== |

12. In the opinion of the board the current assets, loans and advances are approximately of the values stated in the Balance Sheet, if realised in the ordinary course of business.

13. In the absence of declaration from sundry creditors / suppliers with regard to their status as SSI, the amounts due to SSI units have not been segregated.

14. Previous year's figures have been regrouped and reclassified wherever necessary.

15. **EXPENDITURE IN FOREIGN CURRENCY:**

Expenditure incurred in Foreign Currency Rs. NIL.

16. There is no income in Foreign Currency.

17. **EARNING PER SHARE:**

| | | |
|--|------------|------------|
| Profit after tax as per P & L. Account | (3,25,876) | (94,223) |
| No. of Equity Shares (Nos.) | 5006600 | 5006600 |
| Basic and diluted earning per share | (0.07) | (0.02) |

JRC INDUSTRIES LIMITED

18. **RELATED PARTY DISCLOSURE:**

There are no transactions to be reported in the year under consideration.

19. **SEGMENT REPORTING:**

The Company deals in only one product; hence there are no further segments for reporting business-wise and geographical also.

As Per Our Report Of Even Date.

For **SUNDERJI GOSAR & CO.**
Chartered Accountants

For **JRC INDUSTRIES LTD.**

(ALPESH K. SAVLA)
PARTNER
M. No. 47828.

DIRECTOR DIRECTOR

Place: Mumbai.
Date : 30-06-2007.

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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 04 – 21862 State Code 11

Balance Sheet Date – 31/03/2007.

II. Capital raised during the year : (in Rs. '000)

Public Issue Right Issue

Nil Nil

Bonus Issue Private Placement

Nil Nil

III. Position of Mobilisation and Deployment of Funds (in Rs. '000)

Total Liabilities Total Assets

50,066 50,066

Sources of Funds:

Paid – up Capital Reserves & Surplus

50,066 Nil

Share Application Money

Nil

Secured Loans Unsecured Loans

Nil Nil

Application of Funds:

Net Fixed Assets Investments

Nil Nil

JRC INDUSTRIES LIMITED

| | |
|--------------------|--------------------|
| Net Current Assets | Misc. Expenditure |
| 49,203 | 566 |
| Deferred Tax Asset | Accumulated Losses |
| 297 | Nil |

IV. Performance of Company (in Rs. '000)

| | |
|--------------------------|------------------------|
| Turnover | Total Expenditure |
| 0 | 400 |
| Profit/ Loss before tax | Profit/ Loss after tax |
| (400) | (400) |
| Earning per share in Rs. | Dividend Rate % |
| N.A | NIL |

V. Generic Names of Three Principal Products / Services of Company (As per Monetary Terms)

| | |
|-----------------------------|------|
| Item Code No. (ITC Code) | Nil |
| Product Description | N.A. |

As Per Our Report On Even Date

For **SUNDERJI GOSAR & CO.**
Chartered Accountants

For **JRC INDUSTRIES LTD.**

(ALPESH K. SAVLA)
PARTNER
M. No. 47828.

DIRECTOR DIRECTOR

Place: **Mumbai**
Date : **30-06-2007.**

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J R C INDUSTRIES LIMITED.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2007

A. CASH FLOW FROM OPERATING ACTIVITIES :

| | |
|---|--------|
| Net Profit before tax and extraordinary items | (4.01) |
| <u>Adjustments for :</u> | |
| Interest | - |
| Preliminary Exp. Written Off | - |
| Operating Profit Before Working Capital Changes | (4.01) |
| <u>Adjustments for :</u> | |
| Trade and Other Receivables | 4.83 |
| Inventories | - |
| Trade Parties | (0.82) |
| Cash generated from Operations | - |
| Interest Paid | - |
| Direct Taxes Paid | - |
| Cash flow before extraordinary items | - |
| Extraordinary items | - |
| Net cash from operating activities | - |

B. CASH FLOW FROM INVESTING ACTIVITIES :

| | |
|---------------------------------------|---|
| Purchase of Fixed Assets | - |
| Sale of Fixed Assets | - |
| Purchase of Investments | - |
| Sale of Shares | - |
| Interest Received | - |
| Dividend Received | - |
| Net Cash used in investing activities | - |

C. CASH FLOW FROM FINANCING ACTIVITIES :

| | |
|---|----------|
| Proceeds from issue of share capital | - |
| Proceeds from Long Term Borrowings | - |
| Repayment of Loans | - |
| Dividend paid | - |
| Net Cash used in financing activities | - |
| <u>Net increase in cash and cash equivalents</u> | - |
| Cash and cash equivalents as at 01/04/2006 (Opening Balance) | 3.10 |
| Cash and cash equivalents as at 31/03/2007 (Closing Balance) | 3.10 |

For SUNDERJI GOSAR & Co.
Chartered Accountant

For JRC INDUSTRIES LTD.

Alpesh K. Savla
(Partner)

Rajendra Thanvi
Director

Ramakant Tawde
Director

Place : Mumbai
Date: 30-06-2007

Book-Post



If Undelivered Please Return to :

JRC INDUSTRIES LIMITED

Registered Office : F/21, Vikram Chambers, Near Sales India,
Ashram Road, Ahemdabad - 380 009, Gujarat.