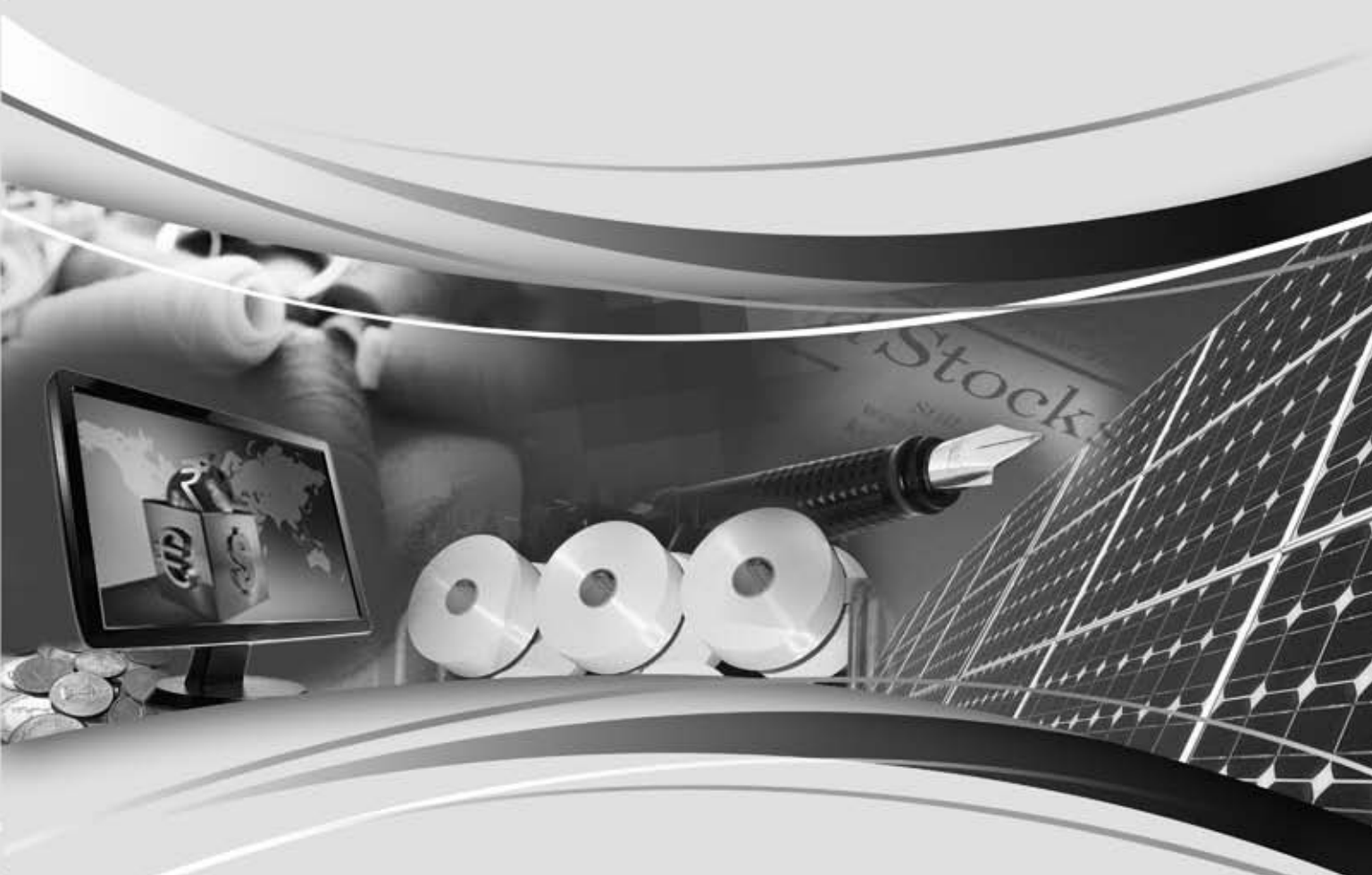




# JBF Industries Limited



**Annual Report 2009-2010**

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**Note :** Notice of Annual General Meeting is enclosed with this Annual Report

## Corporate Information

### Board of Directors

Bhagirath C. Arya  
Chairman

Rakesh Gothi  
Managing Director & CEO

P. N. Thakore  
Director-Finance & CFO

N. K. Shah  
Director-Commercial

Veena Arya  
Director

Krishen Dev  
Director

B. R. Gupta  
Director

Prakash V. Mehta  
Director

Sunil Diwakar  
Director

N Balasubramanian  
Director (upto 24.6.2009)

P. R. Srinivasan (CVCI)  
Director (upto 25.5.2010)

Vinay Sah (Nominee - LIC)  
Director

Rahul Yadav  
Director (w.e.f. 26.9.2009)

### Company Secretary

Ujjwala G. Apte

### Auditors

Chaturvedi & Shah  
Chartered Accountants

### Solicitors

Malvi Ranchoddas & Co.

### Main Bankers

Bank of Baroda  
State Bank of India  
State Bank of Indore

Bank of India  
Andhra Bank  
IDBI Bank Ltd.  
State Bank of Patiala

Standard Chartered Bank  
SBICI Bank Ltd.  
Barclays Bank PLC

### Registered Office

Survey No. 273, Village Athola,  
Silvassa, Dadra & Nagar Haveli.

### Corporate Office

8th Floor, Express Towers,  
Nariman Point, Mumbai - 400 021.

### Plants

- Survey No. 273, Village Athola, Dadra & Nagar Haveli, Silvassa.
- 156/2, Village Saily, Saily-Rakholi Road, Dadra & Nagar Haveli, Silvassa.
- Plot No. 11 and 215 to 231, Sarigam GIDC Indl. Area, Tal : Umbergaon, Sarigam, Vapi, Gujarat

### Subsidiaries

JBF GLOBAL PTE. LTD.  
138, Robinson Road,  
# 17-00, The Corporate Office,  
Singapore - 068900.

JBF RAK LLC  
P. O. Box : 6574  
Ras Al Khaimah,  
U.A.E.

### R & T Agents

M/s. Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound,  
LBS Road, Bhandup (West),  
Mumbai-400 078.

### Annual General Meeting

Saturday, 25th September, 2010  
at 12.30 pm  
Daman Ganga Resort,  
Silvassa

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty Eighth Annual Report together with the Audited Accounts of the Company for the financial year ended on 31st March, 2010.

### FINANCIAL RESULTS

[Rs.in crores]

Particulars	Year ended on 31st March, 2010. [Audited]	Year ended on 31st March, 2009. [Audited]
Turnover & Other Income	2728.69	2407.58
Profit before Depreciation & Tax	245.22	172.85
Less : Depreciation	62.21	52.30
<b>Profit before Tax</b>	<b>183.01</b>	<b>120.55</b>
Less : Provision for Current Taxation	42.71	20.56
Less : Provision for Deferred Tax	11.27	23.19
Less : Provision for Fringe Benefit Tax	–	0.25
Less : Taxes for Earlier Year	0.03	0.28
<b>Net Profit for the year</b>	<b>129.00</b>	<b>76.27</b>
Less : Prior period Adjustments	0.22	2.77
Profit/(Loss)brought forward from previous year	257.52	228.43
<b>Surplus available for appropriations</b>	<b>386.30</b>	<b>301.93</b>
Less : Transfer to General Reserve	12.90	8.00
Less : Transfer to Debenture Redemption Reserve	0.57	–
Less : Proposed Dividend on Equity Shares	37.35	31.12
Less : Tax on Proposed Dividend	6.35	5.29
<b>Balance of Profit / [Loss] carried to Balance Sheet</b>	<b>329.13</b>	<b>257.52</b>

### DIVIDEND

The Board of Directors has recommended dividend of Rs. 6/- (Rupees Six only) per share (@ 60%) on the Equity Share Capital of the Company. Dividend will be paid to equity shareholders if approved by members at the Annual General Meeting.

The equity shares issued on conversion of FCCB before the date of book closure will be considered for the payment of dividend.

### DIRECTORS

Mr. Sunil Diwakar, Mr. Prakash Mehta, Mrs. Veena Arya and Mr. Krishen Dev, are retiring by rotation and being eligible, offers themselves for re-appointment.

Mr. N. Balasubramanian, Non-Executive Independent Director, has resigned from the Board on 24th June, 2009.

Mr. P. R. Srinivasan, an Investor Director, representing Citigroup Venture Capital International Growth Partnership Mauritius Ltd., has resigned from the Board on 25th May, 2010.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis forms part of the Directors' Report and is annexed hereto.

### ACHIEVEMENTS

#### Performance

The overall production of Polyester Chips during the year has increased from 3,99,554 MT in 2008-09 to 4,31,342 MT in 2009-10, reflecting an increase of 7.96 %.

Net sale of the Company also increased from Rs.2394.41 Crores in 2008-09 to Rs 2691.31 Crores in 2009-10, reflecting an increase of 12.40 %.

The net profit of the Company has increased from Rs.76.27 Crores in

2008-09 to Rs.129.00 Crores in 2009-10. As result of this the profit after tax shows a upward from 3.19% of sales in 2008-09 to 4.79% of sales in 2009-10.

### Expansion

The expansion activities for increasing the capacity for Fully Drawn Yarn (FDY) and Partially Oriented Yarn (POY) by 72,000 Tons is under completion. This is likely to add another Rs.500 crores to the turn over and is likely to lead to improvement on the margins. As per the current indications, this expansion is likely to be completed by August, 2010.

At the plants the activities of debottlenecking are going on. These activities would result in additional production of Bottle Grade Chips.

### SUBSIDIARY COMPANY

Audited Accounts of JBF Global Pte Ltd. and JBF RAK LLC and Statements required under Section 212 of Companies Act, 1956, regarding the subsidiary company forms of part of this Annual Report.

At JBF RAK LLC, UAE, The production of PET Chips was 362,812 Tons and production of Film was 53,585 Tons.

Total revenue for the year was USD 500.7 million, EBTD was USD 47.63 million and Net Profit was USD 22.13 million.

At UAE, plans are underway to increase the capacity of Polyester Film.

The Company has also signed non-binding MOU with Oman Oil Company (part of Oman Refinery) owned by Government of Oman for setting up a 1.2 Million (12 Lacs) Tonnes per annum Purified Terephthalic Acid – PTA plant at Oman as a Joint Venture.

### RISK MANAGEMENT

The Board of Directors regularly review risks and threats and takes suitable steps to safeguard Company's interest.

### INSURANCE

All the properties of the Company including buildings, plant and machinery and stocks have been adequately insured.

### FIXED DEPOSITS

During the year Company has not accepted any Fixed Deposits and as such, no amount of principal or interest on account of Fixed Deposits is outstanding as on the date of Balance Sheet.

## DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with Section 217(2AA) of the Companies Act, 1956, the Directors report that:

1. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to Standard Auditing Practices;
2. Such Accounting policies have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended on 31st March, 2010.
3. Proper and sufficient care has been taken for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing & detecting fraud and other irregularities.
4. The annual accounts have been prepared on a Going Concern Basis.

### CORPORATE GOVERNANCE

To comply with conditions of Corporate Governance, pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis Statement, Corporate Governance Report and Auditors' Certificate, are included in the Annual Report.

Code of Conduct for Directors and Employees of the Company, has been communicated to them and a copy has been pasted on the web site of Company.

### EMPLOYEES STOCK OPTION SCHEME

Pursuant to resolution passed on 25th September, 2009, approving Employees Stock Option Scheme for 21,78,486 equity shares aggregating

3.5% of the issued Equity Share Capital of the Company as on 31st March, 2010. During the year under review, your Company granted 21,54,000 options to 298 selected employees and Directors, under JBF ESOS at exercise price of Rs. 60 per share as per the modified resolution passed in the previous AGM held on 25th September 2010. Details of the same are given in the annexure to this report.

### AUDITORS

M/s Chaturvedi & Shah, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

The Company has received a certificate from the proposed Auditors to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and also that they are not otherwise disqualified within the meaning of the sub-section 3 of section 226 of the Companies Act, 1956.

### AUDITORS' OBSERVATIONS ON STANDALONE AND CONSOLIDATED ACCOUNTS

In order to hedge the Company's exposure to foreign exchange and interest rate, the Company entered into a derivative contract. The marked to market loss in respect of the above derivative contract as on 31st March, 2010 is Rs.63.37 crores, which has not been provided in the books of account since the company is of the view that the above loss is notional in nature and may be payable only if loss conditions are triggered. The Auditors have qualified the non provision of marked to market loss of Rs. 63.37 crores for the year ended 31st March, 2010 in their report with the consequential effect of Rs. 41.83 crores on the profit after tax.

### COST ACCOUNTING RECORDS

The Company has maintained cost accounting records in respect of manufacture of Polyester Chips and Partially Oriented Yarn (POY) as required for the year ended 31st March, 2010.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

A Statement containing necessary information as required under Section 217(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed to this report as an "Annexure A" to the Directors Report.

### PARTICULARS OF EMPLOYEES

The information required under the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, and forming part of the Report is annexed hereto as an "Annexure B" to the Directors Report.

### FOREIGN EARNINGS/OUT GOINGS

Foreign Exchange earnings by way of exports and interest were Rs.613.60 Crores and Rs.2.46 Crores respectively against outgo of Rs.669.32 Crores on import of raw materials and Rs.58.15 Crores of foreign exchange were invested in imported capital equipments for the growth of the Company.

### APPRECIATION

The Board of Directors would like to express their grateful appreciation for the assistance, support and co-operation received from the Financial Institutions, Banks, Government Authorities and Shareholders during the year under review.

The employees of the Company contributed significantly in achieving the results. The Directors take this opportunity of thanking them and hope that they will maintain their commitment to excellence in the years to come.

For and on behalf of the Board of Directors

Place: Mumbai

Date: 26<sup>th</sup> May, 2010.

**BHAGIRATH C ARYA**  
CHAIRMAN

## ANNEXURE TO THE DIRECTORS REPORT

### ANNEXURE A

A Statement containing necessary information as required under section 217(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

The relevant information is given below:-

#### A. POWER & FUEL CONSUMPTION

	For the year Ended 31.03.2010	For the year Ended 31.03.2009
1. Electricity		
Purchased Units (in thousands)	148,313	154,947
Total Amount (Rs in Lacs)	5,883.74	6,285.68
Rate / per unit (Rs)	3.97	4.06
2. Furnace Oil		
Consumed ( Kgs in thousands)	4,841	15,962
Total Amount (Rs in Lacs)	887.24	3,208.76
Rate/ per kg (Rs)	18.33	20.10
3. Light Diesel Oil & HSD		
Consumed (Ltrs in thousands)	2,235	603
Total Amount (Rs in Lacs)	705.32	221.43
Rate/ per Ltr (Rs)	31.56	36.73
4. Natural Gas		
Consumed (Gcal)	297,888	152,133
Total Amount (Rs in Lacs)	5,973.69	2,358.29
Rate/ per Gcal (Rs)	2,005.35	1,550.15

#### B. CONSUMPTION PER UNIT OF PRODUCTION

	For the year Ended 31.03.2010	For the year Ended 31.03.2009
1. Electricity (kwh /Ton of Product)		
a) Polyester Filament Yarn (POY)	781	800
b) Polyester Chips	27	62
c) Polyester Processed Yarn	1,368	1,347
2. Furnace Oil (Kgs/Ton of Product)		
a) Polyester Chips	11	40
3. Light Diesel Oil & HSD (Ltrs/Ton of Product)		
a) Polyester Filament Yarn (POY)	12	2
b) Polyester Chips	1	1
c) Polyester Processed Yarn	7	--
4. Natural Gas (Gcal/Ton of Product)		
a) Polyester Chips	0.73	0.49

**ANNEXURE B**

Statement of particulars of employees pursuant to the provision of section 217(2a) of the Companies act, 1956 & forming part of the Directors Report for the year ended 31st March, 2010

A. Employed throughout the financial year under review and were in receipt of remuneration for financial year in the aggregate of not less than Rs. 24,00,000/-

Sr. No	Name	Age (years)	Designation	Remuneration (gross)	Qualification	Experience (years)	Date of Commencement of Employment	Last Employment
1.	Mr. Bhagirath Arya	60	Executive Chairman	49,075,186	B.E. ELECTRICAL	37	10/06/1983	Not Applicable
2.	Mr. Rakesh Gothi	60	Managing Director & CEO	5,438,100	B.TECH,MS, MBA	30	01/01/1997	J.K. Synthetics Ltd
3.	Mr. P.N. Thakore	55	Director Finance & CFO	2,504,841	BSC, FCA, ICWA	31	09/01/1990	Armour Chemicals Ltd.

Notes : 1. Remuneration as shown above includes salary,allowances,medical benefits,contribution to provident fund, superannuation scheme and Other perquisites.

2. Gross remuneration of Chairman includes Rs.1,65,00,000/- paid/payable as commission.

3. The benefit value in respect of 15,46,494 Stock Option granted to the full time & Executive Directors is not considered for the above purpose.

**ANNEXURE TO THE DIRECTORS REPORT****Employee Stock Options Scheme 2009**

(a)	Options granted	2154000
(b)	Pricing Formula	Rs.60.00 per share
(c)	Options vested	Nil
(d)	Options exercised	Nil
(e)	Total number of shares arising as a result of exercise of options	Nil
(f)	Options lapsed (as at 31st March 2010)	181800
(g)	Variation of terms options (as at 31st March 2010)	N/A
(h)	Money realized by exercise of options	Nil
(i)	Total number of options in force (as at 31st March 2010)	1972200
(j)	Employee wise details of options granted to	
	1. Mr Rakesh Gothi, Managing Director & CEO	45000
	Mr N K Shah, Director Commercial	45000
	Mr P N Thakore, Director- Finance & CFO	45000
	Ms Ujjwala Apte, Company Secretary	45000
	Mr Kishen Dev, Independent Director	45000
	Mr B R Gupta, Independent Director	45000
	Mr Prakash Mehta, Independent Director	45000
	Mr Sunil Diwakar, Independent Director	45000
	2. Employees to whom more than 5% options granted during the year	Nil
	3. Employees to whom options more than 1% of issued capital granted during the year	Nil
(k)	Diluted EPS,pursuant to issue of shares on exercise of options	Rs 19.51
(l)	1. Method of calculation of employee compensation cost	Calculation is based on intrinsic value method Intrinsic value per share is Rs.36.40 per share
	2. Difference between the above and employee compensation cost that shall have been recognized if it had used the fair value of the options	Employee compensation cost would have been higher by Rs.0.93 Crores had the Company used fair value method for accounting the options issued under ESOS
	3. Impact of this difference on Profits and on EPS of the Company	Profits would have been lower by Rs 0.93 Crores and EPS would have been lower by Rs.0.14, had the Company used fair value method of accounting the options issued under ESOS
(m)	1. Weighted average exercise price	Rs. 60.00
	2. Weighted average fair value of options based on Black Scholes methodology	Rs. 51.39
(n)	Significant assumptions used to estimate fair value of options including weighted average	
	1. Risk free interest rate	7%
	2. Expected life	Average life taken as 2 years from date of grant
	3. Expected volatility	39%
	4. Expected dividends	Not separately included, factored in volatility working
	5. Closing market price of share on a date prior to date of grant	Rs 96.40

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. World Economic Outlook

According to the World Bank's Global Economic Prospects 2010 Report, the World economy is expected to grow by 2.7% in 2010 and 3.2% in 2011. This represents a nascent recovery after the recession caused by the financial crisis in 2008 & 2009.

The prospects for developing countries are for a relatively more robust recovery, growing 5.2% in 2010 and 5.8% in 2011 – up from 1.2% in 2009. China is expected to propel this growth, the country's 4 trillion yuan stimulus package, and a record surge in bank lending having helped the economy grow at nearly 9% in 2009 itself.

GDP in the developed economies of North America, W.Europe and Japan, which dropped by 3.3% in 2009, is expected to recover more slowly - 1.8% in 2010 and 2.3% in 2011. The US is expected to fare better than the European economies, having posted a Y-o-Y GDP growth of 5.7% in the 4th quarter of 2009. The financial problems in the Eurozone are expected to restrict GDP growth in the EU to only 1% in 2010.

## 2. India Economic Outlook

The Indian economy is estimated to have grown by around 7% in 2009-10, and is expected to grow by 8.5% in 2010-11, as per the Govt.'s Economic Survey. Manufacturing growth has more than doubled to 8.9% in 2009-10 from 3.2% in the previous year. The recovery spans most industries and services. High food inflation remains a cause of concern. A good monsoon is expected this year, which will boost the agriculture sector, and help sustain the broad economic growth trend.

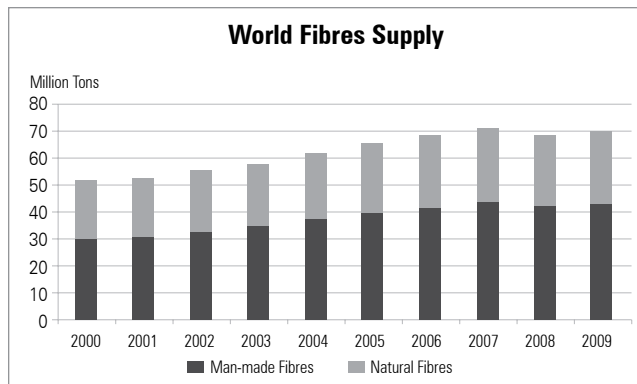
The series of fiscal stimulus measures announced by the Government since late 2008 helped to sustain the domestic economy. The continuation of the export credit interest benefit and the enlargement of the Focus Market Scheme contributed to the recovery in the export sector.

The improvement in the economic growth rate augurs well for domestic demand growth in the textile industry, including polyester, which has historically had a close co-relation with GDP growth.

## 3. World Fibres Outlook

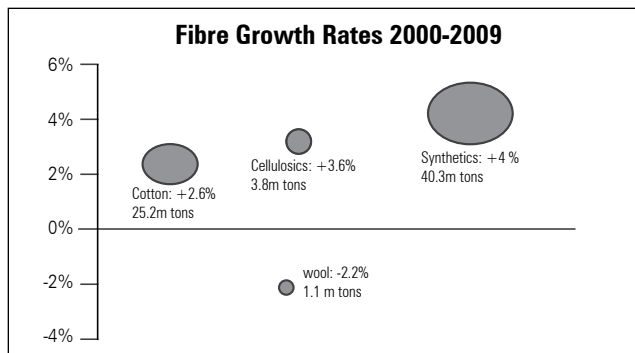
### 3.1 World Fibres Supply:

The global supply of man-made and natural fibres was 70.5 million tons in 2009. Of this, man-made fibres account for 44 million tons (62%) while natural fibres account for 26.5 million tons (38%). The average per capita consumption of all fibres combined stands at 10.4 kg.



Source: Oerlikon - The Fibre Year 2009/10 Report

The average annual growth rate of fibre demand has been 3.3% during the last decade (2000-2009). The growth is been mainly driven by man-made fibres (4%). The growth in natural fibres has been below-average, with cotton being the main fibre.



Source: Oerlikon - The Fibre Year 2009/10 Report

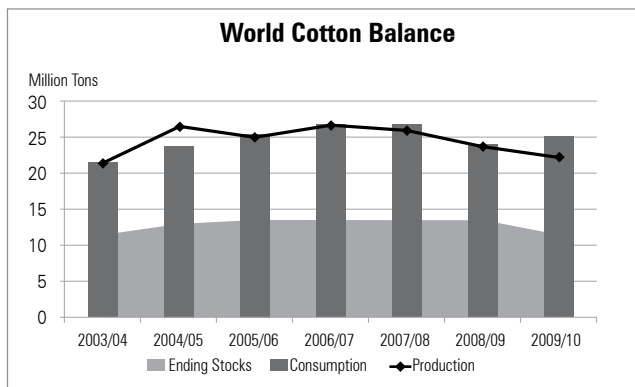
### 3.2 Cotton Demand-Supply

The latest estimates for the current season's world cotton production are for 22.3 million tons. This is a decline of 4.8% over the last season. World consumption, on the other hand, is projected to increase by 5.4% to 25.2 million tons.

The decline in supply is because the cotton acreage has declined especially in China (-15%) - in response to poor demand and hence price levels due to the global recession in 2008/09.

The demand is expected to be more robust this year due to the better economic conditions world-wide. This will lead to a decline in cotton stocks by around 10%. As a result of this situation, the cotton prices have been on an upward trend since the beginning of 2010, and are expected to remain bullish.

Decline in Cotton stocks and rising prices for cotton should lead to a favourable demand situation for Synthetics and in turn for Polyester, it being a major proportion amongst synthetics.



Source: JBF Internal Research

### 3.3 Polyester Outlook

Amongst all man-made fibres, polyester is by far the most dominant (72% by volume) as well as the fastest-growing.

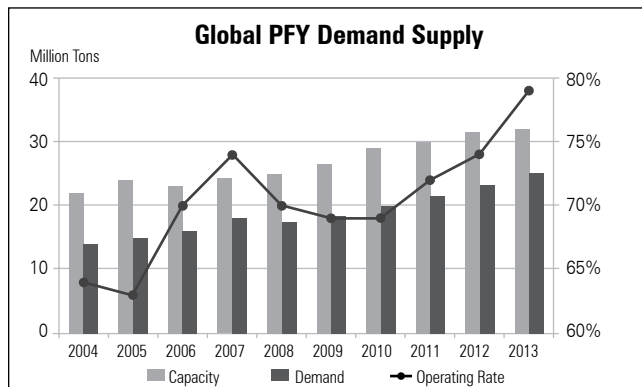
Fibre Type	2009 Supply in Million Tons	% change over 2008
Polyester	31.93	+5.3%
Polyamide	3.49	-1.4%
Polypropylene	2.54	-6.5%
Acrylics	1.95	+4.4%
Others	0.42	-6.6%
Total Synthetics	40.33	+3.7%

Source: Oerlikon - The Fibre Year 2009/10 Report



The production of Polyester Fibres was up 5.3% at 32 million tons for 2009, and is expected to continue growing at around 2 million tons every year. China accounts for almost 70% of global production, with India establishing itself as a clear No.2 with around 9% share. Most of the future growth in Polyester Fibre production will come from China and India.

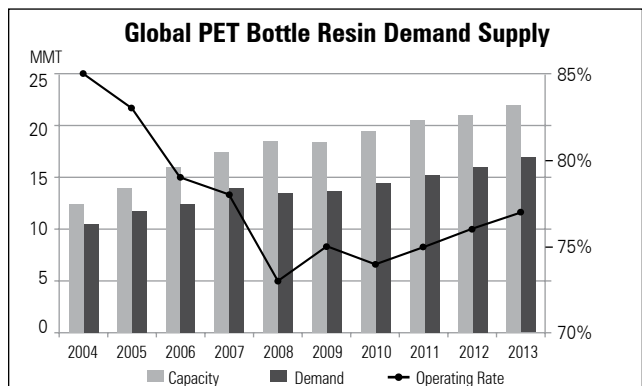
Polyester Filament Yarn (PFY) demand increased by 5% to 19 million tons in 2009. The demand growth is expected to average 6-7% over the next 4 years. Operating rates are expected to improve as demand growth exceeds the capacity growth.



Source: JBF Internal Research

**3.4 PET Resin outlook**

Polyethylene Terephthalate (PET) resin, which caters to packaging applications, has been the fastest growing polyester application over the last 3-5 years. PET demand touched 14 million tons in 2009. The demand is expected to grow at 5-6% per year over the next 4 years. Light-weighting and re-cycling in PET bottles is increasing, especially in the developed countries. These trends will moderate the increase in PET demand to some extent.



Source: JBF Internal Research

**4. Indian Polyester Scenario**

The Indian textile industry recovered well in 2009 from the global downturn of the previous year. The domestic consumption growth was strong, while exports recovered from the negative growth experienced in fiscal 2008-09. The Indian Government’s stimulus packages helped boost domestic demand. The addition of new markets in the Focus Market Scheme and the extension of the interest subvention of 2% till March 2011 helped exports to recover.

India’s per capita consumption of Polyester is only around 3.5 kg, compared to a global average of 7.2 kg. Growth in consumption of Polyester has historically had a co-relation with GDP growth. As the Indian economy continues to growth, the demand for Polyester products will increase, driven by rising personal income levels and increased non-apparel applications.

In 2009-10, the overall demand for polyester products is estimated to have grown by 10-12%. Polyester Yarn and Fibre demand was also boosted due to the firmness in cotton prices, which led to fibre substitution in favour of polyester.

The Government raised excise duty on polyester from 4% to 8% in July 2009, and then further to 10% in the 2010-11 Union Budget. The downstream textile industry continues to have the option of not being in the excise net.

The Indian polyester industry faced a shortage of PTA for most of 2009-10, mainly due to the delay in Mitsubishi’s new plant start-up, coupled with commissioning of new polymerization plants.

**4.1 Polyester Yarns and Fibre**

We estimate India’s Polyester Fibre (PFY + PSF) Capacity in 2010 to be around 3.7 million tons p.a. India is expected to maintain its No.2 position in Polyester Fibres, with an average capacity increase of around 0.3-0.4 million tons per year, mostly in PFY. This represents a growth rate of around 10% over the next few years. Downstream texturing and weaving capacity is also expected to be added, in line with the expansions in the spinning industry. In order to achieve better chain cost economics, some PFY producers are integrating backward into polyester yarn plants and also polymerization plants. This trend is expected to continue in the future too.

Polyester demand in non-apparel applications such as home furnishings and technical textiles is picking up. Producers are increasingly focusing on this segment with respect to both the domestic and export markets. Technical textiles have usage in applications like Geo Textiles for road construction, Flame retardant fabric, non-woven disposable products, air bags in cars, industrial belts etc.

**4.2 PET Resin**

The demand for PET resin in India is around 350 kilo tons. India’s per capita consumption of PET is only 0.3 kg, compared to the world average of around 2 kg. There is thus great scope for growth in various packaging applications. JBF launched its PET resin product in late 2008, and now has a market share of around 10%.

**5. EXPANSION PLANS**

The current capacity at JBF Industries Limited for Partially Oriented Yarn (POY) and Fully Drawn Yarn (FDY) is of the order of 163,200 Tons Per Annum. The expansion activities for increasing the capacity for Fully Drawn Yarn (FDY) and Partially Oriented Yarn (POY) by 72,000 Tons is under completion. This expansion is likely to add another Rs. 500 crores to the turn over and is likely to lead to improvement on the margins. As per the current indications, this expansion is likely to be completed by around August 2010. With this expansion, the company will enhance its capability of utilizing additional quantity chips on captive consumption basis, balance out the risk resulting from selling the high quantity of chips in the existing markets where for a short time, there is going to be an oversupply of chips in the market.

The company continues to carry out with various debottlenecking activities both at Sarigam in India. These activities would result in additional production of Bottle Grade Chips.

At UAE, plans are underway to increase the capacity of Polyester Film .

The Company has also signed non-binding MOU with Oman Oil Company (part of Oman Refinery) owned by Government of Oman for setting up a 1.2 Million (12 Lacs) Tonnes per annum Purified Terephthalic Acid - PTA plant at Oman as a Joint Venture.

**6. ADEQUATE INTERNAL CONTROLS**

The Company, in consultation with its Auditors, periodically reviews and ensures the existence of adequate internal control procedures and systems for the orderly conduct of business.

Cost control measures, with special emphasis on Cost cutting have been implemented. Costing aspects in various divisions are kept under scrutiny and renewed from time to time. The Internal control systems are so designed so as to safeguard assets of the Company against loss, unauthorized use or disposition and also include a review to ensure overall adherence to management policies and applicable laws and regulations.

The Audit Committee of Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for



strengthening them. The Company has strong Management information System which is an integral part of control mechanism. Company has taken effective steps to put in place a Risk Management Framework and the Risk Management committee continues to monitor periodically the Risk Mitigation Activities.

## 7. AWARDS

Company was selected as the top Indian company under the Petrochemicals and Polymers sector for the Dun & Bradstreet – Rolta Corporate Awards 2009. This achievement was possible due to unstinted urge to outperform in this sector and the credit goes to the entire team at JBF Industries Ltd. for this achievement.

## 8. PERFORMANCE FOR THE YEAR 2009-10:

HighLights		Year 2009-10	Year 2008-09	% Change
Total Shipments				
Polyester Chips	MT	276411	240871	14.75
Polyester Filament Yarn(POY)	MT	143615	142637	0.69
Polyester Processed Yarn	MT	6517	7102	(8.24)
Total		426543	390610	9.20
Net Turnover	Rs. in Crores	2691.31	2394.41	12.40
Profit before Interest, Depreciation and Tax	Rs. in Crores	307.11	232.27	32.22
Interest and Finance charges	Rs. in Crores	61.89	59.42	4.16
Depreciation	Rs. in Crores	62.21	52.30	18.95
Current Taxation (Net)	Rs. in Crores	42.74	21.09	102.66
Deferred Tax	Rs. in Crores	11.27	23.19	(51.40)
Net Profit	Rs. in Crores	129.00	76.27	69.14
Earning per share (EPS)Basic	Rs.	20.69	11.81	75.19
-Diluted	Rs.	19.51	11.36	71.74
Equity Shares-No. of Shares as on 31st March.	Nos.	62242448	62242448	--
No of Shares for basic EPS	Nos.	62242448	62242448	--
No of Shares for Diluted EPS	Nos.	66215879	65800781	0.63

## 9. CASH FLOW ANALYSIS:

Rs. in Crores

Sources of Cash	Year 2009-10	Year 2008-09
Cash from Operations	271.46	250.24
Income from Investing Activities	7.08	10.52
Decrease in Working Capital	38.92	--
Proceeds from Term Borrowings (net of repayment)	136.47	109.56
Sale of Investments (Net)	--	16.14
Decrease in cash & Cash equivalent	3.45	79.18
<b>Total</b>	<b>457.38</b>	<b>465.64</b>
Use of Cash		
Net Capital Expenditure	224.32	196.39
Increase in Working Capital	--	132.73
Interest paid	59.41	46.72
Dividend paid (Incl. Tax on Dividend)	36.23	10.85
Tax paid (net)	40.79	22.35
Exchange Difference(Net)	5.20	15.82
Investment in Subsidiary Company	--	40.78
Purchase of Investment (Net)	91.43	--
<b>Total</b>	<b>457.38</b>	<b>465.64</b>

## 10. SAFETY, HEALTH AND ENVIRONMENT (SHE) :

The company has introduced procedures and systems to ensure appropriate safety, health and environment systems. Following activities are in place or have been introduced:

### A. SAFETY

- Employees including the contract workmen are being given necessary health & safety induction & provided with appropriate training ( including proper usage of PPE's, safe working at height, electrical safety).
- Ensuring of Safe & healthy workplace by providing necessary systems & infrastructure.
- Conducting of safety audits , quarterly safety audit being done through safety committee members.
- As a motivational effort, National Safety Day is being celebrated on a large scale.
- First Aid Awareness Training being given to employees through ST. John's Ambulance.
- Housekeeping inspection is done on regular basis at the seniormost level and safety rounds taken by senior staff at regular intervals.
- Safety Committee Meeting being conducted on monthly basis.
- First Aid boxes & First aid materials are being provided and maintained by the Safety Department.
- Fire Safety Training through External Agencies is being conducted and Fire Day Celebration is being conducted

### B. HEALTH

- Drinking water facility and clean toilets arrangement have been ensured.
- Routine Health check up for all employees are being conducted regularly.
- First Aid Awareness training is being conducted on regular basis by the FMO.
- Counseling for Health Check up is being followed by the medical officer at regular interval and track record on occupational health is being kept

### C. ENVIRONMENT

- Pollution control activities as per statutory requirements are being carried out.
- Rainwater harvesting concept is being implemented.
- Third party Environment monitoring is being conducted quarterly through External Agencies
- Regular internal ISO Audit is being done.
- Weekly basis Environmental message is being circulated..
- Environment Day Celebration is being conducted on a large scale.

### Company continues to have the following certifications:

ISO 9001:2008 Quality Management System

ISO 14001: 2004 Environmental management System

ISO 18001: 1999 Occupational Health and Safety Management system

ISO 22001 : 2005 Food safety management system

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand, foreign exchange fluctuations and pricing in the Company's principal markets, changes in Government regulations, tax regimes economic developments within India and the countries in which the Company conducts business and other incidental factors.

## CORPORATE GOVERNANCE REPORT

### Company Philosophy on Corporate Governance

Corporate Governance is an essential element of JBF Industries Limited's business practices and value system. The major facets of company's corporate governance codes and policy are :

1. Highest level of transparency and accountability.
2. All operations and actions should serve the goal of enhancing share holder value.
3. Commitment to highest level of customer's satisfaction.
4. Total compliance towards statutory aspects including environmental standards.
5. Continuous activities towards sustained developments of the company.

The Company strongly believes that good corporate governance ultimately leads to growth and competitive strength and the corporate governance norms are the foundations of all procedures at the Board and operational levels.

### Board of Directors

#### Composition & Category of Directors

The Board of Directors consists of 11 directors out of which 6 are Independent. The Company has an Executive Chairman. The proportion of Non-Executive Directors to Executive Directors complies with the provisions of listing agreement with Stock Exchanges.

The category and designation of the Directors is as follows :

Name of Director	Designation	Category
Mr. Bhagirath C Arya	Executive Chairman	Executive & Promoter
Mr. Rakesh Gothi	Managing Director	Executive
Mr. P. N. Thakore	Director- Finance	Executive
Mr. N. K. Shah	Director-Commercial	Executive
Mrs. Veena Arya	Director	Non Executive & Promoter
Mr. Krishen Dev	Director	Non Executive & Independent
Mr. B. R. Gupta	Director	Non Executive & Independent
Mr. P. V. Mehta	Director	Non Executive & Independent
Mr. P. R. Srinivasan Upto 25.05.2010	Director (Nominated by CVCI)	Non Executive & Investor Director
Mr. Sunil Diwakar	Director	Non Executive & Independent
Mr. N. Balasubramanian Upto 24.06.2009	Director	Non Executive & Independent
Mr. Vinay Sah	Director (LIC Nominee)	Non Executive & Independent
Mr. Rahul Yadav w.e.f 26.09.2009	Director	Non Executive & Independent

### CEO & CFO

Mr. Rakesh Gothi, Managing Director, and Mr. P. N. Thakore, Director-Finance, are designated as Chief Executive Officer (CEO) and Chief Finance Officer (CFO) of the Company respectively.

### Directors Retiring by Rotation in this Annual General Meeting.

Mr. Sunil Diwakar, Mr. Prakash Mehta, Mrs. Veena Arya and Mr. Krishen Dev are retiring by rotation.

### Brief Profile of Directors Retiring by Rotation.

**Mr. Sunil Diwakar**, holds a Masters Degree in Production Technology from IIT, Madras and also holds a diploma in International Management from IMI, New Delhi. He joined IL&FS in the year 2004. He has an experience of over 16 years in the Indian Private Equity Industry and 3.5 years experience in the Aeronautical Engineering Industry.

Mr. Diwakar is on the Board of Arch Pharmed Labs Ltd., Bharat Fritz Werner Ltd., Eastern Silk Industries Ltd., Electrosteel Integrated Ltd., Malladi Drugs & Pharmaceuticals Ltd., Prasad Corporation Ltd., and RSB Transmission (I) Ltd.

Mr. Diwakar does not hold any shares of the Company as on 31st March, 2010

**Mr. Prakash Mehta**, is graduated in law from Bombay University and became an advocate. In the year 1966, qualified as a Solicitor and since then he has been practising as an Advocate and Solicitor, has considerable experience in the field of corporate law and he was appointed as a Notary in 1996.

Mr. Mehta is on the Boards of Advani Hotels & Resorts (I) Ltd., Bharat Bijlee Ltd., Hikal Ltd., India Safety Vaults Ltd., Iris Investments Pvt. Ltd., Mukand Ltd., Mukand Engineers Ltd., PCS Technologies Ltd., Rajasvi Properties Holdings Pvt. Ltd., Shopping Centre Management Services Pvt. Ltd., Tulsidas Khimji Pvt. Ltd., W. H. Brady & Co. Ltd., Vault India Media Services Pvt. Ltd., and member of the Managing Committee of "The Bombay Incorporated Law Society".

He is also member of Committees as mentioned under :

Audit Committee	Investors Grievance Committee	Remuneration Committee
Bharat Bijlee Ltd.,	Bharat Bijlee Ltd.,	Bharat Bijlee Ltd.,
Advani Hotels & Resorts (I) Ltd.,	Hikal Ltd.	Hikal Ltd.,
Mukand Engineers Ltd.,		Mukand Ltd.
Hikal Ltd.,		Advani Hotels & Resorts (I) Ltd.
Mukand Ltd.		

Mr. Mehta does not hold any shares of the Company as on 31st March, 2010

**Mrs. Veena Arya**, holds a Masters Degree in Arts and has been a Promoter of the Company. She is a Director since 1989. She is also holding Directorship in Vaidic Resources Pvt. Ltd

Mrs. Arya holds 14078 shares of the Company as on 31st March, 2010.

**Mr. Krishen Dev**, a Chemical Engineer by training, has over 40 years of experience, specialising in polyester filaments. Previously, Mr. Dev has also been associated with Reliance Industries Ltd., Century Enka Ltd. and DCM Ltd.

Mr. Dev is on the Board of Everest Kanto Cylinder Ltd. He is also member of Audit Committee and Chairman of Remuneration Committee of Everest Kanto Cylinder Ltd.

Mr. Dev does not hold any shares of the Company as on 31st March, 2010.

### Meeting of the Board of Directors

During the Financial Year 2009-2010 the Board of Directors met 7 times on 2nd April, 2009, 29th June, 2009, 29th July, 2009, 24th September, 2009, 28th October, 2009, 21st December, 2009 and 29th January, 2010.

Attendance of Directors at the Board Meetings, last Annual General Meetings and Number of other Directorship and Chairmanship / Membership of Committee of each Director in various Companies

Name of the Director	Attendance Particulars		No. of Directorships and Committee Memberships / Chairmanships		
	Board Meetings	Last AGM	*Other Directorship	**Committee Membership	Committee Chairmanships
Bhagirath C Arya	7	No	Nil	Nil	Nil
Rakesh Gothi	7	Yes	Nil	Nil	Nil
P. N. Thakore	7	Yes	Nil	Nil	Nil
N. K. Shah	3	Yes	Nil	Nil	Nil
Veena Arya	4	No	Nil	Nil	Nil
Krishen Dev	7	Yes	1	1	Nil
Prakash Mehta	5	No	8	7	Nil
B. R. Gupta	6	Yes	3	3	2
P. R. Srinivasan (upto 25.05.2010)	4	Yes	2	Nil	Nil
Sunil Diwakar	5	No	7	4	Nil
N. Balasubramanian (upto 24.09.2009)	1	NA	NA	NA	NA
Vinay Sah	5	No	Nil	Nil	Nil
Rahul Yadav (w.e.f 27.09.2009)	2	NA	5	2	Nil

\* other than Foreign and Private Limited Companies.

\*\* In accordance with Clause 49, Membership/Chairmanship of only the Audit Committee and Shareholders/Investors Grievance Committee of all Public Limited companies (Excluding JBF Industries Limited), has been considered.

#### Resolutions by Circulation

No Resolution was proposed and passed during the last year through Circulation.

Board Meetings, Its Committee Meetings and Procedures

#### Board Meetings

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

Apart from the quarterly meetings additional meetings are also convened if required for the specific needs of the Company, by giving appropriate notice.

The Board may also approve urgent matters by passing resolutions by circulations, if permitted by law.

In the various meetings, the proceedings of subsidiaries JBF RAK LLC and JBF Global Pte Ltd were placed before the Board for their notification.

The Board has ensured the review of compliance reports of all laws applicable to the Company and quarterly reviewed the compliance reports. There are no instances of non compliance noticed in such reviews.

The Board notes different risk factors involved in the business and analysis of the same. The different risks involved are mitigated by analysing existing controls and facilities.

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

#### Recording minutes of proceedings at Board and Committee Meetings

The minutes of the proceedings of each Board and Committee Meetings are recorded by the Company Secretary. Draft Minutes are circulated to all the members of the Board/Committee for their comments. The minutes of the proceedings of the meetings are entered in the Minute Book within 30 days from the date of the conclusion of meeting.

#### Board Committees

##### i. Audit Committee

The Audit Committee comprises of 4(four) Independent & Non-Executive Directors namely Mr. B. R. Gupta, (Chairman), Mr. Krishen Dev, Mr Sunil Diwakar, and Mr.Vinay Sah. All the members of the Audit Committee possess financial/accounting expertise.

The terms of reference stipulated by the Board to the Audit Committee are, as contained in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, as follows:

##### Powers of Audit Committee

The audit committee shall have following powers:

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

##### Role of Audit Committee

The role of the audit committee shall include the following :

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause 2AA of section 217 of the Companies Act, 1956.
  - (b) Changes, if any, in accounting policies and practices and reasons for the same.
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - (d) Significant adjustments made in the financial statements arising out of audit findings statements.
  - (e) Compliance with listing and other legal requirements relating to financial statements.
  - (f) Disclosure of any related party transactions.
  - (g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with the internal auditors of any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

10. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Review of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.)
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### Review of information by Audit Committee

The Audit Committee shall mandatorily review the following informations:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee).
- Internal audit reports relating to internal control weakness.
- Management letters / letters of internal control weaknesses issued by the statutory auditors; and
- The appointment, removal and terms of remuneration of Internal Auditors shall be subject to review by the Audit Committee.

#### Meeting of the Audit Committee

During the Financial Year 2009-2010 the Audit Committee met 5 times on 25th May, 2009, 29th June, 2009, 29th July, 2009, 28th October, 2009, and 29th January, 2010.

Mr. Rakesh Gothi, Managing Director, Mr. P. N. Thakore, Director-Finance, Mr. N. K. Shah, Director-Commercial, Mr. P. R. Srinivasan, Investor Director, Statutory Auditors, Internal Auditors and General Manager Accounts were invited to attend the Audit Committee Meetings.

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

Name	Position	Meetings Held	Meetings Attended
Mr. B. R. Gupta	Chairman	5	5
Mr. Krishen Dev	Member	5	5
Mr. Sunil Diwakar	Member	5	4
Mr. Vinay Sah	Member	5	4

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

The Chairman of the Audit Committee was present at the last Annual General Meeting.

#### ii. Shareholders / Investor Grievance Committee

The Investor Grievance Committee comprises of 4 (Four) Independent, Non-Executive Directors, namely Mr. B. R. Gupta (Chairman), Mr. Prakash Mehta, Mr. Sunil Diwakar, and Mr. Vinay Sah.

The Investor Grievance Committee meets once in every quarter to review and to take note of the Compliance Reports submitted to the Stock Exchanges and grievances of the shareholders.

#### Meeting of the Investor Grievance Committee

During the Financial Year 2009-2010 the Investor Grievance Committee met 4 times on 29th June, 2009, 29th July, 2009, 28th October, 2009 and 29th January, 2010.

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

Name	Position	Meetings Held	Meetings Attended
Mr. B. R. Gupta	Chairman	4	4
Mr. Sunil Diwakar	Member	4	4
Mr. Prakash Mehta	Member	4	3
Mr. Vinay Sah	Member	4	3

The total number of complaints received and replied to the satisfaction of the shareholders during the year was 21. Pending complaints as on 31st March, 2010, were Nil.

#### Compliance Officer

Mrs. Ujjwala Apte, Company Secretary of the Company, has been nominated as Chief Compliance Officer.

#### Procedure at the Committee Meetings

The procedures of the Board Meetings are applicable to the Committee Meetings as far as may be practicable.

#### Prevention of Insider Trading

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

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

The Company has formulated and implemented a Code of Conduct (the 'Code') for the Board of Directors, Senior Management and Employees of the Company. Annual affirmation of compliance with the Code has been made by the Board of Directors, Senior Management and employees of the Company. The Code has also been posted on the Company's website, www.jbfindia.com The necessary declaration by the Chief Executive Officer of the Company regarding compliance of the above mentioned Code by Directors, Senior Management and the employees forms part of the Corporate Governance Report.

#### iii. Remuneration Committee

The Remuneration Committee comprises of 3 (Three) Independent Non-Executive Directors namely, Mr. Prakash Mehta (Chairman), Mr. B R Gupta, Mr. Vinay Sah.

Remuneration Committee met once on 29th June, 2009, during the financial year 2009 - 2010.

Attendance of each Member at the Remuneration Committee meeting held during the year:

Name	Position	Meetings Held	Meetings Attended
Mr. Prakash Mehta	Chairman	1	1
Mr. B R Gupta	Member	1	1
Mr. Vinay Sah	Member	1	1

As per the resolution passed by the members of the company held on 30th December, 2008, the Board of Directors are authorised to vary, increase, or enhance the scope of the remuneration and perquisites including the monetary value thereof to the extent of Rs.1 Crore (Rupees One Crore only) to Mr. Rakesh Gothi, CEO & Managing Director and Rs.60 Lacs (Rupees Sixty Lacs) to Mr. P. N. Thakore, CFO & Director-Finance. However, the increase in remuneration of Executive Directors beyond the said limits, fresh resolution will be put up before the members for their approval.

This Committee has been constituted to recommend the increase / modifications in the Remunerations of the Managing Director, Whole-time / Executive Directors based on their performance and defined assessment criteria.

The aggregate value of salary and perquisites including commission paid to the Executive Chairman, Managing Director, Executive Directors and Independent Directors are as follows :

Name of the Director	Salary (Rs. In Lacs)	Commission (Rs. In Lacs)	Perquisites (Rs. In Lacs)	Total (Rs. In Lacs)	Stock Options	Service Contract	
						Tenure*	Notice Period**
Mr. Bhagirath Arya	294.26	165.00	31.50	490.76	Nil	5 years	3months
Mr. Rakesh Gothi	50.59	--	3.79	54.38	45000	5 years	3months
Mr. P. N. Thakore	23.64	--	1.41	25.05	45000	3 years	3months
Mr. N. K. Shah	13.95	--	1.40	15.35	45000	3 years	3months
Mr. Krishen Dev	--	--	--	--	45000	N A	N A
Mr. B R Gupta	--	--	--	--	45000	N A	N A
Mr. Sunil Diwakar	--	--	--	--	45000	N A	N A
Mr. Prakash Mehta	--	--	--	--	45000	N A	N A

Besides this, Executive Chairman and all the Executive Directors are entitled to provident fund, gratuity, encashment of leave at the end of the tenure, as per the rules of the Company.

\* From their respective dates of appointment.

\*\* There is no separate provision for payment of severance fees.

#### Directors Sitting Fees

The Company has paid sitting fees as approved by Board of Directors on 18.05.2007, for attending Board, Audit Committee, Remuneration Committee, and Investor Grievance Committee Meetings, Rs. 15,000/-, Rs. 10,000, Rs.5,000/- and Rs. 2,500/- per meeting respectively to all the Non-Executive Directors as mentioned below.

Mr. Krishen Dev	Rs. 1,60,000
Mr. B. R. Gupta	Rs. 1,60,000
Mr. Prakash Mehta	Rs. 87,500
Mr. Sunil Diwakar	Rs. 1,25,000
Mr. N. Balasubramanian	Rs. 15,000
Mrs. Veena Arya	Rs. 60,000
Mr. Vinay Sah (Nominee LIC)	Rs. 1,27,500

None of the Director is related to any other Director on the Board in terms of the definition of "relative" given under Companies Act, 1956, except Mrs. Veena Arya is wife of Mr. Bhagirath C. Arya.

None of the Non Executive – Independent & Investment Director is holding equity shares of the Company.

#### iv. Investment Committee

Mr. Rakesh Gothi, Managing Director and Mr. P N Thakore, Director-Finance are members of the Committee and Mrs. Ujjwala Apte, Company Secretary, is Secretary of the Committee.

Investment Committee met quarterly as detailed below, during the financial year 2009 – 2010.

Sr. No.	Period	No. of Meetings
1	1st April, 2009 to 30th June, 2009	4
2	1st July, 2009 to 30th September, 2009	4
3	1st October, 2009 to 31st December, 2009	3
4	1st January, 2010 to 31st March, 2010	4

#### v. Compensation Committee

The Committee has been constituted to administer JBF ESOS 2009. Attendance of each member at the Committee meeting held on 25th September, 2009, during the year.

Name	Position	Meetings Held	Meetings Attended
Mr. Rakesh Gothi	Member	1	1
Mr. P.N.Thakore	Member	1	1
Mr. B.R. Gupta	Member	1	1
Mr. Krishen Dev	Member	1	1
Mrs. Ujjwala Apte	Co.Secretary By Invitation	1	1

Shareholders in previous AGM approved JBF ESOS 2009. Committee granted 21,54,000 options at exercise price of Rs.60/- per share to selected employees and Directors on 25th September 2009. Each option represents a right but not obligation to apply for 1 fully paid equity share of Rs.10/- each at the exercise price. The options granted will vest equally over 3 year from the date of grant. Disclosure as required by SEBI guidelines on ESOS is annexed to the Directors' report which also gives details of Options granted to Directors and senior management personnel.

#### Annual General Meetings

Date	Venue	Time	Special Resolutions Passed
25th September, 2009	Daman Ganga Resort	12.00 noon	<ol style="list-style-type: none"> <li>1. Re-appointment of Mr. P. N. Thakore, as Director-Finance, on terms and conditions and on such remuneration approved by the Board of Directors.</li> <li>2. Re-appointment of Mr. N.K.Shah, as Director-Commercial, on terms and conditions and on such remuneration approved by the Board of Directors.</li> <li>3. Increase in the limit of investment in subsidiaries under Section 372 (2A).</li> <li>4. Increase in Borrowing Limit under Section 293(1)(d).</li> <li>5. Employees Stock Option Scheme under Section 81 (A) for employees of the Company.</li> <li>6. Employees Stock Option Scheme under Section 81 (A) for employees of the Subsidiary Company.</li> </ol>
30th December, 2008	Daman Ganga Resort	12.30 p.m.	<ol style="list-style-type: none"> <li>1. Remuneration of Mr. Rakesh Gothi, Managing Director &amp; CEO.</li> <li>2. Remuneration of Mr. P.N.Thakore, Director Finance &amp; CFO.</li> <li>3. Investment under Section 372 (2A).</li> </ol>
20th September, 2007	Treat Resort, Silvassa	04.30 p.m.	<ol style="list-style-type: none"> <li>1. Re-Appointment &amp; Remuneration of Mr. Rakesh Gothi as Managing Director &amp; CEO.</li> <li>2. Remuneration of Mr. P.N.Thakore, Director Finance &amp; CFO.</li> <li>3. Remuneration of Mr. N. K. Shah, Director-Commercial.</li> <li>4. Increase in FEMA Limit.</li> </ol>

#### Extra Ordinary General Meeting

Extra Ordinary General Meeting was held on 5th March, 2010 at 12.30 p.m. at Daman Ganga Resort, Silvassa, to obtain approval of the members to issue securities through Qualified Institutional Placement (QIP), with or without an over-allotment option (green shoe) if any, equity shares or fully convertible debentures/partly convertible debentures and/or any other securities other than warrants which are at a later date convertible or exchangeable into equity shares at the option of the company and/or holders of the securities including Global Depository Receipts (GDR) and/or American Depository Receipts (ADR) and/or Foreign Currency Convertible Bonds (FCCB) or a combination of the foregoing (hereinafter



collectively referred to as Specified Securities) secured or unsecured listed on any stock exchange within India or any international stock exchange outside India through a public issue or on a private placement basis, as the board in its sole discretion may at any time hereafter decide, for an amount equivalent to Rs. 300 crores (Rupees Three Hundred Crores only), excluding green shoe option (not exceeding 15% or as may be permitted)

No Special Resolution was proposed and passed during the last year through Postal Ballot.

#### Disclosures On Materially Significant Related Party Transactions

The Company carries on business with related parties, in which Directors are interested, in the ordinary course of business at prevailing market prices, which has no potential conflict with the interest of the Company. Directors regularly make full disclosures to the Board regarding the nature of interest in the Companies in which they are related.

Transactions carried out with the related parties were at arms length prices and were duly approved by Board of Directors from time to time.

Further, in compliance to the Accounting Standards, a detailed disclosure of transactions with related parties as laid down under AS-18 "Related party disclosure" as notified by the Companies (Accounting Standard) Rules, 2006, has been made in notes on accounts (Schedule 'P' – 9) forming as part of the Annual Report.

#### Details of Non Compliance by the Company

There has been **no instance of non compliance** by the Company on any matter related to capital market during the last 3 years and hence no penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any other statutory authority.

#### Disclosure of Accounting Treatment

In order to hedge the Company's exposure to foreign exchange and interest rate, the Company entered into a derivative contract. The marked to market loss in respect of the above derivative contract as on 31st March, 2010 is Rs.63.37 crores, which has not been provided in the books of account since the company is of the view that the above loss is notional in nature and may be payable only if loss conditions are triggered. The Auditors have qualified the non provision of marked to market loss of Rs. 63.37 crores for the year ended 31st March, 2010 in their report with the consequential effect of Rs. 41.83 crores on the profit after tax.

#### Risk Management

The Company has a formal Risk Management Framework in place for risk assessment and minimisation. The Company is in the process of further up-grading its Risk Management framework. The Scope of the Audit Committee includes review of Company's financial and risk management policies.

The Risk Management Committee regularly meets and the report is placed before the Board of Directors.

The Board notes different risk factors involved in the business and analysis of the same. The different risks involved are mitigated by analysing existing controls and facilities.

#### Subsidiary Company

The Minutes of the Board Meetings of unlisted subsidiary JBF Global Pte Ltd., and its JBF RAK LLC and have been placed before the Board from time to time.

Financial statements, alongwith statement containing all significant transactions and arrangements entered into by them were reviewed and noted quarterly by the Audit Committee of the Company.

Audited Annual Financial Accounts for the year ending 31st March, 2010, were placed before the Board of Directors of the Company.

#### Secretarial Audit

In compliance to the circular received from Stock Exchange mandating all listed companies to subject themselves to a Secretarial Audit for purposes of reconciliation of the total admitted capital with both the depositories

and the total issued and listed capital, the Company confirms that there exist no discrepancies with regard to its admitted capital. A certified report to this effect issued by practising Company Secretary M/s. Jagdish Patel & Co. is submitted at close of each quarter to the Stock Exchanges.

#### Means of Communication

The half yearly and quarterly financial results of the Company are, in compliance of Clause 41 of the Listing Agreement, published in Business Standard at the place where the Corporate Office is situated and The Economic Times, a local vernacular news edition, at the place where the Registered Office is situated. Half-yearly results in addition to being published in newspapers are also provided on receipt of a request from the shareholders.

Results and Official News of the Company are displayed on the Company's Website : [www.jbfindia.com](http://www.jbfindia.com)

The Annual Report is posted individually to all members entitled to receive a copy of the same.

The presentations to the institutional investors and to the analysts are made as and when required.

The Management Discussion and Analysis Report is incorporated within the Directors' Report forming a part of the Annual Report.

#### General Information For Shareholders

##### Annual General Meeting

Day, Date & Time Saturday, 25th September, 2010 at 12.30 p.m.

Venue Daman Ganga Resort, Silvassa.

Financial Calendar [Tentative]

Results for the quarter ended June, 2010.	End 2nd week of August ' 10
Results for the quarter ended September, 2010	End 2nd week of November '10
Results for the quarter ended December, 2010.	End 2nd week of February ' 10
Results for the quarter ended March, 2011	End May' 11
Annual General Meeting	End September' 11

#### Book Closure

The Register of Members will be kept closed from 2nd August, 2010 to 12th August, 2010. [Both days inclusive] for the purposes of payment of dividend.

#### Dividend payout date

The dividend will be paid to the shareholders whose names appear in the Register of Members on 2nd August, 2010.

The dividend will be paid, if declared, on or after the date of AGM i.e 25th September, 2010.

#### Listing of Equity Shares

The shares of the Company are listed on The Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd, and The Calcutta Stock Exchange.

In accordance with the resolution passed in the AGM held on 14th August, 2004, the Company had applied to Calcutta Stock Exchange for the delisting of the equity shares of the Company. The reply is awaited from Calcutta Stock Exchange.

#### Listing Fees

The Annual Listing fees for the year 2010-11 has been paid to The Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd and Singapore Exchange Securities Trading Limited for the year 2010 for listing of FCCBs.

#### Registrar & Transfer Agents

Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup [West], Mumbai - 400 078. Tel. No. - 022-25 94 69 70.

E-mail id: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**Share Registration**

Shares received for transfer are registered within a period of 15 days from the date of receipt of all documents which are clear and complete in all respects.

**Employees Stock Option Scheme**

The shareholders of the Company in their meeting held on 25th September, 2009, had approved Employees Stock Option Scheme for 21,78,486 equity shares aggregating 3.5% of the issued Equity Share Capital of the Company as on 31st March, 2010. The Company has complied with the relevant provisions of SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 thereafter, in respect thereof.

Out of 21,78,486 options Committee granted 21,54,000 options at exercise price of Rs.60/- per share to selected employees and Directors on 25th September 2009.

**Foreign Currency Convertible Bond : (FCCBs)**

The Company had issued 3450 FCCBs of USD 34.50 Millions on 30th November, 2005, on following terms.

**Terms**

- Initial Conversion price had been set to Rs. 90 per share (\$ 1.9672 per share).
- Fixed rate of exchange on conversion of Rs. 45.75 = \$ 1.00.
- 5,083.33 shares per bond (multiples of \$ 10,000).
- Cash coupon had been set at 1.75% p.a., payable semi-annually.
- Bonds would be redeemed after 30th November 2008, if the share price is 130% above the accreted conversion price for 15 consecutive days.
- Bonds would be redeemed at 134.143% at maturity.
- Yield would be 7.5% on maturity.
- Conversion price would be reset downwards on May 30, 2007 by 10% and 20% on May 30, 2008 with an 80% floor (20% maximum refix).

**Conversion of FCCBs**

Out of total 3450 FCCBs, 1320 FCCBs have been converted into equity shares as detailed below.

Bonds	Shares	Date
300	15,25,000	29.07.2006
290	14,74,166	16.08.2007
230	11,69,166	16.08.2007
500	25,14,666	28.08.2007

On conversion of the balance 700 FCCBs the issued and paid up share capital will become Rs.6,58,00,781.

**Buy Back of FCCBs**

The Company had completed the deal of buy back and cancellation of 1430 Foreign Currency Convertible Bonds (FCCBs) of USD 14.30 Millions, out of the outstanding 2130 FCCBs of USD 21.30 Millions at a discount 32.3% of face value.

**Listing of FCCBs**

FCCBs issued on 30th November, 2005, are listed on Singapore Exchange Securities Trading Limited

Dematerialisation of Shares : As on 31st March, 2010 is as follows :

Mode of Holding	No of shares held	%age to Total Capital
N S D L	5,86,37,993	94.21
C D S L	23,49,190	3.77
<b>Total Demat Holding</b>	<b>6,09,87,183</b>	<b>97.98</b>
Physical Holding	12,55,265	2.02
<b>Total Shareholding</b>	<b>6,22,42,448</b>	<b>100.00</b>

Distribution of shareholding : As on 31st March, 2010 is as follows

Nominal Value of Shareholding	No of Share holders	Number of Shares held	Percentage to Total Capital
UPTO - 5000	25745	3104011	4.989
5001 - 10000	1088	895040	1.438
10001 - 20000	541	837026	1.344
20001 - 30000	228	582954	0.936
30001 - 40000	120	432544	0.694
40001 - 50000	100	472580	0.760
50001 - 100000	170	1293623	2.078
100001 and above	150	54624670	87.761
<b>TOTAL</b>	<b>28142</b>	<b>62242448</b>	<b>100.00</b>

The Share holding Pattern : As on 31st March, 2010 is as follows :

Group	No. of Shares held	% held
Indian Promoters	2,94,36,315	47.29
Directors / Relatives	19,470	0.03
Body Corporates.1	42,75,725	6.87
Financial Institutions, Insurance Cos., & Banks	32,08,515	5.15
Venture Capital, Trusts & Mutual funds	67,585	0.11
FIs, FCs, NRIs & NRNs	1,41,90,582	22.80
Indian Public	1,10,44,256	17.75
<b>TOTAL</b>	<b>6,22,42,448</b>	<b>100.00</b>

Build up of Equity Share Capital

Date of Issue	Type of Issue	Number of Equity Shares	Cumulative Number of Shares	Cumulative Amount
18-Jun-82	Subscriber's to Memorandum	2	2	20
8-Aug-83	Issue of equity shares to Promoters	25000	25002	250020
18-Mar-85	Issue of equity shares to Promoters	123498	148500	1485000
29-Jun-85	Issue of equity shares to Promoters	171500	320000	3200000
27-Jun-86	Issue of equity shares to Promoters	60000	380000	3800000
27-Jun-86	Issue of equity shares through Public Issue	570000	950000	9500000
1-Jan-88	Issue of equity shares on Part conversion of Non Convertible Debentures	1000000	1950000	19500000
8-Feb-90	Issue of equity shares on Conversion of Fully Convertible Debentures	2292500	4242500	42425000
22-Sep-92	Issue of equity shares on Conversion of Fully Convertible Debentures	8280800	12523300	125233000
19-Apr-94	Issue of equity shares on Private Placement	6500000	19023300	190233000
7-Jun-94	Issue of equity shares on Private Placement	2000000	21023300	210233000
1-Apr-95	Issue of equity shares on conversion of convertible debentures issued on Private Placement	10000000	31023300	310233000
10-Jun-05	Issue of equity shares on Preferential basis	15528600	46551900	465519000
28-Mar-06	Issue of equity shares on conversion of Convertible Warrants on issued on Preferential basis	2450000	49001900	490019000





## CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) ON FINANCIAL STATEMENTS OF THE COMPANY

We, Rakesh Gothi, CEO & Managing Director and P. N. Thakore, CFO & Director - Finance, certify that :

We have reviewed the Audited Financial Statements & Cash Flow Statement for the year ended on 31st March, 2010 and to the best of our knowledge and belief that :-

1. These Audited Financial Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These statements are in compliance with existing accounting policies, accounting standards, applicable laws and regulations;
4. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended on 31st March, 2010, which are fraudulent, illegal or violative of the Company's code of conduct.
5. We accept responsibility for establishing and maintaining internal controls. We have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
6. We further certify that :-
  - a. There have been no significant changes in internal control during this period.
  - b. There have been no significant changes in accounting policies during this period except as stated in the notes to the financial statements; and
  - c. There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system over financial reporting.

**Rakesh Gothi**  
Managing Director  
Chief Executive Officer

**P. N. Thakore**  
Director-Finance  
Chief Financial Officer

**For and on Behalf of the Board of Directors**  
**JBF INDUSTRIES LIMITED**

**BHAGIRATH C. ARYA**  
CHAIRMAN

Place : Mumbai  
Date : 26th May, 2010

## CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of

### JBF INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by JBF Industries Limited, for the year ended on 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

**For CHATURVEDI & SHAH**  
(Registration No. : 101720W)  
Chartered Accountants

**R. Koria**  
Partner  
Membership No. 35629

Place : Mumbai  
Date : 26th May, 2010

**AUDITORS' REPORT**

To the Members,

JBF INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of JBF INDUSTRIES LIMITED ("the Company") as at 31st March 2010, the Profit and Loss Account and also 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.
2. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 ('the Order'), issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure hereto, a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
4. Attention is drawn to the:  
Note No. 27 (c) of the Schedule "P" regarding "the non-provision of marked to market losses of derivative contracts amounting to Rs.63.37 Crores as on 31st March 2010 on account of reasons as explained in the aforesaid note. Had the same been provided the profit after tax for the year ended 31st March 2010 and Reserves as at 31st March 2010 would have been Rs. 87.17 Crores and Rs. 630.84 Crores respectively as against the reported figures of Rs. 129.00 Crores & Rs. 672.67 Crores respectively
5. Further to our comments in the annexure referred to in paragraph 3 above and subject to our comment in paragraph 4 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 such 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 and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of the written representations received from the directors as on 31st March, 2010 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956. As regards to the Directors nominated by Financial Institution, they are exempted from the provisions of Section 274 (1) (g) in view of general circular issued by the Department of Company Affairs.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
    - (ii) In the case of 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 CHATURVEDI & SHAH**  
(Registration No.: 101720W)  
Chartered Accountants

**R. KORIA**  
Partner

Place: Mumbai  
Dated: 26th May, 2010

Membership No. 35629

**ANNEXURE TO AUDITOR'S REPORT**

(Referred to in paragraph 3 of our report of even date to the members of JBF Industries Limited on the accounts for the year ended 31st March, 2010)

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
  - (b) As explained to us, all the fixed assets have been physically verified by the management in accordance with the programme of verification, which in our opinion is reasonable, considering the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification as compared with the available records.
  - (c) In our opinion and according to the information & explanations given to us, the Company has not made any substantial disposal of fixed assets during the year and the going concern status of the Company is not affected.
- (ii) In respect of its inventories: -
  - (a) As explained to us, inventory has been physically verified during the year by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion, and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us: -
  - (a) The Company has granted a loan to a subsidiary Company. At the year-end, the outstanding balance of such loan was Rs. 4.42 Crores and the maximum amount involved during the year was Rs. 4.86 Crores.
  - (b) In our opinion, the rate of interest and other terms & conditions of such loan is, prima facie not prejudicial to the interests of the Company.
  - (c) The loan given were not due for repayment at year end.
  - (d) The loan given were not due for repayment, therefore the question of overdue amounts does not arise.
  - (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956., hence the provisions of sub clauses (f) and (g) of clause (iii) of paragraph 4 of the said Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. The Company has not sold any services during the year. During the course of audit we have not observed any continuing failure to correct major weaknesses in such internal control system.

- (v) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:
- (a) To the best of our knowledge & belief and according to the information and explanations given to us, transactions that needed to be entered in the register have been so entered.
- (b) According to the information and explanations given to us, the transactions made during the year in pursuance of such contracts or arrangements exceeding value of Rupees five lacs for each party, have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public and hence directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and ruled framed there under are not applicable for the year under audit.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) We have been informed by the management that the Central Government has prescribed the maintenance of Cost Records pursuant to clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of its manufacturing activities. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- (ix) According to the records of the Company in respect of statutory and other dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education & Protection Fund, and Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and any other material statutory dues as applicable with the appropriate authorities during the year.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the disputed statutory dues aggregating to Rs. 3.89 crores, that have not been deposited on account of matters pending before appropriate authorities, are as under:

Name of the statute	Nature of the dues	Amount (Rs. In Crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	1.30*	2005-06	CESTAT
		0.16*	2000-01	CESTAT
	Service Tax	1.45	2006-08	CESTAT
		0.02	2005-08	Commissioner (Appeals)
Service Tax Act, 1994	Service Tax	0.02	2006-07	Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	0.94	2004-05	Commissioner (Appeals)
<b>Total</b>		<b>3.89</b>		

(\*) Net of amount Rs. 0.30 Crores deposited under protest

- (x) The Company does not have accumulated losses at the end of the financial year. It has not incurred any cash losses in the current financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and accordingly to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- (xii) In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society, hence the provisions clause (xiii) of paragraph 4 of the said Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of transactions and contracts in respect of dealing in shares and other securities and timely entries have been made therein. All shares and other investments have been held by the Company in its own name except certain investments which are made through portfolio manager and held by them in a fiduciary capacity on behalf of the Company.
- (xv) The Company has given guarantees and letter of credit in connection with the Credit facilities extended by banks to its subsidiary Company as mentioned in note 3(b)(II) & (III) of Schedule P. The Guarantees and letter of credit outstanding as at year end are for subsidiary Company, which according to the information and explanations given to us by the management, are prima facie not prejudicial to the interest of the Company.
- (xvi) To the best of our knowledge & belief and according to the information & explanations given to us, the term loans raised during the year and those, which were outstanding at the beginning of the year, were prima facie been applied for the purposes for which they were raised.
- (xvii) On the basis of review of utilization of funds, which is based on overall examination of the Balance Sheet of the Company as at 31st March 2010 related information as made available to us and as represented to us by the management, we are of the opinion that the funds raised on short term basis have not prima facie been, utilized for long term investment during the year.
- (xviii) During the year, the Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has created securities/charges in respect of secured debentures issued during the year.
- (xx) The Company has not raised any money by way of Public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For CHATURVEDI & SHAH**  
(Registration No.: 101720W)  
Chartered Accountants

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

Place: Mumbai  
Dated: 26th May, 2010

**BALANCE SHEET AS AT 31ST MARCH, 2010**

(Rs. in Crores)

	Schedule	As at 31st March, 2010		As at 31st March, 2009	
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUND</b>					
Share Capital	A	62.24		62.24	
Reserves and Surplus	B	672.67	<b>734.91</b>	577.39	<b>639.63</b>
<b>LOAN FUNDS</b>					
Secured Loans	C	418.54		329.11	
Unsecured Loans	D	406.47	<b>825.01</b>	405.13	<b>734.24</b>
<b>DEFERRED TAX LIABILITY (NET)</b>					
(Refer Note No.14 of Schedule "P")					
			<b>132.17</b>		<b>120.90</b>
		<b>TOTAL</b>	<b>1,692.09</b>		<b>1,494.77</b>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	E	1,394.17		1,201.98	
Less: Depreciation		344.77		283.05	
Net Block		1,049.40		918.93	
Add: Capital work in progress		91.62	<b>1,141.02</b>	38.31	<b>957.24</b>
<b>INVESTMENTS</b>					
	F		<b>254.59</b>		<b>159.69</b>
<b>FOREIGN CURRENCY MONETARY ITEMS TRANSLATION DIFFERENCE ACCOUNT</b>					
			<b>3.62</b>		<b>16.28</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories	G	346.17		238.39	
Sundry Debtors		254.95		267.88	
Cash and Bank Balances		34.03		37.47	
Loans and Advances		255.09		213.85	
		890.24		757.59	
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>					
Current Liabilities	H	496.79		332.86	
Provisions		100.59		63.17	
		597.38		396.03	
<b>Net Current Assets</b>			<b>292.86</b>		<b>361.56</b>
		<b>TOTAL</b>	<b>1,692.09</b>		<b>1,494.77</b>
Significant Accounting Policies & Notes on Accounts	P				

As per our report of even date

For &amp; on behalf of the Board of Directors

For **CHATURVEDI & SHAH**  
Chartered Accountants**B.C. ARYA**  
Chairman**RAKESH GOTHI**  
Managing Director**R. KORIA**  
Partner**P. N. THAKORE**  
Director- Finance**B.R. GUPTA**  
Director**UJJWALA APTE**  
Company SecretaryPlace : Mumbai  
Date : 26th May,2010

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH , 2010**

(Rs. in Crores)

	Schedule	Year ended 31st March, 2010	Year ended 31st March, 2009
<b>INCOME</b>			
Turnover		2,846.49	2,551.35
Less : Excise Duty Recovered on Sales		155.18	156.94
<b>Net Turnover</b>		2,691.31	2,394.41
Other Income	I	37.38	13.17
Variation in stocks	J	66.46	58.80
<b>TOTAL</b>		<b>2,795.15</b>	<b>2,466.38</b>
<b>EXPENDITURE</b>			
Purchases		60.31	4.62
Manufacturing & Other Expenses	K	2,314.10	2,066.96
Personnel	L	31.58	25.22
Selling & Distribution	M	70.53	52.04
Administrative & General	N	11.52	85.27
Interest and Finance Charges	O	61.89	59.42
		<b>2,549.93</b>	<b>2,293.53</b>
<b>Profit before Depreciation &amp; Tax</b>		<b>245.22</b>	<b>172.85</b>
Depreciation		62.21	52.30
<b>Profit before tax</b>		<b>183.01</b>	<b>120.55</b>
Provision for Current Tax (including wealth tax of Rs. 0.02 Crore Previous Year Rs. 0.03 Crore)		42.71	20.56
Provision for Deferred Tax		11.27	23.19
Provision for Fringe Benefit Tax		—	0.25
Taxes For Earlier Years		0.03	0.28
<b>Profit after tax</b>		<b>129.00</b>	<b>76.27</b>
Prior period adjustments		0.22	2.77
Balance as per last Balance sheet		257.52	228.43
<b>Amount available for appropriation</b>		<b>386.30</b>	<b>301.93</b>
<b>APPROPRIATIONS</b>			
Transferred to General Reserve		12.90	8.00
Transferred to Debenture Redemption Reserve		0.57	—
Proposed Dividend on Equity Shares		37.35	31.12
Tax on Proposed Dividend		6.35	5.29
Balance carried to the Balance Sheet		329.13	257.52
		<b>386.30</b>	<b>301.93</b>
Earnings per share (of Rs.10 each) - (in Rs.) Basic		20.69	11.81
(in Rs.) Diluted		19.51	11.36
(Refer Note No.13 of Schedule "P")			
Significant Accounting Policies & Notes on Accounts	P		

As per our report of even date

For &amp; on behalf of the Board of Directors

For CHATURVEDI & SHAH  
Chartered AccountantsB.C. ARYA  
ChairmanRAKESH GOTHI  
Managing DirectorR. KORIA  
PartnerP. N. THAKORE  
Director-FinanceB.R. GUPTA  
DirectorUJJWALA APTE  
Company SecretaryPlace : Mumbai  
Date : 26th May,2010

## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE 'A' SHARE CAPITAL

	As at 31st March, 2010	As at 31st March, 2009
(Rs. in Crores)		
<b>AUTHORISED</b>		
100,000,000 (Previous Year 100,000,000) Equity Shares of Rs.10 each	100.00	100.00
	<b>100.00</b>	<b>100.00</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
62,242,448 ( Previous Year 62,242,448 ) Equity Shares of Rs. 10 each fully paid up	62.24	62.24
	<b>62.24</b>	<b>62.24</b>

**Note :**

- 1 Of the above Equity Shares 1,82,450 Equity Shares of Rs. 10/- each were issued pursuant to the scheme of Amalgamation of Microsynth Fabrics (India) Limited with the Company as sanctioned by Hon'ble High Court of Judicature at Mumbai vide its order dated 23rd October,2008.
- 2 Foreign Currency Convertible Bond (FCCB) holders have the option to convert FCCB into 35,58,333 (Previous Year 1,08,27,500) Equity Shares of Rs. 10 each.
- 3 The ESOS holders have the option to exercise ESOS into 19,72,200 (Previous Year Nil) Equity Shares of Rs. 10 each fully paid up. (Refer Note No.28 of Schedule "P")

### SCHEDULE 'B' RESERVE AND SURPLUS

	As at 31st March, 2010	As at 31st March, 2009
(Rs. in Crores)		
<b>CAPITAL RESERVE</b>		
As per last Balance Sheet	10.62	0.70
Add : On Forfeiture of Share Warrants	--	9.92
	<b>10.62</b>	<b>10.62</b>
<b>SECURITIES PREMIUM</b>		
As per last Balance Sheet	272.90	276.48
Add : Redemption Premium on FCCB reversed on buyback (Refer Note No. 6 of Schedule 'P')	9.15	--
Add : On Amalgamation	--	0.05
	282.05	276.53
Less : Premium payable on redemption of FCCB	1.21	3.63
	<b>280.84</b>	<b>272.90</b>
<b>DEBENTURES REDEMPTION RESERVE</b>		
As per last Balance Sheet	--	--
Add: Transferred from Profit and Loss Account	0.57	--
	<b>0.57</b>	<b>--</b>
<b>GENERAL RESERVE</b>		
As per last Balance Sheet	36.35	29.29
Less : Adjustment as per transitional provisions of AS- 11	--	0.94
Add : Transferred from Profit and Loss Account	12.90	8.00
	<b>49.25</b>	<b>36.35</b>
<b>EMPLOYEE STOCK OPTION OUTSTANDING</b>		
As per last Balance Sheet	--	--
Add: Granted during the year	7.84	--
Less: Option lapsed during the year	0.66	--
	7.18	--
Less:-Deferred Compensation Expenses		
As per last Balance Sheet	--	--
Add: Granted during the year	7.84	--
Less: Amortised / lapsed during the year	2.92	--
	4.92	--
	<b>2.26</b>	<b>--</b>
<b>PROFIT &amp; LOSS ACCOUNT</b>		
	<b>329.13</b>	<b>257.52</b>
	<b>672.67</b>	<b>577.39</b>



## SCHEDULE 'C' SECURED LOANS

(Rs. in Crores)

	As at 31st March, 2010		As at 31st March, 2009	
<b>A ) Debentures</b>				
Non Convertible Debentures		50.00		--
<b>B ) Rupee Term Loans</b>				
a) From Banks	280.95		185.37	
b) From Financial Institutions	50.36	331.31	60.83	246.20
<b>C) Working Capital Loans From Banks</b>		37.00		82.56
<b>D) Vehicle Loans</b>		0.23		0.35
		<b>418.54</b>		<b>329.11</b>

### Notes :

- 1 Debentures referred to in (A) above and Rupee Term Loans from Banks & Financial Institutions referred to in ( B ) above are secured by way of first mortgage & charge on pari passu basis on all the immovable and movable properties except current assets , present and future, situated at Silvassa, Dadra & Nagar Haveli (Union Territory) and at Sarigam, District Valsad, Gujarat. Out of the above aggregating to Rs.331.31 Crores (Previous year Rs. 138.83 Crores) are further secured by Second charge on current assets of the Company situated at Silvassa, Dadra & Nagar Haveli (Union Territory) and at Sarigam, District Valsad, Gujarat.
- 2 Debentures referred to in A above are redeemable at par in one or more installments on various dates with the earliest redemption being on 27th January, 2013 and the last being 27th October, 2014. The debentures are redeemable as follows Rs.10 Crores in Financial year 2012-13, Rs. 20 Crores in Financial year 2013-14 and Rs. 20 Crores in Financial year 2014-15.
- 3 Working Capital Loans as referred to in (C) above aggregating to Rs. 35.60 Crores (Previous year Rs. 72.81 Crores ) are secured by hypothecation of inventory of Raw Materials ,Work in process ,Finished goods ,Stores and spares , Packing materials and Book Debts and are also secured by way of Second charge on the immovable properties of the company situated at Silvassa, Dadra & Nagar Haveli (Union Territory) and at Sarigam, District Valsad, Gujarat.
- 4 Working Capital Loans as referred to in (C) above aggregating to Rs. 1.40 Crores (Previous year Rs. 9.75 Crores) are secured by pledge of Fixed Deposits with banks of Rs. 2.82 Crores (Previous year Rs.13.71 Crores).
- 5 The Loans for vehicle have been secured by specific charge on the vehicles covered under the said loans.
- 6 Of the above, Loans aggregating to Rs.28.67 Crores (Previous year Rs.43.76 Crores) are guaranteed by two of the Directors of the Company and Rs. 49.80 Crores( Previous year Rs. 75.20 Crores ) are guaranteed by one of the Directors of the company in their personal capacity.

## SCHEDULE 'D' UNSECURED LOANS

(Rs. in Crores)

	As at 31st March, 2010		As at 31st March, 2009	
<b>A. Long Term Loans :</b>				
1) 1.75% Foreign Currency Convertible Bonds	31.48		101.03	
2) External Commercial Borrowings	208.08		227.65	
3) Buyers Credit	26.20	265.76	29.63	358.31
<b>B.Short Term Loans :</b>				
1) From Banks	35.06		10.00	
2) Commercial Papers	63.24	98.30	--	10.00
<b>C. Working Capital Loan from Banks</b>		42.41		36.82
		<b>406.47</b>		<b>405.13</b>

### Note :

1. The Company had issued 3450 Foreign Currency Convertible Bonds of USD 10,000 each as referred to in A (1) above on 30th November, 2005 redeemable at a premium of USD 3413.4 per Bond on 1st December, 2010 with an option to bond holders to convert each bond in 5083.33 Equity Shares aggregating to 1,75,37,500 Equity Shares of Rs. 10/- each at any time on or after 30th December, 2005 and prior to the close of business on 1st November, 2010. 2130 bonds were outstanding at the beginning of the year. During the year Company has repurchased and cancelled 1430 Foreign Currency Convertible Bonds ( FCCBs) on 14th April, 2009. 700 bonds are outstanding as on 31st March, 2010
2. The Maximum amount raised and outstanding at any time during the year through commercial paper was Rs. 73.03 Crores (Previous Year Nil).

**SCHEDULE 'E'  
FIXED ASSETS**

(Rs. in Crores)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As At 01/04/2009	Additions/ Adjustments	Deductions/ Adjustments	As at 31/03/2010	Up to 31/03/2009	For the year	Deductions/ Adjustments	Upto 31/03/2010	As At 31/03/2010	As At 31/03/2009
<b>Tangible :</b>										
Leasehold Land	1.13	0.47	--	1.60	0.05	0.01	--	0.06	1.54	1.08
Freehold Land	27.29	--	--	27.29	--	--	--	--	27.29	27.29
Building	145.83	35.14	--	180.97	22.15	5.07	--	27.22	153.75	123.68
Plant & Machinery	1,012.54	155.18	0.21	1,167.51	253.60	55.78	0.06	309.32	858.19	758.94
Furniture & Fixtures	5.50	1.18	--	6.68	2.21	0.45	--	2.66	4.02	3.29
Office Equipment	1.31	0.26	0.04	1.53	0.31	0.09	0.01	0.39	1.14	1.00
Vehicles	3.15	0.35	0.39	3.11	1.29	0.27	0.21	1.35	1.76	1.86
Data Processing Equipment	3.65	0.34	0.21	3.78	2.51	0.32	0.21	2.62	1.16	1.14
<b>Intangible:</b>										
Software*	1.58	0.12	--	1.70	0.93	0.22	--	1.15	0.55	0.65
<b>Total</b>	<b>1,201.98</b>	<b>193.04</b>	<b>0.85</b>	<b>1,394.17</b>	<b>283.05</b>	<b>62.21</b>	<b>0.49</b>	<b>344.77</b>	<b>1,049.40</b>	<b>918.93</b>
<b>Previous Year</b>	<b>913.28</b>	<b>291.08</b>	<b>2.38</b>	<b>1,201.98</b>	<b>232.23</b>	<b>52.30</b>	<b>1.48</b>	<b>283.05</b>	<b>918.93</b>	<b>--</b>
<b>Capital Work in progress</b>									<b>91.62</b>	<b>38.31</b>

\* other than internally generated .

**NOTES:**

- Buildings include Rs. 8000/- being the value of Shares of Co-operative Societies.
- Net Block of Plant & Machinery includes Rs.0.20 Crores (Previous year Rs. 0.25 Crores) in respect of Fixed Assets held for disposal.
- Additions to fixed assets & Capital work in Progress are inclusive of gain of Rs.17.23 Crores (Previous Year loss of Rs.39.40 Crores) on account of foreign exchange difference during the year.
- Capital work in progress includes :
  - Rs 7.26 Crores on account of Preoperative expenses (Previous Year Rs. 0.61 Crores).
  - Rs 29.42 Crores on account of cost of construction material at site (Previous Year Rs. 1.54 Crores)
  - Rs.30.98 Crores on account of advances against capital expenses (Previous year Rs. 4.78 Crores)

## SCHEDULE 'F' INVESTMENTS

(Rs. in Crores)

	Face Value (Rs. unless other wise stated)	As at 31st March 2010		As at 31st March 2009	
		No. of Shares/ Units	Rs. in Crores	No. of Shares/ Units	Rs. in Crores
<b>A. Long Term Investments</b>					
<b>1 Trade Investments - Unquoted</b>					
<b>Equity Shares- Fully Paid Up</b>					
<b>SUBSIDIARY COMPANY</b>					
JBF Global Pte. Ltd.	S\$ 1	46,091,003	123.64	46,091,003	123.64
<b>2 Other than Trade Investments</b>					
<b>a. Unquoted</b>					
<b>(i) Equity Shares- Fully Paid Up</b>					
Sumex Overseas Ltd.	10	15,000	--	15,000	--
Planet 41 Mobi Venture Ltd	10	360,000	1.95	150,000	1.95
Ansal Townships Hi Tech Ltd *	10	3,568	0.03	3,568	0.03
Ananta Landmarks Pvt Ltd *	10	1,999	0.00	1,999	0.00
In Rs.19990 (Previous Year Rs.NIL)					
Total Environment Project Pvt Ltd *	10	150	0.00	--	--
In Rs.1500 (Previous Year Rs.NIL)					
Nitesh Hosing Developers Pvt Ltd *	10	282	0.01	--	--
Runwal Homes Private Ltd *	10	223	0.03	--	--
VBHDC Bangalore Value Homes Pvt Ltd *	10	60	0.00	--	--
In Rs.600 (Previous Year Rs.NIL)					
BCC Infrastructure Private Ltd *	10	59	0.00	--	--
In Rs.590 (Previous Year Rs.NIL)					
Godrej Estate Dev Pvt Ltd *	10	16	0.03	--	--
Godrej Sea View Proproperties pvt Ltd *	1	64	0.01	--	--
<b>(ii) Preference Shares- Fully Paid Up *</b>					
Ananta Landmarks Pvt. Ltd	10	477	0.05	477	0.05
Neo Pharma Pvt. Ltd	10	78	0.01	78	0.01
BCC Infrastructure Pvt. Ltd	10	172	0.00	--	--
In Rs.1720 (Previous Year Rs.NIL)					
<b>(iii) Debenture- Fully Paid Up</b>					
CITICORP Finance India Ltd	1,000,000	--	--	10	1.00
Ansal Townships Hi Tech Ltd*	100	6,296	0.06	6,296	0.06
Nilkanth Tech Park Pvt. Ltd*	100	7,657	0.08	7,657	0.08
Total Environment Project I- Deb-I*	100	3,553	0.04	--	--
Total Environment Building Pvt. Ltd*	100	5,595	0.06	--	--
Atithi Building Commodities Pvt. Ltd*	1,000	738	0.07	--	--
Aristo Realtors Private Ltd*	1,000	681	0.07	--	--
Nitesh Housing Developers Pvt. Ltd*	100	3,423	0.03	--	--
Nitesh Land Holding Pvt. Ltd*	100	1,104	0.01	--	--
Runwal Homes -Debentures -Class A*	100	7,541	0.08	--	--
Runwal Homes -Debentures-Class B*	100	3,416	0.03	--	--
Ats Apartments Pvt. Ltd*	100	2,811	0.03	--	--
VBHDC Bangalore Value Homes Pvt. Ltd*	100	1,351	0.01	--	--
BCC Infrastructures Pvt. Ltd*	100	1,691	0.02	--	--
Kanakia Builders Pvt. Ltd *	100	2,331	0.02	--	--
<b>b. Quoted</b>					
<b>(i) Equity Shares- Fully Paid Up</b>					
Allied Digital Services Ltd. (Previous Year Face Value of Rs. 10)	5	48,000	0.29	24,000	0.29
J.Kumar Infraprojects Ltd.	10	--	--	62,500	0.50

	Face Value (Rs. unless other wise stated)	As at 31st March 2010		As at 31st March 2009	
		No. of Shares/ Units	Rs. in Crores	No. of Shares/ Units	Rs. in Crores
<b>B. Current Investment</b>					
<b>Other than Trade Investments</b>					
<b>(a) Equity Shares- Fully Paid Up-Quoted</b>					
Grabal Alok Impex Ltd.	10	--	--	295,658	1.36
Wockhardt Ltd.	5	36,000	0.50	36,000	0.30
Larsen & Toubro Ltd	2	9,000	1.32	9,000	0.61
<b>(b) Units -Fully Paid up - Unquoted</b>					
DSPBR Micro Cap Fund- Regular Growth	10	1,000,000	1.00	1,000,000	0.47
HDFC- CM Treasury Advantage Plan-WD *	10	501,492	0.50	490,887	0.49
HDFC CMS -Growth *	10	--	--	5,186	0.01
LICMF Floating Rate Fund - Short Term Plan -Weekly Dividend Plan	10	5,272,933	5.35	15,951,984	16.19
LICMF Floating Rate Fund - Short Term Plan - Daily Dividend Plan	10	106,523,512	106.52	--	--
ICICI Prudential Fusion fund Series 2 - Growth	10	1,000,000	1.00	1,000,000	0.59
U251IR UTI-India Lifestyle Fund - Dividend Plan- Payout	10	1,650,000	1.65	1,650,000	0.98
Reliance Medium Term Fund- Weekly Dividend- Reinvestment Plan	10	11,623	0.02	11,170	0.02
Birla Sunlife Short Term Fund- IP- Monthly Dividend- Reinvestment	10	73,361	0.07	71,100	0.07
Baroda Pioneer Liquid Fund- Institutional Growth	10	--	--	10,921,475	11.00
Birla Sunlife Dynamic Bond Fund-Retail Plan- Monthly Dividend	10	480,585	0.50	--	--
Birla Sunlife Saving Fund-Institutional Plan- Daily Dividend	10	2,004,404	2.01	--	--
HDFC Cash Management Fund- Treasury Advantage-Wholesale Plab-Daily Dividend Reinvestment	10	2,498,019	2.50	--	--
ICICI Prudential Flexible Income Plan- Premium- Daily Dividend Re-Investment	100	234,157	2.48	--	--
Reliance Medium Term Fund-Daily Dividend Reinvestment	10	1,465,805	2.51	--	--
<b>Total</b>			<b>254.59</b>		<b>159.69</b>

\* Represents Investments made through Portfolio Manager and held by them in a fiduciary capacity on behalf of the Company

**Notes:**

(i) Investments are Net of provisions for diminution in value by Rs. 0.83 Crores (Previous Year Rs. 5.06 Crores)

	As at 31st March, 2010		As at 31st March, 2009	
	Book Value	Rs. in Crores Market Value	Book Value	Rs. in Crores Market Value
<b>(ii) AGGREGATE VALUE OF</b>				
Quoted Investment	2.11	2.98	3.07	2.95
Unquoted Investment	252.48	--	156.62	--
<b>(iii). INVESTMENTS PURCHASED AND SOLD DURING THE YEAR</b>				
<b>MUTUAL FUND UNITS</b>				
HDFC- CM Treasury Advantage Plan-WD	10	199,105	0.20	
HDFC CMS -Growth	10	323,325	0.62	
LICMF Floating Rate Fund - Short Term Plan - Weekly Dividend Plan	10	49,255,650	50.00	
Birla Sunlife Saving Fund-Institutional Plan - Daily Dividend	10	499,660	0.50	
LIC MF Liquid Fund-Dividend Plan	10	135,576,032	148.86	
LIC MF Floating Rate Fund - Short Term Plan - Daily Dividend Plan	10	86,150,000	86.15	
<b>DEBENTURE-UNQUOTED FULLY PAID UP</b>				
Runwal Homes Pvt Ltd	100	1,073	0.01	

## SCHEDULE 'G'

### CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
<b>CURRENT ASSETS</b>		
<b>INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Stores, Spares and Consumables	11.31	8.08
Raw Materials	168.67	130.58
Stock in Process	18.59	14.99
Finished Goods	<u>147.60</u>	<u>84.74</u>
	<b>346.17</b>	<b>238.39</b>
<b>SUNDRY DEBTORS</b>		
( Unsecured, Considered good and Subject to Confirmation)		
Due for a period exceeding Six months		
Considered Good	26.78	61.69*
Considered Doubtful	<u>1.12</u>	<u>--</u>
	27.90	61.69
Less : Provision for doubtful debts	<u>1.12</u>	<u>--</u>
	26.78	61.69
Others	<u>228.17 *</u>	<u>206.19</u>
	<b>254.95</b>	<b>267.88</b>
*Includes Rs. 23.42 Crores (Previous year Rs. 0.32 Crores) due from JBF RAK LLC, a subsidiary Company.		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	0.04	0.05
<b>BALANCE WITH BANKS :</b>		
In Current Accounts :		
With Scheduled Banks	10.02	12.27
With Non -Scheduled Bank#	0.00	0.00
-Rs. 3507 (Previous Year Rs.3967)		
In Margin Deposit Accounts :		
With Scheduled Banks	12.67	6.11
In Fixed Deposit Accounts		
With Scheduled Banks*	<u>11.30</u>	<u>19.04</u>
	<b>34.03</b>	<b>37.47</b>
# balance with Citi Pvt. Bank, Singapore Rs. 3507 ( Previous Year Rs. 3967 ). Maximum balance at any time during the year Rs.3967 ( Previous Year Rs. 5425 ).		
* Includes Rs. 2.82 Crores (Previous Year Rs.13.71 Crores) pledged with Banks against the Credit facilities.		
<b>LOANS AND ADVANCES</b>		
(Unsecured, Considered good unless otherwise stated)		
Subsidiary Company #	35.59	33.67
Advances Recoverable in cash or kind or for value to be received		
Considered Good	93.95	100.44
Considered Doubtful	<u>0.08</u>	<u>0.08</u>
	94.03	100.52
Less : Provision for doubtful advances	<u>0.08</u>	<u>0.08</u>
	93.95	100.44
MAT Credit Entitlement	0.89	5.04
Less : Utilised during the year	<u>0.89</u>	<u>4.15</u>
	--	0.89
Balance with Excise Authorities	81.80	55.94
Income Tax- Advance Tax & TDS (Net)	<u>43.75</u>	<u>22.91</u>
	<b>255.09</b>	<b>213.85</b>
	<b>890.24</b>	<b>757.59</b>
# Includes Rs. 30.34 Crores (Previous Year Rs. 30.34 Crores ) towards share application money pending allotment.		

## SCHEDULE 'H' CURRENT LIABILITIES AND PROVISIONS

(Rs. in Crores)

	As at 31st March, 2010		As at 31st March, 2009	
<b>CURRENT LIABILITIES</b>				
Acceptances #	312.16		116.57	
Sundry Creditors - Micro and Small Enterprises (Refer Note No.31 of Schedule "P")	2.94		0.95	
- Others *	148.20		176.92	
Investor Education and Protection Fund -Unclaimed Dividend @	0.57		0.39	
Other Liabilities	19.77		17.70	
Interest/Premium accrued but not due on Loans	13.15	<b>496.79</b>	20.33	<b>332.86</b>
<b>PROVISIONS :</b>				
Provision for Tax	42.71		20.81	
Provision for Staff Benefit Schemes	4.08		3.30	
Other Provisions **	10.10		2.65	
Proposed Dividend on Equity Shares	37.35		31.12	
Provision for Dividend Tax	6.35	<b>100.59</b>	5.29	<b>63.17</b>
		<b>597.38</b>		<b>396.03</b>

# includes for Capital expenditure Rs.30.36 Crores ( Previous Year Rs. Nil)

\* includes for Capital expenditure Rs. 9.50 Crores ( Previous Year Rs 8.80 Crores) &amp; Rs. 0.01Crores (Previous Year Rs. 0.38 Crores) payable to Subsidiary company

@ Do not include any amounts, due &amp; outstanding, to be credited to Investor Education &amp; Protection Fund.

\*\* The company has recognised liability based on substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 31st March, 2009 of Rs.2.65 Crores as per the estimated pattern of Despatches. During the year Rs.2.65 Crores was utilised for clearance of goods. Liability recognised under this class for the year is Rs. 10.10 Crores which is outstanding as on 31st March, 2010. Actual outflow is expected in the next financial year.

## SCHEDULE - FORMING PART OF PROFIT AND LOSS ACCOUNT SCHEDULE 'I' OTHER INCOME

(Rs. in Crores)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Dividend - on long term investments	0.03	0.01
- on current investments	1.99	1.38
Profit on Sale - of long term Investments (Net)	--	0.27
Interest received - from long term investments	0.03	0.02
- from Others	4.47	9.39
(Tax Deducted at source Rs.0.36 Crores (Previous Year Rs. 1.95 Crores)		
Extinguishment of Liability on Buyback of FCCB (Refer Note No. 6 of Schedule 'P')	17.46	--
Rent	0.09	0.19
Insurance claim	1.37	0.42
Exchange Difference (Net)	10.56	--
Miscellaneous income	1.38	1.49
	<b>37.38</b>	<b>13.17</b>

## SCHEDULE 'J' VARIATION IN STOCKS

(Rs. in Crores)

	Year Ended 31st March, 2010		Year Ended 31st March, 2009	
<b>Stocks at commencement :</b>				
Stock-in-process	14.99		9.29	
Finished goods	84.74	99.73	31.64	40.93
<b>Stocks at close :</b>				
Stock-in-process	18.59		14.99	
Finished goods	147.60	166.19	84.74	99.73
		<b>66.46</b>		<b>58.80</b>

## SCHEDULE 'K' MANUFACTURING AND OTHER EXPENSES

(Rs. in Crores)

	Year Ended 31st March, 2010		Year Ended 31st March, 2009	
Raw Material Consumed				
Opening Stock	130.58		47.68	
Add : Purchases	2,176.64		2,000.44	
	2,307.22		2,048.12	
Less : Consumption during trial run	1.53		2.94	
Less : Closing Stock	168.67	2,137.02	130.58	1,914.60
Stores & Spare		6.86		6.96
Colours, Chemicals, Oils & Lubricants		14.76		13.69
Power & Fuel		134.50		120.74
Repairs & Maintenance				
Plant & Machinery	1.59		1.57	
Building	0.39	1.98	0.27	1.84
Excise Duty		7.47		0.12
Security Charges		1.04		0.88
Labour Charges		6.34		5.44
Other Manufacturing Expenses		4.13		2.69
		<b>2,314.10</b>		<b>2,066.96</b>

## SCHEDULE 'L' PERSONNEL

(Including Managerial Remuneration)

(Rs. in Crores)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Salaries, Wages, Bonus and Commission	23.77	20.06
Contribution to Provident Fund, ESIC and other Funds	1.24	1.08
Gratuity	1.01	0.58
Employee Stock Option Cost	2.26	--
Employees Welfare and Other Amenities	3.30	3.50
	<b>31.58</b>	<b>25.22</b>



## SCHEDULE 'M'

### SELLING AND DISTRIBUTION

(Rs. in Crores)

	Year Ended 31st March, 2010		Year Ended 31st March, 2009	
Packing Material Consumed		40.27		31.73
Sales Promotion & Advertising Expenses		0.29		0.29
Freight & Forwarding Charges (Net)		22.29		13.42
Brokerage & Commission		7.68		6.60
		<b>70.53</b>		<b>52.04</b>

## SCHEDULE 'N'

### ADMINISTRATIVE AND GENERAL

(Rs. in Crores)

	Year Ended 31st March, 2010		Year Ended 31st March, 2009	
Rent		3.15		2.00
Rates & Taxes (Net)		0.24		0.20
Insurance		0.48		0.87
Repairs & Maintenance-others		0.92		0.83
Travelling and Conveyance Expenses		2.57		2.17
Legal, Professional and Consultancy Charges		1.54		1.21
Payment to Auditors'		0.28		0.28
Donation		0.44		0.54
Bad Debts Written off		--		0.66
Provision for Doubtful Debts		1.12		--
Sundry Debit Balances W/off (Net)		0.15		0.27
Exchange Difference (Net)		--		62.08
Provision for Diminution in value of Current Investment		(4.23)		1.54
Loss on Sale of Current Investments (Net)		0.76		8.05
Loss on sale of Fixed Assets (Net)		0.22		0.61
General Expenses*		3.88		3.96
		<b>11.52</b>		<b>85.27</b>

\*General Expenses includes Directors sitting Fees Rs. 0.07 Crores (Previous Year Rs. 0.08 Crores)

## SCHEDULE 'O'

### INTEREST & FINANCE CHARGES

(Rs. in Crores)

	Year Ended 31st March, 2010		Year Ended 31st March, 2009	
Interest on				
Bonds & Fixed Loans		38.89		40.71
Others		13.01		12.98
Finance & Bank Charges		9.99		5.73
		<b>61.89</b>		<b>59.42</b>

**SCHEDULE 'P'****SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS:****1. SIGNIFICANT ACCOUNTING POLICIES****A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

Financial statements have been prepared as a going concern basis under historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

**B. USE OF ESTIMATE**

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

**C. FIXED ASSETS**

Fixed assets are stated at cost of acquisition or construction, net of cenvat/Value added Tax, less accumulated depreciation and impairment loss, if any. All costs, including finance cost till commencement of commercial production & net charges on forward exchange contracts attributable to the fixed assets are capitalised.

**D. ASSETS TAKEN ON LEASE**

The lower of the fair value of the assets and present value of the minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component, if any, is charged to profit and loss account.

**E. INTANGIBLE ASSETS**

Intangible assets are stated at cost of acquisition less accumulated amortization. Computer Software is amortized over a period of five years.

**F. DEPRECIATION**

- i. Depreciation is provided on straight line method at the rates and in the manner prescribed in Schedule XIV, of the Companies Act, 1956.
- ii. Depreciation on addition during the year has been provided on pro rata basis succeeding to the month of addition.
- iii. The leasehold land has been amortised over the lease period.
- iv. Depreciation has been provided over the residual life of the respective fixed assets for additions arising on account of translation of foreign currency liabilities, insurance spares and on additions or extensions forming an integral part of existing plants.

**G. IMPAIRMENT OF ASSETS :**

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

**H. INVESTMENTS**

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

**I. INVENTORIES**

In general, all inventories of Finished Goods, Work-in-Process etc., are stated at lower of cost or net realisable value. Cost of inventories comprise of all cost of purchase, cost of conversion and other cost incurred in bringing the inventory to their present location and condition. Raw Materials & Stores and Spares are stated at cost on FIFO Basis. Waste, by products and trial run products are valued at net realisable value. Inventories of Finished Goods and Waste include excise duty, wherever applicable.

**J. TRANSACTION IN FOREIGN CURRENCY**

- i. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the date of the transaction.
- ii. Monetary Items denominated in foreign currencies at the year end are restated at year end rates. In case of those items, which are covered by forward exchange contracts, the difference between the year end rate and spot rate on the date of the contract is recognized as exchange difference in the profit and loss account and the premium paid on forward contracts has been recognized over the life of the contract.
- iii. Exchange difference relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of depreciable fixed asset is adjusted to the carrying cost of the fixed asset. In other cases such difference are accumulated in a " Foreign Currency Monetary Item Translation Difference Account" and amortised to the profit and loss account over the balance life of the long term monetary item, however that the period of amortization does not extend beyond 31st March, 2011.
- iv. All other exchange difference are dealt with in the profit & loss account.
- v. Non monetary foreign currency items are carried at cost.

**K. DERIVATIVE INSTRUMENTS**

Financial Derivative Contracts are accounted on the date of their settlement and realized gain/loss in respect of settled contracts are recognized in the Profit & Loss Account.

**L. ISSUE EXPENSES**

Equity Share/ Share Warrants / Bonds issue expenses are adjusted against Securities Premium account.

**M. PREMIUM ON REDEMPTION OF BONDS**

Premium payable on redemption of Bonds is provided for over the life of the Bonds. The Securities Premium Account is applied in providing for premium on redemption on Bonds in accordance with Section 78 of The Companies Act, 1956. On conversion of the Bonds into equity shares & on cancellation of the same, the redemption premium is reversed.

**N. REVENUE RECOGNITION**

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods have passed to the buyer. Turnover includes sale of goods, waste, export Incentive and excise duty and are net of sales tax, value added tax, discounts and claims. Dividend Income is recognised when right to receive the payment is established by the balance sheet date. Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

**O. BORROWING COST**

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

**P. CUSTOMS**

Liability on account of Customs Duty on Imported materials in transit or in bonded warehouse is accounted in the year in which the goods are cleared from customs.

**Q. EXPORT INCENTIVES**

- (i) Benefit on account of entitlement to Import duty free materials under the "Duty Exemption pass book Scheme/Focus Market scheme" is recognized as and when right to receive are established as per the terms of the scheme.
- (ii) The Benefits in respect of Advance Licence received by the Company against the Export made by it are recognized as and when goods are imported against them.
- (iii) The Benefit in respect of Duty Drawback is recognised at the time of exports.

**R. EMPLOYEE BENEFITS**

- (i) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
- (ii) Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognized at the present value of the amounts payable determined using actuarial valuation techniques based on Projected unit credit method. Actuarial gain/losses in respect of post employment and other long term benefits are charged to Profit and Loss Account.
- (iii) In respect of employee's stock options, the excess of market price on the date of grant over the exercise price is recognised as deferred employee compensation expenses amortised over vesting period.
- (iv) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.

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

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961.

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. In the case of Unabsorbed depreciation and carry forward tax losses, all deferred tax asset are recognised only if there is virtual certainty that they can be realised against future taxable profits.

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

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

**2. NOTES ON ACCOUNTS :****1. Managerial Remuneration :**

	Current year	Previous Year
a) Salary *	3.82	3.37
b) Commission	1.65	1.30
c) Other Benefits	0.39	0.32
	<b>5.86</b>	<b>4.99</b>

\*Salary Includes Contribution to Provident Fund Rs. 39,000 (Previous Year Rs. 39,000).

- i. Liability for Gratuity and Leave Encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to directors is not ascertainable and, therefore, not included above.
- ii. The benefit value in respect of 1,35,000 stock options granted to the full time & executive directors is not considered for the above purpose.

## 2. Computation of net profit in accordance with Section 349 of the Companies Act, 1956 in respect of commission payable to Chairman:

(Rs. in Crores)

	Current Year	Previous Year
Profit before tax	183.01	120.55
Add : Depreciation as per Accounts	62.21	52.30
Managerial remuneration to Chairman, MD & Executive Directors	5.86	4.99
Directors Sitting Fees	0.07	0.08
Loss on Sale of Fixed Assets (net)	0.22	0.61
Loss on Sale of Investments (Net)	0.76	8.05
Provision for Doubtful Debts	1.12	--
(Reversal)/ Provision for Diminution in value of Current Investment	(4.23)	1.54
	<b>249.02</b>	<b>188.12</b>
Less :Depreciation As per Section 350 of the Companies Act, 1956	62.21	52.30
Extinguishment of Liability on Buyback FCCB	17.46	--
Profit on Sale of Investments (net)	--	0.27
<b>Net profit for the year</b>	<b>169.35</b>	<b>135.55</b>
Commission maximum as per terms of appointment	1.69	1.35
Commission to Chairman as determined by Board of Directors	1.65	1.30

## 3. Additional Information

(Rs. In Crores)

	Current Year	Previous Year
a) Estimated amount of Contract remaining to be executed on Capital Account and not provided for (net of advances)(Cash outflow is expected on execution of such capital contracts, on progressive basis)	48.50	93.43
b) Contingent Liabilities :		
I Guarantees issued by the Bankers (Bank guarantees are provided under contractual/legal obligation . No cash outflow is expected.)	180.31	152.43
II Letter of Credit *includes Rs. 41.60 Crores extended for Subsidiary Company. (These are established in favour of vendors but cargo/material under the aforesaid Letter of Credit are yet to be received as on year end date. Cash outflow is expected on the basis of payment terms as mentioned in Letter of Credit.)	*102.84	125.58
III Corporate Guarantee to banks against the Letter of credit facility to Subsidiary Company. ( No Cash outflow is expected)	215.88	120.63
IV Export Bill Discounting ( No Cash outflow is expected)	9.05	--
V Disputed liabilities in appeal :		
(i) Income Tax ( No cash outflow is expected.)	0.94	--
(ii) Excise Duty ( No cash outflow is expected.)	1.76	1.83
(iii) Service Tax ( No cash outflow is expected.)	1.49	1.49
VI Claim against the Company not acknowledged as debts	0.09	0.09

## 4. Payment to Auditors :

(Rs. in Crores)

Particulars	Current Year	Previous Year
Audit Fees	0.21	0.21
Tax Audit Fees	0.06	0.06
Certification Charges	0.01	0.01
Out of Pocket Expenses - in Rs. 23428/-(Previous Year Rs.48601/-)	0.00	0.00
	<b>0.28</b>	<b>0.28</b>

5. In accordance with the Accounting Standard (As -28 ) on " Impairment of Assets" As notified by Companies ( Accounting Standards) Rules 2006, the management during the year carried out an exercise of identifying the assets that may have been impaired in respect of each cash generating unit in accordance with the said Accounting Standard . On the basis of this review carried out by the management , there was no impairment loss on Fixed Assets during the year ended 31st March, 2010.

6. The Company has repurchased and cancelled 1430 Foreign Currency Convertible Bonds ( FCCBs) of the Face Value of USD 10000 each on 20th April, 2009, as per the approval of the Reserve Bank of India, at a discount. This has resulted in a saving of Rs.17.46 Crores which has been reflected as part of Other Income for the year ended 31st March, 2010. Consequent upon such repurchase and cancellation, the Company 's obligations to convert the said FCCBs into shares, if so claimed by the FCCB holders and/ or to redeem the same in foreign currency, have come to an end vis-s vis cancelled FCCBs. Rs. 9.15 Crores being premium on redemption has been reversed on buy back of FCCBs.

7. Debtors includes Rs. NIL (Previous Year Rs. 2.81 Crores) due from the firms in which one of the Directors' and/or his relative are interested as partner.

8. Advances recoverable in cash or in kind or for value to be received includes Rs. NIL (Previous Year Rs. 0.60 Crores) due from a firm in which one of the Directors' and/or his relative are interested as partner. The maximum amount outstanding at any time during the year was Rs. 0.60 crores (Previous Year Rs. 0.60 Crores)



**Notes to Related Party Transactions:**

- i) Loans & Advances includes Rs.5.25 Crores & Rs. 30.34 Crores Loan given to JBF RAK LLC & Share application money pending allotment with JBF Global Pte. Ltd. respectively.
  - ii) Investment includes Rs. 123.64 Crores in JBF Global Pte. Ltd.
  - iii) Sundry Debtors includes Rs. 23.42 Crores from JBF RAK LLC.
  - iv) Sundry Creditors includes Rs. 0.01 Crores & 0.39 crores to JBF RAK LLC & Arya Industries respectively.
  - v) Dividend paid includes Rs. 11.68 Crores & Rs. 1.95 Crores to Mr. B C Arya & Vaidic Resources Pvt. Ltd.
  - vi) Income: Sales includes Rs. 49.28 Crores to JBF RAK LLC. Interest Includes Rs. 2.46 Crores from JBF RAK LLC.
  - vii) Expenditures: Purchases include Rs. 21.15 Crores & Rs. 78.35 Crores from Arya Industries & JBF RAK LLC respectively. Remuneration/Sitting Fees include Rs. 4.90 Crores and Rs. 0.60 Crores paid to Mr.B C Arya & Mr.Rakesh Gothi respectively.
  - viii) Guarantees provided by the Company includes Rs. 257.48 Crores given to bankers on behalf of JBF RAK LLC.
10. The Expense on account of forward premium on outstanding forward exchange contracts to be recognized in the profit & loss account of subsequent accounting year aggregate to Rs. NIL (Previous Year Rs. 0.19 Crores).
11. In accordance with the Clause 32 of Listing Agreement,
- a) Loans & Advances given in the nature of loans :

(Rs. in Crores)

Sr. No.	Name of the Company		As at 31st March, 2010	As at 31st March, 2009	Maximum balance during the year
1	JBF RAK LLC	Subsidiary	4.42	2.54	4.86

Note:- As per Company policy, Loans given to employees are not considered under this clause.

b) Investment by the loanee in the share of the Company : Nil

12. In the opinion of the management, the company is engaged only in the business of producing polyester based products. As such, there are no separate reportable segments.

**13. Earning Per Share (Basic & Diluted):**

(Rs. in Crores)

	Current Year	Previous Year
Net profit after tax	129.00	76.27
Prior period adjustment	0.22	2.77
Net profit after tax attributable to Equity Share holders for Basic EPS	128.78	73.50
Weighted average no. of equity shares outstanding for Basic EPS	6,22,42,448	6,22,42,448
<b>Basic Earning Per Share of Rs.10 Each (Rs.)</b>	<b>20.69</b>	<b>11.81</b>
Net profit after tax attributable to Equity Share holders for Basic EPS	128.78	73.50
Add : Interest expenses recognized on Foreign Currency Convertible Bonds net of Tax	0.42	1.22
Net profit after tax attributable to Equity Share holders for Diluted EPS	129.20	74.72
Weighted average no. of equity shares outstanding for Diluted EPS	6,62,15,879	6,58,00,781
<b>Diluted Earning Per Share of Rs.10 Each (Rs.)</b>	<b>19.51</b>	<b>11.36</b>

Reconciliation between number of shares used for calculating basic and diluted earning per share

	Current Year	Previous Year
Number of Shares Used for calculating Basic EPS	6,22,42,448	6,22,42,448
Add : Potential Equity Shares (Foreign Currency Convertible Bonds)	35,58,333	35,58,333
Add:- Potential Equity Shares (JBF ESOS-2009)	4,15,098	--
Number of Shares used for Calculating Diluted EPS	6,62,15,879	6,58,00,781

14. The break up of net deferred tax liability as on 31st March 2010 is as under :

(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
<b>A. Deferred Tax Liability</b>		
Related to fixed assets	134.53	122.54
<b>B. Deferred Tax Assets</b>		
Disallowance under Section 43B of the Income Tax Act 1961	1.09	0.99
Others	1.27	0.65
<b>C. Deferred Tax liability (net)</b>	<b>132.17</b>	<b>120.90</b>

**15. Pre Operative Expenses Includes :**

(Rs. in crores)

<b>PARTICULARS</b>	<b>Current Year</b>	<b>Previous Year</b>
Raw material Consumed	1.53	2.94
Colour & Chemicals and Oil & Lubricants	0.04	0.28
Power & Fuel	0.78	0.36
Security charges	0.02	0.01
Other Manufacturing Expenses	0.13	0.08
Salary & Wages, Bonus & Commission	1.39	0.69
Gratuity	--	0.03
Employees Welfare & Other Amenities	0.15	0.09
Packing Material Consumed	0.12	--
Sales Promotion & Advertising	0.02	0.02
Rent	0.36	0.09
Insurance	0.06	0.01
Repairs & Maintenance - Others	0.01	--
Travelling & Conveyance	0.11	0.22
General Expenses	0.06	0.04
Legal & professional Fees	0.33	--
Bank & Finance Charges	2.47	0.74
Interest	6.83	6.57
Exchange Difference (Net)	--	21.49
	<b>14.40</b>	<b>33.66</b>
<b>Less : Income during Pre Operative Period:</b>		
Dividend Income	--	0.05
Interest (TDS Rs. Nil (Previous Year. Nil))	--	0.18
Sales Realisation	1.20	1.78
	1.20	2.01
<b>Net Pre Operative Expenses for the Year</b>	<b>13.20</b>	<b>31.65</b>
Add : Pre Operative Expenses up to Previous Year	0.61	9.34
	13.82	40.99
<b>Less : Allocated during the Year</b>	<b>6.56</b>	<b>40.38</b>
Closing Balance	<b>7.26</b>	<b>0.61</b>

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

17. Income Tax Assessment of the Company has been completed up to the accounting year ended on 31st March 2007.

18. Details regarding Licensed, Installed Capacity and Actual Production : (As certified by the management)

<b>A. Capacity :</b>	<b>Unit</b>	<b>Licensed Capacity</b>		<b>Installed Capacity</b>	
		<b>Current Year</b>	<b>Previous Year</b>	<b>Current Year</b>	<b>Previous Year</b>
Polyester Chips	MT	NA	NA	550,800	550,800
Polyester Filament Yarn (POY)	MT	NA	NA	201,200	163,200
Polyester Processed Yarn	MT	NA	NA	13,420	13,420

NA denotes delicensed by notification no. 477 (E) dated 27th July, 1991.

<b>B. Production</b>	<b>Description</b>	<b>Unit</b>	<b>Current Year</b>	<b>Previous Year</b>
			<b>Quantity</b>	<b>Quantity</b>
	Polyester Chips *	MT	431342	399554
	Polyester Filament Yarn (POY) \$	MT	151551	149375
	Polyester Processed Yarn	MT	7032	7025

\* Includes 151567 MT ( Previous Year 146476 MT) for captive consumption.

\$ Includes 7015 MT ( Previous Year 6287 MT ) for captive consumption.



**19. Quantitative Information in respect of Opening Stock, Closing Stock, Turnover, Purchase and Raw Material Consumption (As certified by the management)**

	Unit	Current Year		Previous Year	
		Quantity	(Rs. in Crores)	Quantity	(Rs. in Crores)
<b>A. Opening Stock</b>					
Polyester Chips	MT	15678	73.10	3471	20.46
Polyester Filament Yarn (POY)	MT	1551	9.17	1100	7.59
Polyester Processed Yarn	MT	328	2.47	405	3.58
Waste	--	--	--	2	0.01
			<b>84.74</b>		<b>31.64</b>
<b>B. Closing Stock</b>					
Polyester Chips	MT	19042	120.60	15678	73.10
Polyester Filament Yarn (POY)	MT	2472	19.15	1551	9.17
Polyester Processed Yarn	MT	843	7.85	328	2.47
Waste	MT	--	--	--	--
			<b>147.60</b>		<b>84.74</b>
<b>C. Turnover</b>					
Polyester Chips	MT	276411	1602.93	240871	1434.93
Polyester Filament Yarn (POY)*	MT	143615	1067.59	142637	1032.22
Polyester Processed Yarn	MT	6517	68.34	7102	73.63
Mono Ethylene Glycol	MT	3861	16.99	1383	5.54
Pure Terephthalic Acid	MT	10759	46.22	--	--
Waste & Others	--	--	45.62	--	6.81
			<b>2847.69</b>		<b>2553.13</b>
* Includes sales of trail run products Rs. 1.20 Crores (Previous Year Rs. 1.78 Crores)					
<b>D. Purchases</b>					
Mono Ethylene Glycol	MT	3861	14.98	1383	4.36
Pure Terephthalic Acid	MT	10759	44.92	--	--
Others	--	--	0.41	--	0.26
			<b>60.31</b>		<b>4.62</b>
<b>E. Raw Material Consumed</b>					
Pure Terephthalic Acid	MT	369163	1610.33	338325	1368.24
Mono Ethylene Glycol	MT	144762	476.98	132914	440.22
Polyester Chips	MT	--	--	9776	65.70
Polyester Filament Yarn (POY)	MT	65	0.20	707	4.79
Master Batch	MT	929	12.29	902	10.89
Others	--	--	38.75	--	27.70
			<b>*2138.55</b>		<b>*1917.54</b>

\*includes Consumed during Trial Run Rs. 1.53 Crores (Previous Year Rs. 2.94 Crores)

**20. Value of Raw material Consumed:**

(Rs. in Crores)

	Current Year	% of Total consumption	Previous Year	% of Total consumption
Indigenous	1375.87	64.34	1229.33	64.11
Imported	762.68	35.66	688.21	35.89
	<b>2138.55</b>	<b>100.00</b>	<b>1917.54</b>	<b>100.00</b>

**21. Value of Store & Spare Parts Consumed :**

(Rs. in Crores)

	Current Year	% of Total consumption	Previous Year	% of Total consumption
Indigenous	5.74	83.67	5.89	84.63
Imported	1.12	16.33	1.07	15.37
	<b>6.86</b>	<b>100.00</b>	<b>6.96</b>	<b>100.00</b>

**22. Earnings in foreign Exchange :**

(Rs.in Crores)

	Current Year	Previous Year
FOB Value of Exports	613.60	212.57
Interest	2.46	0.13

**23. CIF Value of imports :**

(Rs.in Crores)

	Current Year	Previous Year
Raw Materials	661.14	805.78
Capital Equipment	58.15	87.77
Colours & Chemicals and Oil & Lubricants	6.15	8.03
Stores & Spares and consumables	2.03	5.16

**24. Expenditure in Foreign currency :**

(Rs. in Crores)

	Current Year	Previous Year
Traveling	0.21	0.19
Brokerage & Commission	3.17	2.28
Interest & Bank Charges	10.84	*15.66
Others	0.24	*1.06
	<b>14.46</b>	<b>19.19</b>

\*includes amount debited to pre operative expenses.

**25. Excise Duty includes :**

(Rs. in Crores)

	Current Year	Previous Year
a) Excise duty shown as reduction from turnover	155.18	156.94
b) Excise duty charged to profit & loss account :		
i) Difference between Closing and Opening Stock	7.45	0.11
ii) Paid on depot Transfer	0.02	0.01

**26. Particulars of Dividend paid to Non resident Shareholders**

Amount remitted in foreign currency	NIL	NIL
-------------------------------------	-----	-----

**27. Financial and Derivative Instruments :**

- a) Derivative Contracts entered into by the Company and outstanding as on 31st March, 2010

(Rs. in Crores)

**Particulars**

	Current Year	Previous Year
Forward Cover Contracts	--	80.45
For Currency & Interest Swap with option structures	89.95	101.72

- b) All Derivative and financial instruments acquired by the company are for hedging purpose only.

- c) Marked to market losses in respect of the derivative contracts For Currency & Interest Swap as on 31st March, 2010 is Rs. 63.37 Crores ( Previous Year Rs.82.66 Crores), which have not been provided in the books of accounts since the company is of the view that the above losses is notional in nature and will be payable only if loss conditions are triggered.

- d) Foreign Currency exposure that are not hedged by derivative instruments as on 31st March, 2010 relating to :

(Rs. in Crores)

**Particulars**

	Current Year	Previous Year
Investment in Foreign Subsidiary	123.64	123.64
Receivables	92.65	71.27
Payables	589.74	402.83

**28. Employee Stock Option Scheme:-**

- I. The Employee Stock Option Scheme,2009 ( JBF ESOS 2009) has been introduced and implemented during the year as approved by the shareholders at the Annual General Meeting held on 25th September,2009. The Company has reserved issuance of 21,78,486 Equity Shares of Rs.10/- each for offering to eligible employees of the Company.
- II. On 25th September,2009, the Company granted 21,54,000 Options convertible into Equity Shares of Rs.10 each to 298 employees. The Exercise Price of the Options was fixed at Rs.60 each for conversion in to one Equity Share of the Company. Out of above Options 1,81,800, Options have been Lapsed during the year.
- III. The above Options vest over a period ranging from one to three years as follows.

**Percentage to Grant**

33.33  
33.33  
33.33

**Period of Vesting From Date of Grant**

At the end of Twelve Months  
At the end of Twenty Four Months  
At the end of Thirty Six Months

- IV. All the Options granted till date have an exercise period of Twenty Four months from the date of their vesting.

- V. The Company applies intrinsic- value method of accounting for determining Employee Compensation Expenses for its ESOS. Had the Employee Compensation Expenses been determined using the fair value approach, the Company's Net Profit and basic and diluted earnings per share as reported would have reduced as indicated below:

(Rs.in Crores)

Particulars	Current Year	Previous Year
Net Profit after tax	129.00	--
Prior Period adjustments	0.22	--
Net Profit as Reported	128.78	--
Less:- Employee Compensation Expenses	0.93	--
Adjusted Proforma	127.85	--
Basic Earnings Per Share ( Rs.)-		
- As reported	20.69	--
- Proforma	20.54	--
Diluted Earnings Per Share ( Rs.)		
- As reported	19.51	--
- Proforma	19.37	--

VI. The Following Summaries the Company's Stock Option activity for ESOS:

Sr.No.	Particulars	Current Year (No. of Shares)	Previous Year
a. i	Outstanding at the beginning of the year	--	--
ii	Granted during the year	21,54,000	--
iii	Lapsed during the year	1,81,800	--
iv	Exercised during the year	--	--
v	Expired During the year	--	--
b	Outstanding at the end of the year	19,72,200	--
c	Exercisable at the end of the year	--	--
d	Weighted average Intrinsic value of Options granted	36.40	--

29. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below : (Rs. in Crores)

**A. Defined Contribution Plan**

Contribution to Defined Contribution Plan, recognised are charged off for the year are as under :

	Current Year	Previous Year
Employer's Contribution to Provident Fund	0.33	0.29
Employer's Contribution to Pension Scheme	0.73	0.62

**B. Defined Benefit Plan**

The present value of Employees' Gratuity obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

(Rs. in Crores)

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	Current Year	Previous Year	Current Year	Previous Year
<b>a. Reconciliation of opening and closing balances of Defined Benefit obligation</b>				
Defined Benefit obligation at beginning of the year	1.99	1.49	1.31	0.82
Current Service Cost	0.38	0.32	0.06	0.13
Interest Cost	0.16	0.12	0.10	0.06
Actuarial (gain)/loss	0.47	0.17	0.37	0.41
Benefits paid	(0.30)	(0.11)	(0.46)	(0.11)
Defined Benefit obligation at year end	2.70	1.99	1.38	1.31
<b>b. Reconciliation of fair value of assets and obligations</b>				
Fair value of plan assets as at 31st March, 2010	--	--	--	--
Present value of obligation as at 31st March, 2010	2.70	1.99	1.38	1.31
Amount recognised in Balance Sheet	2.70	1.99	1.38	1.31
<b>c. Expenses recognised during the year</b>				
Current Service Cost	0.38	0.32	0.06	0.13
Interest Cost	0.16	0.12	0.10	0.06
Expected return on plan assets	--	--	--	--
Actuarial (gain) / loss	0.47	0.17	0.37	0.41
Net Cost	1.01	0.61	0.53	0.60
<b>d. Amounts for the current and previous year are as follows :</b>				
Defined Benefit Obligation	2.70	1.99	1.38	1.31
Plan Assets	--	--	--	--
Experience Adjustments on plan Liabilities	0.53	--	--	--
Experience Adjustments on plan Assets	--	--	--	--
<b>e. Actuarial assumptions</b>				
Mortality Table (L.I.C.)	<b>1994-96 (Ultimate)</b>			
Rate of Interest ( per annum)	8.25%	8%	8.25%	8%
Salary growth Rate ( per annum)	5%	5%	5%	5%
Withdrawal Rate	1%	1%	1%	1%

The estimated future salary increases takes into account inflation, seniority, promotion and other retirement factors including supply and demand in the employment market. The above information is certified by the actuary.

30. The company has paid till date Rs 1.46 Crores (Previous year Rs 0.80 Crores) to HDFC Asset Management company Limited (the Portfolio Manager) for providing Discretionary Portfolio Management Services which is in the nature of investment administrative management services and include the responsibility to manage, invest and operate the assets under the HDFC AMC PMS -Real Estate Portfolio -1 ("Real Estate Portfolio"), as per the agreement dated 1st January, 2008. The securities representing the outstanding balance of Rs. 1.28 crores as at 31st March, 2010 (Previous year Rs 0.73 crores) have been accounted as investment.

**31. Disclosure under the Micro and Small Enterprises Development Act, 2006 :**

Amount due to Micro and Small Enterprises are disclosed on the basis of information available with the Company regarding status of the suppliers is as follows : (Rs. in Crores)

Sr. No.	Particulars	Current Year	Previous Year
1	Principal Amount remaining unpaid at the end of the year	2.94	0.95
2	Interest due thereon	--	--
3	Interest paid during the year	--	--
4	Interest due and payable (on the amount which have been paid beyond the appointed date during the year.	--	--
5	Interest remaining accrued and unpaid at the end of the year	--	--
6	Interest due of the previous year	--	--

This information as required to be disclosed has been determined to the extent such parties have been identified on the basis of information available with the Company.

**32. Previous year's figures have been reworked/ regrouped/ rearranged and reclassified wherever necessary. Amount and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amount and other disclosures relating to the current year.**

As per our report of even date

**For & on behalf of the Board of Directors**

**For CHATURVEDI & SHAH**

Chartered Accountants

**B.C. ARYA**

Chairman

**RAKESH GOTHI**

Managing Director

**R. KORIA**

Partner

**P. N. THAKORE**

Director- Finance

**B.R. GUPTA**

Director

**UJJWALA APTE**

Company Secretary

Place : Mumbai

Date : 26th May,2010

**33 Balance Sheet Abstract and Company's General Business Profile :**

(Submitted in terms of Part IV of Schedule VI of the Companies Act,1956)

**I. REGISTRATION DETAILS**

Registration No.

54 - 00128 State Code

5 4

Balance Sheet Date

31 - 03 - 2010

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

Public Issue

N I L Right Issue

N I L

Bonus Issue

N I L Private Placement

N I L

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount Rs.in Crores)**

Total Liabilities

2,289.47 Total Assets

2,289.47

**Sources of Funds :**

Paid - Up Capital

62.24

Reserves & Surplus

672.67

Secured Loans

418.54

Unsecured Loans

406.47

Current Liabilities & Provisions

597.38

Deffered Tax Liability

132.17

**Application of Funds :**

Net Fixed Assets

1,141.02

Investments

254.59

Current Assets, Loans and Advances

890.24

Foreign Currency Monetary  
Items Translation Difference  
Account

3.62

**IV. PERFORMANCE OF COMPANY (Amount Rs.in Crores)**

Turnover

2,883.87

Profit before Tax

183.01

Total Expenditure

2,700.86

Earning Per Share in Rs. Basic

20.69

Profit after Tax

129.00

Earning Per Share in Rs. Diluted

19.51

Dividend Rate %

60.00

**V. GENERIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY (as per monetary terms)**

1. Item Code No. (ITC Code)

54024200

Product Description:

P O Y

2. Item Code No. (ITC Code)

39076090

Product Description:

POLYESTER CHIPS

3. Item Code No. (ITC Code)

5 4 0 2 4 3 0 0

Product Description:

POLYSTER FULLY DRAW YARN

**For & on behalf of the Board of Directors**

**B.C. ARYA**

Chairman

**RAKESH GOTHI**

Managing Director

**P.N. THAKORE**

Director- Finance

**B.R. GUPTA**

Director

**UJJWALA APTE**

Company Secretary

Place : Mumbai

Date : 26th May,2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2010**

(Rs. in Crores)

PARTICULARS	Year Ended 31st March, 2010 AMOUNT	Year Ended 31st March, 2009 AMOUNT
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net profit/(Loss) before tax, adjustment for the prior years and extra ordinary item</b>	<b>183.01</b>	<b>120.55</b>
<b>Adjustment for :</b>		
Depreciation & amortisation	62.21	52.30
Interest & Finance Charges	53.34	53.72
Provisions for diminution in value of Current Investments	(4.23)	1.54
Loss on sale of Fixed assets (net)	0.22	0.61
Loss from Current/Long term Investments (net)	0.76	7.78
Bad debts Written Off	--	0.66
Provision for doubtful debts	1.12	--
Interest Income	(4.50)	(9.41)
Dividend from Current/Long term Investments	(2.02)	(1.39)
Extinguishment of Liability on Buyback of FCCB	(17.46)	--
Employee Stock Option Cost	2.26	--
Sundry Balances written off/ (back) (net)	0.15	0.27
Exchange Difference (Net)	(3.18)	26.38
<b>Operating profit before working capital changes</b>	<b>271.68</b>	<b>253.01</b>
<b>Adjusted for :</b>		
Trade & Other receivables	(50.59)	(98.72)
Inventories	(107.78)	(143.36)
Trade Payables	158.50	116.38
<b>Cash generated from operations</b>	<b>271.81</b>	<b>127.31</b>
Direct taxes paid/ TDS deducted/Refund received/FBT	(40.79)	(22.35)
<b>Cash generated before prior year</b>	<b>231.02</b>	<b>104.96</b>
Prior year adjustments	(0.22)	(2.77)
<b>Net cash from operating activities (A)</b>	<b>230.80</b>	<b>102.19</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchases of fixed assets & Capital Work in Process	(224.46)	(196.67)
Sale of fixed assets	0.14	0.28
Investment in equity shares of subsidiary	--	(40.78)
Purchases of Investments	(409.29)	(214.59)
Sale of Investments	317.86	230.73
Movements in Loans (Net)	38.79	(7.03)
Dividend from Current/Long term Investments	2.02	1.54
Interest received	5.06	8.98
Fixed Deposits held for more than three months placed	(5.00)	(5.22)
Fixed deposits with banks - matured	5.34	33.06
<b>Net cash used in investing activities (B)</b>	<b>(269.54)</b>	<b>(189.70)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from long term loans	206.33	107.00
Repayment of long term loans	(119.30)	(61.81)
Short term Loans (Net)	49.44	64.37
Exchange Difference (Net)	(5.20)	(15.82)
Interest & Finance Charges paid	(59.41)	(46.72)
Dividend & Dividend Tax paid	(36.23)	(10.85)
<b>Net cash from/(used) in financing activities (C)</b>	<b>35.63</b>	<b>36.17</b>
<b>NET INCREASE/(DECREASE) ] IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(3.11)</b>	<b>(51.34)</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>32.14</b>	<b>83.48</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>29.03</b>	<b>32.14</b>
Add: Fixed deposit with banks with maturity of more than three months	5.00	5.33
Closing balance of Cash and bank#	<b>34.03</b>	<b>37.47</b>

**Notes :** 1. The above Cash Flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS-3) on "Cash Flow Statements" as notified by the Companies (Accounting Standard) Rules, 2006 .

2. Cash and cash equivalent Includes amount lying in Margin money Account amounting to Rs. 12.67 Crore (Previous year Rs. 6.11 Crore), Fixed Deposit in lien with bank amounting to Rs. 2.82 Crore (Previous year Rs.13.71 Crore) and matured Dividend Accounts amounting to Rs. 0.57 Crore (Previous year Rs. 0.39 Crore)

3. The figures of previous year have been recast, rearranged and regrouped wherever considered necessary.

4. Figures in brackets indicate outflows.

As per our report of even date

**For CHATURVEDI & SHAH**

Chartered Accountants

**R. KORIA**

Partner

Place : Mumbai

Date : 26th May,2010

**B.C. ARYA**

Chairman

**P. N. THAKORE**

Director- Finance

**For & on behalf of the Board of Directors**

**RAKESH GOTHI**

Managing Director

**B.R. GUPTA**

Director

**UJJWALA APTE**

Company Secretary

## Financial Highlights

(Rs. In Crores)

Particulars	2010	2009	2008	2007	2006
Gross Turnover	2,846	2,551	2,315	1,612	839
Net Turnover	2,691	2,394	2,150	1,480	722
EBIDTA	307	232	260	184	94
Depreciation	62	52	46	37	23
Interest & Finance Charges	62	59	47	27	11
Provision for Taxation - Current Tax	43	21	24	12	1
- Deferred Tax	11	23	5	27	16
Profit after Tax	129	76	139	81	43
Net Fixed Asset	1,141	957	769	664	519
Long Term Secured Loans	381	246	200	288	219
Paid up Capital	62	62	62	54	49
Net Worth	735	640	607	388	301
Book Value Per Share (Rs.)	118.08	102.77	97.82	71.34	61.52
Capital Employed	1,692	1,495	1,250	1,000	*428
Long Term Debt Equity Ratio	0.52	0.38	0.33	0.74	0.73
Fixed Assets Cover Ratio	2.99	3.89	3.85	2.3	2.37
EBIDTA (%)	11.41%	9.70%	12.11%	12.44%	12.97%
Return on Average Net Worth	18.77%	12.24%	27.89%	23.43%	17.28%
Return on Average Capital Employed	15.37%	13.11%	19.07%	20.65%	17.11%
Earning Per Share of Rs 10/- (Rs.)- Basic	20.69	11.81	24.03	15.61	9.84
Cash EPS of Rs 10/- (Rs.) - Basic	32.53	24.38	32.86	27.94	18.71
Dividend	60.00%	50.00%	15.00%	22.50%	20%

\*Excluding fund devolved in new projects

## Auditors' Report on Consolidated Financials Statements

### To the Board of Directors JBF Industries Limited

1. We have audited the attached Consolidated Balance Sheet of 'JBF Industries Limited' ("the Company") and its subsidiaries (collectively referred to as 'the Group') as at 31st March 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards 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 misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs. 2079.59 Crores as at 31st March 2010, total revenues of Rs. 2388.92 Crores and net cash inflow amounting to Rs. 4.62 Crores for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of above subsidiaries, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) - 21 "Consolidated Financial Statements" as notified pursuant to the Companies (Accounting Standards) Rules 2006, (as amended).
5. Attention is drawn to the:
  - (i) Note No.14 (c) of the Schedule "O" regarding "the non-provision of marked to market losses of derivative contracts amounting to Rs.63.37 crores as on 31st March 2010 on account of reasons as explained in the aforesaid note. Had the same been provided the profit after tax for the year ended 31st March 2010 and Reserves as at 31st March 2010 would have been Rs. 170.97 Crores and Rs. 769.90 Crores respectively as against the reported figures of Rs. 212.80 Crores & Rs. 811.73 Crores respectively.
  - (ii) Note No.3 of the Schedule "O" regarding 22,308,759 cumulative participatory convertible preference shares ("Preference Shares") at US\$3.09 per share aggregating to US\$ 68,942,334 ( equivalent to Rs.310.07 crores) issued by JBF Global Pte Ltd, subsidiary of the Company. The Company has not evaluated and accounted for the Equity Component (Equity Conversion Option) and/or Embedded Derivatives as required by Singapore Financial Reporting Standard 32 "Financial Instruments - Presentation" & 39 "Financial Instruments - Recognition and Measurement". The same has been qualified by the auditor of the subsidiary Company for the reason as explained in the aforesaid note.
6. Based on our audit and on consideration of the audit reports of other auditors on separate audited financial statements and on the financial information of the components, and to the best of our information and according to the explanations given to us, and subject to our comment in the paragraph 5 (i) above, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;
  - (b) in the case of the Consolidated Profit and Loss Account, of the profits of the Group for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For CHATURVEDI & SHAH**

(Registration No.: 101720W)  
Chartered Accountants

**R.KORIA**  
Partner

Membership No. 35629

Place: Mumbai

Dated: 26th May, 2010

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010**

(Rs. in Crores)

	Schedule	As at 31st March, 2010		As at 31st March, 2009	
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUND</b>					
Share Capital	A	62.24		62.24	
Reserves and Surplus	B	811.73	<b>873.97</b>	670.85	<b>733.09</b>
<b>MINORITY INTEREST</b>					
			<b>363.27</b>		<b>399.74</b>
<b>LOAN FUNDS</b>					
Secured Loans	C	916.13		785.23	
Unsecured Loans	D	448.23	<b>1,364.36</b>	456.21	<b>1,241.44</b>
<b>DEFERRED TAX LIABILITY (NET)</b>					
(Refer Note No. " 4 "of Schedule "O")			<b>133.71</b>		<b>122.64</b>
			<b>TOTAL</b>		<b>2,496.91</b>
			<b>2,735.31</b>		<b>2,496.91</b>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	E	2,445.51		2,097.54	
Less: Depreciation		437.16		328.77	
Net Block		2,008.35		1,768.77	
Add: Capital work in progress		108.11	<b>2,116.46</b>	314.92	<b>2,083.69</b>
<b>INVESTMENTS - In Associates</b>					
- In Others		130.96	<b>130.96</b>	36.05	<b>36.05</b>
<b>FOREIGN CURRENCY MONETARY ITEMS TRANSLATION DIFFERENCE ACCOUNT</b>					
			<b>3.57</b>		<b>16.28</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories	F	513.18		396.58	
Sundry Debtors		467.40		373.52	
Cash and Bank Balances		99.85		89.85	
Loans and Advances		302.34		209.41	
		<b>1,382.77</b>		<b>1,069.36</b>	
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>					
Current Liabilities	G	793.57		644.83	
Provisions		104.88		63.40	
		<b>898.45</b>		<b>708.47</b>	
<b>Net Current Assets</b>			<b>484.32</b>		<b>360.89</b>
			<b>TOTAL</b>		<b>2,496.91</b>
			<b>2,735.31</b>		<b>2,496.91</b>
Significant Accounting Policies & Notes on Accounts	O				

As per our report of even date

**For CHATURVEDI & SHAH**  
Chartered Accountants**R. KORIA**  
PartnerPlace : Mumbai  
Date : 26th May,2010**For & on behalf of the Board of Directors****B.C. ARYA**  
Chairman**P.N. THAKORE**  
Director- Finance**RAKESH GOTHI**  
Managing Director**B.R. GUPTA**  
Director**UJJWALA APTE**  
Company Secretary



**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH , 2010**

(Rs. in Crores)

	Schedule	Year ended 31st March, 2010	Year ended 31st March, 2009
<b>INCOME</b>			
Turnover		5,096.09	4,466.85
Less : Excise Duty Recovered on Sales		155.18	156.94
<b>Net Turnover</b>		4,940.91	4,309.91
Other Income	H	40.37	16.03
Variation in stocks	I	55.54	27.85
<b>TOTAL</b>		<b>5,036.82</b>	<b>4,353.79</b>
<b>EXPENDITURE</b>			
Purchases		28.66	4.62
Manufacturing & Other Expenses	J	4,185.15	3,560.94
Personnel	K	67.78	43.60
Selling & Distribution	L	206.43	169.22
Administrative & General	M	37.26	109.90
Interest and Finance Charges	N	127.47	97.53
		<b>4,652.75</b>	<b>3,985.81</b>
<b>Profit before Depreciation &amp; Tax</b>		<b>384.07</b>	<b>367.98</b>
Depreciation		117.25	77.94
<b>Profit before tax</b>		<b>266.82</b>	<b>290.04</b>
Provision for Current Tax (including wealth tax of Rs. 0.02 Crore Previous Year Rs. 0.03 Crore)		42.72	20.58
Provision for Deferred Tax		11.27	24.77
Provision for Fringe Benefit Tax		--	0.25
Taxes For Earlier Years		0.03	0.28
<b>Profit after tax</b>		<b>212.80</b>	<b>244.16</b>
<b>Less : Minority Interest</b>		<b>(22.40)</b>	<b>(55.30)</b>
<b>Profit after tax after adjustment for minority interest</b>		<b>190.40</b>	<b>188.86</b>
Prior period adjustments		4.00	1.48
Balance as per last Balance sheet		355.15	222.21
<b>Amount available for appropriation</b>		<b>541.55</b>	<b>409.59</b>
<b>APPROPRIATIONS</b>			
Transferred to General Reserve		12.90	8.00
Transferred to Legal Reserve		9.96	14.89
Less:-Share of Minority (Refer Note No." 18 " of Schedule "0")		3.25	4.86
Transferred to Debenture Redemption Reserve		0.57	--
Proposed Dividend on Equity Shares		37.35	31.12
Tax on Proposed Dividend		6.35	5.29
Balance carried to the Balance Sheet		477.67	355.15
		<b>541.55</b>	<b>409.59</b>
Earnings per share (of Rs.10 each) - (in Rs.) Basic		29.95	30.11
- (in Rs.) Diluted		28.21	28.66
(Refer Note No." 5 " of Schedule "0")			
Significant Accounting Policies & Notes on Accounts	0		

As per our report of even date

**For CHATURVEDI & SHAH**  
Chartered Accountants**R. KORIA**  
PartnerPlace : Mumbai  
Date : 26th May,2010**For & on behalf of the Board of Directors****B.C. ARYA**  
Chairman**P.N. THAKORE**  
Director- Finance**RAKESH GOTHI**  
Managing Director**B.R. GUPTA**  
Director**UJJWALA APTE**  
Company Secretary

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET****SCHEDULE 'A'  
SHARE CAPITAL**

(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
<b>AUTHORISED</b>		
100,000,000 (Previous Year 100,000,000) Equity Shares of Rs.10 each	100.00	100.00
	<b>100.00</b>	<b>100.00</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
62,242,448(Previous Year 62,242,448 ) Equity Shares of Rs. 10 each fully paid up	62.24	62.24
	<b>62.24</b>	<b>62.24</b>

**Note :**

1. Of the above Equity Shares 1,82,450 Equity Shares of Rs. 10/- each were issued pursuant to the scheme of Amalgamation of Microsynth Fabrics (India) Limited with the Company as sanctioned by Hon'ble High Court of Judicature at Mumbai vide its order dated 23rd October,2008.
2. Foreign Currency Convertible Bond (FCCB) holders have the option to convert FCCB into 35,58,333 (Previous Year 1,08,27,500) Equity Shares of Rs. 10 each.
3. The ESOS holders have the option to exercise ESOS into 19,72,200 (Previous Year Nil) Equity Shares of Rs. 10 each fully paid up. (Refer Note No.13 of Schedule "O")

**SCHEDULE 'B'  
RESERVE AND SURPLUS**

	As at 31st March, 2010	As at 31st March, 2009
<b>CAPITAL RESERVE</b>		
As per last Balance Sheet	10.62	0.70
Add : On Forfeiture of Share Warrants	--	9.92
	<b>10.62</b>	<b>10.62</b>
<b>CAPITAL RESERVE ON CONSOLIDATION</b>	<b>0.30</b>	<b>0.33</b>
<b>SECURITIES PREMIUM</b>		
As per last Balance Sheet	272.90	276.48
Add : Redemption Premium on FCCB reversed on buyback (Refer Note No." 8 " of Schedule "O")	9.15	--
Add : On Amalgamation	--	0.05
	282.05	276.53
Less : Premium payable on redemption of FCCB	1.21	3.63
	<b>280.84</b>	<b>272.90</b>
<b>DEBENTURES REDEMPTION RESERVE</b>		
As per last Balance Sheet	--	--
Add: Transferred from Profit and Loss Account	0.57	--
	<b>0.57</b>	<b>--</b>
<b>GENERAL RESERVE</b>		
As per last Balance Sheet	36.35	29.29
Less : Adjustment as per transitional provisions of AS- 11	--	0.94
Add : Transferred from Profit and Loss Account	12.90	8.00
	<b>49.25</b>	<b>36.35</b>
<b>LEGAL RESERVE</b>		
As per last Balance Sheet	10.03	--
Add : Transferred from Profit and Loss Account	6.71	10.03
	<b>16.74</b>	<b>10.03</b>
<b>HEDGING RESERVE</b>		
Less : Share of Minority	(7.11)	--
	2.32	--
	<b>(4.79)</b>	<b>--</b>
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>	<b>(21.73)</b>	<b>(14.53)</b>
<b>EMPLOYEE STOCK OPTION OUTSTANDING</b>		
As per last Balance Sheet	--	--
Add : Granted during the year	7.84	--
Less : Option lapsed during the year	0.66	--
	7.18	--
Less : Deferred Compensation Expenses	--	--
As per last Balance Sheet	--	--
Add : Granted during the year	7.84	--
Less : Amortised / lapsed during the year	2.92	--
	4.92	--
	<b>2.26</b>	<b>--</b>
<b>PROFIT &amp; LOSS ACCOUNT</b>	<b>477.67</b>	<b>355.15</b>
	<b>811.73</b>	<b>670.85</b>

## SCHEDULE 'C'

(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
<b>SECURED LOANS</b>		
<b>A) Debentures</b>		
Non Convertible Debentures	50.00	--
<b>B) Term Loans</b>		
a) From Banks	693.25	527.53
b) From Financial Institutions	50.36	60.83
	<b>743.61</b>	<b>588.36</b>
<b>C) Working Capital Loans From Banks</b>	<b>120.78</b>	<b>193.71</b>
<b>D) Vehicle Loans</b>	<b>1.74</b>	<b>3.16</b>
	<b>916.13</b>	<b>785.23</b>

## Notes :

1. Debentures referred to in (A) above are secured by way of first mortgage & charge on pari passu basis on all the immovable and movable properties except current assets, present and future, situated at Silvassa, Dadra & Nagar Haveli (Union Territory) and at Sarigam, District Valsad, Gujarat.
2. Debentures referred to in (A) above are redeemable at par in one or more installments on various dates with the earliest redemption being on 27th January, 2013 and the last being 27th October, 2014. The debentures are redeemable as follows, Rs.10 Crores in Financial year 2012-13, Rs. 20 Crores in Financial year 2013-14 and Rs. 20 Crores in Financial year 2014-15.
3. Term Loans from Banks & Financial Institutions referred to in (B) above includes Rs.331.31 Crores (Previous year Rs. 246.20 Crores) secured by way of first mortgage & charge on pari passu basis on all the immovable and movable properties except current assets, present and future, situated at Silvassa, Dadra & Nagar Haveli (Union Territory) and at Sarigam, District Valsad, Gujarat and further secured by Second charge on current assets of the Company situated at Silvassa, Dadra & Nagar Haveli (Union Territory) and at Sarigam, District Valsad, Gujarat and Rs 412.30 Crores (Previous Year Rs.342.16 Crores) secured by way of first rank registered mortgage over industrial plot at Emirates of Ras Al Khaimah & Mortaged/ Notarised pledge over Plant & Machinery and other fixed assets situated at Emirates of Ras Al Khaimah. Out of above Rs.169.95 Crores (Previous Year Nil) are also secured by Corporate Guarantee.
4. Working Capital Loans as referred to in (C) above includes Rs. 35.60 Crores (Previous year Rs. 72.81 Crores) secured by hypothecation of inventory of Raw Materials, Work in process, Finished goods, Stores and spares, Packing materials and Book Debts and further secured by way of Second charge on the immovable properties of the company situated at Silvassa, Dadra & Nagar Haveli (Union Territory) and at Sarigam, District Valsad, Gujarat and Rs.83.78 crores (Previous Year Rs 64.29 crores) secured by hypothecation of inventory, receivables and first rank registered mortgage on pari passu basis over immovable property, plant & machinery situated at Emirates of Ras Al Khaimah. Out of above Rs.7.62 Crores (Previous Year Rs 46.86 Crores) are also secured by Corporate Guarantee.
5. Working Capital Loans as referred to in (C) above aggregating to Rs. 1.40 Crores (Previous year Rs. 9.75 Crores) are secured by pledge of Fixed Deposits with banks of Rs. 2.82 Crores (Previous year Rs.13.71 Crores).
6. The Loans for vehicle have been secured by specific charge on the vehicles covered under the said loans.
7. Of the above, Loans aggregating to Rs.28.67 Crores (Previous year Rs.43.76 Crores) are guaranteed by two of the Directors of the Company and Rs. 49.80 Crores (Previous year Rs. 75.20 Crores) are guaranteed by one of the Directors of the company in their personal capacity. Rs. 42.41 Crores (Previous Year Nil) are Guaranteed by one of the Director of JBF RAK LLC.

## SCHEDULE 'D'

(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
<b>UNSECURED LOANS</b>		
<b>A. Long Term Loans :</b>		
1) 1.75% Foreign Currency Convertible Bonds	31.48	101.03
2) External Commercial Borrowings	208.08	227.65
3) Buyers Credit	26.20	29.63
	<b>265.76</b>	<b>358.31</b>
<b>B. Short Term Loans :</b>		
1) From Banks	76.82	61.08
2) Commercial Papers	63.24	--
	<b>140.06</b>	<b>61.08</b>
<b>C. Working Capital Loan from Banks</b>	<b>42.41</b>	<b>36.82</b>
	<b>448.23</b>	<b>456.21</b>

## Note :

1. The Company had issued 3450 Foreign Currency Convertible Bonds of USD 10,000 each as referred to in A (1) above on 30th November, 2005 redeemable at a premium of USD 3413.4 per Bond on 1st December, 2010 with an option to bond holders to convert each bond in 5083.33 Equity Shares aggregating to 1,75,37,500 Equity Shares of Rs. 10/- each at any time on or after 30th December, 2005 and prior to the close of business on 1st November, 2010. 2130 bonds were outstanding at the beginning of the year. During the year Company has repurchased and cancelled 1430 Foreign Currency Convertible Bonds (FCCBs) on 14th April, 2009. 700 bonds are outstanding as on 31st March, 2010.
2. The Maximum amount raised and outstanding at any time during the year through commercial paper was Rs. 73.03 Crores (Previous Year Nil).

**SCHEDULE - E**  
**FIXED ASSETS**

(Rs. in Crores)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As At 01/04/2009	Additions/ Adjustments	Deductions/ Adjustments	As at 31/03/2010	Up to 31/03/2009	For the year	Deductions/ Adjustments	Upto 31/03/2010	As At 31/03/2010	As At 31/03/2009
<b>Tangible :</b>										
Leasehold Land	1.13	0.47	--	1.60	0.05	0.01	--	0.06	1.54	1.08
Freehold Land	27.29	--	--	27.29	--	--	--	--	27.29	27.29
Leasehold Improvements	147.08	52.79	--	199.87	8.08	8.10	--	16.18	183.69	139.00
Building	145.82	35.14	--	180.96	22.15	5.07	--	27.22	153.74	123.67
Plant & Machinery	1,730.07	252.21	0.21	1,982.07	289.55	92.91	0.06	382.40	1,599.67	1,440.52
Furniture & Fixtures	6.91	1.06	0.07	7.90	2.39	0.55	0.02	2.92	4.98	4.52
Office Equipment	1.31	0.26	0.04	1.53	0.31	0.09	0.01	0.39	1.14	1.00
Vehicles	8.22	0.52	1.72	7.02	1.73	0.62	0.40	1.95	5.07	6.49
Data Processing Equipment	7.47	0.68	0.33	7.82	3.58	0.93	0.24	4.27	3.55	3.89
<b>Intangible:</b>										
Software*	1.58	0.12	--	1.70	0.93	0.22	--	1.15	0.55	0.65
Technical Know-how	5.12	8.89	--	14.01	--	0.62	--	0.62	13.39	5.12
Goodwill on Consolidation	15.54	** (1.80)	--	13.74	--	--	--	--	13.74	15.54
<b>Total</b>	<b>2,097.54</b>	<b>350.34</b>	<b>2.37</b>	<b>2,445.51</b>	<b>328.77</b>	<b>109.12</b>	<b>0.73</b>	<b>437.16</b>	<b>2,008.35</b>	<b>1,768.77</b>
<b>Previous Year</b>	<b>1,217.62</b>	<b>883.52</b>	<b>3.61</b>	<b>2,097.54</b>	<b>246.43</b>	<b>84.26</b>	<b>1.92</b>	<b>328.77</b>	<b>1,768.77</b>	<b>--</b>
<b>Capital Work in progress</b>									<b>108.11</b>	<b>314.92</b>

\* other than internally generated .

\*\* on account of restatement.

**NOTES:**

- Buildings include Rs. 8000/- being the value of Shares of Co-operative Societies.
- Net Block of Plant & Machinery includes Rs 0.20 Crores (Previous year Rs .0.25 Crores )in respect of Fixed Assets held for disposal.
- Additions to fixed assets & Capital work in Progress are inclusive of gain of Rs.17.23 Crores (Previous Year loss of Rs.39.40 Crores) on account of foreign exchange difference during the year.
- Capital work in progress includes :
  - Rs 7.34 Crores on account of Preoperative expenses (Previous Year Rs. 31.33 Crores).
  - Rs 29.42 Crores on account of cost of construction material at site (Previous Year Rs. 1.54 Crores)
  - Rs.41.84 Crores on account of advances against capital expenses (Previous year Rs. 107.69 Crores)
- Addition to Gross block are inclusive of gain Rs. 116.72 Crores ( Previous year loss of Rs 128.07 Crores.) and Depreciation are inclusive of gain Rs.8.13 Crores ( Previous year loss of Rs 6.32 Crores.) on account of translation of Fixed Assets & Depreciation to date respectively of Foreign subsidiaries, the effect of which is considered in Foreign Currency translation reserve.
- The Leasehold improvements represents the building costs related to plant & premises which are constructed on leasehold land situated at Emirates of Ras Al Khaimah . The land on which the production facility is located has been obtained on a 25 years operating lease from Ras Al Khaimah Investment Authority ( RAKIA) .

**SCHEDULE 'F'****CURRENT ASSETS, LOANS AND ADVANCES**

(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009	
<b>CURRENT ASSETS</b>			
<b>INVENTORIES</b>			
(As taken, valued and certified by the Management)			
Stores, Spares and Consumables	30.36	22.51	
Raw Materials	262.59	209.38	
Stock in Process	25.14	34.83	
Finished Goods	195.09	129.86	<b>396.58</b>
<b>SUNDRY DEBTORS</b>			
(Unsecured, Considered good and Subject to Confirmation)			
Due for a period exceeding Six months			
Considered Good	30.51	63.94	
Considered Doubtful	1.12	--	
	31.63	63.94	
Less : Provision for doubtful debts	1.12	--	
	30.51	63.94	
Others	436.89	309.58	<b>373.52</b>
<b>CASH AND BANK BALANCES</b>			
Cash on hand	0.14	0.13	
<b>BALANCE WITH SCHEDULED BANKS :</b>			
In Current Accounts	14.82	18.05	
In Margin Deposit Accounts	30.50	6.11	
In Fixed Deposit Accounts	11.30*	36.06*	
<b>BALANCE WITH OTHER BANKS :</b>			
In Current Accounts	27.65	8.77	
In Fixed Deposit Accounts	15.44	20.73*	<b>89.85</b>
* Includes Rs. 2.82 Crores (Previous Year Rs.51.46 Crores) pledged with Banks against the Credit facilities.			
<b>LOANS AND ADVANCES</b>			
(Unsecured, Considered good unless otherwise stated)			
Advances Recoverable in cash or kind or for value to be received			
Considered Good	176.92	129.89	
Considered Doubtful	0.08	0.08	
	177.00	129.97	
Less : Provision for doubtful advances	0.08	0.08	
	176.92	129.89	
MAT Credit Entitlement	0.89	5.04	
Less : Utilised during the year	0.89	4.15	
	--	0.89	
Balance with Excise Authorities	81.80	55.94	
Income Tax- Advance Tax & TDS (Net)	43.62	22.69	<b>209.41</b>
	<b>1,382.77</b>	<b>1,069.36</b>	

## SCHEDULE 'G' CURRENT LIABILITIES AND PROVISIONS

(Rs. in Crores)

	As at 31st March, 2010	As at 31st March, 2009
<b>CURRENT LIABILITIES</b>		
Acceptances #	543.17	116.57
Sundry Creditors - Micro and Small Enterprises \$	2.94	0.95
- Others *	188.52	472.26
Investor Education and Protection Fund		
-Unclaimed Dividend @	0.57	0.39
Other Liabilities	43.91	31.07
Interest/Premium accrued but not due on Loans	14.46	23.59
	<b>793.57</b>	<b>644.83</b>
<b>PROVISIONS :</b>		
Provision for Tax	42.72	20.83
Provision for Staff Benefit Schemes	8.36	3.75
Other Provisions **	10.10	2.65
Proposed Dividend on Equity Shares	37.35	31.12
Provision for Dividend Tax	6.35	5.29
	<b>104.88</b>	<b>63.64</b>
	<b>898.45</b>	<b>708.47</b>

# includes for Capital expenditure Rs.30.36 Crores ( Previous Year Rs.Nil ).

\$ to the extent information available with the Company.

\* includes for Capital expenditure Rs. 16.98 Crores ( Previous Year Rs.68.48 Crores).

@ Do not include any amounts, due &amp; outstanding, to be credited to Investor Education &amp; Protection Fund.

\*\* The company has recognised liability based on substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 31st March, 2009 of Rs.2.65 Crores as per the estimated pattern of Despatches. During the year Rs.2.65 Crores was utilised for clearance of goods. Liability recognised under this class for the year is Rs. 10.10 Crores which is outstanding as on 31st March, 2010. Actual outflow is expected in the next financial year.

## SCHEDULE - FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

### SCHEDULE 'H' OTHER INCOME

(Rs. in Crores)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Dividend - on long term investments	0.03	0.01
- on current investments	1.99	1.38
Profit on Sale - of long term Investments (Net)	--	0.27
Interest received - from long term investments	0.30	0.02
- from Others	2.02	12.03
(Tax Deducted at source Rs.0.36 Crores (Previous Year Rs. 1.95 Crores)		
Extinguishment of Liability on Buyback of FCCB (Refer Note No."8"of Schedule "O")	17.46	--
Rent	0.09	0.19
Insurance claim	1.37	0.42
Exchange Difference (Net)	14.91	--
Sundry Balances W/back (Net)	0.07	--
Miscellaneous income	2.13	1.71
	<b>40.37</b>	<b>16.03</b>

### SCHEDULE 'I' VARIATION IN STOCKS

(Rs. in Crores)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Stocks at commencement :		
Stock-in-process	34.83	14.67
Finished goods	129.86	122.17
	164.69	136.84
Stocks at close :		
Stock-in-process	25.14	34.83
Finished goods	195.09	129.86
	220.23	164.69
	<b>55.54</b>	<b>27.85</b>

## SCHEDULE 'J' MANUFACTURING AND OTHER EXPENSES

(Rs. in Crores)

	Year Ended 31st March, 2010		Year Ended 31st March, 2009	
Raw Material Consumed				
Opening Stock	209.38		112.26	
Add : Purchases	3,948.35		3,462.51	
	<u>4,157.73</u>		<u>3,574.77</u>	
Less : Consumption during trial run	1.53		2.94	
Less : Closing Stock	262.59	3,893.61	209.38	3,362.45
Stores & Spare		21.32		7.38
Colours, Chemicals, Oils & Lubricants		16.66		20.39
Power & Fuel		217.62		143.56
Repairs & Maintenance				
Plant & Machinery	5.53		4.16	
Building	0.39	5.92	0.27	4.43
Excise Duty		7.47		0.12
Security Charges		1.17		2.45
Labour Charges		7.58		7.82
Other Manufacturing Expenses		13.80		12.34
		<u>4,185.15</u>		<u>3,560.94</u>

## SCHEDULE 'K' PERSONNEL

(Including Managerial Remuneration)

(Rs. in Crores)

	Year Ended 31st March, 2010		Year Ended 31st March, 2009	
Salaries, Wages, Bonus and Commission	54.33		35.42	
Contribution to Provident Fund, ESIC and other Funds	1.24		1.08	
Gratuity	2.87		1.03	
Employee Stock Option Cost	2.26		--	
Employees Welfare and Other Amenities	7.08		6.07	
		<u>67.78</u>		<u>43.60</u>

## SCHEDULE 'L' SELLING AND DISTRIBUTION

(Rs. in Crores)

	Year Ended 31st March, 2010		Year Ended 31st March, 2009	
Packing Material Consumed	75.53		57.41	
Sales Promotion & Advertising Expenses	5.89		1.87	
Freight & Forwarding Charges (Net)	102.78		92.64	
Brokerage & Commission	22.23		17.30	
		<u>206.43</u>		<u>169.22</u>

## SCHEDULE 'M' ADMINISTRATIVE AND GENERAL

(Rs. in Crores)

	<b>Year Ended 31st March, 2010</b>	<b>Year Ended 31st March, 2009</b>
Rent	8.21	6.59
Rates & Taxes (Net)	0.24	0.20
Insurance	8.45	4.60
Repairs & Maintenance-others	1.10	1.03
Travelling and Conveyance Expenses	7.69	6.78
Legal, Professional and Consultancy Charges	4.47	1.80
Payment to Auditors'	0.66	0.59
Donation	0.44	0.54
Bad Debts Written off	--	0.66
Provision for Doubtful Debts	1.12	--
Sundry Debit Balances W/off (Net)	--	0.27
Exchange Difference (Net)	--	69.04
Provision for Diminution in value of Current Investment	(4.23)	1.54
Loss on Sale of Current Investments (Net)	0.76	8.05
Loss on sale of Fixed Assets (Net)	0.86	1.07
General Expenses*	7.49	7.14
	<b>37.26</b>	<b>109.90</b>

\*General Expenses includes Directors sitting Fees Rs. 0.09 Crores (Previous Year Rs. 0.08 Crores)

## SCHEDULE 'N' INTEREST & FINANCE CHARGES

(Rs. in Crores)

	<b>Year Ended 31st March, 2010</b>	<b>Year Ended 31st March, 2009</b>
Interest on		
Bonds & Fixed Loans	60.65	46.63
Others	21.46	26.85
Finance & Bank Charges	45.36	24.05
	<b>127.47</b>	<b>97.53</b>



**SCHEDULE "O"****SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS -****I STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****A. Principles of Consolidation:**

The Consolidated financial statements relate to JBF Industries Ltd {'The Company'} and its subsidiary companies. The Consolidated Financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary companies have been combined on line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profit & Loss in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements".
- In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. The resultant translation exchange difference has been transferred to foreign currency translation reserves.
- The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries or on the date of the financial statements immediately preceding the date of acquisition in subsidiaries are recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of profit and Loss account as the profit or loss on disposal of investment in subsidiaries.
- Minority Interest's share of net profit / (loss) of consolidated financial statements for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
- Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the company's shareholders.
- The Consolidated Financial statements have been prepared using uniform accounting policies for like transactions & other events in similar circumstances except mentioned in the note no 2 of notes on accounts and are presented to the extent possible, in the same manner as the company's separate financial statements.

**B** Investments Other than in subsidiary have been accounted as per Accounting Standard 13 (AS) -13 on "Accounting For Investments".

**C Other significant accounting policies:**

These are set out under "significant accounting policies" as given in the Standalone Financial statements of the JBF Industries Ltd and its subsidiaries JBF RAK LLC & JBF GLOBAL PTE LTD.

**II Notes on Accounts**

1. The Following subsidiary companies have been considered in the preparation of consolidated financial statements:

Name of the Company	Nature of Interest	Country of Incorporation	Proportion of ownership Interest	Remarks
JBF GLOBAL PTE LTD.	Subsidiary	Singapore	67.38%	W.e.f 20-APR-2007
JBF RAK LLC.	Step Down Subsidiary	Ras -Al -Khaimah U.A.E.	67.38%	

2. The Audited Financial statements of JBF GLOBAL PTE LTD. & JBF RAK LLC as at 31st March,2010 have been prepared in accordance with Singapore Financial Reporting Standards except accounting of Preference Share as per FRS 32-"Financial Instruments : Presentation" and International Financial Reporting Standards respectively and the same have been consolidated as it is without converting the same as per the Generally Accepted Accounting Principles as applicable in India.

In view of the above the assets, liabilities, income & expenditure of the subsidiaries as mentioned below have been accounted by following different Accounting Standards.

Sr no	Particulars	Rs in crore	Proportion of the item
1	Assets	1526.99	42%
2	Liabilities	841.96	35%
3	Income	2304.32	46%
4	Expenditure	2220.51	47%

3. JBF Global Pte Ltd , subsidiary of the company, issued 22,308,759 cumulative participatory convertible preference shares ("Preference Shares") at US\$3.09 per share. The Preference Shares carry a cumulative preferential dividend of 0.001% per annum. The dividend rights are cumulative and the shareholders shall be entitled to participate in the profits/surplus assets of the Company along with the ordinary shareholders.

The Preference Shares can be converted into ordinary shares at any time at the option of the holders. The holders are also entitled to exercise a put option to require the Company and/or its shareholders to purchase all or any part of the Preference Shares at certain price upon certain events. Any Preference Shares which is outstanding on the completion of the maturity period of 20 years from the date of issue shall be redeemed by the Company.

The Directors of subsidiary company did not evaluate the presence of equity component ( equity conversion option ) and/or the presence of embedded derivatives in the Preference Shares.

The Directors of subsidiary company are of the view that there is no practical benefit to be gained by the shareholders of the company to perform the above assessments on Preference Share, hence these Preference Shares have been stated at cost of US\$ 68,942,334.(i.e the amount received).



## IV. Transaction with Related Parties :

(Rs. In Crores )

Sr. No.	Particulars	Enterprises over which the Key Managerial Personnel has significant influence		Key Managerial Personnel		Relatives of Key Managerial Personnel		Total	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
<b>1</b>	<b>Unsecured Loan</b>								
	a) Balance as on 01.04.09	--	59.67	--	--	--	--	--	59.67
	b) Taken during the year	--	--	--	--	--	--	--	--
	c) Refunded during the year	--	59.67	--	--	--	--	--	59.67
	d) Balance as at 31.03.2010	--	--	--	--	--	--	--	--
<b>2</b>	<b>Loans &amp; Advances</b>								
	a) Opening Balance	0.60	1.16	--	--	--	--	0.60	1.16
	b) Given during the year	31.07	--	--	--	--	--	31.07	--
	c) Refunded during the year	0.60	0.56	--	--	--	--	0.60	0.56
	d) Balance as at 31.03.2010	31.07	0.60	--	--	--	--	31.07	0.60
<b>3</b>	<b>Sundry Debtors as at 31st March, 2010</b>	--	2.81	--	--	--	--	--	2.81
<b>4</b>	<b>Sundry creditors as at 31st March, 2010</b>	0.39	--	--	--	--	--	0.39	--
<b>5</b>	<b>Dividend paid</b>	1.95	0.43	12.62	3.09	0.15	0.05	14.72	3.57
<b>6</b>	<b>Expenditures</b>								
	Purchases	21.15	20.42	--	--	--	--	21.15	20.42
	Remuneration/Sitting Fees	--	--	7.21	5.54	0.25	0.06	7.46	5.60
	Rent	--	0.00	--	--	--	--	--	0.00
<b>7</b>	<b>Share Warrants Forfeited during the year</b>	--	9.92	--	--	--	--	--	9.92

**Notes to Related Party Transactions: -**

- Loans & Advances includes Rs.31.07 Crores given to JBF Global FZE .
  - Sundry Creditors includes Rs.0.39 Crores from Arya Industries.
  - Dividend paid includes Rs.11.68 Crores and Rs.1.95 Crores to Mr. B C Arya & Vaidic Resources Pvt. Ltd.
  - Expenditures: Purchases include Rs.21.15 Crores from Arya Industries. Remuneration /Sitting Fees include Rs.4.90 Crores ,Rs.1.35 Crores & Rs.0.60 Crores to Mr.B C Arya , Mr. Cheerag Arya & Mr.Rakesh Gothi respectively.
- 7** In accordance with the Accounting Standard (AS -28 ) on " Impairment of Assets" As notified by Companies ( Accounting Standards) Rules 2006, the management during the year carried out an exercise of identifying the assets that may have been impaired in respect of each cash generating unit in accordance with the said Accounting Standard. On the basis of this review carried out by the management , there was no impairment loss on Fixed Assets during the year ended 31st March, 2010.
- 8** The Company has repurchased and cancelled 1430 Foreign Currency Convertible Bonds (FCCBs) of the Face Value of USD 10000 each on 20th April, 2009, as per the approval of the Reserve Bank of India, at a discount. This has resulted in a saving of Rs.17.46 Crores which has been reflected as part of Other Income for the year ended 31st March, 2010. Consequent upon such repurchase and cancellation, the Company's obligations to convert the said FCCB s into shares, if so claimed by the FCCB holders and/ or to redeem the same in foreign currency, have come to an end vis-s vis cancelled FCCBs. Rs.9.15 Crores being premium on redemption has been reversed on buy back of FCCBs.
- 9** The Expense on account of forward premium on outstanding forward exchange contracts to be recognized in the profit & loss account of subsequent accounting year aggregate to Rs. NIL (Previous Year Rs.0.19 Crores).

**10. Segment Information as per Accounting Standard -17 on Segment reporting for the year ended 31st March, 2010****i Information about primary (Geographical) segment :**

(Rs. In Crores)

	Domestic		International		Total Consolidated	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>1.Segment Revenue</b>						
Net Turnover	2691.31	2394.41	2,376.41	1,946.99	5,067.72	4,341.40
Other Income	37.38	13.17	5.44	12.10	42.82	25.27
<b>Total Income</b>	<b>2728.69</b>	<b>2407.58</b>	<b>2381.85</b>	<b>1959.09</b>	<b>5110.54</b>	<b>4,366.67</b>
Less : Inter Segment Revenue	51.73	--	77.53	40.73	129.26	40.73
	<b>2,676.96</b>	<b>2,407.58</b>	<b>2,304.32</b>	<b>1,918.36</b>	<b>4,981.28</b>	<b>4,325.94</b>
<b>2.Results</b>						
Segment Results	244.90	179.97	149.39	207.60	394.29	387.57
Interest & Finance Charges	61.89	59.42	65.58	38.11	127.47	97.53
Profit Before Tax	183.01	120.55	83.81	169.49	266.82	290.04
Provision for Income Tax	54.01	44.28	0.01	1.60	54.02	45.88
<b>Net Profit / (Loss)</b>	<b>129.00</b>	<b>76.27</b>	<b>83.80</b>	<b>167.89</b>	<b>212.80</b>	<b>244.16</b>
<b>3.Other Information</b>						
Total Segment Assets	2106.77	1733.16	1,526.99	1,472.22	3,633.76	3,205.38
Total Segment Liabilities	1554.56	1250.80	841.96	821.75	2,396.52	2,072.55
Capital Expenditure	246.35	240.98	(101.02*)	577.02	145.33	818.00
Depreciation	62.21	52.30	55.04	25.64	117.25	77.94
<b>Non - Cash Expenditure other than Depreciation</b>	--	2.47	--	--	--	2.47

\* due to exchange gain on account of translation of fixed assets.

**ii Notes :**

- a) Segments have been identified and reported taking into account, the differing risks and returns, the organization structure and the internal reporting system. These are organized into two main business segment based on geographic :
- Domestic : Operations within India  
International : Operations outside India
- b) Segment revenue, results, assets and liabilities include the respective amount identifiable to each of the segments.

**iii Secondary Segment information : Product wise**

In the opinion of the management, the company is engaged only in the business of producing polyester based products. As such, there are no separate reportable segments.

**11 Auditor's Remuneration**

	(Rs. In Crores)	
	<b>Current Year</b>	<b>Previous Year</b>
Audit Fees	0.38	0.52
Tax Audit Fees	0.06	0.06
Certification Fees	0.20	0.01
Out of Pocket Expense	0.02	--
	<b>0.66</b>	<b>0.59</b>

**12. Directors' Remuneration**

	(Rs. In Crores)	
	<b>Current Year</b>	<b>Previous Year</b>
Managerial Remuneration		
a) Salary *	5.17	3.92
b) Commission	1.65	1.30
c) Other Benefits	0.39	0.32
	<b>7.21</b>	<b>5.54</b>

\* Salary includes Contribution to Provident Fund Rs 39,000 ( Previous Year Rs 39,000)

- (i) Liability for Gratuity and Leave Encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to directors is not ascertainable and, therefore, not included above.
- (ii) The benefit value in respect of 1,35,000 stock options granted to the full time & executive directors is not considered for the above purpose.

**13 Employee Stock Option Scheme:-**

- I) The Employee Stock Option Scheme, 2009 ( JBF ESOS 2009) has been introduced and implemented during the year as approved by the shareholders at the Annual General Meeting held on 25th September, 2009. The Company has reserved issuance of 21,78,486 Equity Shares of Rs. 10/- each for offering to eligible employees of the Company.
- II) On 25th September, 2009, the Company granted 21,54,000 Options convertible into Equity Shares of Rs 10/- each to 298 employees. The Exercise Price of the Options was fixed at Rs 60 each for conversion in to one Equity Share of the Company. Out of above Options 1,81,800, Options have been Lapsed during the year.
- III) The above Options vest over a period ranging from one to three years as follows:

Percentage to Grant	Period of Vesting From Date of Grant
33.33	At the end of Twelve Months
33.33	At the end of Twenty Four Months
33.33	At the end of Thirty Six Months

IV) All the Options granted till date have an exercise period of Twenty Four months from the date of their vesting.

V) The Company applies intrinsic- value method of accounting for determining Employee Compensation Expenses for its ESOS. Had the Employee Compensation Expenses been determined using the fair value approach, the Company's Net Profit and basic and diluted earnings per share as reported would have reduced as indicated below:

	(Rs. In Crores)	
<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Net Profit/(Loss) as Reported	186.40	
Less:- Employee Compensation Expenses	0.93	--
Adjusted Proforma	185.47	--
Basic Earnings Per Share (Rs.)		
- As reported	29.95	--
- Proforma	29.80	--
Diluted Earnings Per Share (Rs.)		
- As reported	28.21	--
- Proforma	28.07	--

VI) The Following Summaries the Company's Stock Option activity for ESOS:

(No. of Shares)

Sr.No.	Particulars	Current Year	Previous Year
a	i Outstanding at the beginning of the year	--	--
	ii Granted during the year	21,54,000	--
	iii Lapsed during the year	1,81,800	--
	iv Exercised during the year	--	--
	v Expired During the year	--	--
b	Outstanding at the end of the year	19,72,200	--
c	Exercisable at the end of the year	--	--
d	Weighted average Intrinsic value of Options granted (Rs.)	<b>36.40</b>	--

#### 14 Disclosure of Financial and Derivative instruments

a) Derivative contracts entered into by the company and outstanding as on 31st March 2010

(Rs. In Crores)

Particulars	Current Year	Previous Year
Forward Cover Contracts	--	80.45
For Currency & Interest Swap with option structure	89.95	101.72
Interest Rate Swaps	153.96	--

b) All Derivative and financial instruments acquired by the company are for hedging purpose only.

c) Marked to market losses in respect of the derivative contracts For Currency & Interest Swap as on 31st March, 2010 is Rs. 70.48 Crores (Previous Year Rs.82.66 Crores) , out of which Rs. 63.37 Crores (Previous Year Rs. 82.66 Crores) have not been provided in the books of accounts since the company is of the view that the loss of Rs. 63.37 Crores (Previous Year Rs. 82.66 Crores) is notional in nature and will be payable only if loss conditions are triggered.

d) Foreign Currency exposure that are not hedged by derivative instruments as on 31st March, 2010 relating to :

(Rs. In Crores)

Particulars	Current Year	Previous Year
Receivables	270.83	89.42
Payables	798.84	444.78

e) JBF RAK LLC uses interest rate swap to hedge against the cash flow risks arising on the floating rate term loan. The change in the fair value of above derivative designated as cash flow hedge amounting to Rs.7.11 Crores ( Previous Year Nil ) has been recognised as " Hedge Reserve Account".

#### 15 The details of Pre-operative expenditure which are capitalised as under :

(Rs. In Crores)

PARTICULARS	As at 31st March, 2010	As at 31st March, 2009
Raw material Consumed	1.53	2.94
Stores & Spares Consumed	--	7.58
Colour & Chemicals and Oil & Lubricants	0.04	0.28
Other Manufacturing Expenses	0.31	35.92
Power & Fuel	0.78	0.36
Security charges	0.02	0.13
Packing material Consumed	0.12	--
Repairs & Maintenance--Others	0.01	--
Salary & Wages	1.39	2.39
Gratuity	--	0.03
Employees Welfare & Other Amenities	0.15	0.14
Sales Promotion & Distribution	0.11	13.82
Rent	0.36	0.83
Insurance	0.19	0.27
Travelling & Conveyance	0.11	2.02
General Expenses	0.07	0.08
Legal & professional Fees	0.42	1.90
Bank & Finance Charges	3.74	10.55
Interest	23.77	6.57
Exchange Differences (net)	--	25.26
	<b>33.12</b>	<b>111.07</b>
<b>Less : Income during Pre Operative Period</b>		
Dividend income	--	0.05
Interest (TDS NIL Previous Year Nil )	--	0.18
Sales Realisation	1.20	1.78
	<b>1.20</b>	<b>2.01</b>
<b>Net Pre Operative Expenses for the Year</b>	<b>31.92</b>	<b>109.06</b>
Add : Pre Operative Expenses upto Previous Year	31.33	41.36
	<b>63.25</b>	<b>150.42</b>
<b>Less : Allocated during the Year</b>	<b>55.91</b>	<b>119.09</b>
<b>Closing Balance</b>	<b>7.34</b>	<b>31.33</b>

**16 Contingent liabilities in respect of -**

(Rs. In Crores)

	As at 31.03.2010	As at 31.03.2009
a) Estimated amount of Contract remaining to be executed on Capital Account and not provided for (net of advances) (Cash outflow is expected on execution of such capital contracts, on progressive basis)	203.90	127.81
b) <b>Contingent Liabilities :</b>		
I Bills discounted	--	6.78
II Guarantees issued by the Bankers (Bank Guarantees are provided under contractual / legal obligation. No cash outflow is expected)	180.34	153.16
III Letter of Credit (These are established in favour of vendors but cargo/ material under the aforesaid letter of credit are yet to be received as on year end date. Cash outflow expected on the basis of payment terms mentioned in Letter of Credit)	298.11	252.62
IV Disputed liabilities in appeal :		
Income Tax (No cash flow is expected)	0.94	--
Excise Duty (No cash outflow is expected.)	1.76	1.83
V Service Tax (No cash outflow is expected )	1.49	1.49
VI Claim against the Company not acknowledged as debts	0.09	0.09

**17** The company has paid till date Rs 1.46 Crores (Previous year Rs 0.80 Crores) to HDFC Asset Management company Limited (the Portfolio Manager) for providing Discretionary Portfolio Management Services which is in the nature of investment administrative management services and include the responsibility to manage ,invest and operate the assets under the HDFC AMC PMS - Real Estate Portfolio -1 ("Real Estate Portfolio"), as per the agreement dated 1st January,2008 .The securities representing the outstanding balance of Rs. 1.28 crores as at 31st March, 2010 (Previous year Rs 0.73 crores) have been accounted as investment.

**18** 10% of Annual net income of JBF RAK LLC is to be set aside as a legal reserve in accordance with the United Arab Emirates Commercial Companies Law.

**19** JBF RAK LLC subsidiary of the company has obtained Land on lease from RAKIA for a period of 25 years. The total commitments in respect of lease rent at current rates and mortgage fee are as follows:

(Rs. In Crores)

**Future minimum lease payments:**

	Current Year	Previous Year
Within one year	1.22	0.57
After one year but not more than five years	4.70	2.28
More than five years	7.50	9.39
Total operating lease expenditure contracted for at the reporting date	13.42	12.24

**20** Previous year's figures have been reworked/ regrouped/ rearranged and reclassified wherever necessary. Amount and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amount and other disclosures relating to the current year.

As per our report of even date

**For & on behalf of the Board of Directors**

**For CHATURVEDI & SHAH**  
Chartered Accountants

**B.C. ARYA**  
Chairman

**RAKESH GOTHI**  
Managing Director

**R. KORIA**  
Partner

**P. N. THAKORE**  
Director- Finance

**B.R. GUPTA**  
Director

**UJJWALA APTE**  
Company Secretary

Place : Mumbai  
Date : 26th May,2010

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2010.

(Rs. in Crores)

PARTICULARS	Year Ended 31st March, 2010 AMOUNT	Year Ended 31st March, 2009 AMOUNT
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit/(Loss) before tax, adjustment for the prior years and extra ordinary items	266.82	290.04
Adjustment for :		
Depreciation & amortisation	117.25	77.94
Employee Stock Option Cost	2.26	--
Interest & Finance Charges	83.56	73.50
Provisions for diminution in value of Current Investments	(4.23)	1.54
Loss on sale of Fixed assets (net)	0.86	1.07
Loss from Current/Long term Investments (net)	0.76	7.78
Bad debts Written Off	--	0.66
Provision for doubtful debts	1.12	--
Interest Income	(2.32)	(12.05)
Dividend from Current/Long term Investments	(2.02)	(1.39)
Extinguishment of Liability on Buyback of FCCB	(17.46)	--
Sundry Balances written off/ (back) (net)	(0.07)	0.27
Exchange Difference (Net) *	(76.21)	57.52
<b>Operating profit before working capital changes</b>	<b>370.32</b>	<b>496.88</b>
Adjusted for :		
Trade & Other receivables	(210.94)	(130.90)
Inventories	(116.60)	(137.55)
Trade Payables	197.17	94.14
<b>Cash generated from operations</b>	<b>239.95</b>	<b>322.57</b>
Direct taxes paid/ TDS deducted/Refund received/FBT	(40.90)	(22.31)
<b>Cash generated before prior year</b>	<b>199.05</b>	<b>300.26</b>
Prior year adjustments	(4.00)	(1.48)
<b>Net cash from operating activities (A)</b>	<b>195.05</b>	<b>298.78</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchases of fixed assets & Capital Work in Process	(175.64)	(787.61)
Sale of fixed assets	0.78	0.62
Purchases of Investments	(409.29)	(216.67)
Sale of Investments	317.86	230.73
Movements in Loans (Net)	41.15	(16.85)
Dividend from Current/Long term Investments	2.02	1.54
Interest received	2.88	11.57
Fixed Deposits with bank having maturity more than three months (placed)	(5.00)	(5.22)
Fixed deposits with banks - matured	5.33	33.06
<b>Net cash used in investing activities (B)</b>	<b>(219.91)</b>	<b>(748.83)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from long term loans	386.71	256.90
Repayment of long term loans	(230.85)	(102.15)
Short term Loans (Net)	12.76	170.38
Exchange Difference (Net)	(5.20)	(17.79)
Interest & Finance Charges paid	(92.00)	(64.00)
Dividend & Dividend Tax paid	(36.23)	(10.85)
<b>Net cash used in financing activities (C)</b>	<b>35.19</b>	<b>232.49</b>
<b>NET INCREASE/(DECREASE) ] IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>10.33</b>	<b>(217.56)</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>84.52</b>	<b>302.08</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>94.85</b>	<b>84.52</b>
Add: Fixed deposit with banks having maturity of more than three months	5.00	5.33
Closing balance of Cash and bank#	<b>99.85</b>	<b>89.85</b>

# For Composition, refer Schedule 'F'

\*Includes Exchange Difference on account of translation of Foreign Subsidiary Company's Financial Statements.

- Notes :** 1 The above Cash Flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS-3) on "Cash Flow Statements" as notified by the Companies (Accounting Standard) Rules, 2006 .
- 2 Cash and cash equivalent Includes amount lying in Margin money Account amounting to Rs. 30.50 Crore (Previous year Rs. 6.11 Crore), Fixed Deposit in lien with bank amounting to Rs. 2.82 Crore (Previous year 51.46 Crore) and matured Dividend Accounts amounting to Rs. 0.57 Crore (Previous year Rs. 0.39 Crore)
- 3 The figures of previous year have been recast, rearranged and regrouped wherever considered necessary.
- 4 Figures in brackets indicate outflows.

As per our report of even date

**For CHATURVEDI & SHAH**  
Chartered Accountants

**R. KORIA**  
Partner

Place : Mumbai  
Date : 26th May, 2010

**B.C. ARYA**  
Chairman

**P.N. THAKORE**  
Director- Finance

For &amp; on behalf of the Board of Directors

**RAKESH GOTHI**  
Managing Director

**B.R. GUPTA**  
Director

**UJJWALA APTE**  
Company Secretary

## Statement pursuant to Section 212 of the Companies Act, 1956 Relating to Company's Interest in the Subsidiary Company

		<b>JBF GLOBAL PTE LTD SINGAPORE</b>
1	The Financial Year of subsidiary company ended on	31st March, 2010
2	Date from which it became subsidiary	20th April, 2007
3	a) No. of share held by JBF Industries Ltd (Holding Company) with its nominees in the Subsidiary at the end of the financial year of the subsidiary	46,091,003
	b) Extent of interest of Holding Company at the end of the financial year of the subsidiary	67.38%
4	The net aggregate amount of the subsidiary's Profit/(Loss) so far as it concern, the members of Holding Company.	
	a) Not dealt with in the Holding Company's accounts.	
	i) For the financial year ended as on 31st March, 2010	Rs. 0.10 Crores
	ii) For the previous financial years of the Subsidiary Company	Rs. 7.23 Crores
	b) Dealt with in the holding company's account	
	i) For the financial year ended 31st March, 2010	Nil
	ii) For the previous financial years of the subsidiary since it became the Holding company's subsidiary.	Nil
5	a) Change in the holding company's interest in the subsidiary between the end of the subsidiary and the end of the holding company's financial year;	
	i) No. of share acquired by JBF Industries Ltd (Holding Company) with its nominees in the Subsidiary	Nil
	ii) Extent of increased in interest of Holding Company	Nil
	b) Details of Material changes which have occurred between the end of the financial year or of the last of financial years of the subsidiary and the end of the holding company's financial year in respect of	
	i) the subsidiary's fixed assets	Nil
	ii) its investments;	Nil
	iii) the money lent by it;	Nil
	iv) the money borrowed by it for any purpose other than that of meeting current liabilities	Nil

Note : JBF RAK LLC is a subsidiary of the Company under Section 4(1)(C) of The Companies Act, 1956 and its financial year ended on 31st March, 2010.



**AUDITOR'S REPORT TO THE MEMBERS OF  
JBF GLOBAL PTE. LTD.**  
(Incorporated in the Republic of Singapore)

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF JBF GLOBAL PTE LTD**

We have audited the accompanying financial statements of JBF Global Pte Ltd (the "Company"), which comprise the balance sheet as at 31 March 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements for the financial year ended 31 March 2009 were audited by another auditor whose report dated 26 June 2009 expressed an unqualified opinion on those financial statements.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed below, we conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

As disclosed in Note 12 to the financial statements, the Company has cumulative participatory convertible preference shares ("Preference Shares") issued in 2007 and stated at cost of US\$68,942,334, which the Directors did not evaluate (i) the presence of equity component (equity conversion option) and/or (ii) the presence of embedded derivatives in the Preference Shares. Based on the information available to us, we are unable to determine whether there are equity component (equity conversion option) that are required to be bifurcated and accounted for separately under Singapore Financial Reporting Standard 32 Financial Instruments: Presentation and/or whether they are embedded non-equity derivatives that are required to be bifurcated and accounted for separately under Singapore Financial Reporting Standard 39, Financial Instruments: Recognition and Measurement.

**Opinion**

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves regarding the matters referred to in the preceding paragraph,

- (i) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2010 and the results, changes in equity and cash flows of the Company for the year ended on that date; and
- (ii) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP  
Public Accountants and Certified Public Accountants  
Singapore

Date : 25 May, 2010

**JBF GLOBAL PTE. LTD.**  
(Incorporated in the Republic of Singapore)  
(ACRA Registration Number: 200706745H)  
138, Robinson Road, The Corporate Office, Singapore

Financial Statements - For the financial year ended 31 March 2010

## DIRECTOR'S REPORT

The directors are pleased to present their report to the members together with the audited financial statements of JBF Global Pte Ltd (the "Company") for the financial year ended 31 March 2010.

### Directors:

The directors of the Company in office at the date of this report are:

Vinayak Prabhakar Shenvi  
Cheerag Bhagirath Arya  
Purshottam Thakore  
Lim Tiong Beng  
Bhagirath Chandulal Arya (Alternate Director : Ujjwala Girish Apte)

### Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

### Directors' interests in shares and debentures

No Directors who held office at the end of the financial year had, according to the register required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, interest in shares of the Company or of related corporations, either at the beginning of the financial year or at the end of the financial year.

### Directors' contractual benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

### Auditors

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the board of directors,

**Bhagirath Chandulal Arya**  
Director

**Purshottam Thakore**  
Director

25 May 2010

## STATEMENT BY DIRECTOR

We, Bhagirath Chandulal Arya and Purshottam Thakore, being two of the directors of JBF Global Pte Ltd, do hereby state that, in the opinion of the directors,

- (a) the accompanying balance sheet, statement of comprehensive income, statement of changes in equity and statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2010 and of the results of the business, changes in equity and cash flows of the Company for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors,

**Bhagirath Chandulal Arya**  
Director

**Purshottam Thakore**  
Director

Date: 25 May, 2010

## JBF GLOBAL PTE LTD.

(Incorporated in the Republic of Singapore)

### Balance Sheet As At 31st March 2010

	Note	2010 US\$	2009 US\$
<b>Non-current assets</b>			
Investment in subsidiary	7	74,096,756	74,096,756
<b>Current assets</b>			
Prepaid expenses		2,757	1,830
Amount due from a related company	8	5,248,822	–
Amount due from subsidiary	9	29,713,613	53,880,797
Cash and cash equivalents	10	417,130	447,137
		<u>35,382,322</u>	<u>54,329,764</u>
<b>Current liabilities</b>			
Accrued expenses		8,121	6,495
Amount due to the holding company	11	7,428,400	7,428,400
Amount due to subsidiary	10	–	18,963,681
Provision for taxation		372,018	389,942
		<u>7,808,539</u>	<u>26,788,518</u>
<b>Net current assets</b>		<b>27,573,783</b>	<b>27,541,246</b>
<b>Non-current liability</b>			
Cumulative participatory convertible preference shares	12	68,942,334	68,942,334
<b>Net assets</b>		<b>32,728,205</b>	<b>32,695,668</b>
Equity attributable to equity holders of the Company			
Share capital	13	30,275,403	30,275,403
Accumulated profits		2,452,802	2,420,265
<b>Total equity</b>		<b>32,728,205</b>	<b>32,695,668</b>

### Statement of Comprehensive Income for the Financial Year ended 31 March, 2010

	NOTE	2010 US\$	2009 US\$
<b>Revenue</b>			
Interest income	4	501,057	2,085,979
Exchange (loss)/gain		(4)	315
		<u>501,053</u>	<u>2,086,294</u>
<b>Expenses</b>			
Operating expenses		(10,503)	(22,362)
Interest expense payable to subsidiary		(455,738)	–
Interest expense on preference shares		(689)	(689)
		<u>(466,930)</u>	<u>(23,051)</u>
<b>Profit before tax</b>	5	34,123	2,063,243
Income tax expense	6	(1,586)	(345,681)
<b>Net profit for the year</b>		<u>32,537</u>	<u>1,717,562</u>
Other comprehensive income for the year, net of tax		–	–
<b>Total comprehensive income for the year</b>		<u>32,537</u>	<u>1,717,562</u>

### Statement of Changes in Equity for the Financial Year ended 31 March, 2010

	Share capital US\$	Accumulated profits US\$	Total US\$
Balance at 1 April 2008	20,203,803	702,703	20,906,506
Issuance of ordinary shares	10,071,600	–	10,071,600
Total comprehensive income for the year	–	1,717,562	1,717,562
<b>Balance at 31 March 2009</b>	<b>30,275,403</b>	<b>2,420,265</b>	<b>32,695,668</b>
Total comprehensive income for the year	–	32,537	32,537
<b>Balance at 31 March 2010</b>	<b>30,275,403</b>	<b>2,452,802</b>	<b>32,728,205</b>

### Statement of Cash Flows for the Financial Year ended 31 March, 2010

	Note	2010 US\$	2009 US\$
<b>Cash flows from operating activities</b>			
Profit before taxation		34,123	2,063,243
Adjustments for:			
Interest income		(501,057)	(2,008,071)
Interest expense		455,738	–
<b>Operating (loss)/profit before working capital changes</b>		<u>(11,196)</u>	<u>55,172</u>
(Increase)/decrease in prepaid expenses		(927)	742
Increase in amount due from related company		(5,248,822)	–
Increase/(decrease) in amount due from subsidiary		24,167,184	(12,269,483)
Decrease in amount due to the holding company		–	(585,294)
(Decrease)/increase in amount due to subsidiary		(18,963,681)	18,963,681
Increase in accrued expenses		1,626	632
<b>Cash (used in)/generated from operations</b>		<u>(55,816)</u>	<u>6,165,450</u>
Interest paid		(455,738)	–
Interest received		501,057	2,008,071
Tax paid		(19,510)	–
<b>Net cash (used in)/generated from operations</b>		<u>(30,007)</u>	<u>8,173,521</u>
<b>Cash flows from investing activity</b>			
Increase in investments		–	(18,950,620)
<b>Net cash used in investing activity</b>		<u>–</u>	<u>(18,950,620)</u>
<b>Cash flows from financing activity</b>			
Issuance of equity share capital		–	10,071,600
<b>Net cash generated from financing activity</b>		<u>–</u>	<u>10,071,600</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(30,007)</u>	<u>(705,499)</u>
Cash and cash equivalents at beginning of year		447,137	1,152,636
<b>Cash and cash equivalents at the end of year</b>	10	<u>417,130</u>	<u>447,137</u>

(The accompanying accounting policies and explanatory notes form an integral part of the financial statements)

## NOTES TO THE FINANCIAL STATEMENTS 31ST MARCH 2010

**1. Corporate information**

JBF Global Pte Ltd, (the "Company") is incorporated in Singapore as a limited liability Company and is domiciled in Singapore.

The registered office of the Company is located at 138 Robinson Road, #17-00, The Corporate Office, Singapore 068906.

The principal activity of the Company is investment holding. The Ultimate holding company is JBF Industries Limited, incorporated in India.

**2. Summary of significant accounting policies****2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis.

The financial statements are presented in United States Dollar (USD or US\$).

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year, except for the changes in the accounting policies below.

Changes in accounting policies : On 1 April 2009, the Company adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 January 2009.

- FRS 1 Presentation of Financial Statements (Revised)
- Amendments to FRS 18 Revenue
- Amendments to FRS 23 Borrowing Costs
- Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 102 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 107 Financial Instruments: Disclosures
- FRS 108 Operating Segments
- Improvements to FRSs issued in 2008
- INT FRS 113 Customer Loyalty Programmes
- INT FRS 116 Hedges of a Net Investment in a Foreign Operation
- Amendments to INT FRS 109 Reassessment of Embedded Derivatives and FRS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives
- INT FRS 118 Transfers of Assets from Customers

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

The principal effects of these changes are as follows:

**FRS 1 Presentation of Financial Statements - Revised Presentation**

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Company has elected to present this statement as one single statement.

**2.3 Standards issued but not yet effective**

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 27 Consolidated and Separate Financial Statements	1 July 2009
Amendments to FRS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Item	1 July 2009
Revised FRS 103 Business Combinations	1 July 2009
Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
INT FRS 117 Distributions of Non-cash Assets to Owners	1 July 2009
Amendments to FRS 32 - Classification of Rights Issues	1 February 2010
INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Amendments to FRS 24 Related Party Disclosures	1 January 2011
Amendments to INT FRS 114 Prepayments of a Minimum Funding Requirement	1 January 2011
Improvements to FRSs issued in 2009:	
Amendments to FRS 38 Intangible Assets	1 July 2009
Amendments to FRS 102 Share-based Payment	1 July 2009
Amendments to FRS 108 Operating Segments	1 July 2009
Amendments to INT FRS 109 Reassessment of Embedded Derivatives	1 July 2009
Amendments to INT FRS 116 Hedges of a Net Investment in a Foreign Operation	1 July 2009
Amendments to FRS 1 Presentation of Financial Statements	1 January 2010
Amendments to FRS 7 Statement of Cash Flows	1 January 2010
Amendments to FRS 17 Leases	1 January 2010
Amendments to FRS 36 Impairment of Assets	1 January 2010
FRS 39 Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 102 Group Cash settled Share-based Payment Transaction	1 January 2010
Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
Amendments to FRS 108 Operating Segments	1 January 2010

The directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

**2.4 Functional and foreign currency****Functional currency**

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be USD.

**Foreign currency transactions**

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the statement of comprehensive income.

## 2.5 Consolidation

Consolidated financial statements incorporating the financial statements of the Company's subsidiary have not been prepared as the Company itself is a subsidiary of JBF Industries Limited, incorporated in India which prepares consolidated financial statements and has its registered office at Survey No 273, Village : Athola Silvassa , Dadra & Nagar Haveli, India.

## 2.6 Subsidiary

A subsidiary is an entity over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary are accounted for at cost less impairment losses.

## 2.7 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss.

## 2.8 Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

### (a) Financial assets at fair value through profit or loss

Financial assets held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

### (b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

## 2.9 Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

### (a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

### (b) Assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

## 2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits that are readily convertible to know amount of cash and which are subject to an insignificant risk of changes in value.

## 2.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## 2.12 Financial liabilities

Financial liabilities within the scope of FRS 39 are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

## 2.13 Convertible redeemable preference shares

The component of convertible redeemable preference shares that exhibits characteristics of a liability is recognised as a financial liability on the balance sheet, net of transaction costs. The dividends on those shares are recognised as interest expense in profit or loss using the effective interest rate method. On issuance of the convertible redeemable preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible debt and this amount is carried as a financial liability in accordance with the accounting policy set out in Note 2.12.

The residual amount, after deducting the fair value of the liability component, is recognised and included in shareholder's equity, net of transaction costs.

Transaction costs are apportioned between the liability and equity components of the convertible redeemable preference shares based on the allocation of proceeds to the liability and equity components when the instruments were first recognised.

## 2.14 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

## Interest income

Interest income is recognised using the effective interest method.

## 2.15 Income taxes

### (a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

### (b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are generally recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

## 3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

## Judgements made in applying accounting policies

There are no significant judgements made in the preparation of the financial statements.

## 4. Interest income

	2010 US\$	2009 US\$
Interest income from amount due from subsidiary	501,057	2,008,072
Interest income from bank	-	77,907
	<u>501,057</u>	<u>2,085,979</u>

## 5. Profit before tax

The following items have been included in arriving at profit before tax:

	2010 US\$	2009 US\$
Foreign exchange loss/(gain)	4	(315)



**6. Income tax expense****Major components of income tax expense**

The major components of income tax expense for the years ended 31 March 2010 and 2009 are:

	2010	2009
	US\$	US\$
Current income tax		
- current taxation	1,451	345,681
- under provision in respect of previous years	135	--
	<u>1,586</u>	<u>345,681</u>

**Relationship between tax expense and accounting profit**

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2010 and 2009 are as follows:

	2010	2009
	US\$	US\$
Profit before taxation	34,123	2,063,243
Benefit at Singapore statutory tax rate of 17% (2009:17%)	5,801	350,751
Adjustments:		
Exempt income	(4,350)	(5,016)
Underprovision of prior year taxation	135	--
Non taxable income	--	(54)
Taxation	<u>1,586</u>	<u>345,681</u>

**7. Investment in subsidiary**

	2010	2009
	US\$	US\$
Unquoted shares, at cost	<u>74,096,755</u>	<u>74,096,755</u>

Name of company	Country of incorporation	Principal activities	Effective equity interest (%)*	
			2010	2009
JBF RAK LLC	UAE	Manufacturing and trading of SSP chips and polyester films	100	100

\* The Consent of the preference share holders for the Company's additional investment in the subsidiary during the year 2008-09, as required by the resolution of the Board of directors dated 18 January, 2009 is yet to be obtained.

**8. Amount due from a related company**

Amount due from a related company, JBF Global FZ LLC is non-secured with no fixed terms of repayment. Interest is payable at 3 months LIBOR + 1%. (2009: 3 months LIBOR + 1%)

**9. Amount due from/(to) subsidiary**

Amount due from/(to) subsidiary is a non trade advance with no fixed terms of repayment. Interest income/(expense) is receivable/(payable) at 6 months LIBOR + 1%. (2009: 6 months LIBOR + 1%)

**10. Cash and cash equivalents**

	2010	2009
	US\$	US\$
Cash on hand	1	1
Cash at Bank	417,130	447,136
	<u>417,131</u>	<u>447,137</u>

**11. Amount due to the holding company**

Amount due to the ultimate holding company, JBF Industries Limited is unsecured, non-interest bearing and represents share application money.

**12. Cumulative participatory convertible preference shares**

In 2007, the Company issued 22,308,759 cumulative participatory convertible preference shares ("Preference Shares") at US\$3.09 per share. The Preference Shares carry a cumulative preferential dividend of 0.001% per annum. The dividend rights are cumulative and the shareholders shall be entitled to participate in the profits/surplus assets of the Company along with the ordinary shareholders.

The Preference Shares can be converted into ordinary shares at any time at the option of the holders. The holders are also entitled to exercise a put option to require the Company and/or its shareholders to purchase all or any part of the Preference Shares at certain price upon certain events. Any Preference Shares which is outstanding on the completion of the maturity period of 20 years from the date of issue shall be redeemed by the Company.

The Directors did not evaluate the presence of equity component (equity conversion option) and/or the presence of embedded derivatives in the Preference Shares.

The Directors are of the view that there is no practical benefit to be gained by the shareholders of the Company to perform the above assessments on Preference Shares, hence these Preference Shares have been stated at cost of US\$68,942,334. (i.e. the amount received).

**13. Share capital**

	2010		2009	
	No. of shares	US\$	No. of shares	US\$
Issued and fully paid :				
At the beginning of year	46,091,003	30,275,401	30,831,003	20,203,801
Issue of ordinary shares	--	--	15,260,000	10,071,600
At the end of year	<u>46,091,003</u>	<u>30,275,401</u>	<u>46,091,003</u>	<u>30,275,401</u>

The ordinary shares are denominated in Singapore dollars and are converted to United States dollars at historical rates.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

**14. Related part transactions****(a) Sale and purchase of goods and services**

An entity or individual is considered a related party of the group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the group or vice versa; or ii) it is subject to common control or common significant influence.

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and the related parties at the terms agreed between the parties.

	2010	2009
	US\$	US\$
Interest on loan given to subsidiary	501,057	2,008,071
Interest on loan paid to subsidiary	<u>455,738</u>	<u>--</u>

**15. Contingencies liabilities**

	2010	2009
	US\$	US\$
Corporate Guarantee issued in favour of a bank for facilities granted to the subsidiary	<u>45,000,000</u>	<u>2,000,000</u>



**16. Financial risk management objectives and policies**

The Company in its normal course of business is exposed to market risks, including primarily foreign exchange risk, interest rate risk and liquidity risk, arising from changing business and market conditions.

The overall business strategies of the Company, its tolerance for risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risk. The Company does not hold or issue derivative financial instruments for trading purposes. The policies are as follows:

**Foreign exchange risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company transacts mainly in United States Dollar, which is the functional currency of the Company. The Company's business is not exposed to significant currency risk, except through its investment in the foreign subsidiary.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from interest-bearing loans given to / from related parties. The Company has no significant net interest rate exposure to interest-bearing loans to / and received from related parties.

**Liquidity risk**

In the management of liquidity risk, the Company obtains financial support, if necessary, from the ultimate holding company to finance the Company's operations.

The table below summarises the maturity profile of the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	1 year or less US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
<b>2010</b>				
<b>Financial liabilities</b>				
Cumulative convertible preference shares	--	--	68,942,334	68,942,334
Amount due to holding company	7,428,400	--	--	7,428,400
Accrued expenses	8,121	--	--	8,121
<b>Total</b>	<b>7,436,528</b>	<b>--</b>	<b>68,942,334</b>	<b>76,378,855</b>

**2009****Financial liabilities**

Cumulative convertible preference shares	--	--	68,942,334	68,942,334
Amount due to holding company	7,428,400	--	--	7,428,400
Amount due to subsidiary	18,963,681	--	--	18,963,681
Accrued expenses	6,495	--	--	6,495
<b>Total</b>	<b>26,398,576</b>	<b>--</b>	<b>68,942,334</b>	<b>95,340,910</b>

**17. Fair value of financial instruments**

The fair value of a financial instrument is the amount of which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash on hand and at bank, other receivables, payables and amounts with subsidiary and related companies, based on their notional amounts, reasonably approximate their fair values because they are mostly short-term in nature or re-prices regularly.

Set out below is a comparison by category of carrying amounts of all the Company's financial instruments that are carried in the financial statements:

**Classification of financial instruments**

	Loans and receivables	
	2010	2009
	US\$	US\$
<b>Assets</b>		
Amount due from related company	5,248,822	--
Amount due from subsidiary	29,713,613	53,880,797
Cash on hand and at bank	417,130	447,137
	<u>35,379,565</u>	<u>54,327,934</u>
	Liabilities at amortised cost	
	2010	2009
	US\$	US\$
<b>Liabilities</b>		
Cumulative convertible preference shares	68,942,334	68,942,334
Amount due to related company	--	18,963,681
Amount due to holding company	7,428,400	7,428,400
Accrued expenses	8,121	6,495
	<u>76,378,855</u>	<u>95,340,910</u>

**18. Capital management**

The primary objective of the Company's capital management is to ensure that it maintains an appropriate capital structure in order to support its business and maximise shareholder value.

The Company considers its equity and the preference shares as its capital, and manages its capital structure and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 March 2010 and 2009.

**19. Comparative figures**

The financial statements for the year ended 31 March 2009 were audited by another firm. Certain comparative figures have been reclassified to conform with the current year's presentation. The reclassification is as follows:

	2009	
	As currently reported	As previously reported
	US\$	US\$
Statement of comprehensive income		
Operating expenses	22,362	22,221
Interest and finance charges	--	830
Interest expense on preference shares	<u>689</u>	<u>--</u>
Balance sheet		
Other receivables	--	53,882,627
Amount due from subsidiary	53,880,797	--
Prepaid expenses	<u>1,830</u>	<u>--</u>

**20. Authorisation of financial statements for issue**

The financial statements for the financial year ended 31 March 2010 were authorised for issue in accordance with a resolution of the directors on 25 May 2010.

# Auditor's Report

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JBF RAK LLC

### Report on the Financial Statements

We have audited the accompanying financial statements of JBF RAK LLC ("the Company"), which comprise the statement of financial position as at 31 March 2010 and the statement of income, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements for the year ended 31 March 2009 (before restatement) were audited by another auditor, whose report dated 27 June 2009 expressed an unqualified opinion on the financial statements for that year.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the articles of association of the Company and the UAE Commercial Companies Law of 1984 (as amended). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 March 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the financial statements include in all material respects, the applicable requirements of the UAE Commercial Companies Law of 1984 (as amended) and the articles of association of the Company; proper books of account have been kept by the Company; an inventory was duly carried out and the contents of the report of the Board of Directors relating to these financial statements are consistent with the books of account. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the UAE Commercial Companies Law of 1984 (as amended) or of the articles of association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

### Ernst & Young

10 May 2010

Sharjah, United Arab Emirates

**JBF RAK LLC  
RAS AL KHAIMAH  
UNITED ARAB EMIRATES  
BALANCE SHEET AS AT MARCH 31, 2010**

**EXHIBIT A**

	Notes	2010 AED	2009 AED (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	777,034,329	770,492,995
Intangible assets	7	10,941,857	6,851,598
		<b>787,976,186</b>	<b>777,344,593</b>
<b>Current assets</b>			
Inventories	8	136,379,720	114,243,621
Accounts receivable and prepayments	9	252,948,547	101,491,531
Loan to a related party	10	69,691,528	69,691,528
Due from a related party	10	6,097,044	6,097,044
Bank balances and cash	11	43,133,758	27,995,027
		508,250,597	319,518,751
<b>TOTAL ASSETS</b>		<b>1,296,226,783</b>	<b>1,096,863,344</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	237,159,000	237,159,000
Statutory reserve	13	18,886,990	10,752,840
Retained earnings	14	157,461,138	84,253,690
Cumulative changes in fair value		(5,802,024)	--
		<b>407,705,104</b>	<b>332,165,530</b>
<b>Non-current liabilities</b>			
Term loans	15	249,859,770	194,576,552
Loans from related parties	10	171,671,609	171,671,609
Employees' end of service benefits	16	1,724,829	326,532
Vehicle loans		552,771	1,201,635
		<b>423,808,979</b>	<b>367,776,328</b>
<b>Current liabilities</b>			
Accounts payable and accruals	17	241,692,733	225,869,140
Short-term borrowings from banks	18	102,515,264	117,159,950
Term loans	15	86,821,062	52,525,421
Due to related parties	10	27,201,541	538,911
Interest rate swap	14	5,802,024	--
Vehicle loans		680,076	828,064
		<b>464,712,700</b>	<b>396,921,486</b>
<b>Total liabilities</b>		<b>888,521,679</b>	<b>764,697,814</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,296,226,783</b>	<b>1,096,863,344</b>

Approved by Management on 10 May 2010.

**B.C. Arya**

Director

**Cheerag B. Arya**

Director

The attached notes 1 to 24 form part of these financial statements.

**JBF RAK LLC**  
**RAS AL KHAIMAH**  
**UNITED ARAB EMIRATES**  
**STATEMENT OF INCOME**  
**Year ended 31 March 2010**

	Notes	2010 AED	EXHIBIT B 2009 AED (Restated)
Sales		1,839,961,798	1,552,846,539
Cost of sales		(1,607,235,010)	(1,318,006,420)
<b>GROSS PROFIT</b>		<b>232,726,788</b>	<b>234,840,119</b>
Other income	4	5,280,065	2,159,680
Distribution expenses		(80,763,600)	(74,611,690)
Administrative expenses		(24,772,498)	(28,816,890)
Finance costs	5	(51,129,157)	(30,385,088)
<b>PROFIT FOR THE YEAR</b>	<b>3</b>	<b>81,341,598</b>	<b>103,186,131</b>

**STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 31 March 2010**

	2010 AED	2009 AED (Restated)
<b>Profit for the year</b>	81,341,598	103,186,131
<b>Other comprehensive expense</b>		
Changes in fair value of interest rate swap	(5,802,024)	--
<b>Total comprehensive income for the year</b>	<b>75,539,574</b>	<b>103,186,131</b>

**STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 March 2010**

	Share capital AED	Statutory reserve AED	Retained earnings AED	Cumulative changes in fair value AED	Total AED
<b>Balance at 1 April 2008</b>	237,159,000	--	(8,179,601)	--	228,979,399
Profit for the year, as restated	--	--	103,186,131	--	103,186,131
Transfer to statutory reserve	--	10,752,840	(10,752,840)	--	--
<b>Balance at 31 March 2009, as restated</b>	<b>237,159,000</b>	<b>10,752,840</b>	<b>84,253,690</b>	<b>--</b>	<b>332,165,530</b>
Profit for the year	--	--	81,341,598	--	81,341,598
Other comprehensive expense	--	--	--	(5,802,024)	(5,802,024)
Total comprehensive income for the year	--	--	81,341,598	(5,802,024)	75,539,574
Transfer to statutory reserve	--	8,134,150	(8,134,150)	--	--
<b>Balance at 31 March 2010</b>	<b>237,159,000</b>	<b>18,886,990</b>	<b>157,461,138</b>	<b>(5,802,024)</b>	<b>407,705,104</b>

**JBF RAK LLC**  
**STATEMENT OF CASH FLOW**  
**Year ended 31 March 2010**

	Notes	2010 AED	2009 AED
<b>OPERATING ACTIVITIES</b>			
Profit for the year		81,341,598	103,186,131
Adjustments for:			
Depreciation	6	42,109,776	20,447,327
Amortisation of intangible assets	7	503,491	--
Loss on disposal of property, plant and equipment		497,335	367,930
Finance income		(475,822)	(1,821,669)
Finance costs		28,238,842	15,182,682
Provision for employees' end of service benefits	16	1,442,897	356,412
		<u>153,658,117</u>	<u>137,718,813</u>
Working capital changes:			
Inventories		(22,136,099)	36,198,187
Accounts receivable and prepayments		(151,457,016)	(12,467,015)
Due from a related party		--	(4,674,091)
Accounts payable and accruals		15,823,593	(126,265,192)
Due to related parties		26,662,630	(393,256)
Cash from operations		22,551,225	30,117,446
Interest paid		(41,357,011)	(21,207,746)
Employees' end of service benefits paid	16	(44,600)	(29,880)
Net cash flows (used in) from operating activities		<u>(18,850,386)</u>	<u>8,879,820</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	6	(36,520,970)	(277,923,422)
Proceed from disposals of property, plant and equipment		490,694	268,955
Purchase of intangible assets	7	(4,593,750)	--
Interest received		475,822	1,821,669
Net cash flows used in investing activities		<u>(40,148,204)</u>	<u>(275,832,798)</u>
<b>FINANCING ACTIVITIES</b>			
Repayment of loans from related parties		--	(43,715,480)
New term loans obtained		146,999,911	110,250,000
Repayment of term loans		(57,421,052)	(22,187,726)
New vehicle loans obtained		297,000	625,950
Repayment of vehicle loans		(1,093,852)	(813,309)
Short-term borrowings		(20,535,622)	64,545,463
Restricted cash	11	(5,561,110)	149,030,777
Net cash flows from financing activities		<u>62,685,275</u>	<u>257,735,675</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		3,686,685	(9,217,303)
Cash and cash equivalents at 1 April		(1,937,259)	7,280,044
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>11</b>	<b><u>1,749,426</u></b>	<b><u>(1,937,259)</u></b>

# NOTES TO THE FINANCIAL STATEMENTS

At 31 March, 2010

## 1. ACTIVITIES

JBF RAK LLC ("the Company") is a limited liability company incorporated in emirates of Ras Al Khaimah on 17 September 2005 and is registered under Federal Law No. 8 of 1984 (as amended) relating to Commercial Companies of the United Arab Emirates (UAE). The address of the registered office of the Company is PO Box 6574, Ras Al Khaimah, UAE.

The principal activities of the Company are the manufacturing and production of PET chips & polyester films and related products.

During the year ending 31 March 2009, JBF Global Pte Ltd. (the "Parent Company"), a private company incorporated in Singapore had purchased the 20% of the shares of Company from Ras Al Khaimah Investment Authority (RAKIA). After this acquisition, the Company became a wholly owned subsidiary of the Parent Company. The Parent Company is in turn a subsidiary of JBF Industries Limited (the "Ultimate Parent Company"), a public limited liability company incorporated in India.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the applicable requirements of UAE laws.

The financial statements have been presented in United Arab Emirates Dirhams.

The financial statements are prepared under the historical cost convention.

### Changes in accounting policies

The accounting policies are consistent with those used in the previous year except for the adoption of new standards and interpretations effective for the annual period beginning on or after 1 January 2009, as noted below:

The Company has adopted the following new and amended IFRS and IFRIC interpretations during the year.

- IFRS 7 Financial Instruments: Disclosures effective 1 January 2009
- IFRS 8 Operating Segments effective 1 January 2009
- IAS 1 Amendment - Presentation of financial statements effective 1 January 2009
- IAS 23 Borrowing costs (revised) effective 1 January 2009
- Improvements to IFRSs (May 2008 and April 2009)

The principal effects of these changes are as follows:

#### IFRS 7 Financial Instruments: Disclosures

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are not significantly impacted by the amendments and are presented in Notes 14 and 23. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 21.

#### IFRS 8 Operating Segments

IFRS 8 replaced IAS 14 Segment Reporting upon its effective date. The Company concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. IFRS 8 disclosures are shown in Note 20, including the related comparative information.

#### IAS 1 Presentation of Financial Statements

During the year, the Company has adopted IAS 1, "Presentation of Financial Statements", (Revised) which has become effective for the annual periods beginning on or after 1 January 2009. The standard requires changes in equity arising from transactions with owners in their capacity as owners (i.e. owner change in income) to be presented in the statement of changes in equity. All other changes in the equity (i.e. non-owner changes in equity) are required to be presented separately in a statement of income which presents all items of recognised income and expenses either in a single statement, or in two linked statements. The Company has opted to present two statements (statement of income and statement of comprehensive income). Components of income are not permitted to be presented in the statement of changes in equity.

#### IAS 23 Borrowing Costs

The revised IAS 23 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Company's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended IAS 23, the Company has adopted the standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 January 2009.

#### Improvements to IFRSs

In May 2008 and April 2009 the IASB issued an omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wordings. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company:

- IAS 7 Statement of Cash Flows: Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment has not resulted in any change in the financial position or performance of the Company.
- IAS 16 Property, Plant and Equipment: Replaces the term "net selling price" with "fair value less costs to sell". The Company amended its accounting policy accordingly, which did not result in any change in the financial position.
- IAS 18 Revenue: The Board has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:
  - Has primary responsibility for providing the goods or service
  - Has inventory risk
  - Has discretion in establishing prices
  - Bears the credit risk

The Company has assessed its revenue arrangements against these criteria and concluded that it is acting as principal in all arrangements. The revenue recognition accounting policy has been updated accordingly.

- IAS 23 Borrowing Costs: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one - the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39. The Company has amended its accounting policy accordingly which did not result in any change in its financial position.
- IAS 36 Impairment of Assets: When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. This amendment had no immediate impact on the financial statements of the Company because the recoverable amount of its cash generating units is currently estimated using 'value in use'.

Other new and amended IFRS and IFRIC interpretations effective as of 1 January 2009 did not have any impact on the accounting policies, financial position or performance of the Company.

#### **IASB Standards and Interpretations issued at 31 December 2009 but not adopted**

The Company has not adopted the following new accounting standards or interpretations that have been issued but are not yet effective. These standards and interpretations are not likely to have any significant impact on the financial statements of the Company in the period of their initial application.

IFRS 1 First-time adoption of International Financial Reporting Standards - Additional Exemptions for First-time Adopters (Amendments)

IFRS 2 (amendments) Group cash-settled share-based payment arrangements

IFRS 3 Business combinations (revised) IFRS 5 Non-current assets held-for-sale and discontinued operations ;

IFRS 9 Financial Instruments

IAS 27 Consolidated and separate financial statements (amendments)

IAS 39 Financial Instruments: Recognition and Measurement - Eligible hedged items (Amendment)

IFRIC 17 Distribution on Non-cash Assets to Owners

Improvements to International Financial Reporting Standards (issued 2009).

#### **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Interest income

Interest income is recognised as the interest accrues.

#### **Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Construction work in progress is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of property, plant and equipment as follows:

Leasehold improvements	20 years or the lease term (whichever is less)
Plant & machineries	20 years
Electric fittings and fixtures	10 years
Motor vehicles	10 years
Fixtures & fittings	10 years
Office equipments	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognised.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the statement of income as the expense is incurred.

#### **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of income in the expense category consistent with the function of the intangible asset.

#### **Impairment and uncollectibility of financial assets**

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of income. Impairment is determined as follows:

- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of income;
- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition, as follows:

Raw materials - purchase cost on a weighted average basis.

Semi finished goods and finished goods - costs of direct materials plus attributable overheads based on a normal level of activity.

Net realisable value is based on an estimated selling price less any further costs expected to be incurred on completion and disposal.

#### **Accounts receivable**

Accounts receivable are stated at original invoice amount less an allowance for any uncollectible amounts. An estimate of doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

#### **Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts, if any.



**Accounts payable and accruals**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

**Leases**

Lease in which the significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating lease. Payments made under operating lease are charged to the statement of income on a straight line basis over the period of the lease.

**Provisions**

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

**Term loan**

The term loan is carried on the statement of financial position at its principal amount. Installments due within one year are shown as a current liability. Interest is charged as an expense as it accrues, with unpaid amounts included in accounts payable and accruals.

**Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**Employees' end of service benefits**

The Company provides end of service benefits to its employees in accordance with local labour laws prevailing in the countries in which it operates. The entitlement to these benefits is based upon the employees' salary and length of service subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the statement of income.

**Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

**Derivative financial instruments**

Derivatives are stated at fair value. The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the statement of financial position.

For the purposes of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability; and (b) cash flow hedges which hedge exposure to variability in cash flows of a recognised asset or liability or a forecasted transaction.

In relation to effective fair value hedges, any gain or loss from remeasuring the hedging instrument to fair value as well as related changes in fair value of the item being hedged are recognised immediately in the statement of income.

In relation to effective cash flow hedges, the gain or loss on the hedging instrument is recognised initially in equity and either transferred to the statement of income in the period in which the hedged transaction impacts the statement of income, or included in the initial measurement of the cost of the related asset or liability.

For hedges which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the statement of income for the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time:

- for fair value hedges of financial instruments with fixed maturities, any adjustment arising from hedge accounting is amortised over the remaining term to maturity.
- For cash flow hedges, any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the hedged transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of income.

**Contingencies**

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

**Estimates and assumptions**

In the process of applying the Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in the financial statements:

**Impairment of accounts receivable**

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

As at the date of the statement of financial position, gross trade accounts receivable are disclosed in note 9 to the financial statements. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of income.

**Impairment of inventories**

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

As at the date of the statement of financial position, gross materials, finished goods, packing materials and other inventories are disclosed in note 8 to the financial statements. Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the statement of income.

**Useful lives of property, plant and equipment and intangibles**

The Company's management determines the estimated useful lives of its property, plant and equipment and intangibles for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charges would be adjusted where the management believes the useful lives differ from previous estimates.

**Physical verification of semi finished goods**

Manufactured semi finished goods consist mainly of materials stored in the pipelines, silos, base tanks and reactors at any given point of time. Since the weighing of these inventories is not practicable, management estimates the quantities in process at the year end by making an estimate of the stock in these locations based on taking the measurements of the



volumes of containers, density of the material and the level of stock in them, and converting these measurements to metric tons. The measurements of the materials in process are certified by the Company's plant manager.

### 3 PROFIT FOR THE YEAR

The profit for the year is stated after charging:

	2010 AED	2009 AED
Staff costs:		
Wages and salaries	23,659,587	12,154,450
End of service benefits	1,442,897	356,412
Other employee benefits	2,664,770	1,159,598
	<u>27,767,254</u>	<u>13,670,460</u>

The staff costs for the year have been allocated as follows:

	2010 AED	2009 AED
Cost of sales	17,933,759	7,055,153
Administrative expenses	9,833,495	6,615,307
	<u>27,767,254</u>	<u>13,670,460</u>
Rental operating leases	416,510	358,247
Cost of inventories recognised as an expenses	1,440,945,850	1,249,006,780
Amortisation of intangible assets	503,491	--

### 4 OTHER INCOME

This item comprises of the following:

	2010 AED	2009 AED
Exchange gain, net	3,363,049	--
Gain on forward contracts	694,575	--
Finance income	475,822	1,821,669
Miscellaneous income	746,619	338,011
	<u>5,280,065</u>	<u>2,159,680</u>

### 5 FINANCE COSTS

	2010 AED	2009 AED
Bank charges	22,890,315	15,202,406
Interest on term loans	17,847,108	10,057,768
Interest on short term loans	18,084,170	10,964,917
Interest swap charges	5,299,808	--
Interest on vehicle loans	125,925	185,061
	<u>64,247,326</u>	<u>36,410,152</u>
Borrowing cost capitalised (note 6)	(13,118,169)	(6,025,064)
	<u>51,129,157</u>	<u>30,385,088</u>

### 6 PROPERTY, PLANT AND EQUIPMENT

At 31 March, 2010

	Plant and Machineries	Leasehold improvements	Installations	Motor vehicles	Furniture and equipment	Office equipment	Construction work-in progress	Total
	AED	AED	AED	AED	AED	AED	AED	AED
Cost:								
At 1 April 2009	494,658,053	106,215,776	20,374,211	3,662,597	1,017,423	2,752,048	174,834,792	803,514,900
Additions	11,220,233	15,131,424	2,195,136	561,686	23,535	634,610	19,872,515	49,639,139
Other transfers	143,520,106	44,571,834	2,018,412	--	--	--	(190,110,352)	--
Disposals	--	--	--	(1,026,175)	(47,148)	(92,610)	--	(1,165,933)
<b>At 31 March 2010</b>	<b>649,398,392</b>	<b>165,919,034</b>	<b>24,587,759</b>	<b>3,198,108</b>	<b>993,810</b>	<b>3,294,048</b>	<b>4,596,955</b>	<b>851,988,106</b>
Depreciation:								
At 1 April 2009	23,967,082	5,834,223	1,994,975	315,925	134,018	775,682	--	33,021,905
Charge for the year	31,364,945	7,378,474	2,347,953	319,925	99,962	598,517	--	42,109,776
Relating to disposals	--	--	--	(148,291)	(13,373)	(16,240)	--	(177,904)
<b>At 31 March 2010</b>	<b>55,332,027</b>	<b>13,212,697</b>	<b>4,342,928</b>	<b>487,559</b>	<b>220,607</b>	<b>1,357,959</b>	<b>--</b>	<b>74,953,777</b>
Net carrying amount:								
<b>At 31 March 2010</b>	<b>594,066,365</b>	<b>152,706,337</b>	<b>20,244,831</b>	<b>2,710,549</b>	<b>773,203</b>	<b>1,936,089</b>	<b>4,596,955</b>	<b>777,034,329</b>

**6 PROPERTY, PLANT AND EQUIPMENT (continued)**

	Plant and Machineries	Leasehold improvements	Installations	Motor vehicles	Furniture and equipment	Office equipment	Construction work-in progress	Total
	AED	AED	AED	AED	AED	AED	AED	AED
Cost:								
At 1 April 2008	195,711,357	62,092,898	11,043,436	3,143,712	686,016	2,156,184	237,306,838	512,140,441
Additions	20,332,410	10,255,747	6,210,980	1,088,860	331,407	934,414	256,351,289	295,505,107
Transfers	281,766,409	33,937,131	3,119,795	--	--	--	(318,823,335)	--
Transfer to intangible assets	(3,152,123)	--	--	--	--	--	--	(3,152,123)
Disposals	--	(70,000)	--	(569,975)	--	(338,550)	--	(978,525)
<b>At 31 March 2009</b>	<b>494,658,053</b>	<b>106,215,776</b>	<b>20,374,211</b>	<b>3,662,597</b>	<b>1,017,423</b>	<b>2,752,048</b>	<b>174,834,792</b>	<b>803,514,900</b>
Depreciation:								
At 1 April 2008	9,500,332	2,298,023	538,859	201,236	39,825	337,943	--	12,916,218
Charge for the year	14,466,750	3,536,272	1,456,116	282,615	94,193	611,381	--	20,447,327
Relating to disposals	--	(72)	--	(167,926)	--	(173,642)	--	(341,640)
<b>At 31 March 2009</b>	<b>23,967,082</b>	<b>5,834,223</b>	<b>1,994,975</b>	<b>315,925</b>	<b>134,018</b>	<b>775,682</b>	<b>--</b>	<b>33,021,905</b>
Net carrying amount:								
<b>At 31 March 2009</b>	<b>470,690,971</b>	<b>100,381,553</b>	<b>18,379,236</b>	<b>3,346,672</b>	<b>883,405</b>	<b>1,976,366</b>	<b>174,834,792</b>	<b>770,492,995</b>

- a) The leasehold improvements represent the building costs related to the Company's plant and premises, which are constructed on leasehold land. The land on which the production facility is located has been obtained on a 25 years operating lease from Ras Al Khaimah Investment Authority (RAKIA).
- b) Borrowing costs amounting to AED 13,118,169 (2009: AED 6,025,064) have been capitalised during the year.
- c) Motor vehicles with a carrying amount of AED 2,220,387 (2009: AED 2,460,004) have been pledged as security against vehicle loans obtained by the Company.
- d) Construction work-in-progress represents the cost incurred on the construction of property, plant and equipment upto the reporting date.
- e) During the year, the Company has entered into an agreement with RAKIA for mortgaging the leasehold land as security or collateral to the bankers for term loans (note 15 and 20).

f) The depreciation charge has been allocated in the statement of income as follows:

	2010 AED	2009 AED
Cost of sales	41,091,372	19,459,139
Administrative expenses	1,018,404	988,188
	<b>42,109,776</b>	<b>20,447,327</b>

**7 INTANGIBLE ASSETS**

	2010 AED	2009 AED
Cost:		
At 1 April	6,851,598	3,699,475
Addition during the year	4,593,750	--
Transfer from property, plant and equipment	--	3,152,123
At 31 March	11,445,348	6,851,598
Amortisation:		
At 1 April	--	--
Charge for the year	503,491	--
At 31 March	503,491	--
Net carrying amount		
At 31 March	<b>10,941,857</b>	<b>6,851,598</b>

Intangible assets represent technical know-how, engineering design and technical documentation charges. These costs are being amortised over the estimated useful life of 15 years from the date of commencement of production operations.

**8 INVENTORIES**

	2010 AED	2009 AED
Raw materials	76,695,213	56,907,710
Finished goods	38,781,126	32,585,445
Packing materials	7,193,562	4,111,999
Store and spares	5,474,434	3,758,785
Semi-finished goods	5,349,272	14,333,105
Consumables	2,886,113	2,546,577
	<b>136,379,720</b>	<b>114,243,621</b>

**9 ACCOUNTS RECEIVABLE AND PREPAYMENTS**

	2010 AED	2009 AED
Trade accounts receivable	192,634,125	76,845,129
Advances to suppliers*	34,668,103	9,862,874
Deposits	15,296,309	9,631,904
Prepayments	7,283,087	3,718,752
Other receivables	3,066,923	1,432,872
	<b>252,948,547</b>	<b>101,491,531</b>

\*Advances to suppliers include an amount of AED 3,000,000 (2009: AED nil) paid for construction of labour accommodation.

As at 31 March 2010, no trade accounts receivables were impaired (2009: AED nil).

As at 31 March, the ageing analysis of unimpaired trade accounts receivable is as follows:

	Neither	Past due but not impaired past due		
Total	nor	<30	30-60	
	impaired	days	days	
AED	AED	AED	AED	AED
<b>2010</b>	<b>192,634,125</b>	<b>188,860,206</b>	<b>508,763</b>	<b>3,265,156</b>
2009	76,845,129	71,802,696	241,954	4,800,479

The Company's credit period is 90 days from the date of sale after which trade accounts receivables are considered to be past due. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables.

### 10 RELATED PARTY TRANSACTIONS

Related parties represent Parent Company, Ultimate Parent Company, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by each party. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the statement of income are as follows:

	2010			
	Sales	Cost of sales	Finance income	Finance of sales
	AED	AED	AED	AED
Parent Company				
JBF Global Pte Limited	--	--	3,260,403	2,510,351
Ultimate Parent Company				
JBF Industries Limited	60,095,364	39,362,962	--	29,076
	<b>60,095,364</b>	<b>39,362,962</b>	<b>3,260,403</b>	<b>2,539,427</b>

	2009			
	Sales	Cost of sales	Finance income	Finance costs
	AED	AED	AED	AED
Ultimate Parent Company				
JBF Industries Limited	27,408,517	6,465,589	--	--
	<b>27,408,517</b>	<b>6,465,589</b>	<b>--</b>	<b>--</b>

Balances with related parties included in the statement of financial position are as follows:

	2010			
	Due from a related party	Due to related parties	Loan to a related party	Loans from related parties
	AED	AED	AED	AED
Parent Company				
JBF Global Pte Limited	--	--	69,691,528	169,374,643
Ultimate Parent Company				
JBF Industries Limited	--	27,201,541	--	2,296,966
Other related parties				
JBF Global FZE	6,097,044	--	--	--
	<b>6,097,044</b>	<b>27,201,541</b>	<b>69,691,528</b>	<b>171,671,609</b>

### 2009

	Due from a related party	Due to related parties	Loan to a related party	Loans from related parties
	AED	AED	AED	AED
Parent Company				
JBF Global Pte Limited	--	--	69,691,528	169,374,643
Ultimate Parent Company				
JBF Industries Limited	--	538,911	--	2,296,966
Other related parties				
JBF Global FZE	6,097,044	--	--	--
	<b>6,097,044</b>	<b>538,911</b>	<b>69,691,528</b>	<b>171,671,609</b>

Outstanding balances at the year-end arise in the normal course of business. For the year ended 31 March 2010, the Company has not recorded any impairment of amounts owed by related parties (2009: AED nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

During the year ending 31 March 2009, the Parent Company had purchased the 20% of the shares of Company from RAKIA for AED 69,691,528. The Company had paid the purchase consideration to RAKIA on behalf of the Parent Company. This loan amount is repayable on demand and carries interest at LIBOR plus 1% per annum.

Loans from related parties represent the unsecured loans obtained by the Company as bridge financing for purchase of property, plant and equipment and working capital requirements. This amount has no fixed repayment terms and carries interest at LIBOR plus 1% per annum.

Compensation of key management personnel  
The remuneration of directors and other members of key management during the year was as follows:

	2010 AED	2009 AED
Short-term benefits	1,046,948	440,820
Employees' end of service benefits	224,452	33,687
	<b>1,271,400</b>	<b>474,507</b>

### 11 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents are comprised of the following:

	2010 AED	2009 AED
Bank balances and cash	43,133,758	27,995,027
Bank overdrafts (note a)	(17,149,853)	(11,258,917)
	25,983,905	16,736,110
Less: restricted cash (note b)	(24,234,479)	(18,673,369)
	<b>1,749,426</b>	<b>(1,937,259)</b>

a) Bank overdrafts carry interest at rates ranging from 4% to 5% per annum (2009: 4% to 5% per annum).

b) Restricted cash balances are margin deposits against letters of credit of AED 29,379,479 (31 March 2009: AED 18,673,369) with commercial banks. These carry interest at normal commercial rates, and are held under lien against bank facilities.

**12 SHARE CAPITAL**

	2010 AED	2009 AED
Issued and fully paid:		
237,159 shares (2009: 237,159) of AED 1,000 each	<u>237,159,000</u>	<u>237,159,000</u>

**13 STATUTORY RESERVE**

As required by the Commercial Companies Law and the Company's Articles of Association, 10% of the profit for the year has been transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of paid up share capital. The reserve is not available for distribution except in the circumstances stipulated by the law.

**14 DERIVATIVES****Hedging activities****Cash flow hedges**

The Company uses interest rate swap to hedge against the cash flow risks arising on the floating rate term loan. The hedging relationship and objective, including details of the hedged item and hedging instrument, are formally documented and the transactions are accounted for as cash flow hedges.

The negative fair value of the derivative financial instrument, which are equivalent to the market values, together with the notional amount are set out below.

The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor credit risk.

	2010		2009	
	Negative Fair value AED	Notional amount AED	Negative Fair value AED	Notional amount AED
Derivatives held as cash flow hedges:				
Interest rate swaps	<u>(5,802,024)</u>	<u>125,723,683</u>	--	--

**Determination of fair value and fair value hierarchy**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at the fair value by the level of the fair value hierarchy:

	Level 1 AED	Level 1 AED	Level 1 AED	Total AED
31 March 2010				
<b>Financial liabilities:</b>				
Interest rate swaps	--	(5,802,024)	--	(5,802,024)

**Financial instruments recorded at fair value**

Included in the Level 1 category are financial assets that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted

prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Company's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined in whole part or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset classes in this category are unlisted equity investments limited partnerships. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Company. Therefore, unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Company's own data.

**15 TERM LOANS**

Movements in the term loans included the statement of financial position are as follows:

	2010 AED	2009 AED
Balance as at 1 April 2009	247,101,973	159,039,699
Loans obtained during the year	146,999,911	110,250,000
Loans repaid during the year	(57,421,052)	(22,187,726)
Balance as at 31 March 2010	<u>336,680,832</u>	<u>247,101,973</u>
Total term loan balance	336,680,832	247,101,973
Less: current portion	(86,821,062)	(52,525,421)
Non-current portion	<u>249,859,770</u>	<u>194,576,552</u>

The term loans are repayable in quarterly installments starting from November 2008.

The Company pays interest on above medium-term bank loans as per LIBOR for US Dollars facility and EIBOR for AED facility. The above medium-term bank loans are secured by:

- First rank registered mortgage over industrial plot 208, 118.86 sq. meters located at Block "F" (1-56), Al-Jazeera Al Hamra, Emirate of Ras Al Khaimah (note 6);
- Pari passu first charge by way of mortgage, notarised pledge and hypothecation over plant and machinery and other fixed assets of the Company;
- Assignment of all risk insurance policies;
- An undertaking to create registered mortgage over the project land; and
- An assignment of main contractor's performance bond.

Term loans agreements contain various restrictive covenants and require the borrower to maintain minimum amounts of working capital and financial ratios.

**16 EMPLOYEES' END OF SERVICE BENEFITS**

Movements in the provision recognised in the statement of financial position are as follows:

	2010 AED	2009 AED
Provision as at 1 April	326,532	--
Provided during the year	1,442,897	356,412
End of service benefits paid	(44,600)	(29,880)
<b>Provision as at 31 March</b>	<b>1,724,829</b>	<b>326,532</b>

An actuarial valuation has not been performed as the net impact of discount rates and future increases in benefits is not likely to be material.

**17 ACCOUNTS PAYABLE AND ACCRUALS**

	2010 AED	2009 AED
Trade payables	221,561,413	213,882,379
Accrued expenses	13,643,656	2,355,410
Other payables	3,384,119	4,320,956
Advances from customers	3,103,545	5,310,395
	<b>241,692,733</b>	<b>225,869,140</b>

**19 SEGMENT INFORMATION****Primary segment information**

For management purposes, the Company is organised into two major operating segments, manufacturing of PET chips products and films products. These segments are the basis on which the Company reports its primary segment information. Segmental information is presented below:

	2010			2009		
	PET Chips	Films	Total	PET Chips	Films	Total
Sales	1,465,205,730	374,756,068	1,839,961,798	1,457,391,912	95,454,627	1,552,846,539
Cost of sales	(1,315,669,078)	(291,565,932)	(1,607,235,010)	(1,247,472,681)	(70,533,739)	(1,318,006,420)
<b>Gross profit</b>	<b>149,536,652</b>	<b>83,190,136</b>	<b>232,726,788</b>	209,919,231	24,920,888	234,840,119
Expenses	(73,199,285)	(31,318,409)	(104,517,694)	(81,808,902)	(10,738,501)	(92,547,403)
Finance cost	(35,106,563)	(16,022,594)	(51,129,157)	(26,623,157)	(3,762,376)	(30,385,533)
<b>Net segment results</b>	<b>41,230,804</b>	<b>35,849,133</b>	<b>77,079,937</b>	101,487,172	10,420,011	111,907,183
Other income			5,280,065			2,159,680
Other expenses			(1,018,404)			(10,880,732)
Profit for the year			<b>81,341,598</b>			103,186,131

**18 SHORT-TERM BORROWINGS**

Short terms borrowings are repayable within 12 months from the statement of financial position date.

	2010 AED	2009 AED
Bills discounted	51,260,661	27,907,419
Short term loan	34,104,750	36,890,000
Bank overdrafts	17,149,853	11,258,917
Trust receipts	--	41,103,614
	<b>102,515,264</b>	<b>117,159,950</b>

Bills discounted represent the invoices to customers discounted from banks. These carry interest at normal commercial rates.

In November 2008, the Company obtained a short term loan of AED 34.04 million from a commercial bank to finance its working capital requirements. This short term loan carries interest at LIBOR plus 3.91% per annum and is unsecured. The short term loan was initially obtained for a period of 180 days but was subsequently rolled over on completion of the initial period. This short term loan is repayable in May 2010.

Short term borrowings including bills discounted, short term bank loan, bank overdrafts and trust receipts are secured by the following:

- Corporate guarantee provided by JBF Global Pte. Limited, Singapore and JBF Industries Limited, India;
- Pari passu first charge by way of mortgage, notarised pledge and hypothecation over plant and machinery and other fixed assets of the Company;
- Personal guarantee provided by Mr. Cheerag Bhagirath Arya (Director);
- Hypothecation of inventory in favour of the bank; and
- Assignment of trade accounts receivables in favour of the banks.

The total value of facilities of the Company as at 31 March 2010 was AED 767.59 million (31 March 2009: AED 445.84 million). The above short term borrowings carry interest at prevailing market rates that vary with market movements, their fair value approximates carrying value.

**Other information****31 March 2010**

	<b>PET Chips AED</b>	<b>Films AED</b>	<b>Unallocated AED</b>	<b>Total AED</b>
<b>Segment assets</b>	570,244,105	536,729,129	189,253,549	1,296,226,783
<b>Segment liabilities</b>	219,369,193	5,295,765	663,856,721	888,521,679
<b>Depreciation</b>	19,768,507	21,322,865	1,018,404	42,109,776
<b>Capital expenditure</b>	24,433,611	19,102,349	6,103,179	49,639,139

**31 March 2009**

	<b>PET Chips AED</b>	<b>Films AED</b>	<b>Unallocated AED</b>	<b>Total AED</b>
<b>Segment assets</b>	488,959,142	298,432,968	309,471,234	1,096,863,344
<b>Segment liabilities</b>	144,808,456	5,778,706	614,110,652	764,697,814
<b>Depreciation</b>	9,338,885	10,120,253	988,189	20,447,327
<b>Capital expenditure</b>	6,912,321	287,168,219	1,424,567	295,505,107

**Secondary segment information**

For operational and management reporting purposes, the Company is organised as one geographical segment. Consequently, no secondary segment information is provided.

**20 COMMITMENTS AND CONTINGENCIES****Operating lease commitments**

The Company has obtained land on lease from RAKIA for a period of 25 years. The total commitments in respect of lease rent at current rates and mortgage fee (note 6) are as follows:

	<b>2010 AED</b>	<b>2009 AED</b>
Future minimum lease payments:		
Within one year	994,154	411,821
After one year but not more than five years	3,831,432	1,647,284
More than five years	6,125,021	6,780,943
Total operating lease expenditure contracted for at the reporting date	<b>10,950,607</b>	<b>8,840,048</b>

**Commitments**

- At 31 March 2010, the Company has capital commitments contracted for purchase of property, plant and equipment with an estimated cost of AED 60,750,908 (2009: AED 24,825,588).
- During the year, the Company has entered into a contract of AED 66,150,000 on account of enhancement of production capacity of the CP-SSP plant by 250 MT per day.
- The Company has commitments in respect of purchase of raw materials amounting to AED 159,459,550 (2009: AED 45,840,607).

**Contingencies**

At 31 March 2010, the Company has contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise amounting to AED 25,000 (2009: AED 525,000).

**21 RISK MANAGEMENT****Interest rate risk**

Interest rate risk is the risk that the values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk. Borrowings at variable rates (LIBOR) expose the Company to cash flow interest rate risk. During year 2010 and 2009, the company's borrowings at variable rate were denominated in US dollars. The company manages its interest rate risk by using derivative instruments such as interest rate swaps (note 14).

The Company is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, bank overdrafts, bills discounted, and term loans).

The following table demonstrates the sensitivity of the statement of income to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the statement of income is the effect of the assumed changes in interest rates on the Company's profit for one year, based on the floating rate financial assets and financial liabilities held at year end.

There is no impact on the Company's equity.

	<b>Increase/decrease in basis points</b>	<b>Effect on profit (loss) for the year AED</b>
<b>2010</b>		
AED	<b>+ 15</b>	<b>(553,658)</b>
AED	<b>- 10</b>	<b>369,105</b>
<b>2009</b>		
AED	+ 15	(450,167)
AED	-10	300,111

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on its bank balances, accounts receivable, due from a related party, deposits and other receivables as follows:

	<b>2010 AED</b>	<b>2009 AED</b>
Bank balances	43,053,591	27,935,350
Accounts receivable	192,634,125	76,845,129
Deposits	18,296,309	9,631,904
Other receivables	3,066,923	1,432,873
Due from a related party	6,097,044	6,097,044
	<b>263,147,992</b>	<b>121,942,300</b>

The Company seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding trade accounts receivables.

Its 5 largest customers account for 29% of outstanding accounts receivable at 31 March 2010 (2009: 57%).

**Liquidity risk**

The Company limits its liquidity risk by ensuring adequate funds from related parties and bank facilities are available. The Company's terms of sale require amounts to be paid within 90 days of the date of invoice. Trade payables are normally settled within 90 days of the date of purchase.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 March 2010, based on contractual



payment dates and current market interest rates.

#### At 31 March 2010

	Less than 3 months AED	3 to 12 months AED	1 to 5 years AED	> 5 years AED	Total AED
Term loans	21,973,277	67,561,025	299,831,724	--	389,366,026
Trade payables	217,315,186	4,246,227	--	--	221,561,413
Loans from related parties	--	--	--	197,422,350	197,422,350
Bills discounted	51,260,661	--	--	--	51,260,661
Short term borrowings from banks	--	34,445,798	--	--	34,445,798
Due to related parties	27,201,541	--	--	--	27,201,541
Bank overdraft	17,192,728	--	--	--	17,192,728
Vehicle loans	172,144	529,184	663,325	--	1,364,653
<b>Total</b>	<b>335,115,537</b>	<b>106,782,234</b>	<b>300,495,049</b>	<b>197,422,350</b>	<b>939,815,170</b>

#### At 31 March 2009

	Less than 3 months AED	3 to 12 months AED	1 to 5 years AED	> 5 years AED	Total AED
Term loans	11,435,028	42,777,750	233,491,862	--	287,704,640
Trade payables	180,459,497	33,422,882	--	--	213,882,379
Loans from related parties	--	--	--	197,422,350	197,422,350
Bills discounted	27,907,419	--	--	--	27,907,419
Trust receipts	41,309,132	--	--	--	41,309,132
Short term borrowings from banks	--	37,258,900	--	--	37,258,900
Due to related parties	538,911	--	--	--	538,911
Bank overdraft	11,287,064	--	--	--	11,287,064
Vehicle loans	241,867	742,742	1,289,906	--	2,274,515
<b>Total</b>	<b>273,178,918</b>	<b>114,202,274</b>	<b>234,781,768</b>	<b>197,422,350</b>	<b>819,585,310</b>

#### Currency risk

Trade accounts receivable include amounts totalling to AED 145,511,730 (2009: AED 62,578,498) due in foreign currencies, mainly US Dollars, Euro and Pound Sterling. Trade accounts payable include amounts totalling to AED 197,964,211 (2009: AED 34,004,437) due in foreign currencies, mainly US Dollars, Euro, Pound Sterling and Swiss Francs. As the United Arab Emirates Dirham is currently pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

The table below indicates the Company's foreign currency exposure at 31 March, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the AED currency rate against various foreign currencies, with all other variables held constant, on the statement of income (due to the fair value of currency sensitive monetary assets and liabilities).

	Increase/decrease in foreign currency rates to the AED	Effect on profit AED
<b>2010</b>	<b>+5%</b>	<b>748,710</b>
	<b>-5%</b>	<b>(748,710)</b>
<b>2009</b>	<b>+5%</b>	<b>34,190</b>
	<b>-5%</b>	<b>(34,190)</b>

#### Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and

maximise shareholders value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to the shareholders. No changes were made in the objectives, policies or processes during the years ended 31 March 2010 and 31 March 2009. Capital comprises share capital, statutory reserve, retained earnings and cumulative changes in fair value and is measured at AED 407,705,104 as at 31 March 2010 (2009 (restated): AED 332,165,530).

#### 22 PRIOR PERIOD ADJUSTMENTS

During the year, the following adjustments have been made to the financial statements with retrospective effect:

- Foreign exchange loss included in property, plant and equipment of AED 1,000,115, relating to exchange differences arising on the settlement of monetary items denominated in foreign currency. This amount has been debited to administrative expenses as of 31 March 2009.
- Write off of foreign exchange loss amounting to AED 3,740,132 included in other receivables relating to foreign exchange should have been charged in previous year directly to statement of income. This amount has been debited to administrative expenses as of 31 March 2009.
- Bank balances denominated in foreign currency have not been restated at closing rates as at 31 March 2009 that would have resulted in an exchange gain of AED 397,975. This amount has been credited to administrative expenses as of 31 March 2009.

The impact of the foregoing adjustments as of 31 March 2009 resulted in a decrease of profit for the year and retained earnings by AED 4,342,272; accordingly, property, plant and equipment as at 31 March 2009 decreased by AED 1,000,115, other receivables decreased by AED 3,740,132 and bank balances increased by AED 397,975.

#### 23 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, accounts receivable, due from a related party, deposits and other receivables. Financial liabilities consist of term loans, vehicle loans, unsecured loans from related parties, accounts payable and accruals and amounts due to related parties.

Other than as disclosed in note 14 the fair values of other financial instruments are not materially different from their carrying values.

#### 24 COMPARATIVE INFORMATION

In addition to the prior period adjustments referred to in note 22, specified statement of financial position as of 31 March 2009 has been restated and reclassified to conform to the presentation of the current year. The summary below presents the effect of the prior period adjustments and reclassifications on the prior year amounts. Such reclassifications do not affect previously reported profit or shareholder's equity.

	As at 31 March 2009			
	As previously reported	Prior period adjustments	Reclassification	As restated
	AED	AED	AED	AED
<b>Statement of financial Position</b>				
Advances against property, plant and equipment	4,624,625	--	(4,624,625)	--
Construction work in progress	175,834,907	(1,000,115)	--	174,834,792
Plant and machineries	473,843,094	--	(3,152,123)	470,690,971
Intangible assets	3,699,475	--	3,152,123	6,851,598
Accounts receivable and prepayments	161,711,057	(3,740,132)	(56,479,394)	101,491,531
Loan to a related party	--	--	69,691,528	69,691,528
Bank balances and cash	36,184,561	397,975	(8,587,509)	27,995,027
Retained earnings	88,595,962	(4,342,272)	--	84,253,690
<b>Statement of income</b>				
Profit for the year	107,528,403	(4,342,272)	--	103,186,131

**JBF Industries Limited**

***Registered Office***

Survey No. 273, Village Athola, Silvassa, Dadra & Nagar Haveli.

***Corporate Office***

8th Floor, Express Towers, Nariman Point, Mumbai - 400 021.