



JIK INDUSTRIES LIMITED

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***16th Annual Report
2006- 2007***

JK INDUSTRIES LIMITED

Registered Office : Pada No. 3, Balkum, Thane (West), Thane-400 608.

NOTICE

Notice is hereby given that the 16th Annual General Meeting of the members of JK INDUSTRIES LIMITED, will be held on Saturday, 10th November, 2007 at 9.30 a.m. at its Registered Office, Pada No. 3, Balkum, Thane (West), Thane-400 608 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account for the year ended 30th June, 2007 and the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R. H. Parihar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director Mr. S.V. Shah as Nominee Director on behalf of Operating Agency (Bank of India) as per BIFR Order dated 25.05.2007.
4. To appoint Auditors to hold the office from the conclusion of this meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Instrument of proxy, in order to be effective, must be deposited at the Company's Registered Office not less than forty-eight hours before the time of the meeting.
3. The Registers of Members and Share Transfer Books of the company will remain closed from 5th November, 2007 to 10th November, 2007 (both days inclusive).
4. Members are requested to notify changes, if any, in their address to the Company's Registered Office. In case their shares are held in dematerialized form, the information should be passed on to their respective Depository Participants without any delay.
5. Members, who hold shares in de-materialized form are requested to bring their Client ID and DP ID Nos. for easier identification.

By order of the Board

Place : Mumbai
Date : 27th September, 2007

Prakash B. Chavan
Company Secretary

Registered Office:
Pada No. 3, Balkum,
Thane (West),
Thane-400 608.

ATTENDANCE SLIP

JK INDUSTRIES LIMITED

Registered Office : Pada No. 3, Balkum, Thane (West), Thane-400 608.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE.

Joint Shareholders may obtain additional Attendance Slip on request.

DP. Id* : _____

Regd. Folio No. : _____

Client Id* : _____

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share(s) held :

I hereby record my presence at the 16th ANNUAL GENERAL MEETING of the Company held on Saturday, the 10th day of November, 2007 at 9.30 a.m. at Regd. Office - Pada No. 3, Balkum, Thane (West), Thane-400 608.

Signature of the shareholder or proxy.

*Applicable for investors holding shares in electronic form.

PROXY FORM

JK INDUSTRIES LIMITED

Registered Office : Pada No. 3, Balkum, Thane (West), Thane-400 608.

DP. Id* : _____

Regd. Folio No. : _____

Client Id* : _____

I/We, _____ of

_____ being a member/members

of JK Industries Limited hereby appoint _____ of _____ or

failing him _____ of _____

As my/our proxy to vote for me/us and on my/our behalf at th 16th ANNUAL GENERAL MEETING to be held on Saturday, the 10th day of November, 2007 at 9.30 a.m. or at any adjournment thereof.

Signed this _____ day of _____ 2007.

*Applicable for investors holding shares in electronic form.

Affix Re. 1/- Revenue Stamp

Note : The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

BOOK POST



If underlivered please return to :

JK Industries Limited

Regd. Office : Pada No. 3, Balkum,
Thane (West) Thane - 400 608



JK INDUSTRIES LIMITED

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JIK INDUSTRIES LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri R.G. Parikh	- Chairman & Managing Director
Shri R.V. Iyer	- Special Director (BIFR)
Shri S.C. Gurav	- Director
Shri R.H. Parihar	- Director
Shri K.K. Kotadia	- Director

AUDITORS

M/s. Motilal & Associates

REGD. OFFICE

Pada No.3, Balkum, Thane - 400 608

Phone: +91-022-25340063, 25426349

ADMINISTRATION OFFICE

1,2,3 & 16 Gundecha Chambers,

N.M. Road, Fort,

Mumbai-400 023

Phone: +91-22-22633313

Fax: +91-22-22676633

E-mail: admin@jik.co.in

Website: <http://www.jik.co.in>

REGISTRAR & SHARE TRANSFER AGENT

Sharex Dynamic (India) Pvt. Limited

17/B, Dena Bank Building, 2nd Floor,

Horniman Circle,

Mumbai-400 001.

LISTING

Bombay Stock Exchange Limited

The National Stock Exchange of India Limited



JIK INDUSTRIES LIMITED

DIRECTORS' REPORT

To the Members,

1. Your Directors present herewith 16th Annual Report together with the Audited Accounts of the Company, for the financial year ended 30th June 2007.

2. FINANCIAL RESULTS

Summary of Financial Results for the year are as under:

	(Rs. in lakh)	
Particulars	2006-2007	2005-2006
Sales / Income from operations	3.30	22.88
Other Income	Nil	0.06
Profit / (Loss) Before Tax and		
Extraordinary Item	(772.37)	(761.02)
Extra Ordinary Item	379.96	622.58
Provision for Taxation		
- Current Tax	Nil	Nil
- Deferred Tax	(165.64)	(287.03)
- Fringe Benefit Tax	0.29	0.67
Profit / (Loss) for the year	(227.07)	147.92

3. DIVIDENDS

No dividend is recommended for the Financial Year 2006-2007.

4. OPERATIONS

The performance of the Company was severely impacted after the accidents. However, the company is in the process of acquiring improved technology alongwith new investment to enable it to achieve full-fledged production.

5. FINANCE

The management has taken various measures to ensure that the Company returns to operational profitability and to achieve its full potential at the earliest.

During the year, the Company had started the process of settlement of dues as per the OTS (One Time Settlement) scheme approved by CDR (Corporate Debt Restructuring) consisting of six CDR lenders (Banks & Institutes). As per the terms, the Company has completed the process before the date of signing of the Balance Sheet.

Further during the year, Hon'ble BIFR permitted the Company to convert the liability of five lenders (Banks & subsidiary of Bank) into equity shares of the Company in full and final settlement of their dues. Accordingly the Company issued equity shares at a premium in settlement of the outstanding dues to those lenders as approved by Hon'ble BIFR.

There is only one bank with minor exposure remaining, who has not opted for any settlement, and have continued their action against the revival efforts of the

Company. Your Directors are making all the efforts to make the Company debt free.

6. FIXED DEPOSIT

During the year under report, the Company has not accepted any public deposit under section 58A and 58AA of the Companies Act, 1956.

7. SUBSIDIARIES

The Company has two subsidiaries. The audited financial statements of subsidiaries and Consolidated Financial Statement along with Auditor's Report are included in this Annual Report.

8. REFERENCE TO HON'BLE BIFR

As per the audited accounts for the year ended 30th June, 2007 the Company's net worth remains negative and as a result it continues to remain a sick industrial undertaking within the meaning of Sick Industrial Companies (Special Provision) Act, 1985.

9. BRU (Bombay Relief Undertaking)

The Company has received notification from Government of Maharashtra dated 19th June, 2007 by which the Company has been declared "Relief Undertaking" for a period of one year from that date.

10. DIRECTORS

Shri R.V. Iyer has been appointed as a Special Director by Hon'ble BIFR on 30th March, 2007.

At the ensuing Annual General Meeting, Mr. Ramesh H. Parihar, Director of the Company retires by rotation and being eligible, offers himself for reappointment.

In terms of the provision of section 274(1)(g) of the Companies Act, 1956 as amended from time to time, none of the Directors are disqualified.

11. CORPORATE GOVERNANCE

Necessary measures have been adopted to comply with the requirements of the Listing Agreements with the Stock Exchanges wherein your Company's shares are listed. A separate report on Corporate Governance adopted by the Company forms part of this report.

A certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as also the Management Discussion and Analysis Report stipulated under Clause 49 of the Listing Agreement is annexed in this report.

12. RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed;



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- ii. appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent so as to give been made true and fair view of the state of affairs of the Company as at 30th June, 2007 and of the profit/loss of the Company for the year.
- iii. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. the annual accounts have been prepared on a going concern basis.

13. PARTICULARS OF EMPLOYEE

The Company does not have any employee falling within the scope of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of the Employees) Rules, 1975.

14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO

A statement pursuant to section 217(1)(e) of the Companies Act, 1956, giving details of measures taken toward conservation of energy, technology absorption, foreign exchange earnings and outgo in accordance with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1998 is annexed in this report.

15. AUDITORS

M/s. Motilal & Associates, Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting have pursuant to Section 224 (1B) of the Companies Act, 1956, furnished to the Company a certificate regarding their eligibility for re-appointment till the conclusion of next Annual General Meeting. You are requested to appoint the Auditors and fix their remuneration for the ensuing period.

16. ACKNOWLEDGEMENT

Your Directors are extremely grateful to the management of all the Banks & Institutions for their continued assistance, guidance and support during the companies most difficult time.

Your Directors also thank the customers, suppliers, shareholders, creditors, employees and various state and central government agencies for their continued cooperation and support to the Company.

For and on behalf of the Board

R.G. Parikh

Place : Mumbai Chairman & Managing Director
Date : 27th September, 2007

ANNEXURE I - TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

- a) Energy conservation measures taken:
N.A.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
N.A.
- c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
N.A.
- d) Total energy Consumption and Energy Consumption per unit of production as per Form A in respect of industries specified in the Schedule:

FORM - A

(Disclosure of particulars with respect to Conservation of Energy)

A. Power and fuel consumption:

	2006-2007 (Current year)	2005-2006 (Previous year)
1. Electricity :		
(a) Purchased		
Unit (KWH)	Nil	Nil
Total Amount (Rs.)	Nil	Nil
Rate per unit (Avg)	Nil	Nil
(b) Own generation		
(i) Through diesel generator :		
Units (KWH)	24795	15952
Units per Ltr. Of Diesel oil	4.25	4.55
Cost per unit (Rs.)	9.15	8.13
(ii) Through steam turbine/generator		
Units	Nil	Nil
Units per Ltr. Of fuel	Nil	Nil
Oil/Gas	Nil	Nil
Cost/Units	Nil	Nil



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2. Coal :

Quantity (Tonnes)	Nil	Nil
Total Cost	Nil	Nil
Average Cost	Nil	Nil

3. Furnace Oil/Gas :

a) Propane gas/Liquified Petroleum Gas		
Qty. (M.T.)	Nil	Nil
Total Cost (Rs.)	Nil	Nil
Average Rate (Rs.)/Kg.	Nil	Nil
b) Light Diesel Oil		
Qty. (Ltr.)	Nil	Nil
Total Cost (Rs.)	Nil	Nil
Average Rate (Rs.)/Ltr.	Nil	Nil

4. Others/Internal Generation :

Distillate Residue	Nil	Nil
Quantity in M. T.	Nil	Nil
Total Cost	Nil	Nil
Rate per unit	Nil	Nil

B. Consumption per unit of production:

It is not feasible to maintain product-wise energy consumption data, since a large range of products having different energy requirements, is being manufactured.

B. TECHNOLOGY ABSORPTION

FORM - B

(Disclosure of particulars with respect to Technology Absorption)

RESEARCH AND DEVELOPMENT (R & D)

1. Specific area in which R & D is carried out by the Company:

N.A.

2. Benefits derived as a result of the above R&D:

N.A.

3. Future Plan of Action:

The Company is in the process of acquiring improved technology.

4. Expenditure on R & D:

N.A.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

N.A.

2. Benefit derived as a result of the above efforts:

N.A.

3. Technology Imported:

a) Technology imported from Reci Industri AB of Sweden and Lindhsammar Glasbruk AB of Sweden.

b) Year of import during 1996-97 and 1997-98 respectively.

c) Has Technology been fully absorbed: Yes.

d) If not fully absorbed, reasons and future course of action: N.A.

C. FOREIGN EXCHANGE EARNING & OUTGOING:

Disclosure relating to export, initiatives taken to increase export, development of new export markets for products and services and export plans:

The Company is exploring further avenues for exports.

TOTAL FOREIGN EXCHANGE USED AND EARNED:

(Rs. in Lakh)

2006-2007 2005-2006

i. Total foreign exchange used	0.74	4.34
ii. Total foreign exchange earned	NIL	NIL

For and on behalf of the Board

For and on behalf of the Board

R.G. Parikh

Chairman & Managing Director

Place : Mumbai

Date: 27th September, 2007



JIK INDUSTRIES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

1. Industry Structure and Development:

With strong GDP growth backed by an excellent performance in manufacturing and service sectors, India's growth story is a reality.

Organised retail Segment is growing at the rate of 25% - 30% p.a. with revenues from the Sector expected to triple. The retail segment of crystal glassware has undergone a big change and the present Rs. 400 crore market in India is expected to grow at 100% every year for next three years (Source - Economic Times). The company continues to implement its strategy of widening its customer base in this activity.

2. Opportunity and Threats:

Besides the obvious labour cost advantages that the Company enjoys vis-à-vis its European counterparts, the shutting down or downsizing of hand made crystal glassware factories in the Euro Zone provides ready market for the Company's products.

The Indian retail market is on a boom phase, which is still largely unexploited. The increasing income levels in India have led to much higher disposable incomes and the tendency to spend on luxury.

The Company's products are a part of the fast growing luxury segment. With its presence in the retail, institutional and export markets, the Company is uniquely placed to take advantage of both the rapidly growing domestic retail market as well as the established large global market.

Strategic tie-ups with European Companies will offer design, technology and marketing capabilities, which will lead to a value added product mix to compete in any market in the world.

Threats consist of an overall downturn in luxury goods segment, which may not happen in the foreseeable future and any major change in Government Policy.

3. Segment-wise product-wise performance:

It has been fully dealt with in the notes to the accounts.

4. Outlook:

The Management is confident of enhancing operational performance and profitability in the Financial year 2007-08 and 2008-09 by focusing and consolidating in its core competency of crystal glassware business and allied products. The Company is in negotiations to widen its reach through Long Term Agreements /

Collaborations in Europe. Due to diminishing supply caused by increasing costs, resulting in plant closures, the European Companies are looking to outsource large production here. The Company plans to expanding its capacity to meet domestic / international demand.

5. Risks & concerns:

The Scheme of Arrangement u/s 391 of the Companies Act 1956 between the Company and its Specified Creditors held on 10/6/2006 is still pending with Hon'ble High Court, Bombay. Out of 12 creditors, 11 Creditors have approved & voted in favour of Scheme of Arrangement u/s 391 of Companies Act, 1956 & opted and accepted the terms of one of the options of payments. Only one creditor having a small exposure has not opted for any settlement and is impeding the revival efforts of the Company. Meanwhile, all other 11 lenders have opted for settlement.

Major natural disaster in form of heavy rain, water logging at Balkum, Thane (Registered office and Plant) and major fire at its Chemical Recycling Plant at Vijaygad, Wada had also destroyed its records. Company's efforts to salvage the same have met with little success.

6. Internal control systems & their adequacy:

The Company has an adequate system of internal controls.

7. Human Resource Management:

Industrial relations during the period remained satisfactory. The Company could not continue upgrading the skills and effectiveness at all the levels through training and development programmes on account of liquidity crunch.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis, describing the Company's objectives, projections and estimates, are forward-looking statements and progressive within the meaning of applicable security laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government policies and other incidental factors.

For and on behalf of the Board

R.G. Parikh

Chairman & Managing Director

Place : Mumbai

Date: 27th September, 2007