

Annual Report 2005-2006

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JMC Projects (India) Ltd.

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Annual Report 2005 - 2006

JMC Projects (India) Ltd.

Corporate Information

Directors

Vijay Choraria

Chairman

Hemant Modi

Vice Chairman

Suhas JoshiManaging Director -
Building & Factories**M. D. Khattar**Managing Director -
Infrastructure Business**Narsinhbhai Patel**

Director

Ajay Munot

Director

Kamal Jain

Director

Mahendra G. Punatar

Director

Company Secretary

Ashish Shah

Bankers:

Oriental Bank of Commerce

The Karur Vysya Bank Limited

State Bank of India

Andhra Bank

Auditors:

Sudhir N. Doshi & Co.

Chartered Accountants

Registered & Corporate Office

A-104, Shapath-4,

Opp. Karnavati Club, S. G. Road,
Ahmedabad-380 051, INDIA.

Ph. : 079-3001 1500

Fax : 079-3001 1600 / 3001 1700

Audit Committee

Narsinhbhai Patel

Chairman

Ajay Munot

Member

Vijay Choraria

Member

Mahendra G. Punatar

Member

Shareholders' Grievance Committee

Narsinhbhai Patel

Chairman

Suhas Joshi

Member

Kamal Jain

Member

Remuneration Committee

Narsinhbhai Patel

Chairman

Ajay Munot

Member

Kamal Jain

Member

Vijay Choraria

Member

Mahendra G. Punatar

Member

Registrar & Transfer Agent

M/s. Pinnacle Shares Registry Pvt. Ltd.

Near Asoka Mills, Naroda Road,
Ahmedabad - 380 025. INDIA.

Ph. : 079-2220 0338 / 2220 0582

Fax : 079-2220 2963

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JMC Mining & Quarries Ltd.

[100 % Subsidiary of JMC Projects (India) Ltd.]

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To the Shareholders,

The Indian economy has achieved GDP growth rate of 8% in the current financial year and this trend is likely to continue in the foreseeable future. After China's growth at 9.9%, India is arguably the best placed amongst the entire pool of growing economies of the world. The increase in demand for goods and services, fresh capital investments by private sector in industrial and service sectors, buoyant capital markets and heavy thrust by government on infrastructure development is likely to boost and consolidate economic growth over the next few years.

The Construction Industry continues to grow at a scorching pace. During last four years, the average growth rate has consistently stayed around 10% and there are all the indications that the growth rate is likely to accelerate further. It accounts for nearly 6% of Indian GDP and is the second biggest contributor, after agriculture. The growth has been evenly spread across various infrastructure sector but roads and urban infrastructure have been the key drivers. In the Union Budget 2006-07, Infrastructure has received major attention through substantial allocation in the power sector as well as road network over the next 10 years. The increase in FDI limit up to 100% in Construction Sector could bring additional investments as well as bigger players with state of the art technologies and building materials. Given the positive economic climate and sound fundamentals, the industry is poised for a big leap forward.

There are many issues that still bother the Construction Industry. These include many bottlenecks and inefficiencies such as unviable financial models, contractual flaws, ambiguity and disparity in indirect tax structure in different States resulting into multiplicity of taxes, inadequate availability of skilled manpower, lack of price control mechanism for critical inputs etc. The Govt. needs to recognize and address these issues for smooth functioning and development of the sector.



A.Y. 2005-06 has been quite positive in terms business growth and financial performance. Along with growth, the Company has made qualitative improvements in various financial parameters which will enable us to consolidate the financial strength in the long run. In addition to the major road projects, the Company has been successful in getting large building projects from reputed clients signifying the utmost trust and confidence in your Company's capabilities in meeting with client's expectations and delivering the results. The successful completion of six stations for Delhi Metro Rail has once again exhibited our ability and core competence in timely execution of the projects.

In the coming year, we will have major challenges in terms of achieving time bound execution of few fast track projects as well as strengthen order book position to sustain the momentum set in A.Y. 2005-06. Having identified the need to attract and retain the best talent and skilled manpower, the Company has increased focus in various HR initiatives by providing required training and up-gradation of skills on top priority. The Company has also started using various IT tools which will go in a long way to strengthen internal controls and facilitate better project execution and management.

Looking ahead

With opening order backlog of nearly Rs. 800 crore and few more orders in the pipeline, the Company is poised to achieve substantial and healthy growth in the coming year. It will be our committed endeavors to strive for improvement in all areas of operations so that, we not only remain competitive but also improve bottom line.

Given the abundant business opportunities, the Company is all set to consolidate its position in the coming years. Having established strong brand image in the areas of industrial plants, commercial and institutional buildings, we are making intensive efforts to diversify into other areas of Infrastructure and will look forward to the continued support of all its stake holders on its journey to profitable growth and success.

Before I conclude, I would also like to acknowledge and thank for continued support from our Bankers, Vendors, Business associates and Stake holders who have always supported and remained as a backbone of the Company.

Hemant Modi
Vice Chairman



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JMC Projects (India) Ltd.

Report of the Board of Directors

Your Directors have pleasure in presenting the 20th Annual Report on the business and operations together with the Audited accounts for six-month period ended 31st March, 2006. The previous Accounting year 2004-05 was for a period of 18 months and ended on 30th September, 2005. The Board of Directors have now decided to end the Accounting year 2005-06 on 31st March, 2006 i.e. for a period of 6 months.

The performance of the Company for the Accounting period of 6 months ended on 31st March, 2006 is summarized below.

(Rs. crore)

Financial Results	For the period ended 31st March, 2006 (6 months)	For the period ended 30th September 2005 (18 months)
Income	142.00	350.24
Other Income (excluding extra-ordinary items)	1.31	2.87
Total Income (excluding extra-ordinary items)	143.31	353.11
Operating profit before extra-ordinary items	9.19	12.05
Interest & Finance charges	4.93	16.89
Depreciation	2.01	5.32
Profit / (Loss) before Tax and extra-ordinary items	2.25	(10.16)
Extra-ordinary items of Expense / Income		
Less : Expenses	—	9.67
Add : Other Income	—	2.09
Profit / (Loss) before Tax	2.25	(17.74)
Deferred tax provision	0.75	(6.27)
Fringe Benefit Tax	0.18	0.11
Net Profit / (Loss) after Tax	1.31	(11.57)
Appropriations		
Proposed Dividend	0.00	0.00
Tax on dividend (including surcharge)	0.00	0.00
Transferred to General Reserve	0.00	0.00
Balance carried to Balance Sheet	1.31	(11.57)

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"Mantri Sarovar" for Varun Developers Pvt Ltd.,
at Bangalore



Station Building for Delhi Metro Rail Corporation
at Delhi





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JMC Projects (India) Ltd.

2. Dividend

With a view to conserve the resources, your Directors do not recommend any dividend for the Accounting year 2005-06.

Result of Operations

During the six months period ended on 31st March, 2006, your Company has achieved turnover of Rs. 142.00 crore as against Rs. 350.24 crore for eighteen months period ended on 30th September, 2005, reflecting healthy growth of 22% on annualised basis. In this six months period your company has also made a Profit before Tax of Rs. 2.33 crore.

New Contracts

During the period under review, the Company has received new contracts / add on value orders of approx. Rs. 300 crore.

Amongst the new contracts booked are :

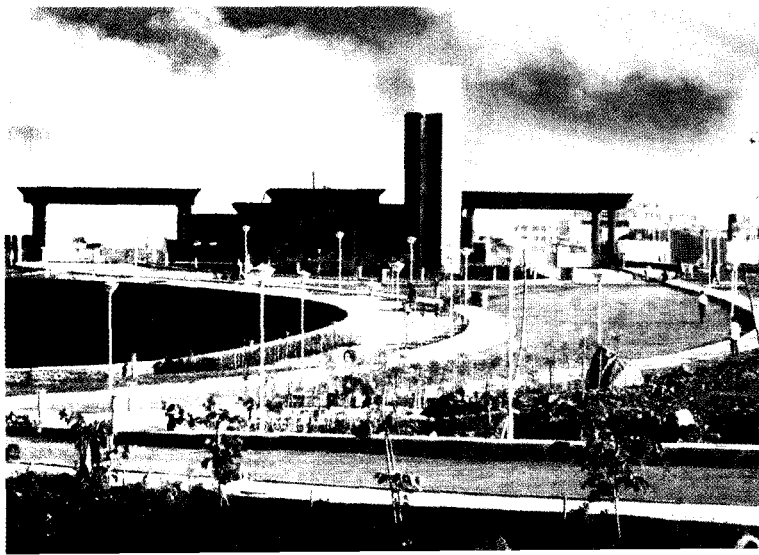
- Construction of software park for HM Construction at whitefield, Bangalore
- Construction of 'Jayanth Tech Park' at Nandambakkam, Chennai
- Construction work of Cessna Business park for Cessna Garden Developers Pvt. Ltd., Bangalore
- Civil construction work for Pharmaceutical Factory Building for Hester Pharmaceuticals at Kadi, Gujarat
- Construction of Building Bagmane Lake View - 2, for Bagmane Developers Pvt. Ltd at Bangalore
- Construction Work for Weaving, Spinning & Warehouse Buildings for Vardhman Fabrics at Budhni, M.P.
- Construction of Residential Apartments "Sterling Shalom" for Sterling Developers Pvt. Ltd., at Bangalore
- Pharmaceutical project for Dishman Pharmaceuticals near Ahmedabad
- Construction work of proposed Manufacturing Facility and Land Development work for Bombay Dyeing Manufacturing Co. Ltd near Pune
- RCC, Civil, Structural Steel and allied works for Industrial Turbine Manufacturing Factory for Siemens Ltd at Baroda
- Supply of equipment and erection & commissioning for Tower Package for 400 KV D/C LILO of Vijaywada-Gazuwaka Transmission Line at Vemagiri under SR Strengthening-VI Transmission system for Power Grid Corporation of India Ltd.
- Design & Construction of proposed Garment Manufacturing Complex for D. R. Garments (India) Pvt. Ltd. at Porbandar, Gujarat

As on 31st March, 2006, the aggregate value of orders on hand stands at Rs. 795 crore including orders for two road projects worth Rs. 418 crore secured in the name of JV.

New Orders received after 31st March, 2006

- Construction of Post Graduate Institute of Medical Education & Research and associated works at Dr. Ram Manohar Lohia Hospital, New Delhi.
- Construction of residential complex - "Mantri Flora" for Suraj Developers, Mantri Group at Bangalore.

Office Complex for Syntel International Ltd.,
at Pune



Prism Tower - Mind Space, Commercial Complex for Ivory Properties
& Hotel Pvt. Ltd., at Mumbai





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Aspects

Looking to the current economic scenario in general and growth of Construction Industry in particular, your company is expected to tap vast opportunities in Construction sector and convert the same in profitable growth. The strong order book position at the beginning of the year and few orders in pipeline will enable the Company to achieve healthy growth in the next financial year.

Financing

The Capital expenditure incurred during the period was mainly funded from the proceeds of the Right Issue. The Company has not availed any fresh term loans for capital expenditure during the current period. In order to cope up with growing needs of the business, the Company is also proposing to raise additional funds through another rights issue. The enhanced level of capital will enable the Company to improve the scale of operations and thereby operational efficiency.

Fixed Deposit

During the period under review, the Company has accepted deposits from Shareholders and others within the prescribed limits. As on 31st March, 2006 deposits from Public and Shareholders stands at Rs. 4.80 crore (including unsecured loans from relatives of directors), out of which a sum of Rs. 0.07 crore relating to 37 depositors remained unclaimed. The Company had sent reminders to all the 37 depositors for their unclaimed deposits out of which some deposits were claimed and paid subsequently. There were no deposits, which were claimed and remained unpaid by the Company as on 31st March, 2006.

ISO 9001:2000

Striving to maintain its commitment to customer's expectations for quality and safety at work sites, the company has upgraded its Quality Management Systems to the international standards as per ISO 9001:2000.

Directors

Mr. Deval Shah has resigned as director of the Company during the year due to his pre occupation. The Board of Directors records its appreciation for contribution made by him during his tenure.

In accordance with the provision of the Companies Act, 1956 and the Articles of Association of the Company, Mr. N K Patel and Mr. Vijay Choraria are liable to retire by rotation at the ensuing Annual General Meeting, who have offered themselves for re-appointment.

Your Directors recommend appointment of Mr. M G Punatar, whose term as an additional director is expiring on ensuing annual general meeting of the Company. Your Company has received notice from members pursuant to Section 257 of the Companies Act, 1956 signifying their intention to propose the candidature of Mr. M. G. Punatar for the office of director.

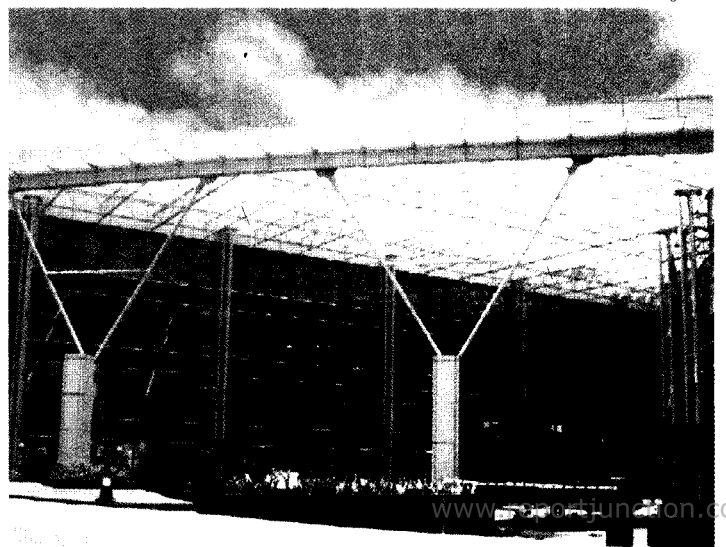
The brief particulars of all directors, for which approval of members for their appointment or re-appointment are sought, have been provided in the Notice of Annual General Meeting pursuant to Clause 49 of the Listing Agreement relating to Corporate Governance.

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Commercial Complex for SJR Builders
at Bangalore



"Salarpuria Hallmark" for Salarpuria Properties Pvt. Ltd.,
at Bangalore





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Consistency Statement

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

- (a) that in preparation of annual accounts for the period ended 31st March, 2006, the applicable accounting standards have been followed and that no material departures have been made from the same;
- (b) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit or loss of the company for that period;
- (c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the Directors have prepared the accounts for the period ended 31st March, 2006 on a going concern basis.

Corporate Governance

As per clause 49 of the Listing Agreement with the Stock Exchange, a separate section on Corporate Governance and Management Discussion and Analysis, confirming compliance is set out in the Annexure forming part of this report.

Subsidiary Company

The subsidiary Company M/s. JMC Mining and Quarries Ltd. has also closed its Accounting year 2005-06 for 6 months period ended on 31st March, 2006 to coincide the accounting period of holding company and to reflect true and fair view of the financial position of the company to the investors.

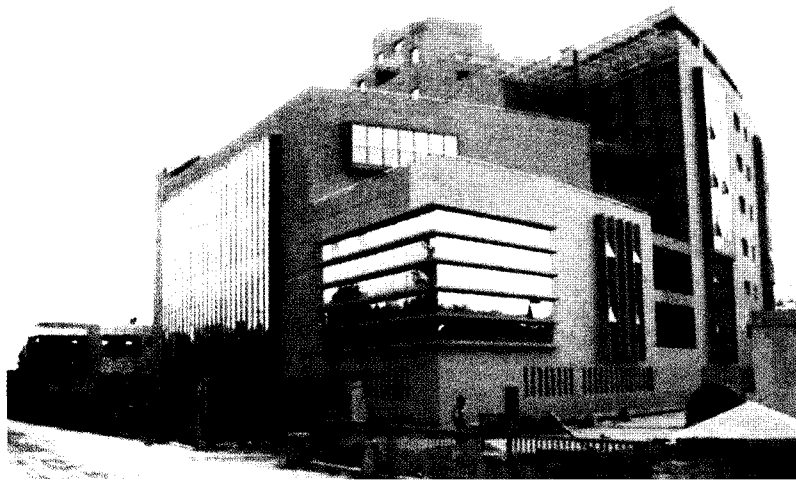
The Subsidiary Company has achieved more than 17% growth in terms of Turnover on annualized basis, which stood at Rs. 2.37 crore for six months period ended on 31st March, 2006 as compared to Rs. 6.08 crore for eighteen-month period ended on 30th September, 2005. The operating profit margin has increased to 6.33% from 6.08% and stood at Rs. 0.15 crore for 6 months period ended on 31st March, 2006, as against 0.37 crore for 18 months period ended on 30th September, 2005. The Directors Report and statements of accounts along with Auditors Report for the year ended on 31st March, 2006, forms part of this report and are attached.

Consolidated Accounts

In compliance of clause 32 and clause 50 of the Listing Agreement with the Stock Exchange, as amended pursuant to the directive of Securities and Exchange Board of India (SEBI), the Company has prepared Consolidated Financial Statements as per the Accounting Standard on Consolidated Financial Statements (AS 21) issued by the Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements along with the Auditors' Report have been annexed with this Annual Report.

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Brigade Tech Park for Brigade Enterprises Pvt. Ltd.,
at Bangalore



Flyover at Manikbaug Railway Crossing
at Indore





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Employees

Relations with the employees continued to be cordial throughout the period. Your Directors place on record the appreciation of the efforts, dedication and active participation of employees in various initiatives of the Company and contributing to the performance of the Company during the period under review.

Statutory Disclosure

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, the particulars of Employees of the Company are furnished in an Annexure forming part of this Report.

Particulars required to be furnished by the Companies (Disclosure of particulars in the report of the Board of Directors) Rule, 1988.

- Part A & B pertaining to conservation of energy and technology absorption is not applicable to the Company. The Company has, however, used information technology extensively in its operations.
- During the period, the Company has not earned any foreign exchange, while the outgo of foreign exchange is of Rs. 0.04 crore (PY Rs. 0.46 crore) towards Capital goods, Rs. 0.60 crore (P.Y. Rs. 0.54 crore) for Materials, Rs. 0.01 crore (P.Y. Rs. 0.02 crore) towards Traveling expenses and Rs. 1.18 crore (P.Y. Rs. 2.83 crore) for Interest on foreign currency working capital loan.

Auditors & Auditors' Report

M/s. Sudhir N. Doshi & Co; the auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. They have given their consent to accept the office, if re-appointed. Members are requested to consider their re-appointment.

The auditors comments on the Company's accounts for the period ended on 31st March, 2006 are self explanatory in nature and do not require any explanation as per the provisions of section 217(3) of the Companies Act, 1956.

Acknowledgement

Your Directors place on record its gratitude to the stakeholders, Banks, valued clients, suppliers and business associates for their continued support and confidence. Your Directors also place on record their appreciation of the dedication, commitment and contribution made by employees at all levels and look forward their continued support in future as well.

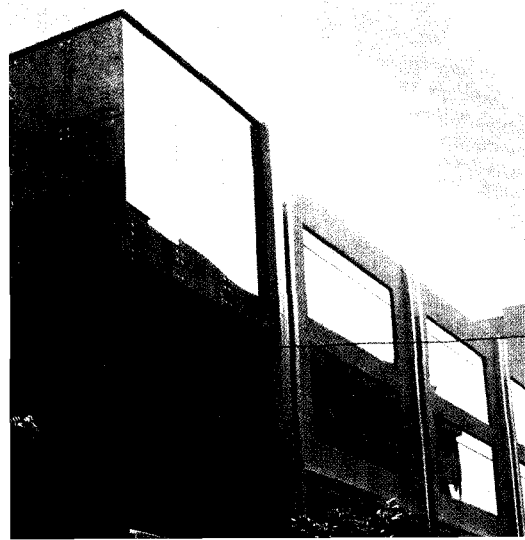
The Directors gratefully appreciate the co-operation and assistance extended by the various Central and State Government Agencies.

For and behalf of the Board of Directors

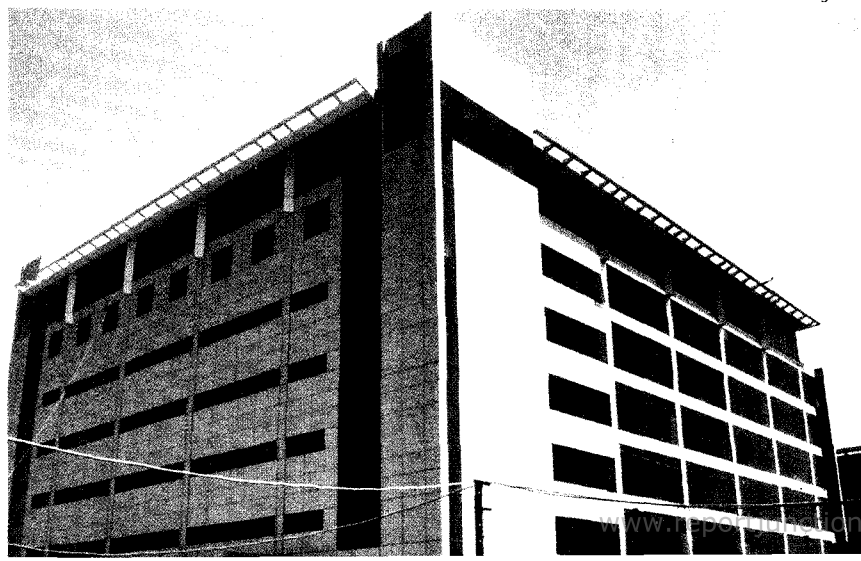
Place : Mumbai
Date : 2nd May, 2006

Hemant Modi
Vice Chairman

Office Complex for RSP Architects,
at Bangalore



JPMC Business Park for Prestige Estate Pvt. Ltd.
at Bangalore





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Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the six months period ended on 31st March 2006.

Sr.	Name	Age (yrs.)	Qualification	Date of Commencement of Employment	Designation / Nature of Duties	Experience in years	Gross Remuneration in Rs.	Last Employment held with Designation	Share Holding in %
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(A) Employed throughout the year and was in receipt of remuneration which in the aggregate was not less than Rs. 24,00,000/- p.a.

1	Hemant Modi	50	BE, MS (Civil)	05/06/1986	Executive Vice Chairman	25	15,29,723/-	Joshi & Modi Associates Partner	1.49%
2	Suhas Joshi	51	BE (Civil)	05/06/1986	Managing Director	26	13,69,100/-	Joshi & Modi Associates Partner	0.49%

(B) Employed for a part of the year and was in receipt of remuneration which in the aggregate was not less than Rs. 2,00,000/- p.m.

3	M. D. Khattar	68	BE (Civil) Mgt. Graduate, from AIMA, Post Graduate in Environment & Ecology	21/11/2005	Managing Director	40	13,29,532/-	Hindustan Construction Company Ltd. Executive Director	Nil
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Note :

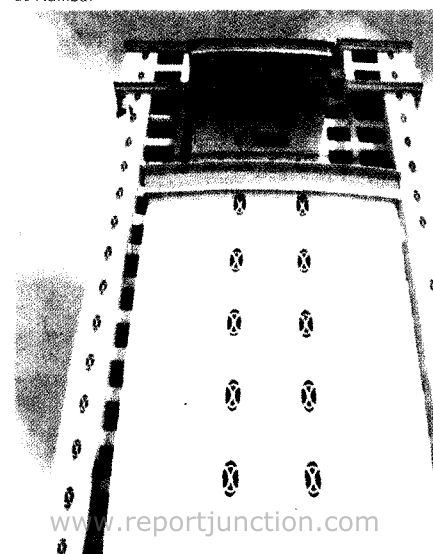
- Gross Remuneration includes Salary, City Compensatory Allowance, House Rent Allowance, Extra Allowance, contribution to provident fund but excludes Gratuity.
- None of the employee is a relative of any Director of the Company.
- All employments are contractual only.
- The above data is for six months period (October 2005 to March 2006), hence if calculated on annualized basis, the same will exceed the limit of Rs. 24,00,000/- p.a.

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Godhara - Shamlaji Road, for IRCON International Ltd. in Gujarat



Residential Complex for K. Raheja Group at Mumbai

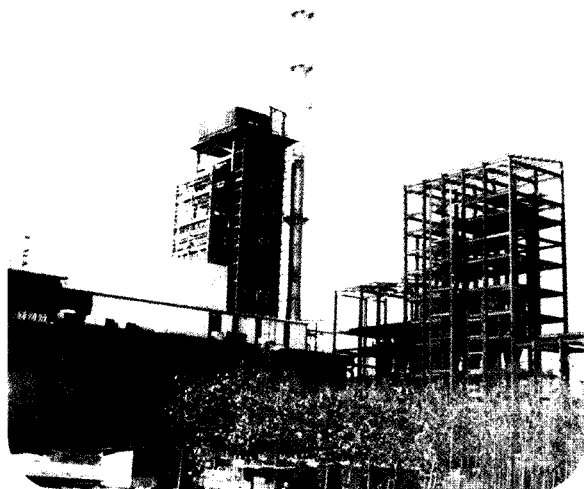




JMC Projects (India) Ltd.

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Areas of our Core Competence



Industrial & Power

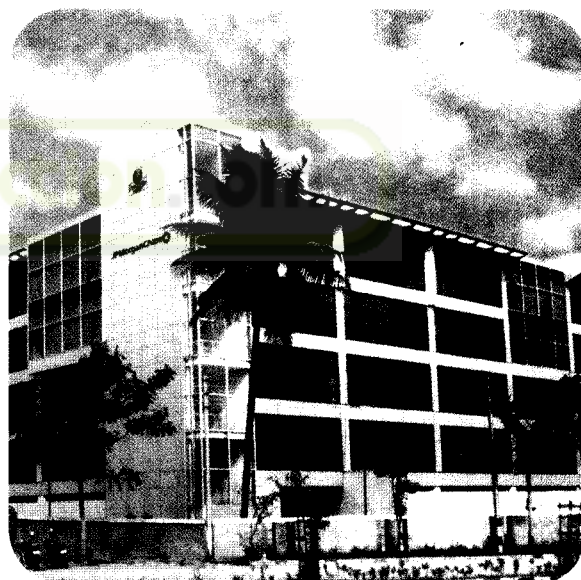
- Agrochemicals
- Automobiles
- Cement & Steel
- Chemicals & Petrochemicals
- Captive Power Plants
- Electronics
- Heavy Engineering
- Pharmaceuticals
- Sugar
- Textiles
- Power Plants

Buildings

- Commercial Complexes
- Hotels & Hostels
- Hospitals & Health Centres
- High-rise Buildings
- Institutional Buildings
- Information Technology Parks
- Multiplexes & Shopping Malls
- Research & Development Centres

Housing

- Residential Campus
- Townships



Infrastructure

- Bridges & Flyovers
- Bus Terminus
- Drainage Works
- Effluent Treatment Plants
- Highways & Expressways
- Heliport
- Marine Works
- Railway Terminals
- Underpasses
- Water Supply Works