

18th ANNUAL REPORT

2006-2007

JMG CORPORATION LIMITED
(Formerly IRPLAST ADHESIVES INDIA LIMITED)

PLEASE NOTE THAT NO GIFTS WHATSOEVER WILL BE DISTRIBUTED
TO THE SHAREHOLDER AT THE ANNUAL GENERAL MEETING

JMG CORPORATION LIMITED

BOARD OF DIRECTORS

Mr. P. K. Nanda
Mr. Mahendra Kumar Shah
Mr. M.D. Gujrati
Mr. Ritesh Kumar Gupta
Mr. Jagdish Das Shah

Chairman
Managing Director
Director
Director
Director

BANKERS

ICICI Bank Limited
Syndicate Bank

AUDITORS

SSP & CO.
CHARTERED ACCOUNTANT
Paschim Vihar, New Delhi

REGISTERED OFFICE

Plot No. 7, Roz ka Meo, Industrial Area,
Mewat, Haryana

STOCK EXCHANGES:

The Delhi Stock Exchange Association Limited
DSC House, 3/1, Asaf Ali Road,
New Delhi 110 002

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001

JMG CORPORATION LIMITED**NOTICE TO THE MEMBERS**

NOTICE is hereby given that the 18th (Eighteenth) Annual General Meeting of the Company will be held on Friday, 15th day of September, 2007 at 10:30 A.M. at the Registered Office of the Company at Plot No. 7, Industrial Area, Roz Ka Meo, Distt. Mewat, Haryana to transact the following business:

ORDINARY BUSINESS(ES):

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.
3. To appoint Director in place of Mr. P. K. Nanda, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS(ES):

4. To consider and if thought fit to pass the following resolution as **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of the Section 372A of the Companies Act 1956 (including any statutory modification or re-enactment thereof), and other applicable provisions, if any, the consent of the Company, be and is hereby accorded to make any loan to any other body corporate in one or more tranches or give any guarantee, or provide security, in connection with loans made by any other person to, or to any other person by, any body corporate and to acquire, by way of subscription, purchase or otherwise the securities of any other body corporate in one or more tranches, up to a sum not exceeding in aggregate Rs. 5 Crore (including the amount of existing Investment/Loans/Guarantee and excluding the amount exempted under Section 372A of Companies Act, 1956), on such terms and conditions as the Board may deem fit."

RESOLVED FURTHER that for the purpose of giving effect to the above resolution Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things, to alter, vary, revise and modify from time to time the terms and conditions of aforesaid investment/loan/guarantee, as it may in its absolute discretion, deem necessary, expedient or desirable and to settle any question, difficulties or doubts that may arise in this regard including delegation of all or any of the powers herein referred to any committee of directors and / or any director(s) and / or officer(s) as in its absolute discretion it may consider necessary, expedient or desirable in order to give effect to this resolution or otherwise considered by the Board in the best interest of the Company.

5. To consider and if thought fit, to pass, with or without modification(s), the following resolutions as on Ordinary Resolution:

"Resolved that Mr. Mahendra Kumar Shah, be appointed as a Director of the Company, in respect of whom Company has received a notice from a member of the Company in writing under section 257 of the Companies Act, 1956".

6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as on Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310 and 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification/re-enactment thereof, the Consent of the Company, be and is hereby accorded to the appointment of Mr. Mahendra Kumar Shah as the Managing Director of the Company for the period of 5 (Five) years from 30th October, 2006 to 29th October, 2011 up on the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting, with the liberty to the Board of Directors to alter and vary the terms and conditions in accordance with the provisions and schedule XIII of the Companies Act, 1956.

7. To consider and if thought fit, to pass, with or without modification(s), the following resolutions as on Ordinary Resolution:

"Resolved that Mr. Ritesh Kumar Gupta, be appointed as a Director of the Company, in respect of whom Company has received a notice from a member of the Company in writing under section 257 of the Companies Act, 1956"

8. To consider and if thought fit, to pass, with or without modification(s), the following resolutions as on Ordinary Resolution:

"Resolved that Mr. Jagdish Das Shah, be appointed as a Director of the Company, in respect of whom Company has received a notice from a member of the Company in writing under section 257 of the Companies Act, 1956".

For and on behalf of Board

MAHENDRA KUMAR N. SHAH
Managing Director

Roz-Ka-Meo, June 29, 2007

Registered office:

Plot No. 7, Industrial Area,

Roz Ka Meo, Mewat

JMG CORPORATION LIMITED

NOTE(S):

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF/HERSELF AND THAT A PROXY NEED NOT BE A MEMBER.
A proxy form duly completed and signed should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting in default whereof the instrument shall not be treated as valid.
2. Members are requested to notify immediately any change/correction in their address including PINCODE to the Company or to the Registrar and Share Transfer Agent of the Company namely Indus Portfolio Private Limited, G 65, Bali Nagar, New Delhi 110 015 Phones: 011 25449862, 25172115 Fax: 011 - 25449863 quoting reference of the Registered Folio Numbers.
3. Shareholders holding shares in the same name or in the same order of names but in several folios, are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holding in one single folio.
4. Any member desirous of obtaining any information/clarification on the enclosed Accounts should submit the query in writing at the Registered Office of the Company at least 10 days before the date of the Meeting.
5. Members/Proxies should bring attendance slips duly filled in for attending the Meeting.
6. Members/Proxies are requested to bring their copies of Annual Report with them to the Meeting, as the same will not be supplied again at the Meeting as a measure of economy.
7. Pursuant to the provisions of Section 154 of the Companies Act, 1956 and listing agreement the Register of Members and Share Transfer Books of the Company shall remain closed for two days from 13th September, 2007 to 14th September, 2007 (both days inclusive).
8. Explanatory Statement pursuant to Section 173(2) in respect of the Special Business herein is annexed hereto and form part of this notice.

For and on behalf of Board

MAHENDRA KUMAR N. SHAH
Managing Director

Roz-Ka-Meo, June 29, 2007

Registered office:

Plot No. 7, Industrial Area,

Roz Ka Meo, Mewat

JMG CORPORATION LIMITED**EXPLANATORY STATEMENT:****In respect to Item no. 4**

The Company is planning for expansion and diversification of its business and your Board is of the opinion that for the purpose of such expansion and diversification the Board must have the liquidity to give loan and also have the power to give any guarantee, or provide security, in connection with loans made by any other person to, or to any other person by any body corporate in one or more tranches and to acquire, by way of subscription, purchase or otherwise the securities of companies in one or more tranches, as required under the provisions of the Section 372A of the Companies Act 1956.

Accordingly, board proposes this resolutions for approval of shareholders in general meeting to make loan, to give guarantee and to provide security, in connection with loans made by any other person to, or to any other person by to company and to acquire, by way of subscription, purchase or otherwise the securities of companies.

The Directors commend this resolution to the members.

None of the Directors is concerned or interested in the resolution.

In respect to Item no. 6

Subject to the approval of the Members of the Company in General Meeting, the Board of Directors at its meeting held on 30.10.2006, appointed Mr. Mahendra Kumar Shah as the Managing Director of the Company for the period of 5 (Five) years from 30th October, 2006 to 29th October, 2011 upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting, with the liberty to the Board of Directors to alter and vary the terms and conditions in accordance with the provisions and schedule XIII of the Companies Act, 1956.

A summary of the material terms and conditions relating to Mr. Mahendra Kumar Shah appointment as Managing Director as follows:

- a. Functions : Mr. Mahendra Kumar Shah shall carry out, under the superintendence, direction and control of the Board of Directors of the Company, such functions, exercise such powers and performs such duties as the Board shall, from time to time, in their absolute discretion determine and entrust to him.
- b. Remuneration: In consideration of the performance of his duties, Mr. Mahendra Kumar N. Shah shall be paid the monthly remuneration up to Rs.1,00,000/- or as may be varied by the Board within the said limit of Rs.1.00 lacs.

In respect to Item no. 5, 7 & 8

The Board appointed Mr. Mahendra Kumar Shah, Mr. Ritesh Kumar Gupta, and Mr. Jagdish Das Shah as Additional Directors of the Company in the Board Meeting held on 21.10.2006, 01.03.2007 and 07.04.2007 respectively. They will all hold office up to the date of forthcoming Annual General Meeting under section 260 of the Companies Act, 1956. Notices have been received by the Company from a Member under section 257 of the Act, proposing the appointment of Mr. Mahendra Kumar N. Shah, Mr. Jagdish Das Shah and Mr. Ritesh Kumar Gupta as Directors of the Company.

None of the Director, except Mr. Mahendra Kumar N. Shah, Mr. Ritesh Kumar Gupta, and Mr. Jagdish Das Shah in respect of their respective appointments are interested in the resolution.

The Directors commend this resolution to the members.

JMG CORPORATION LIMITED**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors have pleasure in presenting the 18th (Eighteenth) Annual Report with Audited Accounts for the year ended 31st March, 2007.

Change of Name:

The name of the Company has been changed from Irplast Adhesives India Limited to JMG Corporation Limited as per the approval of the Shareholders in the previous Annual General Meeting held on August 17, 2006.

Financial Results

The Company achieved sales of Rs 36.48 million, as against Rs. 14.36 Million in the immediately preceding previous year, thereby registering a growth of 154%. The packaging tape business has remained extremely competitive and the year did not see much improvement in sales. However the masking tape business has shown growth and exports are being revived. The Company has diversified into new business segments and initial results are positive. Your Directors foresee growth of these business segments which will assist in achieving profitability.

Dividend

In view of the accumulated losses, your Directors do not recommend any dividend for the year 2006-07.

Public Deposits:

The Company has not accepted any deposits including fixed deposits from the public under section 58A and 58AA of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975 during the year under review.

Directors' Responsibility Statement:

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

1. In the preparation of the accounts the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the financial year ended 31st March, 2007;
3. 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;
4. The annual accounts have been prepared on a 'going concern' basis.

Directors:

Mr. P. K. Nanda, Director of the Company, being longest in office retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

The Board appointed Mr. Mahendra Kumar Shah, Mr. Ritesh Kumar Gupta, and Mr. Jagdish Das Shah as Additional Directors of the Company in the Board Meeting held on 21.10.2006, 01.03.2007 and 07.04.2007 respectively. They will all hold office up to the date of forthcoming Annual General Meeting under section 260 of the Companies Act, 1956. Notices have been received by the Company from a Member under section 257 of the Act, proposing the appointment of Mr. Mahendra Kumar Shah, Mr. Ritesh Kumar Gupta and Mr. Jagdish Das Shah as Directors of the Company.

Mr. Kavita Laroia and Mr. Raman Mehta have resigned from the Directorship of the Company w.e.f. October, 4, 2006 and March 7, 2007 respectively. The Board places on record its appreciation for services rendered by them during their tenure as Directors of the Company. At the meeting of Board of Directors of the Company held on 30.10.2006 Mr. Mahendra Kumar Shah was appointed as the Managing Director of the Company w.e.f. 30.10.2006. The terms of his appointment are subject to the approval of shareholders.

Accounts and Auditors Report:

The observations contained in the Auditor's Report are self-explanatory and do not require any explanation from Directors.

Auditors:

M/s. SSP & Co., Chartered Accountants, retiring auditors, retire at conclusion of ensuing Annual General Meeting and are eligible and offers themselves for reappointment.

Particulars of Employees:

None of the employees are in receipt of remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, therefore no disclosure is required.

Conservation of energy and technology absorption and foreign exchange earning and outgo:

The particulars under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on conservation of energy, technology absorption and outgo in foreign exchange are enclosed as Annexure A and forming part of this report.

JMG CORPORATION LIMITED**Corporate Governance:**

Your Company has followed good Corporate Governance Practices adopted by it since inception and has been complying with the code of Corporate Governance. A detailed Corporate Governance Report together with a certificate from Statutory Auditors in compliance with Clause 49 of the Listing Agreement is attached forming part of this report.

Statement pursuant to listing agreement (s):

The Company's securities are presently listed at The Stock Exchanges at Mumbai (BSE) and The Delhi Stock Exchange Association Limited (DSE). The listing fees to BSE and DSE has been paid. The Company has made an application for delisting of its securities from the Delhi Stock Exchange and the same is pending with DSE for its approval.

Management's Discussion and Analysis, in compliance with Clause 49 of the Listing Agreement, is attached, forming part of this report.

Acknowledgements:

Your Directors gratefully acknowledge the co-operation, assistance and support extended by various stakeholders during these years: its employees, shareholder and Bankers during the year and look forward to their continuing support.

Roz-Ka-Meo, June 29, 2007

Registered office:

Plot No. 7, Industrial Area,

Roz Ka Meo, Mewat

For and on behalf of Board

MAHENDRA KUMAR SHAH

Managing Director

ANNEXURE 'A' TO DIRECTORS' REPORT**A. Conservation of Energy**

The manufacturing process is not power-intensive in nature but still the Company has taken the measures to reduce energy consumption and has installed energy efficient equipments.

B. Technology Absorption

Disclosure of particulars of Technology Absorption

i) Research and Development (R&D)

- | | | |
|--|---|----------------|
| 1. Specific Areas in which R&D carried out by the Company | : | -----N.A.----- |
| 2. Benefits derived as a results of the above R&D | : | -----N.A.----- |
| 3. Future plan of action | : | -----N.A.----- |
| Expenditure on R&D | | |
| a) Capital | : | -----N.A.----- |
| b) Recurring | : | |
| c) Total R&D expenditure as a percentage of total turnover | : | |

ii) Technology Absorption, Adaptation and Innovation:

- | | | |
|--|---|--|
| 1. Efforts in brief made towards technology absorption, adaptation and innovation. | : | The Imported technology of manufacturing Hot-Melt Adhesives by die extrusion process has been fully absorbed by the Company. |
| 2. Benefits derived as a result of the Above efforts | : | Introduction of superior quality of self adhesive tapes in the domestic market. |
| 3. In case of Imported Technology following information may be furnished | | |
| a) Technology imported | : | BOPP films coated with hot-melt adhesives by die extrusion process. |
| b) Year of Import | : | Technical Collaboration agreement was effective from 1989. Commercial production commenced from 1st November, 1992. |
| c) Has technology been fully absorbed | : | Yes |

A. Foreign Exchange earning and outgo:

Foreign exchange earnings were Rs. 3.48 million (Previous Year Rs 6.48 million). Outgo of foreign exchange on account of Import of Raw Materials amounted to Rs 3.98 million (previous year Rs. 9.65 million).

JMG CORPORATION LIMITED**REPORT ON CORPORATE GOVERNANCE****1. Philosophy of the Company on Corporate Governance**

Corporate Governance refers to a set of policies, principles, laws, rules, regulations and procedures that enable the Company to attract best financial and human resources and to perform efficiently to create and maximize the wealth of the stakeholders. Your Company is committed to uphold the good governance values and has been practicing the same over the years.

2. Board of Directors

The composition of Board of Directors as on 31st March, 2007 was as follows:

- | | | |
|----|-------------------------|------------------------------------|
| 1. | Mr. P.K. Nanda | Non-executive Chairman |
| 2. | Mr. Mahendra Kumar Shah | Managing Director |
| 3. | Mr. Ritesh Kumar Gupta | Independent non-executive Director |
| 4. | Mr. M.D. Gujrati | Independent non-executive Director |

None of the above Directors held membership of other Boards and Committees (Private Limited/ Foreign Companies are not considered).

The meeting of the Board of Directors were duly held 13 (Thirteen) times during the financial year. The Directors have attended the meetings as under:

All the Directors have attended all the meeting except Mr. P. K. Nanda, who have attended 7 (seven) Meetings.

In terms of the provisions of the Companies Act, 1956, one-third directors of the rotational directors of the Company retire at every Annual General Meeting. Accordingly, Mr. P. K. Nanda, will retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for reappointment.

Mr. Kavir Laroia, Managing Director of the Company resigned w.e.f. 4th October, 2006 and Mr. Mahendra Kumar Shah was appointed as Director w.e.f. 21st October, 2006 and elevated as Managing Director w.e.f. 30th October, 2007.

Mr. Raman Mehta, resigned from the Directorship and Mr. Ritesh Kumar Gupta, appointed as Additional Director of the Company w.e.f. 1st March, 2007.

3. Board Committees**Audit Committee:**

For the purpose of ensuring adequacy of internal controls, efficacy of internal and statutory audits and matters specified under clause 49 (as amended) of the Listing Agreements and Section 292A of the Companies Act, 1956, the Board has constituted an audit committee comprising three non-executive Directors, Mr. M.D. Gujrati as Chairman, who is an independent non-executive Director has good financial and accounting background.

Five meetings of the Committee were held during the financial year on 30th April, 2006, 23rd June, 2006, 31st July, 2006, 30th October, 2006 and 27th January, 2007. All members of the committee attended all the meetings except Mr. P. K. Nanda, who attended First, Fourth & Fifth meetings and Mr. Ritesh Kumar Gupta has not attended any meeting, as he become the member of the Board and Committee on or after 1st March, 2007.

Remuneration Committee:

This Committee has been constituted for reviewing and determining remuneration, performance and related business of the management and consists of three non-executive directors Mr. Ritesh Kumar Gupta, Mr. M.D. Gujrati and Mr. P.K. Nanda as the Chairman. One meeting of the Committee was held during the year on 30th October, 2006.

Shareholders' Matters Committee:

This Committee has been constituted to look into and redressed of shareholders' complaints. Four meetings were held during the year and were attended by both the members. The Company has delegated share transfer powers to the Registrar and Share Transfer Agent, **Indus Portfolio Pvt. Ltd.**, G-65, Bali Nagar, New Delhi 110 015.

During the year, a total 73 (Seventy Three) complaints were received from the Investors and SEBI, all the complaints were satisfactorily attended to and responses given as appropriate. All the transfers received during the financial year were processed by the Registrar and Transfer Agent and no transfers were pending.

4. General Body Meeting:

The last 3, (three) Shareholders' Meeting, all Annual General Meetings, were held at Company's Registered