

JOG

JOG ENGINEERING LIMITED



**27th Annual Report
2005-2006**

27th ANNUAL REPORT 2005 - 2006

■ Board of Directors :

Shri. Madhav V. Jog, Chairman & Managing Director
Shri. Madhukar K. Shirude, Executive Director
Shri. Pramod P. Sheth

■ Company Secretary :

Shri. A.V. Vasantgadkar

■ Bankers :

Bank of Maharashtra
 Andhra Bank
 Development Credit Bank Limited

■ Auditors :

Joshi & Sahney
 Chartered Accountants
 1913, Sadashiv Peth, Pune - 411030

■ Registered Office :

'Jog Center',
 28/1, Wakdewadi, Mumbai - Pune Road,
 Pune - 411003
 Phone : (020) 25815931
 Fax : (020) 25814690
 E-mail : jelhopune@yahoo.com

■ ANNUAL GENERAL MEETING :

Date : 30th March 2007
 Day : Friday
 Time : 10.00 a.m.
 Place : Pudumjee Hall, Mahratta Chamber of
 Commerce, Industries and Agriculture,
 Tilak Road, Pune - 411002

Members are requested to bring their copy of the
 Annual Report to the Annual General Meeting.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 27th Annual General Meeting of the members of Jog Engineering Limited will be held on Friday, 30th March 2007, at 10.00 a.m. at Pudumjee Hall, Mahratta Chamber of Commerce, Industries & Agriculture, Tilak Road, Pune- 411002, to transact the following business.

1. To receive, consider and adopt the audited Balance Sheet as at 30th September 2006 and the audited Profit and Loss Account for the year ended on 30th September 2006 together with the Auditors' Report and the Directors' Report thereon.
2. To appoint a Director in place of Shri. Pramod P. Sheth who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies, if given, must be deposited with the Company not less than 48 hours before the meeting.

2. **The Register of Members and the Share Transfer Book** of the Company will remain closed from 28th March 2007 to 30th March 2007 (both days inclusive).
3. The members seeking further information about the Accounts etc. are requested to inform the Company at least one week before the date of the meeting so that it would be convenient to keep the information ready at the meeting.
4. The Company has entered into Agreement with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for custody and **dematerialization of Equity Shares**. Members can avail the depository facility by approaching any of the Depository Participants of NSDL or CDSL.
5. Those members who have not so far encashed **Dividend Warrants** for the financial year 1999-2000 and thereafter, may immediately approach the

Company for revalidation of unclaimed Dividend Warrants. The amount of Dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund as per the provisions of Section 205 C of the Companies Act, 1956.

6. Pursuant to the requirement of Clause 49 of the Listing Agreement (Code of Corporate Governance), the following information is provided in respect of the appointment of Shri. Pramod P. Sheth as proposed in the Notice of meeting.

Shri. Pramod P. Sheth (52), B.E.(Civil), is a construction engineer and carries on business as a builder and developer. He holds a directorship of Jog Software Solutions Limited. He has executed housing construction projects at Andheri, Mulund, Thane, Dadar etc. Shri. P. P. Sheth holds 12,630 equity shares of the Company.

By Order of the Board,
A. V. VASANTGADKAR
COMPANY SECRETARY

Date : 5th February 2007

Regd. Office : 'Jog Center',
28/1, Wakdewadi,
Mumbai - Pune Road,
Pune - 411 003

DIRECTORS' REPORT 2005-2006

To:

The Members of

Jog Engineering Limited

The Directors submit the 27th Annual Report along with audited Accounts of the Company for the financial year ended on 30th September 2006.

1. Summarised Financial Results:

The summarised financial results of the financial year are stated below. The financial year of the Company is changed so as to end on 30th September 2006. Hence, the financial year under report consists of a period of 15 months from 1st July 2005 to 30th September 2006.

(Rs. in Lac)

Particulars	Year ended on 30.09.2006 (15 months)	Year ended on 30.06.2005 (18 months)
Total Income	2152.34	1843.23
Gross Profit / (Loss)	426.66	293.75
Add / (Less) : Depreciation	(161.50)	(234.65)
Add / (Less) : Cost of Finance	(1529.01)	(1725.78)
Profit / (Loss) before Tax	(1263.85)	(1666.68)
Less : Provision for Taxation		
i. Current	--	--
ii. Deferred	--	(39.97)
iii. Fringe Benefit	(3.73)	--
Net Loss	(1267.58)	(1626.71)
Add : Balance brought forward from previous year	(1464.08)	--
Add : Prior period adjustments	--	(36.42)
	(2731.66)	(1663.13)
Add : Transferred from General Reserve	--	199.05
Balance carried over	(2731.66)	(1464.08)

Absence of liquidity was suffered throughout the year. This made it difficult to meet various financial commitments in time. This includes dues to the depositors of the Company, dues to suppliers, Banks etc.

2. Performance:

At present, the Company has got one ongoing project in hand. The project consists of construction of 33 residential buildings at Mankhurd, Mumbai, for Shivashahi Punarvasan Prakalp Ltd. The project work is completed to the extent of nearly 80 %.

3. Management Discussion and Analysis:

The financial performance during the year is stated above. The operational performance was as under:

Operational Performance (Division wise) :

(Rs. in Lac)

Particulars	Building Works	Transportation Engineering
1. Contract Amount	9,047	14,785
2. Completed upto 30.06.2005	5,531	12,685
3. Completed from 01.07.2005 to 30.09.2006	1,824	Nil
4. Completed upto 30.09.2006	7,355	12,685
5. Balance on 01/10/2006	1,692	2,100

The aggregate revenue collection at Raigad Ropeway project amounted to Rs. 15 Lac during the financial year. Information of the ongoing project is provided hereinabove.

Internal Control Systems :

The Company has adequate internal control procedures relating to purchase of raw material, stores, components etc. commensurate with the size of the Company and nature of its business.

Human Resources :

Total number of employees at all levels is 96. In order to maintain the quality of the human resources, requisite training is imparted wherever necessary.

4. Dividend:

The Board has not recommended any Dividend on equity shares for the financial year 2005-2006 in view of the loss.

5. Directors:

During the financial year, Shri. Rajendra Jog and Shri. D. K. Afzulpurkar stepped down the Board.

6. Directors' Responsibility Statement:

Pursuant to Section 217 (2AA) of the Companies Act, the Board of Directors confirms:

- (i) That in preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- (ii) That the selected accounting policies were applied consistently and the directors 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 as at 30th September 2006 and of the loss of the Company for the year ended on that date;
- (iii) That 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) That the annual accounts have been prepared on a going concern basis

7. **Subsidiary Company:**

Pursuant to Section 212 of the Companies Act, the reports and accounts of the subsidiary company Mahakali Flyover Company Limited (MFCL) and the necessary statement are annexed.

In the previous reports the members were informed about the status of the Andheri Flyover Project of MFCL till the point when MFCL had challenged in High Court the action taken by ARCIL. Further developments are as under:

ARCIL assigned the project to Hiranandani Constructions Pvt. Ltd. and MFCL challenged it in High Court by way of Writ Mandamus. High Court disposed off the said Writ with liberty to file petition by way of Miscellaneous Application in DRT and directed DRT to hear all the contentions raised by MFCL. The said Miscellaneous Application was heard by DRT and the DRT dismissed the Miscellaneous Application. Aggrieved by the decision, MFCL has decided to challenge before the Debt Recovery Appellate Tribunal.

8. **Statutory Disclosures:**

There were no employees covered by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the relevant rules.

The operations of the Company do not provide any scope for conservation of energy.

During the year, there was no earning in foreign exchange. An expenditure of Rs. 4.24 Lac was incurred in foreign exchange. Pursuant to the provisions of the Listing Agreement,

Management Discussion and Analysis is provided as a part of this report. A compliance report on corporate governance is annexed.

9. **Auditors:**

The Auditors, Joshi & Sahney, Chartered Accountants, hold office until conclusion of the ensuing Annual General Meeting and they are recommended for re-appointment.

10. **Auditors' Report:**

The notes to the Accounts bearing numbers 2, 3, 4(a) to 4(g), 5(a) to 5(d), 8, 10(a), 10(b), 12 and 27 in Schedule 'M' referred to in the Auditors' Report and the paragraphs in italic font in the Auditors' Report are self explanatory and do not call for any specific response under Section 217(3) of the Companies Act, 1956. In view of the present cash flow position of the Company, certain dues are payable and outstanding as stated in the Annexure to the Auditors' Report. This includes dues payable to fixed depositors, statutory dues and repayment to banks. These dues will be paid as and when the cash flow position permits.

11. **Acknowledgement:**

The Board places on record its appreciation of the devoted services rendered by employees at all levels. Grateful thanks are also due to our shareholders, customers, bankers, suppliers and fixed depositors for their continued support.

By Order of the Board,

MADHAV V. JOG

CHAIRMAN &

MANAGING DIRECTOR

Date : 5th February 2007

Place : Pune - 411003

Affirmation regarding compliance with the Code of Conduct.

As required by clause 49 of the listing agreement, the Board has adopted a Code of Conduct for Board members and senior management personnel. I hereby declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct during the financial year ended on 30th September 2006.

MADHAV V. JOG

CHAIRMAN &

MANAGING DIRECTOR

Date : 5th February 2007

COMPLIANCE REPORT ON CORPORATE GOVERNANCE**1. Company's Philosophy :**

The Company envisages transparency, accountability and professionalism in its operations. The Company believes that all its operations and actions must serve the goal of enhancing its stakeholders' values, including shareholders, customers, employees and creditors.

2. Board of Directors :

At the beginning of the financial year 2005-06, the Company had 5 directors. Shri Rajendra Jog and Shri D. K. Afzulpurkar resigned from the Board during the financial year. Consequently, at present the Board comprises of 3 directors including 1 non-executive independent director and 2 executive directors. The composition of the Board does not meet the requirement of number of independent directors and number of non-executive directors. As required, the Board needs to be composed of 2 non-executive directors and 2 independent directors out of the 3 directors. However, actually, the Board comprises of 1 non-executive director and 1 independent director, being the same person.

No fee / compensation was paid to any non-executive director or independent director during the financial year, and hence there is no such disclosure to be made.

There were no pecuniary transactions or relationship between the non-executive directors and the Company during the year. During the year, 6 Board Meetings were held on 17.09.2005, 26.12.2005, 31.03.2006, 30.06.2006, 12.08.2006 and 18.09.2006. The composition of the Board, number of Directorships / Committee memberships held and number of Board meetings attended are as follows :

Name and age (years)	Category	Board Meetings attended during the year	Other Directorships	Memberships in Board Committees of other companies	Attendance at last AGM
(1)	(2)	(3)	(4)	(5)	(6)
Shri. Madhav V. Jog, Chairman & Managing Director (51)	Executive	6	NIL	NIL	Yes
Shri. M. K. Shirude Executive Director (50)	Executive	6	1	NIL	Yes
Shri. P. P. Sheth (52)	Non -Executive, Independent	6	1	NIL	Yes
*Shri. Rajendra Jog (39)	Non -Executive, Independent	1	1	NIL	No
*Shri. D.K Afzulpurkar (67)	Non -Executive, Independent	NIL	NIL	NIL	No

Notes :

- Alternate Directorships, Directorships in private companies and in associations not carrying business for profit are not included.
- * Shri Rajendra Jog and Shri D. K. Afzulpurkar resigned from the Board in December 2005 and July 2005 respectively. The minimum information required to be made available to the Board was provided to the Board as far as applicable. The directors have informed the Company about their committee membership position in other companies. They have observed the prescribed ceiling limits. The Board has periodically reviewed compliance reports of all applicable laws and also steps taken to rectify the non-compliances if any.

Code of Conduct

The Board has adopted a Code of Conduct for Board members and senior management personnel. The Code is however not posted on the website of the Company. The concerned persons have affirmed the compliance with the Code. The requisite declaration is provided elsewhere in the Annual Report

3. Audit Committee :

Earlier, the Audit Committee of the Board had 3 members. Shri D. K. Afzulpurkar, Chairman of the Committee, resigned from the Board and from the Audit Committee at the beginning of the financial year in July 2005. Hence, since then there are 2 members in the Committee. The members of the Committee on the date of the Directors' Report are: Shri. P. P. Sheth, Chairman, and Shri. Madhav V. Jog.

The terms of reference and the role of the Committee are as specified in clause no. 49 of the Listing Agreement and the provisions of the Companies Act.

The constitution of the Committee could not be maintained as required by the listing agreement due to reduction in the number of Directors and not getting appropriate number of persons on the Board. The listing agreement requires at least 3 members on the Committee and that two-third members to be independent directors. This requirement is not satisfied. The Committee had 2 members including 1 non-executive independent director and 1 managing director as on 30th September 2006. The position remains the same as on the date of Directors' Report. No meetings of the Audit Committee were held during the year since the proper composition of the Committee could not be maintained.

4. Remuneration Committee :

The Remuneration Committee is formed to review and recommend to the Board the remuneration packages for the executive directors.

Shri P. P. Sheth is the Chairman of the Committee and Shri Madhav V. Jog and Shri. M. K. Shirude are the other members. During the year, meetings of the remuneration committee were not held, since not required.

The remuneration of the Whole time/Managing Director and the non-executive directors was approved by the Board of Directors and the shareholders. The Whole time/Managing Director are entitled to salary, perquisites and commission pursuant to the approval accorded by the remuneration committee, shareholders and the Central Government where necessary. The non-executive directors are entitled to commission based on the net profit of the Company. Besides, they are entitled to sitting fee of Rs. 2000/- and out of pocket expenses for each Board/Committee meeting attended.

Details of remuneration paid / provided towards Directors' remuneration for the financial year ended on 30th September 2006 are as under : (For 15 months)

Name	Salary (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Shri. Madhav V. Jog	-	5,44,940	-	-	5,44,940
Shri M. K. Shirude	9,75,000	58,500	-	-	10,33,500
Shri P.P. Sheth	-	-	-	-	-
* Shri Rajendra V. Jog	-	-	-	-	-
* Shri D.K.Afzulpurkar	-	-	-	-	-

* Ceased to be Directors of the Company during the financial year.

Notes :

- The Company does not have an Employees' Stock Option Scheme.
- The terms of appointment of Shri Madhav V. Jog and Shri M. K. Shirude do not provide for any severance fee.
- Shri P. P. Sheth, non-executive director, holds 12,630 equity shares of the Company.

5. Shareholders' / Investors' Grievance Committee :

Shri. P. P. Sheth is the Chairman and Shri. M. K. Shirude is the other member of the Shareholders' Grievance Committee. The role of the Committee is to look into shareholders' grievances and redressal mechanism and recommend measures to improve the level of investor services. Shri. A. V. Vasantgadkar, Company Secretary, is the compliance officer. Shareholders' complaints are

not pending with the Company on the date of this report. Sixteen letters of grievances / complaints were received for duplicate share certificates and annual report / dividend not received. All those have been resolved and no complaints are pending. As a result of increasing dematerialisation of shares, shareholders' complaints with reference to share transfers, loss of shares, duplicate share certificates have been obviously reduced. No share transfers are pending for more than 30 days.

6. General Body Meetings :

Last 3 Annual General Meetings were held as follows :

Financial Year	Date	Time	Venue
2001-2002	6.12.2002	12.00 noon	Mahratta Chamber of Commerce, Pune - 2
2002-2003	31.08.2004	12.00 noon	Mahratta Chamber of Commerce, Pune - 2
2004-2005	11.02.2006	12.00 noon	Mahratta Chamber of Commerce, Pune - 2

Following special resolutions were passed in previous 3 AGMs :-

- On 6.12.2002 : For alteration of Article 114(a) of the Articles of Association regarding Directors' sitting fee.
- On 31.8.2004 : For voluntary delisting of equity shares from Pune Stock Exchange Ltd.

No special resolutions were required to be put through postal ballot last year and there is no such proposal at the next annual general meeting.

7. Disclosures :

During the year, there were no transactions of materially significant nature with related parties (directors and their relatives, subsidiary company, promoters) that may have potential conflict with the interest of the Company at large.

Summary statements of transactions with related parties were not placed before the audit committee since no meetings were held. However, this information is provided in Schedule-M in the Annual Report.

The quarterly financial results were submitted to the Bombay stock Exchange (BSE) not within the stipulated period and hence BSE expressed its displeasure thereat. Further, BSE suspended the trading in the equity shares of the Company from 20.9.2006 to 20.10.2006 for non submission of certain quarterly financial results. BSE withdrawn the suspension in trading w.e.f. 21.10.2006 since the Company complied with their requirements with reference to the listing agreement. Further, the Securities and Exchange Board of India imposed a penalty of Rs. one lakh on the Company in September 2006 for not appointing a common agency for handling both physical and demat share registry work. The Company attends to physical share matters at its registered office and has appointed Sharepro Services Pvt. Ltd. for the purpose of establishing electronic connectivity with NSDL/CDSL, the Depositories. The Company has submitted an appeal to the Securities Appellate Tribunal against the Order of SEBI. Apart from that no penalties / strictures have been imposed on the Company during last 3 years by Securities and Exchange Board of India, Stock Exchanges or any statutory authority on any matter related to capital markets.

Except constituting the Remuneration Committee, other non-mandatory requirements specified in clause no. 49 of the listing agreement have not been adopted. In view of present financially difficult period through which the Company is passing, induction of new directors on the Board is difficult at this stage. In view of this, as stated earlier, requisite Board composition could not be achieved. For the same reason, proper constitution of Audit Committee and holding meetings thereof was not possible. Further instances of non-compliance of mandatory requirements of clause no. 49 are :- 1) Time gap between 2 Board meetings exceeded 3 months, but upto 10 days, two times, 2) The Code of Conduct is not posted on website, 3) Quarterly financial results were not

published in any newspapers due to adverse cash flow position. All Accounting standards mandatorily required to be followed have been followed in preparation of financial statements and no deviation has been made in that.

Risk assessment and its minimization procedures have been laid down and the same have been informed to Board members. These procedures are periodically reviewed.

No funds were raised during the year by way of security issue and hence no disclosure is required about that.

Requisite information on remuneration of directors is provided under sr. no. 4 and 2 of this report.

Management Discussion and Analysis report forms a part of the Directors' Report.

No senior management person has done any transaction of material nature having any personal interest which may conflict with the interest of the Company.

8. Means of Communication :

The Company furnished its quarterly financial results in the prescribed form to the Bombay Stock Exchange although not very regularly. The financial results are displayed on the website of Bombay Stock Exchange. The financial results were not published in any newspaper. No official news releases were displayed. The Company has not made any presentations to any institutional investors / analysts during the year.

9. General Shareholder Information :

a) Annual General Meeting :

The ensuing Annual General Meeting will be held on 30th March 2007 at Pudemjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Pune - 411 002, at 10.00 a.m.

b) Financial Year - 2005 - 2006 :

The financial year 2005-2006 consisted of 15 months from 1st July 2005 to 30th September 2006.

c) Dates of Book Closure :

28th March 2007 to 30th March 2007 (Both days inclusive).

d) Dividend payment date :

The Directors have not recommended any Dividend on shares for the financial year 2005-2006.

e) Listing on Stock Exchanges :

The equity shares of the Company are listed on Bombay Stock Exchange Limited.

f) Stock Code :

Bombay Stock Exchange Limited : 507942

g) Market price data :

Monthly high and low prices of the equity shares of the Company at Bombay Stock Exchange during the financial year 2005-2006 were as follows :

Month	High (Rs.)	Low (Rs.)
July 2005	36.35	30.60
August 2005	36.95	29.50
September 2005	37.75	25.70
October 2005	26.45	15.40
November 2005	22.75	16.10
December 2005	22.65	15.90
January 2006	28.35	20.00
February 2006	24.00	19.00
March 2006	22.95	15.80
April 2006	40.85	17.95
May 2006	49.50	29.25
June 2006	33.00	20.00
July 2006	25.80	16.55
August 2006	23.35	16.35
September 2006	19.80	15.50

The relevant graph is provided herein after.

h) Registrar and Share Transfer Agents :

The Company has not appointed any Share Transfer Agents for the purpose of share transfers. The share transfer work is carried on at the Registered Office of the Company at 'Jog Center', 28/1, Wakdevadi, Mumbai-Pune Road, Pune - 411 003, in respect of shares held in physical form.

i) Share Transfer System :

Depending upon the number of share transfers received, the transfer of shares in physical form is processed and approved generally once in a month by the Share Committee or the Board. The share certificates are returned to the transferees within 30 days from the date of receipt, subject to transfer-documents being in order.

j) Distribution of Shareholding :

Distribution of equity shareholding as on 30th September 2006 is provided below:

No. of Shares	No. of Shareholders	% Shareholding	%
Upto 500	5,171	85.21	10,79,604
501 - 1000	481	7.92	3,91,285
1001 - 2000	189	3.11	2,95,408
2001 - 3000	78	1.28	2,00,392
3001 - 5000	56	0.92	2,34,436
5001 - 10000	51	0.84	3,78,359
10001- and above	44	0.72	59,20,516
Total	6,070	100.00	85,00,000

Categorywise distribution of equity shareholding as on 30th September 2006 is provided below :

Category	No. of Shares	%
Promoters	44,80,456	52.71
Banks, Financial Institutions, Mutual Funds	8,414	00.10
Private Corporate Bodies	3,52,490	04.15
General Public	36,58,640	43.04
Total	85,00,000	100.00

k) Dematerialisation of Shares :

As on 30th September 2006, 56.02 lac Equity Shares being 65.91% of the Company's total Equity Shares were held in dematerialised form.

The ISIN of the Equity Shares is : INE 941 A 01017.

l) Outstanding GDRs/ADRs/Warrants :

There are no outstanding GDRs / ADRs / Warrants or any convertible instruments as on 30th September 2006.

m) Plant Locations :

The Company has no manufacturing plants as such.

n) Address for correspondence :

Shareholders' correspondence for loss of share certificates, non-receipt of annual report / dividend warrants or revalidation of dividend warrants should be addressed only to the Registered Office of the Company at:

'JOG CENTER', 28/1, Wakdevadi,
Mumbai-Pune Road, Pune - 411 003

However, shareholders holding shares in dematerialised form shall address relevant correspondence to their Depository Participants (DPs).

o) Subsidiary Company :

The Company has no material non-listed Indian subsidiary company and so no compliance is required in this regard.

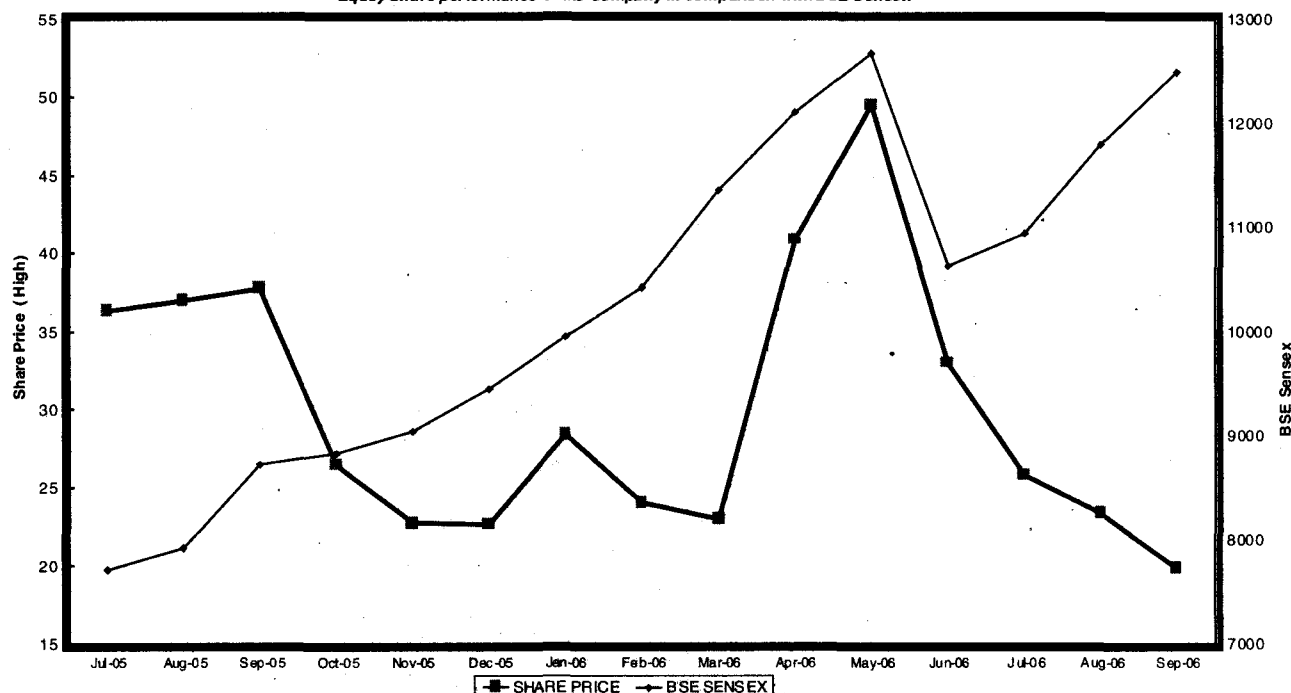
p) CEO Certification :

As required by clause 49 of the listing agreement, the certificate signed by the Chairman and Managing Director was placed before the Board at its meeting held on 3rd February 2007.

q) Compliance Certificate :

A certificate regarding compliance of the conditions of corporate governance, obtained from the Auditors of the Company, is provided hereinafter.

Equity Share performance of the Company in comparison with BSE Sensex



AUDITORS' CERTIFICATE TO THE MEMBERS OF JOG ENGINEERING LTD.

We have examined the compliance of conditions of Corporate Governance by Jog Engineering Ltd. for the period 1st July 2005 to 30th September 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, subject to :

- (1) The Company not having an optimum combination of executive and non-executive directors and not having requisite number of independent directors during the period due to reasons stated under para 2 of the Corporate Governance Report,
- (2) Non-compliance with the requirement regarding time gap between two board meetings not to exceed 3 months on 2 occasions,
- (3) The composition of the Audit Committee not being in accordance with the requirement of Clause 49 of the Listing Agreement and not holding of audit committee meetings during the period as per said Clause 49, due to reasons stated under para 3 of the Corporate Governance Report,
- (4) Non-compliance with the provisions of sec.292A of the Companies Act, 1956, with regard to composition and constitution of audit committee during the period,
- (5) Non-compliance with the requirement of publishing of quarterly results in the prescribed form in respect of certain quarters,
- (6) The code of conduct is not posted on the Company's website,

we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid Listing Agreement, in the manner as stated in the accompanying Corporate Governance Report, which forms part of the Annual Report.

We state that in respect of investor grievances received during the period ended 30th September 2006, no investor grievances are remaining unattended/ pending against the Company as on the date of signing of the report as confirmed by the Secretary of the Company.

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

FOR JOSHI & SAHNEY
CHARTERED ACCOUNTANTS

PUNE
DATE: 05.02.2007

H.M.JOSHI
PARTNER

AUDITORS' REPORT

To,
The Members of
Jog Engineering Ltd.

1. We have audited the attached Balance Sheet of Jog Engineering Limited as at 30th September 2006 and also the Profit and Loss Account and Cash Flow statement of the company for the period 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 misstatement. 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. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 purpose of our audit.
 - b) In our opinion, proper books of account as required by law, have been kept by the Company so far as it appears from our examination of the 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, subject to Note no. 3 of Schedule M regarding recognition of certain claims as revenue in earlier years without evidence of final acceptability of the claims aggregating to Rs. 595.18 Lacs (forming part of Debtors) which is not in accordance with Accounting Standard 7- "Accounting for construction*

contracts", the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section 3(C) of Sec. 211 of the Companies Act 1956.

- e) On the basis of the written representation received from the directors as at 30th September, 2006, and taken on record by the Board of Directors, we do hereby certify that none of the directors of the Company are disqualified as on 30th September 2006 under Section 274(1)(g) of the Companies Act, 1956 from being appointed as a director in the aforesaid company.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account read together with the company's accounting policies, and notes thereon give the information required by the Companies Act 1956 in the manner so required.
- g) *Attention is invited to the following notes in Schedule M:*
 - i) *Note no. 10 (a) regarding non-provision of interest amounting to Rs. 470.86 Lac (including Rs. 125.68 Lac for this period) on mobilization / machinery advance received by the company recoverable by the contractee through company's running account bill*
 - ii) *Note No. 10(b) regarding non provision of interest amounting to Rs. 1889.89 Lacs (PY Rs. 474.91 Lacs) payable to a sub-contractor in terms of an Arbitration Award.*
 - iii) *Note no. 8 regarding delayed payment of fixed deposits accepted from public and interest thereon.*
 - iv) *Note no. 27 regarding contravention of section 372A of the Companies Act, 1956.*
 - v) *Note no. 12 regarding no diminution in value of long term equity investment in Mahakali Flyover Company Limited.*
- h) *We are unable to express an opinion on the treatment required to be given to the following items and on the ultimate recoverability of the undermentioned debts / advances /claims.*
 - a) **Debtors in respect of:**
 - i) *Claims aggregating to Rs. 163.31 Lacs taken as income in earlier years, referred to in Note nos.*