

JOG ENGINEERING LIMITED

Report  Junction.com

28TH ANNUAL REPORT
2006-2007
&
29TH ANNUAL REPORT
2008

- **Board of Directors:**

Mr. Madhav V. Jog, Chairman & Managing Director
Mr. Madhukar K. Shirude, Executive Director
Mr. Pramod P. Sheth, Non-Executive Independent Director

- **Auditors:**

S. H. Amdekar & Co.,
Chartered Accountants

- **Registered Office:**

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

- **Registrar & Share Transfer Agent:**

SharePro Services (India) Private Limited,
2nd Floor, Samhita Warehousing Complex,
13AB, Gala Number 52,
Near Saki Naka Telephone Exchange, Off Andheri-Kurla Road,
Saki Naka, Andheri (E), Mumbai-400 072

- **Annual General Meeting:**

Date : 30th June 2009
Day : Tuesday
Time : 3.00 p.m.
Place : 'Jog Center', 28/1, Wakdewadi, Mumbai Pune Road, Pune 411003

**MEMBERS ARE REQUESTED TO BRING THEIR COPY OF THE ANNUAL REPORT TO THE
ANNUAL GENERAL MEETING**

JOG ENGINEERING LIMITED
28th ANNUAL REPORT 2006 – 2007

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 28th Annual General Meeting of the members of Jog Engineering Limited held and adjourned on 30th June 2008 will be reconvened on 30th June 2009 at 3.00 pm at the Registered Office of the Company at 'Jog Center', 28/1, Mumbai-Pune Road, Wakdevadi, Pune – 411 003, to transact the following business:

ORDINARY BUSINESS:

1. "To receive, consider and adopt the audited Balance Sheet as at 31st December 2007 and the audited Profit and Loss Account for the year ended on 31st December 2007 together with the Auditors' Report and the Directors' Report thereon."

SPECIAL BUSINESS:

2. **To Consider and, if thought fit, to pass with or without modification as an Ordinary Resolution the following:**
 "RESOLVED THAT pursuant to the provisions of Section 309, 310, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, subject to approval of Central Government, an approval of the members of the Company be and it is hereby accorded to the terms of remuneration of Mr. Madhukar K. Shirude, Whole-Time Director of the Company and Designated as Executive Director, for a period of 5 years with effect from 27th March 2009 upto 26th March 2014, and other terms and conditions stated in the Explanatory Statement annexed hereto.
 FURTHER RESOLVED THAT in the event of loss or inadequacy of profit in the financial year of the Company during his term of office of Mr. M.K. Shirude as Executive Director, the monthly salary and other benefits / perquisites due to him be paid or granted to him as minimum remuneration subject to the applicable provisions of the Companies Act, 1956 as may be amended from time to time or any equivalent statutory enactment thereof.
 FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary to give effect to this resolution."

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 25th June 2009 to 30th June 2009 (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 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.

Date : 26th April 2009
 Place : Pune – 411003

By Order of the Board,
 Madhav V. Jog
 Chairman & Managing Director

ANNEXURE TO THE NOTICE

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956:

Item No.2: The proposed Director Mr. Madhukar K Shirude (52), MBA, LLB, MPM, PGDMM, is an employee of the Company for a continuous period of 30 years, i.e. since 1979. At present, he is designated as Executive Director. Considering his experience and knowledge, the Board thought it fit to entrust more responsibilities on him as a director of the Company. The Company has defaulted in repayment of fixed deposits to deposit holders, and his remuneration is subject to approval of the Central Government as per the provisions of Schedule XIII of Companies Act, 1956 and the same is recommended to the members of the Company for their approval.

The proposed material terms of remuneration payable to Mr. M. K. Shirude are as under:

1. **Period:** The re-appointment is for 5 years with effect from 27th March 2009 i.e. upto 26th March 2014.
2. **Salary:** Rs. 65,000/- per month till such time the Company starts making profits and wipes out all present losses and thereafter Rs. 3,00,000/- per month shall be payable to him.
3. **Other Benefits / Perquisites:** In addition to salary, the following other benefits / perquisites shall be provided to him as per rules of the Company:
 - a. The Housing Expenditure by the Company: Hiring furnished accommodation will be Rs. NIL per month until the Company starts making profits and wipes out all present losses and thereafter Rs. 40,000/- per month shall be payable to him.
 - b. The expenditure incurred by the Company on Gas, Electricity and Water Rs. NIL until the Company starts making profits and wipes out all present losses and thereafter Rs. 10,000/- per month shall be payable to him.
 - c. Reimbursement of Medical Expenses including cost of medical insurance: Rs. 25,000/- per annum till such time the Company starts making profits and wipes out all present losses and thereafter valued at Rs. 1,00,000/- per annum shall be payable to him.
 - d. Leave Travel Allowance: Rs. 25,000/- per annum till such time the Company starts making profits and wipes out all present losses and thereafter valued at Rs. 3,00,000/- per annum for him and family.
 - e. Bonus: As per Company's Standard Rules until Company starts making profits and wipes out all present losses and thereafter Rs. 3,00,000/- per annum shall be payable to him.
 - f. Contribution to provident fund: As per legal provisions.
 - g. Contribution to superannuation fund: Rs. NIL until such time the Company starts making profits and wipes out all present losses and thereafter valued at a rate not exceeding two month's salary per annum.
 - h. Gratuity at a rate not exceeding half month's basic salary for each completed year of service.
 - i. One car with service of a driver, to be maintained by the Company for official use.
 - j. Telephone and Other Communication Facilities at residence.
 - k. Leave and Leave Encashment: As per Company's Standard Rules.
3. **Commission:** At the rate of 0.25% of the net profit of the Company for a financial year until Company wipes out all present losses and thereafter at the rate of 0.50% of net profit shall be payable to him.
4. **Minimum Remuneration:** In the event of loss or inadequacy of profit in any financial year during his term as Executive Director, the Company shall pay him minimum remuneration by way of salary and other benefits / perquisites / entitlements as mentioned above.
5. **Other Terms:**
 - a. Annual Increment subject to approval of the Remuneration Committee and the Board of Directors – Ranging from 10% to 25% of Basic Salary.
 - b. Reimbursement of Expenses actually incurred on traveling, entertainment and hotel for the Company's business.
 - c. He will not be paid any sitting fees for attending the meetings of the Board or Committee thereof.
 - d. He will be eligible to retire by rotation.

Date : 26th April 2009
 Place : Pune – 411003

By Order of the Board,
 Madhav V. Jog
 Chairman & Managing Director

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DIRECTORS' REPORT 2006-2007

To,
The Members of
Jog Engineering Limited

The Directors submit the 28th Annual Report along with Audited Accounts of the Company for the financial year consisting a period of 15 months from 1st October 2006 to 31st December 2007.

1. Financial Results:

Particulars	Year Ended on 31 December 2007 (15 months)	Year Ended on 30 September 2006 (15 months)
Total Income	975.01	2,152.34
Gross Profit / (Loss)	(156.47)	426.66
Add / (Less) Depreciation	(148.68)	(161.50)
Add / (Less) Cost of Finance	(1,057.37)	(1,529.01)
Total Profit / (Loss) Before Tax	(1,362.52)	(1,263.85)
Add / (Less) Extra-Ordinary Item		
Interest on Bank Loans Written Off	2,064.14	NIL
Add / (Less) Provision for Tax		
Current	NIL	NIL
Differed	NIL	NIL
Fringe Benefit	(1.96)	(3.73)
Net Profit / (Loss)	699.65	(1,267.58)
Add Balance B/F from Previous Year	(2,731.66)	(1,464.08)
Add Prior Period Adjustments	(23.29)	NIL
Balance Carried Over to Balance Sheet	(2,055.29)	(2,731.66)

- 2. Performance:** The Company is experiencing a financial crunch due to non-receipt of large dues for last several years from its clients who are Government, semi-Government or Undertakings of the Governments for the projects that have been duly completed and handed over. The Company has initiated various recovery proceedings against such clients in Court of Law. The Company is hopeful to recover its dues in near future. At Present Company has no project in hand.
- 3. Dividend:** The Board has not recommended any Dividend on shares for the financial year 2006-2007.
- 4. Management Discussion & Analysis Report:**
- Performance, Opportunities, Risk & Outlook:** The Management, as a matter of policy, has decided not to venture into any new Infrastructure Development Projects in India since these invariably depend on various Government Bodies, which the Company has experienced as unsustainable to deal with. Henceforth, the Company would concentrate only on Property Development Projects within and outside India. At present, the Company is facing liquidity crunch due to long pendency of various Court Cases and Arbitrations. The Management is confident about the outcome of various litigations including the one for Andheri Flyover Project where the matter in present is at the final hearing stage.
 - Internal Control Systems:** The Company is taking appropriate measures to strengthen its internal control procedures relating to its operations, commensurate with the size of the Company and nature of its business.
 - Human Resources:** In the last some years, the Company was required to disband a large portion of its human resource due to lack of business and liquidity crunch. Now the Company is operating with skeleton staff. The Company is confident of rebuilding a strong human resource when new projects are taken up in near future. Employee relations have been cordial and their morale has been high.
 - Conservation of Energy:** The present operations of the Company do not provide any scope for Conservation of Energy. There was no technology to be adopted / absorbed during the year in the Company. During the year, there were no earnings or outgo of Foreign Exchange.
- 5. Particulars of Employees:** In the present scenario, the Company is operating with a skeleton staff. There were no employees covered by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the relevant rules.
- 6. Directors:** There is no change in the Composition of Board of Directors. There are 3 Directors and the composition does not meet with the requirement of Corporate Governance of Listing Agreement and induction of a new Director on the Board at this stage is difficult since the Company is passing through a financially difficult phase.
- 7. Directors' Responsibility Statement:** Pursuant to Section 217 (2AA) of the Companies Act, the Board of Directors confirms that:
- in preparation of the annual accounts, the applicable accounting standards have been followed except Accounting Standard 7 and there has been no material departure;
 - 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 31st December 2007 and of the loss of the Company for the year ended on that date;
 - 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;
 - the annual accounts have been prepared on a going concern basis.
- 8. 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. The Members are aware of Andheri Flyover Project of MFCL and the Public Leave Petition (PIL) with reference to the project. Further to the last report, ARCIL's illegal action of handing over the Company's subsidiary's (MFCL's) Andheri Flyover Project has been challenged by the Company along with MFCL in the Debt Recovery Appellate Tribunal and the matter is at present in its final Hearing stages.
- 9. Fixed Deposits:** Due to acute liquidity crunch arising out of the Company's funds getting blocked in various litigations and arbitrations, there has been a default on the part of the Company in the repayment of Fixed Deposits. The Company has not been able to adhere to the repayment schedule mandated by the Company Law Board. Efforts are being made to repay the deposits as and when the funds are available with the Company. As on date, the outstanding amount of fixed deposits is Rs. 127.36 Lac. The Company is making all efforts to repay the fixed Deposits at the earliest but shall require some more breathing time before is enabled to repay all deposits of all Fixed Depositors.
- 10. Corporate Governance:** Pursuant to the provisions of the Listing Agreement, a brief Management Discussion and Analysis, Compliance Report on Corporate Governance as well as the Auditors' Certificate regarding compliance of conditions of Corporate Governance is annexed to this report.
- 11. Auditors:** The Auditors S. H. Amdekar & Co., Chartered Accountants, hold office until conclusion of the ensuing Annual General Meeting.
- 12. Auditors' Report:** The Board of Directors responds to the Auditors' Report and Annexure to Auditor's Report as follows:
- Note No. 4 (J) of Auditor's Report: Recognition of certain claims as revenue:** These are receivables from clients, who are Government / Semi-Government / undertakings of Government, for projects completed and handed over to them. The Company, based on its experience, has booked certain amounts for these Contracts as receivables from these Clients. Although the Accounting Standards do not recognize such amounts as receivable, the Company has booked these as receivables on the basis of its experience in Government related construction-contracting business. At a particular site, the present occupant of the site has disallowed the Company any access to the Company's inventory and therefore, the Company has filed criminal proceedings against the party in regard to access and control of the inventory. The Company has full confidence about being able to get possession and control of its inventory and therefore has booked it as such in the books of accounts, despite the Auditor's remarks.

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Note No. 4 (e) & (g) (ii) of Auditor's Report: Default in repayment of deposits: The Company is experiencing a financial crunch due to non-receipt of large dues pending to be recovered from the last several years. The Company is making best efforts to recover such dues and to repay the fixed Deposits. However, the Company shall require some more time before being able to repay all deposits of all Fixed Depositors.

Regarding interest on the delayed payment of fixed deposits: The Company Law Board has ordered the Company to repay deposits with interest upto the date of maturity. The Orders are silent about interest on periods after the date of maturity and therefore, the Company has provided for interest on all Fixed Deposits only upto the period of their respective maturity.

Note No. 4 (g) (i) & (v) of Auditor's Report: Interest on mobilization / machinery advance received by the Company from a contractee: The concerned contract was entered into in May 1999 with a time of 15 months to complete. A multitude of defaults at the hands of the client delayed the completion of the works to 105 months until it was finally terminated. The Company contends, as it has, inter alia, in the suit filed by it against the client in the Bombay High Court that the client, having defaulted in its duties under the contract is estopped from taking benefit of its defaults by way of charging interest on the advances made by it to the Company, beyond the originally stipulated contract period and as such has not made any provision for such interest on the advances for period beyond the originally contracted time.

Note No. 4 (h) (a) of Auditor's Report: Debtors outstanding for more than 3 years: The amount outstanding for Rs. 3,962.07 Lac MFCL, the subsidiary company, due to the Andheri flyover case as explained above and the remaining amounts are outstanding from clients, who are Government / Semi-Government / undertakings of Government as explained above.

Note No. 4 (h) (b) of Auditor's Report: Loans & advances granted by the Company: A large portion of this amount is advanced to MFCL, the subsidiary company. The Company is confident of MFCL's future and therefore, in turn, of the recovery of the advance made to it. In respect of the balance amounts, a part of the recovery has been made and the Company is hopeful of being able to recover the balance in the year 2009.

Point No. (i) (b) (i) & (ii) and (ii) (a) of Annexure to Auditor's Report: These assets and inventory are attempted to be usurped by other parties. The Company has already initiated legal criminal proceedings against the concerned parties in courts of appropriate jurisdiction of both recoveries of assets and other due legal enforcements as stated hereinabove.

13. **Acknowledgement:** The Board places on record its appreciation of the devoted services rendered by its employees. The Company is also grateful to its Shareholders, Banker, Suppliers and Fixed Depositors for their support.

Date : 26th April 2009
 Place : Pune – 411003

By Order of the Board,
 Madhav V. Jog
 Chairman & Managing Director

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 31st December 2007.

Date : 26th April 2009
 Place : Pune – 411003

By Order of the Board,
 Madhav V. Jog
 Chairman & Managing Director

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COMPLIANCE REPORT ON CORPORATE GOVERNANCE

- Company's Philosophy:** The Company maintains 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.
- Board of Directors:** 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 with the requirement of prescribed guidelines on Corporate Governance in respect of number of independent directors and number of non-executive directors. Independent director has waived any remuneration or sitting fees during the financial year. There were no pecuniary transactions or relationship between the Independent Director and the Company during the year. During the year, 6 Board Meetings were held on 05.10.2006, 03.02.2007, 17.03.2007, 08.06.2007, 08.09.2007 and 10.12.2007. All the relevant information required under Annexure 1 to clause 49 of the listing agreement and as recommended by SEBI is furnished to the Board from time to time. The details regarding composition of the Board, number of Directorships, Committee memberships held and number of meetings attended by the Directors are as follows:

Name of the Director	Category Of Director	Other Director - ships *	Member-ship of Committees of other Companies	No. Of Board Meeting Attended	Attendance at the last AGM
Mr. Madhav V. Jog	Chairman & Managing	Nil	Nil	6	Yes
Mr. M. K. Shirude	Executive	1	Nil	6	Yes
Mr. P. P. Sheth	Independent Non-Executive	1	Nil	6	Yes

* Directorships in private companies are not included.

- Audit Committee:** The Audit Committee has 2 members. The members of the Committee on the date of the Directors' Report are M/s. P. P. Sheth, Chairman and Madhav V. Jog as member of the committee. The terms of reference and the role of the Committee are as specified in clause 49 of the Listing Agreement. The composition 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. During the year meetings of the Audit Committee were held on 03.02.2007, 17.03.2007 and 08.06.2007 could not be held as per the Listing Agreement since proper composition of the committee could not be maintained and the company had no audit committee from 1st July 2007 to 1st September 2008.
- Remuneration Committee:** Mr. P. P. Sheth is the Chairman and M/s. Madhav V. Jog and M. K. Shirude are the members of the Remuneration Committee formed on 15th July 2004 to recommend to the Board remuneration packages of executive directors. The Board of Directors, the shareholders and the Central Government approved the remuneration of the Whole time / Managing Director and the non-executive directors. The Whole time / Managing Director, are entitled to salary / perquisites and commission. The non-executive directors are entitled to commission based on the net profit of the Company and sitting fee 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 31st December 2007 is as under: (For 15 months)

Name of the Director	Salary	Perquisite	Commission	Sitting Fees	Total
Mr. Madhav V. Jog, Chairman & Managing	-	11,36,865	-	-	11,36,865
Mr. M. K. Shirude, Executive	9,75,000	3,99,148	-	-	13,74,148
Mr. P. P. Sheth, Non-Executive Independent	-	-	-	-	-

- Shareholders' / Investors' Grievance Committee:** Mr. P. P. Sheth is the Chairman and Mr. M. K. Shirude is the member of the Shareholders' Grievance Committee. The role of the Committee is to approve share transfers, look into shareholders' grievances and redressal mechanism and to recommend measures to improve the level of investor related services. No Shareholders' complaints are pending with the Company on the date of this report letters of grievances / complaints received have been resolved and no complaints are pending. No share transfers are pending for more than 30 days. During the year, the Company has also appointed M/s. SharePro Services (India) P. Limited as its Registrars & Transfer Agents. All the matters relating to the shares including dematerialization are now handled by the Registrars & Transfer Agents. Henceforth, all the correspondence with regards to shares may be made with share transfer agent only.
- General Body Meetings: Last three Annual General Meetings were held as follows:**

Financial Year	Date	Time	Venue
2002-2003	31.08.2004	12.00 P.M	Mahratta Chamber of Commerce, Pune 411002
2004-2005	11.02.2006	12.00 P.M	Mahratta Chamber of Commerce, Pune 411002
2005-2006	30.06.2007	10.00 A.M	Mahratta Chamber of Commerce, Pune 411002

During the last 3 Annual General Meetings, only one special resolution was passed on 31.08.2004 for Voluntary De-listing of equity shares from Pune Stock Exchange Limited. No special resolutions were required to be put through postal ballot last year and there is no such proposal for postal ballot at the next annual general meeting.

- Disclosures:**
 - An Application under section 621A of Companies Act, 1956 has been filed with Company Law Board, Western Regional Bench, Mumbai for Compounding of Offences under Section 166, 210, 219, 220, 274(1) (i) (b), 292A and 211 of Companies Act 1956 read with Accounting Standard 7 issued by ICAI.
 - During the year, there were no transactions of materially significant nature with related parties that may have potential conflict with the interest of the Company at large. Summary statements of transactions with related parties were placed before the audit committee. This information is provided in Schedule-M in the Annual Report.
 - The Quarterly Financial Results for all the previous pending Quarters were submitted to the Bombay Stock Exchange (BSE). Non-mandatory requirements specified in Clause No. 49 of the Listing Agreement have not been adopted. In view of the present difficult period through which the Company is passing, induction of new directors on the Board is not possible. In view of this, requisite compositions of Board and various other Committees could not be achieved.
 - Accounting Standards that are mandatorily required to be followed have been followed in preparation of financial statements and no deviation has been made in the same.
 - No funds were raised during the year and hence no disclosure is required about the same.
 - Requisite information on Remuneration of Directors is provided in this 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.
- Means of Communication:** The Company furnishes its Quarterly Financial Results in the prescribed form to the Bombay Stock Exchange. The Financial Results are displayed on the website of Bombay Stock Exchange. The Audited Financial Results for the year ended as on 31st December 2007 are published in the newspaper. No official news releases were displayed. The Company has not made any presentations to any institutional investors / analysts during the year.

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9. **General Shareholder Information:**

- a) **Annual General Meeting:** The ensuing Annual General Meeting will be held on 30th June 2009 at Jog Center, 28 Wakdewadi, Mumbai Pune Road, Pune 411003 at 3.00 P.M.
- b) **Financial Year - 2006 - 2007:** The Financial year 2006-2007 consisted of 15 months from 1st October 2006 to 31st December 2007.
- c) **Date of Book Closure:** From 25th June 2009 to 30th June 2009 (Both days inclusive)
- d) **Dividend payment date:** The Directors have not recommended any Dividend on shares for the financial year 2006-2007.
- e) **Listing on Stock Exchange:** The Equity Shares of the Company are listed on Bombay Stock Exchange Limited.
- f) **Stock Code:** 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 2006-2007 were as follows:

Month	High (Rs.)	Low (Rs.)
October 2006	22.40	17.65
November 2006	36.75	19.00
December 2006	34.05	24.30
January 2007	28.55	22.50
February 2007	27.75	21.90
March 2007	23.00	16.00
April 2007	19.85	16.50
May 2007	23.90	16.70
June 2007	20.10	16.55
July 2007	25.00	17.00
August 2007	19.90	17.05
September 2007	20.50	17.85
October 2007	20.00	15.10
November 2007	23.90	14.50
December 2007	34.25	18.50

- h) **Registrar and Share Transfer Agents:** The Company has appointed SharePro Services (India) Private Limited as its Share Transfer Agents for the purpose of share transfers in respect of shares held in physical form as well as dematerialized form. Its details are on the inside cover page.
- i) **Share Transfer System:** Depending upon the number of Share Transfers received, the Transfers of Shares in Physical form are processed and approved generally in a month by the Transfer Agents. 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 31st December 2007 is as follows:

No. Of shares	No of shareholders	%	Shareholding	%
Less than 500	5,171	82.68	10,60,752	12.48
501 – 1,000	578	9.24	4,82,176	5.67
1,001 – 2,000	228	3.65	3,61,156	4.25
2,001 – 3,000	87	1.39	2,31,482	2.72
3,001 – 4,000	38	0.61	1,32,313	1.56
4,001 – 5,000	36	0.58	1,73,835	2.05
5,001 – 10,000	56	0.89	4,26,175	5.01
10,001 and above	60	0.96	56,32,111	66.26
Total	6254	100.00	85,00,000	100.00

- k) **Category wise distribution of Equity Shareholding as on 31st December 2007 is as follows:**

Category	No. Of Shares	%
Promoters	44,93,136	52.86
Banks, Financial Institutions etc.	7,900	0.09
Mutual Funds	500	0.01
Private Corporate Bodies	4,36,091	5.13
General Public	35,62,373	41.91
Total	85,00,000	100.00

- l) **Dematerialization of Shares:** As on 31st December 2007, 56.43 Lac Equity Shares representing 66.39% of the Company's Total Equity Shares Capital were held in dematerialized form. The ISIN of the Equity Shares is: INE 941A01017.
- m) **Outstanding GDRs / ADRs / Warrants:** No GDRs / ADRs / Warrants or any convertible instruments were outstanding as on 31st December 2007.
- n) **Plant Locations:** The Company has no manufacturing plants.
- o) **Address for correspondence:** Shareholders' correspondence for any share related issues should be addressed either to the Share Transfer Agents, namely SharePro Services Private Limited, whose details are available on inside front page or to the Company at its Registered Office.
- 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 26th April 2009.
- q) **Compliance Certificate:** A certificate regarding compliance of the conditions of corporate governance, obtained from Practicing Company Secretary of the Company, is provided hereinafter.

Date : 26th April 2009
Place : Pune – 411003

By Order of the Board,
Madhav V. Jog
Chairman & Managing Director

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CORPORATE GOVERNANCE CERTIFICATE TO THE MEMBERS OF JOG ENGINEERING LIMITED

We have examined the compliance of conditions of Corporate Governance by Jog Engineering Limited for the period 1st October 2006 to 31st December 2007, 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid Listing Agreement, 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,
2. Non-compliance with the requirement regarding time gap between two board meetings not to exceed 3 months on 1 occasion,
3. The Audit Committee existed from October 01, 2006 to July 31, 2007. There was no Audit Committee in existence since then. However, the Committee was not constituted in accordance with the provisions of Clause 49 of the Listing Agreement. The Company has also not complied with the provisions of section 292A of the Companies Act, 1956, with regard to composition and constitution of audit committee during the period.
4. Non-compliance with the requirement of publishing of quarterly results in the prescribed form in respect of all quarters. The Company has also not complied with the requirements of Audited Financial Results ended 31st December 2007. None of the results have been subjected to any Limited Review by the auditors.
5. The Company has not complied with the provisions of Clause 16 of the Listing Agreement for not closing the books at least once in a year.
6. The Company has also not complied with the requirements of Clause 36 of the Listing Agreement for not informing the Stock Exchange with regard to information, which are having a bearing on the performance of the Company.
7. The code of conduct is not posted on the Company's website;
8. According to the documents received from the Registrar and Share Transfer Agent of the Company, we state that in respect of shareholders' grievances received during the period ended 31st December 2007, no such grievances are remaining unattended / pending against the Company as on the date of signing of the report and which is also confirmed by the Compliance Officer of the Company.
9. We also state that certain shares of the promoters have been pledged and the records regarding the same, as available with the NSDL / CDSL or the Registrar and Share Transfer Agent, do not reflect any Lock-in on the said shares.

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.

Date : 26th April 2009
 Place: Pune -- 411003

For Milind Kulkarni and Associates,
 Company Secretaries
 Milind Kulkarni
 Proprietor

AUDITORS' REPORT

To,
The Members of
Jog Engineering Limited

1. We have audited the attached Balance Sheet of Jog Engineering Limited as at 31st December 2007 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
 - I. 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 Lac. (forming part of Debtors) which is not in accordance with Accounting Standard 7- "Accounting for construction contracts"
 - II. Annexure to Auditor's Report regarding valuation of inventory aggregating Rs. 11.51 Lac of which net realizable value can not be ascertained which is not in accordance with Accounting Standard 2- "Valuation of inventory"
 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) In our opinion, the Company has made a default in making the repayment of deposits of since the year 2002. Therefore, the Directors of the Company have incurred a disability from appointment as a director of the Company by virtue of Clause B of section 274(1).
 - 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 regarding non-provision of interest amounting to Rs. 470.86 Lac on mobilization / machinery advance received by the Company recoverable by the contractee through Company's running account bill
 - ii) Note no. 11 regarding non-provision of interest amounting to Rs. 1,889.89 Lac of arbitration award in favour of sub-contractor
 - iii) Note no. 1 regarding non-provision of interest payable on deposits from public which are matured but not paid of amount Rs. 95.41 Lac
 - iv) Note no. 8 regarding delayed payment of fixed deposits accepted from public and interest thereon.
 - v) Note no. 13 regarding no diminution in value of long term equity investment in Mahakali Flyover Company Limited having value Rs. 69.97 Lac
 - vi) Note no. 7 regarding invocation of bank guarantees amounting to Rs. 780.12 Lac
 - 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 under mentioned debts / advances / claims:

Note no. 4(a) of Schedule M regarding debtors outstanding for more than three years: Claims aggregating to Rs. 5,297.52 Lac (out of which Rs. 3,962.07 Lac receivables from subsidiary companies) taken as income in earlier years considered by the Management as good and recoverable in respect of which the ultimate shortfall in recovery, if any, is not presently quantifiable.

 - a) Note no. 4 (b) of Schedule M regarding Loans and advances given, claims aggregating to Rs. 745.67 Lac, considered by the Management as good and recoverable in respect of which the ultimate shortfall in recovery, if any, is not presently quantifiable.
 - b) Note no. 5 (b) of Schedule M regarding deposits with clients, claims aggregating to Rs. 509.47 Lac, considered by the Management as good and recoverable in respect of which the ultimate shortfall in recovery, if any, is not presently quantifiable.

So the effects of above on profit and loss of Company cannot be ascertained.
 - i) We have relied on the Management perception in relation to business prospects as stated in note no. 2 while accepting the appropriateness of the going concern assumption for drawing up the accounts for the period. We are unable to form an opinion in the matter and are unable to express any view on any adjustment that may have to be made to the value of assets and liabilities in case such assumption of going concern basis is vitiated in any manner.
 - j) Without considering the matters referred to in Para 'h' and 'i' above, the effect of which could not be determined and where we are unable to express an opinion, for the reasons stated in that paragraph, had the observations made by us in Para "g (i),(ii),(iii) and (v)" above been considered, there would be a loss of Rs 1,826.47 Lac for the period 1st October 2006 to 31st December 2007 (as against the reported figure of profit Rs. 699.65 Lac), Profit & Loss Account (Debit balance being accumulated loss) would have been Rs. 3,915.18 Lac (as against the reported figure of Rs. 2,055.29 Lac.)
5. Subject to our comments in paragraphs g, 'h', 'i' and 'j' above, the said accounts read with the accounting policies and notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December 2007;
 - b) in the case of the Profit & Loss Account, of the profit for the 15 months' period ended on that date;
 - c) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

Place: Pune
Date: 26th April 2009

FOR S. H. AMDEKAR & CO
CHARTERED ACCOUNTANTS
S. H. AMDEKAR
Proprietor
Membership No. 37978

ANNEXURE TO THE AUDITORS' REPORT

STATEMENT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF JOG ENGINEERING LIMITED ON THE ACCOUNTS FOR THE PERIOD ENDED 31st DECEMBER 2007:

- (I) (a) The Company has maintained proper records showing full particulars including quantitative details of fixed assets. However, the Fixed Assets register showing WDV of assets as Rs. 767.26 against book value Rs. 740.80 Lac. The reconciliation of fixed assets register and books of accounts are in process.
- As regards the fixed assets at sites, the location details are in the process of updating.
- (b) Physical verification of certain assets has been carried out in a phased manner by the Management except:
- Concrete Pump (having WDV book value Rs. 21.68 Lac) leased to Chevron Metal Products Private Limited about which criminal proceeding are ongoing in Pune Court, and
 - Plant and machinery at Company's one site (having WDV book value Rs. 9.99 Lac), about which a criminal proceeding is ongoing in Mumbai Court.
- We are informed that discrepancies noticed on such verification between the physical assets and the book records which were not material have been properly dealt with in the books of account.
- (c) As per the information and explanations given to us, the disposals of assets during the year were not substantial so as to have an impact on the operations of the Company or affect its going concern status.
- (II) (a) The Inventory of construction material, consumables, stores and spare parts held at sites has been physically verified by the Management at reasonable intervals during the year except inventory at Company's one site having value Rs. 11.51 Lac for which criminal proceeding is in court of law. The net realizable value of this inventory at site cannot be ascertained.
- (b) The procedures of physical verification of Inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of Inventory and as explained to us, the discrepancies noticed on verification between physical stock and the book records were not material and those have been properly dealt with in the books of account.
- (iii) (a) As per the information and explanation given to us and the records produced to us for verification, the Company has made payment on behalf of Mahakali Flyover Company Ltd (subsidiary Company) Rs. 550.00 Lac and Mr. P. P. Sheth (Director of Company) Rs. 157.15 Lac and M/S. Addict (Dissolved partnership firm in which company was partner) Rs. 38.52 Lac and M/s. M&P Associates (Partnership firm in which directors are partners) Rs. 40.00 Lac.
- (b) According to the information and explanations given to us, we are of the opinion that the rate of interest and conditions of such loans given by the Company is prima facie prejudicial to the interest of the Company on account of following reasons:
- No interest is charged on such loans and
 - No agreement is made
- (c) We are unable to comment on regularity of repayment of principal amount because the terms of repayment have not been stipulated. These loans are interest free.
- (d) As no terms and conditions have been stipulated regarding repayment of such loans, amounts over due are presently unascertainable.
- As per the information and explanations given to us, efforts are being made for recovery of amount outstanding as considered appropriate by the management, and taking into consideration the existing circumstances of the borrowers.
- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanation there is adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) (a) Based on the audit procedure apply by us and according to information and explanation given to us, transaction that need to be entered into register maintained in pursuance of section 301 of the Company Act 1956 have been so entered.
- (b) According to the information and explanation given to us in respect of transactions (excluding the loans reported in the Para (iii) above) in excess of Rs. 5 Lac in respect of any party, in our opinion, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market price at the relevant time.
- (vi) In our opinion and according to the information and explanation given to us, the Company has not complied with the provisions of Section 58A, Section 58AA or any other relevant provision of the act and the rules framed thereunder as follows:
- The Company has defaulted w.e.f. 1st October 2002 onwards in repayment of deposits matured and claimed and the outstanding amount of such unpaid matured deposits and interest thereon as on 31st December 2007 is Rs. 142.24 Lac.
 - Public fixed deposits matured for repayment and claimed by the depositors, which remain unpaid as on 31.12.2007 amount to Rs. 80.94 Lac in case of small depositors and Rs. 48.95 Lac in all other cases. Appropriate intimation of default has been sent to the Company Law Board, Mumbai, in respect of each month since default. The Company has stopped accepting / renewing fixed deposits from the date of default. The Company Law Board (CLB), vide in its Orders dated 07/05/2003, 03/09/2003, 05/02/2004, 31/08/2004, 28/01/2005, 12/09/2005 and 16/02/2006 directed the Company to pay the dues of various matured and unpaid deposits within time frames specified in respective orders. The Company was unable to repay as per these Orders, due to paucity of funds. No order has been received so far from the CLB in respect of deposits matured but unclaimed amounting to Rs. 13.04 Lac, although the details have been reported to the CLB. The Company has been repaying the Deposits as and when cash flow position permits. The Company is now in process of filling the application under section 58A of Company Act, 1956 to Central Government for granting extension of repayment of deposits.
- (vii) The Company presently does not have a formal internal audit system. The management thinks, considering the present work load and the Company can not afford to have an independent Internal Auditor. However, all accounts are internally checked by the C&MD or ED or Accounts Officer. Thus it has a procedure of internal checks and controls which should be strengthened to make it commensurate with the size and nature of the business of the Company.
- (viii) To the best of our knowledge, and according to the information given to us, the Central Government has not prescribed the maintenance of cost records u/s 209(l) (d) of the Companies Act 1956, for the Company.
- (ix) (a) According to the records of the Company, undisputed statutory dues including Income Tax, Sales Tax, Fringe Benefit Tax and other statutory dues have not been regularly deposited with the appropriate authorities. Provident Fund and ESI dues have generally been regularly deposited with the appropriate authorities during the period. Unclaimed dividend has been deposited with the Investor Education and Protection Fund as required. There were no payments in respect of Customs Duty/ Excise Duty/ Service Tax during the year.
- Based on the audit procedure and according to the information and explanation given to us the extent of arrears of outstanding statutory dues as at the last day of the financial year for a period of more than 6 months from the date they became payable are as under:

Nature of Dues	Amount in arrears for more than 6 months as on 31/12/2007 (Rs. Lac)
Income Tax	53.79
Sales Tax	32.95
Works Contract Sales Tax	187.97
Fringe Benefit Tax	5.40
Profession Tax	0.32
Property Tax	5.49