

**JOG
ENGINEERING
LIMITED**



30TH ANNUAL REPORT
2009-2010

- **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 : 25th September 2010
 Day : Saturday
 Time : 11.00 a.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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 30th Annual General Meeting of the members of Jog Engineering Limited will be held on Saturday, 25th, September 2010 at 11.00 A.M. at the Registered Office of the Company at "Jog Center, 28/1, Mumbai-Pune Road, Wakdewadi, Pune – 411 003, to transact the following business:

ORDINARY BUSINESS:

1. "To receive, consider and adopt the audited Balance Sheet as at 31st March 2010 and the audited Profit and Loss Account for the year ended on 31st March 2010 together with the Auditors' Report and the Directors' Report thereon."
2. To appoint a Director in place of Mr. M. K. Shirude, who retires by rotation and being eligible, offers himself for re-appointment.
3. To Appoint M/s. S. H. Amdekar & Co., Chartered Accountants, as Auditors and to authorise the Board of Directors to fix their Remuneration.

SPECIAL BUSINESS:

4. To consider, and, if thought fit, to pass the following Resolution, with or without modification, as a Ordinary Resolution:
 "RESOLVED THAT the payment of guarantee commission be and hereby discontinue and recall any such paid commission to Mr. Madhav Vishnu Jog and Mr. Rajendra Jog for providing personal guarantees to Banks, Financial Institutions and other lenders with effect from 1st July 2001.
 FURTHER RESOLVED THAT, such commission may be paid to directors deemed eligible for payment of such commission by the Board of Directors of the Company, for periods after the Company has wiped off all losses, satisfactorily serviced all debts and has started paying dividends to its all shareholders.
 FURTHER RESOLVED THAT provisions made in the books of accounts in this respect for periods after 1st July 2001 be suitably reversed."

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. An Explanatory Statement under section 173 of the Companies Act, 1956, in respect of business under item No. 4 of the Notice, is appended hereto.
3. The Register of Members and the Share Transfer Book of the Company will remain closed from Monday, 21st September 2010 to Saturday, 25th September 2010 (both days inclusive).
4. The Members are requested to advise any change in address to SharePro Services (India) Private Limited, the Company's Registrar and Share Transfer Agents at Samhita Warehousing Complex, 13AB, Gala No. 52, Near Sakinaka Telephone Exchange, Off. Andheri Kurla Road, Sakinaka, Mumbai 400 072, Tel: 022- 28215991.
5. Members are requested to bring their copies of Annual report at the time of attending the meeting.
6. 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.
7. The Equity Shares of the Company are listed at Bombay Stock Exchange Limited.
8. Pursuant to the requirement of Clause 49 of the Listing Agreement (Code of Corporate Governance), the following information is provided in respect of the re-appointment of Directors as proposed in the Notice of Meeting:

ITEM NO. 2 - Mr. Madhukar K Shirude (54), MBA, LLB, MPM, PGDMM, is an employee of the Company continuously for 30 years since 1979. At present, he is designated as Executive Director. Considering his experience and knowledge, the Board deems it fit to continue him as a director of the Company.

Date : 21st August 2010
 Place : Pune – 411003

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

ANNEXURE TO NOTICE:

Explanatory Statement under section 173 of the Companies Act, 1956

ITEM NO. 4 The Directors reviewed the operations of the Company for last some years i.e. starting from 1st July 1999 to 31st December 2008. It was observed with regrets that the last accounting period for which the Company paid dividends to its Shareholders was from 1st July 2000 to 30th June 2001 and that the Company has been unable to pay dividends to its Shareholders for period after 1st July 2001, initially due to inadequacy of profits and later due to losses, which have now eroded the Company's Capital. The Company has also been unable to service its debts, including fixed deposits, although settlement with a major lender viz. Bank of Maharashtra points to likely reliefs that the Company may have in near future.

This, however, does not still bring the Company to a situation of being out of debts and making profits. This situation of being out of debts and making profits, inter alia, will be achieved when the Company achieves any one or more of:

- (a) Success in the legal proceedings regarding the Company's dues and profits from a Project and Contract of its subsidiary MFCL, that has been wrongfully assigned by ARCIL to another Company and encashes such rights, dues and profits,
- (b) Success in the pending litigations against MSRDC and encashes its rightful dues in respect of the Mumbai Pune Expressway,
- (c) Success in the pending litigations against SPPL and encashes its rightful dues in respect of the Mankhurd Housing Project,
- (d) Development of the Company's land at Sangamwadi,
- (e) Development of a land at Kharadi, owned by Mrs. Sonia Madhav Jog, for which the Company will enter into an agreement with her, after favourable Orders of Court of Law are available in the suits filed against her by ex-directors M/s. Ravindra V. Jog and Rajendra Jog.

The Directors, therefore, considered that until such time the Company is able to service its debts properly by scheduled repayments and the Capital firstly, by rebuilding it by wiping off losses and secondly, by paying dividends to the shareholders, it would be improper for any of the present or past directors to draw commissions on the personal guarantees to banks and financial institutions for the loans and credit facilities extended by them to the Company.

The Board in its meeting held on 29th May 2008, as a first step in this direction, had resolved that the Company shall discontinue the payment of guarantee commission with effect from 1st January 2006 to M/s. Madhav V. Jog and Rajendra Jog for personal guarantees provided by them to Banks, Financial Institutions and other lenders for the loans & credit facilities extended by them to the Company.

The Board in its meeting held on 7th November 2009, as a further and final step in this direction, the directors deemed it to be prudent, desirable and equitable that the Company ought not to pay such commission to M/s. Madhav V. Jog and Rajendra Jog for personal guarantees provided by them to Banks, Financial Institutions and other lenders for the loans and credit facilities extended by them to the Company and entries to such effect taken if any in the books of accounts may be suitably reversed. Also, if any payments have been in fact made to the Chairman & Managing Director, Mr. Madhav V. Jog and to the past Director Mr. Rajendra Jog, the same may be called back.

Pune, 21st August 2010

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

Declaration by the Managing Director under Clause 49 of the Listing Agreement

To,
 The members of
 Jog Engineering Limited,

I, Madhav Vishnu Jog, Chairman & Managing director of Jog Engineering Limited, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them for the year ended 31st March 2010.

Pune, 21st August 2010

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

Chief Executive Officer (CEO) Certification

To,
 The Board of Directors,
 Jog Engineering Limited
 Pune,

I, Madhav Vishnu Jog, Chairman & Managing Director of Jog Engineering Limited, to the best of my knowledge and belief, certify to the Board of Directors as under pursuant to Clause 49V of the Listing Agreement with the Bombay Stock Exchange Limited:

1. I have reviewed financial statements and the cash flow statements for the year ended 31st March 2010 and that to the best of my knowledge and belief, I certify that:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the Company and there are no deficiencies therein.
4. During the financial year, there were no significant changes in internal control, no significant changes in accounting policies and no instances of significant fraud.

Sd/-
 Madhav V. Jog, Chairman & Managing Director
 Pune, 21st August 2010

DIRECTORS' REPORT

To:
The Members of
Jog Engineering Limited

The Directors submit the 30th Annual Report along with Audited Accounts of the Company for the financial year consisting a period of 15 months from 1st January 2009 to 31st March 2010.

1. Financial Results:

Particulars	Period Ended on 31/03/2010 (15 months)	Year Ended on 31/12/2008 (12 months)
Total Income	1,143.53	168.76
Gross Profit / (Loss)	(250.46)	46.94
Add / (Less) Depreciation	(36.25)	(100.00)
Add / (Less) Cost of Finance	(789.45)	(513.36)
Total Profit / (Loss) Before Tax	(575.24)	(566.43)
Add / (Less) Extra-Ordinary Item		
Interest on Bank Loans Written Off		
Add / (Less) Provision for Tax		
Current		
Differed		
Fringe Benefit		(1.06)
Net Profit / (Loss)	(575.24)	(567.48)
Add Balance B/F from Previous Year	(2,607.56)	(2,055.30)
Add Prior Period Adjustments	105.18	15.22
Balance Carried Over to Balance Sheet	(3,077.62)	(2,607.56)

2. Performance: The Company incurred losses during this year also and continued to experience 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 various projects. The Company has initiated recovery proceedings for such recoveries in Court of Law. The Company is hopeful to recover its dues. At Present Company has no project in hand. A compromise was reached between Bank of Maharashtra and the Company and accordingly a compromise agreement was filed by the Company, and its guarantors, Mr. Madhav V. Jog and Yashodhan Hotels Private Limited in the Debts Recovery Appellate Tribunal.

3. Dividend: The Board has not recommended any Dividend on shares for the financial year 2009-2010.

4. Management Discussion & Analysis Report:

- a. Performance, Opportunities, Risk & Outlook: The Management has decided not to involve in new Infrastructure Development Projects in India as these have heavy dependence on Government Bodies. The Company has found dealing with such Governments / Government bodies to unsustainable. Hence, the Company plans to concentrate on Property Development Projects. At present, the Company is facing liquidity crunch due to long pendency of various subjudice matters. 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.
 - b. Internal Control Systems: The Company has appropriate internal control procedures relating to its operations, commensurate with the size of the Company and nature of its business. With growth in business, these will be strengthened to meet the enhanced demands of work load.
 - c. Human Resources: The Company is confident of rebuilding a strong human resource when projects re-start in near future. Employee relations have been cordial and their morale has been high.
 - d. Conservation of Energy: The present operations of the Company do not provide any scope for Conservation of Energy. 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:
- I. in preparation of the annual accounts, the applicable accounting standards have been followed except Accounting Standards 2 & 7 and there has been no material departure;
 - II. 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 31/03/2010 and of the loss of the Company for the year ended on that date;
 - III. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - IV. The annual accounts have been prepared on a going concern basis.
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 its being illegally handed over by ARCIL to one Hiranandani Constructions Pvt. Ltd. This illegal action of ARCIL is challenged in the Hon'ble Debt Recovery Appellate Tribunal and it is at present in its final hearing stage.
9. Fixed Deposits: The Company had applied to the Hon'ble Company Law Board (CLB) for extension to the date for repayment of overdue deposits. Vide its order dated 14/06/2010, CLB has allowed the Company time upto 31/03/2011 to repay all Fixed Deposits, with a rider that half of the deposits have to be repaid by 31/12/2010. As on date, the outstanding fixed deposits amount to Rs. 125.29 Lac (previous year Rs. 139.26 Lac). The Company shall make all necessary efforts to repay the fixed Deposits as allowed by the Company Law Board.
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 M/s. S. H. Amdekar & Co., Chartered Accountants, hold office until conclusion of the ensuing Annual General Meeting. Being eligible, they offer themselves for reappointment.
12. Auditors' Report: The Board of Directors responds to the Auditors' Report and Annexure to Auditor's Report as follows:
- (a) Note No. '4(d) a' of Auditor's Report: Note 4 of Schedule M: Recognition of certain claims as revenue: Rs. 595.18 Lac: These are receivables from Government related entities Clients for various projects. The Company, based on its past experience, has booked certain amounts as receivables from these Clients for these projects. Although Accounting Standards 7 does not recognize such amounts as receivable, the Company has booked these as receivables when those became due as perceived by the Company on the basis of its past experience. Withdrawal i.e. writing off of such receivables can afford an opportunity to the counter-parties to plead, to the detriment of the Company's interests, to the Courts to draw an adverse inference about the claims, which may have an adverse impact on the Company's cases. Hence, the Company maintains that such receivables booked by it in a fair and transparent manner ought to be retained and the Company has full confidence about being able to recovery the related dues in sums equal to or larger than the sums booked in the books of accounts, notwithstanding the Accounting Standards and the Auditor's remarks based on the same.
 - (b) Note No. "4 (d) b" of Auditor's Report: Note 2 (a) Annexure to Auditor's Report: Valuation of Inventory: The Auditor has remarked that accounting for certain inventory is against the prescription of Accounting Standard 2.

At a particular project site of the Company, the present illegal occupant of the site disallowed an access to the Company's inventory. The Company has initiated criminal proceedings against the party in this regard. The Company has full confidence about being able to get back its inventory by following due process of law. However, the Company's not considering this inventory in its books of accounts can afford an opportunity to the counter-party to plead, to the detriment of the Company's interests, to the Court to draw an adverse inference about the Company's case and therefore it is prudent, necessary and legal to maintain this inventory in the books of accounts, as done by the Company.

Pursuant to termination of another contract, stocks at that site having value of Rs. 251.20 Lac were taken over by the Client, a Company fully owned by the GoM and valuation thereof was as at the time of taking over by the Client, for which, in terms of the Contract Conditions, the Client has to give credit to the Company in final accounts. The matter in respect of termination & its after-effects, including settlement of accounts is subjudice in the Hon'ble Bombay High Court. The Company is fully confident of recovering this value if full and hence has allowed this value in the accounts.

- (c) Note No. 4 (g) (i) of Auditor's Report: Note 10 of Schedule M: Non-provision of Interest on some advances: The concerned contract was entered into in May 1999 with a time upto August 2000 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. In fact, the Company has filed a Recovery Suit for a sum of Rs. 23,672 Lac as of 18/03/2008 against this client in the Hon'ble Bombay High Court and considers itself absolutely not liable to pay to this client the nominated or any other amount of interest.

- (d) Note No. 4 (g) (ii) of Auditor's Report: Note 1 of Schedule M: Non-provision for interest on post-maturity period of fixed deposits: The orders received by the Company from the CLB about repayment of fixed deposits do not specify any interest to paid on the deposits repaid / being repaid in delay for periods from the date of maturity upto the date of actual repayment. The Company has, therefore, not provided for such interest in its books of accounts.

- (e) Note No. 4 (g) (iv) of Auditor's Report: Note 13 of Schedule M: Diminution in value of investment: The Company considers that the Andheri Flyover Project has been illegally handed over by ARCIL to HCPL and by following due process of Law, the Company's subsidiary, MFCL, is bound to get it back. Once this project is back with MFCL, on the basis of the present commercial property prices in Mumbai, MFCL shall not only wipe off its minor losses but shall also earn decent profits. The Company, therefore, doesn't consider that the value of its investment in its subsidiary to have diminished at all and hence, no provision on this account is considered necessary.

- (f) Note No. 4 (h) a) of Auditor's Report: Note no. 5 (a) of Schedule M: Debtors: The Management has full confidence of being able to recover the entire amounts of:

- Rs. 8.76 Lac from the Companies sub-contractors, who will be again working for the Company once the Company's works resume.
- Rs. 1,336.81 Lac from clients from various cases that are subjudice against these Clients in the Hon'ble Bombay High Court. The Company is fully confident of its success and recovery of these amounts from these subjudice matters.
- Rs. 3,991.28 Lac from subsidiary, MFCL, on whose behalf, in fact, the Company is running the legal matter the Hon'ble DRAT. The Company is in fact confident of winning back the Andheri Project and earning back from MFCL this book debt and also dividends.

The skepticism about the recoverability of these amounts, possibly out of time delays in recoveries, however, can not be helped due to the long legal pendencies in our country. In fact, even the Management, although fully confident of end results, can not be too sure about the time frame of these sub-judice matters.

- (g) Note No. 4 (h) b) of Auditor's Report: Note no. 5 (b) of Schedule M: Loans & Advances:

- Mr. P. P. Sheth (Rs. 157.15 Lac): has assured that he shall repay entire dues before 31/03/2011.
- Ad-dict (Rs. 37.95 Lac): Mr. Apte, proprietor has entered into agreement with the Company, whereby he shall repay to the Company Rs. 45 Lac as follows:
 - > Rs. 21 Lac before 31/08/2010; of which Rs. 4 Lac has already been received;
 - > Rs. 12 Lac before 30/09/2013;
 - > Rs. 12 Lac before 30/09/2014.
- MFCL (Rs. 550.00 Lac): As at (12) (f) (iii) above.
- M&P Associates: (Rs. 40 Lac): The firm has assured that the flat admeasuring 900 square feet will be given possession of before 31/12/2011 or else, by that date a lump sum of Rs. 100 Lac shall be refunded.

To the extent as above, the Management feels confident of these recoveries.

- (h) Note No. 4 (h) c): Note no. 6: of Schedule M: Advances and Deposits:

- Rs. 253.83 Lac: Deposits with clients: As at note (12) (f) (ii) above.
- Rs. 200.54 Lac: Yashodhan Hotels Pvt. Ltd. (YHPL): This is refundable if and when the Company vacates the premises of Yashodhan. However, YHPL as a guarantor of the Company's certain loan from Bank of Maharashtra has undertaken to pay to the Bank, on behalf of the Company a sum of Rs. 800 Lac, which is far in excess of the Company's deposit. And, so by 31/03/2010, YHPL shall be the Company's creditor in addition to being the land-lord.

- (i) Note (i) of Auditor's Report: Note no. 2 of Schedule M Going Concern Assumption: The Management has expressed its views fully in the said note, which is quite self-explanatory and hence, the same are not being reiterated here, to avoid duplication.

- (j) Note (i) of Auditor's Report: Para g (i), (ii) and (iv) of the Auditor's Report: The responses to these points as above are self-explanatory and therefore, the Directors trust that no provisions are required to be made therefor.

With the above and Schedule M to accounts, which includes the Directors' response to various issues pointed out by the Auditors, all such issues stand satisfactorily responded to.

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.

Madhav V. Jog
Chairman & Managing Director

M. K. Shirude
Executive Director

P. P. Sheth
Director
21 August 2010, 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 31/03/2010.

Madhav V. Jog
Chairman & Managing Director

M. K. Shirude
Executive Director

P. P. Sheth
Director
21 August 2010, Pune – 411003

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

1. **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.
2. **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, 8 Board Meetings were held on 31/01/2009, 26/04/2009, 25/05/2009, 30/07/2009, 30/10/2009, 07/11/2009, 12/12/2009 and 29/01/2010. 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	8	Yes
Mr. M. K. Shirude	Executive	Nil	Nil	8	Yes
Mr. P. P. Sheth	Independent Non-Executive	1	Nil	8	Yes

* Directorships in private companies are not included.

3. **Audit Committee:** The Audit Committee was set up on 20th September 2008. The members of the Committee on the date of the Directors' Report are Mr. P. P. Sheth, Chairman, Mr. Madhav V. Jog and Mr. M. K. Shirude 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 31.01.2009, 26.04.2009, 25.05.2009, 30.07.2009, 30.10.2009, 07.11.2009, 12.12.2009 and 29.01.2010 every quarter one meeting was held as per the Listing Agreement.
4. **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 March 2010 is as under: (For 15 months)

Name of the Director	Salary	Perquisite	Commission	Sitting Fee	Total
Mr. Madhav V. Jog, Chairman & Managing	-	6,49,080	-	-	6,49,080
Mr. M. K. Shirude, Executive	9,75,000	1,21,382	-	-	10,96,382
Mr. P. P. Sheth, Non-Executive Independent	-	-	-	-	-

5. **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.
6. **General Body Meetings:** Last three Annual General Meetings were held as follows:

Financial Year	Date	Time	Venue
2005-2006	30.06.2007	10.00 AM	Mahratta Chamber of commerce, Pune – 2
2006-2007	30.06.2009	3.00 PM	Registered Office of the Company
2008	30.06.2009	4.30 PM	Registered Office of the Company

During the last 3 Annual General Meetings, 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.

7. **Disclosures:**
 - Inspection under section 209A of the Companies Act, 1956 was held in the Company during the year.
 - An Application under section 621A of Companies Act, 1956 was filed with Company Law Board, Western Regional Bench, Mumbai for compounding of offences under Sections 166, 210, 211, 219, 220, 274(1) (g) (b) and 292A of Companies Act 1956 read with Accounting Standard 7 issued by ICAI were compounded and penalty was levied by the Company Law Board.
 - 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.
8. **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 March 2010 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.

9. General Shareholder Information:

- a) **Annual General Meeting:** The ensuing Annual General Meeting will be held on Saturday, 25th September 2010 at Jog Center, 28 Wakdewadi, Mumbai Pune Road, Pune 411003 at 10.00 A.M.
- b) **Financial Year - 2008:** The Financial year 2009-2010 consisted of 15 months from 1st January 2009 to 31st March 2010.
- c) **Date of Book Closure:** From Monday, 20th September 2010 to Saturday, 25th September 2010 (Both days inclusive)
- d) **Dividend payment date:** The Directors have not recommended any Dividend on shares for the financial year 2009-2010.
- 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 2009-2010 were not recorded due to suspension in trading of the scrip for penal reasons.
- 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:
Samhita Warehousing Complex,
13 AB, Gala No. 52, 2nd Floor, Near Sakinaka Telephone Exchange, Off Andheri Kurla Road,
Sakinaka, Mumbai 400 072
Tel: 022- 28215991.
- 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 March 2010 is as follows:

No. Of shares	No of shareholders	%	Shareholding	%
Less than 500	5,259	82.39	10,74,052	12.63
501 – 1,000	580	9.08	4,81,076	5.66
1,001 – 2,000	271	4.25	4,22,828	4.97
2,001 – 3,000	89	1.39	2,29,181	2.70
3,001 – 4,000	49	0.77	1,70,276	2.00
4,001 – 5,000	35	0.55	1,68,810	1.99
5,001 – 10,000	51	0.80	3,69,363	4.35
10,001 and above	49	0.77	55,84,414	65.70
Total	6,383	100.00	85,00,000	100.00

- k) **Category wise distribution of Equity Shareholding as on 31st March 2010 is as follows:**

Category	No. Of Shares	%
Promoters	44,93,736	52.86
Banks, Financial Institutions etc.	8,200	0.10
Mutual Funds	500	0.01
Private Corporate Bodies	3,89,641	4.58
General Public	36,07,923	42.45
Total	85,00,000	100.00

- l) **Dematerialization of Shares:** As on 31st March 2010, 56,73,202 Equity Shares representing 66.74% 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 March 2010.
- 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, Samhita Warehousing Complex, 13 AB, Gala No. 52, 2nd Floor, Nr. Sakinaka Telephone Exchange, Off. Andheri Kurla Road, Sakinaka, Mumbai 400 072 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 21st August 2010.
- q) **Compliance Certificate:** A certificate regarding compliance of the conditions of corporate governance, obtained from Practicing Company Secretary of the Company, is provided hereinafter.

Pune, 21st August 2010

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

CORPORATE GOVERNANCE CERTIFICATE TO THE MEMBERS OF JOG ENGINEERING LTD.

We have examined the compliance of conditions of Corporate Governance by Jog Engineering Limited for the period 1st January, 2009 to 31st March, 2010, 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:

- The Company not having an optimum combination of executive and non-executive directors and not having requisite number of independent directors during the period;
- The Audit Committee is not constituted in accordance with the provisions of Clause 49 of the Listing Agreement with regard to composition;
- Non-compliance with the requirement of Limited Review by the auditors;
- The code of conduct is not posted on the Company's website;
- 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 March 2010 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.
- 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.

For **Milind Kulkarni and Associates,**
Company Secretaries
Milind Kulkarni
Proprietor
Pune, 21 August 2010

AUDITORS' REPORT

To,
The Members of
Jog Engineering Limited.

1. We have audited the attached Balance Sheet of Jog Engineering Limited as at 31st March 2010 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*
 - a. *Note no. 4 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"*
 - b. *Annexure to Auditor's Report regarding valuation of inventory aggregating Rs. 262.71 Lac of which net realizable value can not be ascertained which is not in accordance with Accounting Standard 2- "Valuation of inventory".*
Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in 211-3(C) of the Companies Act 1956.
 - e) The Directors of the Company are eligible for appointment as a director of the Company by virtue approval dated 31/03/2010 by Ministry of Corporate Affairs, Government of India.
 - 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 advance received by the Company recoverable by the contractee through Company's RA bill.*
 - ii) *Note no.1 regarding non-provision of interest payable on deposits from public which are matured but not paid of amount Rs. 132.90 Lac*
 - iii) *Note no. 8 regarding delayed payment of fixed deposits accepted from public and interest thereon.*
 - iv) *Note no. 13 regarding no diminution in value of long term equity investment in Mahakali Flyover Company Limited having value Rs. 69.97 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.*
 - a) *Note no. 5 (a) of Sch M regarding debtors outstanding for more than three years: Claims aggregating to Rs. 5,393.04 Lac (out of which Rs. 3,991.28 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.*
 - b) *Note no. 5 (b) of Sch M regarding Loans and advances given, claims aggregating to Rs. 745.10 Lac, considered by the Management as good and recoverable in respect of which the ultimate shortfall in recovery, if any, is not presently quantifiable.*
 - c) *Note no. 6 of Sch M regarding deposits with clients, claims aggregating to Rs. 454.36 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 can not 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) and (iv)" above been considered, there would be a loss of Rs. 1,248.97 Lac for the period ended 31st March 2010 (as against the reported figure of loss of Rs. 575.24 Lac), Profit & Loss Account (Debit balance being accumulated loss) would have been Rs. 3,751.35 Lac (as against the reported figure of Rs. 3,077.62 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 March 2010;*
 - b) *in the case of the Profit & Loss Account, of the loss for the period ended on that date;*
 - c) *in the case of Cash Flow Statement, of the cash flows for the period ended on that date.*

FOR S. H. AMDEKAR & CO
 CHARTERED ACCOUNTANT
 S. H. AMDEKAR
 Proprietor
 Membership No. 37978
 Pune, 21st August 2010

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 31/03/2010

- (1)
(a) The Company has maintained records showing full particulars including quantitative details of fixed assets.
(b) A detailed scrutiny, reconciliation and physical verification of all assets was carried out and fully tallied with the Fixed Asset Register by management. In the result,
(b) Several assets that had outlived their useful life have been written off.
(c) Certain assets although in fact scrapped and sold had still remained to be struck off from the Asset Register. This has been fully corrected.
(d) All items of "assets" with purchase value of less than Rs. 5,000/- but had remained to be struck off from the Asset Register.
As result of above the asset of Rs. 2.68 Crore is written off during audit period
- (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.
- (2)
(a) The Inventory of construction material, consumables, stores and spare parts at Company's one site having value of Rs. 11.51 Lac for which criminal proceeding are in court of law.
Pursuant to termination of a contract, Stocks at the other site having value of Rs. 251.20 Lac have been taken over by the Client of that site, which is a Company fully owned by the GoM and valuation thereof is as at the time of taking over by the Client, for which it has to give credit to the Company in the final accounts for that work, it terms of the Contract Conditions. The matter in respect of termination and its after-effects, including settlement of accounts is subjudice in the Hon'ble Bombay High Court. The net realizable value of this inventory can not 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.
- (3)
(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 / paid advances to following:
i) Mahakali Flyover Company Ltd. (a subsidiary Company) Rs. 550.00 Lac: Pursuant to PWD-GoM encashing a Bank Guarantee of equal amount issued by the Company's Bank, for a contract that was assigned by the Company to this subsidiary:
ii) Mr. P. P. Sheth, a Director of Company; (Rs.157.15 Lac):
iii) Ad-dict, the Proprietor of a Dissolved partnership firm ViMa Productions, in which Company was partner (Rs. 37.95 Lac):
iv) M&P Associates, Partnership firm in which directors are Partners (Rs. 40.00 Lac): For purchase of a flat admeasuring 900 square feet in Dadar for a total consideration of Rs. 45 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 as no interest is charged on such loans.
- (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 per the information and explanations given to us, efforts are being made for recovery of amount outstanding as considered appropriate by the management.
- (4) 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.
- (5)
(a) Based on the audit procedure applied 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, have been made at prices which are prima facie reasonable having regard to the prevailing market price at the relevant time.
- (6) 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:
(a) The Company has defaulted w.e.f. 01/10/2002 in repayment of deposits matured and claimed and the outstanding amount of such unpaid matured deposits and interest thereon upto date of maturity as on 31/03/2010 is Rs. 150.66 Lac.
(b) Public fixed deposits matured for repayment and claimed by the depositors which remain unpaid as on 31/03/2010 amount to Rs. 69.55 Lac in case of small depositors and Rs. 45.53 Lac in all other cases. Appropriate intimation of default was sent to the Company Law Board, Mumbai from time to time, in respect of each month since default. The Company has stopped accepting / renewing fixed deposits from the date of first default. The Company has been repaying the Deposits as and when cash flow position permits.
(c) The Company had filed an application under section 58A (9) of Company Act, 1956 to Central Government for granting extension of repayment of deposits. The Company Law Board vide its order dated 14/06/2010, has allowed the Company to repay the overdue and matured deposits upto 31/03/2011, subject to that half of the deposits shall be repaid by 31/12/2010.
- (7) 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 CMD or ED or Accounts Officer. Thus it has a procedure of internal checks and controls. This may be required to be strengthened to make it commensurate with the size and nature of the business of the Company.
- (8) 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(I)(d) of the Companies Act 1956, for the Company.
- (9) 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 been regularly deposited with the appropriate authorities during the year.
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 audit period 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 31/03/2010 (Rs. Lac)
Income Tax	53.79
Sales Tax	32.95
Works Contract Tax	187.97
Fringe Benefit Tax	6.46

- (10) According to the information and explanations given to us and the records of the Company, the dues of Sales Tax / Income Tax which have not been deposited on account of any dispute, are as follows:

Nature of Dues	Amount (Rs.)	Forum where dispute is pending
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	Lac)	
Sales Tax (96-97)	2.88	Asst. Commissioner of Sales Tax, Appeals
Income Tax A.Y. 2001-02	5.05	Income Tax Appellate Tribunal, Pune

- (11) The accumulated losses of the Company as at 31/03/2010 are not less than 50% of the net worth of the Company and it has incurred cash losses in the current financial period and in the immediately preceding financial period.
- (12) Based on our audit procedures and according to the information and explanations given to us the Company has defaulted in repayment of dues to financial institutions, banks and the period and amount of default is as stated hereunder:

Name of the Bank / Financial Institution	Amount (Rs. Lac) as on 31/03/2010
Bank of Maharashtra	2,560
Andhra Bank	1,938
Development Credit Bank	1,608
IDBI Bank	938
Total	7,044

(Please also Refer Schedule M – No. 21)

- (13) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (14) The Company is not a Chit Fund, Nidhi / Mutual Benefit Fund. Therefore, the requirements pertaining to such class of companies are not applicable.
- (15) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (16) The Company has given in earlier period, guarantee for loan taken by subsidiary from bank. The said guarantee has since been invoked by the beneficiary has been contested by Company.
- (17) No term loans have been availed by the Company during the period.
- (18) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an over all basis, funds raised on short term basis have prima facie not been used during the period for long term investments.
- (19) The Company has not made any preferential allotment of share during the year to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (20) The Company has not issued any debentures during the year and therefore the question of creating security in respect thereof does not arise.
- (21) The Company has not made any public issues during the year and therefore the question of disclosing the end use of money does not arise.
- (22) Based upon the audit procedures performed and according to the information and explanations given and representations made by the management, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

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

Pune, 21st August 2010