

# ANNUAL REPORT

2008-2009



**J. K. Synthetics LTD.**

## Board of Directors

Dr. Gaur Hari Singhania Chairman

Govind Hari Singhania Vice Chairman

Yadupati Managing Director &  
Chief Executive Officer

Ramapati

Dr. K. B. Agarwal

Jagendra Swarup

Kailash Nath

N. K. Jhajharia

R. K. Tandon

K. V. Murthy

### President (F & A) & CFO

K. N. Khandelwal

### AUDITORS

Messrs P. L. Tandon & Co.  
Chartered Accountants  
Westcott Building,  
The Mall, Kanpur-208 001

### REGISTERED OFFICE

KAMLA TOWER,  
Kanpur-208 001

### BANKER

Oriental Bank of Commerce

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**NOTICE**

NOTICE is hereby given that the Annual General Meeting of the Members of J.K. Synthetics Ltd. will be held in the Conference Hall of the Merchants' Chamber of Uttar Pradesh, 14/76, Civil Lines, Kanpur on Saturday, the 19th September, 2009 at 12.00 Noon to transact the following business :-

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Ramapati Singhania, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr. K.B. Agarwal, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring Auditors, M/s. P.L. Tandon & Company, Chartered Accountants, Kanpur are however, eligible for reappointment.

**AS SPECIAL BUSINESS :**

To consider and, if thought fit, to pass with or without modification(s), the following resolutions :

**AS SPECIAL RESOLUTIONS :**

5. "RESOLVED THAT pursuant to and in accordance with the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Schedule XIII to the said Act, the consent of the Company be and is hereby accorded to the appointment of Shri Yadupati Singhania as Managing Director & Chief Executive Officer (CEO) of the Company for a further period of 5 (Five) years with effect from 1st September, 2009 to 31st August, 2014, without any remuneration/ perquisites and upon other terms and conditions as set out in the Agreement to be entered into between the Company and Shri Yadupati Singhania, a draft whereof is placed before this meeting, duly initialed by the Chairman, for the purpose of identification, which Agreement is hereby specifically sanctioned/ approved with the authority to the Board of Directors (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee, which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment or Agreement, if any, and agreed to by the Board of Directors of the Company and Shri Yadupati Singhania."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution and matters incidental thereto."

6. "RESOLVED THAT pursuant to and in accordance with the provisions of Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Dr. Gaur Hari Singhania as the Non- Executive Chairman of the Company for a further period of 5 (five) years with effect from 1st September, 2009 to 31st August, 2014, without any remuneration/Perquisites, with the authority to the Board of Directors (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee, which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms of his appointment during continuance of his appointment as Chairman."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution and matters incidental thereto."

7. "RESOLVED THAT pursuant to and in accordance with the provisions of Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Shri Govind Hari Singhania as the Non- Executive Vice-Chairman of the Company for a further period of 5 (five) years with effect from 1st September, 2009 to 31st August, 2014, without any remuneration/Perquisites but with certain facilities, as set out in the Explanatory Statement annexed to this Notice, with the authority to the Board of Directors (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee, which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms of his appointment during continuance of his appointment as Vice-Chairman."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution and matters incidental thereto."

8. "RESOLVED THAT in accordance with the provisions of Section 100 read with Section 78 and other applicable provisions, if any, of the Companies Act, 1956, enabling provisions in the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, where the securities of the Company are listed, and subject to confirmation of the Honble Allahabad High Court/ BIFR and other concerned authorities, if any,

(1) The issued, subscribed and paid up Equity Share Capital of the Company be reduced in the following manner and extent -

(a) The aggregate issued, subscribed and paid up Equity Share Capital be reduced from Rs 7426.95 lacs divided into 7,42,69,503 Equity Shares of Rs. 10/- each fully paid up to Rs 371.35 lacs divided into 3,71,34,752 Equity Shares of Re 1/- each;

(b) The number of Equity Shares held by each Shareholder be reduced to half of the existing number and the face value and paid up value of each existing Equity Share of Rs. 10/- be reduced to Re. 1/- per share by cancellation of remaining value and number of Shares;

(c) The entire amount of reduction in Equity Capital so effected i.e. Rs. 7055.60 lacs, shall be set off/adjusted against the accumulated losses of the Company;

(d) The Equity Shares (after reduction) shall continue to be listed and traded on Bombay and U.P. Stock Exchanges.

(2) The Securities Premium Account be reduced from Rs.7063.66 lacs to Rs. NIL by adjustment and set off against the accumulated losses of the Company;

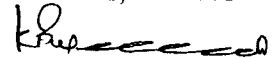
(3) The Capital Redemption Reserve Account be reduced from Rs.704.86 lacs to Rs. NIL by adjustment and set off against the accumulated losses of the Company."

"RESOLVED FURTHER THAT the existing balance in Capital Reserves A/c amounting to Rs. 1.56 lacs and existing balance in Forfeited Shares A/c amounting to Rs. 7.78 lacs be also reduced to Rs. NIL by adjustment and set off against accumulated losses of the Company."

"RESOLVED FURTHER THAT no part of the aforesaid reduction in the Equity Capital, Securities Premium Account, Capital Redemption Reserve Account and other Reserves, as mentioned above, shall be refunded /returned/paid to any of the Shareholders or any other persons in cash or in kind."

"RESOLVED FURTHER THAT the Board of Directors of the Company (or any Committee of the Board or any Director or Officer of the Company, if so empowered by the Board) be and is hereby authorized to do all such acts, deeds and things as may be necessary or required or thought fit including filing of petitions, applications, affidavits, other documents in the Honble High Court at Allahabad/ BIFR or before any other authority, appointment of advocates and fixing their fees and remuneration, for obtaining the requisite sanction, approval or confirmation, to agree to and accept conditions and modifications as may be imposed by any of the aforesaid authorities while granting such approvals, permissions and sanctions and to take all such steps and execute all such deeds and documents as may be required for giving effect to the above decisions and to settle any question, difficulty or doubt that may arise in this regard."

By Order of the Board



**(K. B. AGARWAL)**

Director

Dated : 28th July, 2009

Place : Kanpur

**NOTES :**

- i) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business under Item Nos. 5 to 8 of the accompanying Notice dated 28th July, 2009 is annexed hereto.
- ii) Copy of the Agreement/ other documents referred to in the Notice is available for inspection of the Members at the Registered Office of the Company between 3.00 p.m. and 5.00 p.m. on any working day except Saturday till the conclusion of the Annual General Meeting.



- iii) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- iv) The Register of Members and Share Transfer Books of the Company will remain closed from 15th September, 2009 to 19th September, 2009 both days inclusive.
- v) Members are requested to notify immediately change of address, if any, to their Depository Participants (DPs) in respect of their shareholding in Demat Accounts and to the Company at its Share Department, Kamla Tower, Kanpur-208001 in respect of their shareholding in physical segment by mentioning folio nos., if any.
- vi) Members are requested to bring their copies of the Annual Report, as Copies of the Report will not be distributed again at the Meeting.
- vii) Members seeking any information with regard to the accounts of the Company are requested to write to the Company at its Registered Office, so as to reach at least 10 days before the date of the Meeting to enable the Management to keep the information ready.
- viii) **Members, who also hold debentures of the Company and who have not so far claimed the payment as per OTS Scheme are requested to surrender the debenture certificate(s) duly discharged to the Company at its Registered Office for getting the payment.**
- ix) Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. Members, who hold shares in Dematerialised Form are requested to bring their Depository Account Number and Client I.D. Number for identification.
- x) Pursuant to clause 49 of the Listing Agreement relating to the Code of Corporate Governance, the particulars of Directors retiring and being re-appointed are given in the Report on Corporate Governance attached to the Directors' Report.
- xi) The particulars as set out in the Explanatory Statement may be treated as abstract of the terms of the appointment of managerial personnel pursuant to Section 302 of the Companies Act, 1956.

### EXPLANATORY STATEMENT

As required under Section 173 of the Companies Act, 1956, the Explanatory Statement sets out all material facts concerning the Special Business referred to in the accompanying Notice dated 28th July, 2009.

#### ITEM NO. 5

The present term of Shri Yadupati Singhania as Managing Director & CEO is expiring on 31st August, 2009. He has been associated with the Company for about 25 years and considering the past services rendered by him including onerous responsibility of rehabilitation of the Company successfully handled by him, the Board of Directors in its meeting held on 28th July, 2009, on the basis of recommendation of Remuneration Committee has re-appointed him as Managing Director & CEO of the Company for a further period of 5 (Five) years w.e.f. 1st September, 2009.

Shri Yadupati Singhania has agreed to accept the assignment without any remuneration/perks except that the Housing facility is to be provided to him. However, he shall also be entitled to reimbursement of expenses actually incurred for the business of the Company. The requisite value of Housing facility to be provided to him will be realized from him on actual basis. Shri Yadupati Singhania shall not, while he continues to hold the office of Managing Director & CEO, be subject to retirement by rotation.

Shri Yadupati Singhania shall have the powers of general conduct and management of the business and affairs of the Company subject, however, to superintendence, control and directions of the Board of Directors in general and in particular he shall exercise the powers subject to the provisions of Companies Act, 1956.

None of the Directors except Dr. Gaur Hari Singhania, who is related to Shri Yadupati Singhania is deemed to be concerned or interested in the resolution.

Special Resolution at Item No.5 is, therefore, commended for your approval.

#### ITEM NO. 6

Dr. Gaur Hari Singhania's term as Chairman of the Company is expiring on 31st August, 2009. Considering his vast experience, the Board of Directors in its meeting held on 28th July, 2009, on the basis of the recommendation of Remuneration Committee, has re-appointed him as Non-Executive Chairman of the Company for a further period of 5 (Five) years w.e.f. 1st September, 2009, without any remuneration, perks and benefits. However, he shall be entitled to reimbursement of expenses actually incurred for the business of the Company.

Dr. Gaur Hari Singhania shall not, while he continues to hold the office of Chairman, be subject to retirement by rotation.

None of the Directors except Shri Govind Hari Singhania and Shri Yadupati Singhania, who are related to Dr. Gaur Hari Singhania is deemed to be concerned or interested in the resolution.

Special Resolution at Item No.6 is, therefore, commended for your approval.

#### ITEM NO. 7

Shri Govind Hari Singhania's term as Vice-Chairman of the Company is expiring on 31st August, 2009. He has been associated with the Company since 1980 holding various important positions. In view of his long association, the Board of Directors in its meeting held on 28th July, 2009, on the basis of recommendation of Remuneration Committee, has re-appointed him as Non-Executive Vice Chairman of the Company for further period of 5 (Five) years w.e.f. 1st September, 2009. His appointment is without any salary and perquisites. However, he shall be given certain facilities as under :-

- (a) **Medical Reimbursement** : Expenses incurred for self and family subject to a ceiling of Rs.30,000/- in a year or Rs.90,000/- over a period of three years.
- (b) **Club Fees** : Fees of clubs, subject to a maximum of two clubs, provided that no life membership or admission fee is paid.

- (c) **Personal Accident Insurance** : Premium not to exceed Rs.15,000/- p.a.
- (d) **Car with Driver and Telephone** : The Company will provide a car with driver and telephone at the residence of Vice-Chairman. The provision of car for use of Company's business and telephone at residence will not be considered as perquisites. Use of car for private purposes shall be billed by the Company to the Vice-Chairman.
- (e) The Vice-Chairman shall be entitled to reimbursement of expenses actually incurred for the business of the Company.

Shri Govind Hari Singhania shall not, while he continues to hold the office of Vice-Chairman, be subject to retirement by rotation.

None of the Directors except Dr. Gaur Hari Singhania, who is related to Shri Govind Hari Singhania, is deemed to be concerned or interested in the resolution.

Special Resolution at item No.7 is, therefore, commended for your approval.

#### ITEM NO. 8

In the Balance Sheet of the Company as at 31.03.2008, there is paid up Equity Share Capital amounting to Rs.7426.95 lacs and Share Forfeited A/c. Rs.7.78 lacs. Besides Rs.7770.08 lacs are also appearing under Reserves and Surplus A/c. On the other hand accumulated losses amounting to Rs.16075.72 lacs are shown under Profit & Loss A/c. (debit balance). Thus the net worth of the Company as at 31.03.2008 was negative at Rs.870.91 lacs, which increased to Rs.1537.70 lacs as at 31.03.2009.

In view of huge amount of accumulated losses in the Balance Sheet, the Company may face difficulties in planning the future course of action and in dealing with various suppliers, lenders and customers etc. and that it may not also be able to raise working capital/ other finance for business purpose as and when needed. Further, the Company has limited resources available with it to take up any new activities and therefore, it is bound to take recourse to the external borrowings. It is, therefore, in the interest of the Company and Shareholders that the Company's Balance Sheet is restructured in such a manner, which helps it to undertake new activities in future.

To reflect the true and fair position with respect to the net worth of the Company, it was thought advisable by the Board of Directors in its meeting held on 28th July, 2009 to reduce the paid up capital of the Company by adjusting the same against accumulated losses and reserves, if any. It will not even affect the rights of the Shareholders also as after reduction of share capital, their percentage stake in the Company will remain the same, as before such reduction.

In view of the above, it is proposed to reduce the paid up equity capital of the Company by 95% and simultaneously to consolidate every two equity shares of Re.0.50 each into one equity share of Re.1/- each fully paid up so as to bring down its paid up capital to Rs.371.35 lacs divided into 3,71,34,752 equity shares of Re.1/- each.

The Company has already moved an application to the Hon'ble BIFR seeking their approval for the aforesaid reduction in equity share capital of the Company, which is pending for approval. The Special Resolution as set out at Item No. 8 is therefore, commended for your approval.

None of the directors of the Company is concerned or interested in the resolution except to the extent of their Shareholding in the Company.

By Order of the Board

Dated : 28th July, 2009  
Place : Kanpur

(K. B. AGARWAL)  
Director

## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors submit the Annual Report and audited Statements of Account for the year ended 31st March, 2009.

#### 1. FINANCIAL RESULTS

	2008-09 (Rs./Thousands)
Sales & Other Income	<b>186183</b>
Profit/ (Loss) before Depreciation & Impairment Loss	<b>148834</b>
Depreciation & Impairment Loss	<b>86562</b>
Profit/ (Loss) for the year	<b>62272</b>
Extra Ordinary Items	<b>(94534)</b>
Profit/ (Loss) before tax	<b>(32262)</b>
Provision for Fringe Benefit Tax	<b>231</b>
Provision for Income Tax & Interest thereon	<b>34186</b>
Profit/ (Loss) after tax	<b>(66679)</b>
Balance from previous year	<b>(1607572)</b>
Balance carried to Balance Sheet	<b>(1674251)</b>

#### 2. OVERALL PERFORMANCE

During the year under report, there has been no manufacturing operations and the Company's plant at Jhalawar remained closed. The Company had income only from interest, rent and profit from sale of some fixed assets. After meeting fixed over-heads, maintenance, security and insurance of the assets, additional provision for impairment loss in respect of Jhalawar assets and also after making certain write off the non-recoverable debts, this year's operations resulted in a loss of Rs 32262 Thousands.

Further, the Company's application for reliefs has been rejected by CBDT and therefore the Company had to make provision of tax and interest amounting to Rs 34186 Thousands pertaining to Assessment Year 2005-06.

#### 3. DIVIDEND

In view of the accumulated losses, your Directors regret their inability to recommend payment of any dividend for the year.

#### 4. SHARE CAPITAL

During the year under report, the Company has moved an application to Hon'ble BIFR seeking their approval for reduction of its paid-up Equity Capital as on 31.03.2008 amounting to Rs 7426.95 lacs by 95% by adjusting the same against accumulated losses of the Company i.e. face value of every Equity Share of Rs.10/- each shall stand reduced to Re.0.50 each and Rs.9.50 per Share shall stand adjusted against the accumulated losses of the Company. After reduction of the Equity Share Capital in the above manner, every two Equity Shares of the Company of Re.0.50 each shall simultaneously be consolidated into one Equity Share of Re.1/- each fully paid-up. Thus the paid-up Equity Share Capital of the Company shall stand reduced to Rs.371.35 lacs after getting such approval.

#### 5. REHABILITATION PACKAGE

Pursuant to the order of Hon'ble AAFIR and subsequently reconfirmed by the said authority vide its order dated 11.12.2008, Assets Sale Committee (ASC) appointed by Hon'ble AAFIR had disposed off several assets except Land and Non-factory Building at Jhalawar subsequent to the close of accounting year. Thus, the Company has implemented the rehabilitation package approved by Hon'ble AAFIR in to-to except few assets. Sale proceeds received and are being received have been/are being utilized for payment of liabilities.

#### 6. CORPORATE GOVERNANCE

A report on Corporate Governance is enclosed as part of Annual Report along with the Auditors' Certificate on its compliance. However, Note on Management Discussions and Analysis Report is not being given, as none of the Company's plants is in operation.

#### 7. PARTICULARS OF EMPLOYEES

Employee getting salary in excess of the limits as specified under the provisions of sub-section (2A) of Section 217 of the Companies Act, 1956 throughout or part of the financial year under review is appended. However, in terms of provisions of Section 219(1)(b)(iv) of the Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company. Any member interested in obtaining such particulars may send the request to the Company at its Registered Office.

#### 8. PUBLIC DEPOSITS

The Company is not accepting any deposits from the public. The unclaimed amounts relating to Public deposits redeemed by the Company up to 31.03.2001 have been deposited by the Company in "Investors Education and Protection Fund" set up by the Central Government pursuant to the provisions of Section 205 C of the Companies Act, 1956.

#### 9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUT GO.

As there has been no manufacturing operation during the year, there is nothing to be reported with regard to conservation of energy and technology absorption. However, the details of foreign exchange earnings and out go are given in the additional information in the Annual Report.

#### 10. AUDITORS' REPORT

Auditors' remarks have been suitably dealt with in the notes on accounts and hence need no further explanation.

#### 11. COST AUDIT

Since there have been no manufacturing operations in Company's only left man made fibre plant at Jhalawar since long, the Company is seeking waiver/ exemption from the Central Government for conducting Cost Audit in respect of the products relating to this plant.

#### 12. ABRIDGED BALANCE SHEET

The Company shall be sending Abridged Balance Sheet to all its members as permitted by SEBI guidelines dated 26.04.2007. Full Balance Sheet shall be available on Company's Website. Members, who are desirous of getting full Balance Sheet may send their request to the Company at the address of its Registered Office.

#### 13. DIRECTORS

- (i) Two of your directors namely Shri Ramapati Singhania and Dr. K.B. Agarwal will retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for reappointment.
- (ii) The present term of Dr. Gaur Hari Singhania, Chairman, Shri Govind Hari Singhania, Vice Chairman and Shri Yadupati Singhania, Managing Director & CEO, is expiring on 31st August, 2009. It is proposed to appoint them for a further period of 5 (Five) years with effect from 1st September, 2009. Necessary resolutions in this regard are being circulated along with the notice of the ensuing Annual General Meeting.

#### 14. RESPONSIBILITY STATEMENT

The Directors confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that year;
- (iii) they have taken proper and sufficient care 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) they have prepared the annual accounts on a going concern basis.

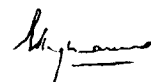
#### 15. AUDITORS

M/s. P.L. Tandon and Co., Chartered Accountants, Kanpur, Auditors of the Company will retire from their office at the ensuing Annual General Meeting. They are, however, eligible for re-appointment. They have furnished a Certificate to the effect that their appointment will be in accordance with limits specified in Sub-Section (1B) of Section 224 of the Companies Act, 1956. You are requested to consider their appointment.

#### 16. ACKNOWLEDGEMENTS

The Board thanks the employees at all levels for their commitment and contribution.

**FOR AND ON BEHALF OF THE BOARD**



(GAUR HARI SINGHANIA)  
CHAIRMAN

Place : Kanpur  
Dated : 28th July, 2009



## CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in clause 49 of the Listing Agreement is set out below :

### 1. Company's philosophy on Code of Governance

Corporate Governance, at J.K. Synthetics Limited, is taken in its real spirit and hence implemented in widest ambit possible. The Company's philosophy and endeavour has always been on the cultivation and follow-up of best corporate procedures and practices which result into enhancement of the long term economic value of not only the Company but also its stakeholders and the society at large.

Corporate Governance is not merely compliance and not simply creating checks and balances, it is an ongoing measure of superior delivery of Company's objects with a view to translate opportunities into reality.

Your Company continues to follow procedures, practices in conformity with the Code of Corporate Governance as outlined in the clause 49 of the Listing Agreement.

### 2. Board of Directors

#### (a) Composition/Category

The present strength of the Board of Directors is 10 (Ten). The composition is given below :

- Chairman, Promoter, Non-Executive, Non-Independent Director.
- One Promoter, Executive, Non-Independent Director.
- Two Promoters, Non-Executive, Non-Independent Directors.
- Six Independent, Non-Executive Directors.

The composition of the Board of Directors, the number of Directors on the Board and Board Committees of other Companies, of which the Directors are members / Chairman during the year is given as under :

Sl No	Name of Director	Category	Inter-se relationships between Directors		No. of other Directorships@	No. of Board Committees (Other than J.K. Synthetics Ltd) in which**	
			Director with whom related	Relation		Chairman	Member
1	Dr. Gaur Hari Singhania <i>Chairman</i>	Promoter, Non Executive, Non Independent	Yadupati Singhania	Son	5	-	-
			Govind Hari Singhania	Brother			
2	Shri Govind Hari Singhania <i>Vice Chairman</i>	Promoter, Non Executive, Non Independent	Dr. Gaur Hari Singhania	Brother	1	-	-
3	Shri Yadupati Singhania <i>Managing Director and CEO</i>	Promoter, Executive, Non Independent	Dr. Gaur Hari Singhania	Father	9	-	-
4	Shri Ramapati Singhania	Promoter, Non-Executive, Non Independent	Nil	N.A.	-	-	-
5	Dr. K.B. Agarwal	Non-Executive, Independent	Nil	N.A.	2	-	-
6	Shri Jagendra Swarup	Non-Executive, Independent	Nil	N.A.	-	-	-
7	Shri Kailash Nath	Non-Executive, Independent	Nil	N.A.	-	-	-
8	Shri N.K. Jhajhara	Non-Executive, Independent	Nil	N.A.	-	-	-
9	Shri R.K. Tandon	Non-Executive, Independent	Nil	N.A.	1	-	-
10	Shri K.V. Murthy	Non-Executive, Independent	Nil	N.A.	-	-	-

@ Excludes directorships on private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956.

\*\* Chairmanship/ Membership of the Audit Committee and the Shareholders' Grievance Committee alone has been considered.

### (b) Attendance of each director at the Board Meetings and at the last Annual General Meeting

During the financial year ended 31st March, 2009, Five Board Meetings were held on the following dates :

- a) 27th May, 2008
- b) 31st July, 2008
- c) 31st October, 2008
- d) 16th January, 2009
- e) 20th March, 2009

The attendance of each director at Board Meetings and at the last Annual General Meeting (AGM) was as under :

Sl. No.	Name of Director	No. of Board Meetings attended	Attendance at the last AGM held on 09.08.08
1	Dr. Gaur Hari Singhania	5	NO
2	Shri Govind Hari Singhania	4	YES
3	Shri Yadupati Singhania	5	YES
4	Shri Ramapati Singhania	-	NO
5	Dr. K.B. Agarwal	5	YES
6	Shri Jagendra Swarup	5	YES
7	Shri Kailash Nath	-	NO
8	Shri N.K. Jhajhara	5	NO
9	Shri R.K. Tandon	4	YES
10	Shri K.V. Murthy	4	YES

### 3. Audit Committee

#### (a) Composition of the Committee and Broad Terms of Reference

The Audit Committee of the Company comprises of following three Directors :

- Dr. K.B. Agarwal (Chairman) : Independent, Non Executive Director  
 Shri Jagendra Swarup : Independent, Non Executive Director  
 Shri Kailash Nath : Independent, Non Executive Director

All these Directors possess knowledge of Corporate Finance/ Accounts / Company Law/ Industry. The Compliance Officer is the Secretary for such meetings. Sri K. N. Khandelwal, President (F & A) & CFO of the Company regularly attends the meetings. The Statutory Auditors of the Company attend the meetings as invitee.

The terms of reference of Audit Committee cover the matters specified for audit committee under clause 49 of the Listing Agreement as well as in Section 292 A of the Companies Act, 1956

#### (b) Meetings / Attendance

During the financial year ended 31st March, 2009, 4 (Four) meetings were held on :

- a) 27th May, 2008
- b) 31st July, 2008
- c) 31st October, 2008
- d) 16th January, 2009

The attendance at the Audit Committee Meetings was as under :

Sl. No.	Name of Director	No. of Meetings attended
1.	Dr. K. B. Agarwal	4
2.	Shri Jagendra Swarup	4
3.	Shri Kailash Nath	-

### 4. Remuneration Committee

#### a) Composition

The Remuneration Committee of the Company comprises of Dr. K. B. Agarwal, Chairman, Shri Jagendra Swarup and Shri Kailash Nath. All the members of the Committee are Independent, Non-Executive Directors.

#### b) Meetings / Attendance

During the financial year ended 31st March, 2009, no meeting was held, as there was no matter to be considered by the Remuneration Committee.

#### c) Remuneration Policy

Remuneration policy of the Company is directed towards rewarding performance, based on review of achievements. However in view of inadequacy of profits the non-executive directors are paid only sitting fees for meetings of the Board or any committee thereof attended by them.

The details of number of Equity Shares of the Company held by **Non-Executive Directors** as on 31st March, 2009 are as under :

Name of Director	No. of Equity Shares held	Name of Directors	No. of Equity Shares held
Dr. Gaur Hari Singhania	419735	Shri Jagendra Swarup	Nil
Shri Govind Hari Singhania	283957	Shri N. K. Jhajharia	Nil
Shri Ramapati Singhania	496637	Shri R. K. Tandon	35721
Dr. K. B. Agarwal	100	Shri K. V. Murthy	257
Shri Kailash Nath	Nil		

**d) Details of Remuneration to the Directors for the year ended 31<sup>st</sup> March, 2009**

Sl. No.	Name of Director	Salary	Benefits	Sitting Fee	Total
1	Dr. Gaur Hari Singhania	--	1715	--	1715
2	Shri Govind Hari Singhania	--	82439	--	82439
3	Shri Yadupati Singhania	--	--	--	--
4	Shri Ramapati Singhania	--	--	--	--
5	Dr. K. B. Agarwal	--	--	41000	41000
6	Shri Jagendra Swarup	--	--	36000	36000
7	Shri Kailash Nath	--	--	--	--
8	Shri N.K. Jhajharia	--	--	15000	15000
9	Shri R. K. Tandon	--	--	12000	12000
10	Shri K.V. Murthy	--	--	12000	12000

**5. Shareholders' / Investors' Grievance Committee**

**(a) Composition**

The Committee comprises of Dr. K. B. Agarwal (Chairman), Shri Kailash Nath and Shri Jagendra Swarup. All the members of the Committee are Independent, Non-Executive Directors.

Shri Anil Kamthan, General Manager (Company Law) is the Compliance Officer of the Committee.

**(b) Functions**

To review the status of shareholders'/investors' grievances, redressal mechanism and recommend measures to improve the level of investors' services.

**(c) Meetings / Attendance**

During the financial year ended 31<sup>st</sup> March, 2009, 4 (Four) meetings were held on :

- 27<sup>th</sup> May, 2008
- 31<sup>st</sup> July, 2008
- 31<sup>st</sup> October, 2008
- 16<sup>th</sup> January, 2009

The attendance at the above Meetings was as under :

Name of Director	No. of Meetings attended
Dr. K. B. Agarwal	4
Shri Jagendra Swarup	4
Shri Kailash Nath	--

The total number of the complaints received during the year ended 31<sup>st</sup> March, 2009 from the shareholders and debenture holders were 157, out of which 157 complaints were satisfactorily replied/redressed and outstanding complaints as on 31<sup>st</sup> March, 2009 were Nil.

The number of pending share transfers and pending requests for dematerialisation as on 31<sup>st</sup> March, 2009 were as follows :

Particulars	No. of Requests	No. of Shares
1. Transfers	8	428
2. Demat	4	198
3. Remat	NIL	NIL

The Company has attended to all these requests after the period under report.

**6. General Body Meetings**

Dates and time of last three Annual General Meetings held are given below :

Financial Year	Date	Time
2005-06	23 <sup>rd</sup> September, 2006	12.00 Noon
2006-07	8 <sup>th</sup> September, 2007	12.00 Noon
2007-08	9 <sup>th</sup> August, 2008	12.00 Noon

All the above meetings were held in Sir Padampat Singhania Auditorium of the Merchants' Chamber of Uttar Pradesh, 14/76, Civil Lines, Kanpur.

The Chairman of the Audit Committee, Dr. K. B. Agarwal was present at AGM held on 9<sup>th</sup> August, 2008 to answer the queries of the Shareholders.

No Special Resolution was passed at the last three Annual General Meetings.

Further, no Special Resolution was put through postal ballot as required under the provisions of Section 192A of the Companies Act, 1956 last year nor it is proposed this year.

**7. Disclosures**

- There were no significant transactions of material nature with the related parties viz. Promoters, Directors or the Management or their subsidiaries or relatives during the year that have potential conflict with the interest of the Company. Suitable disclosures as required by the Accounting Standard (AS-18) have been made in the Annual Report.
- There are no pecuniary relationship or transactions of non-executive directors vis-à-vis the Company that have potential conflict with the interest of the Company at large.
- No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- The Company has Complied with the non-mandatory requirements of Clause 49 of the Listing Agreement as far as possible.
- Disclosures regarding appointment or re-appointment of Directors :**

According to the Articles of Association of the Company, two directors namely Shri Ramapati Singhania and Dr. K. B. Agarwal will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment Pursuant to clause 49 of the Listing Agreement relating to the Code of Corporate Governance, the particulars of the aforesaid Directors are given below :

- Shri Ramapati Singhania** is B. Tech (Elect. Engg.), M.B.A. and has been associated with the Company since 1983. He was Special Executive and Whole Time Director of the Company. During tenure of his office as a Whole-time Director, he had been devoting whole of his time in the conduct and supervision of the operations of Kota and Jhalawar plants. He has considerable experience in man made Fibre Industry.
- Dr. K. B. Agarwal** is M.Com., LL. B., Ph.D., AICWA, FCS and has been a director of the Company since 8<sup>th</sup> January, 1987. He has vast experience in the fields of Finance, Accounts and Capital Market. He is past President of U.P. Stock Exchange Association Ltd. and Merchants' Chamber of Uttar Pradesh. He is Vice Chairman & Director of M/s. Key Corp Ltd. He is also on the Board of Directors of J. K. Cement Ltd.

**8. Code of Conduct**

The Board of Directors has already adopted the Code of Ethics & Business Conduct for the Directors and Senior Management Personnel. This Code is a comprehensive code applicable to all Directors, Executives as well as Non-Executives and members of the Senior Management. A copy of the Code has been put on the Company's website [www.jksynthetics.com](http://www.jksynthetics.com)

The Code has been circulated to all the members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them. A declaration signed by the Managing Director & CEO in this regard is given below :

"I hereby confirm that :

The Company has obtained from all the members of the Board and Senior Management personnel of the Company, affirmation that they have complied with the code of Ethics and Business Conduct framed for Directors and Senior Management Personnel in respect of the financial year 2008-09.

Yadupati Singhania  
(Managing Director & CEO)"

**9. Means of Communications**

The Annual, Half yearly and Quarterly results are submitted to the Stock Exchanges in accordance with Listing Agreement and the same are published regularly in the newspapers. Management Discussion and Analysis does not form part of Annual Report.

All vital information relating to the Company and its performance, including quarterly results etc. are simultaneously posted on Company's website [www.jksynthetics.com](http://www.jksynthetics.com) and on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by SEBI in association with the National Informatics Centre (NIC).

**10. General Shareholders Information**

**a) Address for Correspondence**

Share Department,  
J.K. Synthetics Ltd.,  
Kamla Tower, Kanpur - 208001  
Telephone No. : (0512) 2371478 - 81 Fax : (0512) 2399854  
Email : [jksnr@jkcement.com](mailto:jksnr@jkcement.com)

**b) Annual General Meeting**

Date / Time : Saturday, 19<sup>th</sup> September, 2009 at 12.00 Noon.  
Venue : Conference Hall of the Merchants' Chamber of Uttar Pradesh,  
14/76, Civil Lines, Kanpur.

**c) Financial Calendar (Tentative)**

- First Quarter Results - By the end of July, 2009
- Second Quarter Results - By the end of October, 2009
- Third Quarter Results - By the end of January, 2010
- Results for the year ending 31<sup>st</sup> March, 2010 - By the end of June, 2010



**d) Date of Book Closure**

15th September, 2009 to 19th September, 2009 (both days inclusive)

**e) Dividend payment date :** Not applicable (No dividend is proposed)

**f) Listing on Stock Exchanges/Stock Code**

The details regarding payment of listing fee to Stock Exchanges are given below :

Sl. No.	Name of Stock Exchange	Listing Fee paid Upto	Stock Code No.
1	The Bombay Stock Exchange Ltd., Mumbai	2008-2009	500306
2	The U.P. Stock Exchange Association Ltd., Kanpur	2008-2009	JK

**g) ISIN Number**

INE 903A101017

**h) Stock Market Data**

The monthly high / low share prices during the year 2008-09 are as follows :

Mnth	High Rs.	Low Rs.	BSE	BSE
			Sensex High	Sensex Low
April, 2008	4.44	3.50	17480.74	15297.96
May, 2008	4.64	3.82	17735.70	16196.02
June, 2008	4.09	3.05	16632.72	13405.54
July, 2008	4.50	2.85	15130.09	12514.02
August, 2008	4.35	3.35	15579.78	14002.43
September, 2008	3.71	2.31	15107.01	12153.55
October, 2008	2.95	1.55	13203.86	7697.39
November, 2008	2.21	1.62	10945.41	8316.39
December, 2008	2.30	1.57	10188.54	8467.43
January, 2009	2.50	1.67	10469.72	8631.60
February, 2009	2.05	1.50	9724.87	8619.22
March, 2009	2.06	1.30	10127.09	8047.17

**i) Registrar/Share Transfer Agent**

The Company has full fledged in-house share registry department (as per common agency concept of SEBI) at its Registered Office at Kamla Tower, Kanpur, which provides all services for Share registry both in physical and Demat segments.

**j) Share Transfer System**

Share Transfer work of physical segment is attended to by the Company (in-house) within the prescribed period under law and the Listing requirements and various activities of physical segment including Share(s) transfer are approved by a Committee of Directors, which meets periodically.

**k) Distribution of Shareholding as on 31.3.2009**

No. of Equity Shares held	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-holding
Upto 500	105207	87.95	10579516	14.25
501 to 1000	7322	6.12	6418600	8.64
1001 to 2000	3474	2.90	5703486	7.68
2001 to 3000	1179	0.99	3108305	4.18
3001 to 4000	503	0.42	1869576	2.52
4001 to 5000	666	0.56	3233526	4.35
5001 to 10000	726	0.61	5592411	7.53
10001 and above	538	0.45	37764083	50.85
<b>Total</b>	<b>119615</b>	<b>100.00</b>	<b>74269503</b>	<b>100.00</b>

**l) Category of Shareholders as on 31<sup>st</sup> March 2009**

Category	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-holding
Promoters and Promoter Group	26	0.02	5926835	7.98
Mutual Funds/ UTI	16	0.01	209480	0.28
Financial Institutions/ Banks	107	0.09	64187	0.09
Insurance Companies	9	0.01	3042127	4.10
FII's	17	0.01	203742	0.27
Bodies Corporate	1081	0.90	16258085	21.89
Individuals	118266	98.88	46210818	62.22
Others	91	0.08	2354229	3.17
<b>Total</b>	<b>119613</b>	<b>100.00</b>	<b>74269503</b>	<b>100.00</b>

**(m) Dematerialisation of Shares / Liquidity**

65714643 Equity shares representing 88.48% of the paid up equity capital of the Company have been dematerialised till 31st March, 2009.

**(n) Plant Location**

Company has following plants but all are closed since 1997. Pursuant to the scheme approval by Hon'ble AAIFR, Assets Sale Committee has disposed off these plants subsequent to close of the financial year.

Plant	Location
Acrylic Fibre Plant	Gopalgram, Prithipura, Distt. Jhalawar (Rajasthan)
Tyre Cord and Yam	
Power, Steam and Other Utilities (For captive consumption)	

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**To the Members of J. K. Synthetics Limited.**

We have examined the compliance of conditions of Corporate Governance by J. K. SYNTHETICS LIMITED as at 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an 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 and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, no investor Grievances were pending for a period exceeding one month.

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 P. L. TANDON & CO.  
Chartered Accountants

RAJENDRA GUPTA  
Partner

Place : Kanpur  
Dated : 28th July, 2009

Membership No. 73250



## AUDITORS' REPORT ON ABRIDGED ACCOUNTS

TO  
THE MEMBERS OF  
J.K. SYNTHETICS LIMITED

We have examined the attached abridged Balance Sheet of J.K. Synthetics Limited as at March 31, 2009, the abridged Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto, together with the notes thereon. These abridged financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the financial statements of the Company for the year

ended March 31, 2009 prepared in accordance with Schedule VI to the Companies Act, 1956 and covered by our report of even date to the members of the Company which report is attached.

For P.L. TANDON & CO.  
Chartered Accountants

RAJENDRA GUPTA  
Partner

Place : Kanpur  
Dated : 26.05.2009

Membership No. 73250

## AUDITORS' REPORT

TO  
THE MEMBERS OF  
J.K. SYNTHETICS LIMITED

1. We have audited the attached Balance Sheet of J.K. Synthetics Limited, as at 31st March, 2009, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year 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 the 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 also 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 sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to 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 purposes of our audit;
  - b) In our opinion, proper books of account, as required by law, have been kept by the company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except liability for Leave Encashment and Gratuity which have been provided on the basis of actual liability determined by the management as on 31-03-2009.
  - e) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with notes give the information required by the Companies Act, 1956, in the manner so required

and 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, 2009;
- (b) in the case of the Profit & Loss Account of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date

For P.L. TANDON & CO.  
Chartered Accountants

RAJENDRA GUPTA  
Partner

Place : Kanpur  
Dated : 26.05.2009

Membership No. 73250

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (3) of our report of even date)

- (i) In respect of its Fixed Assets :
  - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets other than furniture and fixtures and office equipments.
  - (b) Fixed assets have not been physically verified by the management during the year.
  - (c) **The company is in process of disposal/sale of its only manufacturing plant and other surplus assets as per scheme approved by Hon'ble AAIFR. There is substantial doubt about the company's ability to continue as a going concern in the foreseeable future with regard to manufacturing activities.**
- (ii) In respect of its Inventories :
 

The Company has stock in trade of Land and Building only and, therefore, the provisions of clause 4(ii)(a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (iii) In respect of loans, secured or unsecured, granted or taken by the company to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956, according to the information and explanations given to us :
  - (a) The company has not granted any Loans to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As the company has not granted any Loans secured or unsecured to parties listed in the register maintained under Section 301 of the Companies Act, 1956, the provisions of clause 4(iii)(b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.



- (e) The company had taken interest free unsecured Loans from four parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs 4000 Lacs and the year end balance of Loans taken from such parties was Rs.3800 Lacs.
- (f) The above Loans are interest free and other terms and conditions on which Loans have been taken from parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company
- (g) No terms and conditions of repayment of Loans have been stipulated.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- (v) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 :
- (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits within the provisions of Sections 58A and 58AA and other relevant provisions of the Companies Act, 1956. Therefore, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) No manufacturing activities have been carried out during the year, the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 are, therefore, not applicable to the Company.
- (ix) According to the information and explanations given to us, in respect of statutory and other dues :
- (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and any other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, following undisputed amount was payable in respect of aforesaid dues which was in arrears as at 31st March, 2009 for a period more than Six months from the date they became payable :

Name of Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which amount relates
Central Excise and Custom Act	Excise & Custom	144.33	Various years

- (c) According to the records of the company, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute, are as follows :-

Name of Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which amount relates	Forum where dispute is pending
Trade Tax Act	Trade Tax	8.19	1985-86 & 1987-88	Trade Tax Tribunal
Provident Fund Act	Damages	76.45	Various Years	Assistant Provident Fund Commissioner, Kota.
Land Tax Act	Land Tax	7.88	2006-07 to 2008-09	DIG (Registration) Cum Collector (Stamps), Appellate Authority, Kota
Central Excise & Custom Act	Excise Duty and Interest	1402.45	Various Years	Asst. Commissioner Central Excise Division, Kota/ Supreme Court.
Income Tax	Income tax and Interest thereon	341.86	2004-05	Commissioner of Income Tax (Appeals)

- (x) The company's accumulated losses at the end of the financial year exceeded the net worth of the company. The company has not incurred cash losses during the financial year covered by our audit and during the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to bank.
- (xii) As explained to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities
- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, the company has maintained proper records of transactions and contracts of investment in Shares and timely entries have been made therein. All the investments have been held by the Company in its own name.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long-term investment
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) As the company has no debenture outstanding at any time during the year, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are, therefore, not applicable to the company.
- (xx) The company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For P. L. TANDON & CO.  
Chartered Accountants

RAJENDRA GUPTA  
Partner  
Membership No. 73250

Place : Kanpur  
Dated : 26.05.2009

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	2008-2009 Rs./Thousands	2007-2008 Rs./Thousands
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before Tax as per Profit & Loss Account	<b>(32262)</b>	26685
Adjusted for :		
Depreciation and Impairment Loss	<b>86562</b>	846
Interest	<b>569</b>	1178
Interest Received	<b>(28735)</b>	(22036)
Dividend Income	<b>(530)</b>	(592)
Profit on sale of Fixed Assets	<b>(145412)</b>	(34930)
Loss on sale of assets	<b>5</b>	3
Loss on Sale of Investments	<b>-</b>	474
Provisions / Balances written off / written back	<b>94543</b>	(663)
Profit on sale of Investment	<b>(1399)</b>	-
Operating Profit/(Loss) before Working Capital Changes	<b>(26659)</b>	(29035)
Adjusted for		
Decrease in Trade & Other Receivables	<b>26174</b>	(56267)
Decrease in Inventories	<b>-</b>	1508
Increase/(Decrease) in Trade Payables	<b>(125309)</b>	73746
Cash Generated from Operations	<b>(125794)</b>	(10048)
Tax Paid (Net)	<b>(20438)</b>	(174)
Net Cash Used in Operating Activities	<b>(146232)</b>	(10222)
Investment written off	<b>-</b>	(879)
	<b>(146232)</b>	(11101)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Fixed Assets	<b>(2598)</b>	(67)
Sale of Fixed Assets	<b>152106</b>	36647
Sale of Investments (Net)	<b>2202</b>	405
Interest Income	<b>23603</b>	14489
Dividend Income	<b>530</b>	592
Net Cash From Investing Activities	<b>175843</b>	52066
<b>C. CASH FLOW USED IN FINANCING ACTIVITIES</b>		
Interest Paid	<b>(581)</b>	(1194)
Bank Overdraft against Fixed Deposits and Vehicles Loan	<b>52981</b>	(286)
Repayment of Unsecured Loan of J.K. Cement Ltd.	<b>(20000)</b>	(70000)
Repayment of Unsecured Loan - Others	<b>(465)</b>	(500)
Net Cash Used In Financing Activities	<b>31935</b>	(71980)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	<b>61546</b>	(31015)
Opening Balance of Cash and Cash Equivalents	<b>33840</b>	64855
Closing Balance of Cash and Cash Equivalents	<b>95386</b>	33840

As per our Report attached

For P. L. TANDON & Co.,  
Chartered Accountants

GAUR HARI SINGHANIA  
Chairman

GOVIND HARI SINGHANIA  
Vice Chairman

RAJENDRA GUPTA  
Partner

YADUPATI  
Managing Director & CEO

K. N. KHANDELWAL  
President (F&A) & CFO

K. B. AGARWAL  
JAGENDRA SWARUP  
N. K. JHAJHARIA  
K. V. MURTHY } Directors

Kanpur  
Dated : 26th May, 2009



## ABRIDGED BALANCE SHEET as at 31st March, 2009

	31-03-2009 Rs./Thousands	31-03-2008 Rs./Thousands
<b>SOURCES OF FUNDS</b>		
Shareholders' Funds		
Capital		
Equity	<b>743473</b>	743473
Reserves and Surplus		
Capital Reserve	<b>156</b>	156
Capital Redemption Reserve	<b>70486</b>	70486
Share Premium Account	<b>706366</b>	706366
	<b>777008</b>	777008
Loan Funds		
Secured Loans (Other than debentures)	<b>60094</b>	7113
Unsecured Loans	<b>391004</b>	411469
	<b>1971579</b>	1939063
<b>TOTAL</b>	<b>1971579</b>	1939063
<b>APPLICATION OF FUNDS</b>		
Fixed Assets		
Net Block (original cost less depreciation and impairment loss)	<b>371493</b>	462155
Investments		
Others : Quoted and Unquoted	<b>17257</b>	18060
Current Assets, Loans & Advances		
Inventories	<b>2571</b>	2571
Sundry Debtors	<b>44500</b>	67500
Cash and Bank Balances	<b>95386</b>	33840
Other Current Assets	<b>10638</b>	11699
Loans and Advances	<b>143403</b>	214721
	<b>296498</b>	330331
Less : Current Liabilities and Provisions		
Liabilities	<b>387920</b>	479055
Net Current Assets	<b>(91422)</b>	(148724)
Profit & Loss Account	<b>1674251</b>	1607572
<b>TOTAL</b>	<b>1971579</b>	1939063

As per our Report attached

For P. L. TANDON & Co.,  
Chartered AccountantsGAUR HARI SINGHANIA  
ChairmanGOVIND HARI SINGHANIA  
Vice ChairmanRAJENDRA GUPTA  
PartnerYADUPATI  
Managing Director & CEOK. N. KHANDELWAL  
President (F&A) & CFOK. B. AGARWAL  
JAGENDRA SWARUP  
N. K. JHAJHARIA  
K. V. MURTHY

} Directors

Kanpur  
Dated : 26th May, 2009

**ABRIDGED PROFIT & LOSS ACCOUNT For the year ended 31st March, 2009**

	2008-2009 Rs./Thousands	2007-2008 Rs./Thousands
<b>INCOME</b>		
Sales	-	17200
Less: Excise Duty and Sales Tax	-	22
Net Sales	-	17178
Dividends	530	592
Interest	28735	22036
Profit on Sale of Assets	145412	34930
Other Income (including services rendered)	11506	11960
<b>TOTAL</b>	<b>186183</b>	<b>86696</b>
<b>EXPENDITURE</b>		
Purchase of Traded Goods	-	15660
Other Expenses :		
Salaries, Wages and Other Employees Benefits	13638	14608
Interest	569	1178
Depreciation	820	846
Impairment Loss	85742	-
Auditors' Remuneration	95	67
Other Expenses	23047	29412
<b>TOTAL</b>	<b>123911</b>	<b>61771</b>
Profit before Tax & Extra Ordinary Items	62272	24925
Extra Ordinary Items Net (Refer Note No. 5)	(94534)	1760
Profit/(Loss) before tax	(32262)	26685
Provision for Taxation (FBT)		
For the year	(231)	(294)
Provision for Income Tax and Interest thereon for earlier years	(34186)	-
Profit / (Loss) after Tax	(66679)	26391
Balance from previous year	(1607572)	(1633963)
Balance carried to Balance Sheet	<b>(1674251)</b>	<b>(1607572)</b>

As per our Report attached

For P. L. TANDON & Co.,  
Chartered Accountants

GAUR HARI SINGHANIA  
Chairman

GOVIND HARI SINGHANIA  
Vice Chairman

RAJENDRA GUPTA  
Partner

YADUPATI  
Managing Director & CEO

K. N. KHANDELWAL  
President (F&A) & CFO

K. B. AGARWAL  
JAGENDRA SWARUP  
N. K. JHAJHARIA  
K. V. MURTHY } Directors

Kanpur  
Dated : 26th May, 2009



**Notes to the Abridged Balance Sheet as at 31st March, 2009 and Abridged Profit & Loss Account for the year ended on that date**

(Rupees in Thousands)

1. The amount of contingent liabilities in respect of claims against the company not acknowledged as debts is Rs.19646 (2007-08 Rs.19646) and in respect of non-fulfillment of export obligations is Rs.18964 (2007-08 Rs.18964).  
In respect of disputed demands, pending appeals with Appellate Authorities, pertaining to Excise Duty amounting to Rs. 27606 (2007-08 Rs. Nil), income-tax Rs. 22594 (2007-08 Rs. 22594) and Trade Tax Rs. 1469 (2007-08 Rs. 1542) no provision has been considered necessary by the management
2. Sundry debtors considered good includes Rs.44500 recoverable from Arfat Petrochemicals Pvt. Ltd. for sale of Kota assets in the year 2004-05.
4. (a) Pursuant to the Scheme of Rehabilitation, the Company is in process of disposal of its manufacturing plants to settle the liabilities. Company has also taken steps to restructure its Balance Sheet to plan future course of action. The accounts have been prepared on a going concern basis.  
(b) There has been no manufacturing activities during the year. Profit & Loss Account includes inter-alia the expenses on maintenance and security pertaining to remaining assets at Kota and Jhalawar.
5. Extra Ordinary Items include income in respect of suppliers/customers balances written back Rs.1219, excess provision written back Rs.29398 and refund of Excise Duty Rs. 542. Expenditure under this head includes workers' liability of Kota employees as per Arbitration Award Rs.99952 and Bad Debts and Advances written off Rs. 25741.
6. An impairment loss of Rs. 85742 has been provided in respect of Jhalawar Assets held for disposal based on sale price determined after the close of Accounting Year.
7. Deferred Tax assets have not been recognized considering the principle of virtual certainty as stated in the Accounting Standard AS-22 - Accounting for taxes on income.
14. Previous year's figures have been re-casted / re-grouped wherever necessary to conform to the classification of the year.

Market value of quoted investments as on 31.3.2009 was Rs.10867 (31.3.2008 Rs.35048).

Company has two manufacturing plants at Jhalawar which are not operating and are on sale having following capacities :-

	<u>Licenced capacity</u> (M.T.)	<u>Installed capacity</u> (M.T.)
Industrial Tyre cord Yarn/Fabrics	5000	2000
Acrylic Staple Fibre	12000	12000

There has been no production/product sale, hence accounting ratios have not been worked out.

As per our Report attached

For P. L. TANDON & Co.,  
Chartered Accountants

GAUR HARI SINGHANIA  
Chairman

GOVIND HARI SINGHANIA  
Vice Chairman

RAJENDRA GUPTA  
Partner

YADUPATI  
Managing Director & CEO

K. N. KHANDELWAL  
President (F&A) & CFO

K. B. AGARWAL JAGENDRA SWARUP N. K. JHAJHARIA K. V. MURTHY	}	Directors
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Kanpur  
Dated : 26th May, 2009

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>1. Registration Details</b>			
Registration No.	1187	State Code	20
Balance Sheet Date	31.03.2009		
<b>2. Capital Raised during the year (Amount in Rs. Thousands)</b>			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
<b>3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)</b>			
Total Liabilities	1971579	Total Assets	1971579
<b>Sources of Funds</b>			
Paid-up Capital	743473	Reserves and Surplus	777008
Secured Loans	60094	Unsecured Loans	391004
<b>Application of Funds</b>			
Net Fixed Assets	371493	Investments	17257
Net Current Assets	✓(-)91422	Misc. Expenditure	NIL
Accumulated Losses	1674251		
<b>4. Performance of Company (Amount in Rs. Thousands)</b>			
Turnover	186183	Total Expenditure	123911
Loss Before Tax	32262	Loss After Tax	66679
Earning per Share in Rs.	0.3 8	Dividend	NIL
<b>5. Generic Names of Principal Products of the Company (as per monetary terms)</b>			
Item Code No. (ITC Code)			
Product Description			
Item Code No. (ITC Code)			
Product Description			

**J. K. SYNTHETICS LIMITED**

Regd. Office : Kamla Tower, Kanpur - 208 001

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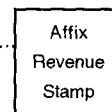
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Client Id*	

Folio No.	
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I/We .....  
 being a Member/Members of J. K. Synthetics Limited hereby appoint .....  
 ..... of .....  
 (or failing him) ..... of .....  
 (or failing him) ..... of .....  
 as my/our Proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Saturday, the 19th September, 2009 at 12.00 Noon and at any adjournment thereof.

Signed this.....day of.....2009

Signature.....



\* Applicable for Investors holding Shares in electronic form.

**Note :** The Proxy Form must be deposited at the Registered Office of the Company at Kamla Tower, Kanpur-208001 not less than 48 hours before the time for holding the meeting. The Proxy need not be a member of the Company.

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