

## NOTICE

**NOTICE** is hereby given that the Annual General Meeting of the Members of J.K. Synthetics Ltd. will be held in the Sir Padampat Singhania Auditorium of the Merchants' Chamber of Uttar Pradesh, 14/76, Civil Lines, Kanpur on Saturday, the 23rd September, 2006 at 12.00 Noon to transact the following business :-

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2006, 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 a Director in place of Shri Jagendra Swarup, who retires by rotation and, being eligible, offers himself for reappointment.
5. 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 and in that connection to pass the following resolution as an **Ordinary Resolution** :-

"RESOLVED that pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s. P.L. Tandon & Company, Chartered Accountants, Kanpur, the retiring Auditors of the Company be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors or any Committee of the Board thereof, in addition to the reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit and service tax, if any."

By Order of the Board



**(J.P. BAJPAI)**  
Secretary

Registered Office :  
Kamla Tower, Kanpur.  
Dated : 24th June, 2006

## NOTES :

- i) The Register of Members and Share Transfer Books of the Company will remain closed from 18<sup>th</sup> September, 2006 to 23<sup>rd</sup> September, 2006, both days inclusive.
- ii) 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.
- iii) Members are requested to bring their copies of the Annual

Report, as Copies of the Report will not be distributed again at the Meeting.

- iv) 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.
- v) 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.
- vi) **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.**
- vii) 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.

### viii) **Reappointment of Directors** :-

At the ensuing Annual General Meeting Shri Ramapati Singhania, Dr. K.B. Agarwal and Shri Jagendra Swarup shall retire by rotation and being eligible, offer themselves for reappointment.

Pursuant to clause 49 of the Listing Agreement relating to the Code of Corporate Governance, the particulars of the aforesaid Directors are given below :

- a) **Shri Ramapati Singhania** is B. Tech (Elec. Engg.), M.B.A. and has been associated with the Company since 1<sup>st</sup> August, 1983. He was Special Executive till 6<sup>th</sup> May, 1985. He has been Whole Time Director of the Company from 6<sup>th</sup> May, 1985 to 31<sup>st</sup> August, 1999. 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.
- b) **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 has been 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.
- c) **Shri Jagendra Swarup** has been a director of the Company since 30<sup>th</sup> July, 2001. He is a Senior Advocate. He has been in practice for over 30 years and has vast experience in the legal field and particularly on matters relating to Corporate Laws, Banking and Taxation. He is the legal advisor to leading Indian Companies and Banks. He is member of various Associations and is holding important positions in various fields viz. professional, political, commercial, educational and social. He has been a member of Legislative Council of U.P. for the last so many consecutive terms.



## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors submit the Annual Report and audited Statements of Account for the year ended 31st March, 2006.

### 2. FINANCIAL RESULTS

	2005-06 (Rs./Thousands)
Sales & Other Income	73551
Profit before Depreciation	24147
Depreciation & Impairment Loss	115080
Loss for the year	(90933)
Extra Ordinary Items	75530
Loss before tax	(15403)
Provision for Fringe Benefit Tax	645
Balance from previous year	(1582763)
Balance carried to Balance Sheet	(1598811)

### 3. OVERALL PERFORMANCE

During the year under report, there has been no manufacturing operations and the Company's only left man made fibre plant at Jhalawar remained closed. Company had income only from interest, rent and sale of investments. After meeting the fixed over-heads, maintenance, security and insurance of the assets but before depreciation, there has been a profit of Rs.24147 thousands during the year. Since Jhalawar plants are on disposal, the impairment loss of Rs.110773 thousands has been provided in the books, on account of deterioration in value as determined by the approved valuer.

### 4. DIVIDEND

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

### 5. REHABILITATION PACKAGE

As reported last year, pursuant to the scheme approved by Hon'ble AAIFR, cement units were demerged and Kota plants were sold/transferred in 2004-05 and the Company is left with only manufacturing plants at Jhalawar.

In respect of Jhalawar plants, the Company in consultation with Asset Sale Committee (ASC) has appointed M/s. Access International, LLC, Boston, USA, as Consultants, to scout a buyer / joint venture partner. Access International has taken several steps inter-alia including releasing advertisements in the global magazines, personal contacts with Indian and Foreign parties, but due to recession in Acrylic and Tyre Cord market all over the world the response of the parties have not been encouraging. The market value of plants is deteriorating. Efforts are now being made for sale of the plants in whole or piecemeal to avoid further deterioration in the value.

Asset Sale Committee after inviting bids had identified highest bidders in respect of some of the Company's flats at Delhi, Noida, Surat and Ahmedabad. Subsequently, they had submitted their recommendation to Hon'ble AAIFR for their approval. However, approval of Hon'ble AAIFR is pending.

Further the Company's applications for relief and concessions by way of waiver of interest are pending with AAIFR and Govt. Authorities.

### 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 are in operation.

### 7. SUBSIDIARIES

M/s. Jaykaytech Ltd. has ceased to be a subsidiary of the Company after its name has been struck off u/s. 560 of the Companies Act, 1956 by the Registrar of Companies, NCT of Delhi & Haryana. Similarly, M/s. J.K. Satoh Agricultural Machines Ltd., another subsidiary has also ceased to be the subsidiary of the Company during the year under report consequent upon reduction of Company's holding in it below 50%.

### 8. PARTICULARS OF EMPLOYEES

There is no 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.

### 9. PUBLIC DEPOSITS

The Company is not accepting any deposits from the public. The deposits received in earlier years from the public remained unclaimed as on 31.3.2006 amounted to Rs.4.62 Lacs in the accounts of 102 depositors, against which deposits amounting to Rs.0.12 Lacs have since been repaid. The Company is repaying the outstanding deposits as and when claimed.

The unclaimed amounts relating to Public deposits redeemed by the Company up to 31.03.1998 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.

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

As there has been no manufacturing operations 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.

### 11. AUDITORS' REPORT

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

**12. COST AUDIT**

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

**13. DIRECTORS**

13.1 Three of your directors namely Shri Ramapati Singhania, Dr. K. B. Agarwal and Shri Jagendra Swarup will retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for reappointment.

13.2 Shri A. Karati, Nominee director of ICICI Bank Ltd. ceased to be director w.e.f. 31<sup>st</sup> October, 2005. Your directors wish to place on record their warm appreciation for the valuable services and advice rendered by Shri A. Karati during tenure of his office.

**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, subject to note No.2 of Notes on accounts.

**15. AUDITORS**

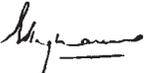
M/s. P.L. Tandon and Co., Chartered Accountants, Kanpur, Auditors of the Company will retire from their office at the ensuing Annual General Meeting. They are, however, eligible for re-appointment. They have furnished a Certificate to the effect that their appointment will be in accordance with limits 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**

Kanpur  
Dated : 24th June, 2006

  
CHAIRMAN



## 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

At J.K. Synthetics, we view Corporate Governance in its widest sense, almost like trusteeship. The Company's philosophy on Corporate Governance is to enhance the long-term economic value of the Company, its stakeholders i.e. the society at large by adopting better corporate practices in fair transparent manner by aligning interest of the Company with that of its shareholders/other key stakeholders.

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 clause 49 of the Listing Agreement.

### 2. Board of Directors

#### (a) Composition/Category

The present strength of the Board of Directors is eleven, whose composition is given below :

- One Promoter, Executive, Non-Independent Director
- Three Promoter, Non-Executive, Non-Independent Directors
- One Independent, Non Executive, Nominee Director representing General Insurance Corporation
- 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	No. of other Directorships	No. of Board Committees (Other than J.K.Synthetics Ltd.) in which	
				Chairman	Member
1	Dr. Gaur Hari Singhania <i>Chairman</i>	Promoter, Non Executive, Non Independent	6	1	1
2	Shri Govind Hari Singhania <i>Vice Chairman</i>	Promoter, Non Executive, Non Independent	2	-	-
3	Shri Yadupati Singhania <i>Managing Director and CEO</i>	Promoter, Executive, Non Independent	13	-	2
4	Shri A. Karati* <i>(Nominee of ICICI Bank Ltd.)</i>	Non-Executive, Independent	9	-	12
5	Shri Suparas Bhandari <i>(Nominee of GIC)</i>	Non-Executive, Independent	2	-	-
6	Shri Ramapati Singhania	Promoter, Non-Executive, Non Independent	-	-	-
7	Dr. K.B. Agarwal	Non-Executive, Independent	1	-	-
8	Shri Jagendra Swarup	Non-Executive, Independent	-	-	-
9	Shri Kailash Nath	Non-Executive, Independent	-	-	-
10	Shri N.K. Jhajharia	Non-Executive, Independent	-	-	-
11	Shri R.K. Tandon	Non-Executive, Independent	1	-	-
12	Shri K.V. Murthy	Non-Executive, Independent	-	-	-

\*ceased to be director w.e.f. 31<sup>st</sup> October, 2005

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

During the financial year ended March 31, 2006, four (4) Board Meetings were held on the following dates :

- 27th April, 2005
- 29th July, 2005
- 31st October, 2005
- 31st January, 2006

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 28.09.2005
1	Dr. Gaur Hari Singhania	2	YES
2	Shri Govind Hari Singhania	3	NO
3	Shri Yadupati Singhania	2	YES
4	Shri A. Karati**	1	NO
5	Shri Suparas Bhandari	2	NO
6	Shri Ramapati Singhania	-	NO
7	Dr. K.B. Agarwal	3	YES
8	Shri Jagendra Swarup	4	NO
9	Shri Kailash Nath	4	NO
10	Shri N.K. Jhajharia	4	YES
11	Shri R.K. Tandon	2	NO
12	Shri K.V. Murthy	2	YES

\*\*ceased to be director w.e.f. 31.10.2005

### 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 Company Secretary is the Secretary for such meetings. The Statutory Auditors, the Cost Auditors, the Internal Auditors and President (Finance and Accounts) of the Company attend the meetings as invitees.

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, 2006, three (3) meetings were held on :

- 29th July, 2005
- 31st October, 2005
- 31st January, 2006.

The Committee approved and recommended the annual accounts for the year 2004-05 in their meeting held on 29<sup>th</sup> July, 2005.

The attendance at the Audit Committee Meetings was as under :

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

#### 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 31<sup>st</sup> March, 2006, 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 sitting fees for meetings of the Board or any committee thereof attended by them. Managing Director and CEO is being provided only certain facilities, value of which is being realized from him.

##### d) Details of Remuneration to the Directors for the year ended 31<sup>st</sup> March, 2006

Sl. No.	Name of Director	Salary	Benefits	Sitting Fee	Total
1	Dr. Gaur Hari Singhania	-	21526	-	21526
2	Shri Govind Hari Singhania	-	47212	-	47212
3	Shri Yadupati Singhania	-	-	-	-
4	Shri A. Karati@	-	-	3000	3000
5	Shri Suparas Bhandari	-	-	6000	6000
6	Shri Ramapati Singhania	-	-	-	-
7	Dr. K.B. Agarwal	-	-	31000	31000
8	Shri Jagendra Swarup	-	-	35000	35000
9	Shri Kailash Nath	-	-	18000	18000
10	Shri N.K. Jhajharia	-	-	12000	12000
11	Shri R.K. Tandon	-	-	6000	6000
12	Shri K.V. Murthy	-	-	6000	6000

@ceased to be director w.e.f. 31.10.2005

#### 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 J.P. Bajpai, Sr. President (H.O.) & Company Secretary 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 and Attendance

During the financial year ended 31<sup>st</sup> March, 2006, Four (4) meetings were held on :

- (1) 10th May, 2005
- (2) 29th July, 2005
- (3) 31st October, 2005
- (4) 31st January, 2006

The attendance at the Committee Meetings was as under :

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

The number of complaints outstanding as on 1st April, 2005 were 35. The total number of the complaints received during the year ended 31st March, 2006 from the shareholders and debenture holders were 2316, out of which 2349 complaints were satisfactorily replied/redressed and outstanding complaints as on March 31st, 2006 were 2. All the pending complaints have been attended to / replied to by the Company after the period under report.

The number of pending share transfers and pending requests for dematerialisation as on 31<sup>st</sup> March, 2006 were as follows :

	Particulars	No. of Requests	No. of Shares
1.	Transfers	42	20791
2.	Demat	118	2128690
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
2002 – 03	20 <sup>th</sup> September, 2003	12.00 Noon
2003 – 04	27 <sup>th</sup> September, 2004	12.00 Noon
2004 – 05	28 <sup>th</sup> September, 2005	12.00 Noon

All the above meetings were held in the 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 28<sup>th</sup> September, 2005 to answer the queries of the Shareholders.

Except one Special Resolution regarding De-listing of Company's Securities from The Calcutta Stock Exchange Association Ltd. and Delhi Stock Exchange Association Ltd., which was passed in the Annual General Meeting held on 20.09.2003, no other Special Resolutions were passed at the other two AGMs.



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) has 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.

## 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 2005-06.

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

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

## b) Annual General Meeting

Date / Time : 23rd September, 2006 at 12.00 Noon.  
Venue : Sir Padampat Singhania Auditorium of the Merchants' Chamber of Uttar Pradesh, 14/76, Civil Lines, Kanpur.

## c) Financial Calendar

- First Quarter Results – End of July, 2006
- Second Quarter Results – End of October, 2006
- Third Quarter Results – End of January, 2007
- Results for the year – By end of June, 2007 ending 31<sup>st</sup> March, 2007

## d) Date of Book Closure

18th September, 2006 to 23rd September, 2006 (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	2005-2006	500306
2	The U.P. Stock Exchange Association Ltd., Kanpur	2005-2006	JK

**Note :** The Equity and Preference Shares of the Company have been delisted from The Delhi Stock Exchange Association Ltd., Delhi and The Calcutta Stock Exchange Association Ltd. Kolkata.

## g) ISIN Number

INE 903A01017

## h) Stock Market Data

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

Month	High	Low	BSE Sensex High	BSE Sensex Low
April 2005	8.05	6.61	6606.41	6134.86
May 2005	10.37	6.30	6715.11	6195.15
June 2005	9.60	7.00	7193.85	6655.56
July 2005	10.50	7.00	7635.42	7145.13
August 2005	13.26	9.00	7859.53	7595.57
Sept. 2005	13.89	8.05	8650.17	7876.15
Oct. 2005	9.92	6.40	8799.96	7685.64
Nov. 2005	8.25	6.80	8994.94	7944.10
Dec. 2005	7.99	5.15	9397.93	8815.53
Jan. 2006	7.60	5.60	9919.89	9237.53
Feb. 2006	6.50	4.81	10370.24	9742.58
March 2006	5.50	3.85	11307.04	10508.85

**i) Registrar/Transfer Agent**

The Company has in-house share registry department at its Registered Office at Kamla Tower, Kanpur, which provides all services for Share registry both in physical and Demat segment.

**j) Share Transfer System**

Share Transfer work of physical segment is attended to by the Company within the prescribed period under law and the Listing Agreements with Stock Exchanges. All share transfers etc. are approved by a Committee of Directors, which meets periodically.

**k) Distribution of Shareholding as on 31.3.2006**

No. of Equity Shares held	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-holding
Upto 500	111932	88.55	11459210	15.429
501 to 1000	7407	5.86	6410954	8.632
1001 to 2000	3467	2.74	5611217	7.555
2001 to 3000	1259	1.00	3326650	4.479
3001 to 4000	548	0.43	2035578	2.741
4001 to 5000	582	0.46	2813274	3.788
5001 to 10000	649	0.52	4910351	6.612
10001 and above	567	0.44	37702269	50.764
<b>Total</b>	<b>126411</b>	<b>100.00</b>	<b>74269503</b>	<b>100.00</b>

**l) Category of Shareholders as on 31<sup>st</sup> March 2006**

Category	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-holding
Promoters and Persons acting in concert	27	0.02	5576835	7.51
Mutual Funds and UTI	16	0.01	211680	0.29
Banks and Financial Institutions	120	0.09	3721952	5.01
FII's	17	0.01	207742	0.28
Bodies Corporate	1391	1.11	16042978	21.60
NRIs /OCBs	2518	2.00	747121	1.00
Indian Public	122297	96.75	45952357	61.87
Others	25	0.01	1808838	2.44
<b>Total</b>	<b>126411</b>	<b>100.00</b>	<b>74269503</b>	<b>100.00</b>

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

61913408 Equity shares aggregating to 83.36% have been dematerialised upto 31<sup>st</sup> March, 2006.

**(n) Plant Location**

Company has following plants (All located in Rajasthan) :

Plant	Location
Acrylic Fibre Plant	Gopalgram, Prithipura, Distt. Jhalawar
Tyre Cord and Yarn	
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 31<sup>st</sup> March, 2006, 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 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*

P. P. SINGH  
*Partner*

Place : Kanpur  
Dated : 24th June, 2006

Membership No. 72754



## 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 31<sup>st</sup> March, 2006, 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;
  - e) On the basis of written representation received from the directors, as on 31<sup>st</sup> March, 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 except Chairman, Vice Chairman and Managing Director & CEO.
  - 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 31<sup>st</sup> March, 2006;
    - (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

P. P. SINGH  
Partner

Place : Kanpur  
Dated : 24th June, 2006

Membership No. 72754

## 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 & Office Equipments.
  - (b) Fixed assets have not been physically verified by the management during the year.
  - (c) **We draw your attention to note no. 2 in schedule 11 of the accounts. The company has made plan for 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.**
- ii. In respect of its Inventories :
  - (a) As explained to us, inventories have not been physically verified during the year by the management.  
In respect of goods lying in Bonded Warehouses, confirmations have not been shown to us.
  - (b) In view of our comments in paragraph 4(ii)(a), Paragraph 4(ii)(b) of the Companies (Auditor's Report) Order, 2003 is not applicable.
  - (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of inventories.
- iii. In respect of Loans Secured or Unsecured, granted or taken by the Company to or from the 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 paragraphs 4(iii)(b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable.
  - (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.6700 Lacs and the year end balance of Loans taken from such parties was Rs.6300 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.

duty and cess which have not been deposited on account of any dispute, are as follows :-

- (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. Accordingly paragraph 4(vi) of the Companies (Auditor's Report) Order, 2003, is not applicable.
- (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 paragraph 4(viii) of the Companies (Auditor's Report) Order, 2003 is, therefore, not applicable.
- (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 31<sup>st</sup> March, 2006 for a period more than Six months from the date they became payable.

Name of the Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which amount relates	Forum where dispute is pending
Trade Tax Act	Trade Tax	8.91	1985-86, 1987-88 to 1988-89	Trade Tax Tribunal
Provident Fund Act	Damages	76.45	Various Years	Assistant Provident Fund Commissioner, Kota
Central Excise Act, 1944	Excise Duty	3.38	1989-90	CEGAT
FERA	Penalty	83.00	1990-92	Appellate Tribunal FERA, New Delhi

- (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 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 paragraph 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. All the investments are 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) According to the information and explanations given to us, the company has not raised any term Loan during the year.
- (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, paragraph 4 (xix) of the Companies (Auditor's Report) Order, 2003 is 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

Name of Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which amount relates
Central Excise Act, 1944	Excise & Custom	320.20	Various years

- (c) According to the records of the company, income tax, sales tax, wealth tax, service tax, custom duty, excise

Place : Kanpur  
Dated : 24th June, 2006

P. P. SINGH  
Partner  
Membership No. 72754

**BALANCE SHEET as at 31st March, 2006**

	Schedule	31-03-2006 Rs./Thousands	31-03-2005 Rs./Thousands
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Capital	1	743473	743473
Reserves & Surplus	2	777008	777008
		<b>1520481</b>	<b>1520481</b>
Loan Funds	3		
Secured Loans		1843	18031
Unsecured Loans		655221	696308
		<b>657064</b>	<b>714339</b>
<b>TOTAL</b>		<b>2177545</b>	<b>2234820</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	4		
Gross Block		3234301	3234015
Less : Depreciation & Impairment Loss		2760378	2645600
Net Block		473923	588415
Capital Work-in-Progress		15312	15312
		<b>489235</b>	<b>603727</b>
Investments	5	17391	9109
Current Assets, Loans & Advances	6		
Inventories		6624	6974
Sundry Debtors		67500	67500
Cash & Bank Balances		70065	105924
Other Current Assets		4446	2087
Loans & Advances		195572	256131
		<b>344207</b>	<b>438616</b>
Less : Current Liabilities & Provisions	7		
Liabilities		272043	399395
Provisions		56	-
		<b>272099</b>	<b>399395</b>
Net Current Assets		<b>72108</b>	<b>39221</b>
Profit & Loss Account		<b>1598811</b>	<b>1582763</b>
<b>TOTAL</b>		<b>2177545</b>	<b>2234820</b>
Notes & Contingent Liabilities	11		

As per our Report attached

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

GAUR HARI SINGHANIA  
Chairman

GOVIND HARI SINGHANIA  
Vice Chairman

K. B. AGARWAL  
KAILASH NATH  
N. K. JHAJHARIA

} Directors

P. P. SINGH  
Partner

YADUPATI  
Managing Director & CEO

J. P. BAJPAI  
Secretary

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

Kanpur  
Dated : 24th June, 2006

**PROFIT & LOSS ACCOUNT For the year ended 31st March, 2006**

	Schedule	2005-2006 Rs./Thousands	2004-2005 Rs./Thousands
<b>INCOME</b>			
Gross Sales		478	5730735
Less : Excise Duty		65	
Sales Tax		18	1150570
Net Sales		395	4580165
Other Income	8	73156	88863
TOTAL		73551	4669028
<b>EXPENDITURE</b>			
Materials		-	407326
Purchase of other finished goods		-	1670
Decrease in Finished/ Process Stocks	9	34	187570
Other Expenses :	10		
Payments to and Provision for Employees		14219	228609
Manufacturing and Other Expenses		33224	2274631
Selling and Distribution Expenses		-	1027655
Interest		1927	32650
Depreciation		4307	340469
Impairment Loss		110773	151238
TOTAL		164484	4651818
Profit/(Loss) for the year before Extra Ordinary Items		(90933)	17210
Extra ordinary Items (Refer Note No. 6)		75530	4148491
Profit/(Loss) before Tax		(15403)	4165701
Provision for Fringe Benefit Tax (FBT)		645	-
Profit/(Loss) after tax		(16048)	4165701
Balance from previous year		(1582763)	(5856297)
Transfer from Debenture Redemption Reserve		-	158019
Transfer to Capital Redemption Reserve		-	(50186)
Balance Carried to Balance Sheet		(1598811)	(1582763)
Earning per share - Basic & Diluted (In Rs.)		(1.23)	0.23
Notes & Contingent Liabilities	11		

As per our Report attached

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

GAUR HARI SINGHANIA  
*Chairman*

GOVIND HARI SINGHANIA  
*Vice Chairman*

K. B. AGARWAL  
KAILASH NATH  
N. K. JHAJHARIA

} *Directors*

P. P. SINGH  
*Partner*

YADUPATI  
*Managing Director & CEO*

J. P. BAJPAI  
*Secretary*

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

Kanpur  
Dated : 24th June, 2006



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

	2005-2006 Rs./Thousands	2004-2005 Rs./Thousands
<b>a. Cash flow from operating activities</b>		
Profit / (Loss) before Tax as per Profit & Loss Account	(15403)	4165701
Adjusted for		
Depreciation	4307	340469
Impairment Loss	110773	151238
Deferred Revenue Exp. Written off	-	76
Interest	1927	32650
Interest Received	(43353)	(54461)
Dividend Income	(308)	(405)
Profit on sale of Fixed Assets	(1644)	(650)
Loss on sale of assets / Investments	48	2629
Profit on Sale of Investments / Reduction in Diminution	(40482)	(9934)
Waiver of Interest on OTS	-	(3619292)
Profit on Sale of Cement Undertakings	-	(2267627)
Loss on Sale of Kota Undertakings	-	11931
Fresh Provision for Interest on OTS	-	1711590
Provisions / Balances written back	(44100)	(50950)
Operating Profit before Working Capital Changes	(28235)	412965
Adjusted for		
Trade & Other Receivables	32077	398887
Inventories	103	614333
Trade Payables	(82992)	(1704083)
Cash Generated from Operations	(79047)	(277898)
Income Tax Refund	28496	2809
Adjusted for		
Fringe Benefit Tax (FBT)	(589)	-
Deferred Revenue Exp.	-	13756
Net Cash from Operating Activities	(51140)	(261333)
<b>b. Cash flow from investing activities</b>		
Acquisition of Fixed Assets	(1125)	(192728)
Sale of Fixed Assets	2133	13981
Sale of Cement Fixed Assets	-	5006648
Sale of Kota Fixed Assets	-	447853
Sale of Investments (Net)	32200	8544
Interest Income (including interest on I.T. Refund Rs. 26105)	40980	59535
Dividend Income	308	405
Net Cash from Investing Activities	74496	5344238
<b>c. Cash flow used in financing activities</b>		
Liabilities relating to Cement Undertakings	-	(456426)
Deposit with Receiver/FI's/Banks (OTS)	-	491861
Proceeds from Short Term Borrowing	-	18031
Repayment of Preference Share Capital (OTS)	-	(50203)
Repayment of Long Term Borrowings (OTS)	-	(2707617)
Decrease in Cash Credit (OTS)	-	(1270169)
Interest Paid	(1971)	(33270)
Interest Paid (OTS)	-	(1918683)
Bank Overdraft against Fixed Deposits	(16157)	-
Unsecured Loan - Others	(1087)	(8626)
Proceeds from Unsecured Loan	(40000)	470000
Net Cash used in Financing Activities	(59215)	(5465102)
Net Increase /(Decrease) in Cash and Cash Equivalents (a+b+c)	(35859)	(382197)
Opening Balance of Cash and Cash Equivalents	105924	488121
Closing Balance of Cash and Cash Equivalents	70065	105924

As per our Report attached

F. P. L. TANDON & Co., Chartered Accountants	GAUR HARI SINGHANIA Chairman	GOVIND HARI SINGHANIA Vice Chairman	K. B. AGARWAL KAILASH NATH N. K. JHAJHARIA	}	Directors
P. P. SINGH Partner	YADUPATI Managing Director & CEO	J. P. BAJPAI Secretary	K. N. KHANDELWAL President (F&A) & CFO		

Kanpur  
Dated : 24th June, 2006

**SCHEDULE - 1****SHARE CAPITAL**

	31-03-2006 Rs./Thousands	31-03-2005 Rs./Thousands
<b>AUTHORISED</b>		
125000000 Equity Shares of Rs.10/- each	1250000	1250000
Cumulative Redeemable Preference Shares		
200000 11% of Rs.100/- each	20000	20000
600000 14% of Rs.100/- each	60000	60000
200000 15% of Rs.100/- each	20000	20000
500000 Unclassified Shares of Rs.100/- each	50000	50000
	<u>1400000</u>	<u>1400000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
74269503 Equity Shares of Rs.10/- each	742695	742695
154877 Add : Equity Shares Forfeited	778	778
	<u>743473</u>	<u>743473</u>

**NOTES :**

The Equity Share Capital includes :

- (i) Rs. 202639 thousands by way of Capitalisation of Reserves.
  - (a) Rs. 2002 thousands deemed as paid towards uncalled liability.
  - (b) Rs. 200637 thousands as fully paid-up Bonus Shares.
- (ii) Rs. 600 Thousands being face value of 60,000 Equity Shares allotted to the Shareholders of erstwhile J.K. Steel and Industries Ltd., pursuant to the scheme of amalgamation.
- (iii) Rs.174752 Thousands being the face value of 1,74,75,219 Equity shares allotted as fully paid-up shares on conversion of Debentures and Term Loans.
- (iv) All Preference Shares have been redeemed.

**SCHEDULE - 2****RESERVES & SURPLUS**

	31-03-2006 Rs./Thousands	31-03-2005 Rs./Thousands
Capital Reserve		
As per last account	156	156
Capital Redemption Reserve		
As per last account	70486	70486
Share Premium Account		
As per last account	706366	706366
	<u>777008</u>	<u>777008</u>



## SCHEDULE - 3

### LOANS

#### SECURED :

	31-03-2006 Rs./Thousands	31-03-2005 Rs./Thousands
Bank Overdraft	1843	18000
Intt. accrued and due (Secured against pledge of Fixed Deposit Receipts)	-	31
	<b>1843</b>	<b>18031</b>

#### UNSECURED

##### Loans and Advances

J. K. Cement Ltd.	580000	620000
Directors and their relatives	50000	50000
Others	25221	26308
	<b>655221</b>	<b>696308</b>
	<b>657064</b>	<b>714339</b>

## SCHEDULE - 4

### FIXED ASSETS

Rs./Thousands

DESCRIPTION	GROSS BLOCK			DEPRECIATION			IMPAIRMENT LOSS		NET BLOCK		
	As at 01-04-2005	Additions	Deductions	As at 31-03-2006	As at 1-04-2005	For the year	Deductions	As at 31-03-2006	As at 31-03-2006	As at 31-03-2005	
Land	1260	-	356	904	-	-	-	-	904	1260	
Leasehold Land (including development expenses)	4268	-	-	4268	653	39	-	692	-	3576	3615
Buildings	310161	-	-	310161	144456	2294	-	146750	60480	102931	126882
Plant & Machinery	2906762	578	6	2907334	2339945	1790	1	2341734	201531	364069	454402
Furnitures, Fixtures and Office Equipments	8661	488	178	8971	7222	85	73	7234	-	1737	1439
Vehicles	2903	59	299	2663	2086	99	228	1957	-	706	817
	<b>3234015</b>	1125	839	<b>3234301</b>	2494362	4307	302	<b>2498367</b>	262011	<b>473923</b>	588415
Previous Year's figures	12484854	97066	9347905	3234015	8369448	340469	6215555	2494362	151238		
Capital Work-in-Progress										<b>15312</b>	15312
										<b>489235</b>	603727

**SCHEDULE - 5**

**INVESTMENTS**

Name of the Bodies Corporate	No. of Shares	31-3-2006		31-3-2005	
		Class of Shares	Book Value (Rs./Thousands)	No. of Shares	Book Value (Rs./Thousands)
<b>LONG TERM INVESTMENTS</b>					
<b>A. Trade Investments (Quoted) :</b>					
Raymond Ltd. @	21940	Equity	1200	37740	2063
J.K. Cotton Spg. & Wvg. Mills Co. Ltd.	590360	Equity	5313	590360	5313
J.K. Jute Mills Co. Ltd.	70900	Equity	149	70900	149
Plastic Products Ltd. (In liquidation)	48900	Ordy.	293	48900	293
J.K. Industries Ltd.*	–	Equity	–	75	5
<b>B. J.K.Satoh Agricultural Machines Ltd. **</b>	<b>520000</b>	<b>Equity</b>	<b>1040</b>	<b>540000</b>	<b>1080</b>
			<b>7995</b>		<b>8903</b>
<b>C. Other Investments and Government Securities</b>					
<b>i. Quoted :</b>					
J. K. Lakshmi Cement Ltd. †	228562	Equity	18742	385000	31570
Others			167		4107
<b>ii. Unquoted :</b>					
Africa Synthetic Fibres Ltd.#	1788500	A 'Ordy.'	35745	1788500	35745
Jaykay Tech Ltd.##	–	Equity	–	600000	6000
National Saving Certificates			15		15
Others			2244		2260
			<b>64908</b>		<b>88600</b>
<i>Less : Provision for Diminution in value of investments</i>			<b>47517</b>		<b>79491</b>
			<b>17391</b>		<b>9109</b>

**NOTES :**

@ 15,800 Equity Shares sold during the year.

\* 75 Equity Shares sold during the year.

\*\* 20,000 Equity Shares sold during the year.

† 1,56,438 Equity Shares sold during the year.

# To be written off after receipt of permission of the Government (Applied for).

## 6,00,000 Equity Shares written off as the name of the Company has been struck off u/s.560 of the Companies Act, 1956 by Registrar of Companies, NCT of Delhi & Haryana.

Previous year's figures have been regrouped wherever necessary.

The Shareholders desiring to have particulars in respect of any of the investments held by the Company, may contact the Secretary or may visit the Company's Website.

The disclosures have been made in accordance with approval u/s. 211(4) of the Companies Act, 1956 received from Ministry of Company Affairs, Government of India.

	31-3-2006		(Rs./Thousands) 31-3-2005	
	Book Value (Net)	Market Value	Book Value (Net)	Market Value
Aggregate value of Unquoted Investments	15	–	15	–
Quoted Investments	17376	29493	9094	44446
	<b>17391</b>	<b>29493</b>	<b>9109</b>	<b>44446</b>

**SCHEDULE - 6****CURRENT ASSETS, LOANS & ADVANCES**

	31-03-2006 Rs./Thousands	31-03-2005 Rs./Thousands
<b>A. INVENTORIES</b>		
Stores, Spare parts etc.	9	78
Raw Materials	—	247
Goods-in-Process	2536	2536
Finished Goods	—	34
Material in Bonded Warehouses	1508	1508
Stock in Trade - Land & Building	2571	2571
	<u>6624</u>	<u>6974</u>
<b>B. SUNDRY DEBTORS</b>		
Debts over six months (Unsecured)		
— Considered Good	67500	—
— Considered Doubtful	125347	125347
Other Debts (Unsecured)		
— Considered Good	—	67500
	<u>192847</u>	<u>192847</u>
Less : Provision for Doubtful Debts	125347	125347
	<u>67500</u>	<u>67500</u>
<b>C. CASH &amp; BANK BALANCES</b>		
Cash & Cheques in hand	10627	4879
Balances with Scheduled Banks in :		
— Current Accounts		
Debiture OTS Payment A/c :		
Balance in Escrow Account	196566	
Less : OTS amount payable to public (Account under reconciliation)	196334	291
— Other Current Accounts	3203	4787
— Deposit Accounts	56003	95908
Balances with Non-Scheduled Banks in :		
— Current Accounts :		
United Mercantile Co-operative Bank Ltd.	—	59
	<u>70065</u>	<u>105924</u>
<b>D. OTHER CURRENT ASSETS</b>		
Interest accrued on Investments and Deposits	4446	2087
<b>E. LOANS &amp; ADVANCES</b>		
UNSECURED - Considered Good Unless Otherwise Stated		
Advances Recoverable in cash or in kind or for value to be received		
— Considered Good	131896	166933
— Considered Doubtful	57713	58930
Taxation (Less Provisions)	58985	83286
Prepaid Expenses	563	1058
Deposits	4128	4854
	<u>253285</u>	<u>315061</u>
Less : Provision for Doubtful Advances	57713	58930
	<u>195572</u>	<u>256131</u>
	<u>344207</u>	<u>438616</u>
<b>NOTE :</b> Maximum amounts due at any time during the year :		
CURRENT ACCOUNTS :		
United Mercantile Co-operative Bank Ltd.	59	369

**SCHEDULE - 7****CURRENT LIABILITIES & PROVISIONS**

	31-03-2006 Rs./Thousands	31-03-2005 Rs./Thousands
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	129342	167301
Other Liabilities	136439	220467
Temporary Book Overdraft	5688	10810
Investor Education & Protection Fund shall be credited by following :		
i. Unpaid Dividend	19	19
ii. Unpaid Matured Deposits	462	692
iii. Interest Accrued on Deposits	93	106
	<u>272043</u>	<u>399395</u>
<b>PROVISIONS</b>		
Fringe Benefit Tax (FBT) (Net of payment)	56	-
	<u>272099</u>	<u>399395</u>

**SCHEDULE - 8****OTHER INCOME**

	2005-2006 Rs./Thousands	2004-2005 Rs./Thousands
Interest Received (Tax deducted at source Rs. 14 Thousands, 2004-2005 Rs. 2194 Thousands)	43353	54461
Rent	8639	7649
Profit on Sale of Assets	1644	2317
Profit on Disposal of Investments (Net)	14404	5270
Profit in Future / Derivatives Share dealing	104	-
Dividend on Shares :		
- Trade	151	307
- Others	157	98
Claims Realised	179	4478
Provisions no longer required	2213	5754
Sundry Receipts/Unclaimed Balances	835	8529
Registrar & Share Transfer Activities	1477	-
	<u>73156</u>	<u>88863</u>

**SCHEDULE - 9****DECREASE IN FINISHED / PROCESS STOCKS****Stocks at Commencement :**

Finished Goods	34	91382
Goods-in-Process	2536	98758
	<u>2570</u>	<u>190140</u>

**Stocks at Close :**

Finished Goods	-	34
Goods-in-Process	2536	2536
	<u>2536</u>	<u>2570</u>
	<u>34</u>	<u>187570</u>

**SCHEDULE - 10****OTHER EXPENSES**

	2005-06 Rs./Thousands	2004-05 Rs./Thousands
<b>1. Payments to and Provisions for Employees :</b>		
Salaries, Wages, Bonus & Superannuation etc.	10781	162639
Contribution to Provident and other funds	1776	31533
Welfare Expenses	1662	34437
	<u>14219</u>	<u>228609</u>
<b>2. Manufacturing and Other Expenses :</b>		
Stores, Spare parts, Packing Materials etc.	-	456517
Power & Fuel	-	1486205
Insurance	2649	24175
Repairs to Machinery	992	74083
Repairs to Buildings	2415	24120
Rent	751	10217
Lease Rent	1941	4738
Rates & Taxes	900	1441
Directors' Fee	117	146
Loss on Assets Discarded / Disposed off	48	2629
Provision for Doubtful Debts/Advances	593	2627
Bad and Doubtful Advances written off	-	2917
Miscellaneous Expenses	*22818	184816
	<u>33224</u>	<u>2274631</u>
<b>3. Selling &amp; Distribution Expenses :</b>		
Commission, Brokerage & Incentives	-	50049
Selling Expenses	-	62832
Freight & Handling Outward	-	914774
	<u>-</u>	<u>1027655</u>
	<u>47443</u>	<u>3530895</u>
<b>*Misc. Expenses include</b>		
Postage & Telegram	1243	
Telex & Telephone Expenses	930	
Travelling Expenses	1511	
Transport Expenses	1464	
Electricity Charges	2672	
Security Service Charges	2864	
Retainers Fee	1273	
Legal Expenses	4188	
Printing & Stationery	1029	
Charges General	771	
Expenses on Bonded Warehouse	936	

**SCHEDULE - 11****NOTES ON THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

	31.3.2006 Rs./Thousands	31.3.2005 Rs./Thousands
<b>1. CONTINGENT LIABILITIES</b>		
(i) In respect of claims against the Company not acknowledged as debts.	19984	12000
(ii) In respect of non-fulfilment of export obligations against advance licences (As per Show Cause Notices)	18964	19610
(iii) In respect of claims of penalty and interest on late payments. (Company's application for waiver of the same is pending)		Indeterminate
(iv) In respect of disputed demands, appeals pending with Appellate Authorities/ Courts – no provision has been considered necessary by the Management :		
(a) Income Tax (paid under dispute)	57839	73409
(b) Trade Tax	1542	-
(c) Penalty imposed by Enforcement Directorate for non-submission of certain documents in evidence of imports (Other supporting documents have since been submitted)	9000	-

- 2 (a) Fixed Assets include net book value of assets of man made fibre plants at Jhalawar, Rajasthan (only manufacturing plant left with the company) aggregating Rs. 443665 Thousands which are held for disposal as tabulated here under. Depreciation, therefore, has not been provided thereon for the year 2005-06. The impairment loss of Rs. 110773 Thousands (2004-05 - Rs. 151238 Thousands) has been charged to Profit & Loss Account based on values determined by expert valuers.
- The Company/Asset Sale Committee (ASC) are making efforts to scout buyers/joint venture partners for sale of Jhalawar plants and other surplus assets of the company. Despite best efforts, no concrete proposal could be finalised in respect of Jhalawar assets. Profit or loss on sale of these assets shall be accounted for as and when sales are finalised. Proceeds of these assets shall be utilised for meeting the liabilities as stated in the Balance Sheet.

**Assets of Jhalawar plants held for disposal.**

Description	As at 01.04.05	Addition/ Deduction	Gross Block as at 31.03.06	Depreci- ation upto 31.03.05	Impairment Loss		Rs./Thousands Net Block as at 31.03.06
					2004-05	2005-06	
Lease Hold							
Land	383	—	383	60	—	—	323
Buildings	270141	—	270141	123656	38823	21657	86005
Plant & Machinery	2875288	—	2875288	2317287	112415	89116	356470
Furniture & Fixtures	7106	—	7106	6239	—	—	867
<b>Total</b>	<b>3152918</b>	<b>—</b>	<b>3152918</b>	<b>2447242</b>	<b>151238</b>	<b>110773</b>	<b>443665</b>

- (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.
- (c) Sundry Debtors and Advances considered good includes Rs. 67500 Thousands and Rs. 81401 Thousands respectively recoverable from Arfat Petrochemicals Pvt. Ltd. (APPL) against sale of Kota Assets and transfer of workers dues pursuant to the scheme approved by Hon'ble AAIFR and implemented in 2004-05.
3. Loans and Advances considered good include Rs. 41946 Thousands due from J. K. Cotton Spg. & Wvg. Mills Co. Ltd. (JKCM) paid in earlier years as advance against purchase of Land. JKCM is a sick Industrial Company. BIFR has approved a rehabilitation scheme on 20.12.2002 which is under implementation. The scheme envisages refund of above amount to the company. Some directors of the company are interested as director.
4. UTI has not accepted the OTS scheme sanctioned by Hon'ble AAIFR vide their order dated 23.01.2003. Pursuant to the scheme, the Company has deposited UTI's share in 'No Lien Account' with IDBI (Operating Agency). Subsequently, at the request of UTI, IDBI has remitted the said amount to them as full and final settlement of their dues. On receipt of the said amount, UTI informed the Company and IDBI that they have not agreed to the OTS, but accepted the aforesaid payment under protest towards part payment of their dues. The Company and IDBI has rejected the said stand of UTI and approached AAIFR in this regard where the matter is pending. The management is of the considered view that scheme is binding upon all the concerned parties and UTI's claim is not tenable under the law. Hence, no provision for any further liability is considered necessary.
- 5 (a) In view of carried forward unabsorbed depreciation, business losses and reliefs and concessions sought from Nodal Agency as applicable for Sick Industrial Companies under the Rehabilitation Scheme sanctioned by Hon'ble BIFR/AAIFR, the management has considered it appropriate not to provide for current tax.
- (b) Deferred Tax assets have not been recognised, considering the principal of virtual certainty as stated in the Accounting Standard AS-22 – Accounting for Taxes on Income.

**6. EXTRA-ORDINARY ITEMS**

**(A) INCOME**

	Amount (Rs. / Thousands)
(i) Suppliers / Customers balances written back	12672
(ii) Excess provision written back	<u>74438</u>
	87110

**(B) EXPENDITURE**

(a) Expenses relating to sale of Jhalawar Plants		
(i) Foreign Tour Expenses	3748	
(ii) Professional charges	4163	
(iii) Advertisement	221	
(iv) Others	<u>247</u>	
	8379	
(b) Prior period items	<u>3201</u>	<u>11580</u>
<b>TOTAL (A-B)</b>		<u><u>75530</u></u>



7. Earning per share (EPS) :	2005-06	2004-05
	Rs. /Thousands	
a) Net Profit/(loss) available for Equity Share holders Before Extra Ordinary Items (Numerator used for calculation)	(91578)	17211
b) Number of Equity Shares (denominator used for calculating EPS)	74269503	74269503
c) Basic and Diluted earnings per shares of Rs. 10 each.		
i) Before Extra ordinary items	(Rs.) (1.23)	0.23
ii) After Extra ordinary items	(Rs.) (0.22)	56.09

## 8. Segment Reporting

The Company has only one man made fibre unit at Jhalawar which also remained closed during the year. Hence, no segment wise information is being furnished.

## 9. Related Parties Disclosures :

List of related parties with whom transactions have taken place during the year :

### A. Associate Company

J.K. Cotton Spg. & Wvg. Mills Co. Ltd.

### B. Key Management Personnel :

- |                               |          |
|-------------------------------|----------|
| 1. Shri Y. P. Singhania       | MD & CEO |
| 2. Dr. Gaur Hari Singhania    | Relative |
| 3. Shri Govind Hari Singhania | Relative |

### C. Entities over which key management personnel has significant influence – J. K. Cement Ltd. (JKCL)

## Details of Transactions are as follows :

	2005-2006 (Rs./Thousands)	2004-2005 (Rs./Thousands)
1. Remuneration		
– Key Management Personnel & Relatives	69	702
2. Rent, Interest and other expenses paid		
(i) Associate Company	1200	
(ii) J. K. Cement Ltd.	35	22560
3. Rent and Expenses recovered		
(i) Associate Company	208	
(ii) J. K. Cement Ltd.	12912	8625
4. Outstanding balances as at March 31, 2006		
Due to		
(i) J. K. Cement Ltd.		
— Unsecured Loan	580000	620000
(ii) Directors and their relatives (including Rs.10000 Thousands to a Director)	50000	50000
Due from –		
– Associate company	131146	131146
Provision for Doubtful Debts / Advances		
– Associate company	89200	89200
10. The Company has given undertaking to financial institutions that without their prior consent it would not transfer, assign, pledge, hypothecate or otherwise dispose off in any manner or create any interest whatsoever in its present or future shareholdings in J.K. Cotton Spg. & Wvg. Mills Co. Ltd.		

11. Details of investments purchased and sold during the year :

<u>Name of the Company</u>	<u>Face value (Rs.)</u>	<u>No. of Shares</u>	<u>Purchase Cost (Rs.in '000)</u>
Aftek Infosys Ltd.	2	5000	640
Allahabad Bank	10	21060	1727
Arbindo Pharma Ltd.	5	1000	356
Bajaj Hindustan Ltd.	1	5000	1058
Jagran Prakashan Ltd.	10	399	128
Esab India Ltd.	10	3000	948
Grasim Industries Ltd.	10	161	318
Hindalco Industries Ltd.	10	707	17
I-Flex Solution	5	1000	983
Indian Seamless	5	36000	1722
JSW Steel	10	2000	636
Kesoram Industries Ltd.	10	2000	351
Mazda Ltd.	2	59625	1295
Mercator Line	1	5000	682
Moser Baer India Ltd.	10	2000	465
Mphasis BFL Ltd. *	10	4000	534
Satnam Overseas Ltd.	10	10000	1073
Sesa Goa Ltd.	10	1000	766
SPL Industries Ltd.	10	6500	673
State Trading Corp. of India	10	5000	787
Sujana Metal Products	10	10000	903
Syncom Formulations	10	5000	663
Syndicate Bank	10	1728	86
Tamilnadu Petro Products Ltd.	10	10000	318
Tata Tele Services Ltd.	10	20000	628
Thirumali Chemicals Ltd.	10	2500	361
TISCO	10	2000	754
Titanoor Components Ltd.	10	2000	482
ZEE Telefilms Ltd.	1	5000	869

**TOTAL :**

**20223**

\* 2000 Shares allotted as Bonus

12. Due to closure of Kota and Jhalawar plants since 1996/97, the information about status of creditors with regard to their SSI units is not available.
13. Balances in Customers, Suppliers and Deposit accounts taken as per books are subject to confirmation/reconciliation and consequential adjustments.
14. The Managing Director has been paid fixed monthly remuneration upto 31.12.2004 as detailed below :

	<b>2005-2006</b>	2004-2005
	<b>Rs./Thousands</b>	Rs./Thousands
Remuneration	-	540
Contribution to P.F. & Superannuation	-	146
Perquisites	-	16

15. Some government securities of the book value of Rs.15000 (2004-05 Rs. 15000) held as investments are pledged with Government Department.

16. Remuneration to Auditors :

	<b>2005-06</b>	2004-05
	<b>Rs./Thousands</b>	Rs./Thousands
Audit Fee	<b>50</b>	441
Other capacity	<b>19</b>	163
Travelling and Out of pocket expenses	-	7

17. Previous year's figures have been recasted / regrouped wherever necessary to conform to the classification of the year.
18. Schedules 1 to 11 and Significant Accounting Policies form integral part of the accounts and have been duly authenticated.



## INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4C & 4D OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

### A. CAPACITY, TURNOVER, PRODUCTION & STOCKS

**2005-06**

(Previous years figures are within brackets)

Sl. No. Class of Goods manufactured	Unit	Licenced Capacity Per Annum	Installed Capacity Per Annum	Opening Stock		Actual Production	Turnover		Closing Stock	
				Quantity	Value (Rs./Thousands)		Quantity	Value (Rs./Thds.)	Quantity	Value (Rs./Thds.)
1 Portland / Pozzolana Cement	M.T.	-	-	-	-	-	-	-	-	-
		(-)	(-)	(21303)	(34346)	(1901910)	(1923213)	(4699182)	(-)	(-)
2 White Cement	M.T.	-	-	-	-	-	-	-	-	-
		(-)	(-)	(8418)	(41101)	(123802)	(131195)	(865905)	(-)	(-)
3 Nylon Filament Yarn	M.T.	-	-	-	-	-	-	-	-	-
		(-)	(-)	(60)	(4492)	(-)	(60)	(4492)	(-)	(-)
4 Polyester Filament Yarn	M.T.	-	-	-	-	-	-	-	-	-
		(-)	(-)	(92)	(1853)	(-)	(92)	(1853)	(-)	(-)
5 Polyester Staple Fibre	M.T.	-	-	-	-	-	-	-	-	-
		(-)	(-)	(1)	(19)	(-)	(1)	(19)	(-)	(-)
6 Industrial Tyre Cord Yarn / Fabric	M.T.	5000	2000	1	34	-	1	478	-	-
		(5000)	(2000)	(124)	(5281)	(-)	(123)	(7737)	(1)	(34)
7 Acrylic Staple Fibre	M.T.	12000	12000	-	-	-	-	-	-	-
		(12000)	(12000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

### B. RAW MATERIAL CONSUMED

**2005-2006**

2004-2005

Name of Material	Unit	Quantity	Value (Rs./Thds)	Quantity	Value (Rs./Thds)
Lime Stone	M.T.	-	-	2484798	243000
Red Ochre	M.T.	-	-	165915	38530
Gypsum / Selenite	M.T.	-	-	82864	45407
Clay	M.T.	-	-	28559	10539
Others	M.T.	-	-	-	69850
					407326

### C. C.I.F. VALUE OF IMPORTS

**2005-2006**

2004-2005

	Rs./Thousands	Rs./Thousands
a) Raw Materials	-	-
b) Components, Stores & Spare Parts	-	47118
c) Capital Goods	-	2449
	-	49567

### D. EXPENDITURE IN FOREIGN CURRENCY

(On accrual basis)

a) Know-how/Technical Service Fee	-	1293
b) Others	<b>4709</b>	15742
	<b>4709</b>	17035

### E. VALUE OF RAW MATERIALS, STORES & SPARE PARTS ETC. CONSUMED

a) Raw Materials		
i) Imported Value	-	-
% of total consumption	-	-
ii) Indigenous Value	-	407326
% of total consumption	-	100.00%
	-	407326

b) Stores & Spare Parts etc.		
i) Imported Value	-	50354
% of total consumption	-	11.03%
ii) Indigenous Value	-	406163
% of total consumption	-	88.97%
	-	456517
<b>F. EARNING IN FOREIGN EXCHANGE</b>		
a) Export of Goods Calculated on FOB value	-	46595
b) Interest & Dividends	<b>12</b>	18
	<b>12</b>	46613

As per our Report attached

For P. L. TANDON & Co., <i>Chartered Accountants</i>	GAUR HARI SINGHANIA <i>Chairman</i>	GOVIND HARI SINGHANIA <i>Vice Chairman</i>	K. B. AGARWAL KAILASH NATH N. K. JHAJHARIA	}	<i>Directors</i>
P. P. SINGH <i>Partner</i>	YADUPATI <i>Managing Director &amp; CEO</i>	J. P. BAJPAI <i>Secretary</i>	K. N. KHANDELWAL <i>President (F&amp;A) &amp; CFO</i>		

Kanpur  
Dated : 24th June, 2006

## SIGNIFICANT ACCOUNTING POLICIES

### 1. Accounting Concepts

The Financial Statements are prepared under the historical cost convention on accrual basis and in accordance with the applicable mandatory Accounting Standards.

### 2. Fixed Assets

Gross Block of Fixed Assets is stated at Historical Cost.

### 3. Depreciation & Impairment of Loss

(a) Depreciation on Fixed Assets is provided at the Straight Line Method rates prescribed in Schedule XIV to the Companies Act, 1956.

(b) An impairment loss is recognised wherever the carrying amount of an asset exceeds its estimated recoverable amount.

### 4. Investments

Investments are stated at cost. Quoted investments purchased before 31.03.1990 are stated at book value based on market value as on 31.03.1990.

Provision for diminution, other than temporary, is determined and made from time to time to recognise the decline in the value of investments.

### 5. Inventories

Inventories are stated "at cost or net realisable value, whichever is lower". Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formula used are "First-in-First-out" or "Average Cost" as applicable.

### 6. Revenue Recognition

(a) Revenue is generally recognised when no significant uncertainty as to its measurability or collectability exists.

(b) Interest payable / receivable on demands / refunds of Excise duty / Income Tax / Sales Tax are accounted for in the year of payment / receipt.

### 7. Retirement benefits

The Company's contributions to Provident Fund and Superannuation Fund are charged to Profit & Loss Account. Contribution to Gratuity Fund is made on the basis of actuarial valuation and provision for Leave encashment is made on the basis of actual liability and charged to Profit & Loss Account.



# J. K. SYNTHETICS LIMITED

Regd. Office : Kamla Tower, Kanpur - 208 001

## ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

DP. Id*	
---------	--

Folio No.	
-----------	--

Client Id*	
------------	--

NAME AND ADDRESS OF THE SHAREHOLDER .....

.....

Number of Shares held : .....

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company to be held on Saturday, the 23rd September, 2006 at 12.00 noon in the Sir Padampat Singhania Auditorium of the Merchants' Chamber of Uttar Pradesh, 14/76, Civil Lines, Kanpur.

\* Applicable for Investors holding Shares in electronic form.

\*\* Strike out whichever is not applicable.

SIGNATURE OF THE SHAREHOLDER OR PROXY\*\*

..... CUT HERE .....

# J. K. SYNTHETICS LIMITED

Regd. Office : Kamla Tower, Kanpur - 208 001

## PROXY FORM

DP. Id*	
---------	--

Folio No.	
-----------	--

Client Id*	
------------	--

I/We .....

being a Member/Members of J. K. Synthetics Limited hereby appoint .....

..... of .....

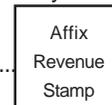
(or failing him) ..... of .....

(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 23rd September, 2006 at 12.00 noon and at any adjournment thereof.

Signed this.....day of.....2006

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.

CUT HERE