

**NOTICE**

NOTICE is hereby given that the Annual General Meeting of the Members of J.K. Synthetics Ltd. will be held at Sir Padampat Singhanian Auditorium of Merchants' Chamber of Uttar Pradesh, 14/76, Civil Lines, Kanpur on Saturday, the 8th September, 2007 at 12.00 Noon to transact the following business :-

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2007, 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 N.K. Jhajharia, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri R.K. Tandon, 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 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



**(ANUJ AGARWAL)**  
Secretary

Registered Office :  
Kamla Tower, Kanpur.  
Dated : 15th May, 2007

**NOTES :**

- i) The Register of Members and Share Transfer Books of the Company will remain closed from 4th September, 2007 to 8th September, 2007, 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 copy 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 DP ID and Client I.D. for identification.
- viii) **Reappointment of Directors :-**  
Pursuant to clause 49 of the Listing Agreement relating to the Code of Corporate Governance, the particulars of retiring Directors are given in the Report on Corporate Governance attached to the Directors' Report.



## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors submit the Annual Report and audited Statements of Account for the year ended 31st March, 2007.

#### 1. FINANCIAL RESULTS

	2006-07 (Rs./Thousands)
Sales & Other Income	156318
Profit before Depreciation	109850
Depreciation	901
Profit for the year	108949
Extra Ordinary Items	(-) 145108
Loss before tax	36159
Provision for Fringe Benefit Tax	273
Income Tax Provision of earlier years written back	1280
Balance from previous year	(1598811)
Balance carried to Balance Sheet	(16333963)

#### 2. OVERALL PERFORMANCE

During the year under report, there has been no manufacturing operations and the Company's only left man made fibre plants at Jhalawar remained closed. Company had income only from interest, rent and sale of some fixed assets. After meeting the fixed over-heads, maintenance, security and insurance of the assets but before depreciation, there has been a profit of Rs.109850 Thousands during the year. However, the Company has provided certain liabilities, which have fallen upon it, under Extra-ordinary items. After providing these liabilities, there is a loss of Rs.36159 Thousands.

#### 3. DIVIDEND

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

#### 4. REHABILITATION PACKAGE

The scheme approved by Hon'ble AAIIR vide their orders dated 23.01.2003 and 7.01.2005 for de-merger/ sale of cement plants and Kota plants have been fully implemented. In respect of Kota plants, the lease hold land has also been transferred to M/s. Arfat Petrochemicals Pvt. Ltd. (APPL) after getting necessary approvals from Government of Rajasthan. This completes the full transaction in respect of Kota plants. In respect of Jhalawar plants, Assets Sale Committee (ASC) has sought help of US based Consultants to scout a buyer/ joint venture partner. But, due to various reasons inter- alia including depressed global market of both Acrylic and Tyre Cord, there is no response from any interested parties. Efforts are yet continuing. In respect of certain surplus assets, ASC has submitted its proposal to Hon'ble AAIIR along with their recommendation for sale. However, approval of Hon'ble AAIIR is still pending.

#### 5. 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.

#### 6. 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.

#### 7. 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 31.3.2007 amounted to Rs.1.26 Lacs in the accounts of 30 depositors, against which deposits amounting to Rs.0.04 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 31.03.1999 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.

#### 8. 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.

#### 9. AUDITORS' REPORT

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

#### 10. 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 from the Central Government for conducting Cost Audit in respect of the products relating to this plant.

#### 11. ABRIDGED BALANCE SHEET

The Company shall be sending Abridged Balance Sheet to all its members as permitted by SEBI vide circular 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.

#### 12. DIRECTORS

12.1 Two of your directors namely Shri N.K. Jhajharia and Shri R.K. Tandon will retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for reappointment.

12.2 Shri Suparas Bhandari, Nominee Director of GIC ceased to be director w.e.f. 31st January, 2007. Your directors wish to place on record their warm appreciation for the valuable services and advice rendered by him during tenure of his office.

#### 13. RESPONSIBILITY STATEMENT

The Directors confirm that :

- 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;
- 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;
- 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.
- they have prepared the annual accounts on a going concern basis, subject to note No.2 of Notes to accounts.

#### 14. 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.

#### 15. ACKNOWLEDGEMENTS

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

FOR AND ON BEHALF OF THE BOARD

CHAIRMAN

Place : Kanpur

Dated : 15th May, 2007

## 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 10 (Ten). The composition is given below :

- One Promoter, Executive, Non-Independent Director.
- Three Promoter, 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	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 Ramapati Singhania	Promoter, Non-Executive, Non Independent	-	-	-
5	Dr. K.B. Agarwal	Non-Executive, Independent	1	-	-
6	Shri Jagendra Swarup	Non-Executive, Independent	-	-	-
7	Shri Kailash Nath	Non-Executive, Independent	-	-	-
8	Shri N.K. Jhajharia	Non-Executive, Independent	-	-	-
9	Shri R.K. Tandon	Non-Executive, Independent	1	-	-
10	Shri K.V. Murthy	Non-Executive, Independent	-	-	-
11	Shri Suparas Bhandari* Nominee of G.I.C.	Non-Executive, Independent	3	2	-

\*ceased to be director w.e.f. 31<sup>st</sup> January, 2007

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

During the financial year ended 31st March, 2007, 5 (Five) Board Meetings were held on the following dates :

- a) 26th April, 2006
- b) 24th June, 2006
- c) 27th July, 2006
- d) 20th October, 2006
- e) 31st January, 2007

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 23.09.06
1	Dr. Gaur Hari Singhania	5	YES
2	Shri Govind Hari Singhania	3	NO
3	Shri Yadupati Singhania	4	NO
4	Shri Suparas Bhandari**	2	NO
5	Shri Ramapati Singhania	-	NO
6	Dr. K.B. Agarwal	5	YES
7	Shri Jagendra Swarup	3	YES
8	Shri Kailash Nath	5	NO
9	Shri N.K. Jhajharia	5	YES
10	Shri R.K. Tandon	4	YES
11	Shri K.V. Murthy	4	YES

\*\*ceased to be director w.e.f. 31.01.2007.

### 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 Internal Auditors and President (Finance and Accounts) & CFO 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, 2007, 4 (Four) meetings were held on :

1. 24th June, 2006
2. 27th July, 2006
3. 20th October, 2006
4. 31st January, 2007

The Audit Committee approved and recommended the annual accounts for the year ended 31st March, 2006 in their meeting held on 24<sup>th</sup> June, 2006.

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	2
3.	Shri Kailash Nath	4

### 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, 2007, 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.

The details of number of Equity Shares of the Company held by **Non-Executive Directors** 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, 2007

Sl. No.	Name of Director	Salary	Benefits	Sitting Fee	Total
1	Dr. Gaur Hari Singhania	--	11296	--	11296
2	Shri Govind Hari Singhania	--	45551	--	45551
3	Shri Yadupati Singhania	--	--	--	--
4	Shri Suparas Bhandari@	--	--	6000	6000
5	Shri Ramapati Singhania	--	--	--	--
6	Dr. K.B. Agarwal	--	--	45000	45000
7	Shri Jagendra Swarup	--	--	24000	24000
8	Shri Kailash Nath	--	--	23000	23000
9	Shri N.K. Jhajharia	--	--	15000	15000
10	Shri R.K. Tandon	--	--	12000	12000
11	Shri K.V. Murthy	--	--	12000	12000

@ceased to be director w.e.f. 31st January, 2007.

## 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.

The 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 / Attendance

During the financial year ended 31st March, 2007, 4 (Four) meetings were held on :

- (1) 26th April, 2006
- (2) 27th July, 2006
- (3) 20th October, 2006
- (4) 31st January, 2007

The attendance at the above Meetings was as under :

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

The number of complaints outstanding as on 1st April, 2006 were 02. The total number of the complaints received during the year ended 31st March, 2007 from the shareholders and debenture holders were 531, out of which 533 complaints were satisfactorily replied/redressed and outstanding complaints as on 31st March, 2007 were Nil.

The number of pending share transfers and pending requests for dematerialisation as on 31st March, 2007 were as follows :

Particulars	No. of Requests	No. of Shares
1. Transfers	07	1207
2. Demat	26	3061
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
2003-04	27 <sup>th</sup> September, 2004	12.00 Noon
2004-05	28 <sup>th</sup> September, 2005	12.00 Noon
2005-06	23 <sup>rd</sup> September, 2006	12.00 Noon

All the above meetings were held at 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 23<sup>rd</sup> September, 2006 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

- (i) 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.

- (ii) 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.
- (iii) 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.
- (iv) The Company has Complied with the non-mandatory requirements of Clause 49 of the Listing Agreement as far as possible.
- (v) Disclosures regarding appointment or re-appointment of Directors :

According to the Articles of Association of the Company, two directors namely Shri N.K. Jhajharia and Shri R.K. Tandon 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 :

a) **Shri N.K. Jhajharia** is a Commerce Graduate with vast experience in the fields of Commerce and Industry. He is past President, Merchants' Chamber of U.P. and Ex-member, Executive Body of Federation of Indian Chamber of Commerce and Industry (FICCI). He is President, Advisor and Executive member of various Educational and Social Institutions/ Organisations. He is also past President of Rotary Club of Kanpur West. He had been President of Yarn Merchant Association for several years.

b) **Shri R. K. Tandon** is a Science Graduate and has wide experience in the fields of Capital market, Banking and Industry. He is past President of U.P. Stock Exchange Association Ltd. and Ex- Chairman of United Mercantile Co-operative Bank Ltd. He is founder Vice President of Federation of Indian Stock Exchanges, Delhi. He is member and Trustee of several Charitable, Socio- Educational & Sports Trusts.

## 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 2006-07.

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 : [jkshr@jkcements.com](mailto:jkshr@jkcements.com)

### b) Annual General Meeting

Date / Time : 8th September, 2007 at 12.00 Noon.

Venue : Sir Padampat Singhania Auditorium of the Merchants' Chamber of Uttar Pradesh, 14/76, Civil Lines, Kanpur.

### c) Financial Calendar

- (1) First Quarter Results – End of July, 2007
- (2) Second Quarter Results – End of October, 2007
- (3) Third Quarter Results – End of January, 2008
- (4) Results for the year – By end of June, 2008 ending 31<sup>st</sup> March, 2008

### d) Date of Book Closure

4th September, 2007 to 8th September, 2007 (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	2006-2007	500306
2	The U.P. Stock Exchange Association Ltd., Kanpur	2006-2007	JK

**g) ISIN Number**

INE 903A01017

**h) Stock Market Data**

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

Month	High Rs.	Low Rs.	BSE Sensex High	BSE Sensex Low
April 2006	5.70	4.06	12,102.00	11,008.43
May 2006	7.90	4.35	12,671.11	9,826.91
June 2006	6.75	3.90	10,626.84	8,799.01
July 2006	4.65	3.46	10,940.45	9,875.35
August 2006	4.29	3.60	11,794.43	10,645.99
Sept. 2006	4.09	3.16	12,485.17	11,444.18
Oct. 2006	4.79	3.46	13,075.85	12,178.83
Nov. 2006	4.37	3.48	13,799.08	12,937.30
Dec. 2006	4.15	3.35	14,035.30	12,801.65
Jan. 2007	8.60	3.70	14,325.92	13,303.22
Feb. 2007	9.95	5.85	14,723.88	12,800.91
March 2007	6.68	4.69	13,386.95	12,316.10

**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 segments.

**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 31.3.2007**

No. of Equity Shares held	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-holding
Upto 500	108108	88.62	10900185	14.677
501 to 1000	7105	5.83	6172797	8.311
1001 to 2000	3277	2.69	5309783	7.149
2001 to 3000	1129	0.93	2985488	4.020
3001 to 4000	506	0.41	1879814	2.531
4001 to 5000	639	0.52	3098980	4.173
5001 to 10000	661	0.54	5033540	6.777
10001 and above	564	0.46	38888916	52.362
Total	121989	100.00	74269503	100.00

**l) Category of Shareholders as on 31<sup>st</sup> March 2007**

Category	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-holding
Promoters and Promoter Group	26	0.021	5576835	7.51
Mutual Funds/UTI	16	0.013	210980	0.28
Financial Institutions/Banks	108	0.088	71436	0.10
Insurance Companies	10	0.008	3646008	4.91
FIs	18	0.015	507142	0.68
Bodies Corporate	1251	1.025	15565410	20.96
Individuals	120491	98.773	46581131	62.72
Others	69	0.057	2110561	2.84
Total	121989	100.00	74269503	100.00

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

64732210 Equity shares aggregating to 87.16% have been dematerialised upto 31<sup>st</sup> March, 2007.

**(n) Plant Location**

Company has following plants (All located in Rajasthan) :

Plant	Location
Acrylic Fibre Plant	Gopalgram, Prithipura, Distt. Jhalawar
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, 2007, 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 Greivances 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

P. P. SINGH  
Partner

Place : Kanpur  
Dated : 15th May, 2007

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 31st March, 2007, 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 representations received from the directors, as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 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, 2007;
    - (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 : 15.05.2007

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 and 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 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.**
- (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 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.6300 Lacs and the year end balance of Loans taken from such parties was Rs.4700 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. 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 31st March, 2007 for a period more than Six months from the date they became payable.
- (x) The company's accumulated losses at the end of the financial year exceeded the net worth of the company. The company has incurred cash losses during the financial year covered by our audit but the Company has not incurred cash losses 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 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 the 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.

Name of Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which amount relates
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Central Excise and Custom Act	Excise & Custom and interest thereon	1406.24	Various years
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- (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	8.91	1985-86, 1987-88 to 1988-89	Trade Tax Tribunal
Provident Fund Act	Damages	76.45	Various Years	Assistant Provident Fund Commissioner, Kota.

For P.L. TANDON & CO.  
Chartered Accountants

Place : Kanpur  
Dated : 15.05.2007

P. P. SINGH  
Partner  
Membership No. 72754

**BALANCE SHEET as at 31st March, 2007**

	Schedule	31-03-2007 Rs./Thousands	31-03-2006 Rs./Thousands
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Capital	1	743473	743473
Reserves & Surplus	2	777008	777008
		<u>1520481</u>	<u>1520481</u>
Loan Funds	3		
Secured Loans		7399	1843
Unsecured Loans		481969	655221
		<u>489368</u>	<u>657064</u>
<b>TOTAL</b>		<u><b>2009849</b></u>	<u>2177545</u>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	4		
Gross Block		3202384	3234301
Less : Depreciation & Impairment Loss		2737730	2760378
Net Block		464654	473923
Capital Work-in-Progress		—	15312
		<u>464654</u>	<u>489235</u>
Investments	5	18060	17391
Current Assets, Loans & Advances	6		
Inventories		4079	6624
Sundry Debtors		67500	67500
Cash & Bank Balances		64855	70065
Other Current Assets		4575	4446
Loans & Advances		158151	195572
		<u>299160</u>	<u>344207</u>
Less : Current Liabilities & Provisions	7		
Liabilities		405988	272043
Provisions		—	56
		<u>405988</u>	<u>272099</u>
Net Current Assets		<b>(106828)</b>	72108
Profit & Loss Account		<b>1633963</b>	1598811
<b>TOTAL</b>		<u><b>2009849</b></u>	<u>2177545</u>
Notes & Contingent Liabilities	11		

As per our Report attached

For P. L. TANDON & Co.,  
Chartered AccountantsGAUR HARI SINGHANIA  
ChairmanGOVIND HARI SINGHANIA  
Vice ChairmanK. B. AGARWAL  
JAGENDRA SWARUP  
KAILASH NATH  
N. K. JHAJHARIA  
K. V. MURTHY

} Directors

P. P. SINGH  
PartnerYADUPATI  
Managing Director & CEOK. N. KHANDLWAL  
President (F&A) & CFOANUJ AGARWAL  
SecretaryKanpur  
Dated : 15th May, 2007

**PROFIT & LOSS ACCOUNT For the year ended 31st March, 2007**

	Schedule	2006-2007 Rs./Thousands	2005-2006 Rs./Thousands
<b>INCOME</b>			
Gross Sales		1146	478
Less : Excise Duty		141	
Sales Tax		45	83
Net Sales		960	395
Other Income	8	155358	73156
TOTAL		156318	73551
<b>EXPENDITURE</b>			
Decrease in Finished/Process Stocks	9	2536	34
Other Expenses :	10		
Payments to and Provision for Employees		14845	14219
Manufacturing and Other Expenses		27849	33224
Interest		1238	1927
Depreciation		901	4307
Impairment Loss		-	110773
TOTAL		47369	164484
Profit/(Loss) for the year before Extra Ordinary Items		108949	(90933)
Extra ordinary Items (Refer Note No. 6)		(145108)	75530
Profit/(Loss) before Tax		(36159)	(15403)
Provision for Fringe Benefit Tax (FBT)		(273)	(645)
Income Tax Provision for earlier years written back		1280	-
Profit/(Loss) after tax		(35152)	(16048)
Balance from previous year		(1598811)	(1582763)
Transfer from Debenture Redemption Reserve		-	-
Transfer to Capital Redemption Reserve		-	-
Balance Carried to Balance Sheet		(1633963)	(1598811)
Earning per share - Basic & Diluted (In Rs.)		1.48	(1.23)
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  
JAGENDRA SWARUP  
KAILASH NATH  
N. K. JHAJHARIA  
K. V. MURTHY

} Directors

P. P. SINGH  
Partner

YADUPATI  
Managing Director & CEO

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

ANUJ AGARWAL  
Secretary

Kanpur  
Dated : 15th May, 2007

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007**

	2006-2007 Rs./Thousands	2005-2006 Rs./Thousands
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before Tax as per Profit & Loss Account	(36159)	(15403)
Adjusted for		
Depreciation	901	4307
Impairment Loss	-	110773
Interest	1238	1927
Interest Received	(52997)	(43353)
Dividend Income	(385)	(308)
Profit on sale of Fixed Assets	(88827)	(1644)
Loss on sale of assets	9	48
Loss/(Profit) on Sale of Investments / Reduction in Diminution	293	(40482)
Provisions / Balances written back	(2890)	(44100)
Operating Profit/(Loss) before Working Capital Changes	(178817)	(28235)
Adjusted for		
Decrease in Trade & Other Receivables	1421	32077
Decrease in Inventories	2545	103
Increase/(Decrease) in Trade Payables	136900	(82992)
Cash Generated from Operations	(37951)	(79047)
Income Tax Refund	37287	28496
Adjusted for		
Fringe Benefit Tax (FBT)	(329)	(589)
Net Cash from Operating Activities	(993)	(51140)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Fixed Assets	(57)	(1125)
Sale of Fixed Assets	112555	2133
Sale of Investments (Net)	(962)	32200
Interest Income (including interest on I.T. Refund Rs.35433)	52861	40980
Dividend Income	385	308
Net Cash From Investing Activities	164782	74496
<b>C. CASH FLOW USED IN FINANCING ACTIVITIES</b>		
Interest Paid	(1303)	(1971)
Bank Overdraft against Fixed Deposits	5556	(16157)
Unsecured Loan - Others	(13252)	(1087)
Proceeds from Unsecured Loan	(160000)	(40000)
Net Cash Used In Financing Activities	(168999)	(59215)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(5210)	(35859)
Opening Balance of Cash and Cash Equivalents	70065	105924
Closing Balance of Cash and Cash Equivalents	64855	70065

As per our Report attached

For P. L. TANDON & Co.,  
Chartered AccountantsGAUR HARI SINGHANIA  
ChairmanGOVIND HARI SINGHANIA  
Vice ChairmanK. B. AGARWAL  
JAGENDRA SWARUP  
KAILASH NATH  
N. K. JHAJHARIA  
K. V. MURTHY

} Directors

P. P. SINGH  
PartnerYADUPATI  
Managing Director & CEOK. N. KHANDELWAL  
President (F&A) & CFOANUJ AGARWAL  
SecretaryKanpur  
Dated : 15th May, 2007

**SCHEDULE - 1**

**SHARE CAPITAL**

	<b>31-03-2007</b>	<b>31-03-2006</b>
	<b>Rs./Thousands</b>	<b>Rs./Thousands</b>
<b>AUTHORISED</b>		
125000000 Equity Shares of Rs.10/- each	<b>1250000</b>	1250000
Cumulative Redeemable Preference Shares		
200000 11% of Rs.100/- each	<b>20000</b>	20000
600000 14% of Rs.100/- each	<b>60000</b>	60000
200000 15% of Rs.100/- each	<b>20000</b>	20000
500000 Unclassified Shares of Rs.100/- each	<b>50000</b>	50000
	<u><b>1400000</b></u>	<u>1400000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
74269503 Equity Shares of Rs.10/- each	<b>742695</b>	742695
154877 Add : Equity Shares Forfeited	<b>778</b>	778
	<u><b>743473</b></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.

**SCHEDULE - 2**

**RESERVES & SURPLUS**

	<b>31-03-2007</b>	<b>31-03-2006</b>
	<b>Rs./Thousands</b>	<b>Rs./Thousands</b>
Capital Reserve		
As per last account	<b>156</b>	156
Capital Redemption Reserve		
As per last account	<b>70486</b>	70486
Share Premium Account		
As per last account	<b>706366</b>	706366
	<u><b>777008</b></u>	<u>777008</u>



## SCHEDULE - 3

### LOANS

**31-03-2007**  
**Rs./Thousands**

31-03-2006  
Rs./Thousands

#### SECURED :

Bank Overdraft  
(Secured against pledge of Fixed Deposit Receipts)

**7399**

1843

**7399**

1843

#### UNSECURED :

#### Loans and Advances

J. K. Cement Ltd.

**420000**

580000

Directors and their relatives

**50000**

50000

Others

**11969**

25221

**481969**

655221

**489368**

657064

## SCHEDULE - 4

### FIXED ASSETS

Rs./Thousands

DESCRIPTION	GROSS BLOCK			DEPRECIATION				IMPAIRMENT	NET BLOCK		
	As at	Additions	Deductions	As at	As at	For the year	Deductions	As at	As at	As at	
	01-04-2006			31-03-2007							1-04-2006
Land	904	-	904	-	-	-	-	-	-	904	
Leasehold Land (including development expenses)	4268	-	3884	384	692	-	632	60	-	324	3576
Buildings	310161	-	-	310161	146750	362	-	147112	60480	102569	102931
Plant & Machinery	2907334	34	26414	2880954	2341734	387	22242	2319879	201531	359544	364069
Furnitures, Fixtures and Office Equipments	8971	23	188	8806	7234	61	120	7175	-	1631	1737
Vehicles	2663	-	584	2079	1957	91	555	1493	-	586	706
	<b>3234301</b>	57	31974	<b>3202384</b>	2498367	901	23549	<b>2475719</b>	262011	<b>464654</b>	473923
Previous Year's figures	<b>3234015</b>	1125	839	<b>3234301</b>	2494362	4307	302	<b>2498367</b>	262011	-	15312
Capital Work-in-Progress										<b>464654</b>	489235

**SCHEDULE - 5**

**INVESTMENTS**

Name of the Bodies Corporate	31-3-2007			31-3-2006	
	No. of Shares	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	21940	1200
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
<b>B. J.K.Satoh Agricultural Machines Ltd.</b>	<b>520000</b>	<b>Equity</b>	<b>1040</b>	<b>520000</b>	<b>1040</b>
			<b>7995</b>		<b>7995</b>
<b>C. Other Investments and Government Securities</b>					
<b>i. Quoted :</b>					
J. K. Lakshmi Cement Ltd. †	205705	Equity	16868	228562	18742
Ashim Investment Co. Ltd. †	22856	Equity	1874	–	–
Bharat Forge Ltd. @	2000	Equity	684	–	–
Others			264		167
<b>ii. Unquoted :</b>					
Africa Synthetic Fibres Ltd.#	1788500	A 'Ordy.'	35745	1788500	35745
National Saving Certificates			–		15
Others			2147		2244
			<b>65577</b>		<b>64908</b>
Less : Provision for Diminution in value of investments			<b>47517</b>		<b>47517</b>
			<b>18060</b>		<b>17391</b>

**NOTES :**

† Pursuant to scheme of reconstruction /demerger between J.K.Lakshmi Cement Ltd. (JKLCL) & Ashim Investment Co. Ltd. (AICL) approved by the High Courts of Rajasthan & Delhi, for every Ten fully paid up equity shares, the shareholders of JKLCL have been allotted Nine fully paid up shares of Rs. 10/- each of JKLCL and One fully paid up equity share of Rs. 10/- of AICL.

@ Shares purchased during the year.

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

	31-3-2007		(Rs./Thousands) 31-3-2006	
	Book Value (Net)	Market Value	Book Value (Net)	Market Value
Aggregate value of Unquoted Investments	–	–	15	–
Quoted Investments	18060	33165	17376	29493
	<b>18060</b>	<b>33165</b>	<b>17391</b>	<b>29493</b>

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

	31-03-2007 Rs./Thousands	31-03-2006 Rs./Thousands
<b>A. INVENTORIES</b>		
Stores, Spare parts etc.	—	9
Goods-in-Process	—	2536
Material in Bonded Warehouses	1508	1508
Stock in Trade - Land & Building	2571	2571
	<u>4079</u>	<u>6624</u>
<b>B. SUNDRY DEBTORS</b>		
Debts over six months (Unsecured)		
— Considered Good	67500	67500
— Considered Doubtful	124669	125347
	<u>192169</u>	<u>192847</u>
Less : Provision for Doubtful Debts	124669	125347
	<u>67500</u>	<u>67500</u>
<b>C. CASH &amp; BANK BALANCES</b>		
Cash & Cheques in hand	5249	10627
Balances with Scheduled Banks in :		
— Current Accounts		
Debiture OTS Payment A/c :		
Balance in Escrow Account	172453	
Less : OTS amount payable to public (Account under reconciliation)	<u>171507</u>	232
— Other Current Accounts	1787	3203
— Deposit Accounts	56873	56003
	<u>64855</u>	<u>70065</u>
<b>D. OTHER CURRENT ASSETS</b>		
Interest accrued on Investments and Deposits	4575	4446
<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	130315	131896
— Considered Doubtful	57731	57713
Taxation (Less Provisions)	22978	58985
Prepaid Expenses	487	563
Deposits	4371	4128
	<u>215882</u>	<u>253285</u>
Less : Provision for Doubtful Advances	57731	57713
	<u>158151</u>	<u>195572</u>
	<u>299160</u>	<u>344207</u>

**SCHEDULE - 7**

**CURRENT LIABILITIES & PROVISIONS**

	31-03-2007 Rs./Thousands	31-03-2006 Rs./Thousands
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	117905	129342
Other Liabilities	284477	136439
Temporary Book Overdraft	3433	5688
Investor Education & Protection Fund shall be credited by following :		
i. Unpaid Dividend	19	19
ii. Unpaid Matured Deposits	126	462
iii. Interest Accrued on Deposits	28	93
	<u>405988</u>	<u>272043</u>
<b>PROVISIONS</b>		
Fringe Benefit Tax (FBT) (Net of payment)	-	56
	<u>405988</u>	<u>272099</u>

**SCHEDULE - 8**

**OTHER INCOME**

	2006-2007 Rs./Thousands	2005-2006 Rs./Thousands
Interest Received (Tax deducted at source Rs. 7 Thousands, 2005-2006 Rs. 14 Thousands)	52997	43353
Rent	9141	8639
Profit on Sale of Assets	88827	1644
Profit on Disposal of Investments (Net)	-	14404
Profit in Future / Derivatives Share dealing	-	104
Dividend on Shares :		
- Trade	110	151
- Others	275	157
Claims Realised	4	179
Provisions no longer required	1267	2213
Sundry Receipts/Unclaimed Balances	501	835
Registrar & Share Transfer Activities	2236	1477
	<u>155358</u>	<u>73156</u>

**SCHEDULE - 9**

**DECREASE IN FINISHED / PROCESS STOCKS**

**Stocks at Commencement :**

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

**Stocks at Close :**

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



## SCHEDULE - 10

### OTHER EXPENSES

	2006-07 Rs./Thousands	2005-06 Rs./Thousands
<b>1. Payments to and Provisions for Employees :</b>		
Salaries, Wages, Bonus & Superannuation etc.	10711	10781
Contribution to Provident and other funds	2144	1776
Welfare Expenses	1990	1662
	<u>14845</u>	<u>14219</u>
<b>2. Manufacturing and Other Expenses :</b>		
Insurance	1982	2649
Repairs to Machinery	497	992
Repairs to Buildings	62	2415
Rent	2481	751
Lease Rent	1763	1941
Rates & Taxes	2227	900
Directors' Fee	137	117
Provision for Doubtful Debts/Advances	-	593
Loss on Assets Discarded / Disposed off	9	48
Loss on Sale of Investment / Share dealing (Net)	293	-
Auditors' Remuneration	70	69
Miscellaneous Expenses	18328	22749
	<u>27849</u>	<u>33224</u>
	<u>42694</u>	<u>47443</u>

## SCHEDULE - 11

### NOTES ON THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	31.3.2007 Rs./Thousands	31.3.2006 Rs./Thousands
<b>1. CONTINGENT LIABILITIES</b>		
(i) In respect of claims against the Company not acknowledged as debts.	19646	19984
(ii) In respect of non-fulfilment of export obligations against advance licences (As per Show Cause Notices)	18964	18964
(iii) In respect of claims of penalty and interest on late payments.		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)	22594	57839
(b) Trade Tax	1542	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) Hon'ble AAI FR has approved a scheme for transfer / sale of all Kota assets except Sir Padampat Research Centre (SPRC) to M/s. Arfat Petrochemicals Pvt. Ltd. (APPL) and possession of assets was handed over to them to facilitate restart of the plants. During the year after receipt of approval from Government of Rajasthan the lease deed for land has been registered in their name. The company has thus complied with all its obligations under the scheme.

Sundry Debtors and Advances considered good includes Rs. 67500 Thousands and Rs. 81331 Thousands respectively recoverable from APPL for sale of Kota Assets and transfer of workers dues.

- (b) 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. Valuation of assets was carried out by experts as on 31.3.2006 and impairment loss was charged to Profit & Loss Account. The management is of the view that present values do not need any review.

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 scheme.

Description	Assets of Jhalawar plants held for disposal				Rs./Thousands	
	As at 01.04.06	Addition/ Deduction	Gross Block as at 31.03.07	Depreci- ation upto 31.03.07	Impairment Loss provided upto 31.3.07	Net Block 31.03.07
Lease Hold Land	383	–	383	60	–	323
Buildings	270141	–	270141	123656	60480	86005
Plant & Machinery	2875288	–	2875288	2317287	201531	356470
Furniture & Fixtures	7106	–	7106	6239	–	867
<b>Total</b>	<b>3152918</b>	<b>–</b>	<b>3152918</b>	<b>2447242</b>	<b>262011</b>	<b>443665</b>

(c) 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.

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 principle 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	1992
(ii) Excess provision written back	898
	2890

### (B) EXPENDITURE

(a) Provision for claim of disputed interest	144774	
(b) Expenses relating to sale of Jhalawar Plants		
(i) Foreign Tour Expenses	755	
(ii) Professional charges	1389	
(c) Others	965	
(d) Prior period items	115	147998
		(–) 145108
<b>TOTAL (A-B)</b>		<b>(–) 145108</b>

## 7. Earning per share (EPS) :

	2006-07	2005-06
	Rs. /Thousands	
a) Net Profit/(loss) available for Equity Share holders Before Extra Ordinary Items (Numerator used for calculation)	<b>109956</b>	(91578)
b) Number of Equity Shares (denominator used for calculating EPS)	<b>74269503</b>	74269503
c) Basic and Diluted earnings per shares of Rs. 10 each.		
i) Before Extra ordinary items	<b>(Rs.) 1.48</b>	(1.23)
ii) After Extra ordinary items	<b>(Rs.) (0.47)</b>	(0.22)

## 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 :

	2006-2007 (Rs./Thousands)	2005-2006 (Rs./Thousands)
1. Remuneration		
– Key Management Personnel & Relatives	57	69
2. Rent, Interest and other expenses paid		
(i) Associate Company	1200	
(ii) J. K. Cement Ltd.	110	1235
3. Rent and Expenses recovered		
(i) Associate Company	167	
(ii) J. K. Cement Ltd.	16726	13120
4. Outstanding balances as at March 31, 2007		
Due to		
(i) J. K. Cement Ltd.		
– Unsecured Loan	420000	580000
(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. Due to closure of Kota and Jhalawar plants since 1996/97, the information about status of creditors with regard to their Micro, Small and Medium Enterprises is not available.		
12. Balances in Customers, Suppliers and Deposit accounts taken as per books are subject to confirmation/reconciliation and consequential adjustments.		
13. Previous year's figures have been recasted / regrouped wherever necessary to conform to the classification of the year.		
14. 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

2006-07

(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	Industrial Tyre Cord Yarn / Fabric	M.T.	5000 (5000)	2000 (2000)	– (1)	– (34)	– (–)	– (1)	– (478)	– (–)	– (–)
2	Acrylic Staple Fibre	M.T.	12000 (12000)	12000 (12000)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
3	Others		– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	1146 (–)	– (–)	– (–)

	2006-2007 Rs./Thousands	2005-2006 Rs./Thousands
<b>B. RAW MATERIAL CONSUMED</b>	-	-
<b>C. C.I.F. VALUE OF IMPORTS</b>	-	-
<b>D. EXPENDITURE IN FOREIGN CURRENCY</b> (On accrual basis)		
a) Know-how/Technical Service Fee	-	-
b) Others	2144	4709
	2144	4709
<b>E. VALUE OF RAW MATERIALS, STORES &amp; SPARE PARTS ETC. CONSUMED</b>		
a) Raw Materials	-	-
b) Stores & Spare Parts etc.	-	-
	-	-
<b>F. EARNING IN FOREIGN EXCHANGE</b>		
a) Export of Goods Calculated on FOB value	-	-
b) Interest & Dividends	65	12
	65	12

As per our Report attached

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

GAUR HARI SINGHANIA  
*Chairman*

GOVIND HARI SINGHANIA  
*Vice Chairman*

K. B. AGARWAL  
JAGENDRA SWARUP  
KAILASH NATH  
N. K. JHAJHARIA  
K. V. MURTHY

} *Directors*

P. P. SINGH  
*Partner*

YADUPATI  
*Managing Director & CEO*

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

ANUJ AGARWAL  
*Secretary*

Kanpur  
Dated : 15th May, 2007

## 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.



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No. 1 1 8 7 State Code 2 0
Balance Sheet Date 3 1 0 3 0 7
Date Month Year

2. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue NIL Rights Issue NIL
Bonus Issue NIL Private Placement NIL

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities 2 0 0 9 8 4 9 Total Assets 2 0 0 9 8 4 9

Sources of Funds

Paid-up Capital 7 4 3 4 7 3 Reserves and Surplus 7 7 7 0 0 8
Secured Loans 7 3 9 9 Unsecured Loans 4 8 1 9 6 9

Application of Funds

Net Fixed Assets 4 6 4 6 5 4 Investments 1 8 0 6 0
Net Current Assets (-) 1 0 6 8 2 8 Misc. Expenditure NIL
Accumulated Losses 1 6 3 3 9 6 3

4. Performance of Company (Amount in Rs. Thousands)

Turnover 1 5 6 3 1 8 Total Expenditure 4 7 3 6 9
Loss Before Tax 3 6 1 5 9 Loss After Tax 3 5 1 5 2
Earning per Share in Rs. 1 . 4 8 Dividend NIL

5. Generic Names of Principal Products of the Company (as per monetary terms)

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

## 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 8th September, 2007 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 8th September, 2007 at 12.00 noon and at any adjournment thereof.

Signed this.....day of.....2007

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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