



annual report

2002 - 2003

J. K. Synthetics LTD.

BOARD OF DIRECTORS

Dr. Gaur Hari Singhania	Chairman
Govind Hari Singhania	Vice Chairman
Yadupati	Managing Director & Chief Executive Officer
Ramapati	
Dr. K. B. Agarwal	
Jagendra Swarup	
Kailash Nath	
A. Karati	Nominee of ICICI Bank Ltd.
G. B. S. Wadhwa (upto 25.8.2003) Vinay Kala (from 25.8.2003)	Nominee of S.B.I. Director (Finance)
Suparas Bhandari	Nominee of GIC
N. K. Jhajharia	
R. K. Tandon	
K. V. Murthy	
J. P. Bajpai	President (HO) & Secretary

AUDITORS

- Messrs P. L. Tandon & Co.
Chartered Accountants

REGISTERED OFFICE

- KANLA TOWER, Kanpur-208 001

BANKERS

- State Bank of India
- Central Bank of India
- The Bank of Tokyo - Mitsubishi Limited
- The Bank of Rajasthan Ltd.
- Syndicate Bank
- Punjab National Bank
- State Bank of Bikaner & Jaipur
- Bank of Baroda
- Standard Chartered Grindlays Bank

WORKS

- KOTA (Rajasthan)
 - Padam Synthetics
 - J.K. Staple & Tows
 - Gopal Synthetics
 - Sir Padampur Research Centre
 - J.K. Tyre Cord
 - J.K. Acrylics
- JHALAWAR (Rajasthan)
 - J.K. Fibres
 - J.K. Industrial Yarn
 - J.K. Utilities & Technical Development
- NIMBAHERA (Rajasthan)
 - J.K. Cement Works
- GOTAN (Rajasthan)
 - J.K. White Cement Works
- BAMANIA (Rajasthan)
 - J.K. Power
- MANGROL (Rajasthan) - J.K. Cement Works (Mangrol)



NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of J.K. Synthetics Ltd. will be held in the Auditorium of the Merchants' Chamber of Uttar Pradesh, 14/76, Civil Lines, Kanpur on Saturday, the 20th September, 2003 at 12.00 Noon to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2003, 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 Shri Kailash Nath, 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."

AS SPECIAL BUSINESS :

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :

5. "RESOLVED that, subject to the provisions of the Companies Act, 1956 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force and as may be enacted hereinafter], The Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such approvals, permissions, exemptions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed, while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution), consent and approval of the Company be and is hereby accorded to the Board to delist the Equity/Preference Shares of the Company from all or any of the following Stock Exchanges viz. The Delhi Stock Exchange Association Ltd., at New Delhi and The Calcutta Stock Exchange Association Ltd., at Kolkata."

By Order of the Board

(J.P. BAJPAI)
Secretary

Registered Office :
Kamla Tower, Kanpur.
Dated : 25th August, 2003

NOTES :

- i) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business under Item No. 5 of the accompanying Notice dated 25th August, 2003 is annexed hereto.
- ii) The Register of Members and Share Transfer Books of the Company will remain closed from 15th September, 2003 to 20th September, 2003, both days inclusive.
- iii) 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.
- iv) Members are requested to bring their copies of the Annual Report, as Copies of the report will not be distributed again at the Meeting.
- v) 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.
- 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 and Shri Kailash Nath 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 1st August, 1983. He was Special Executive till 6th May, 1985. He has been Whole Time Director of the Company from 6th May, 1985 to 31st 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. He has been actively associated with the maintenance programme, inventory control, advising factory about day-to-day affairs of all the plants at Kota and Jhalawar. He is also a Director in PHIL Corporation Ltd.
- b) **Shri Kailash Nath** is a Graduate Engineer (Elect. & Mech.) from B.H.U. and has vast experience of about 50 years in various Organisations / Companies. He was on the Board of U.P. State Cement Corporation Ltd. for 9 years. He is presently acting as Advisor / Consultant of various Companies. He visited various Countries in connection with attending the Seminars on various subjects, discussing with Plant & Machinery Suppliers of Cement Manufacturing and Technical Know-how etc.

EXPLANATORY STATEMENT :

As required under Section 173 of the Companies Act, 1956, the Explanatory Statement sets out all material facts concerning the Special Business referred to in the accompanying Notice dated 25th August, 2003.

ITEM NO. 5

Presently the Company's securities are listed on the following Stock Exchanges in India :

- i) The Stock Exchange, Mumbai (BSE), at Mumbai;
- ii) The Calcutta Stock Exchange Association Ltd.(CSE), at Kolkata;
- iii) The Delhi Stock Exchange Association Ltd.(DSE), at New Delhi; and
- iv) The Uttar Pradesh Stock Exchange Association Ltd.(UPSE), at Kanpur.

Owing to the expansion of the Bombay Stock Exchange (BSE) and emergence of the National Stock Exchange (NSE) and their extensive networking and extension of their terminals to other Cities, the investors have access to on-line dealings in the Company's Equity/Preference Shares on such terminals across the Country. Moreover, the Company's securities are one of the scrips, which Securities and Exchange Board of India (hereinafter referred to as "SEBI") has specified for settlement only in demat form by all Investors, effective from 8th May, 2000.

The annual listing fees paid to the said Stock Exchanges, do not now offer commensurate benefits to the Company/ its Investors in the changed scenario of the nationwide trading terminals set up by BSE and NSE.

In this backdrop, the continued listing on the said Stock Exchanges is not considered necessary. It would further

contribute to reduction in administrative costs/ efforts of the Company. Therefore, the Board of Directors, at its meeting held on 28th July, 2003 has proposed to apply for voluntary delisting of the Company's Securities from the said Stock Exchanges. Due to continued listing of the Company's securities at BSE and UPSE and further availability of trading across the Country as mentioned above, the delisting proposal will not be prejudicial to the interest of the Investors including the members located in the region, where the said Stock Exchanges are situated.

Pursuant to the SEBI (Delisting of Securities) Guidelines, 2003, it is now proposed to seek the members' approval by way of a Special Resolution for the voluntary delisting of the Company's securities from the said two Stock Exchanges as set out in the resolution at item No. 5. In terms of the said guidelines, as the Company's securities shall continue to remain listed on BSE and UPSE, no Exit Option is required to be offered to the Shareholders.

The proposed delisting is in the interest of the Company and the Board recommends the proposed Resolution as set out at Item No. 5 of the Notice for approval by the Members. None of the Directors of the Company is concerned or interested in the proposed Resolution.

By Order of the Board



(J.P. BAJPAI)
Secretary

Registered Office :
Kamla Tower, Kanpur.
Dated : 25th August, 2003



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors submit the Annual Report and audited Statements of Account for the year ended 31st March, 2003.

2. FINANCIAL RESULTS

	2002-03 (Rs./Lacs)
Sales	76194.43
Other Income	541.74
Profit before Interest and Depreciation	4474.46
Less : Interest	(120.70)
Profit before Depreciation	4595.16
Depreciation	4272.27
Profit for the year	322.89
Extra Ordinary Items	1170.89
Profit before tax	1493.78
Provision for Wealth tax	2.96
Profit after tax	1490.82

3. OVERALL PERFORMANCE

The working results under report pertains to only Grey and White Cement plants which were in operation during the year, while all Man made fibre plants at Kota and Jhalawar continued under closure. However, the above working results have accounted for the expenses on security, maintenance etc. relating to closed Man made fibre plants.

Production and Sales of the Company's cement business have been considerably higher than the previous year. The turnover and other income of the Company grew to Rs. 761.94 crores from Rs. 664.29 crores in the previous year registering an increase of 14.70 %. In the year 2002-03, profit before depreciation and interest (PBID) was Rs. 44.74 crores as against Rs. 47.68 crores in the previous year, which is lower by 6.17 %.

Though the PBID has been lower, the profit for the year is higher due to non-provision of interest for the current year. In view of excess liability of interest already appearing in the books of account vis-à-vis Company's liability towards interest payable to secured lenders in terms of the scheme approved by Hon'ble AAIFR, your Directors decided not to provide the interest for the current year in the books of account. Profit for the year thus is Rs. 323 lacs as against the loss of Rs. 3484 lacs during the previous year. Profit after considering Extra Ordinary Items this year is at Rs. 1494 lacs compared to net loss of Rs. 3484 lacs during the previous year.

The Company, keeping in view the prudent and conservative accounting policy, has made suitable provisions for diminution in the value of stores & spares, doubtful debts and irrecoverable advances related to closed Man made fibre plants.

4. DIVIDENDS

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

5. FINANCE

5.1 DEBENTURES

- (i) 1st, 2nd, 4th and 7th Series Debentures were redeemed long back by the Company. The unclaimed amounts relating to these Series (except 4th Series) have since been transferred by the Company to the Investor Education and Protection Fund set up by the Central Government pursuant to the provisions of Section 205 (c) of the Companies Act, 1956. In respect of 4th Series Debentures the Company has deposited the unclaimed amounts with the aforesaid Fund after the close of the financial year.
- (ii) Debenture Series 3rd, 5th, 6th, 8th, "A", "B", "C" & "PCD" are covered under the OTS Scheme approved by the Hon'ble AAIFR. Accordingly, the principal amount along with 5% simple interest arrears would be paid to all the debenture holders upon the implementation of the Scheme.

5.2 SHARES

EQUITY

- (i) Pursuant to the Scheme approved by the Hon'ble AAIFR, all Equity Shareholders are entitled to receive one Equity Share of Rs. 10/- each of the new Company viz. J.K. Cement Limited free of cost against 10 Equity Shares held by them. Directors would notify the record date for the allotment of such shares as and when the Scheme is implemented.
- (ii) Subsequent to the close of the year, the Company has forfeited the Equity Shares of Right Issue-1993, in respect of whom, the calls in arrear have not been received, after giving last opportunity vide Notice dated 10th July, 2003.

PREFERENCE

In terms of the Scheme approved by Hon'ble AAIFR, all the Preference Shareholders would be paid off the principal outstandings upon the implementation of the Scheme.

6. OPERATIONS

6.1 CEMENT PLANTS

GREY CEMENT

With the successful implementation of a new Grey Cement plant at Mangrol, the production and sales of Grey Cement were higher by 25.77% and 24.40% respectively over previous year. However, reduced margins due to lower realisation and increased fuel cost affected the working results adversely. In spite of cut throat competition, the unit could market 2.89 million tonnes of Grey Cement compared to 2.32 million tonnes during the previous year.

WHITE CEMENT

Though the production of White Cement is regulated to match the demand in order to keep the margin intact, the production and sales of White Cement were higher during the year by 8.68 % and 10.99 % respectively over previous year, thanks to the growth in demand witnessed by White Cement industry. White Cement unit recorded higher profits during the year due to increased volumes and economies in the power and fuel cost.

6.2 MAN MADE FIBRE UNITS - KOTA AND JHALAWAR

As reported last year, the Company is holding the possession of Man made fibre plants at Kota and Jhalawar in capacity of Agent for maintenance, safety and security purposes and there have been no manufacturing operations in these plants during the year under report.

Some of the fixed assets of Kota plants were revalued in 1985 and these were shown in the Balance Sheet at revalued amount. However, in view of the reason that these plants have remained closed for the last over 6/7 years, the values have gone down substantially and as such the effect of revaluation has been reversed in the books of account.

6.3 EXPORTS

Exports during the year amounted to Rs. 388 lacs.

7. REHABILITATION PACKAGE

As reported last year, Hon'ble AAIFR had formulated a Scheme of One Time Settlement (OTS) of the dues of Secured Lenders and Preference Shareholders in terms of its Order dated 31.8.2001. After surmounting many hurdles, the Scheme was accorded approval by the Hon'ble AAIFR vide their Order dated 23.01.2003. In terms of the Scheme, all the Secured Lenders (including Debenture holders) are to be paid principal outstanding and 5% of simple interest arrears calculated as on 30.09.2001 by way of One Time Settlement of the dues. All Preference Shareholders are to be paid principal outstandings. The Scheme also stipulates for payment of interest on OTS amount @ 11% for the period from 1.10.2001 till the actual date of payment. For the purpose, funds are to be raised through External Commercial Borrowings (ECB) by a new Company already incorporated in the name of "J.K. Cement Limited" against the assets of Cement undertakings which shall stand demerged immediately on deposit of Rs. 325.57 crores in Escrow Accounts with IDBI and Rs. 156.53 crores with SBI alongwith interest upto the date of final payment. As per the Scheme, Cement undertakings mean and include the assets of J.K. Cement Works at Nimbahera, J.K. Power at Bamania, J.K. Cement Works at Mangrol and J.K. White Cement Works at Gotan alongwith all liabilities (current and contingent) relating to these Cement units. The services of all the employees on payrolls of these plants will automatically stand transferred to J.K. Cement Ltd. J.K. Cement Ltd. has since obtained approval from Government of India for raising ECB vide letter dated 28.03.2003. The Scheme also stipulates the issue of one Equity Share of Rs. 10/- of J.K. Cement Ltd., free of cost to the Shareholders of J.K. Synthetics Ltd. (JKSL), for 10 Equity Shares held by them in JKSL. Keeping in view the long formalities to be complied with and detailed procedure to be followed and the delay in receipt of Government approval, the Hon'ble AAIFR has extended the time for implementation of the Scheme from 31.03.2003 to 30.08.2003 or such extended time as is approved by Financial Institutions and Banks. The above proposal has the consent of all the Financial Institutions and Banks (except UTI). Management is making its best efforts to implement the Scheme within the prescribed time.

Your directors are happy to inform that after several rounds of negotiations, tripartite settlements were entered with the

recognised Workers' Union and Staff Association and the prospective buyer for Kota plants. As per the directives of the Hon'ble AAIFR, the proposal has been referred to IDBI (OA) who has to submit its report to Hon'ble BIFR in this regard. With a view to expedite restart of Kota plants, your Directors have also submitted an alternate proposal based on joint venture with the prospective buyer, to IDBI (OA), which is under their consideration. Similarly, for Jhalawar complex and other assets, Hon'ble AAIFR has constituted an Assets Sale Committee to formulate the procedure for disposal of these assets by inviting offers through advertisement and submit its report to the BIFR who will take a decision in the matter in accordance with law.

8. CORPORATE GOVERNANCE

A report on Corporate Governance is enclosed as a part of Annual Report along with the Auditors' Certificate on its compliance.

9. RESEARCH AND DEVELOPMENT

No research activities could be carried out due to closure of Kota plants, where such research facilities are housed.

10. SUBSIDIARIES

The accounts of J.K. Satoh Agricultural Machines Ltd., Subsidiary Company, is annexed along with Statement pursuant to Section 212 of the Companies Act, 1956. However, the accounts of other Subsidiary Company namely Jaykay Tech Ltd. are yet to be finalised.

In both these Subsidiary Companies, there are no operations and all the assets of these Companies have since been disposed off. Your Company has also made full provision in the books of account in respect of investments made in these Companies. No substantial liabilities are likely to accrue to your Company, which may have bearing upon working results. Due to these circumstances, accounts of Subsidiary Companies have not been consolidated.

11. PERSONNEL

11.1 INDUSTRIAL RELATIONS

The Industrial relations during the year under review generally remained cordial in all the Cement complexes.

11.2 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 throughout or part of the financial year under review.

12. PUBLIC DEPOSITS

The deposits received from the public remaining unclaimed as on 31.3.2003 amounted to Rs. 13.22 Lacs in the accounts of 467 depositors against which deposits amounting to Rs. 0.33 Lacs have since been repaid. The Company is repaying the outstanding deposits as and when claimed.

Further, all unclaimed amounts for the period upto 31.03.1995 have been transferred to Investor Education and Protection Fund set up by the Central Government pursuant to the provisions of Section 205 (c) of the Companies Act, 1956.



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

Particulars with regard to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and out go in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 in respect of Cement plants are annexed and form part of the Report. The information in respect of man made fibre plants at Kota and Jhalawar is not being furnished as the plants during the year remained closed.

14. AUDITORS' REPORT

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

15. COST AUDIT

Cost Audit records have been maintained in respect of Grey Cement and White Cement plants and Cost audit would be completed in respect of these units. Central Government has granted exemption from maintenance of costing records in respect of Nylon and Polyester for the years 1998-99 to 2001-02.

16. DIRECTORS

16.1 (a) During the year under report –

Shri G.B.S. Wadhwa, Nominee of State Bank of India, joined the Board of Directors as Director (Finance) vice Shri S.C. Malik.

(b) After close of the year under report –

(i) Shri Vinay Kala, Nominee of State Bank of India, joined the Board of Directors as Director (Finance) vice Shri G.B.S. Wadhwa.

(ii) Shri N. K. Jhajharia, Shri R. K. Tandon and Shri K. V. Murthy were appointed as independent Directors at the last Extra ordinary General Meeting.

16.2 Your directors, while welcoming the new incumbents, wish to place on record their warm appreciation for the valuable services and advice rendered by Shri S.C. Malik and Shri G.B.S. Wadhwa during tenure of their office.

16.3 Two of your directors namely Shri Ramapati Singhania and Shri Kallash Nath will retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

17. 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 judgements 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 profit 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.

18. 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.

19. COST AUDITORS

Pursuant to the directives of the Central Government and provisions of Section 233-B of the Companies Act, 1956, qualified Cost Auditors have been appointed to conduct the cost audit of Cement units.

20. ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the valuable support received from IDBI, ICICI and other Financial Institutions, Bankers, Suppliers and Customers. The Board also thanks the employees at all levels for their commitment and contribution.

FOR AND ON BEHALF OF THE BOARD

Kanpur
Dated : 25th August, 2003.

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 Ltd., 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 and the Society at large by adopting better corporate practices in fair transparent manner by aligning interest of the Company with that of its Shareholders and other key Stakeholders.

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 ten, whose composition is given below :

- One Promoter, Executive Non-Independent Director
- Three Promoters, Non-Executive Non-Independent Directors
- Three Independent, Non Executive, Nominee Directors representing ICICI Bank Ltd., General Insurance Corporation (GIC) and State Bank of India (SBI) as lenders.
- Three Independent, Non-Executive Directors

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

Sl. No.	Name of Director	Category Directorships	No. of other (Other than J.K. Synthetics Ltd.) in which	No. of Board Committees	
				Chairman	Member
1.	Dr. Gaur Hari Singhania <i>Chairman</i>	Promoter, Non Executive, Non Independent	8	-	1
2.	Shri Govind Hari Singhania <i>Vice Chairman</i>	Promoter, Non Executive, Non Independent	9	-	-
3.	Shri Yadupati Singhania <i>Managing Director and CEO</i>	Promoter, Executive, Non Independent	12	-	1
4.	Shri S.C. Malik * <i>Director Finance (Nominee of SBI) (Part of the year)</i>	Non-Executive, Independent	Nil	-	-
5.	Shri A. Karati <i>(Nominee of ICICI Bank Ltd)</i>	Non-Executive Independent	5	1	2
6.	Shri Suparas Bhandari <i>(Nominee of GIC)</i>	Non-Executive Independent	3	-	2
7.	Shri Ramapati Singhania	Promoter Non-Executive, Non Independent	1	-	-
8.	Dr. K. B. Agarwal	Non-Executive Independent	1	1	-
9.	Shri Jagendra Swarup	Non-Executive Independent	Nil	-	-
10.	Shri Kailash Nath	Non-Executive Independent	Nil	-	-
11.	Shri GBS Wadhwa • <i>Director Finance (Nominee of SBI) (Part of the year)</i>	Non-Executive Independent	Nil	-	-

- ceased w.e.f 28th September, 2002
- appointed w.e.f. 25th December, 2002

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

During the last financial year ended March 31, 2003, five Board Meetings were held on the following dates :-

- a) 22nd April, 2002
- b) 22nd June, 2002
- c) 28th September, 2002
- d) 25th December, 2002
- e) 29th March, 2003

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

Sl. No	Name of Director	No. of Board Meetings attended	Attendance at last AGM held on 28.09.02
1	Dr. Gaur Hari Singhania	4	YES
2	Shri Govind Hari Singhania	4	YES
3	Shri Yadupati Singhania	3	*L.O.A.
4	Shri S.C. Malik (Part of the year)	3	YES
5	Shri G.B.S. Wadhwa (Part of the year)	1	N.A.
6	Shri A. Karati	2	*L.O.A.
7	Shri Suparas Bhandari	NIL	*L.O.A.
8	Shri Ramapati Singhania	NIL	*L.O.A.
9	Dr. K.B. Agarwal	5	YES
10	Shri Jagendra Swarup	5	YES
11	Shri Kailash Nath	5	YES

* LOA : Leave of Absence

3. Audit Committee

(a) Composition 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 S. C. Malik : Independent, Non Executive Director (Part of the year)
- Shri Kailash Nath : Independent, Non Executive Director (Part of the year)

All these Directors possess knowledge of Corporate Finance/Accounts / Company Law. The Company Secretary is the Secretary for such meetings. The Statutory Auditors, the Cost Auditors, the Internal Auditors of the Company and Sr. Vice President (Finance and Accounts) attend the meetings as invitees.

The broad terms of reference of the Audit Committee are as follows :-

The terms of reference of this 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, 2003, three meetings were held on 22nd June, 2002; 29th January, 2003 and 29th March, 2003.

The Committee adopted the annual accounts for the year 2001-02 in their meeting held on 22nd June, 2002.



The attendance at the Committee Meetings is as under :-

Name of Director	No. of Meetings attended
Dr. K. B. Agarwal	3
Shri S.C. Malik (<i>Part of the year</i>)	1
Shri Jagendra Swarup	3
Shri Kailash Nath (<i>Part of the year</i>)	1

4. Remuneration Committee

a) Composition

The Remuneration Committee of the Company comprises of Dr. K. B. Agarwal Chairman, Shri S.C. Malik (*Part of the year*), Shri Jagendra Swarup and Shri Kailash Nath (*Part of the year*).

b) Meetings /Attendance

During the financial year ended 31st March, 2003, one meeting was held on 22.06.2002.

The attendance at the Committee Meeting is as under :-

Name of the Director	No. of Meetings attended
Dr. K. B. Agarwal	1
Shri S.C. Malik (<i>Part of the year</i>)	1
Shri Jagendra Swarup	1
Shri Kailash Nath (<i>Part of the year</i>)	N.A.

c) Remuneration Policy

Remuneration of Non-Executive Directors is decided by the Board of Directors. During the year, no remuneration, except sitting fee was paid to the Non-Executive/Independent Directors [except Director (Finance), Nominee of SBI]. Remuneration payable/paid to the Managing Director & CEO is as per the approval given by the Shareholders of the Company and subsequent approval received from the Central Government in this regard. The remuneration of Nominee of SBI is decided by the State Bank of India.

d) Details of Remuneration to all the Directors for the year ended 31st March, 2003

(Rupees)

Sl. No.	Name of Director	Salary	Benefits	Sitting Fee	Total
1	Dr. Gaur Hari Singhania	-	12004	-	12004
2	Shri Govind Hari Singhania	-	9076	-	9076
3	Shri Yadupati Singhania	720000	308679	-	1028679
4	Shri S.C. Malik (<i>Part of the year</i>)	-	-	-	-
5	Shri G.B.S. Wadhwa (<i>Part of the year</i>)	-	-	-	-
6	Shri A. Karal	-	-	4000	4000
7	Shri Suparna Bhanderi	-	-	-	-
8	Shri Ramapati Singhania	-	-	-	-
9	Dr. K.B. Agarwal	-	-	32300	32300
10	Shri Jagendra Swarup	-	-	30400	30400
11	Shri Kailash Nath	-	-	18000	18000

5. Shareholders' / Investors' Grievance Committee

(a) Composition

The Committee comprises of Dr. K.B. Agarwal (Chairman), Shri S.C. Malik (*Part of the year*), Shri Kailash Nath (*Part of the year*) and Shri Jagendra Swarup.

Shri J.P. Bajpai, President (H.O.) & Company Secretary is the Compliance Officer of the Committee.

(b) Functions

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

(c) Meetings/Attendance

During the financial year ended 31st March, 2003, four meetings were held on 22nd April, 2002; 22nd June, 2002; 28th September, 2002 and 25th December, 2002.

The attendance at the Committee Meetings is as under :-

Name of Director	No. of Meetings attended
Dr. K.B. Agarwal	4
Shri Jagendra Swarup	4
Shri S.C. Malik (<i>Part of the year</i>)	3
Shri Kailash Nath (<i>Part of the year</i>)	1

The total number of the complaints received and replied to the satisfaction of the Shareholders and Debenture holders during the year ended 31st March 2003 were 3757. Outstanding complaints as on 31st March, 2003 were 327. 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 demat/remat as on 31st March, 2003 were as follows :-

	Particulars	No. of Requests	No. of Shares
1.	Transfers	09	923
2.	Demat	99	26966
3.	Remat	02	111

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

6. General Body Meetings

Date and time when last three Annual General Meetings were held is given below :-

Financial Year	Date	Time
1999 - 2000	29th Sep. 2000	12.00 Noon
2000 - 2001	08th Dec. 2001	12.00 Noon
2001 - 2002	28th Sep. 2002	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 was present at AGM held on 28th September, 2002 to answer the queries of the Shareholders.

No Special Resolution was put through postal ballot last year nor it is proposed this year.

7. Disclosures

There was no transaction of material nature with the Directors or their relatives or the Management or Subsidiaries during the year.

There was no instance of non-compliance on any matters related to the capital markets during the year.

8. 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 discussions and Analysis form part of Annual Report, which is posted to the Shareholders of the Company.

9. General Shareholders' Information

a) Address for Correspondence

J.K. Synthetics Ltd.,
Share Department,
Kamla Tower, Kanpur – 208 001.
Telephone No. : (0512) 2311478 – 81; Fax : 2368954
Email: jkshr@satyam.net.in

b) Annual General Meeting

Date & Time : 20th September, 2003 at 12.00 Noon.
Venue : Auditorium of Merchants' Chamber of
Uttar Pradesh, 14/76, Civil Lines, Kanpur.

c) Financial Calendar

- (a) First Quarter Results - End of July, 2003
- (b) Second Quarter Results - End of October, 2003
- (c) Third Quarter Results - End of January, 2004
- (d) Results for the year ending 31st March, 2004 - By end of June, 2004

d) Date of Book Closure

15th September, 2003 to 20th September, 2003 (both days inclusive)

e) Dividend payment date

Not applicable (No dividend is proposed)

f) Listing on Stock Exchanges

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 Stock Exchange, Mumbai	2002-2003	306
2	The Calcutta Stock Exchange Association Ltd. Kolkata	1996-1997	10000019
3	The Delhi Stock Exchange Association Ltd., Delhi	1996-1997	00026
4	The U.P. Stock Exchange Association Ltd., Kanpur	2002-2003	JK

g) Stock Market Data

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

Month	High	Low	BSE Sensex High	BSE Sensex Low
April 2002	3.05	2.30	3512.55	3301.21
May 2002	3.00	2.60	3462.01	3114.05
June 2002	5.30	2.70	3362.42	3161.09
July 2002	6.95	3.20	3358.58	2987.65
August 2002	4.00	2.95	3181.23	2950.09
Sept. 2002	3.40	2.75	3187.26	2991.36
Oct. 2002	3.50	3.00	3009.76	2834.41
Nov. 2002	3.75	3.10	3228.82	2948.04
Dec. 2002	4.45	3.00	3398.00	3207.36
Jan. 2003	3.70	3.05	3390.12	3219.88
Feb. 2003	3.45	3.10	3322.17	3223.41
March 2003	3.25	2.55	3277.27	3048.72

h) Registrar/Transfer Agent

The Company has appointed M/s Alankit Assignments Ltd. having its office at 205-206, Anarkali Market Complex, Jhandewalan Extension, New Delhi - 110 055 as Registrar for demat segment. For physical segment, the Company has in-house Share Department at its Registered Office at Kamla Tower, Kanpur, which provides all related services. As regards appointment of Common Agency for share registry work, the Company, being a sick unit, had sought exemption from SEBI to which no reply has since been received. In the meanwhile, the Company is taking necessary steps to implement the same.

i) 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.

j) Distribution of Shareholding as on 31.3.2003

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Share holding
Upto 5000	131138	94.71	11895281	15.98
5001 to 10000	4297	3.10	3342215	4.49
10001 to 20000	1686	1.21	2498220	3.35
20001 to 30000	462	0.33	1153851	1.55
30001 to 40000	187	0.13	672587	0.90
40001 to 50000	187	0.13	881661	1.18
50001 to 100000	252	0.18	1826546	2.45
100001 and above	252	0.18	52154019	70.07
Total	138461	100 %	74424380	100 %

**k) Category of Shareholders as on 31st March 2003**

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Resident Individuals	134248	96.96	30813338	41.40
FIs and Insurance Companies	21	0.02	15279710	20.53
Nationalised Banks	58	0.04	73606	0.10
Non-Nationalised Banks	75	0.05	1707833	2.29
Mutual Funds	17	0.01	305274	0.41
FIs	17	0.01	450629	0.61
Non Residents/OCBs	2887	2.09	529661	0.71
Bodies Corporate	1138	0.82	25264329	33.95
Total	138461	100.00	74424380	100.00

(l) Dematerialisation of Shares and Liquidity

64.76 % Equity Shares have been dematerialised upto 31st March, 2003.

(m) Plant Location

Company has following plants (All located in Rajasthan) :-

Plant	Location
Grey Cement Plant	Kailash Nagar, Nimbahera Distt. Chittorgarh
Grey Cement Plant	Mangrol, Distt. Chittorgarh
Thermal Power Plant (For Captive consumption)	Bamania, Shambhupura, Distt Chittorgarh
White Cement Plant	Gotan, Distt. Nagaur
Nylon Plant	Jaykay Nagar, Kota
Polyester Plant	
Polyester Staple Fibre Plants (2 Nos.)	
Acrylic Fibre Plant	
Tyre Cord and Yarn Plant	
Steam and Power Plant (For captive consumption)	
Acrylic Fibre Plant	Gopalgram, Prithipura, Distt. Jhalawar
Tyre Cord and Yarn Plant	
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 for the year ended on 31st March, 2003, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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, 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, there are 271 nos. of Investors' 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

Place : Kanpur
Date : 30th June, 2003

ANIL AGARWAL
Partner

INFORMATION REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT,1956 (2002-2003)

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken

Grey Cement

Nimbahera

- Dynamic separator for vertical coal mill.
- Increase in PPC Cement.
- GRR in selected drives in the plant.
- Increased use of Petcoke in Kilns.

Mangrol

- Mechanical Transport for Kiln feed installed.
- Use of Pet coke started.
- Deutz DG No. 1 under trial.

White Cement

- Parallel separator at RM (Old CM separator used) to increase the grinding capacity and reduce power consumption.
- Use of Reliance petcoke (6-7% Sulfur contents) as alternate low-grade fuel upto 90% of total fuel requirement without compromising product quality.
- Bag cleaning arrangement installed at rotary packer.
- The lights of higher wattage were replaced by Energy Efficient lamps of lower wattage.
- Improvement in AVVNL Grid power factor to claim benefits.
- Optimisation of fuel pumps in view of the reduced fuel oil requirement at Kiln.

(b) Additional investments & proposals being implemented for reduction in conservation of energy.
Nil

(c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods.

Grey Cement

Nimbahera

- Energy consumption reduced from 101.72 units to 100.81 units/ton of cement.
- Coal consumption reduced from 13.58% to 12.81% per ton of Clinker.

Mangrol

- Energy consumption reduced from 122.57 units to 90.62 units/ton of cement.
- Coal consumption reduced from 21.1% to 15.39% per ton of Clinker.

White Cement

- Use of Reliance Petcoke (6.7% Sulfur contents) as low-grade alternate fuel for Clinkerisation in Kiln. This proactive step has resulted in conservation of natural resources and saving of around Rs. 8.0 lacs for one day of Kiln operation, if compared with the cost of using 100% fuel oil.
- Launching of new product in market "PUTTY"
- Installation of CCTV camera to exercise better operational control.
- Automation of RM tunnel extraction system.
- Dhanappa limestone mines has a record of winning a number of awards every year. The awards won during the mines environment and mineral conservation week 2002-2003.
- Unit is the pride winner of MEDALLION AWARD 2001 during mines safety week 2002-03 for matchless overall performance.

B. TECHNOLOGY ABSORPTION

(i) Research & Development, specific area in which

R&D has been carried out.

White Cement

- Introduction of Feldspar in RM including grinding & Feeding arrangement
- Improved version of FUZZY LOGIC & CEMSCANNER for stable Kiln operation.
- High pressure water jet cleaning system for Kiln pre-heater.

(ii) Benefits derived as a result of above R&D

White Cement

- Consistency in quality with increased whiteness.

(iii) Future Action Plan

Grey Cement (Nimbahera)

- Detailed engineering for mechanical transport system for CM 3, 4.
- Continued efforts for output enhancement of each section.
- Close circuiting of cement units
- High efficiency fan for RM no. 4
- Swirlax burner for Kilns
- Folax cooler retrofit for heat saving and increase in production in Kiln 3.
- Variable speed driver in selected equipment to reduce power.
- Further installation of D.G.
- Mechanical transport for Kiln feed 1 & 2.
- Dynamic Separator for Coal mill 1,2,3,4.

Grey Cement (Mangrol)

- Mechanical transport for Raw mills.
- Grate cooler to be modified for better heat efficiency.
- Modified liner for CM1 for reduced power.
- Calciner modification to fire pet coke in Kiln & Calciner to reduce energy.
- Continued efforts for output enhancement of each section.
- Further installation of D.G.
- High efficiency Separator for Raw Mills.
- High efficiency Separator for Coal Mills.

White Cement

- Five stage pre-heater to reduce energy consumption, specially the fuel consumption and to increase production capacity.

(iv) Expenditure on R&D : Nil

(v) Efforts in brief made towards Technology Absorption, Adaptation and Innovation.

Grey Cement –Nimbahera and Mangrol

- Daily monitoring of power consumption.
- Condition monitoring of all critical equipment.

White Cement

- 100% production at rated energy consumption
- Proactive approach towards Environmental Management System.

(vi) Details of imported technology : Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (i) Activities relating to exports, initiatives taken to increase exports Development of new export market for products and Services and export plans : **Mentioned in the main report.**
- (ii) Total foreign exchange used and earned :

(a) Total foreign exchange used		Mentioned in Notes on accounts.
(b) Total foreign exchange earned		

**FORM-A****ANNEXURE****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

Particulars	GREY CEMENT		WHITE CEMENT	
	Current Year	Previous Year	Current Year	Previous Year
(A) POWER AND FUEL CONSUMPTION				
1. Electricity				
(A) Purchased				
Units/KWH ('000)	146763	97694	8491	7825
Total Amount (Rs./lacs)	6194.15	4221.92	372.82	353.09
Rate/Unit (Rs.)	4.22	4.32	4.39	4.51
(B) Own Generation				
(i) Through Diesel Generator :				
Units/KWH ('000)	70293	63915	17142	16848
Unit per Litre of Diesel/Oil	3.95	4.02	3.57	3.65
Rate/Unit (Rs.)	2.78	2.22	3.47	2.94
(ii) Through Steam Turbine Gen. Unit :				
Units/KWH ('000)	88032	87311	NIL	NIL
Unit per Litre of Oil/Coal	1.07	1.00	N/A	N/A
Rate/Unit (Rs.)	2.50	2.36	N/A	N/A
2. Coal (Grade B, C and D)				
Quantity (tonnes)	456498	379529	27537	20597
Total Cost (Rs./lacs)	11949.77	10337.59	633.95	708.52
Average Rate (Rs./Tonne)	2618	2724	2302	3440
3. Furnace Oil				
Quantity (K. Ltrs.)	—	—	3233	5541
Total Cost (Rs./lacs)	—	—	390.18	560.46
Average Rate/K. Ltrs. (Rs.)	—	—	12068	10115
4. Other/Internal Generation (For Generation of Power from D.G. Sets)				
Quantity (K. Ltrs.)	17800	15906	NIL	NIL
Total Cost (Rs./lacs)	1954.51	1417.80	N/A	N/A
Average Rate /K. Ltrs. (Rs.)	10981	8913	N/A	N/A
(B) CONSUMPTION PER UNIT OF PRODUCTION :				
1. Electricity (Kwh/Unit)	99	103	129	133
2. Furnace Oil (K. Ltr/Unit)	N/A	N/A	157	141
3. Coal (Grade B, C and D) (K. Cals./Kg.)	822	832	1108	892
4. Steam/Coal (Tonne)	NIL	NIL	N/A	N/A
5. Others (Specify)	N/A	N/A	N/A	N/A

MANAGEMENT DISCUSSIONS AND ANALYSIS**GREY CEMENT****INDUSTRY STRUCTURE AND DEVELOPMENT**

The growth of Cement Industry over the years has shown direct link with the overall economic performance of the Country. Cement industry in India recorded a steady growth of around 8 % (CAGR) during the last decade. Industry registered 8.74 % growth in production during the period under review as compared to 9.6% growth in the previous year. The installed capacity of the Industry reached to 137.5 million tonnes in March'03. Production increased from 102.40 million tonnes to 111.35 million tonnes. The growth in demand witnessed in previous year continued during the year 2002 - 03 due to boost in infrastructure activities. Road and housing sectors have been main contributors for sustained demand growth of Cement.

OUTLOOK

Cement consumption is expected to grow at higher rate in the coming years on account of thrust being given for infrastructure development, large scale construction of highways and Rural roads, Ports, Air strips, and continuation of benefits to housing segment. The Government is planning to provide additional incentives to infrastructural development related to slum upgradation, sewerage system laying and Greenfield housing projects. Outlook for Cement Industry thus seems to be bright.

OPPORTUNITIES AND THREATS

Ample opportunities exist in India for Cement Industry to grow. Though, India is the second largest producer of Cement after China, but its per capita consumption is around 100 Kgs. only as compared to 450 Kgs. in China and world average of 260 Kgs. Low per capita consumption coupled with Government incentives for housing sector, road developments and other infrastructure projects provide ample opportunity for growth of Cement Industry in India. As per estimates, the total demand for Cement is expected to go upto 120 million tonnes by the year end.

Cement Industry in India is presently passing through strategic restructuring phase. Major players in the industry are vying for further consolidation through acquisitions. The present trend indicates that these major players in the industry would play a dominant role ultimately in determination of the prices. For single stand off units, there is a challenge and their survival and determination lies in continuous upgradation and cost reduction. Expert studies reveal that in today's circumstances for survival of a single stand off unit, the minimum economical capacity of 2 million tonnes is needed. Your plant with a capacity of over 3 million tonnes, thus has an edge over other competitors in Northern Zone.

Demand and supply gap is likely to be narrowed down substantially in the near future as supply position is not expected to match the robust growth being perceived by Cement Industry. In the Northern Region especially where our plants are located, no new unit is planned. However, with a view to meet the present day challenges, the Company has already started promoting blended Cement which are more profitable in the long run.

RISKS AND CONCERNS

The growth in Cement consumption has a very strong correlation with Gross Domestic Product (GDP). Government spending and initiatives play vital role in determining the Cement consumption. Delays in implementation of construction projects for any reason affect the Cement demand immediately. Stiff competition ultimately affects the margins as in Cement Industry there is a little scope for reduction in the cost due to power & fuel, freight & handling being the two main constituents of cost of production are controlled by external factors.

Cement has been a heavily taxed sector with both the Central and the State Government levying the taxes. In spite of this, Excise Duty has been increased by the Union Budget 2003 from Rs.350/- to Rs.400/- per tonne. At present, Government levies account for about 30% of the sale price. This area is of great concern for Cement Industry. Moreover, the Cement Industry is always affected by increase in prices of petrol / diesel as these affect directly not only power and fuel cost, but also transportation cost. Since the prices are affected by external factors, Cement units are left with only option to reduce unit consumption to control the cost of production.

HIGHLIGHTS OF PERFORMANCE

- ◆ Robust increase in the sales volume by around 24 % as against previous year.
- ◆ Cement production increased to 2.89 million tonnes as against 2.23 million tonnes in the previous year.
- ◆ Cement dispatches increased to 2.89 million tonnes as against 2.25 million tonnes in the last year.
- ◆ Reduction in cost of production on account of
 - (1) saving in power and fuel consumption.
 - (2) average fuel cost per tonne reduced.
 - (3) economies of scale.

WHITE CEMENT**INDUSTRY STRUCTURE AND DEVELOPMENT**

There are three major players in White Cement Industry in India. One player (Travancore Cement) being small is restricted to the States of Kerala and Tamil Nadu, whereas other two JK and Birla White (BW) have national presence.

Domestic White Cement Industry grew by 10.85 % during 2002 - 03 as compared to 2.90 % during previous year. This growth was achieved in spite of weak demand from the industrial segment. Applications like underbed for the marble floor or cement wash have been primary drivers for the growth witnessed in the industry.

OPPORTUNITIES AND THREATS / RISKS AND CONCERNS

White Cement is still regarded as luxury in India. General masses remain away from the use of white Cement for several reasons. White Cement is yet to find a place in rural India. White Cement has ample end uses and applications and therefore provides ample opportunity for substantial demand growth in the coming years with the changing pattern of life both in cities and in rural India. However, White Cement Industry needs to take effective steps to boost the market of new applications.

OUTLOOK

Industry outlook remains positive and expects to record a growth of about 7% this year. Introduction of VAT had created doubts and Industry showed sign of slow down, but recovered quickly once the decision of not to implement VAT was announced.

INTERNAL CONTROL SYSTEMS

The Company's internal control systems are more than adequate, and are routinely tested and certified by our Statutory as well as Internal Auditors. Moreover, the Company continuously upgrades these systems in line with best international practices.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.



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, 2003 and also the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 we enclose 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 and Profit and Loss account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and Profit and Loss Account 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, 2003 and taken on

record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003 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. However, in absence of written representation from Mr. Ramapati Singhania, we are unable to comment whether he is disqualified from being appointed as director in terms of aforesaid section;

- f) (i) **The assets and liabilities of the man made fibre units have been incorporated in the Balance Sheet of the Company as detailed in Note No. 2. We are unable to express our opinion as to the extent of realisable value of assets of these units including Sundry Debtors and Loans and Advances shown as doubtful.**
- (ii) **The accounts have been prepared on the concept that Company will continue as going concern (Note no. 4).**
- (iii) **Attention is drawn to note no. 5 regarding non-provision of interest for current year in view of already existing excess provision computed in terms of one time settlement scheme sanctioned by AAIFR.**
- g) Subject to the foregoing, and read with other notes in our opinion, and to the best of our information and according to the explanations given to us, the said accounts 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, 2003.
 - (b) in the case of the Profit and Loss Account of the Profit 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

Place : Kanpur
Date : 30th June, 2003

ANIL AGARWAL
PARTNER

ANNEXURE TO THE AUDITORS' REPORT

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

We are unable to give our comments on paras 1, 3, 4, 5, 12, & 18 of the MAOCARO Order for man made fibre units located at Kota and Jhalawar as the plants are closed and relevant information is not made available (Refer note no. 2 in respect of non-determination of value of shortages/damages of Fixed Assets) subject to this :

1. 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. The Fixed Assets have been physically verified by the management during the year as per phased programme of verification and no material discrepancies have been noticed on such verification.
2. Fixed Assets of Kota Plants were revalued as on 31-03-1985. During the year effect of revaluation has been reversed.
3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified by the management (in some cases with the help of firms of chartered accountants) during the year or at the end of the year.
In respect of goods lying in bonded warehouses, in transit and with third parties, confirmation has not been shown to us. In our opinion, the frequency of verification is reasonable.
4. In our opinion and according to the information and explanations given to us, the procedures of verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. The discrepancies noticed between the stocks as per physical verification and that as per book records were not material and the same have been properly dealt with in the books of account.
6. In our opinion, and on the basis of our examination of the stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year. Inventories of Plants at Kota and Jhalawar have been valued as detailed in note no. 2.
7. The company has not taken any loan from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The provisions of Section 370 of the Companies Act, 1956 are not applicable to the company on and after October 31, 1998.
8. The company has granted trade advances to a subsidiary company in earlier years. In view of losses in the subsidiary company, no interest has been charged during the year and balance outstanding at the end of year has been written off.
9. Other advances in the nature of loans given by the company where stipulations had been made, parties have generally repaid the principal amount and interest wherever charged, except the matters detailed in note no. 6.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipments and other assets and also for the sale of the goods.

11. In our opinion and according to the information and explanations given to us, no goods and materials aggregating during the year to Rs. 50,000/- or more in respect of each party were purchased or sold except certain common services for which actual payments have been made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.
12. As explained to us, the company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods and provision is made in the accounts upon determination of loss on such items.
13. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
14. In our opinion, reasonable records have been maintained by the company for the sale and disposal of by-products and scrap.
15. In our opinion, the internal audit system in existence at Grey and White Cement plants is reasonably satisfactory and commensurate with size and nature of its business.
16. We have broadly reviewed the books of account maintained by the company in respect of Grey and White Cement, where pursuant to the rules made by the Central Government the maintenance of cost records has been prescribed under Section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
17. According to the records of the company, the employees provident fund and employees state insurance dues have generally been regularly deposited during the year with the appropriate authorities. However, there is an arrear of Rs. 158.99 lacs which relates to closed Man made Fibre Plants at Kota & Jhalawar.
18. In respect of undisputed income-tax, sales tax, custom duty and excise duty there were no amounts outstanding as at 31.3.2003 which have remained unpaid for more than six months from the date on which they became payable.
19. According to the information and explanations given to us and the records examined by us, no personal expenses have been charged to the revenue account, other than those payable under contractual obligations or in accordance with the generally accepted business practice.
20. The company is a sick industrial company within the meaning of clause (O) of the sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of the trading activities of the company, which form an insignificant part of its income, adequate provision has been made for damaged stocks.

For P. L. TANDON & CO.
CHARTERED ACCOUNTANTS

Place : Kanpur
Date : 30th June, 2003

ANIL AGARWAL
PARTNER



BALANCE SHEET As at 31st March, 2003

	Schedule	31.03.2003 Rs./Lacs	31.03.2002 Rs./Lacs
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	8029.55	8029.51
Reserves & Surplus	2	8320.23	8320.18
Revaluation Reserve	2	718.42	2103.41
		<u>17068.20</u>	<u>18453.10</u>
Loan Funds			
Secured Loans	3	77453.40	81932.03
Unsecured Loans		5572.91	4021.27
		<u>83026.31</u>	<u>85953.30</u>
TOTAL		<u>100094.51</u>	<u>104406.40</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	120016.57	126679.95
Less : Depreciation		79475.81	81904.31
Net Block		40540.76	44775.64
Capital Work-in-Progress		2685.15	1900.78
		<u>43225.91</u>	<u>46676.42</u>
Investments	5	161.64	84.67
Current Assets, Loans & Advances			
Inventories	6	5860.67	5854.49
Sundry Debtors		3812.08	3663.83
Cash & Bank Balances		4471.90	3457.46
Other Current Assets		116.67	168.47
Loans & Advances		4226.81	6683.71
		<u>18488.13</u>	<u>19827.96</u>
Less : Current Liabilities & Provisions	7		
Liabilities		19908.40	21807.52
Provisions		3.49	3.20
		<u>19911.89</u>	<u>21810.72</u>
Net Current Assets		<u>(1423.76)</u>	<u>(1982.76)</u>
Miscellaneous Expenditure (to the extent not written-off or adjusted)			
Deferred Revenue Expenditure		131.35	137.88
Profit & Loss Account		57999.37	59490.19
TOTAL		<u>100094.51</u>	<u>104406.40</u>
Notes & Contingent Liabilities	13		

As per our Report attached

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

ANIL AGARWAL
Partner

GAUR HARI SINGHANIA
Chairman

GOVIND HARI SINGHANIA
Vice Chairman

K. B. AGARWAL
JAGENDRA SWARUP
KAILASH NATH
S. BHANDARI
G. B. S. WADHWA

} Directors

Kanpur

YADUPATI

J. P. BAJPAI

Dated : 30th June, 2003

Managing Director & CEO

Secretary

PROFIT & LOSS ACCOUNT For the year ended 31st March, 2003

	Schedule	2002-2003 Rs./Lacs	2001-2002 Rs./Lacs
INCOME			
Sales		76194.43	66429.43
Other Income	8	541.74	404.53
Increase/(Decrease) in Finished/Process Stocks	9	634.00	(168.30)
TOTAL		<u>77370.17</u>	<u>66665.66</u>
EXPENDITURE			
Materials	10	5948.98	4617.45
Other Expenses	11	50602.32	41471.53
Excise Duty		12215.67	11400.09
Sales Tax		4128.74	4407.85
Interest Net (Refer Note No. 5)	12	(120.70)	4068.25
TOTAL		<u>72775.01</u>	<u>65965.17</u>
Profit before depreciation		4595.16	700.49
Depreciation		4283.02	
Less : Transfer from Revaluation Reserve (Refer Note No. 8)		<u>10.75</u>	4184.06
Profit/(Loss) for the year		322.89	(3483.57)
Extra ordinary Items (Refer Note No. 17)		<u>1170.89</u>	(221.29)
Profit/(Loss) before tax		1493.78	(3704.86)
Provision for Wealth Tax		2.96	2.66
Profit/(Loss) after tax		1490.82	(3707.52)
Balance from previous year		(59490.19)	(55782.67)
Balance carried to Balance Sheet		<u>(57999.37)</u>	<u>(59490.19)</u>
Earning per share-Basic & Diluted (in Rs.)		0.32	(4.68)
Notes & Contingent Liabilities	13		

As per our Report attached

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

ANIL AGARWAL
Partner

GAUR HARI SINGHANIA
Chairman

GOVIND HARI SINGHANIA
Vice Chairman

K. B. AGARWAL
JAGENDRA SWARUP
KAILASH NATH
S. BHANDARI
G. B. S. WADHWA

} Directors

Kanpur

YADUPATI

J. P. BAJPAI

Dated : 30th June, 2003

Managing Director & CEO

Secretary



SCHEDULE-1

SHARE CAPITAL

		31.3.2003 Rs./Lacs	31.3.2002 Rs./Lacs
AUTHORISED			
12,50,00,000	Equity Shares of Rs. 10/- each	12500.00	12500.00
	Cumulative Redeemable Preference Shares —		
2,00,000	11% of Rs. 100/- each	200.00	200.00
6,00,000	14% of Rs. 100/- each	600.00	600.00
2,00,000	15% of Rs. 100/- each	200.00	200.00
5,00,000	Unclassified Shares of Rs. 100/- each	500.00	500.00
		<u>14000.00</u>	<u>14000.00</u>
ISSUED, SUBSCRIBED & PAID UP			
7,44,24,380	Equity Shares of Rs. 10/- each	7442.44	
	Less : Calls unpaid	<u>7.75</u>	
		7434.69	7434.65
	Cumulative Redeemable Preference Shares —		
3,00,000	14% of Rs. 100/- each	300.00	300.00
1,45,562	11% of Rs. 100/- each	145.56	145.56
1,49,294	15% of Rs. 100/- each	149.30	149.30
		<u>8029.55</u>	<u>8029.51</u>

NOTES :

- The Equity Share Capital includes :
 - Rs. 2026.39 Lacs by way of Capitalisation of Reserves.
 - Rs. 20.02 Lacs deemed as paid towards uncalled liability.
 - Rs. 2006.37 Lacs as fully paid-up Bonus Shares.
 - Rs. 6.00 Lacs 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.
 - Rs. 1747.52 Lacs being the face value of 1,74,75,219 Equity shares allotted as fully paid-up shares on conversion of debentures and Term Loans.
- 14% Preference Shares fell due for redemption on 21.01.1996 but not redeemed.
 - 15% Preference Shares fell due for redemption on 22.7.2000 but not redeemed.
 - 11% Preference Shares fell due for redemption on 22.5.2001 but not redeemed.

SCHEDULE-2

RESERVES & SURPLUS

	Rs./Lacs				
	Debenture Redemption Reserve	Capital Redemption Reserve	Share Premium Account	Total	Revaluation Reserve
As at 31st March, 2002	1580.18	203.00	6537.00	8320.18	2103.41
Add :					
— Share Premium	—	—	0.05	0.05	—
	1580.18	203.00	6537.05	8320.23	2103.41
Deduct :					
— Transfer to Profit & Loss Account	—	—	—	—	10.75
— Reversal of Revaluation Reserve	—	—	—	—	1374.24
As at 31st March, 2003	<u>1580.18</u>	<u>203.00</u>	<u>6537.05</u>	<u>8320.23</u>	<u>718.42</u>

*Net of calls unpaid Rs. 7.75 lacs.

SCHEDULE-3

LOANS	Refer Note	31.3.2003 Rs./Lacs	31.3.2002 Rs./Lacs
SECURED			
Debentures			
Principal Amount	1 to 5	17540.73	17552.72
Interest accrued & due		6629.64	6645.35
Redemption Premium		526.58	526.68
Term Loans			
Banks			
— Rupee Loans	6	211.00	278.26
— Interest accrued & due		311.15	337.03
Financial Institutions			
— Rupee Loans	7	3016.79	2993.46
— Rupee Tied Up	8	11318.44	11553.65
— Interest accrued & due		15825.96	15285.74
Cash Credit Accounts	9	15122.83	17143.97
— Interest accrued & due		14695.83	12694.22
		85198.95	85011.08
Less : Deposit with Court/DRT Receiver		2987.05	2387.05
Deposit with FIs/Banks in No Lien Account		5305.19	700.00
		76906.71	81924.03
Bank Overdraft		505.92	8.00
Vehicle Loan From Bank		40.77	0.00
		77453.40	81932.03
UNSECURED			
Term Loans			
Financial Institutions		55.00	55.00
Banks		45.00	45.00
Interest accrued & due		139.18	139.19
Deferred Sales Tax		1488.34	612.05
Other Loans and Advances			
Banks		320.00	308.69
Interest accrued & due		665.42	676.73
Others		2859.97	2184.61
		5572.91	4021.27
		83026.31	85953.30

NOTES :

Securities for :

- 22,90,457 - 14% Secured ('B' Series) Redeemable Debentures of Rs.100/- each aggregating Rs. 2285.62 lacs.
 - 7,00,000 - 14% Secured ('C' Series) Redeemable Debentures of Rs.100/- each aggregating Rs. 700 lacs privately placed with Investment Institutions.
 - Rupee Term Loans from Financial Institutions viz. ICICI, IDBI, IFCI, LIC and IBI (Rs. 975.68 lacs).

Equitable mortgage of all the immovable properties and hypothecation of movable assets (except some of the machinery purchased under Deferred Credits), both present and future of the Company's Cement unit at Nimbahera (Rajasthan), ranking pari-passu with the charges created in favour of Trustees for holders of 15% Secured (Fourth Series) Redeemable Debentures (Redeemed on 21.10.89 charge yet to be vacated), 14% Secured ('B' & 'C' Series) Redeemable Debentures and Financial Institutions and subject to prior charges over Diesel Generating Sets in favour of ICICI and IFCI. 'B' and 'C' Series Debentures are further secured by way of legal mortgage in English form on some immovable property in the state of Gujarat, ranking pari - passu with the charges created in favour of Trustees for the holders of 'A' Series and 'PCD' Series.
- 11,00,023 - 13.5% Secured (Third Series) Redeemable Debentures of Rs.120/- each (after conversion) after net of calls in arrears Rs.1.57 lacs (Previous year Rs. 1.57 lacs) aggregating Rs. 1316.58 lacs.
 - 9,04,012 - 15% Secured (Fifth Series) Redeemable Debentures of Rs.100/- each aggregating Rs. 902.71 lacs.

Legal Mortgage in English form of immovable property in Gujarat and equitable mortgage of immovable properties and hypothecation of movable assets (save and except some machinery purchased under Deferred Credits, Diesel Generating Sets and 5 Nos. Zinser Draw Twister) both present and future relating to Padam Synthetics Unit (PFY) and Gopal Synthetics Division at Kota, (Rajasthan) and White Cement Division at Gotan Distt. Nagaur (Rajasthan).

Such charge to rank pari - passu inter-se in all respects with mortgage and charges created / to be created in favour of :

 - ICICI for foreign currency loans granted by them for Padam Synthetics Unit (PFY) and Gopal Synthetics Division; and
 - State Bank of India, Kanpur, for issuing guarantee for Euro DM Loan.
- 10,24,127 - 15% Secured (Sixth Series) Redeemable Debentures of Rs.100/- each aggregating Rs.1023.72 Lacs.

Equitable mortgage of immovable properties and hypothecation of movable assets both present and future (except the specific machines purchased under Deferred Credits) relating to JK Staple & Tows Division and JK Tyrecord Divisions at Kota. Sixth Series Debentures are also secured by a legal mortgage in English form on some immovable property in Gujarat, charge to rank pari-passu with the charges created in favour of Trustees for holders of Eighth Series Debentures.
- 22,00,000 - 15% Secured (Eighth Series) Redeemable Debentures of Rs.100/- each privately placed with LIC (Rs. 1200 lacs) and UTI (Rs. 1000 lacs) aggregating Rs.2200 lacs. Legal Mortgage in English form of Immovable property in Gujarat (ranking pari-passu with the charges created in favour of Trustees for holders of Sixth Series Debentures)



and equitable mortgage of Immovable properties and hypothecation of movable assets (except specific machines purchased under Deferred Credits) both present & future of JK Acrylic and Sir Padampat Research Centre at Kota and Thermal Power Plant at Bamania Distt. Chittorgarh, charge to rank pari-passu with ICICI for Foreign Currency Loans.

5. (a) 51,74,941 - 15% Secured ('A' Series) Redeemable Debentures of Rs.100/- each aggregating Rs. 5174.94 lacs.
- (b) 21,90,053 - 12.5% Secured (P.C.D. Series) Redeemable Debentures of Rs.180/- each (after conversion), aggregating Rs. 3919.18 lacs. Equitable mortgage of immovable properties and hypothecation of movable assets (except some of the machinery purchased under Deferred Credit and housing colony specifically charged to H.D.F.C. for their housing loan) pertaining to J.K. Fibre and J.K. Industrial Yarn Divisions at Jhalawar (Rajasthan), both present and future ranking pari - passu with the charges created/ to be created in favour of ICICI, IFCI and IDBI for Foreign Currency Loans. These debentures are secured further by way of Legal Mortgage in English form on some immovable property in Gujarat. Charge to rank pari - passu with the charges created in favour of Trustees for holders of 'B' and 'C' Series Debentures.
6. Rupee Term Loans from Banks (Rs. 211.00 Lacs) :
State Bank of India (Rs. 211.00 Lacs) - Secured as per details given in Note No. 2 above.
7. Rupee Term Loans from Financial Institutions (Rs. 3016.79 lacs) :
a) ICICI, IFCI, LIC, IDBI and IBI (Rs. 975.66 Lacs) secured as per details given in Note No. (1)(C).
b) H.D.F.C. for -
Rs. 17.02 Lacs - Secured by Equitable Mortgage over specific land at Prithipura, Distt. Jhalawar (Rajasthan) and buildings and construction thereon both present and future.
c) ICICI, IDBI and IFCI (Rs. 2024.09 Lacs) - Secured as per details given in Note No. 2 above.
8. Foreign Currency Loans from Financial Institutions - tied up in to Indian Rupees (Rs. 11,318.44 Lacs) :
(a) ICICI for -
(i) Rs. 687.10 Lacs - Secured as per details given in Note No. 2 above, except the Legal Mortgage in English form.
(ii) Rs. 1412.53 Lacs - Secured by hypothecation of 6 Nos. Diesel Generating Sets at Kota and Nimbahera, ranking pari - passu with IFCI.
(iii) Rs. 23.20 Lacs - Secured by hypothecation of Uninterrupted Power Supply System Equipments.
(iv) Rs. 2462.34 Lacs - Secured as per details given in Note No.5 above except Legal Mortgage in English form.
(v) Rs. 551.01 - Secured as per details given in Note No.1(c) above.
(b) IFCI for :
(i) Rs. 946.06 Lacs - Hypothecation of 6 nos. Diesel Generating Sets at Nimbahera and Kota ranking pari - passu with ICICI.
(ii) Rs. 3701.33 Lacs - Secured as per details given in Note No. 5 above except Legal Mortgage in English form.
(c) IDBI for :
Rs. 1534.87 Lacs - Secured as per details given in Note No. 5 above except Legal Mortgage in English form.
9. (a) Cash Credit Account Rs.15122.83 Lacs - Hypothecation of Inventories and Book Debts both present and future, of all divisions of the Company.
(b) Overdraft with Bank Rs. 505.92 lacs - Secured by pledge of FDRs.
(c) Vehicles loan from Bank Rs. 40.77 lacs - Secured by way of hypothecation of vehicles.
(d) The charge by way of hypothecation of Inventories and Book Debts in favour of Bankers also extends to the guarantees given / Letter of Credit established by the banks on behalf of the Company.
10. Charge created / to be created in favour of Financial Institutions / Banks for loans granted by them and Trustees for debenture holders mentioned in Note No. 1 to 8 above are subject to prior charges created or to be created in favour of Company's bankers to secure borrowings for working capital as mentioned in Note No. 9 above.
11. Debenture Series Third, Fifth, Sixth, Eighth, A, B, C and PCD are covered under One Time Settlement Scheme approved by Hon'ble AAIFR. Accordingly, the principal amount alongwith 5% simple interest arrears would be paid to all debenture holders upon the implementation of the Scheme.

SCHEDULE-4

FIXED ASSETS

Rs./Lacs

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 31.03.2002	Additions	Deductions	As at 31.03.2003	Upto 31.03.2002	For the year	Deductions	Upto 31.03.2003	As at 31.03.2003	As at 31.03.2002
Land	751.54	53.58	167.96	637.16	-	-	-	-	637.16	751.54
Leasehold Land (including development expenses)	758.02	58.21	273.84	542.39	117.24	51.42	55.70	112.96	429.43	640.78
Buildings	11455.56	316.43	1314.70	10457.29	3306.53	258.80	269.53	3295.89	7161.49	8149.03
Plant & Machinery	111505.24	983.39	6367.40	106101.17	77144.32	3859.30	6348.92	74054.70	31446.47	34360.92
Railway Sidings	714.84	-	-	714.84	342.09	36.66	-	378.75	336.09	372.75
Rolling Stock	122.26	-	-	122.26	74.43	4.79	-	79.22	43.04	47.83
Furnitures, Fixtures and Office Equipments	866.63	19.79	0.13	886.29	546.63	46.28	0.06	592.85	293.44	320.00
Vehicles	392.81	94.13	46.33	440.61	280.98	22.39	37.31	266.06	174.55	111.83
Library, Arms etc.	67.92	-	-	67.92	47.10	1.87	-	48.97	18.95	20.82
Live Stock	0.14	-	-	0.14	-	-	-	-	0.14	0.14
Temporary Constructions	44.99	1.51	-	46.50	44.99	1.51	-	46.50	-	-
	126679.95	1506.98	8170.36	120016.57	81904.31	4283.02	6711.52	78475.81	40540.76	44775.64
Previous Year's figures	115042.35	11667.25	29.65	126678.95	77464.02	4469.06	28.77	81904.31		
Capital Work-in-Progress									2685.15	1900.78
									43225.91	46676.42

NOTES :

1. Deductions includes assets discarded & sale proceeds of assets sold where costs are not ascertainable.
2. Land Includes Rs. 14.69 lacs - Title deeds are yet to be registered. Certain Title deeds are missing for which steps to obtain duplicate/certified copies are being taken.
3. In respect of buildings constructed on leasehold land for which lease is expiring in next 5 years, depreciation for the year has been provided in a manner to write off the written down value over the unexpired period of lease.
4. During the year Revaluation of Fixed Assets of Kota Plants made on 31.3.1985 have been reversed, therefore Rs. 7967.13 lacs shown as deduction in Gross Block and Rs. 6549.90 lacs shown as deduction in depreciation.

**SCHEDULE-5
INVESTMENTS**

Name of the Bodies Corporate	No. of Shares	Class of Shares	Book Value (Rs./Lacs)	
			31.03.2003	31.03.2002
LONG TERM INVESTMENTS				
A. Trade Investments				
Fully paid up Shares :				
Raymond Ltd.	55740	Equity	30.47	30.47
J. K. Cotton Spg. & Wvg. Mills Co. Ltd.	590360	Equity	53.13	53.13
J. K. Jute Mills Co. Ltd.	70900	Equity	1.49	1.49
The Plastic Products Ltd. (In liquidation)	48900	Ord.	2.94	2.94
J. K. Industries Ltd.	100	Equity	0.05	0.05
† Africa Synthetic Fibres Ltd.	1788500	A Ord.	357.45	357.45
			<u>445.53</u>	<u>445.53</u>
B. Investments in Subsidiary Companies				
J. K. Satoh Agricultural Machines Ltd.	540000	Equity	10.80	10.80
Jaykay Tech Ltd.	600000	Equity	60.00	60.00
C. Other Investments and Government Securities (As per Schedule 14)				
			<u>486.86</u>	<u>409.89</u>
			1003.19	926.22
Less : Provision for Diminution in value of investments			<u>841.55</u>	841.55
			<u>161.64</u>	<u>84.67</u>

NOTE :

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

(Rs./Lacs)

	31.3.2003		31.03.2002	
	Book Value (Net of Provision)	Market Value	Book Value (Net of Provision)	Market Value
Aggregate value of Unquoted Investments	77.51	—	0.54	—
Quoted Investments	84.13	113.66	84.13	137.42
	<u>161.64</u>	<u>113.66</u>	<u>84.67</u>	<u>137.42</u>



SCHEDULE-6

CURRENT ASSETS, LOANS & ADVANCES

	31.3.2003 Rs./Lacs	31.3.2002 Rs./Lacs
A. INVENTORIES		
Stocks as valued and certified by a Director		
(a) Stores, Spare parts etc.	3573.39	4186.54
(b) Raw Materials	219.15	229.01
(c) Goods-in-Process	1108.67	617.39
(d) Finished Goods	810.09	667.37
(e) Material-in-Transit and in Bonded Warehouses	149.37	154.18
	<u>5860.67</u>	<u>5854.49</u>
B. SUNDRY DEBTORS		
(a) Debts over six months		
— Considered Good		
Secured	18.88	14.95
Unsecured	501.50	246.47
— Considered Doubtful	1802.41	1822.88
(b) Other Debts		
— Considered Good		
Secured	164.81	161.87
Unsecured	3060.26	2610.11
— Considered Doubtful	15.92	—
	<u>5563.78</u>	<u>4856.28</u>
Less : Provision for Doubtful Debts	1751.70	1192.45
	<u>3812.08</u>	<u>3663.83</u>
C. CASH & BANK BALANCES		
(a) Cash & Cheques in hand and remittances in transit	49.27	52.60
(b) Balances with Scheduled Banks in :		
— Current Accounts	2149.01	1613.43
— Deposit Accounts	2217.49	1740.98
(c) Balances with Non-Scheduled Banks in :		
— Current Accounts :		
United Mercantile Co-operative Bank Ltd.	0.72	24.62
Chittorgarh Kendriya Sahkari Bank	55.41	25.83
	<u>4471.90</u>	<u>3457.46</u>
D. OTHER CURRENT ASSETS		
Interest accrued on Investments and Deposits	116.67	168.47
E. LOANS & ADVANCES		
I. SECURED		
Advance to a Subsidiary Company	—	37.85
II. UNSECURED - Considered Good Unless Otherwise Stated		
(a) Advance to a Subsidiary Company		
— Considered Doubtful		55.04
(b) Advances Recoverable in cash or in kind or for value to be received		
— Considered Good	2058.59	2853.26
— Considered Doubtful	791.08	1439.46
(c) Taxation (Less Provisions)	793.36	1034.05
(d) Prepaid Expenses	124.15	125.20
(e) Deposits	617.82	643.66
(f) Balances with Custom & Excise Departments	199.21	964.22
	<u>4584.21</u>	<u>7152.74</u>
Less : Provision for Doubtful Advances	357.40	469.03
	<u>4226.81</u>	<u>6683.71</u>
	<u>18488.13</u>	<u>19827.96</u>
NOTE : Maximum amount due at any time during the year :		
CURRENT ACCOUNTS :		
United Mercantile Co-operative Bank Ltd.	24.62	24.62
Chittorgarh Kendriya Sahkari Bank	27.50	165.93

SCHEDULE-7

CURRENT LIABILITIES & PROVISIONS

	31.3.2003 Rs./Lacs	31.3.2002 Rs./Lacs
CURRENT LIABILITIES		
(a) Sundry Creditors	11552.14	9180.05
(b) Other Liabilities	7954.55	12174.34
(c) Temporary Book Overdraft	331.61	452.87
(d) * Investor Education & Protection Fund shall be credited by following :		
i) Unpaid Dividend	0.19	0.26
ii) Unpaid Application Money	3.13	—
iii) Unpaid Matured Deposits	28.07	—
iv) Unpaid Matured Debentures	25.55	—
v) Interest Accrued on (i) to (iv)	13.16	—
	<u>19908.40</u>	<u>21807.52</u>
PROVISIONS		
Wealth Tax	3.49	3.20
	<u>19911.89</u>	<u>21810.72</u>

1. * Figures of previous year have not been disclosed as the disclosure requirement came into force with effect from 13.11.2002.
2. Items i to v are pending for reconciliation.

SCHEDULE-8

OTHER INCOME

	2002-03 Rs./Lacs	2001-2002 Rs./Lacs
Rent	105.98	99.50
Profit on Sale of Assets	27.83	1.73
Dividend on Shares :		
— Trade	2.51	1.67
— Others (Tax Deducted at source Rs. 0.31 Lacs)	0.80	0.64
Claims Realised	67.85	25.81
Provisions no longer required	60.78	201.49
Refund of Excise Duty	185.93	—
Sundry Receipts/Unclaimed Balances	90.06	73.69
	<u>541.74</u>	<u>404.53</u>

SCHEDULE-9

INCREASE / (DECREASE) IN FINISHED/PROCESS STOCKS

	2002-03 Rs./Lacs	2001-02 Rs./Lacs
Stocks at Commencement :		
Finished Goods	667.37	788.18
Goods-in-Process	617.39	664.88
	<u>1284.76</u>	<u>1453.06</u>
Stocks at Close :		
Finished Goods	810.09	667.37
Goods-in-Process	1108.67	617.39
	<u>1918.76</u>	<u>1284.76</u>
	<u>634.00</u>	<u>(168.30)</u>

**SCHEDULE-10****MATERIALS**

	2002-03 Rs./Lacs	2001-02 Rs./Lacs
Opening Stock	229.01	164.43
Add : Purchases (including expenses on raising Limestone)	<u>5929.93</u>	<u>4682.76</u>
	6158.94	4847.19
Less : Returns/Adjustments/Sales	<u>10.66</u>	<u>2.96</u>
	6148.28	4844.23
Less : Closing Stock	<u>219.15</u>	<u>229.01</u>
Raw Material Consumed	5929.13	4615.22
Add : Purchases of Other Finished Goods	<u>19.85</u>	<u>2.23</u>
	<u>5948.98</u>	<u>4617.45</u>

SCHEDULE-11**OTHER EXPENSES**

	2002-03 Rs./Lacs	2001-02 Rs./Lacs
1. Payments to and Provisions for Employees :		
Salaries, Wages, Bonus & Superannuation etc.	2423.66	2203.62
Contribution to Provident and other funds	309.01	341.97
Welfare Expenses	<u>639.66</u>	<u>602.16</u>
	<u>3372.33</u>	<u>3147.75</u>
2. Manufacturing and Other Expenses :		
Stores, Spare parts, Packing Materials etc.	6144.09	4987.01
Power & Fuel	22194.00	18092.63
Insurance	311.74	253.21
Repairs to Machinery	1055.95	945.68
Repairs to Buildings	331.05	274.71
Rent	126.11	105.68
Lease Rent	47.43	63.65
Rates & Taxes	22.74	32.41
Directors' Fee	0.80	0.13
Loss on Discarded/Disposal of Assets	33.33	0.30
Deferred Revenue Expenditure Written-off	9.72	22.89
Provision for Doubtful Debts/Advances	72.89	22.78
Bad Debts/Advances Written-off	36.40	15.48
Miscellaneous Expenses	<u>2580.38</u>	<u>2281.10</u>
	<u>32966.63</u>	<u>27097.66</u>
3. Selling & Distribution Expenses :		
Commission, Brokerage & Incentives	885.44	736.12
Selling Expenses	813.54	867.50
Freight & Handling Outward	<u>12564.38</u>	<u>9622.50</u>
	<u>14263.36</u>	<u>11226.12</u>
	<u>50602.32</u>	<u>41471.53</u>

SCHEDULE-12**INTEREST**

	2002-03 Rs./Lacs	2001-02 Rs./Lacs
Debentures	1.30	1.52
Fixed Loans	—	2155.19
Others	<u>204.26</u>	<u>2192.29</u>
	205.56	4349.00
Less : Received (Tax deducted at source Rs. 15.66 Lacs, 2001-02 Rs. 12.79 Lacs)	<u>326.26</u>	<u>280.75</u>
	<u>(120.70)</u>	<u>4068.25</u>

SCHEDULE-13

NOTES ON THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	31.3.2003 Rs./Lacs	31.3.2002 Rs./Lacs
1. (A) CONTINGENT LIABILITIES		
(i) In respect of claims against the Company not acknowledged as debts	927.92	916.72
(ii) In respect of non-fulfilment of export obligations against advance licences relating to Manmade Fibre units.		Indeterminate
(iii) In respect of claims of employees - no provision has been made as the liability is not ascertainable :		Indeterminate
(iv) In respect of claims of suppliers for interest on late payments		Indeterminate
(v) In respect of disputed demands, appeals pending with Appellate Authorities/Courts - no provision has been considered necessary by the Management :		
(a) Excise duty (including set off claims rejected by Authorities)	449.79	706.43
(b) Service Tax	71.44	71.44
(c) Income Tax (paid under dispute)	762.90	817.67
(d) Interest on late payment of enhanced royalty demanded by Mines Department, Govt. of Rajasthan	698.54	698.54
(vi) In respect of interest on "Cement Retention Price" realised in earlier years.	881.30	840.52
(vii) In respect of Sales Tax Exemption benefits availed under Rajasthan Sales Tax/Central Sales Tax Exemption Deferment Scheme, 1998. (Refer Note No. 9)	9049.80	3771.65
(B) Estimated amount of contracts remaining to be executed on Capital account and not provided for	51.80	88.46
(C) Arrears of dividend on Preference Shares :		
(i) On 11% and 15% Preference Shares from the date of reissue to date of redemption	268.84	268.84
(ii) On 14% Preference Shares from 1990-91 to the date of redemption	244.06	244.06

2. During the year possession of man made fibre plants at Kota and Jhalawar continued with the Company in the capacity of the Agent of the Court / DRT Receiver. The manufacturing operations in these plants remained suspended from 1996/1997. The expenses incurred on maintenance, security and insurance have been charged to Profit & Loss A/c. The assets and liabilities of these plants incorporated in the Balance Sheet of the Company are as under -

	Amount (Rs. Lacs)
Net Block	16115.99
Capital Work in Progress	96.56
Other Investment (Govt. Securities)	0.15
Inventories	867.41
Sundry Debtors	66.63
Cash & Bank Balances	108.51
Other Current Assets	0.11
Loans & Advances	1326.79
Current Liabilities	6937.71
Unsecured loans	169.57

- i) The Fixed Assets (Land, Buildings and plant & machinery) of Kota plants were revalued as on 31.3.1985 and these were shown at revalued amount in the Balance Sheet. However, due to closure of these plants for last 6/7 years the values have gone down considerably. Management has, therefore, reversed the effect of revaluation during the year.
- ii) At the time of taking back the possession from the Court Receiver, the fixed assets were physically verified by an outside agency. They had reported material shortages and damages to the fixed assets. However, in the absence of determination of value of these shortages/damages no adjustment had been made in the books.
- iii) Physical verification of inventories was carried out at the time of taking back possession from Court Receiver and excess/shortage found on physical verification were adjusted. As no movement has taken place during the year, the inventories continued at last year level. As the realisable value is not ascertainable, inventories continue to be valued on the basis followed in 1997-98 (except in case of stores a further provision of Rs. 584.49 lacs has been made during the year) as under -

Stores and spare parts	-	at book values (net of provision)
Raw materials	-	at 50% of cost
Goods in process	-	at nominal value of Re. 1/- for each division.
Finished goods :		
: At factory	-	at 50% of selling price
: With third parties	-	at nominal value of Re. 1/- per kg.
- iv) During the year under report, adjustments have been made in the books on the basis of reconciliations/settlements with the



parties. Despite many efforts, the Company is yet to receive the copy of account / confirmations of dues payable / receivable by it.

- v) Due to stagnant outstandings, Sundry Debtors (Rs. 1316.08 lacs) and Loans & Advances (Rs. 453.74 lacs) are classified as Doubtful against which provisions of Rs. 1249.45 lacs and Rs. 20.06 lacs respectively are appearing in the books. Sundry Debtors include Rs. 742.70 lacs due from J. K. Cotton Spg. & Wvg. Mills Co. Ltd. (JKCM). As per the scheme approved by Hon'ble BIFR for JKCM, this amount is to be converted in Equity Capital of JKCM.
 - vi) Certain bank transactions for which withdrawal/deposit particulars were not available in 1997-98 are continued to be kept in suspense account. Deposits aggregating Rs. 41.12 lacs have been included in Sundry Creditors and withdrawals aggregating Rs. 7.45 lacs have been included under the head Loans and Advances.
 - vii) No provision for salaries, wages etc. for the period during which the plants remained closed, has been made in view of the principle "No work no wages". Liability for retiring gratuity was actuarially determined as on 31.3.1997. The incremental liability has neither been ascertained nor provided.
Rs. 443.66 lacs adhoc payments made to workers in terms of Hon'ble AAIFR order has been shown under the head "Loans and Advances" as the same would be adjusted against final settlement of dues of workers.
 - viii) No adjustment has been made in the books of account in respect of sale by auction of some properties at Kota by the Administration in respect of which sale proceeds have been utilised for payment of workers' dues as the matter is sub-judice.
 - ix) Liabilities of Excise and Custom Departments have been updated on the basis of claims filed by them before BIFR. Additional provision of Rs. 417.53 lacs has been made during the year in respect of matters already settled. In respect of matters pending in appeals the liability has been shown as contingent liability. Other Contingent Liabilities are incorporated on the basis of best available information.
3. In a recovery suit filed by the ICICI Bank Ltd. in November 1997, the Hon'ble Bombay High Court has appointed a Court Receiver (since replaced by DRT Receiver) of the company's assets charged with Fis/Banks/Trustees for Debentureholders. The Company is presently operating Cement plants in the capacity of an Agent on payment of royalty. The amount deposited as security / royalty for Grey and White Cement plants with Court / DRT Receiver Rs. 2987.05 lacs till 31.3.2003 have been shown as deduction under the head Secured Loans. Interest accrued thereon and expenses / commission charged by Court Receiver have not been accounted for due to non receipt of necessary details. The company is holding possession of Kota and Jhalawar plants in the capacity of an Agent only for the purpose of maintenance, safety and security.
4. The Company continues as a sick industrial company under the provisions of SICA. The Hon'ble AAIFR vide its order dated 23.1.2003 has approved a scheme for one time settlement of the dues payable to the secured lenders and Preference Shareholders. For this purpose necessary funds are being raised in a new company viz. J. K Cement Ltd. through ECB against the Cement undertakings which would be demerged as running units on payment of dues to the secured lenders and Preference Shareholders. The scheme is to be implemented by 31st August, 2003. Similarly for Kota complex also, the Company is in process of finalisation of a scheme/arrangement thereby to ensure restart of Kota plants.
- In view of this, the Company continues to prepare the account of all the units on the assumption of "going concern basis".
5. In terms of the One Time Settlement Scheme sanctioned by the Hon'ble AAIFR vide its order dated 23rd January, 2003, the secured creditors are to be paid principal outstanding and 5% of simple interest arrears as on cut off date i.e. 30.9.2001. Accordingly all Fis and Banks have confirmed the outstanding dues on the basis of which necessary entries have been passed in the books of accounts. Further in terms of the OTS Scheme, the Company is required to pay simple interest @ 11% on the OTS dues for the period from 1.10.2001 till the date of actual payment to the secured lenders. The liability for interest payable on OTS upto 31st March, 2003 works out to Rs. 10298.10 lacs against which liability towards interest already appearing in the books is Rs. 38217.18 lacs.
In view of the above no provision for interest liability has been made during the year and pending implementation of the Scheme excess provision has also not been written back. The interest charge for the current year is lower by Rs. 5532.45 lacs (computed as per OTS Scheme) and profit for the year is consequently higher by similar amount.
6. Loans and Advances considered good include Rs. 453.96 lacs (2001-02 Rs. 462.96 lacs) due from J. K. Cotton Spg. & Wvg. Mills Co. Ltd. (JKCM) paid in earlier years as advance against purchase of Land and Security deposit for property taken on lease. 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.
7. The total future liability for retiring gratuity payable in accordance with the Payment of Gratuity Act in respect of employees other than those of man made fibre units (refer note No. 2) has been actuarially determined as on 31.3.2003 at Rs. 1054.22 lacs. Necessary provision has been made for incremental liability after considering the amount available with the Gratuity Fund.
8. (i) (A) Depreciation has been provided on (a) assets acquired upto 31.3.1987 on the basis of specified period calculated at the rates of depreciation for single shift working prevalent at the time of acquisition of the assets, (b) assets acquired after 31.3.1987 by recomputing the specified period at the revised rate as prescribed in Schedule XIV of the Companies Act, 1956 and allocating the unamortized value as per the books of account over the remaining part of the recomputed specified period.
(B) In respect of the plant and machinery acquired after 31.3.1987 the depreciation during year 1991-92, 1992-93 was provided at the rates specified for single shift working in Schedule XIV of the Companies Act, 1956 and arrear of depreciation was worked out to Rs. 4770.49 lacs as on 31.3.1993.
- (ii) Land, Buildings, Plant & Machinery, Railway Siding and Rolling Stock of Grey Cement plant at Nimbahera had been revalued as on 31.3.1985. In respect of additional values resulting from revaluation, provision for depreciation has been made on straight-line method on the basis of number of years of life as determined by the valuers, but in respect of original cost, provision for depreciation has been made as above. An amount of Rs. 10.75 lacs equivalent to the depreciation for the year on the additional values has been withdrawn from Revaluation Reserve and credited to Profit & Loss Account.
9. The company has been availing Sales Tax Benefit under Rajasthan Sales Tax/Central Sales Exemption / Deferment Scheme 1998 for its Grey and White Cement units which was amended on 30.9.1999 by State of Rajasthan by issuing a corrigendum revising the Benefits under the said Scheme. The validity of the said corrigendum was challenged by the company in a writ petition filed before

High Court of Rajasthan which has decided the matter in favour of company. The State of Rajasthan has filed SLP before Supreme Court against the said order, the admission of which is still pending.

Based on legal advices and judgement of High Court of Rajasthan in favour of the company, the Board of Directors are of the opinion that there is no need to retain the provision of Rs. 3407.93 lacs made in the books of Grey Cement division in earlier years on the basis of corrigendum, therefore, the same has been written back and shown under the head "Extra Ordinary Items".

10. In terms of Accounting Standard - AS 22 relating to "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India, the Net Deferred Tax Assets as at 31.3.2003 is Rs.19129 lacs.

However, in view of uncertainty about sufficient future taxable income against which these deferred tax assets can be realised, the same has not been recognised.

11. Earning per share (EPS) :

a) Net profit available for Equity Share holders (Rs. In lacs) (Numerator used for calculation)	239.57
b) Weighted average number of Equity Shares used as denominator for calculating EPS	74424380
c) Basic and Diluted earnings per shares of Rs.10 each.	
i) before Extra ordinary items	0.32
ii) after Extra ordinary items	1.89

12. Leased Assets

A. The company has acquired cars and plant and machinery on operating lease. The minimum lease rentals outstanding as on 31st March 2003 in respect of these assets are as follows :

	<i>Rs. in lacs</i>
(i) Not later than one year	33.99
(ii) Later than one year and not later than five years	21.84
(iii) Later than five years	Nil

B. General Description of Leasing arrangement :

- (i) Lease Rentals are charged on the basis of agreed terms.
(ii) Assets are taken on lease for a period of 3 to 5 years.

13. Segment Reporting

The Company has mainly two businesses viz. Man Made Fibre units which cover all the units of Synthetic Fibres and Yarns and Cement units which include Grey and White Cement plants. Segment-wise figures are as under -

<u>Segment Revenue</u>	<u>Cement</u>	<u>Man Made Fibre</u>	<u>Unallocated</u>	<u>(Amount/Lacs)</u> <u>Total</u>
External Sales	76151.58	-	-	76151.58
	66429.06	-	0.37	66429.43
Segment Results Profit/(Loss)	3465.48	(2457.65)	(805.64)	202.19
	4068.78	(2588.36)	(895.74)	584.68
(a) Interest expenses	201.05	1.09	3.42	205.56
	218.02	0.14	4130.84	4349.00
(b) Interest income	236.57	0.01	89.68	326.26
	205.64	0.03	75.08	280.75
(c) Income Tax/Wealth Tax	-	-	2.96	2.96
			2.66	2.66
(d) Extra Ordinary Items	(3289.81)	1857.14	261.78	(1170.89)
	(0.49)	15.22	206.56	221.29
Net Profit / (Loss)	6790.81	(4315.87)	(984.12)	1490.82
	4056.89	(2603.69)	(5160.72)	(3707.52)
Segment Assets	41012.42	18582.15	2281.13	61875.70
	38990.17	24524.38	3212.37	66726.92
Segment Liabilities	16934.42	7107.28	78896.51	102938.21
	15833.32	8015.93	83914.76	107764.01
Capital Expenditure	2255.41	8.12	27.82	2291.35
	6365.60	-	6.02	6371.62
Depreciation for the year	1803.12	2426.67	42.48	4272.27
	1377.31	2759.21	47.54	4184.06
Non-cash expenses	0.08	-	9.64	9.72
	13.26	-	9.63	22.89

14. Related Parties Disclosures :

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

A. Particulars of Subsidiary/Associate Companies

- | | |
|---|-------------------|
| 1. J.K. Satoh Agricultural Machines Ltd. | Subsidiary |
| 2. Jaykay Tech Ltd. | Subsidiary |
| 3. J.K. Cotton Spg. & Wvg. Mills Co. Ltd. | Associate Company |

B. Key Management Personnel :

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



Details of Transactions are as follows :

	As on 31.3.2003 Rs./Lacs	As on 31.3.2002 Rs./Lacs
1. Remuneration		
— Key management personnel	Refer Note No. 20	Refer Note No. 20
2. Rent paid-Associate Company	9.00	9.00
3. Amount written off - Subsidiary companies	77.26	
4. Outstanding balances as at March 31, 2003		
Due from -		
— Subsidiary companies		92.89
— Associate company	1345.95	1364.40
Provision for Doubtful Debts / Advances		
— Subsidiary companies		55.04
— Associate company	891.99	901.44
15. 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.		
16. Deferred Revenue expenditure (to the extent not written off) includes Rs. 131.35 lacs over-burden removal expenditure and others.		
17. Extra-ordinary/prior period items consist of -		<u>Rs./lacs</u>
A. Excess Provision written back		3598.05
B. Suppliers / customers balances written back		264.45
C. (i) Stores written off		(584.49)
(ii) Excise Provision		(654.99)
(iii) Provision for Doubtful debts / advances		(525.71)
(iv) Doubtful advances / debts written off		(529.84)
D. Machinery written off		(109.47)
E. Prior period items		(287.11)
		<u>1170.89</u>
18. Sundry Creditors relating to Grey and White Cement Plants include dues to Small Scale undertakings Rs. 83.00 lacs based on information available. The amount of outstanding for more than 30 days to such units where dues exceeds Rs.1 lac are as under :		

Name of the Party

(A) M/s. Archoon Engg. Co. Ltd., (B) M/s. H.P. Enterprises, (C) M/s. John's Electric Co. Ltd., (D) M/s. Kota Oxygen (P) Ltd., (E) M/s. Pioneer Electric Works, (F) M/s. Palrecha Engg. Works (G) M/s. Standard Alloys India (P) Ltd., (H) M/s. Wire Links, (I) M/s. Zenith Fluidomatic (P) Ltd., (J) M/s. Brightech Valves & Controls (P) Ltd., (K) M/s. Baltech Systems (P) Ltd., (L) M/s. Hyderabad Castings Ltd., (M) M/s. Pyrotech Electronics (P) Ltd., (N) M/s. Hankul Packwell Industries.

19. Balances in Customers, Suppliers, Deposit accounts and few bank accounts taken as per books are subject to confirmation/reconciliation and consequential adjustments.		
20. The Directors have been paid remuneration as detailed below :	2002-2003	2001-2002
	Rs./Lacs	Rs./Lacs
Remuneration	7.20	3.48
Contribution to P.F. & Superannuation	2.02	1.28
Perquisites	1.02	0.89

21. Some government securities of the book value of Rs. 0.52 lacs (2001-02 Rs. 0.54 lacs) held as investments are pledged with Government Department.

22. Remuneration to Auditors :

	2002-2003	2001-2002
	Rs./Lacs	Rs./Lacs
Audit Fee	4.86	3.68
Other capacity	0.56	0.55
Travelling and Out of pocket expenses	0.28	0.34

23. Directors hold Debentures of the face value of Rs. 0.13 lacs (2001-02 Rs. 0.13 lacs).

24. **Cash Flow Statement for the year ended 31st March 2003**

	2002-03 Rs./Lacs	2001-02 Rs./Lacs
a. Cash flow from operating activities		
Profit/(Loss) before Tax as per Profit & Loss Account	1493.78	(3704.86)
Adjusted for		
Depreciation	4272.27	4184.06
Deferred Revenue Exp. written off	9.72	22.89
Interest	205.56	4349.00
Interest Received	(326.26)	(280.75)
Dividend Income	(3.31)	(2.31)
Loss on sale of assets	7.14	(0.04)

Diminution in value of investments	0.00		108.53	
Extra Ordinary Items	<u>(1626.04)</u>	<u>2539.08</u>	<u>—</u>	<u>8381.38</u>
Operating Profit before Working Capital Changes		<u>4032.86</u>		<u>4676.52</u>
Adjusted for				
Trade & Others Receivables	583.22		(846.96)	
Inventories	(590.67)		(417.63)	
Trade Payables	<u>3489.76</u>	<u>3482.31</u>	<u>3930.55</u>	<u>2665.96</u>
Cash Generated from Operations		<u>7515.17</u>		<u>7342.48</u>
Adjusted for				
Provision for Wealth Tax	(2.96)		(2.66)	
Deferred Revenue Exp. incurred	<u>(3.19)</u>	<u>(6.15)</u>	<u>(15.93)</u>	<u>(18.59)</u>
Net Cash from Operating Activities		<u>7509.02</u>		<u>7323.89</u>
b. Cash flow used in investing activities				
Acquisition of Fixed Assets		(2400.81)		(6371.62)
Sale of Fixed Assets		77.46		0.92
Sales of Investments		(76.97)		(0.05)
Movement of Loans of Subsidiary Companies		—		(0.18)
Interest Income		326.26		280.75
Dividend Income		<u>3.31</u>		<u>2.31</u>
Net Cash used in investing activities		<u>(2070.75)</u>		<u>(6087.87)</u>
c. Cash flow from financing activities				
Calls in Arrears received during the year		0.09		0.02
Deferred Sales Tax		271.58		118.81
Repayment of Long Term Borrowing		(97.80)		(12.11)
Movement in Cash Credit		(19.53)		(4.30)
Deposit with Court Receiver/Financial Institutions		(4900.00)		(1263.02)
Interest Paid		(216.87)		(424.36)
Bank Overdraft against Fixed Deposit		<u>538.69</u>		<u>(137.29)</u>
Net Cash From Financing Activities		<u>(4423.84)</u>		<u>(1722.25)</u>
Net Increase / (Decrease) in Cash and Cash Equivalent (A+B+C)		<u>1014.43</u>		<u>(486.23)</u>
Opening Balance of Cash and Cash Equivalents		<u>3457.47</u>		<u>3943.70</u>
Closing Balance of Cash and Cash Equivalents		<u>4471.90</u>		<u>3457.47</u>

25. Previous year's figures have been recast/regrouped wherever necessary to conform to the classification of the year.

26. Schedules 1 to 14 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

2002-2003

(Previous year's 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./Lacs)		Quantity	Value (Rs./Lacs)	Quantity	Value (Rs./Lacs)
1.	Portland/Pozzolana Cement	M.T.	4400000 (4400000)	3285000 (3285000)	11187 (35275) A	162.19 (529.81)	2893747 (2300944)	2891133 (2324533)	62756.81T (53193.90)T	12777 (11187) A	185.70 (162.19)
2.	White Cement	M.T.	300000 (300000)	300000 (300000)	8749 (2854) A	392.16 (139.21)	200149 (184164)	197827 (178225)	13149.00 T (13081.69) T	10432 A (8749) A	494.09 (392.16)
3.	Nylon Filament Yarn	M.T.	15000 (15000)	4500 (4500)	60 (60)	44.92 (44.92)	— (—)	— (—)	— (—)	60 (60)	44.92 (44.92)
4.	Polyester Filament Yarn	M.T.	10700 (10700)	10700 (10700)	92 (92)	18.53 (18.53)	— (—)	— (—)	— (—)	92 (92)	18.53 (18.53)
5.	Polyester Staple Fibre	M.T.	12000 (12000)	13000 (13000)	1 (1)	0.19 (0.19)	— (—)	— (—)	— (—)	1 (1)	0.19 (0.19)
6.	Industrial Tyre Cord Yarn/Fabric	M.T.	10300 (10300)	7300 (7300)	@124 (124)	52.81 (52.81)	— (—)	— (—)	— (—)	124 (124)	52.81 (52.81)
7.	Acrylic Staple Fibre	M.T.	24000 (24000)	24000 (24000)	— (1)	— (0.08)	— (—)	— (—)	— (—)	— (—)	— (—)
8.	D.M.T. out of Polyester Waste	M.T.	4000 (4000)	3000 (3000)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
9.	Mono Ethylene Glycol (by-product)	M.T.	1000 (1000)	750 (750)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)

Notes : * As certified by the management.

T Turnover includes internal consumption and inter branch transfer.

A After adjustment of transportation and handling losses & lab. testing.

@ Opening and closing stock of Acrylic & Tyre Cord units at Kota and Jhalawar have been incorporated on the basis of memoranda records.

**B. RAW MATERIAL CONSUMED :**

Name of Material	Unit	2002-2003		2001-2002	
		Quantity	Value (Rs./Lacs)	Quantity	Value (Rs./Lacs)
Lime Stone	M.T.	4104812	4022.31	3294503	3192.64
Red Ochre	M.T.	232532	498.33	176477	346.85
Gypsum/Selenite	M.T.	155922	728.09	122631	610.00
Clay	M.T.	43657	164.30	48512	190.26
Others			516.10		275.47
			<u>5929.13</u>		<u>4615.22</u>
			31.03.2003		31.03.2002
			Rs./Lacs		Rs./Lacs

C. C.I.F. VALUE OF IMPORTS

a) Raw Materials	—	—
b) Components, Stores & Spare Parts	384.60	284.20
c) Capital Goods	<u>297.99</u>	<u>207.34</u>
	682.59	491.54

D. EXPENDITURE IN FOREIGN CURRENCY

(on accrual basis)		
a) Know-how/Technical Service Fee	30.97	29.84
b) Others	188.49	85.85
c) Interest on Debentures held by Non-Residents	—	—
	<u>219.46</u>	<u>115.69</u>

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

a) Raw Materials		
i) Imported Value	—	—
% of total consumption	—	—
ii) Indigenous Value	5929.13	4615.22
% of total consumption	100%	100%
	<u>5929.13</u>	<u>4615.22</u>
b) Stores & Spare Parts etc.		
i) Imported Value	455.62	279.16
% of total consumption	7.42%	5.60%
ii) Indigenous Value	5688.47	4707.85
% of total consumption	92.58%	94.40%
	<u>6144.09</u>	<u>4987.01</u>

F. EARNING IN FOREIGN EXCHANGE

a) Export of Goods Calculated on FOB Value	387.91	140.53
b) Technical Service Fee	—	—
c) Interest & Dividends	0.31	0.11
d) Others (Commission)	0.02	—
	<u>388.24</u>	<u>140.64</u>

As per our Report attached

For P. L. TANDON & CO.,
Chartered AccountantsANIL AGARWAL
PartnerGAUR HARI SINGHANIA
ChairmanGOVIND HARI SINGHANIA
Vice ChairmanK. B. AGARWAL
JAGENDRA SWARUP
KAILASH NATH
S. BHANDARI
G.B.S. WADHWA

} Directors

Kanpur

YADUPATI

J. P. BAJPAI

Dated : 30th June, 2003

Managing Director & CEO

Secretary

SCHEDULE-14

Name of the Bodies Corporate	31st March, 2003		31st March, 2002	
	No. of Shares	Book Value (Rs.)	No. of Shares	Book Value (Rs.)
OTHER INVESTMENTS				
Fully Paid-up :				
Param Shubham Vanijya Ltd.	4200 Equity	30,000	4200 Equity	30,000
Bengal & Assam Company Ltd.	10763 Ordy.	6,96,100	10763 Ordy.	6,96,100
J.K.Traders Ltd.	306 Ordy.	3,366	306 Ordy.	3,366
Habib Bank Ltd.	* 350 Ordy.	946	350 Ordy.	946
Barclays plc	144 Ordy.Stock	723	144 Ordy.Stock	723
State Bank of India	30 Ordy.	1,020	30 Ordy.	1,020
PNB Finance & Industries Ltd.	4 Ordy.	60	4 Ordy.	60
State Bank of Mysore	20 Ordy.	2,180	20 Ordy.	2,180
Bharat Nidhi Ltd.	50 Ordy.	175	50 Ordy.	175
Dalmia Cement (Bharat) Ltd.	74 Ordy.	1,820	74 Ordy.	1,820
The Associated Cement Companies Ltd.	410 Equity	7,866	410 Equity	7,866
Navodaya Sidhi Cement Ltd.	20 Equity	200	20 Equity	200
OCL India Ltd.	16 Equity	512	16 Equity	512
Tata Chemicals Ltd.	878 Ordy.	45,201	878 Ordy.	45,201
Anil Products Ltd. (Formerly -The Anil Starch Products Ltd.)	** 20 Equity	343	10 Equity	343
Anil Biochem Ltd.	** 1 Equity	—	—	—
Atul Ltd.	12 Ordy.	1,050	12 Ordy.	1,050
Kanoria Chemicals & Industries Ltd.	450 Ordy.	14,625	450 Ordy.	14,625
The Burrakur Coal Co. Ltd.	266 Ordy.	133	266 Ordy.	133
The Burrakur Coal Co. Ltd.	21 2nd Cum.	30	21 2nd Cum.	30
	Pref.		Pref.	
The Central Kurkund Coal Co. Ltd.	133 Ordy.	133	133 Ordy.	133
Rewa Coal Fields Ltd. (In Liquidation)	600 Ordy.	1,609	600 Ordy.	1,609
New Bansdeopur Coal Co. Ltd.	350 Ordy.	6,734	350 Ordy.	6,734
The Searsole Coal Co. Ltd.	200 Ordy.	1,208	200 Ordy.	1,208
The New Beerbhoom Coal Co. Ltd.	100 Ordy.	3,241	100 Ordy.	3,241
The Amalgamated Coal Fields Ltd.	432 Ordy.	972	432 Ordy.	972
The Ghusick & Muslia Collieries Ltd.	97 Ordy.	1,695	97 Ordy.	1,695
The Bhaigora Coal Co. Ltd. (In Liquidation)	100 Ordy.	1,499	100 Ordy.	1,499
The Bhulanbararee Coal Co. Ltd.	100 Ordy.	2,219	100 Ordy.	2,219
The Bengal Coal Co. Ltd.	12 Ordy.	3,379	12 Ordy.	3,379
Equitable Coal Co. Ltd.	100 Ordy.	5,386	100 Ordy.	5,386
Tata SSL Ltd.	40 Ordy.	225	40 Ordy.	225
New Ahmedabad Advance Mills (1988) Ltd.	2 Ordy.	—	2 Ordy.	—
The Phoenix Mills Ltd.	15 Ordy.	525	15 Ordy.	525
The Western India Spg. & Mfg. Mills Co. Ltd.	16 Equity	3,686	16 Equity	3,686
The Western India Spg. & Mfg. Mills Co. Ltd.	1 4.5% Cum.	875	1 4.5% Cum.	875
	Red.Pref.		Red.Pref.	
Forbes Gokak Ltd.	20 Equity	2,200	20 Equity	2,200
The Elphinston Spg. & Wvg. Mills Co. Ltd.	1 Ordy.	10	1 Ordy.	10
Edward Textiles Ltd. (In Liquidation)	2 Ordy.	1,040	2 Ordy.	1,040
The Finlay Mills Ltd.	1 Ordy.	40	1 Ordy.	40
The Central India Spg. Wvg. & Mfg. Co. Ltd.	1 Ordy.	40	1 Ordy.	40
Svadeshi Mills Co. Ltd.	20 Ordy.	90	20 Ordy.	90
Cawnpore Textiles Ltd.	40 Ordy.	220	40 Ordy.	220
The Kohinoor Mills Co. Ltd.	2 Ordy.	88	2 Ordy.	88
The Apollo Mills Ltd.	100 Ordy.	571	100 Ordy.	571
The New Great Eastern Spg. & Wvg. Co. Ltd.	4 Ordy.	250	4 Ordy.	250
The Morarjee Gokuldas Spg. & Wvg. Co. Ltd.	300 Ordy.	6,150	300 Ordy.	6,150
The Indore Malva United Mills Ltd.	2 Ordy.	1,228	2 Ordy.	1,228
The Dawn Mills Co. Ltd.	55 Ordy.	1,265	55 Ordy.	1,265
The Khatau Makanjee Spg. & Wvg. Co. Ltd.	10 Equity	1,300	10 Equity	1,300
The Khatau Makanjee Spg. & Wvg. Co. Ltd.	1 4% Pref.	25	1 4% Pref.	25
Madura Coats Ltd.	180 Equity	13,500	180 Equity	13,500
The Hindoostan Spg. & Wvg. Mills Ltd.	3750 Equity	95,625	3750 Equity	95,625
The New City of Bombay Mfg. Co. Ltd.	6 Ordy.	420	6 Ordy.	420
Swan Mills Ltd.	6 Ordy.	222	6 Ordy.	222
The Monogram Mills Co. Ltd.	2 Equity	214	2 Equity	214
Shri Ambica Mills Ltd.	8 Equity	352	8 Equity	352
The New Commercial Mills Co. Ltd.	8 Equity	868	8 Equity	868
	TOTAL C/O	9,65,454	TOTAL C/O	9,65,454

* Includes 150 Bonus Shares, the Scrips whereof not received till 31.3.2003 but allotment letter in respect thereof is in our possession.

** Consequent upon the amalgamation of the non starch division of Anil Starch Products Ltd. (ASPL) with Anil Biochem Ltd.(ABL) and amalgamation of ASPL (after demerger of its Non Starch Division) with Anil Products Ltd. (APL), the Shareholders of ASPL have been allotted 20 Equity Shares of Rs.10/- each of APL and 1 Equity Share of Rs. 10/- of ABL for every 10 Equity Shares held in ASPL.



SCHEDULE-14 (Contd..)

Name of the Bodies Corporate	31st March, 2003		31st March, 2002	
	No. of Shares	Book Value (Rs.)	No. of Shares	Book Value (Rs.)
		TOTAL B/F		TOTAL B/F
		9,65,454		9,65,454
The New Commercial Mills Co. Ltd.	1	2nd Cum. Pref.	1	2nd Cum. Pref.
		96		96
The Model Mills Nagpur Ltd.	1	Ordinary	1	Ordinary
		344		344
Minerva Mills Ltd.	1	Ordinary	1	Ordinary
		268		268
The Laxmi Vishnu Textiles Ltd.	19	Ordinary	19	Ordinary
		570		570
The Colaba Land & Mills Co. Ltd.	4	Ordinary	4	Ordinary
		122		122
Orissa Textiles Mills Ltd.	500	Ordinary	500	Ordinary
		5,000		5,000
The Coimbatore Spg. & Wvg. Mills Co. Ltd.	6	Ordinary	6	Ordinary
		742		742
The Simplex Mills Co. Ltd.	5	Ordinary	5	Ordinary
		260		260
Beharilal Ramcharan Cotton Mills Ltd.	1	Ordinary	1	Ordinary
		255		255
The Mysore Spg. & Mfg. Co. Ltd.	1	Ordinary	1	Ordinary
		338		338
The Gold Mohur Mills Ltd.	3	Ordinary	3	Ordinary
		225		225
The Bradbury Mills Ltd.	5	Ordinary	5	Ordinary
		429		429
The Sitaram Spg. & Wvg. Mills Ltd. (In Liquidation)	1	Ordinary	1	Ordinary
		206		206
Kothari Industrial Corporation Ltd.	24	Equity	24	Equity
		1,080		1,080
The Laxmi Mills Co. Ltd.	13	Equity	13	Equity
		3,690		3,690
The Combodia Dyeing & Mfg. Co. Ltd.	2	Ordinary	2	Ordinary
		51		51
The Bombay Dyeing & Mfg. Co. Ltd.	810	Equity	810	Equity
		84,645		84,645
Radha Krishna Mills Ltd.	30	Equity	30	Equity
		750		750
The Rajalakshmi Mills Ltd.	30	Equity	30	Equity
		1,860		1,860
Beard Sell Ltd.	30	Ordinary	30	Ordinary
		435		435
Arvind Mills Ltd.	3779	Equity	3779	Equity
		2,07,378		2,07,378
The Aruna Mills Ltd.	15	Ordinary	15	Ordinary
		1,050		1,050
The Aruna Mills Ltd.	2	13% Non-Con.Debs.	2	13% Non-Con.Debs.
		157		157
The Ahmedabad Mfg. & Calico Ptg. Co. Ltd.	143	Ordinary	143	Ordinary
		8,437		8,437
The Ahmedabad Mfg. & Calico Ptg. Co. Ltd.	10	6% 3rd Cum.Pref.	10	6% 3rd Cum.Pref.
		559		559
The Ahmedabad Mfg. & Calico Ptg. Co. Ltd.	2	Con.Bonds	2	Con.Bonds
		180		180
The Ahmedabad Mfg. & Calico Ptg. Co. Ltd.	5	6% 2nd Cum.Pref.	5	6% 2nd Cum.Pref.
		304		304
The Ahmedabad Mfg. & Calico Ptg. Co. Ltd.	8	Red.Bonds	8	Red.Bonds
		835		835
DCM Limited	107	Equity	107	Equity
		5,510		5,510
The India United Mills Ltd.	100	Defd.	100	Defd.
		454		454
The Nutan Mills Ltd.	8	Ordinary	8	Ordinary
		352		352
The Nutan Mills Ltd.	1	12.5% Non Con.Debs.	1	12.5% Non Con.Debs.
		78		78
The Raipur Mfg. Company Ltd.	920	Ordinary	920	Ordinary
		4,600		4,600
The Raipur Mfg. Company Ltd.	5	12.5% Non Con.Debs.	5	12.5% Non Con.Debs.
		393		393
The Raipur Mfg. Company Ltd.	5	12.5% Non Con.Debs.	5	12.5% Non Con.Debs.
		393		393
Arvind Products Ltd.	410	Ordinary	410	Ordinary
		3,075		3,075
The Muir Mills Co. Ltd.	10	Ordinary	10	Ordinary
		4,015		4,015
The Osmanshahi Mills Ltd.	1	Ordinary	1	Ordinary
		390		390
The Swadeshi Cotton Mills Co. Ltd.	10	Ordinary	10	Ordinary
		35		35
The Swadeshi Cotton Mills Co. Ltd.	90	Pref.Ordinary	90	Pref.Ordinary
		135		135
The Swadeshi Cotton Mills Co. Ltd.	2	14% Red. Cum.Pref.	2	14% Red. Cum.Pref.
		11		11
The New Victoria Mills Co. Ltd.	100	Ordinary	100	Ordinary
		741		741
The Standard Industries Ltd.	336	Equity	336	Equity
		12,640		12,640
The Century Textiles & Industries Ltd.	1440	Equity	1440	Equity
		1,50,300		1,50,300
The Sirsilk Ltd.	60	Equity	60	Equity
		300		300
Sutlej Industries Ltd.	235	Equity	235	Equity
		12,560		12,560
Kesoram Industries Ltd.	337	Equity	337	Equity
		13,480		13,480
Kesoram Textile Mills Ltd.	337	Equity	337	Equity
		—		—
The Birla Cotton Spg. & Wvg. Mills Ltd.	66	Equity	66	Equity
		429		429
Jiyajeero Cotton Mills Ltd.	112	Equity	112	Equity
		1,715		1,715
Atherton West & Co. Ltd.	2250	Ordinary	2250	Ordinary
		2,74,555		2,74,555
Modi Spg. & Wvg. Mills Co. Ltd.	140	Ordinary	140	Ordinary
		1,400		1,400
The East India Electricity Supply & Traction Co. Ltd.	100	Ordinary	100	Ordinary
		1,012		1,012
The Tata Power Co. Ltd.	256	Ordinary	256	Ordinary
		11,700		11,700
The Amalgamated Electricity Co. Ltd.	85	Ordinary	85	Ordinary
		170		170
BSES Limited	200	Ordinary	200	Ordinary
		8,200		8,200
The Karachi Electric Supply Corpn. Ltd.	5	Ordinary	5	Ordinary
		1,278		1,278
		TOTAL C/O		TOTAL C/O
		17,95,641		17,95,641

SCHEDULE-14 (Contd..)

Name of the Bodies Corporate	31st March, 2003		31st March, 2002	
	No. of Shares	Book Value (Rs.)	No. of Shares	Book Value (Rs.)
	TOTAL B/F	17,95,641	TOTAL B/F	17,95,641
The South Madras Electric Supply Corpn. Ltd. (In Liquidation)	2 Ordy.	—	2 Ordy.	—
Jhansi Electric Supply Co. Ltd.	750 Ordy.	11,106	750 Ordy.	11,106
Birla VXL Ltd.	32 Ordy.	1,392	32 Ordy.	1,392
The Britannia Engg. Co. Ltd.	96 Ordy.	1,101	96 Ordy.	1,101
Burn & Company Ltd.	24 Ordy.	1,436	24 Ordy.	1,436
The India Machinery Co. Ltd.	50 Ordy.	523	50 Ordy.	523
Britannia Building Iron & Co. Ltd.	142 Ordy.	1,857	142 Ordy.	1,857
BESCO Limited	148 Ordy.	3,774	148 Ordy.	3,774
The Saran Engg. Co. Ltd.	60 Equity	492	60 Equity	492
The Tata Iron & Steel Co. Ltd.	900 Ordy.	1,12,500	900 Ordy.	1,12,500
Texmaco Ltd.	27 Ordy.	1,350	27 Ordy.	1,350
Tata Engg. & Locomotive Co. Ltd.	416 Ordy.	33,020	416 Ordy.	33,020
Richardson & Cruddas Ltd.	100 Equity	991	100 Equity	991
Jessop & Company Ltd.	100 Ordy.	662	100 Ordy.	662
SBL Industries Ltd. (Formerly-Shriram Bearings Ltd.)	25 Equity	100	25 Equity	100
Millars India Ltd. (Formerly-The Acme Mfg. Co. Ltd.)	75 Equity	1,500	75 Equity	1,500
Electro Steel Castings Ltd.	400 Equity	13,500	400 Equity	13,500
Gillanders Arbuthnot & Co. Ltd.	36 Ordy.	417	36 Ordy.	417
Mahindra & Mahindra Ltd.	516 Ordy.	24,025	516 Ordy.	24,025
Mahindra UGINE Steel Co. Ltd.	12 Equity	990	12 Equity	990
Whirlpool of India Ltd.	3606 Equity	1,08,180	3606 Equity	1,08,180
Royal & Sun Alliance Insurance Group Plc	48 Shares	908	48 Shares	908
The Kinnison Jute Mills Co. Ltd.	8 Ordy.	2,140	8 Ordy.	2,140
Budge Budge Co. Ltd.	481 Equity	779	481 Equity	779
Cheviot Company Ltd.	481 Ordy.	2,886	481 Ordy.	2,886
Delta International Ltd.	288 Equity	1,472	288 Equity	1,472
The Lawrance Investment & Property Co. Ltd.	7 Ordy.	38	7 Ordy.	38
Willard India Ltd.	900 Equity	7,875	900 Equity	7,875
Shree Ambica Jute Mills Co. Ltd.	50 Equity	163	50 Equity	163
Birla Corporation Ltd.	2844 Equity	1,34,616	2844 Equity	1,34,616
The Naihati Jute Mills Co. Ltd.	10 Ordy.	70	10 Ordy.	70
The Naihati Jute Mills Co. Ltd.	* 4 4.5% Red. Pref.	48	4 4.5% Red. Pref.	48
Kamarhatty Co. Ltd.	** 50 Ordy.	200	50 Ordy.	200
Kamarhatty Co. Ltd.	4 'B' Ordy.	400	4 'B' Ordy.	400
The Kelvin Jute Co. Ltd.	56 Ordy.	1,306	55 Ordy.	1,306
Howrah Mills Co. Ltd.	125 Ordy.	531	125 Ordy.	531
National Company Ltd.	50 Ordy.	1,457	50 Ordy.	1,457
The India Jute and Industries Ltd.	187 Ordy.	1,964	187 Ordy.	1,964
Calendonian Jute & Industries Ltd.	200 Ordy.	624	200 Ordy.	624
The Khardah Company Ltd.	87 Ordy.	2,999	87 Ordy.	2,999
The Jagatdal Industries Ltd.	660 Ordy.	726	660 Ordy.	726
The Rameshwara Jute Mills Co. Ltd.	50 Ordy.	140	50 Ordy.	140
Naskarpara Jute Mills Co. Ltd.	83 Ordy.	1,871	83 Ordy.	1,871
Reliance Ispat Industries Ltd.	674 Ordy.	14,491	674 Ordy.	14,491
Shri Lachminarain Jute Mfg. Co. Ltd.	50 Ordy.	1,400	50 Ordy.	1,400
The Calcutta Jute Mfg. Co. Ltd.	75 Ordy.	262	75 Ordy.	262
The Maheshwari Devi Jute Mills Ltd.	14 Ordy.	3,954	14 Ordy.	3,954
The Empire Jute Co. Ltd.	25 Ordy.	75	25 Ordy.	75
Anglo India Jute Mills Co. Ltd.	2 Ordy.	38	2 Ordy.	38
Alliance Udyog Ltd.	20 Ordy.	116	20 Ordy.	116
The Barangore Jute Factory Co. Ltd.	1 Ordy.	23	1 Ordy.	23
The Champdany Industries Ltd.	20 Ordy.	50	20 Ordy.	50
Clive Mills Co. Ltd.	15 Ordy.	348	15 Ordy.	348
GIS Ltd.	405 Equity	11,745	405 Equity	11,745
The Gourepore Co. Ltd.	40 Ordy.	140	40 Ordy.	140
The Hooghly Mills Co. Ltd.	567 Ordy.	351	567 Ordy.	351
The Fort William Industries Ltd.	15 Ordy.	465	15 Ordy.	465
New Central Jute Mills Co. Ltd.	42 Ordy.	464	42 Ordy.	464
The Northbrook Jute Co. Ltd.	9 Ordy.	252	9 Ordy.	252
The Nudea Mills Co. Ltd.	5 Ordy.	9	5 Ordy.	9
	TOTAL C/O	23,11,953	TOTAL C/O	23,11,953

* As per order of the Company Law Board dt. 23.12.99, the Co. has issued fresh 4.5% Red. Pref. Shares of Rs.100/- each in lieu of old 4.5% Red. Pref. Shares of Rs.100/- each during the year.

** Sub-divided share certificate is yet to receive.



SCHEDULE-14 (Contd..)

Name of the Bodies Corporate	31st March, 2003		31st March, 2002	
	No. of Shares	Book Value (Rs.)	No. of Shares	Book Value (Rs.)
	TOTAL B/F	23,11,953	TOTAL B/F	23,11,953
Presidency Exports & Industries Ltd.	7 Ordy.	10	7 Ordy.	10
Union Jute Co. Ltd.	4 Ordy.	647	4 Ordy.	647
Waverley Investments Ltd.	6 Ordy.	24	6 Ordy.	24
Fort Gloster Industries Ltd.	10 Ordy.	400	10 Ordy.	400
Gloster Jute Mills Ltd.	* 2 Ordy.	—	1 Ordy.	—
Kankarrah Co. Ltd.	1 Ordy.	30	1 Ordy.	30
The Alexandra Jute Mills Ltd.	3 Ordy.	289	3 Ordy.	289
Birds Jute & Exports Ltd.	1 Ordy.	4	1 Ordy.	4
Auckland International Ltd. (Formerly-The Auckland Jute Co. Ltd.)	** 198 Equity	213	2 Ordy.	355
Abhisek Jute & Industries Ltd.	** 132 Equity	142	—	—
The Karanpura Development Co. Ltd.	100 Ordy.	50	100 Ordy.	50
Aviva Plc (Formerly - Estates House Investment Trust Ltd.)	• 48 Ordy.	280	21 Ordy.	280
The Consolidated Tin Mines of Burma Ltd.	@ - —	—	100 Ordy.	73
Tavoy Tin Dredging Corpn. Ltd. (In Liquidation)	@ - —	—	150 Ordy.	170
The Corporate Services Group Plc	1 Ordy.	348	1 Ordy.	348
London & Associated Properties Plc	120 Ordy.	220	120 Ordy.	220
The Shivrajpur Syndicate Ltd. (In Liquidation)	42 Ordy.	921	42 Ordy.	921
The Bombay Burma Trading Corporation Ltd.	80 Ordy.	2,840	80 Ordy.	2,840
Wimco Ltd.	300 Ordy.	5,775	300 Ordy.	5,775
Indian Radio & Cable Communication Ltd. (In Liquidation)	1 Ordy.	324	1 Ordy.	324
The Mysore Tobacco Co. Ltd.	5 Ordy.	15	5 Ordy.	15
The Mysore Lamps works Ltd.	18 Ordy.	776	16 Ordy.	776
Shree Mfg. Co. Ltd.	75 Equity	169	75 Equity	169
Carbo - Ceramics Ltd.	50 Equity	250	50 Equity	250
Incab Industries Ltd.	100 Ordy.	6,900	100 Ordy.	6,900
Bengal Potteries Ltd.	17000 Ordy.	77,648	17000 Ordy.	77,648
Indian Aluminium Co. Ltd.	157 Ordy.	17,850	157 Ordy.	17,850
Unilever Plc	1714 Ordy. Shares	476	1714 Ordy. Shares	476
Crossess & Heatons Ltd.	10 Ordy. Stock	306	10 Ordy. Stock	306
The Sindhu Resettlement Corpn. Ltd.	2 Ordy.	2,000	2 Ordy.	2,000
Hindustan Motors Ltd.	120 Ordy.	2,940	120 Ordy.	2,940
Universal Cables Ltd.	300 Ordy.	16,500	300 Ordy.	16,500
Hindalco Industries Ltd.	261 Equity	29,430	261 Equity	29,430
Exide Industries Ltd.	145 Equity	13,050	145 Equity	13,050
Eveready Industries India Ltd.	54 Ordy.	1,282	54 Ordy.	1,282
Diageo Plc	295 Ordy. Shares	—	295 Ordy. Shares	—
The Coats Paton's Plc	149 Ordy. Shares	839	149 Ordy. Shares	839
Titagarh Industries Ltd. (Formerly - The Titagarh Paper Mills Co. Ltd.)	▼ 1 Equity	33	16 'B' Ordy.	33
Titagarh Industries Ltd. (Formerly - The Titagarh Paper Mills Co. Ltd.)	▼ 2 Equity	145	20 'A' Ordy.	145
India Paper Pulp Co. Ltd.	294 Ordy.	4,685	294 Ordy.	4,685
The Star Paper Mills Ltd.	75 'A' Ordy.	1,125	75 'A' Ordy.	1,125
The Bengal Paper Mills Co. Ltd.	60 Ordy.	330	60 Ordy.	330
The Sirpur Paper Mills Co. Ltd.	90 Ordy.	2,880	90 Ordy.	2,880
Ballarpur Industries Ltd.	900 Ordy.	1,40,400	900 Ordy.	1,40,400
National Boards Limited	25 Equity	250	25 Equity	250
Speciality Papers Ltd.	25 Equity	200	25 Equity	200
Grasim Industries Ltd.	1161 Ordy.	1,36,161	1161 Ordy.	1,36,161
The Travancore Rayons Ltd.	125 Ordy.	938	125 Ordy.	938
NRC Limited	80 Ordy.	5,200	80 Ordy.	5,200
Indian Rayon & Industries Ltd.	180 Equity	12,180	180 Equity	12,180
The Mysore Paper Mills Ltd.	80 Ordy.	985	80 Ordy.	985
Bhatpara Jute & Properties Ltd.	169 Equity	1,690	169 Equity	1,690
RJM Investments Ltd.	169 Equity	1,690	169 Equity	1,690
Reliance Jute Mills (International) Ltd.	338 Equity	—	338 Equity	—
	TOTAL C/O	28,03,793	TOTAL C/O	28,04,036

* 1 Bonus Share of Rs.10/- fully paid allotted during the year.

** As per Scheme of arrangement between Auckland International Ltd. (AIL) and erstwhile The Auckland Jute Co. Ltd. (AJCL) the undertaking of AJCL had been vested in the AIL and shareholders of AJCL have been given 165 shares of Rs.10/- each of AIL against every shares of Rs.100/- each of AJCL. Further as per Scheme of arrangement of AIL with Abhisek Jute & Ind. Ltd. (AJIL), the shareholding have been reorganised in the ratio of 80% in AIL and 40% in AJIL.

• The shares of Estates House Investment Trust (EHIT) were compulsorily acquired by CGNU plc, the name of which subsequently changed to Aviva plc and for every 100 shares held in EHIT, the shareholders have been given 231 Aviva plc shares of 25 pence each.

@ Investments Written off as per permission of R.B.I., Mumbai.

▼ On account of merger of Titagarh Paper Mills Co. Ltd. (TPMCL) with Titagarh Steels Ltd., the name of which subsequently changed to Titagarh Industries Ltd., the Shareholders have been allotted -1- Equity share of Rs. 10/- as against -10- Ordy. Shares held by them in TPMCL.

SCHEDULE-14(Contd..)

Name of the Bodies Corporate	31st March, 2003		31st March, 2002	
	No. of Shares	Book Value (Rs.)	No. of Shares	Book Value (Rs.)
	TOTAL B/F	28,03,793	TOTAL B/F	28,04,036
The Central Provinces Rlys. Co. Ltd.	10 Equity	111	10 Equity	111
Balrampur Commercial Enterprises Ltd.	41 Ordy.	400	41 Ordy.	400
The Travancore Sugar & Chemicals Ltd.	18 Ordy.	72	18 Ordy.	72
The Travancore Sugar & Chemicals Ltd.	♦ 15 Equity	150	7 5% Cum. Pref.	77
United Breweries (Holdings) Ltd. (Formerly-Kingfisher Properties & Holdings Ltd. - Formerly United Breweries Ltd.)	♦ 1440 Equity	44,280	2400 Equity	73,800
United Breweries Ltd. (Formerly-UB Beer Ltd.)	♦ 960 Equity	29,520	- —	—
The India Sugar & Refineries Ltd.	48 Ordy.	578	48 Ordy.	578
The Vizagapattam Sugar & Refineries Ltd. (In Liquidation)	10 Ordy.	105	10 Ordy.	105
Gaya Sugar Mills Ltd. (In Liquidation)	190 'A' Ordy.	2,200	190 'A' Ordy.	2,200
New India Sugar Mills Ltd. (Formerly-Bharat Sugar Mills Ltd.)	+ 75 Ordy.	1,650	150 Ordy.	1,650
New India Sugar Mills Ltd.	450 Ordy.	20,925	450 Ordy.	20,925
The Oudh Sugar Mills Ltd.	100 Ordy.	782	100 Ordy.	782
Akola Oil Industries Ltd.	40 Ordy.	—	40 Ordy.	—
Upper Ganges Sugar & Industries Ltd.	270 Ordy.	12,420	270 Ordy.	12,420
Rohtas Industries Ltd.	115 Ordy.	403	115 Ordy.	403
Walchandnagar Industries Ltd.	90 Ordy.	2,025	90 Ordy.	2,025
Balrampur Chini Mills Ltd.	10 Equity	445	10 Equity	445
Balanoor Plantations & Industries Ltd.	45 Ordy.	1,350	45 Ordy.	1,350
Chembrapeak Estates Ltd.	198 Ordy.	2,838	198 Ordy.	2,838
Jayshree Tea & Industries Ltd.	162 Equity	9,315	162 Equity	9,315
Industrial Investment Trust Ltd.	500 Equity	1,150	500 Equity	1,150
New India Investment Corp'n. Ltd.	5 Ordy.	330	5 Ordy.	330
New Commercial Investment & Trading Co. Ltd.	10 Ordy.	285	10 Ordy.	285
ICICI Bank Ltd. (Formerly- ICICI Ltd.)	* 60 Ordy.	492	120 Ordy.	492
J.K. Investors (Bombay) Ltd.	360 Equity	30,000	360 Equity	30,000
The Scindia Steam Navigation Co. Ltd.	120 Ordy.	1,740	120 Ordy.	1,740
The Calcutta Steam Navigation Co. Ltd.	80 Ordy.	2,374	80 Ordy.	2,374
Hindustan Lever Limited	110 Equity	3,710	110 Equity	3,710
Nav Bharat Vanijya Ltd.	3750 Ordy.	40,313	3750 Ordy.	40,313
Impex (India) Ltd.	3000 Ordy.	15,000	3000 Ordy.	15,000
Juggilal Kamlatpat Udyog Ltd.	22500 Ordy.	1,75,000	22500 Ordy.	1,75,000
J.K. Corp Ltd.	450000 Equity	3,69,00,000	450000 Equity	3,69,00,000
J.K. Investo Trade (India) Ltd. (Formerly- J. K. Chemicals Ltd.)	280 Pref.	10,950	280 Pref.	10,950
Hoyle's Paints Ltd.	5000 Equity	50,000	5000 Equity	50,000
Hoyle's Paints Ltd.	100 Pref.	10,000	100 Pref.	10,000
Hifazat Chemicals Ltd.	36000 Equity	4,41,514	36000 Equity	4,41,514
DCM Shriram Industries Ltd.	107 Equity	5,510	107 Equity	5,510
DCM Shriram Consolidated Ltd.	107 Equity	5,509	107 Equity	5,509
Siel Ltd.	256 Equity	5,509	256 Equity	5,509
J.K. Steel Employees Consumers Co-operative Stores Society Ltd.	14 Equity	3,500	14 Equity	3,500
Bharat Chamber of Commerce	30 2% Debs.	15,000	30 2% Debs.	15,000
Sarnath Co-operative Housing Society Ltd.	10 Ordy.	500	10 Ordy.	500
Nav-Jyoti Investments And Dealers Ltd.	225 Equity	—	225 Equity	—
Saurashtra Chemicals Ltd.	16 Equity	—	16 Equity	—
Seris Ltd.	700 Equity	1,92,500	700 Equity	1,92,500
Stiefel Und Schuh Ltd.	1100 Equity	11,000	1100 Equity	11,000
GIC Housing Finance Ltd.	1600 Equity	80,000	1600 Equity	80,000
INVESTMENT IN MUTUAL FUND:				
Grindlays Super Saver Income Fund (Short Term Plan)	● 651932.368 Units	77,00,000	- —	—
GOVERNMENT SECURITIES:				
National Saving Certificates		51,700		53,200
Indira Vikas Patra		—		1,000
GRAND TOTAL		4,86,86,948	GRAND TOTAL	4,09,89,618

- ♦ Against 7 Nos. 5% Cum. Pref. shares of Rs.10/- each, the Co. had issued equivalent nos. equity shares of Rs.10/- each and 8 Nos. equity shares of Rs.10/- each in lieu of arrear dividend on Pref. Shares.
- ♦ As per Scheme of arrangement sanctioned by Karnataka High Court between United Breweries Ltd. and UB Beer Ltd., the shareholders have been allotted 4 new equity shares of Rs.10/- each in UB Beer Ltd. for every 10 Equity shares of Rs.10/- each in United Breweries Ltd. with corresponding reduction of Rs. 4/- per share in its share capital. Subsequently the name of United Breweries Ltd. has been changed to King Fisher Properties & Holdings Ltd. and again subsequently changed to United Breweries (Holdings) Ltd. and UB Beer Ltd. has been changed to United Breweries Ltd.
- + Pursuant to Scheme of arrangement sanctioned by The Calcutta High Court, Bharat Sugar Mills Ltd. has been amalgamated with New India Sugar Mills Ltd. and pursuant to Scheme, 1 Ordy. share of Rs.10/- of New India Sugar Mills Ltd. has been allotted for every 2 Ordy. shares of Rs.10/- each of Bharat Sugar Mills Ltd.
- * Pursuant to Scheme of amalgamation sanctioned by Bombay High Court, shareholders of ICICI Ltd. have been allotted equity shares of Rs.10/- each in the ratio of 1 equity share of Rs.10/- of ICICI Bank Ltd. for every 2 equity shares of Rs.10/- each held by them in ICICI Ltd.
- Investment purchased and redeemed during the year :- 25172.854 units of Rs. 10/- each = Rs. 3,00,000/-.



SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING YEAR 2002-2003

(1) VALUATION :

FIXED ASSETS :

Fixed Assets are shown at cost (except Nimbahera Plants which were revalued on 31.3.1985 - at revalued amounts).
Fixed Assets (except Leasehold Land) taken on lease are not accounted for in the books.

INVESTMENTS :

Quoted — at book value based on market value as on 31.3.1990.
— at cost purchased after 31.3.1990.
Unquoted — at cost.

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

INVENTORIES :

Stores, Spare Parts etc. - at or below cost.
Raw Material - at cost.
Goods-in-process - at approx. cost or net realisable value.
Finished Goods - at lower of cost or net realisable value.
By-product/Waste - at net realisable value.
Goods-in-Transit and in Bonded Warehouse - at cost.

(2) PHYSICAL VERIFICATION :

Fixed Assets (except Furniture & Fixtures and Office Equipments) are physically verified in such a manner that all Assets are verified at least once in three years.

Stock of Finished goods, Stores, Spare parts and Raw materials are physically verified during the year or at the end of the year. Shortage and damaged items are appropriately adjusted in accounts.

(3) DEPRECIATION :

- (I) Depreciation is provided on straight-line method on -
 - (a) Assets acquired upto 31.3.1987 at rates prevalent at the time of acquisition of the Assets;
 - (b) Assets acquired after 31.3.1987 at rates prescribed in Schedule XIV of the Companies Act, 1956.
- (II) Depreciation on additional value of revalued Assets is provided on the basis of life determined by the Valuers. An amount equivalent to Depreciation on additional values resulting from revaluation is withdrawn from Revaluation Reserve and credited to Profit & Loss Account as per guidelines of The Institute of Chartered Accountants of India.
- (III) Depreciation on the Assets added during the year is provided on monthly prorata basis for the period for which the Assets were in use.
- (IV) Depreciation on Assets, whose actual cost does not exceed five thousand rupees is provided at the rate applicable to respective Assets.

(4) FLUCTUATIONS IN FOREIGN CURRENCY RATES :

All foreign currency liabilities and Current Assets are restated at the rates ruling at the year end and all payments in foreign currencies are adjusted at the rates ruling on dates of payments. Additional amounts paid or payable or savings affected due to exchange rate difference and rollover charges on foreign contracts are adjusted to Profit and Loss Account in respect of revenue transactions and to the cost of Fixed Assets in case of transactions relating to acquisition of Plant & Machinery.

(5) TURNOVER :

- (a) Sales include Excise duty, Sales tax, Freight & handling charges realised from Customers and inter-division transfers to Fixed Assets and Inventories but exclude rebates and discounts.
- (b) Claims in respect of sales are accounted for in the year of settlement with the Customers.

(6) REVENUE RECOGNITIONS :

- (a) The Company follows accrual basis of accounting. Revenue arising from interest from Customers (whose financial position is considered by the Management as unsatisfactory), Subsidies, Insurance claims, Claims for refunds of Custom duty, Sales tax and Octroi are dealt on receipt basis as there is uncertainty as to measurability or collectivity of these amounts.
- (b) Interest payable/receivable on demands/refunds of Excise duty/Income tax/Sales tax are accounted for in the year of payment/receipt.

(7) BORROWING COSTS :

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets is capitalised as part of the cost of that assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(8) TREATMENT OF EXPENDITURE DURING THE CONSTRUCTION PERIOD :

Pre-operative expenditure relating to new projects (including interest and trial runs expenses) incurred during the period of construction is debited to Capital Work-in-Progress and on commercial production these are allocated to Buildings and Plant & Machinery.

(9) SALARIES, WAGES ETC :

Salaries, wages, house rent allowance and bonus are provided on accrual basis and leave travel allowance and medical reimbursement are accounted for on payment basis.

(10) RETIREMENT BENEFITS :

The liability for Gratuity in respect of Employees is determined by actuarial valuation and is accounted for in the Books on accrual basis. The liability for contribution to Superannuation Scheme and Leave Encashment is provided on accrual basis.

(11) RESEARCH AND DEVELOPMENT :

Revenue Expenditure on Research and Development is accounted for under the appropriate revenue accounts. Capital Expenditure on Research and Development is shown under "Fixed Assets".

(12) Premium payable on redemption of Debentures is accounted for in the year it is payable and is adjusted against Share Premium Account as permitted by Section 78(2) of the Companies Act, 1956.

(13) Debentures/Share issue expenses/Technical know-how fee are treated as deferred revenue expenditure and are amortised over a period.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No. State Code

Balance Sheet Date

Date Month Year

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

Public issue Rights Issue

Bonus Issue Private Placement

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

Total Liabilities Total Assets

Sources of Funds

Paid-up capital Reserves & Surplus

Secured Loans Unsecured Loans

Application of Funds

Net Fixed Assets Investments

Net Current-Assets Misc. Expenditure

Accumulated Losses

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

Turnover Total Expenditure

Profit/Loss Before Tax Profit/Loss After Tax

Earning per Share in Rs. Dividend (%)

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



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES**

Name of the Subsidiary Company	Extent of interest in the Subsidiary at the end of the Financial year of the Subsidiary	Net aggregate amount of the Subsidiary's profit after deducting its losses or vice-versa (so far as it concerns members of the Holding Company)						
		Subsidiary's Financial year ended on	No. of Shares held	% of total paid-up Capital	Profits/(Losses) not dealt with in the Holding Company's Accounts	Profit dealt with or (Losses) provided for in the Holding Company's Accounts		
					For the Financial Year of the Subsidiary	For the previous Financial Years' since it became the Holding Co.'s Subsidiary	For the Financial Years' of the Subsidiary	For the previous Financial Years' since it became the Holding Co.'s Subsidiary
1. J. K. Satoh Agricultural Machines Ltd.	31st March, 2003	5,40,000 Equity Shares of Rs. 10/- each	50.70%					(See note below)
2. Jaykay Tech Ltd.	31st March, 2003	6,00,000 Equity Shares of Rs. 10/- each	99.99%	Accounts Not Finalised				(See note below)

Note :

As there have been no operations and all assets of both the subsidiaries have been sold off, the Company has already made full provisions for value of investments and have also written off the outstanding advances as on 31.03.2003 to these subsidiaries in its books.

Kanpur
Dated : 30th June, 2003

GAUR HARI SINGHANIA
Chairman

YADUPATI
Managing Director & CEO

GOVIND HARI SINGHANIA
Vice Chairman

J. P. BAJPAI
Secretary

K. B. AGARWAL
JAGENDRA SWARUP
KAILASH NATH
S. BHANDARI
G.B.S. WADHWA

} *Directors*

J. K. SATOH AGRICULTURAL MACHINES LTD.

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors present herewith their THIRTY THIRD Annual Report together with the audited Statements of Account of the Company for the year ended 31st March, 2003.

2. Financial Results :

The financial results for the year ended 31st March, 2003 show a profit of Rs. 130.59 lacs as against loss of Rs. 0.05 lacs last year.

3. Dividends :

In view of carry forward of accumulated losses of earlier years, your Directors regret their inability to recommend any dividend this year also.

4. Disposal of Sundry Assets :

During the year under report, the Company has passed the entries of sale in respect of all its immovable assets consisting of Land & Building as per the order of the Court Receiver.

5. Directors :

Two of your Directors namely Shri M. P. Singh and Shri A. N. Agarwal will retire by rotation at the ensuing Annual General Meeting, pursuant to Article 158 of the Articles of Association of the Company and are eligible for re-appointment.

6. General :

6.1 There has been no progress regarding writ petition filed by the Company against Order dated 31.1.1990 of the B.I.F.R. for winding up of the Company. The petition is still pending before the Hon'ble High Court, Allahabad.

6.2 There is nothing to be reported in respect of remuneration to the Employees as provided under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as there is no Employee in the Company as on date.

6.3 In terms of Section 217(1) (e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, your Directors report that there is nothing to be disclosed in respect of :

- (a) Conservation of Energy;
- (b) Technology Absorption; and
- (c) Foreign Exchange Earnings and Out-go.

7. Auditors' Report :

The Notes referred to by the Auditors in their report are self-explanatory and need no further explanation.

8. Auditors :

M/s. B.C. Jain & Co., Chartered Accountants will retire from their office as Auditors at the ensuing Annual General Meeting, but are eligible for re-appointment. Necessary Certificate for their eligibility for reappointment, as required u/s 224(1B) of the Companies Act, 1956, has been obtained from them. You are requested to approve their appointment to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

9. Compliance Report :

The Company has obtained a Compliance Certificate as per the provisions of Companies (Compliance Certificate) Rules, 2001 and the same is annexed herewith and forms part of the Directors' Report.

10. Directors' Responsibility Statement :

The Directors state that -

- (i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed except those mentioned in the notes to the Accounts;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year 2003 and of the loss of the Company for the year;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) Since the manufacturing operations in the Company's factory remained suspended w.e.f. 8th November, 1983 and the Company has entered into an agreement for sale of immovable assets, the Company is not viewed as a going concern.

Registered Office :
Kamla Tower,
KANPUR - 208 001
Dated : 28th June, 2003

S. B. Singh }
M. P. Singh } *Directors*

COMPLIANCE CERTIFICATE

To,
The Members
J.K. Satoh Agricultural Machines Ltd.,
Kamla Tower, Kanpur

I have examined the registers, records, books and papers of M/s. J.K. Satoh Agricultural Machines Ltd., (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial year ended on 31st March, 2003. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its Officers and Agents, I certify that in respect of the aforesaid financial year :

- 1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
- 2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies,

Regional Director, Central Government, Company Law Board or Other Authorities within the time prescribed under the Act and the rules made thereunder.

- 3. The Company, being a Public Limited Company, comments on number of shareholders are not required.
- 4. The Board of Directors duly met 4 (Four) times on 18th June, 2002, 30th September, 2002, 25th December, 2002 and 29th March, 2003 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minute Book maintained for the purpose.
- 5. The Company has closed its Register of Members from 16th September, 2002 to 30th September, 2002 during the financial year.
- 6. The Annual General Meeting for the financial year ended on 31.3.2002 was held on 30th September, 2002 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minute Book maintained for the purpose.
- 7. No Extra Ordinary General Meeting was held during the financial year.



8. The Company has not advanced any loans to its Directors or Persons or Firms or Companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has :
 - i) delivered all the certificates on allotment of securities and on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.
 - ii) the Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iii) the Company was not required to post warrants to any Member of the Company as no dividend was declared during the financial year.
 - iv) the Company was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund;
 - v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The Company has not appointed any Managing Director/ Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agent during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such Authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors were not required to disclose their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowing during the financial year ended 31st March, 2003.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not deducted any contribution towards Provident Fund during the financial year.

For SDN & Associates
Company Secretaries

S. D. NIGAM
C. P. No. 2578

Place : Kanpur
Date : 25.6.2003

Annexure 'A'

Registers as maintained by the Company

Statutory Registers :

1. Register of Members & Share Ledger
2. Share Transfer Register
3. Directors' Register
4. Register of Directors' Share Holding
5. Stock Register
6. Register of Particulars of Contracts
7. Register of Common Seal
8. Register of Contracts, Companies & Firms in which Directors etc. are interested
9. Register of Mortgage & Charges

Other Registers :

1. Directors' Attendance Register
2. Members' Attendance Register

Annexure 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other Authorities during the financial year ending on 31st March, 2003.

Sl. No.	Form No./ Return	Filed under Section	For	Date of filing	whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	Balance Sheet	210	Balance Sheet	within time	YES	N.A.
2.	Annual Return	159	Annual Return	within time	YES	N.A.
3.	Compliance Certificate	383A	-	within time	YES	N.A.

NOTE : Forms/Returns were sent for filing alongwith requisite fee, in respect of which receipts were available for inspection.

AUDITORS' REPORT

TO THE MEMBERS,

1. We have audited the attached Balance Sheet of J.K. Satoh Agricultural Machines Limited as at 31st March, 2003 and also the Profit & Loss Account 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.

We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating one overall financial statement presentations. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

2. Further to our comments in the Annexure referred to above, we report that :

(a) Refer Note No. 2(iv).

- (i) 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;
- (ii) 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 these Books;
- (iii) The said Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the Books of Account;
- (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report are prepared in compliance of the applicable Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
- (v) On the basis of the written representations received from directors as on 31st March, 2003 taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2003 from being appointed as a director under Section 274(1)(g) of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the notes appearing in Schedule 8 of Contingent Liabilities and Accounting Policies give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conforming with the accounting principles generally accepted in India;

- (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2003, and
- (b) In case of Profit & Loss Account, of the profit for the year ended on that date.

For B.C. JAIN & CO.,
Chartered Accountants

Place : KANPUR
Dated : 26th June, 2003

R. SINGH
Partner

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

- (1) There are no Fixed Assets, hence clause is not applicable.
- (2) There is no stock as at year end and Clause 3 to 6 are not applicable. Further, since there is no purchases/sales and stocks, the provisions of Clauses 10, 11, 12 and 14 of Auditors' Report Order are not applicable.
- (3) The Company has paid part amount of interest free loans from Holding Company "J. K. Synthetics Ltd." and balance amount has been waived by the Holding Company.
- (4) The Company has not granted any loan, secured or unsecured nor has granted any loan or advance in the nature of loan.
- (5) The Company has not accepted any deposits from the public.
- (6) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (7) As explained to us, as the operations of the Company's factory remained suspended since earlier years, maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 is not necessary.
- (8) At present there is no employee, Provident Fund & E.S.I. is not applicable. However, demand for penal interest amounting to Rs.1,40,236.95 for delay in payment is pending, since the Company has filed a writ petition and obtained Stay Order from the High Court of Judicature, Allahabad.
- (9) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Custom Duty and Excise Duty, which have remained outstanding as at 31st March, 2003 for a period of more than six months from the date they became payable.
- (10) According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account.
- (11) The Company is a Sick Industrial Company within the meaning of Clause "O" of sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company has referred the matter to the Board for Industrial & Financial Reconstruction, New Delhi and said Board has formed its final opinion for winding up of the Company. The Company has filed a writ petition against the Order of BIFR dated 31.1.90, and Hon'ble High Court has stayed the said Order vide its Order dated 15.3.90 and the same is still pending with Hon'ble High Court, Allahabad.

For B.C. JAIN & CO.,
Chartered Accountants

Place : KANPUR
Dated : 26th June, 2003

R. SINGH
Partner



BALANCE SHEET AS AT 31ST MARCH, 2003

	Schedule	31.3.2003 Rs.	31.3.2002 Rs.
LIABILITIES			
Share Capital	1	1,63,99,630	1,63,99,630
Secured Loans	2	—	37,85,271
Current Liabilities	3	1,30,436	1,33,48,370
	Total	1,65,30,066	3,35,33,271
ASSETS			
Fixed Assets	4	—	34,79,666
Current Assets, Loans & Advances	5	2,67,692	7,32,216
Profit & Loss Account :			
Balance as per Account Annexed		1,62,62,374	2,93,21,389
Contingent Liabilities & Notes	8		
	Total	1,65,30,066	3,35,33,271

As per report of even date attached herewith
For B. C. JAIN & CO.
Chartered Accountants.

Place : KANPUR
Dated : 26th June, 2003

R. SINGH
Partner

S. B. Singh
M. P. Singh } Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	Schedule	31.3.2003 Rs.	31.3.2002 Rs.
INCOME			
Other Income	6	1,35,47,110	17,962
		1,35,47,110	17,962
EXPENDITURE			
Other Expenses	7	4,88,095	22,811
		4,88,095	22,811
Profit/(Loss) for the year		1,30,59,015	(4,849)
Net Profit/(Loss)		1,30,59,015	(4,849)
Debit Balance brought forward from last account		(2,93,21,389)	(2,93,16,540)
		(1,62,62,374)	(2,93,21,389)

As per report of even date attached herewith
For B. C. JAIN & CO.
Chartered Accountants.

Place : KANPUR
Dated : 26th June, 2003

R. SINGH
Partner

S. B. Singh
M. P. Singh } Directors

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2003

SCHEDULE – 1 : SHARE CAPITAL

	31.3.2003 Rs.	31.3.2002 Rs.
AUTHORISED :		
19,00,000 Equity Shares of Rs.10/- each	1,90,00,000	1,90,00,000
60,000 9.5% Redeemable Cumulative Preference Shares of Rs.100/- each	60,00,000	60,00,000
Total	<u>2,50,00,000</u>	<u>2,50,00,000</u>
ISSUED :		
15,83,966 Equity Shares of Rs.10/- each	1,58,39,660	1,58,39,660
57,633 9.5% Redeemable Cumulative Preference Shares of Rs.100/- each	57,63,300	57,63,300
Total	<u>2,16,02,960</u>	<u>2,16,02,960</u>
SUBSCRIBED :		
10,65,008 Equity Shares of Rs.10/- each fully called up	Rs. 1,06,50,080	
Less : Allotment & Call Money in arrear by person Other than Directors	Rs. 13,750	
57,633 9.5% Redeemable Cumulative Preference Shares of Rs.100/- each fully paid	57,63,300	57,63,300
Total	<u>1,63,99,630</u>	<u>1,63,99,630</u>

NOTES :

- (i) The above Equity Shares include 1,68,000 Equity Shares of Rs.10/- each allotted as fully paid up pursuant to a contract without payment being received in cash.
- (ii) 5,40,000 Equity Shares are held by J.K. Synthetics Ltd., Kanpur, the Holding Company.

SCHEDULE – 2 : SECURED LOANS

	31.3.2003 Rs.	31.3.2002 Rs.
J. K. Synthetics Ltd., Kanpur (Holding Company)		
Secured by a charge on Fixed Assets, both present and future	—	37,85,271
Total	<u>—</u>	<u>37,85,271</u>

SCHEDULE – 3 : CURRENT LIABILITIES AND PROVISIONS

	31.3.2003 Rs.	31.3.2002 Rs.
A. CURRENT LIABILITIES :		
Security Deposits & Advance against order	—	53,782
Employees' Security Deposit	—	4,800
Other Liabilities	33,824	2,78,176
Advance against sale of immovable property	—	1,29,15,000
TOTAL (A)	<u>33,824</u>	<u>1,32,51,758</u>
B. PROVISIONS :		
Electricity charges in dispute	96,612	96,612
TOTAL (B)	<u>96,612</u>	<u>96,612</u>
TOTAL (A + B)	<u>1,30,436</u>	<u>1,33,48,370</u>

**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2003****SCHEDULE - 4 : FIXED ASSETS**

PARTICULARS	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK	
	As at 1.4.2002	Deduction/ Sale	As at 31.3.2003	Dep. Provided upto 1978-79	Written back	Upto 31.3.2003	As at 31.3.2003	As at 31.3.2002
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	3,29,630	3,29,630	—	—	—	—	—	3,29,630
Building	37,16,269	37,16,269	—	5,66,233	5,66,233	—	—	31,50,036
Total	40,45,899	40,45,899	—	5,66,233	5,66,233	—	—	34,79,666

SCHEDULE - 5 : CURRENT ASSETS, LOANS AND ADVANCES

	31.3.2003 Rs.	31.3.2002 Rs.
A. CASH & BANK BALANCES :		
Balance with Scheduled Bank :		
Current Account	5,746	13,833
Margin Money with Standard Chartered Bank	2,33,219	2,19,769
Interest accrued on Deposits	4,616	5,757
Savings Bank Account (For Employees' Security Deposit)	7,322	7,322
TOTAL (A)	<u>2,50,903</u>	<u>2,46,681</u>
B. LOANS & ADVANCES :		
(Unsecured-Considered Good)		
Advances recoverable in		
Cash or in kind or for value to be received	—	1,439
Security Deposits	—	1,20,892
Post Office Savings Bank Account, (Pass Book pledged with Exclse Authorities)	13,565	13,565
Tax Deducted at Source	3,224	7,789
TOTAL (B)	<u>16,789</u>	<u>1,43,685</u>
C. SUNDRY DEBTORS : (Unsecured)		
Considered Good (More than 6 months)	—	3,41,850
TOTAL (C)	<u>—</u>	<u>3,41,850</u>
TOTAL (A + B + C)	<u>2,67,692</u>	<u>7,32,216</u>

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

SCHEDULE – 6 : OTHER INCOME

	31.3.2003 Rs.	31.3.2002 Rs.
Interest on F.D.R. with Bank & Other Income (Tax Deducted at Source Rs. 3,224/- Previous Year Rs. 3,685/-)	16,158	17,962
Profit on Sale of Fixed Assets	1,10,20,334	—
Sundry Balances Written Back	22,94,299	—
Excess Provision Written Back	2,16,319	—
TOTAL	<u>1,35,47,110</u>	<u>17,962</u>

SCHEDULE – 7 : OTHER EXPENSES

	31.3.2003 Rs.	31.3.2002 Rs.
Postage, Charges General etc.	9,314	7,336
Rates & Taxes	2,000	3,300
Auditors' Remuneration	3,150	3,150
Professional Charges	2,100	1,838
Printing & Stationery	7,350	7,187
Bad Debts Written off	3,41,850	—
Sundry Balances Written off	1,22,331	—
TOTAL	<u>4,88,095</u>	<u>22,811</u>

SCHEDULE – 8 : CONTINGENT LIABILITIES AND NOTES

1. CONTINGENT LIABILITIES :

- (a) Arrears of Dividend on Redeemable Cumulative Preference Shares for the period 1.11.1991 to 31.3.2003; Rs.62,52,421/- (including fractional amount left out of the arrears of earlier years consequent upon issue of fresh Preference Shares as per Order of the Company Law Board dated 12.7.1994).
- (b) Counter Guarantees given in favour of Company's Bankers for Guarantees given by them; Rs. 1,37,150/- (Previous year Rs. 1,37,150/-)

2. NOTES :

- (i) Remuneration to Statutory Auditors :
Audit Fee Rs. 3,150/- (Previous Year Rs. 3,150/-).
- (ii) Balance in case of a Bank Account is subject to confirmation.
- (iii) The Regional Provident Fund Commissioner, U.P., Kanpur has demanded Rs. 1,40,236.95 towards penal interest for delay in payment. Company has filed writ petition and obtained Stay Order from the High Court of Judicature, Allahabad. The writ petition, however, is pending.
- (iv) The manufacturing operations in the Company's factory remained suspended w.e.f. 8th November, 1983 and the Company has passed the entries of all its Immovable Assets as per the order of the Court Receiver. Due to this, the company is not viewed as a going concern.
- (v) Directors have waived their sitting fee.
- (vi) Additional Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to Companies Act, 1956 are not applicable.

**ACCOUNTING POLICIES :****1. REVENUE RECOGNITIONS :**

Other Income/Expenditure are accounted for on accrual basis.

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. REGISTRATION DETAILS**

Registration No.	:	3268	State Code		20
Balance Sheet	:	<u>31st</u>	<u>March</u>	<u>2003</u>	
		Date	Month	Year	

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	:	Nil	Right Issue	:	Nil
Bonus Issue	:	Nil	Private Placement	:	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	:	16530	Total Assets	:	16530
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SOURCES OF FUNDS

Paid-up Capital	:	16399	Reserve and Surplus	:	Nil
Secured Loans	:	Nil	Unsecured Loans	:	Nil

APPLICATION OF FUNDS

Net Fixed Assets	:	Nil	Investments	:	Nil
Net Current Assets	:	138	Misc. Expenditure	:	Nil
Accumulated Losses	:	16262			

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Other Income	:	13547	Total Expenditure	:	488
+ - Profit/(Loss) Before Tax	:	13059	+ - Profit/(Loss) After Tax	:	13059
Earning per Share in (Rs.)	:	Nil	Dividend Rate	:	Nil

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

(As per monetary Terms)

Item Code No. (ITC Code)	:		Product Description	
10 (1st Schedule to I D & R) Act, 1951			AGRICULTURAL MACHINERY	

Signatures to Schedules 1 to 8

For B. C. JAIN & CO.
Chartered Accountants.

Place : KANPUR
Dated : 26th June, 2003

R. SINGH
Partner

S. B. Singh }
M. P. Singh } Directors

J. K. SYNTHETICS LIMITED

Regd. Office : Kamla Tower, Kanpur-208 001 (India)
Phones : 2311478-81, 2366881, 2366890, 2369854
Grams : NYLON; E-mail : jkshr@satyam.net.in; Fax : 2369854

25th August, 2003

Dear Shareholder,

Reg. :- Dematerialisation of Equity Shares

As you are aware Equity Shares of the Company are compulsorily traded in dematerialised mode. We have been intimating you the advantages of dematerialisation of shares from time to time.

We find from our records that as on date, large number of Shareholders are still holding their shares in physical mode. We once again enumerate below the advantages available in holding shares in electronic form :-

1. No risk of loss, mutilation or theft of share certificate.
2. No stamp duty for transfer of shares.
3. No need for filling transfer deed and lodging the same with the Company for registration of transfer.
4. Low interest rates on loans granted against pledge of dematerialised securities by the Banks.
5. Reduced paper work.
6. Instant credit of non-cash Corporate benefits such as bonus shares and right shares into demat account.

We, therefore, advise you to dematerialise your shares at the earliest and avail benefits of dematerialisation, as mentioned above.

For more details, kindly contact our Share Department on above Telephone Nos. on Extension No. 432 & 433 (Monday to Saturday during Office hours) or mail your queries on Company's E-mail ID.

In case, however, you are already holding shares in dematerialised form, please ignore this intimation.

Thanking you,

Yours faithfully,

For J. K. Synthetics Ltd.



(J. P. BAJPAI)
President (HO) & Secretary

J. K. SYNTHETICS LTD.

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 _____

No. of Shares held : _____

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company to be held on Saturday, the 20th September, 2003 at 12.00 Noon in the Auditorium of 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 LTD.

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 Ltd. 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 20th September, 2003 at 12.00 Noon and at any adjournment thereof.

Signed this _____ day of _____ 2003.

Signature _____

Affix 30 Paise Revenue Stamp

*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-208 001 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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