

ANNUAL REPORT
2003 - 2004

J. K. Synthetics LTD.



Board of Directors

Dr. Gour 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.

Vinay Kala Nominee of S.B.I. Director (Finance)

Suparas Bhandari Nominee of GIC

N. K. Jhajharia

R. K. Tandon

K. V. Murthy

J. P. Bajpai Sr. President (HO) & Secretary

AUDITORS

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

REGISTERED OFFICE

- KAMLA 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 Bank

WORKS

- KOTA (Rajasthan) - Padam Synthetics
- J. K. Staple & Tows
- Gopal Synthetics
- Sir Padampat 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



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 Monday, the 27th September, 2004 at 12.00 Noon to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2004, 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 Dr. K.B. Agarwal, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Jagendra Swarup, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri N.K. Jhajharia, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and in that connection to pass the following resolution as an **Ordinary Resolution** : -

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

AS SPECIAL BUSINESS :

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

AS ORDINARY RESOLUTIONS :

6. "RESOLVED THAT pursuant to and in accordance with the provisions of Sections 198, 269, 309 and 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval of the Central Government, if required, the consent of the Company be and is hereby accorded to the re-appointment of Shri Yadupati Singhania as the Managing Director and Chief Executive Officer (CEO) of the Company for a period of 5 (five) years with effect from 1st September, 2004 to 31st August, 2009, on the terms and conditions and remuneration, as set out in the Agreement to be entered into between the Company and Shri Yadupati Singhania, a draft whereof is placed before this meeting, duly initialled by the Chairman, for the purpose of identification, which Agreement is hereby specifically sanctioned/approved with the authority to the Board of Directors (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee, which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said re-appointment and/or remuneration

and/or Agreement, if any, as may be required by the Central Government and agreed to by the Board of Directors of the Company and Shri Yadupati Singhania."

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

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year or years, the aforesaid remuneration including perquisites shall be the minimum remuneration payable to the Managing Director and CEO."

7. "RESOLVED THAT pursuant to and in accordance with the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval of the Central Government, if required, the consent of the Company be and is hereby accorded to the re-appointment of Dr. Gaur Hari Singhania as the Chairman of the Company for a period of 5 (five) years with effect from 1st September, 2004 to 31st August, 2009, on the terms and conditions and remuneration, as set out in the Explanatory Statement annexed to this Notice, with the authority to the Board of Directors (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee, which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said re-appointment and/or remuneration, if any, as may be required by the Central Government and agreed to by the Board of Directors of the Company and Dr. Gaur Hari Singhania."

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


"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year or years, the aforesaid remuneration including perquisites shall be the minimum remuneration payable to the Chairman."

8. "RESOLVED THAT pursuant to and in accordance with the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval of the Central Government, if required, the consent of the Company be and is hereby accorded to the re-appointment of Shri Govind Hari Singhania as the Vice-Chairman of the Company for a period of 5 (five) years with effect from 1st September, 2004 to 31st August, 2009, on the terms and conditions and remuneration, as set out in the Explanatory Statement annexed to this Notice, with the authority to the Board of Directors (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee, which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said re-appointment and/or remuneration, if any, as may be required by the Central Government and agreed to by the Board of Directors of the Company and Shri Govind Hari Singhania."

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

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year or years, the aforesaid remuneration including perquisites shall be the minimum remuneration payable to the Vice-Chairman."

By Order of the Board


(J. P. BAJPAI)
Secretary

Registered Office :
Kamla Tower, Kanpur.
Dated : 30th June, 2004

NOTES:

- i) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business under Item Nos. 6 to 8 of the accompanying Notice dated 30th June, 2004 is annexed hereto.
- ii) Copy of the Agreement/ other documents referred to in the Notice is available for inspection of the Members at the Registered Office of the Company between 3.00 p.m. and 5.00 p.m. on any working day except Saturday till the conclusion of the Annual General Meeting.
- iii) The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 2004 to 27th September, 2004, both days inclusive.
- iv) 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.
- v) Members are requested to bring their copies of the Annual Report, as Copies of the Report will not be distributed again at the Meeting.
- vi) 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.
- vii) 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.
- viii) 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.

ix) Reappointment of Directors

At the ensuing Annual General Meeting Dr. K.B. Agarwal, Shri Jagendra Swarup and Shri N. K. Jhajharia 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 K. B. Agarwal** is M.Com., LL.B., Ph.D., AICWA, FCS and has been a director of the Company since 8th January, 1987. He has vast experience in the fields of Finance, Accounts and Capital Market. He is past President of U.P. Stock Exchange Association Ltd. and Merchants' Chamber of Uttar Pradesh. He is Vice Chairman & Director of M/s. Key Corp Ltd. and also the Chairman of Audit Committee of that Company.
- b) **Shri Jagendra Swarup** has been a director of the Company since 30th July, 2001. He is a Senior Advocate. He has been in practice for over 28 years and has vast experience in the legal field and particularly on matters relating to Corporate Laws, Banking and Taxation. He is the legal advisor to leading Indian Companies and Banks. He is member of various Associations and is holding important positions in various fields viz. professional, political, commercial, educational and social. He has been a member of Legislative Council of U.P. for the last so many consecutive terms.
- c) **Shri N. K. Jhajharia** is a Commerce Graduate with vast experience in the fields of Commerce and Industry. He is past President, Merchants' Chamber of U.P. and Ex-member, Executive Body of Federation of Indian Chamber of Commerce and Industry (FICCI). He is President, Advisor and Executive member of various Educational and Social Institutions/ Organisations. He is also past President of Rotary Club of Kanpur West. He had been President of Yarn Merchant Association for several years.

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 30th June, 2004.

ITEM NO. 6

- (A) Shri Yadupati Singhania was appointed as Managing Director and CEO at the Annual General Meeting of the Company held on 30th September, 1999 for a period of five years with effect from 1st September, 1999 on certain terms and remuneration. At the Annual General Meeting of the Company held on 28th September, 2002, his remuneration was revised upwards with effect from 1st April, 2002, subject to the approval of the Central Government. The Central Government vide its letter No. 1/435/2002-CL.VII dated 2nd April, 2003 had approved his appointment w.e.f. 1st April, 2002 to 31st August, 2004 on revised terms and remuneration. His term of appointment shall expire on 31st August, 2004.

The Remuneration Committee of the Company in its meeting held on 30th April, 2004 has observed that Shri Y. P. Singhania was entrusted with an onerous responsibility of rehabilitation of entire Company, which he has been successfully shouldering and there has been tremendous progress in the matter. Besides, the Company, particularly Cement operations have been doing exceptionally well under his able stewardship and guidance. It was, therefore, felt by the Remuneration Committee that Shri Y.P. Singhania be reappointed the Managing Director and CEO for a further period of 5



(five) years with effect from 1st September, 2004 on the existing terms and remuneration as approved by the Central Government, in recognition of his significant contributions, as aforesaid.

The aforesaid proposal of the Remuneration Committee for reappointment of Shri Yadupati Singhania as Managing Director and CEO was also approved by the Board of Directors in their meeting held on 30th June, 2004, subject to the approval of the Central Government.

(B) Draft Agreement between the Company and Shri Yadupati Singhania, sets out the mutual rights and obligations of the Company and Shri Yadupati Singhania, sets out the terms and conditions of his appointment and the same are briefly summarised below :

(a) Subject to the provisions of the Companies Act, 1956, Shri Yadupati Singhania as Managing Director and CEO shall have the powers of general conduct and management of the business and affairs of the Company subject however, to the superintendence, control and directions of the Board of Directors and he shall also perform such other duties and services and exercise such powers as shall from time to time be entrusted to him by the Board of Directors including the powers exercisable by the Board as per the Articles of Association of the Company.

(b) The Managing Director and CEO is given certain specific powers, without prejudice to the generality of the General Powers of Management, which among others, include the powers of borrowing, investing and lending monies as the Board of Directors may from time to time delegate u/s. 292 of the Companies Act, 1956 and within such limits as the Board may from time to time determine.

(C) **Period of Agreement** : Five (5) years with effect from 1st September, 2004.

(D) **Remuneration** :

1. **Salary** : Rs. 60,000/- (Rupees Sixty Thousand only) per month including D.A. and other allowances.

2. **Perquisites** :

(a) **Contribution to Provident Fund** : As per the provisions of the Provident Fund Act i.e. 12 % of the salary.

(b) **Contribution to Superannuation Fund** : In accordance with the rules of the Company i.e. 15 % of the salary.

(c) **Medical reimbursement** : Expenses incurred for self and spouse, subject to a ceiling of one month's salary i.e. Rs. 60,000/- in a year or three months salary i.e. Rs. 1,80,000/- over a period of three years.

(d) **Leave Travel Concession** : For self and spouse once in a year actually incurred, subject to a ceiling of one month's salary i.e. Rs. 60,000/-.

(e) **Club Fees** : Fees of Clubs, subject to a maximum of two Clubs. However, no life membership or admission fee will be payable.

(f) **Personal Accident/ Mediclaim Policies** : Premium not to exceed Rs. 15,000/- per annum for both the policies.

(g) **Gratuity** : Not exceeding half a month's salary for each completed year of service as per provisions of the Payment of Gratuity Act, 1972.

(h) **Housing** : The Company to provide unfurnished accommodation and electricity for his residence but actual cost to be recovered from him.

(i) **Earned/ privilege leave** : 45 days' leave with pay in a year to be accumulated upto maximum 90 days. Leave encashment for maximum 30 days in a year will be permissible.

3. **Other facilities** :

(a) **Car with Driver** : The Company will provide a Car with Driver for official purposes. However, use of Car for private purposes shall be billed by the Company to him.

(b) **Telephone** : Free use of telephone at his residence.

(E) In the event of absence or inadequacy of profits during the aforesaid period, the remuneration as mentioned above including perquisites will be payable to the Managing Director and CEO as minimum remuneration.

(F) The Managing Director and CEO shall be entitled to reimbursement of expenses actually incurred for the business of the Company.

(G) The Managing Director and CEO shall not, without the consent of the Board of Directors, divulge or disclose the method, systems or appliances etc. for any manufacturing activity of the Company.

(H) In terms of Article 128 of the Articles of Association of the Company, the Managing Director and CEO shall not, while he continues to hold the office of Managing Director and CEO, be subject to retirement by rotation.

(I) With regard to this resolution Dr. Gaur Hari Singhania, who is related to Shri Yadupati Singhania, is deemed to be concerned or interested. None of the other Directors is interested or concerned in any manner in the aforesaid resolution.

(J) The particulars set out hereinabove may be treated as an abstract of the terms of the Agreement between the Company and Shri Yadupati Singhania pursuant to Section 302(2) of the Companies Act, 1956.

(K) The appointment of Shri Yadupati Singhania as Managing Director and CEO of the Company as set out in the resolution is subject to the approval of the Central Government.

The resolution at item no. 6 is, therefore, commended for your approval.

ITEM NO. 7

Dr. Gaur Hari Singhania was appointed as the Chairman at the Annual General Meeting of the Company held on 30th September, 1999 for a period of five (5) years with effect from 1st September, 1999 without any salary but on certain perquisites. His term of appointment shall expire on 31st August, 2004.

The Remuneration Committee of the Company in its meeting held on 30th April, 2004 has observed that Dr. Gaur Hari Singhania has been associated with the Company since 1954, holding various important positions such as Managing Director and Chairman. In view of his long association with the Company and the vast experience with the industry, it was felt by the Remuneration Committee that Dr. Gaur Hari Singhania be reappointed the Chairman for a further period of 5 (five) years with effect from 1st September, 2004, so that the Company may take advantage of his rich experience and knowledge. No salary is proposed to be paid to him, however, he will be allowed certain perquisites as are enumerated herein below.

The aforesaid proposal of the Remuneration Committee for reappointment of Dr. Gaur Hari Singhania as Chairman was also approved by the Board of Directors in their meeting held on 30th June, 2004, subject to the approval of the Central Government.

1. **Salary** – Nil

2. **Perquisites** : The Chairman shall be entitled to the following perquisites :

(a) **Medical Reimbursement** : Expenses incurred for self and family, subject to a ceiling of Rs. 30,000/- in a year or Rs. 90,000/- over a period of three years.

- (b) **Club Fees** : Fees of clubs, subject to a maximum of two clubs, provided that no life membership or admission fee is paid.
- (c) **Personal Accident Insurance** : Premium not to exceed Rs. 15,000/- per annum.
- (d) **Car with Driver and Telephone** : The Company will provide a Car with Driver and telephone at the residence of Chairman. The provision of car for use on Company's business and telephone at residence will not be considered as perquisite. Use of car for private purposes shall be billed by the Company to the Chairman.
- (e) In the event of absence or inadequacy of profits during the aforesaid period, the remuneration as mentioned above will be payable to the Chairman as minimum remuneration.
- (f) The Chairman shall be entitled to reimbursement of expenses actually incurred for the business of the Company.
- (g) With regard to this resolution Shri Govind Hari Singhania and Shri Yadupati Singhania, who are related to Dr. Gaur Hari Singhania, are deemed to be concerned or interested. None of the other Directors is interested or concerned in any manner in the aforesaid resolution.
- (h) The particulars set out hereinabove may be treated as an abstract of the terms of the appointment between the Company and Dr. Gaur Hari Singhania pursuant to Section 302(2) of the Companies Act, 1956.
- (i) Dr. Gaur Hari Singhania shall not, while he continues to hold the office of Chairman, be subject to retirement by rotation.
- (j) The appointment of Dr. Gaur Hari Singhania as Chairman of the Company as set out in the resolution is subject to the approval of the Central Government.

The resolution at item no. 7 is, therefore, commended for your approval.

ITEM NO. 8

Shri Govind Hari Singhania was appointed as Vice Chairman at the Annual General Meeting of the Company held on 30th September, 1999 for a period of five years with effect from 1st September, 1999 without any salary but on certain perquisites. His term of appointment shall expire on 31st August, 2004.

The Remuneration Committee of the Company in its meeting held on 30th April, 2004 has observed that Shri Govind Hari Singhania has been associated with the Company since 1980, holding various important positions such as Managing Director and Vice Chairman. In view of his long association with the Company and the vast experience with the industry, it was, felt by the Remuneration Committee that Shri Govind Hari Singhania be reappointed the Vice Chairman for a further period of 5 (five) years with effect from 1st September, 2004, so that the Company may take advantage of his rich experience and knowledge. No salary is proposed to be paid to him, however, he will be allowed certain perquisites as are enumerated herein below.

The aforesaid proposal of the Remuneration Committee for reappointment of Shri Govind Hari Singhania as Vice Chairman was also approved by the Board of Directors in their meeting held on 30th June, 2004, subject to the approval of the Central Government.

1. Salary – Nil

2. Perquisites : The Vice Chairman shall be entitled to the following perquisites :

- (a) **Medical Reimbursement** : Expenses incurred for self and family, subject to a ceiling of Rs. 30,000/- in a year or Rs. 90,000/- over a period of three years.
- (b) **Club Fees** : Fees of clubs, subject to a maximum of two clubs, provided that no life membership or admission fee is paid.
- (c) **Personal Accident Insurance** : Premium not to exceed Rs. 15,000/- per annum.
- (d) **Car with Driver and Telephone** : The Company will provide a Car with Driver and telephone at the residence of Vice Chairman. The provision of car for use on Company's business and telephone at residence will not be considered as perquisite. Use of car for private purposes shall be billed by the Company to the Vice Chairman.
- (e) In the event of absence or inadequacy of profits during the aforesaid period, the remuneration as mentioned above will be payable to the Vice Chairman as minimum remuneration.
- (f) The Vice Chairman shall be entitled to reimbursement of expenses actually incurred for the business of the Company.
- (g) With regard to this resolution Dr. Gaur Hari Singhania, who is related to Shri Govind Hari Singhania, is deemed to be concerned or interested. None of the other Directors is interested or concerned in any manner in the aforesaid resolution.
- (h) The particulars set out hereinabove may be treated as an abstract of the terms of the appointment between the Company and Shri Govind Hari Singhania pursuant to Section 302(2) of the Companies Act, 1956.
- (i) Shri Govind Hari Singhania shall not, while he continues to hold the office of Vice Chairman, be subject to retirement by rotation.
- (j) The appointment of Shri Govind Hari Singhania as Vice Chairman of the Company as set out in the resolution is subject to the approval of the Central Government.

The resolution at item no. 8 is, therefore, commended for your approval.

By Order of the Board

Registered Office :
Kamla Tower, Kanpur.
Dated : 30th June, 2004


(J.P. BAJPAI)
Secretary



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors submit the Annual Report and audited Statements of Account for the year ended 31st March, 2004.

2. FINANCIAL RESULTS

	2003-04 (Rs./Lacs)
Sales	80191.73
Other Income	252.91
Profit before Interest and Depreciation	4015.75
Add : Interest	357.61
Profit before Depreciation	4373.36
Depreciation	4246.45
Profit for the year before Extra Ordinary Items	126.91
Extra Ordinary Items	(687.52)
Profit/(Loss) before tax	(560.61)
Provision for Wealth tax	2.99
Profit/(Loss) after tax	(563.60)

3. OVERALL PERFORMANCE

The Grey and White Cement plants were the only plants, which were in operation during the year, while all Man Made Fibre plants at Kota and Jhalawar continued under closure. The Company's working results, therefore, account for operating results of Grey and White Cement plants, the expenses on security, maintenance, etc. of Man Made Fibre plants and the expenses on rehabilitation scheme.

The Company achieved higher turn-over of Rs. 801.92 crores during the year under report compared to Rs. 761.94 crores for the previous year registering an increase of 5.25%. Company's cement business recorded moderate growth both in terms of production and sales compared to previous year. During the year under review, the profitability for the cement business has been higher. The net profit for the year was however lower at Rs. 1.27 crores compared to Rs. 3.23 crores for the previous year due to increase in rehabilitation and restructuring expenses.

4. DIVIDENDS

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

5. FINANCE

5.1 Pursuant to the order of the Hon'ble AAIFR, the Company has released an adhoc payment to the Term lenders, Debenture holders and Preference Share holders (except NRI holders to whom payment could not be made on account of pending approval of RBI under FEMA) against one-time settlement (OTS) of dues. Remaining dues will be paid after arrangement of funds upon implementation of the scheme.

5.2 As reported last year, the Company has forfeited 1,54,877 equity shares of Rights Issue 1993 in respect of which, the calls in arrears were not received despite final notice of forfeiture dated 10th July, 2003 for payment of calls.

5.3 The unclaimed amounts relating to debenture series and public deposits redeemed by the Company upto 31.03.1996 have 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.

6. OPERATIONS

6.1 CEMENT PLANTS

GREY CEMENT

The production and sales of Grey cement were higher at 29.91 lacs M.T. and 29.83 lacs M. T. compared to 28.94 lacs M.T. and 28.92 lacs M.T. respectively in the previous year. Despite higher demand, the prices of grey cement faced stiff resistance till October, 2003. Subsequently, there has been an increase in the prices which have stabilised over the period.

WHITE CEMENT

Production and Sales of White cement were 2.16 Lacs M.T. and 2.18 Lacs M.T. compared to 2.00 Lacs M.T. and 1.98 Lacs M.T. for the previous year registering an increase of 8% and 10% respectively. Due to price resistance, the unit could not pass on the entire increased cost to the customers.

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.

7. REHABILITATION PACKAGE

As reported last year, a Rehabilitation Scheme of One Time Settlement (OTS) of the dues of Secured Lenders and Preference Shareholders was approved by Hon'ble AAIFR vide their order dated 23.1.2003.

Necessary funds for the scheme are to be raised through External Commercial Borrowings by J. K. Cement Ltd. For the purpose, the Loan Agreement has been entered into and approval of Reserve Bank of India has been received. Other formalities are being complied with and it is expected that the funds will be arranged within 2 - 3 months time. Financial Institutions and Banks are being kept informed of the developments from time to time.

As per directives of Hon'ble AAIFR, a Rehabilitation Scheme for Kota complex has already been filed by IDBI (the Operating Agency) with Hon'ble BIFR, which is still awaiting the approval. Efforts are being made to work out an interim arrangement with the consent of secured lenders so that Kota plants can be made operational soonest possible. Further efforts are in progress for working out a scheme for Jhalawar complex in terms of directives of Hon'ble AAIFR.

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

Details of Research & Development activities carried out at the Cement Plants are incorporated in the information required u/s 217(1)(e) of the Companies Act, 1956, forming part of the Directors' Report. Research activities at the Kota Plants could not be carried out due to closure of these plants.

10. SUBSIDIARIES

The accounts of the Subsidiary Companies viz. J.K. Satoh Agricultural Machines Ltd. and Jaykay Tech Ltd., are annexed along with Statement pursuant to Section 212 of the Companies Act, 1956.

Your Directors wish to report that accounts of M/s Jaykay Tech Ltd. which were pending for finalisation due to the circumstances beyond control of the management, from the financial year 1996-97 upto financial year 2002-03, have now been finalised.

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

11. PERSONNEL

INDUSTRIAL RELATIONS

The Industrial relations during the year under review generally remained cordial in the Cement plants, which were in operation.

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 Company is not accepting any deposits from the public. The deposits received in earlier years from the public remaining unclaimed as on 31.3.2004 amounted to Rs 9.66 Lacs in the accounts of 313 depositors against which deposits amounting to Rs 0.09 Lacs have since been repaid. The Company is repaying the outstanding deposits as and when claimed.

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 and Cost audit would be completed in respect of these units. The Company has already applied to the Central Government for exemption from maintenance of costing records in respect of Nylon and Polyester for the year 2002-03 and 2003-04. Approval is however, awaited.

16. DIRECTORS

16.1 Three of your directors namely Shri K.B. Agarwal, Shri Jagendra Swarup and Shri N.K. Jhaharia will retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

16.2 The present term of Dr. Gaur Hari Singhania, Chairman, Shri Govind Hari Singhania, Vice Chairman and Shri Yadupati Singhania, Managing Director and CEO, is expiring on 31st August, 2004. It is proposed to reappoint them for a further period of five (5) years with effect from 1st September, 2004. Necessary resolutions in this regard are being circulated along with the notice of the ensuing Annual General Meeting.

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 loss of the Company for that year;
- (iii) they have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (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.

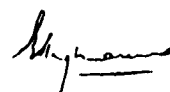
19. COST AUDITORS

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.

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 thank the employees at all levels for their commitment and contribution.

FOR AND ON BEHALF OF THE BOARD



CHAIRMAN

Kanpur
Dated : 30th June, 2004.



CORPORATE GOVERNANCE REPORT

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

1. Company's philosophy on Code of Governance

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

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

2. Board of Directors

(a) Composition/Category

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

- One Promoter, Executive, Non-Independent Director.
- Three Promoter, 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.
- Six 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	No. of other Directorships	No. of Board Committees (Other than J.K. Synthetics Ltd.) in which	
				Chairman	Member
1.	Dr. Gaur Hari Singhania Chairman	Promoter, Non Executive, Non Independent	7	-	1
2.	Shri Govind Hari Singhania Vice Chairman	Promoter, Non-Executive, Non Independent	7	-	-
3.	Shri Yadupati Singhania Managing Director and CEO	Promoter, Executive, Non Independent	11	-	1
4.	Shri GBS Wadhwa * Director Finance (Nominee of SBI) (Part of the year)	Non-Executive, Independent	-	-	-
5.	Shri Vinay Kala • Director Finance (Nominee of SBI) (Part of the year)	Non-Executive, Independent	-	-	-
6.	Shri A. Karati (Nominee of ICICI Bank Ltd)	Non-Executive, Independent	8	1	3
7.	Shri Suparas Bhandari (Nominee of GIC)	Non-Executive, Independent	2	-	-
8.	Shri Ramapati Singhania	Promoter, Non-Executive, Non Independent	-	-	-
9.	Dr. K. B. Agarwal	Non-Executive, Independent	1	1	-
10.	Shri Jagendra Swarup	Non-Executive, Independent	-	-	-
11.	Shri Kailash Nath	Non-Executive, Independent	1	-	-
12.	Shri N. K. Jhajharia • (Part of the year)	Non-Executive, Independent	-	-	-
13.	Shri R. K. Tandon • (Part of the year)	Non-Executive, Independent	2	-	-
14.	Shri K. V. Murthy • (Part of the year)	Non-Executive, Independent	-	-	-

- * ceased w.e.f. 25th August, 2003
- appointed w.e.f. 25th August, 2003

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

During the last financial year ended March 31, 2004, five Board Meetings were held on the following dates :-

- 30th June, 2003
- 28th July, 2003
- 25th August, 2003
- 24th October, 2003
- 24th January, 2004

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

Sl. No.	Name of Director	No. of Board Meetings attended	Attendance at last AGM held on 20.09.03
1	Dr. Gaur Hari Singhania	4	YES
2	Shri Govind Hari Singhania	3	YES
3	Shri Yadupati Singhania	4	YES
4	Shri G.B.S. Wadhwa (Part of the year)	3	NO
5	Shri Vinay Kala (Part of the year)	2	NO
6	Shri A. Karati	2	NO
7	Shri Suparas Bhandari	1	NO
8	Shri Ramapati Singhania	-	NO
9	Dr. K.B. Agarwal	5	YES
10	Shri Jagendra Swarup	4	YES
11	Shri Kailash Nath	5	NO
12	Shri N. K. Jhajharia (Part of the year)	2	NO
13	Shri R. K. Tandon (Part of the year)	1	YES
14	Shri K. V. Murthy (Part of the year)	2	YES

3. Audit Committee

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

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

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

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

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

(b) Meetings/Attendance

During the financial year ended 31st March, 2004 Four (4) meetings were held on :

1. 30th June, 2003
2. 28th July, 2003
3. 24th October, 2003
4. 24th January, 2004

The Committee approved and recommended the annual accounts for the year 2002-03 in their meeting held on 30th June 2003.

The attendance at the Committee Meetings was as under :-

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

4. Remuneration Committee

a) Composition

The Remuneration Committee of the Company comprises of Dr. K. B. Agarwal Chairman, Shri Jagendra Swarup and Shri Kailash Nath.

b) Meetings/Attendance

During the financial year ended 31st March, 2004 one meeting was held on 30.06.2003.

The attendance at the Committee Meeting was as under :

Name of the Director	No. of Meeting attended
Dr. K.B. Agarwal	1
Shri Jagendra Swarup	1
Shri Kailash Nath	1

c) Remuneration Policy

Remuneration policy of the Company is directed towards rewarding performance based on review of achievements. However in view of inadequacy of profits the non-executive directors are paid sitting fees for meetings of the Board or any Committee thereof attended by them. Managing Director and CEO is being paid remuneration as approved by the Central Government and the package comprises of Salary, perquisites and contribution to Provident Fund and other funds as approved by the shareholders. The remuneration of Nominee of State Bank of India appointed as Director Finance, is decided and paid by the Bank.

d) Details of Remuneration to all the Directors for the year ended 31st March, 2004.

Sl. No.	Name of Director	Salary	Benefits	Sitting Fee	Total
1	Dr. Gaur Hari Singhania	-	8339	-	8339
2	Shri Govind Hari Singhania	-	45790	-	45790
3	Shri Yadupati Singhania	720000	373016	-	1093016
4	Shri G. B. S. Wadhwa (Part of the year)	-	-	-	-
5	Shri Vinay Kala (Part of the year)	-	-	-	-
6	Shri A. Karati	-	-	6000	6000
7	Shri Suparas Bhandari	-	-	3000	3000
8	Shri Ramapati Singhania	-	-	-	-
9	Dr. K. B. Agarwal	-	-	42000	42000
10	Shri Jagendra Swarup	-	-	34000	34000
11	Shri Kailash Nath	-	-	22000	22000
12	Shri N. K. Jhaharia	-	-	6000	6000
13	Shri R. K. Tandon	-	-	3000	3000
14	Shri K. V. Murthy	-	-	6000	6000

Note:

During the year a provision of Rs. 20.72 lacs has been made on the basis of claim received from State Bank of India (SBI) vide their letter dated 9th March, 2004 for reimbursement of remuneration of the Nominee of S.B.I. on the Board of the Company.

5. Shareholders / Investors Grievance Committee

(a) Composition

The Committee comprises of Dr. K. B. Agarwal (Chairman), Shri Kailash Nath and Shri Jagendra Swarup.

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

(b) Functions

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

(c) Meetings/Attendance

During the financial year ended 31st March, 2004, Five meetings were held on:

- (1) 17th April, 2003
- (2) 30th June, 2003
- (3) 28th July, 2003
- (4) 16th October, 2003
- (5) 15th January, 2004

The attendance at the Committee Meetings was as under :-

Name of Director	No. of Meetings attended
Dr. K. B. Agarwal	5
Shri Jagendra Swarup	4
Shri Kailash Nath	2

The total number of the complaints received and replied to the satisfaction of the shareholders and debenture holders during the year ended 31st March, 2004 were 7229. Outstanding complaints as on March 31st, 2004 were 07. All the pending complaints have been attended to/replied to by the Company after the period under report.



The number of pending share transfers and pending requests for dematerialisation as on 31st March, 2004 were as follows :-

Particulars	No. of Requests	No. of Shares
1. Transfers	36	3763
2. Demat	309	59057
3. Remat	NIL	NIL

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

6. General Body Meetings

Date and time of last three meetings held is given below :-

Financial Year	Date	Time
2000 - 01	08th Dec. 2001	12.00 Noon
2001 - 02	28th Sep. 2002	12.00 Noon
2002 - 03	20th Sep. 2003	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 20th September, 2003 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 the Management or their subsidiaries or relatives during the year that have potential conflict with the interest of the Company.

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

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 forms 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 - 208001.
Telephone No.: (0512) 2311478 - 81; Fax : 2368954
Email: jkshr@satyam.net.in

b) Annual General Meeting

Date and Time : 27th September, 2004 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, 2004
- (b) Second Quarter Results - End of October, 2004
- (c) Third Quarter Results - End of January, 2005
- (d) Results for the year - End of June, 2005 ending 31st March, 2005

d) Date of Book Closure

16th September, 2004 to 27th September, 2004 (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	2003-2004	306
2	The Calcutta Stock Exchange Association Ltd. Kolkata	APPLIED FOR DELISTING	
3	The Delhi Stock Exchange Association Ltd., Delhi	APPLIED FOR DELISTING	
4	The U.P. Stock Exchange Association Ltd., Kanpur	2003-2004	JK

g) Stock Market Data

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

Month	High	Low	BSE Sensex High	BSE Sensex Low
April 2003	3.45	2.60	3215.24	2924.03
May 2003	3.50	2.90	3180.75	2942.78
June 2003	5.54	2.92	3607.13	3181.97
July 2003	7.45	5.25	3792.61	3554.13
Aug.2003	10.50	5.45	4244.73	3741.66
Sept. 2003	11.25	6.00	4453.24	4134.15
Oct. 2003	7.30	5.65	4930.53	4455.08
Nov. 2003	8.70	5.65	5097.84	4771.23
Dec. 2003	10.30	7.70	5838.96	5131.54
Jan. 2004	10.15	6.70	6194.11	5593.74
Feb. 2004	7.05	5.40	6035.80	5567.12
March 2004	5.70	4.00	5935.19	5365.40

h) Registrar/Transfer Agent

The Company has appointed M/s. Alankit Assignments Ltd. having its office at 205-206, Anarkali Market Complex, Jhandewala 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. The Company is in the final stages of implementation of the "In-house Common Share Registry Work" as per the directives of the Securities and Exchange Board of India

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 31.3.2004

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 5000	121367	93.76	10963346	14.76
5001 to 10000	4457	3.44	3579638	4.82
10001 to 20000	1882	1.45	2877365	3.87
20001 to 30000	549	0.42	1393812	1.88
30001 to 40000	251	0.19	902662	1.22
40001 to 50000	275	0.21	1315846	1.77
50001 to 100000	320	0.24	2375016	3.19
100001 and above	339	0.26	50861818	68.48
Total	129440	100.00	74269503	100.00

k) Category of Shareholders as on 31st March, 2004

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Resident Individuals	125384	96.87	33025174	44.47
FI's and Insurance Companies	16	0.01	12271227	16.52
Nationalised Banks	58	0.04	69376	0.09
Non Nationalised Banks	70	0.05	1328222	1.79
Mutual Funds	20	0.02	306174	0.41
FII's	18	0.01	523342	0.70
Non - Residents/OCBs	2713	2.10	506602	0.68
Bodies Corporates	1161	0.90	26239386	35.33
Total	129440	100.00	74269503	100.00

(l) Dematerialisation of Shares and Liquidity

69.65 % Equity shares have been dematerialised upto 31st March, 2004.

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of J. K. Synthetics Limited.

We have examined the compliance of conditions of Corporate Governance by J. K. SYNTHETICS LIMITED for the year ended on 31st March, 2004, 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 3 nos. of investor Grievances pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For P. L. TANDON & CO.
Chartered Accountants

Place : Kanpur
Date : 30th June, 2004

ANIL AGARWAL
Partner



INFORMATION REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken

Grey Cement

Nimbahera

- Installation of Dynamic Separator for Coal mill 3 & 4.
- Installation of GRR selected drives in the plant.
- Installation of Cooler for retrofit improved heat recovery.
- Calciner heat increased and riser pipe in K 3 enlarged.

Mangrol

- Installation of Mechanical transport for Raw Mill.
- Installation of High Efficiency separator in RM -2

White Cement :

- Heat recovery from kiln shell radiation. This waste heat is utilized to improve the clinker quality also.
- Installation of variable frequency drive in place of conventional drives for energy conservation for raw mill separators and steam exhaust fan.
- Cement mills optimisation for higher output and energy conservation.
- Lower wattage & energy efficient lighting at various locations for energy conservation.
- Use of 100% FO for DG-1 resulted in reducing the cost of fuel for DG-1 operation.

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

White Cement :

- Five Stage pre-heater project.
- Installation of feldspar grinding mill.
- DG-2 modification for use of 100% FO
- Installation of another petrocoke mill.
- Installation of another putty mill.

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

Grey Cement

Nimbahera

- Energy consumption reduced from 100.81 units to 99.27 units per ton of cement.
- Coal consumption reduced from 12.81% to 12.20% per Ton of Clinker.

Mangrol

- Energy consumption reduced from 90.62 units to 84.44 units per ton of cement.
- Coal consumption reduced from 15.39% to 12.35% per Ton of Clinker.

White Cement :

To sustain the use of low-grade alternate fuel i.e. Reliance Petrocoke having high sulfur contents for clinkerisation in Kiln. This proactive step has resulted in sustaining the conservation of natural resources and saving of around Rs. 8 lacs for one day of Kiln operation, if compared with the cost of using 100% fuel oil.

B. TECHNOLOGY ABSORPTION

(i) Research & Development, specific area in which R & D has been carried out.

White Cement

- Pre-Heater second stage cyclone modified for smooth operation and feed optimization.
- Improved version of FUZZY LOGIC & CEMSCANNER for stable Kiln operation and Consistency in clinker quality.
- Clubbing of by-pass and steam exhaust system for effective control on clinker quality.

- Petrocoke mill modified by providing reject feeding arrangement to achieve consistency of product and smooth operation of mill.

(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.
- Close circuiting of cement mills.
- Swirlax burner for Kilns.
- Variable speed drive in selected equipment to reduce power.
- Mechanical transport for Cement mills for power savings
- Mechanical transport for Kiln feed 1 & 2.
- Dynamic separator for vertical Coal mill 1 & 2.
- Separate Fly ash silo for feeding fly ash at mill outlet.
- Co-generation of power from Kiln waste gases.
- Covered stockpile for coal.
- Mechanical feeding system for clinker & other raw material to eliminate cranes.
- New high efficiency separators for Raw Mill 1,2 & 3.
- Various automation & Fuzzy logic controller for the plant.

Mangrol

- Grate cooler modified for better heat efficiency.
- Modified liner for CM1 to reduce power.
- Calciner modification to fire pet-coke in Kiln & Calciner to reduce energy.
- High efficiency separator for Raw Mill-1.
- High efficiency separator for Coal Mill.

White Cement

- Installation of another packing machine with five small silos (Each having 300 MT Capacities). This system will provide flexibility to cater the customer specific cement quality requirements.
- Pre-crushing at raw mill with double roller crusher (Capacity 100 TPH).

(iv) Expenditure on R & D.

Nil

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

Grey Cement (Nimbahera/Mangrol)

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

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

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Particulars	GREY CEMENT		WHITE CEMENT	
	Current Year 2003-04	Previous Year 2002-03	Current Year 2003-04	Previous Year 2002-03
(A) POWER AND FUEL CONSUMPTION				
1. ELECTRICITY				
(A) PURCHASED :				
Units/KWH('000)	95646	146763	11533	8491
TOTAL AMOUNT (Rs./lacs)	4068.72	6194.15	483.97	372.82
Rate/Unit (Rs.)	4.25	4.22	4.20	4.39
(B) OWN GENERATION				
(i) Through Diesel Generator :				
Units/KWH('000)	117246	70293	16308	17142
Unit per litre of Diesel/Oil	4.01	3.95	4.03	3.99
Rate/Unit (Rs.)	2.72	2.78	3.66	3.47
(ii) Through Steam Turbine Gen. Unit :				
Units/KWH('000)	90560	88032	NIL	NIL
Unit per Litre of Oil/Coal	1.04	1.07	N/A	N/A
Rate/Unit (Rs.)	2.43	2.50	N/A	N/A
2. Coal (Grade B,C and D)				
Quantity (tonnes)	420617	456498	30961	27537
Total Cost (Rs./lacs)	11466.71	11949.77	827.25	633.95
Average Rate (Rs./Tonne)	2726	2618	2672	2302
3. Furnace Oil				
Quantity (K.Ltrs.)	-	-	2917	3233
Total Cost (Rs./lacs)	-	-	353.52	390.13
Average Rate/K.Ltr.(Rs.)	-	-	12118	12068
4. Other/Internal Generation				
(For Generation of Power from D.G. Sets)				
Quantity (K.Ltrs.)	29256	17800	4050	4298
Total Cost (Rs./lacs)	3193.79	1954.51	597.67	594.35
Average Rate /K.Ltr.(Rs.)	10917	10981	14755	13828
(B) CONSUMPTION PER UNIT OF PRODUCTION :				
1. Electricity(Kwh/Units)	96	99	128	129
2. Furnace Oil (K.Ltr/Unit)	N/A	N/A	157	157
3. Coal (Grade B,C and D) (K.Cals./Kg.)	803	822	1129	1108
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 REPORT****GREY CEMENT****INDUSTRY STRUCTURE AND DEVELOPMENT**

The Cement Industry in India is highly fragmented, with over 50 cement manufacturers having more than 120 plants. The total installed capacity in India is 145 million tones. However, the top six players in the Industry account for 50% of the capacity and about 52% of the market share. Industry is consolidating through merger and acquisition route.

Industry registered 5.47% growth in production during the year under review as compared to 8.74% growth in the previous year. Production increased from 111.35 million tones to 117.44 million tonnes.

Demand growth in India follows a regional trend. The northern region accounts for 31- 32% of total demand and has grown at a CAGR of 9% during the last ten years. The southern and western regions of the country have grown at 8% and 6% respectively. Over the years, the production of cement in India has increased at a CAGR of around 8%. However, the capacity utilisation levels have been more or less constant at around 80%.

The growth in demand witnessed in the last few years continued during the year 2003-04 due to thrust on infrastructure development, higher demand from the housing sector and industrial projects. The demand from housing sector was higher due to retail banking boom, declining interest cost, steady real estate prices and fiscal incentives provided under tax laws. The infrastructure spending on Golden Quadrilateral & NEWS corridor has resulted higher demand from road sector also.

OUTLOOK

Key Demand Drivers for cement are –

- 1) Housing Sector –
This sector accounts for around 40% of the cement demand. This sector has witnessed unprecedented growth during the last few years due to fiscal incentives. Demand in housing sector is expected to remain robust in next few years. An increase in population and a decline in the number of persons per household have also aided the growth.
- 2) Infrastructure Projects –
Infrastructure projects contribute approx. 40 % of total demand for cement. The industry has been on a demand upswing because of thrust of the government and the private sector on infrastructural projects, bringing in demand from concretisation of roads, construction of bridges, ports, power plants and other public works. The development of Golden Quadrilateral project will generate additional demand to the tune of 5.7 million tones over the next two years.
- 3) Industrial Demand –
This segment contributes 20% of the cement demand. Demand from this sector is gradually picking up with growing investment in commercial complexes and multiplexes. With the growth in economy the industrial activities are also projected to grow contributing to increase in demand.
- 4) Monsoon also plays a vital role in determining higher cement offtake from the rural economy.

Apart from above, growth in the Cement industry has a correlation with GDP. With Indian GDP growing at the rate of 7%, the cement industry is also expected to grow at the rate of 8 - 9 %.

OPPORTUNITIES AND THREATS

India is the second largest producer of cement after China, however, its per capita consumption is low at about 100 Kgs compared to world average of 263 Kgs. In some of the developing countries per capita consumption is in excess of even 500 kgs. Low per capita consumption in India presents opportunity for sustained growth of Cement Industry in future.

The Demand – Supply gap is gradually narrowing down with consistent increase in demand and no major capacity addition. This has resulted improved realisation from Nov.- Dec., 2003. The major capacity additions in the recent past were in the southern and western regions, where prices were highest. In contrast, the eastern and northern regions have seen little capacity additions over the past two years. The scope for additional capacity through modernisation have also narrowed down. No major Greenfield capacity is in pipeline. With consistent demand growth, the demand and supply position is expected to balance in fiscal 2005 and thereafter the industry may face shortages which shall result in improved realisation to the level of reasonable return on new investments.

Few national players are consolidating their positions further through acquisition route. These major players would enjoy superior pricing power. For single stand off units, the survival and betterment lies in continuous upgradation and cost cutting.

RISKS AND CONCERNS

The growth in cement consumption has a very strong correlation with Gross Domestic Product (GDP). Cement consumption also depends on external factors such as infrastructural spending and fiscal incentives given by the government. Although the chances of country going into recession are remote, the recession may affect the cement demand adversely and this may have impact on the cement prices.

Cement is a heavily taxed commodity with both the Central and the State Government levying the taxes. Any other increase in taxes will have an adverse impact on the profitability.

With instability in International Crude Oil market, prices of Petrol, Diesel, Furnace Oil and LDO etc. will firm up. This will result in increased transportation cost and Captive generation cost from D.G.Sets. Freight and Power being a major component of cost, this may have an adverse impact on the profitability of the Industry.

HIGHLIGHTS OF PERFORMANCE / EVENTS

- ♦ increase in the sales volume by around 3.14 % as against previous year .
- ♦ Cement production increased to 2.99 million tonnes as against 2.89 million tonnes in the previous year .
- ♦ saving in power & fuel consumption

WHITE CEMENT**INDUSTRY STRUCTURE AND DEVELOPMENT**

There are three manufacturers of White Cement in India, besides one very small grinding unit located in Kerala which is importing clinker. There were some imports into India till 2000-2001, which stopped after Government levied anti-dumping duty on it. Travancore Cement operations are restricted to the states of Kerala and Tamil Nadu, whereas both JK White Cement and Birla White Cement have national presence.

Domestic white cement industry grew by 4.32% during 2003-2004, at a CAGR of 5.96% in the last three years. Company had been aggressive in the market place, investing in the brand and strengthening the trade network, as result of which Company posted a growth of 6.15% against the growth of 3.14% posted by Birla White Cement.

For the year 2004-2005, Company has taken an aggressive posture of improving market share further with clear instructions of reducing the discounts and restricting the levels of outstanding amount.

Outlook

Efforts have been made during the year to increase the popularisation of the applications of White Cement. Increased awareness has been tried through mass media, and by personal selling. In states where mass media is unable to reach, field team have been able to penetrate. Rural van shows were organised towards this end on a continuous basis in UP, Maharashtra and MP. More such activity is planned in states like Bihar, West Bengal, Orissa, Karnataka and Andhra Pradesh in the coming year.

In the coming years applications like White Cement underbed for the marble floor and Cement Wash applications shall be attempted to be popularised. Another application, of Wall Putty, caught the fancy of the Engineer / Contractor / Architect fraternity, and is poised for significant growth in the times to come.

OPPORTUNITIES AND THREATS

India is a vast country where White Cement has been a low involvement category product. General masses have not been involved with the applications of White Cement. The task of involving the masses have been taken up, and hence the need to go in for mass media has arisen to highlight various applications of white cement. A strategic initiative launched during end of 2003-04 was of reaching out to rural areas, for promotion of our IN-SITU

application. Awareness of IN-SITU application is sought to be created by practically laying the floors, initially in the 4 states of Punjab, Haryana, UP and Orissa. Simultaneously, opportunity exists that is sought to be catered to by strengthening the dealer network throughout the country. Census data has been extensively referred to, to locate where new dealers are to be appointed. New applications like Glass Fiber Reinforced Concrete, Cement Concrete Tiles, etc., are being promoted aggressively.

White Cement applications face major threats from competing products, thereby threatening the very existence of such industries. For instance, mosaic tile industry has been facing a battle for survival, with ceramic tile industry and marble stone eating into the market share. Similarly, cement paint industry has been feeling the heat due to the entry of new generation polymer based exterior paints marketed aggressively by paint majors.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

As compared to a growth of 3.76% in 50 Kg. segment, the small pack segment showed a growth of 8.33% in 2003-2004.

In spite of Snowcem getting registered under BIFR, and posting a volume loss of 16%, cement paint industry showed signs of growth, but mosaic tiles industry faced rough weather. Many mosaic tile manufacturers shut shop during the year, especially in Morvi, Indore, Pune and Mumbai.

RISKS AND CONCERNS

White Cement has been a profitable business. However, due to oil shocks, with the pricing on the upswing for the past few months, and severe price competition in the market place, profitability is likely to be under severe stress. Also, the business has a large share of trade involvement, which makes the business open to levels of outstanding that prevail in building material industry.

Till now Company has also traded off quantity with a promise of low discount structure, which has proved to be a fallacy.



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, 2004 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on 31st March, 2004 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 except Chairman, Vice Chairman and Managing Director & CEO.
 - f)
 - (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.**
 - (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, 2004;
 - (b) in the case of the Profit & Loss Account of the Loss for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

ANIL AGARWAL
Partner

Place : Kanpur

Date : 30th June, 2004

Membership No. 71548

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 (i), (ii), (ix) and (xxi) for man made fibre units located at Kota and Jhalawar as the plants are closed and relevant information is not made available.

- (i) In respect of its Fixed Assets :
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets other than furniture and fixtures and office equipments.
 - (b) The fixed assets of the Company are physically verified at reasonable intervals, in a phased verification programme. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposal during the year.
- (ii) In respect of its Inventories :
 - (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
In respect of goods lying in Bonded Warehouses, in transit and with third parties, confirmations have not been shown to us.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on such verifications.

(iii) In respect of loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us :

- (a) The Company has taken unsecured loan from a Company, Directors and their relatives Rupees Twenty Crores in the shape of promoters' contribution in accordance with the scheme sanctioned by AAIFR.
- (b) The above loan is interest free and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
- (c) No terms and conditions for repayment of the loan are stipulated.
- (d) There is no overdue amount of such loans.

(iv) 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 for the purchase of inventory and fixed assets and for the sale of goods.

(v) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 :

- (a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered into the register have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of Rupees Five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time.

(vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder with regard to the acceptance of the deposits from the Public.

(vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(viii) 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.

(ix) According to the information and explanations given to us, in respect of statutory and other dues :

- (a) The Company has been generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and any

other statutory dues with the appropriate authorities during the year.

(b) The disputed statutory dues, which have not been deposited with the appropriate authorities are as under :

Name of Statute	Nature of the Dues	Amount (Rs. In Lacs)	Forum where dispute is pending
Central Sales Tax Act and Sales Tax Acts	Sales Tax	472.75 7685.05	High Court Supreme Court
Central Excise Act, 1944	Service Tax	57.45	Supreme Court

(x) The Company's accumulated losses at the end of the financial year exceed the net worth of the Company and has incurred cash loss during the year and in the immediately preceding financial year, if interest is being considered on OTS dues (Refer Note No. 5).

(xi) The Company had defaulted in repayment of dues to financial institutions, banks and debenture holders. AAIFR has sanctioned a scheme for repayment of dues of secured lenders and scheme is under implementation.

(xii) As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.

(xiii) The nature of Company's business /activities during the year is such that clause (xiii) is not applicable.

(xiv) The Company is not dealing/trading in shares, securities and debentures. All the investments are held by the Company in its own name.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from any bank or financial institution.

(xvi) The Company has not obtained any term loan during the year.

(xvii) According to the Cash Flow Statement and the information and explanations given to us, on an overall basis funds raised on short term basis have prima facie not been used during the year for long term investment and vice versa.

(xviii) The Company has not made any preferential allotment during the year.

(xix) The securities had been created in respect of debentures issued in earlier years.

(xx) The Company has not raised any money by public issue during the year.

(xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

ANIL AGARWAL
Partner

Place : Kanpur
Date : 30th June, 2004

Membership No. 71548

**BALANCE SHEET As at 31st March, 2004**

	Schedule	31.03.2004 Rs./Lacs	31.03.2003 Rs./Lacs
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	7936.76	8029.55
Reserves & Surplus	2	8320.27	8320.23
Revaluation Reserve	2	707.67	718.42
		<u>16964.70</u>	<u>17068.20</u>
Loan Funds	3		
Secured Loans		72876.57	77453.40
Unsecured Loans		7686.71	5572.91
		<u>80563.28</u>	<u>83026.31</u>
TOTAL		<u>97527.98</u>	<u>100094.51</u>
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		124848.54	120016.57
Less : Depreciation		83694.48	79475.81
Net Block		41154.06	40540.76
Capital Work-in-Progress		716.66	2685.15
		<u>41870.72</u>	<u>43225.91</u>
Investments	5	88.85	161.64
Current Assets, Loans & Advances	6		
Inventories		6222.33	5860.67
Sundry Debtors		4095.72	3812.08
Cash & Bank Balances		4881.21	4471.90
Other Current Assets		93.55	116.67
Loans & Advances		3160.04	4226.81
		<u>18452.85</u>	<u>18488.13</u>
Less : Current Liabilities & Provisions	7		
Liabilities		21582.40	19908.40
Provisions		3.33	3.49
		<u>21585.73</u>	<u>19911.89</u>
Net Current Assets		<u>(3132.88)</u>	<u>(1423.76)</u>
Miscellaneous Expenditure (to the extent not written-off or adjusted)			
Deferred Revenue Expenditure		138.32	131.35
Profit & Loss Account		58562.97	57999.37
TOTAL		<u>97527.98</u>	<u>100094.51</u>
Notes & Contingent Liabilities	13		

As per our Report attached

For P. L. TANDON & CO.,
Chartered AccountantsANIL AGARWAL
PartnerGAUR HARI SINGHANIA
ChairmanGOVIND HARI SINGHANIA
Vice ChairmanJAGENDRA SWARUP
KAILASH NATH
A. KARATI
VINAY KALA
S. BHANDARI
K. V. MURTHY

} Directors

Kanpur
Dated : 30th June, 2004YADUPATI
Managing Director & CEOJ. P. BAJPAI
Secretary

PROFIT & LOSS ACCOUNT For the year ended 31st March, 2004

	Schedule	2003-2004 Rs./Lacs	2002-2003 Rs./Lacs
INCOME			
Gross Sales		80191.73	76194.43
Less : Excise Duty	14067.68		12215.67
Sales Tax	<u>3408.02</u>	17475.70	4128.74
Net Sales		62716.03	59850.02
Interest Net (Refer Note No.5)	8	357.61	120.70
Other Income	9	252.91	541.74
TOTAL		<u>63326.55</u>	<u>60512.46</u>
EXPENDITURE			
Materials	10	6491.00	5948.98
Decrease/(Increase) in Finished/Process Stocks	11	17.36	(634.00)
Other Expenses :	12		
Payments to and Provision for Employees		3868.63	3372.33
Manufacturing and Other Expenses		32670.28	32966.63
Selling and Other Expenses		15905.92	14263.36
TOTAL		<u>58953.19</u>	<u>55917.30</u>
Profit before depreciation		4373.36	4595.16
Depreciation	4257.20		
Less : Transfer from Revaluation Reserve (Refer Note No. 8)	<u>10.75</u>	<u>4246.45</u>	<u>4272.27</u>
Profit for the year before Extra Ordinary Items		126.91	322.89
Extra ordinary Items (Refer Note No. 16)		<u>(687.52)</u>	<u>1170.89</u>
Profit/(Loss) before tax		(560.61)	1493.78
Provision for Wealth Tax		<u>2.99</u>	<u>2.96</u>
Profit/(Loss) after tax		(563.60)	1490.82
Balance from previous year		<u>(57999.37)</u>	<u>(59490.19)</u>
Balance carried to Balance Sheet		<u>(58562.97)</u>	<u>(57999.37)</u>
Earning per share-Basic & Diluted (In Rs.)		0.17	0.32
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

JAGENDRA SWARUP
KAILASH NATH
A. KARATI
VINAY KALA
S. BHANDARI
K. V. MURTHY

} Directors

Kanpur

YADUPATI

J. P. BAJPAI

Dated : 30th June, 2004

Managing Director & CEO

Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

	2003-04 Rs./Lacs	2002-03 Rs./Lacs
a. Cash flow from operating activities		
Profit/(Loss) before Tax as per Profit & Loss Account	(560.61)	1493.78
Adjusted for		
Depreciation	4246.45	4272.27
Deferred Revenue Exp. written off		9.72
Interest	566.70	205.56
Interest Received	(924.31)	(326.26)
Dividend Income	(3.56)	(3.31)
Loss on sale of assets	2.95	7.14
Extra Ordinary Items	363.07	(1626.04)
Operating Profit before Working Capital Changes	3690.69	4032.86
Adjusted for		
Trade & Other Receivables	363.76	583.22
Inventories	(361.66)	(590.67)
Trade Payables	1237.27	3489.76
Cash Generated from Operations	4930.06	7515.17
Adjusted for		
Provision for Wealth Tax	(2.99)	(2.96)
Deferred Revenue Exp. incurred	(6.97)	(3.19)
Net Cash from Operating Activities	4920.10	7509.02
b. Cash flow used in investing activities		
Acquisition of Fixed Assets	(2914.44)	(2400.81)
Sale of Fixed Assets	9.54	77.46
Sale of Investments	72.73	(76.97)
Interest Income	924.31	326.26
Dividend Income	3.56	3.31
Net Cash used in investing activities	(1904.30)	(2070.75)
c. Cash flow from financing activities		
Calls in Arrears received during the year	0.08	0.09
Deferred Sales Tax	251.74	271.58
Repayment of Preference Share Capital (OTS)	(92.83)	—
Repayment of Long Term Borrowings	(0.16)	(97.80)
Movement in Cash Credit	—	(19.53)
Deposit with Receiver/FI's/Banks(OTS)	(4478.14)	(4900.00)
Interest Paid	(133.13)	(216.87)
Vehicle Loan & Bank Overdraft against Fixed Deposits	(154.05)	538.69
Unsecured Loan from Promoters and their Associates	2000.00	—
Net Cash From Financing Activities	(2606.49)	(4423.84)
Net Increase/(Decrease) in Cash and Cash Equivalents (a+b+c)	409.31	1014.43
Opening Balance of Cash and Cash Equivalents	4471.90	3457.47
Closing Balance of Cash and Cash Equivalents	4881.21	4471.90

SCHEDULE-1

SHARE CAPITAL

	31.3.2004 Rs./Lacs	31.3.2003 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		
7,42,69,503 Equity Shares of Rs. 10/- each (Previous Year 7,44,24,380 of Rs.10/- each)	7426.95	
1,54,877 Add : Equity Shares Forfeited	<u>7.78</u>	7434.69
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>594.86</u>	<u>594.86</u>
Less : Adhoc Payment of OTS (See Note No. 2 below)	<u>92.83</u>	502.03
	<u>7936.76</u>	<u>8029.55</u>

NOTES :

1. The Equity Share Capital includes :
 - (i) Rs. 2026.39 Lacs by way of Capitalisation of Reserves.
 - (a) Rs. 20.02 Lacs deemed as paid towards uncalled liability.
 - (b) Rs. 2006.37 Lacs as fully paid-up Bonus Shares.
 - (ii) 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.
 - (iii) 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.
2. All Preference Shares fell due for redemption in earlier years. Adhoc payments made in terms of AAIFR Order dated 23.01.03 has been shown as deduction from Preference Capital.

SCHEDULE-2

RESERVES & SURPLUS

	Debenture Redemption Reserve	Capital Redemption Reserve	Share Premium Account	Total	Rs./Lacs
					Revaluation Reserve
As at 31st March, 2003	1580.18	203.00	6537.05	8320.23	718.42
Add : Received	—	—	0.04	0.04	—
	<u>1580.18</u>	<u>203.00</u>	<u>6537.09</u>	<u>8320.27</u>	<u>718.42</u>
Deduct :					
— Transfer to Profit & Loss Account	—	—	—	—	10.75
As at 31st March, 2004	<u>1580.18</u>	<u>203.00</u>	<u>6537.09</u>	<u>8320.27</u>	<u>707.67</u>



SCHEDULE-3

LOANS	Refer Note	31.3.2004 Rs./Lacs	31.3.2003 Rs./Lacs
SECURED			
Debentures			
Principal Amount	1 to 5	17540.57	17540.73
Interest accrued & due		6626.31	6629.64
Redemption Premium		526.58	526.58
Term Loans			
Banks			
— Rupee Loans	6	211.00	211.00
— Interest accrued & due		311.15	311.15
Financial Institutions			
— Rupee Loans	7	3016.79	3016.79
— Rupee Tied Up	8	11318.44	11318.44
— Interest accrued & due		15825.96	15825.96
Cash Credit Accounts			
— Interest accrued & due	9	15122.83	15122.83
		<u>14695.83</u>	<u>14695.83</u>
		85195.46	85198.95
Less : Deposit with Court/DRT Receiver	10	284.17	2987.05
Deposit with FIs/Banks in No Lien Account	10	4634.44	5305.19
Adhoc payments to FI's/Banks/Debenture Holders	10	<u>7792.92</u>	—
		<u>72483.93</u>	<u>76906.71</u>
Bank Overdraft	9	343.80	505.92
Vehicle Loan From Bank	9	48.84	40.77
		<u>72876.57</u>	<u>77453.40</u>
UNSECURED			
Financial Institutions			
Banks		55.00	55.00
Interest accrued & due		365.00	365.00
		804.60	804.60
		<u>1224.60</u>	<u>1224.60</u>
Less : Adhoc Payment to Banks	10	58.85	—
		<u>1165.75</u>	<u>1224.60</u>
Other Loans and Advances			
Promoters and their Associates	11	2000.00	—
Others		2780.88	2859.97
Deferred Sales Tax			
		1740.08	1488.34
		<u>7686.71</u>	<u>5572.91</u>
		80563.28	83026.31

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 IIBI (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 :
a) ICICI for foreign currency loans granted by them for Padam Synthetics Unit (PFY) and Gopal Synthetics Division; and
b) State Bank of India, Kanpur, for issuing guarantee for Euro DM Loan.
- 10,24,077 - 15% Secured (Sixth Series) Redeemable Debentures of Rs.100/- each aggregating Rs.1023.67 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.
4. 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) 51,74,891 - 15% Secured ('A' Series) Redeemable Debentures of Rs.100/- each aggregating Rs. 5174.89 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 Loan from Bank (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. 975.68 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. 343.80 lacs - Secured by pledge of FDRs.
(c) Vehicles loan from Bank Rs. 48.84 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. Hon'ble AAIFR has approved a scheme of one time Settlement of dues payable to all the Term Lenders, Debenture holders and Banks for cash credit accounts. Details of dues payable are given in Note No. 5 of Schedule 13, against which Rs. 12770.38 lacs has been made available/dispensed as adhoc payments.
 11. In terms of the order of Hon'ble AAIFR dated 23.01.2003, Promoters/Associates have put in Rs. 20 crores as promoters contribution for rehabilitation of the Company in the form of interest free unsecured loan.
 12. 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.

SCHEDULE-4

FIXED ASSETS

Rs./Lacs

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 31.03.2003	Additions	Deductions	As at 31.03.2004	Upto 31.03.2003	For the year	Deductions	Upto 31.03.2004	As at 31.03.2004	As at 31.03.2003
Land	637.16	11.39	3.09	645.46	-	-	-	-	645.46	637.16
Leasehold Land (including development expenses)	542.39	8.32	-	550.71	112.96	44.79	-	157.75	392.96	429.43
Buildings	10457.29	175.21	-	10632.50	3295.80	264.95	-	3560.75	7071.75	7161.49
Plant & Machinery	106101.17	4591.70	6.88	110685.99	74654.70	3828.62	5.38	78477.94	32208.05	31446.47
Railway Sidings	714.84	-	-	714.84	378.75	36.67	-	415.42	299.42	336.09
Rolling Stock	122.26	-	-	122.26	79.22	4.57	-	83.79	38.47	43.04
Furnitures, Fixtures and Office Equipments	886.29	35.83	4.24	917.88	592.85	38.43	1.99	629.29	288.59	293.44
Vehicles	440.61	54.29	36.75	458.15	266.06	30.07	31.16	264.97	193.18	174.55
Library, Arms etc.	67.92	-	-	67.92	48.97	2.91	-	51.88	16.04	18.95
Live Stock	0.14	-	-	0.14	-	-	-	-	0.14	0.14
Temporary Constructions	46.50	6.19	-	52.69	46.50	6.19	-	52.69	-	-
	120016.57	4882.93	50.96	124848.54	79475.81	4257.20	38.53	83694.48	41154.06	40540.76
Previous Year's figures	126679.95	1506.98	8170.36	120016.57	81904.31	4283.02	6711.52	79475.81		
Capital Work-in-Progress									716.66	2685.15
									41870.72	43225.91

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 pertaining to Kota Plants 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.



SCHEDULE-5 INVESTMENTS

Name of the Bodies Corporate	No. of Shares	Class of Shares	Book Value (Rs./Lacs)	
			31.03.2004	31.03.2003
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	Ordinary	2.94	2.94
J. K. Industries Ltd.	100	Equity	0.05	0.05
† Africa Synthetic Fibres Ltd.	1788500	A Ordinary	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>414.07</u>	<u>486.86</u>
			930.40	1003.19
<i>Less : Provision for Diminution in value of investments</i>			<u>841.55</u>	<u>841.55</u>
			<u>88.85</u>	<u>161.64</u>

NOTE :

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

	31.3.2004		31.03.2003	
	Book Value (Net of Provision)	Market Value	Book Value (Net of Provision)	Market Value
Aggregate value of Unquoted Investments	4.97	—	77.51	—
Quoted Investments	83.88	190.32	84.13	113.66
	<u>88.85</u>	<u>190.32</u>	<u>161.64</u>	<u>113.66</u>

SCHEDULE-6

CURRENT ASSETS, LOANS & ADVANCES

	31.3.2004 Rs./Lacs	31.3.2003 Rs./Lacs
A. INVENTORIES		
Stocks as valued and certified by a Director		
(a) Stores, Spare parts etc.	3851.18	3573.39
(b) Raw Materials	185.04	219.15
(c) Goods-in-Process	987.58	1108.67
(d) Finished Goods	913.82	810.09
(e) Material-in-Transit and in Bonded Warehouses	284.71	149.37
	6222.33	5860.67
B. SUNDRY DEBTORS		
(a) Debts over six months		
— Considered Good		
Secured	35.54	18.88
Unsecured	288.04	501.50
— Considered Doubtful	1804.35	1802.41
(b) Other Debts		
— Considered Good		
Secured	166.85	164.81
Unsecured	3605.29	3060.26
— Considered Doubtful	1.29	15.92
	5901.36	5563.78
Less : Provision for Doubtful Debts	1805.64	1751.70
	4095.72	3812.08
C. CASH & BANK BALANCES		
(a) Cash & Cheques in hand and remittances in transit	102.00	49.27
(b) Balances with Scheduled Banks in :		
— Current Accounts	2229.46	2149.01
— Deposit Accounts	2544.90	2217.49
(c) Balances with Non-Scheduled Banks in :		
— Current Accounts :		
United Mercantile Co-operative Bank Ltd.	0.67	0.72
Chittorgarh Kendriya Sahkari Bank	4.18	55.41
	4881.21	4471.90
D. OTHER CURRENT ASSETS		
Interest accrued on Investments and Deposits	93.55	116.67
E. LOANS & ADVANCES		
UNSECURED - Considered Good Unless Otherwise Stated		
(a) Advances Recoverable in cash or in kind or for value to be received		
— Considered Good	1321.98	2058.59
— Considered Doubtful	640.01	791.08
(b) Taxation (Less Provisions)	839.37	793.36
(c) Prepaid Expenses	151.28	124.15
(d) Deposits	602.48	617.82
(e) Balances with Custom & Excise Departments	244.93	199.21
	3800.05	4584.21
Less : Provision for Doubtful Advances	640.01	357.40
	3160.04	4226.81
	18452.85	18488.13
NOTE : Maximum amount due at any time during the year :		
CURRENT ACCOUNTS :		
United Mercantile Co-operative Bank Ltd.	2.55	24.62
Chittorgarh Kendriya Sahkari Bank	27.50	27.50

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

	31.3.2004 Rs./Lacs	31.3.2003 Rs./Lacs
CURRENT LIABILITIES		
(a) Acceptances	251.59	181.42
(b) Sundry Creditors	12411.82	11370.72
(c) Other Liabilities	7974.02	7954.55
(d) Temporary Book Overdraft	909.85	331.61
(e) * Investor Education & Protection Fund shall be credited by following :		
i) Unpaid Dividend	0.19	0.19
ii) Unpaid Application Money	1.62	3.13
iii) Unpaid Matured Deposits	24.51	28.07
iv) Unpaid Matured Debentures	—	25.55
v) Interest Accrued on (i) to (iv)	8.80	13.16
	<u>21582.40</u>	<u>19908.40</u>
PROVISIONS		
Wealth Tax	3.33	3.49
	<u>21585.73</u>	<u>19911.89</u>

* Items i to v are pending for reconciliation.

SCHEDULE-8**INTEREST**

	2003-04 Rs./Lacs	2002-03 Rs./Lacs
Received :		
(Tax deducted at source Rs. 71.60 Lacs, 2002-2003 Rs. 15.66 Lacs)	924.31	326.26
Less : Paid :		
Debentures	0.02	1.30
Others	566.68	204.26
	<u>566.70</u>	<u>205.56</u>
	<u>357.61</u>	<u>120.70</u>

SCHEDULE-9**OTHER INCOME**

	2003-04 Rs./Lacs	2002-03 Rs./Lacs
Rent	58.26	105.98
Profit on Sale of Assets	2.59	27.83
Profit on Disposal of Investments	0.23	0.02
Dividend on Shares :		
— Trade	2.51	2.51
— Others	1.05	0.80
Claims Realised	21.69	67.85
Provisions no longer required	77.00	60.78
Refund of Excise Duty	20.30	185.93
Sundry Receipts/Unclaimed Balances	69.28	90.04
	<u>252.91</u>	<u>541.74</u>

SCHEDULE-10

MATERIALS

	2003-04 Rs./Lacs	2002-03 Rs./Lacs
Opening Stock	219.15	229.01
Add : Purchases (including expenses on raising Limestone)	<u>6436.69</u>	<u>5929.93</u>
	6655.84	6158.94
Less : Returns/Adjustments/Sales	<u>4.69</u>	<u>10.66</u>
	6651.15	6148.28
Less : Closing Stock	<u>185.04</u>	<u>219.15</u>
Raw Material Consumed	6466.11	5929.13
Add : Purchases of Other Finished Goods	<u>24.89</u>	<u>19.85</u>
	<u>6491.00</u>	<u>5948.98</u>

SCHEDULE-11

DECREASE/(INCREASE) IN FINISHED/PROCESS STOCK

	2003-04 Rs./Lacs	2002-03 Rs./Lacs
Stocks at Comencement :		
Finished Goods	810.09	667.37
Goods-in-Process	<u>1108.67</u>	<u>617.39</u>
	1918.76	1284.76
Stocks at Close :		
Finished Goods	913.82	810.09
Goods-in-Process	<u>987.58</u>	<u>1108.67</u>
	1901.40	1918.76
	17.36	(634.00)

SCHEDULE-12

OTHER EXPENSES

	2003-04 Rs./Lacs	2002-03 Rs./Lacs
1. Payments to and Provisions for Employees :		
Salaries, Wages, Bonus & Superannuation etc.	2738.35	2423.66
Contribution to Provident and other funds	444.25	309.01
Welfare Expenses	<u>686.03</u>	<u>639.66</u>
	<u>3868.63</u>	<u>3372.33</u>
2. Manufacturing and Other Expenses :		
Stores, Spare parts, Packing Materials etc.	6176.51	6144.09
Power & Fuel	21157.38	22194.00
Insurance	327.22	311.74
Repairs to Machinery	1127.17	1055.95
Repairs to Buildings	340.71	331.05
Rent	151.31	126.11
Lease Rent	71.57	47.43
Rates & Taxes	48.58	22.74
Directors' Fee	1.22	0.80
Loss on Discarded/Disposal of Assets	5.54	33.33
Deferred Revenue Expenditure Written-off	—	9.72
Provision for Doubtful Debts/Advances	50.60	72.89
Bad Debts/Advances Written-off	3.09	36.40
Miscellaneous Expenses	<u>3209.38</u>	<u>2580.38</u>
	<u>32670.28</u>	<u>32966.63</u>
3. Selling & Distribution Expenses :		
Commission, Brokerage & Incentives	1011.77	885.44
Selling Expenses	1171.02	813.54
Freight & Handling Outward	<u>13723.13</u>	<u>12564.38</u>
	15905.92	14263.36
	<u>52444.83</u>	<u>50602.32</u>



SCHEDULE-13

NOTES ON THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	31.3.2004 Rs./Lacs	31.3.2003 Rs./Lacs
1. (A) CONTINGENT LIABILITIES		
(i) In respect of claims against the Company not acknowledged as debts	1456.35	927.92
(ii) In respect of non-fulfilment of export obligations against advance licences relating to Manmade Fibre units.(As Per Show Cause Notice)	196.10	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 various parties for interest/penalty on late payment		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)	2.93	449.79
(b) Income Tax (paid under dispute)	734.09	762.90
(vi) In respect of interest on "Cement Retention Price" realised in earlier years.	922.08	881.30
(vii) In respect of Sales Tax Exemption benefits availed under Rajasthan Sales Tax/Central Sales Tax Exemption Deferment Scheme, 1998	11731.31	9049.80
(B) Estimated amount of contracts remaining to be executed on Capital account and not provided for	317.90	51.80
(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.(a) In respect of Kota complex, the Company had entered into a Memorandum of Understanding (MOU) with M/s. Arfat Petrochemicals Pvt. Ltd. (APPL) to re-start the Kota plants under Joint Venture with them. Pursuant to the MOU, Tripartite Agreements were arrived at with Workers unions and Staff Association, Kota for settlement of their dues. The arrangement stipulates for transfer of Kota complex (except Sir Padampat Research Centre, SPRC) to the Joint Venture Company for consideration which inter-alia includes assumption of workers liability as settled with the Workers unions and Staff Association. A draft rehabilitation scheme based on the aforesaid MOU have already been filed by IDBI, the Operating Agency, with BIFR after the same was duly approved by Financial Institutions and Banks for which the approval is still awaited. Necessary entries to give effect to the scheme will be passed in the books of account only when the scheme is finally approved and implemented.		
(b) 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	13812.09
Capital Work in Progress	96.56
Other Investment (Govt. Securities)	0.15
Inventories	867.28
Sundry Debtors	5.00
Cash & Bank Balances	2.64
Other Current Assets	0.11
Loans & Advances	75.15
Current Liabilities	5208.65
Unsecured loans	161.82
i) 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.	
ii) 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 -	
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.

- iii) 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 copies of account / confirmations of dues payable / receivable by it from various parties.
- iv) Sundry Debtors shown as Doubtful 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.
- v) 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. 31.52 lacs have been included in Sundry Creditors and withdrawals aggregating Rs. 7.45 lacs have been included under the head Loans and Advances.
- vi) 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.
- vii) 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.
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 and holding possession of Kota and Jhalawar plants in the capacity of an Agent only for the purposes 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, whereby, Cement undertakings would be demerged as running units on payment of dues to the secured lenders and Preference Shareholders. Similarly for Kota complex also, a scheme for restart of Kotal plants under Joint Venture Company which is awaiting approval of BIFR. The Company shall be submitting Rehabilitation Scheme for remaining units/Assets in due course of time.
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 23.01.2003, 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, 2004 works out to Rs. 15753.13 lacs against which liability towards interest already appearing in the books is Rs. 38263.85 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 also has not been written back. The interest charge for the current year is lower by Rs. 5532.45 lacs (computed as per OTS Scheme). Consequently, loss for the year is lower by same amount.
6. Loans and Advances considered good include Rs.428.46 lacs (2002-03 Rs.453.96 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 31.3.2004 at Rs. 1274.66 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 arrears of depreciation worked out to Rs. 4770.49 lacs as on 31.3.1994.
- (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 (A) above. An amount of Rs. 10.75 lacs equivalent to the depreciation for the year on such additional values has been withdrawn from Revaluation Reserve and credited to Profit & Loss Account.
9. 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 31.3.2004 is Rs.17402.00 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.
10. **Earning per share (EPS) :**
- | | |
|---|----------|
| a) Net profit available for Equity Share holders (Rs. In lacs)
(Numerator used for calculation)
(Preference Shares are covered in OTS Scheme, hence no dividend considered) | 126.91 |
| b) Weighted average number of Equity Shares used as denominator for calculating EPS | 74269503 |



- c) Basic and Diluted earnings per share of Rs.10 each (In Rs.)
- | | |
|--------------------------------|--------|
| i) before Extra ordinary items | 0.17 |
| ii) after Extra ordinary items | (0.75) |

11. Leased Assets :

A. The company has acquired Cars and Plant and Machinery on operating lease. The minimum lease rentals outstanding as on 31st March 2004 in respect of these assets are as follows :

	<i>Rs. in lacs</i>
(i) Not later than one year	24.52
(ii) Later than one year and not later than five years	10.81
(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.

12. 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-(Previous year figures are in Italics) (Amount/Lacs)

<u>Segment Revenue</u>	<u>Cement</u>	<u>Man Made Fibre</u>	<u>Unallocated</u>	<u>Total</u>
External Sales	80191.73	-	-	80191.73
	<i>76194.43</i>	-	-	<i>76194.43</i>
Segment Results Profit/(Loss)	3650.14	(2509.60)	(1371.24)	(230.70)
	<i>3465.48</i>	<i>(2457.65)</i>	<i>(805.64)</i>	<i>202.19</i>
(a) Interest expenses	517.12	0.26	49.32	566.70
	<i>201.05</i>	<i>1.09</i>	<i>3.42</i>	<i>205.56</i>
(b) Interest income	865.49	0.04	58.78	924.31
	<i>236.57</i>	<i>0.01</i>	<i>89.68</i>	<i>326.26</i>
(c) Income Tax/Wealth Tax	-	-	2.99	2.99
	<i>-</i>	<i>-</i>	<i>2.96</i>	<i>2.96</i>
(d) Profit/(Loss) from Ordinary activities	3998.51	(2509.82)	(1364.77)	123.92
	<i>3501.00</i>	<i>(2458.73)</i>	<i>(722.34)</i>	<i>319.93</i>
(e) Extra Ordinary Items	(15.86)	710.91	(7.53)	687.52
	<i>(3289.81)</i>	<i>1857.14</i>	<i>261.78</i>	<i>(1170.89)</i>
Net Profit / (Loss)	4014.37	(3220.73)	(1357.24)	(563.60)
	<i>6790.81</i>	<i>(4315.87)</i>	<i>(984.12)</i>	<i>1490.82</i>
Segment Assets	43492.58	14871.85	2047.99	60412.42
	<i>41012.42</i>	<i>18582.15</i>	<i>2281.13</i>	<i>61875.70</i>
Segment Liabilities	19388.83	5387.51	77372.68	102149.02
	<i>16934.42</i>	<i>7107.28</i>	<i>78896.51</i>	<i>102938.21</i>
Capital Expenditure	2913.53	-	0.91	2914.44
	<i>2255.41</i>	<i>8.12</i>	<i>27.82</i>	<i>2291.35</i>
Depreciation for the year	1900.31	2303.80	42.34	4246.45
	<i>1803.12</i>	<i>2426.67</i>	<i>42.48</i>	<i>4272.27</i>
Non-cash expenses	0.08	-	-	0.08
	<i>0.08</i>	<i>-</i>	<i>9.64</i>	<i>9.72</i>

13. 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 |
| 4. J.K. Cement 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 31.3.2004 Rs./Lacs	As on 31.3.2003 Rs./Lacs
1. Remuneration		
— Key management personnel	Refer Note No. 19	Refer Note No. 19
2. Rent Interest and other expenses paid-Associate Company	84.76	9.00
3. Amount written off - Subsidiary Companies	-	77.26

4. Outstanding balances as at March 31, 2004
 Due to -
- | | | | |
|--|--|---------|---------|
| (i) Associate Company | | | |
| — Unsecured Loan | | 1500.00 | — |
| — Other | | 33.58 | — |
| (ii) Directors and their relatives
(Including Rs. 100 lacs to a Director) | | 500.00 | — |
| Due from - | | | |
| — Associate Company | | 1320.46 | 1345.95 |
| Provision for Doubtful Debts / Advance | | | |
| — Associate Company | | 892.00 | 891.99 |
14. 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.
15. Deferred Revenue expenditure (to the extent not written off) includes Rs. 138.32 lacs over-burden removal expenditure and others.
16. Extra-ordinary/prior period items consist of -

	<u>Rs./lacs</u>
(i) Excess Provision written back/Refunds	(46.33)
(ii) Suppliers/customers balances written back	(33.09)
(iii) Provision for Excise, Water Charges & other Govt. dues	302.59
(iv) Provision for Doubtful debts/advances	390.82
(v) Doubtful advances/debts written off	51.67
(vi) Prior period items	21.86
	<u>687.52</u>

17. Sundry Creditors relating to Grey and White Cement Plants include dues to Small Scale undertakings Rs. 188.92 lacs excluding interest based on information available. The amount of outstanding for more than 30 days to such units as under :

Name of the Party

(1) Aqua Alloys Pvt. Ltd. (2) Apollo Soyaz Electric, (3) Archone Engg. Co., (4) AIA Engg. Pvt. Ltd., (5) Asian Laboratories, (6) Balaji Industrial Product, (7) Brightech Valves & Cons., (8) Complex Import & Export, (9) Deioners Speciality Chemi, (10) Emerson Process Mange, (11) Earnest Gases Pvt. Ltd. (12) Hightech Products & Engg., (13) Hoseman Goa Pvt. Ltd., (14) Jayant & Bros, (15) Jagjiwan Enchem Udyog, (16) Modvel Rubber Ind., (17) MBM Engg. (I) Ltd. (18) Multimode Engg. Ind., (19) Nobel Rubber Ind., (20) Pyrotech Instrument Pvt. Ltd., (21) Powerage Industries, (22) Surya Industries, (23) Standard Alloys Pvt. Ltd. (24) Statweigh Industries, (25) Toshniwal Industries, (26) Tempson Instrument (I), (27) Tamilnadu Shafts, (28) Triputi Safety, (29) Universal Industries Ltd., (30) Wirelinks, (31) Zenith Engg., (32) Shri Alloys Ind. Ltd., (33) ESBI Hi Flex Pvt. Ltd., (34) H.B. Enterprises, (35) Hyderabad Castings Ltd., (36) Kota Oxygen Pvt. Ltd., (37) Khira Industries, (38) Meet Engineering Sevices, (39) Alka Enterprises, (40) Hankel Packwell, (41) Rameshwaram Polypack Pvt. Ltd., (42) Amili Ltd. (43) Control Print (India) Ltd., (44) Hughes & Hughes Chem Ltd., (45) Johns Electric Co. Pvt. Ltd., (46) Sun Pek Industries, (47) Samron Industries and (48) Toshniwal Hyvac Pvt. Ltd.

18. Balances in Customers, Suppliers, Deposit accounts and few bank accounts taken as per books are subject to confirmation/reconciliation and consequential adjustments.
19. The Directors have been paid remuneration as detailed below :

	2003-2004	2002-2003
	Rs./Lacs	Rs./Lacs
Remuneration	7.20	7.20
Contribution to P.F. & Superannuation	2.22	2.02
Perquisites	1.51	1.02

In addition to above, the Company has made a provision of Rs. 20.72 lacs against the claim of State Bank of India for reimbursement of remuneration of Director (Finance) deputed by them.

20. Some government securities of the book value of Rs. 0.48 lacs (2002-03 Rs. 0.52 lacs) held as investments are pledged with Government Department.
21. Remuneration to Auditors :

	2003-2004	2002-2003
	Rs./Lacs	Rs./Lacs
Audit Fee	4.86	4.86
Other capacity	1.21	0.56
Travelling and Out of pocket expenses	0.51	0.28

22. Directors hold Debentures of the face value of Rs. 0.14 lacs (2002-03 Rs. 0.13 lacs). Amount due from Managing Director Rs. 0.21 lacs (2002-03, Rs. Nil)

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

24. 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

2003-2004

(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 T	Value (Rs./Lacs)	Quantity	Value (Rs./Lacs)
1.	Portland/Pozzolana Cement	M.T.	4400000 (4400000)	3550000 (3285000)	12777 (11187)	185.70 (162.19)	2991332 (2893747)	2982806 (2892157)	65257.82 (62756.81)	21303 (12777)	343.46 (185.70)
2.	White Cement	M.T.	300000 (300000)	300000 (300000)	10432 (8749)	494.09 (392.16)	215538 (200149)	217552 (198466)	13976.62 (13149.00)	8418 (10432)	411.01 (494.09)
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)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
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, inter branch transfer, transportation, handling losses & lab. testing.

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

B. RAW MATERIAL CONSUMED :

Name of Material	Unit	2003-2004		2002-2003	
		Quantity	Value (Rs./Lacs)	Quantity	Value (Rs./Lacs)
Limestone	M.T.	3955088	3949.28	4104812	4022.31
Red Ochre	M.T.	280402	644.01	232532	498.33
Gypsum/Selenite	M.T.	160029	811.43	155922	728.09
Clay	M.T.	52546	187.48	43657	164.30
Others			873.91		516.10
			6466.11		5929.13

31.03.2004
Rs./Lacs

31.03.2003
Rs./Lacs

C. C.I.F. VALUE OF IMPORTS

a) Raw Materials	—	—
b) Components, Stores & Spare Parts	522.97	384.60
c) Capital Goods	14.68	297.99
	537.65	682.59

	31.03.2004 Rs./Lacs	31.03.2003 Rs./Lacs
D. EXPENDITURE IN FOREIGN CURRENCY		
(on accrual basis)		
a) Know-how/Technical Service Fee	76.06	30.97
b) Others	487.80	188.49
	<u>563.86</u>	<u>219.46</u>
E. VALUE OF RAW MATERIALS, STORES & SPARE PARTS ETC. CONSUMED		
a) Raw Materials		
i) Imported Value	—	—
% of total consumption	—	—
ii) Indigenous Value	6466.11	5929.13
% of total consumption	100.00%	100.00%
	<u>6466.11</u>	<u>5929.13</u>
b) Stores & Spare Parts etc.		
i) Imported Value	536.23	455.62
% of total consumption	8.68%	7.42%
ii) Indigenous Value	5640.28	5688.47
% of total consumption	91.32%	92.58%
	<u>6176.51</u>	<u>6144.09</u>
F. EARNING IN FOREIGN EXCHANGE		
a) Export of Goods Calculated on FOB Value	504.71	387.91
b) Technical Service Fee	—	—
c) Interest & Dividends	0.31	0.31
d) Others (Commission)	0.06	0.02
	<u>505.08</u>	<u>388.24</u>

As per our Report attached

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

ANIL AGARWAL
Partner

GAUR HARI SINGHANIA
Chairman

GOVIND HARI SINGHANIA
Vice Chairman

JAGENDRA SWARUP
KAILASH NATH
A. KARATI
VINAY KALA
S. BHANDARI
K. V. MURTHY

} Directors

Kanpur

Dated : 30th June, 2004

YADUPATI
Managing Director & CEO

J. P. BAJPAI
Secretary



SCHEDULE-14

Name of the Bodies Corporate	31st March, 2004		31st March, 2003	
	No. of Shares	Book Value (Rs.)	No. of Shares	Book Value (Rs.)
OTHER INVESTMENTS				
Fully Paid-up :				
Param Shubham Vanija 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.	20 Equity	343	20 Equity	343
Anil Biochem Ltd.	1 Equity	—	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. Pref.	30	21 2nd Cum. Pref.	30
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 Bhalgora 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 Steel Ltd. (Formerly-Tata SSL Ltd.)	** 8 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. Red.Pref.	875	1 4.5% Cum. Red.Pref.	875
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
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	9,51,954	TOTAL C/O	9,65,454

* Includes 150 Bonus Shares, the Scrips whereof not received till 31.3.2004 but allotment letter in respect thereof is in our possession.

** Pursuant to Scheme of amalgamation of Tata SSL Ltd. with Tata Steel Ltd., one fully paid up Ordy. Share of Tata Steel of Rs. 10/- each has been allotted for every five equity shares of Rs. 10/- each held in Tata SSL Ltd.

*** Entire capital reduced by the Company and payments made to the Shareholders @ Rs.10/- per share as paid up value and Rs. 30/- per share as premium and thereby cancelled all such shares.

SCHEDULE-14 (Contd..)

Name of the Bodies Corporate	31st March, 2004		31st March, 2003	
	No. of Shares	Book Value (Rs.)	No. of Shares	Book Value (Rs.)
	TOTAL B/F	9,51,954	TOTAL B/F	9,65,454
The New Commercial Mills Co. Ltd.	1 2nd Cum. Pref.	96	1 2nd Cum. Pref.	96
The Model Mills Nagpur Ltd.	1 Ordy.	344	1 Ordy.	344
Minerva Mills Ltd.	1 Ordy.	268	1 Ordy.	268
The Laxmi Vishnu Textiles Ltd.	19 Ordy.	570	19 Ordy.	570
The Colaba Land & Mills Co. Ltd.	4 Ordy.	122	4 Ordy.	122
Orissa Textiles Mills Ltd.	500 Ordy.	5,000	500 Ordy.	5,000
The Coimbatore Spg. & Wvg. Mills Co. Ltd.	6 Ordy.	742	6 Ordy.	742
The Simplex Mills Co. Ltd.	5 Ordy.	260	5 Ordy.	260
Beharilal Ramcharan Cotton Mills Ltd.	1 Ordy.	255	1 Ordy.	255
The Mysore Spg. & Mfg. Co. Ltd.	1 Ordy.	338	1 Ordy.	338
The Gold Mohur Mills Ltd.	3 Ordy.	225	3 Ordy.	225
The Bradbury Mills Ltd.	5 Ordy.	429	5 Ordy.	429
The Sitaram Spg. & Wvg. Mills Ltd. (In Liquidation)	1 Ordy.	206	1 Ordy.	206
Kothari Industrial Corporation Ltd.	24 Equity	1,080	24 Equity	1,080
The Laxmi Mills Co. Ltd.	13 Equity	3,690	13 Equity	3,690
The Combodia Dyeing & Mfg. Co. Ltd.	2 Ordy.	51	2 Ordy.	51
The Bombay Dyeing & Mfg. Co. Ltd.	810 Equity	84,645	810 Equity	84,645
Radha Krishna Mills Ltd.	30 Equity	750	30 Equity	750
The Rajalakshmi Mills Ltd.	30 Equity	1,860	30 Equity	1,860
Beard Sell Ltd.	30 Ordy.	435	30 Ordy.	435
Arvind Mills Ltd.	3779 Equity	2,07,378	3779 Equity	2,07,378
The Aruna Mills Ltd.	15 Ordy.	1,050	15 Ordy.	1,050
The Aruna Mills Ltd.	2 13% Non-Con.Debs.	157	2 13% Non-Con.Debs.	157
The Ahmedabad Mfg. & Calico Ptg. Co. Ltd.	143 Ordy.	8,437	143 Ordy.	8,437
The Ahmedabad Mfg. & Calico Ptg. Co. Ltd.	10 6% 3rd Cum.Pref.	559	10 6% 3rd Cum.Pref.	559
The Ahmedabad Mfg. & Calico Ptg. Co. Ltd.	2 Con.Bonds	180	2 Con.Bonds	180
The Ahmedabad Mfg. & Calico Ptg. Co. Ltd.	5 6% 2nd Cum.Pref.	304	5 6% 2nd Cum.Pref.	304
The Ahmedabad Mfg. & Calico Ptg. Co. Ltd.	8 Red.Bonds	835	8 Red.Bonds	835
DCM Limited	107 Equity	5,510	107 Equity	5,510
The India United Mills Ltd.	100 Defd.	454	100 Defd.	454
The Nutan Mills Ltd.	8 Ordy.	352	8 Ordy.	352
The Nutan Mills Ltd.	1 12.5% Non Con.Debs.	78	1 12.5% Non Con.Debs.	78
The Raipur Mfg. Company Ltd.	920 Ordy.	4,600	920 Ordy.	4,600
The Raipur Mfg. Company Ltd.	5 12.5% Non Con.Debs.	393	5 12.5% Non Con.Debs.	393
The Raipur Mfg. Company Ltd.	5 12.5% Non Con.Debs.	393	5 12.5% Non Con.Debs.	393
Arvind Products Ltd.	410 Ordy.	3,075	410 Ordy.	3,075
The Muir Mills Co. Ltd.	10 Ordy.	4,015	10 Ordy.	4,015
The Osmanshahi Mills Ltd.	1 Ordy.	390	1 Ordy.	390
The Swadeshi Cotton Mills Co. Ltd.	10 Ordy.	35	10 Ordy.	35
The Swadeshi Cotton Mills Co. Ltd.	90 Pref.Ordy.	135	90 Pref.Ordy.	135
The Swadeshi Cotton Mills Co. Ltd.	2 14% Red. Cum.Pref.	11	2 14% Red. Cum.Pref.	11
The New Victoria Mills Co. Ltd.	100 Ordy.	741	100 Ordy.	741
The Standard Industries Ltd.	*336 Equity	12,640	336 Equity	12,640
The Century Textiles & Industries Ltd.	1440 Equity	1,50,300	1440 Equity	1,50,300
The Sirsilk Ltd.	60 Equity	300	60 Equity	300
Sutlej Industries Ltd.	235 Equity	12,560	235 Equity	12,560
Kesoram Industries Ltd.	337 Equity	13,480	337 Equity	13,480
Kesoram Textile Mills Ltd.	337 Equity	—	337 Equity	—
The Birla Cotton Spg. & Wvg. Mills Ltd.	66 Equity	429	66 Equity	429
Jiyajeerao Cotton Mills Ltd.	112 Equity	1,715	112 Equity	1,715
Atherton West & Co. Ltd.	2250 Ordy.	2,74,555	2250 Ordy.	2,74,555
Modi Spg. & Wvg. Mills Co. Ltd.	140 Ordy.	1,400	140 Ordy.	1,400
The East India Electricity Supply & Traction Co. Ltd.	100 Ordy.	1,012	100 Ordy.	1,012
The Tata Power Co. Ltd.	256 Ordy.	11,700	256 Ordy.	11,700
The Amalgamated Electricity Co. Ltd.	85 Ordy.	170	85 Ordy.	170
Reliance Energy Ltd. (Formerly-BSES Limited)	**200 Ordy.	8,200	200 Ordy.	8,200
	TOTAL C/O	17,80,863	TOTAL C/O	17,94,363

* As per approval of the shareholders and confirmation of the Hon'ble High Court of Judicature at Mumbai, the face value and paid up value per equity share by the Company has been reduced from Rs. 10/- per equity share to Rs. 5/- per equity share.

** Pursuant to the second open offer made in January, 2003 to BSES shareholders by Reliance under SEBI Takeover Regulations, BSES Ltd. became part of the Reliance group and BSES Ltd. was renamed as Reliance Energy Ltd.



SCHEDULE-14 (Contd..)

Name of the Bodies Corporate	31st March, 2004		31st March, 2003	
	No. of Shares	Book Value (Rs.)	No. of Shares	Book Value (Rs.)
	TOTAL B/F	17,80,863	TOTAL B/F	17,94,363
The Karachi Electric Supply Corpn. Ltd.	5 Ordy.	1,278	5 Ordy.	1,278
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
Richardson & Cruddas Ltd.	100 Equity	991	100 Equity	991
Jessop & Company Ltd.	100 Ordy.	662	100 Ordy.	662
SBL Industries Ltd.	25 Equity	100	25 Equity	100
Millars India 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.	5 Ordy.	200	5 Ordy.	200
Kamarhatty Co. Ltd.	4 'B' Ordy.	400	4 'B' Ordy.	400
The Kelvin Jute Co. Ltd.	55 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
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 Motors Ltd. (Formerly-Tata Engg. & Locomotive Co. Ltd.)	416 Ordy.	33,020	416 Ordy.	33,020
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
Angio 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	22,98,453	TOTAL C/O	23,11,953

SCHEDULE-14 (Contd..)

Name of the Bodies Corporate	31st March, 2004		31st March, 2003	
	No. of Shares	Book Value (Rs.)	No. of Shares	Book Value (Rs.)
	TOTAL B/F	22,98,453	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.	—	2 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.	198 Equity	213	198 Equity	213
Abhisek Jute & Industries Ltd.	132 Equity	142	132 Equity	142
The Karanpura Development Co. Ltd.	100 Ordy.	50	100 Ordy.	50
Aviva plc	48 Ordy.	280	48 Ordy.	280
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.	16 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
Hindaico Industries Ltd.	261 Equity	29,430	261 Equity	29,430
Exide Industries Ltd.	* 290 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
Titagarh Industries Ltd.	3 Equity	178	3 Equity	178
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	—
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	15 Equity	150
United Breweries (Holdings) Ltd.	1440 Equity	44,280	1440 Equity	44,280
United Breweries Ltd.	960 Equity	29,520	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
	TOTAL C/O	28,66,870	TOTAL C/O	28,81,209

* 145 Equity Shares of Rs. 10/- each fully paid up received during the year as Bonus shares in the ratio of 1:1.

** As per the offer of Coats plc, 87 Coats plc shares were allotted as against 149 shares of Coats Paton's plc. Further, on 1.7.1987, 1:1 Bonus was given hence our holding increased to 174 and thereafter against dividend declared in May '93, Nov. '93 & May '94, we were allotted 12 shares against dividend, thus giving a final total of our holding to 186 shares. On 29.4.2003, Avenue Acquisition plc had acquired all outstanding share holding of this Company @ 58.5 pence per share.



SCHEDULE-14 (Contd..)

Name of the Bodies Corporate	31st March, 2004		31st March, 2003	
	No. of Shares	Book Value (Rs.)	No. of Shares	Book Value (Rs.)
	TOTAL B/F	28,66,870	TOTAL B/F	28,81,209
New India Sugar Mills Ltd.	75 Ordy.	1,650	75 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 Corpn. Ltd.	5 Ordy.	330	5 Ordy.	330
New Commercial Investment & Trading Co. Ltd.	10 Ordy.	285	10 Ordy.	285
ICICI Bank 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
Hindustan Lever Limited	@ 110 9% Debs	—	—	—
Nav Bharat Vanijya Ltd.	3750 Ordy.	40,313	3750 Ordy.	40,313
Nav Bharat Vanijya Ltd.	@ @ 3750 6% Bonds	—	—	—
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.	** —	—	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.	*** 64 Equity	1,377	256 Equity	5,509
Siel Sugar Ltd.	*** 192 Equity	4,132	—	—
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
J.K. Agri Genetics Ltd.	**** 10 Equity	—	—	—
J.K. Sugar Ltd.	**** 15 Equity	—	—	—
INVESTMENT IN MUTUAL FUND:				
Grindlays Super Saver Income Fund (Short Term Plan)	† 62,685.321 Units	4,50,000	651932.368 Units	77,00,000
GOVERNMENT SECURITIES:				
National Saving Certificates		47,500		51,700
	GRAND TOTAL	4,14,07,459	GRAND TOTAL	4,86,86,948

† Investment purchased and redeemed during the year

5,89,247.047 units of Grindlays Super Saver Income Fund (Short Term Plan) of Rs. 10/- each = Rs. 72,50,000/-

@ 9% Secured fully paid up redeemable non-convertible bonus debentures of Rs.6/- each have been allotted during the year in the ratio of 1:1.

@ @ As per approval of shareholders and confirmation by the Calcutta High Court, the share capital of the Company have been reduced from paid up value of Rs. 10/- per share to Rs.2/- per share and also issued 6% Bonds of Rs. 3/- each in the ratio of 1:1 redeemable equally at the end of 6th & 7th year from the date of allotment i.e. 24.7.2003.

* Pursuant to restructuring scheme sanctioned by the High Courts of Orissa and Gujarat, the paper division of the Company has been transferred to the Central Pulp Mills Ltd. (name changed to J.K. Paper Ltd.) w.e.f.1.4.2000 and the restructured J.K. Corp Ltd. now stands primarily for Cement Business with a Magnetic Tape Division. As per scheme, no allotment of share in the transferee Company was made to the existing shareholders of J. K. Corp Ltd.

** Preference Shares redeemed during the year.

*** Pursuant to scheme of arrangement with Siel Sugar Ltd., as approved by Hon'ble High Court of Delhi, the shareholders have been allotted fully paid up equity shares of Rs. 10/- each of Siel Ltd. in the ratio of one new equity share of Rs. 10/- each fully paid up of the Company for every four equity shares of Rs. 10/- each fully paid up held in Siel Ltd. and three equity shares of Rs. 10/- each fully paid up of Siel Sugar Ltd. for every four equity shares of Rs. 10/- each fully paid up held in Siel Ltd (Hence as against our holding of 256 shares in Siel Ltd., we have been allotted 64 shares of Siel Ltd. and 192 shares of Siel Sugar Ltd.).

**** Pursuant to scheme of arrangement and amalgamation between J. K. Industries Ltd. (JKIL), J. K. Agri Genetics Ltd. (JKAL), J.K. Sugar Ltd. (JKSL) and Vikrant Tyres Ltd., as sanctioned by Calcutta & Bangalore High Courts, the shareholders of JKIL have been allotted one fully paid up equity share of JKAL for every ten shares held in JKIL, fifteen fully paid up equity shares of JKSL for every one hundred shares of JKIL and seventy five fully paid up equity shares of residual entity of JKIL against one hundred fully paid up equity shares of JKIL.

SIGNIFICANT ACCOUNTING POLICIES**(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 :

Inventories of Raw Materials, Goods-in-Process and Finished Goods are stated "at cost or net realisable value, whichever is lower". Stores and Spare Parts are stated "at or below cost". Goods-in-transit are stated 'at cost'. Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The excise duty in respect of closing inventory of finished goods is included as part of finished goods. Cost formulae used are 'First-in-First-out' or 'Average cost' or as applicable.

(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 to the 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 those 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 or Plant & Machinery, as case may be.

(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. 1187 State Code 20
Balance Sheet Date 31/03/2004
Date Month Year

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

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

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

Total Liabilities 9752798 Total Assets 9752798

Sources of Funds

Paid-up capital 793676 Reserve & Surplus 902794
Secured Loans 7287657 Unsecured Loans 768671

Application of Funds

Net Fixed Assets 4187072 Investments 8885
Net Current Assets + - 313288 Misc. Expenditure 13832
Accumulated Losses 5856297

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

Turnover 6332655 Total Expenditure 6388716
Profit/Loss before Tax + - 56061 Profit/Loss After Tax + - 56360
Earning per Share in Rs. 0.17 Dividend -

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

Item Code No. (ITC Code) 252329.01
Product Description PORTLAND CEMENT
Item Code No. (ITC Code) 252321.00
Product Description WHITE CEMENT

**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)					
				Losses not dealt with in the Holding Company's Accounts		Profit dealt with or (Losses) provided for in the Holding Company's Accounts	
		Subsidiary's Financial year ended on	No. of Shares held	% of total paid-up Capital	For the Financial Year of the Subsidiary (Rs./Lacs)	For the previous Financial Years' since it became the Holding Co.'s Subsidiary (Rs./Lacs)	For the Financial Year of the Subsidiary
1. J. K. Satoh Agricultural Machines Ltd.	31st March, 2004	5,40,000 Equity Shares of Rs. 10/- each	50.70%	0.49	12.88	(See note below)	
2. Jaykay Tech Ltd.	31st March, 2004	6,00,000 Equity Shares of Rs. 10/- each	99.99%	0.05	145.65	(See note below)	

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

As per our Report attached

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

ANIL AGARWAL
Partner

GAUR HARI SINGHANIA
Chairman

GOVIND HARI SINGHANIA
Vice Chairman

JAGENDRA SWARUP
KAILASH NATH
A. KARATI
VINAY KALA
S. BHANDARI
K. V. MURTHY

} Directors

Kanpur
Dated : 30th June, 2004

YADUPATI
Managing Director & CEO

J. P. BAJPAI
Secretary



DIRECTORS' REPORT

To The Members,

The Directors present herewith their THIRTY FOURTH Annual Report together with the audited Statements of Account of the Company for the year ended 31st March, 2004.

2. Financial Results :

The financial results for the year ended 31st March, 2004 show a deficit of Rs.0.96 lacs as against a surplus of Rs.130.59 lacs last year.

3. Dividends :

In view of loss for the year, your Directors are unable to recommend any dividend this year also.

4. General :

4.1 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.

4.2 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.

4.3 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 :

- Conservation of Energy;
- Technology Absorption and
- Foreign Exchange Earnings and out-go.

5. Directors :

Shri L. Ravi Kumar will retire by rotation at the ensuing Annual General Meeting, pursuant to article 158 of the Articles of Association of the Company and is eligible for reappointment.

6. Auditors' Report :

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

7. Auditors :

M/s. B.C. Jain & Co., Chartered Accountants, retire from their

office as Auditors, 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.

8. 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 as a part of the Directors' Report.

9. Directors' Responsibility Statement :

The Directors state that –

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed except those mentioned in the notes to the Accounts;
- The Directors have selected such accounting policies and applied them consistently and made judgments 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 2004 and of the loss of the Company for the year;
- 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;
- Since the Company has disposed off its fixed assets and the manufacturing activities remained suspended since 8th November, 1983, the Company is not viewed as a going concern.

Registered Office :

Kamla Tower,
Kanpur-208001.

Dated : 21st June, 2004

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 the 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, 2004. 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:

- 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.
- 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.

- The company, being a public limited company, comments on number of shareholders are not required
- The Board of Directors duly met 4 (Four) times on 26th June, 2003, 25th September 2003, 15th December 2003 and 2nd March 2004 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- The Company has closed its Register of Members from 16th September, 2003 to 30th September, 2003 during the financial year.
- The annual general meeting for the financial year ended on 31.3.2003 was held on 30th September 2003 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
- 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 agents during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar 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 2004.
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

Place : Kanpur
Date : 21.6.2004

S. D. NIGAM
Company Secretary
C.P. No. : 2578

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 2004.

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, 2004 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.
2. 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.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Para (3) above, we report that :
 - (i) We have obtained all the information and explanation, 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(3) (c) of the Companies Act, 1956;
 - (v) On the basis of the written representations received from Directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2004 from being appointed as a director under Section 274(1) (g) of the Companies Act, 1956, except Mr. S. B. Singh & Mr. M. P. Singh, in respect of whom we are unable to comment whether they are disqualified from being appointed as director in terms of aforesaid section, in absence of written representation from them;
 - (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 6 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, 2004, and
 - (b) In case of Profit & Loss Account, of the loss for the year ended on that date.

For B. C. JAIN & CO.,
Chartered Accountants,
RANJEET SINGH
Partner

Place : KANPUR
Dated : 21st June, 2004

- (2) There is no stocks as at year end and Clause (II) is not applicable. Further, since there is no purchases/sales and stocks, the provisions of Clauses (IV), (V) of Auditors' Report Order are not applicable.
- (3) The company has not taken any secured or unsecured loans from companies, firms or other parties covered in register maintained under section 301 of the Act.
- (4) The company has not granted any loans, secured or unsecured or advance in the nature of loan to companies, firms or other parties covered in register maintained under section 301 of the Act.
- (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, 2004 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) Since there is no loan from bank or financial institution clause (XI) is not applicable.
- (12) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) Since there is no investment clause (XIV) is not applicable.
- (14) The company has not obtained any term loan during the year.
- (15) Based on information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (16) Based on the information and explanations given to us and on an overall examination by balance sheet of the company, there are no funds raised on a short term basis which have been used for long term investment, and vice versa.
- (17) The company has not made any preferential allotment of shares to parties and companies covered in the Register Maintained under Section 301 of the Companies Act, 1956 during the year.
- (18) The Company has not raised any money by public issue during the year.
- (19) **The company is 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.**
- (20) According to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

Place : KANPUR
Dated : 21st June 2004

For B.C. JAIN & CO.
Chartered Accountants
RANJEET SINGH
Partner

ANNEXURE TO THE AUDITOR'S REPORT

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

- (1) Since the company has disposed off its fixed assets and

BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedule	31.3.2004 Rs.	31.3.2003 Rs.
LIABILITIES			
Share Capital	1	1,63,99,630	1,63,99,630
Current Liabilities	2	—	1,30,436
	Total	<u>1,63,99,630</u>	<u>1,65,30,066</u>
ASSETS			
Current Assets, Loans & Advances	3	41,544	2,67,692
Profit & Loss Account :			
Balance as per Account Annexed		1,63,58,086	1,62,62,374
Contingent Liabilities & Notes	6		
	Total	<u>1,63,99,630</u>	<u>1,65,30,066</u>

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

Place : KANPUR
Dated : 21st June, 2004

RANJEET SINGH
Partner

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	Schedule	31.3.2004 Rs.	31.3.2003 Rs.
INCOME			
Other Income	4	6,614	1,35,47,110
		<u>6,614</u>	<u>1,35,47,110</u>
EXPENDITURE			
Other Expenses	5	1,02,326	4,88,095
		<u>1,02,326</u>	<u>4,88,095</u>
Profit/(Loss) for the year		(95,712)	1,30,59,015
Net Profit/(Loss)		<u>(95,712)</u>	<u>1,30,59,015</u>
Debit Balance brought forward from last account		(1,62,62,374)	(2,93,21,389)
		<u>(1,63,58,086)</u>	<u>(1,62,62,374)</u>

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

Place : KANPUR
Dated : 21st June, 2004

RANJEET SINGH
Partner

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



SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004

SCHEDULE – 1 : SHARE CAPITAL

	31.3.2004 Rs.	31.3.2003 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	<u>Rs. 13,750</u>	1,06,36,330
57,633 9.5% Redeemable Cumulative Preference Shares of Rs.100/- each fully paid	<u>57,63,300</u>	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 : CURRENT LIABILITIES AND PROVISIONS

	31.3.2004 Rs.	31.3.2003 Rs.
A. CURRENT LIABILITIES :		
Other Liabilities	—	33,824
Total (A)	<u>—</u>	<u>33,824</u>
B. PROVISIONS :		
Electricity charges in dispute	—	96,612
Total (B)	<u>—</u>	<u>96,612</u>
Total (A+B)	<u>—</u>	<u>1,30,436</u>

SCHEDULE – 3 : CURRENT ASSETS, LOANS AND ADVANCES

	31.3.2004 Rs.	31.3.2003 Rs.
A. CASH & BANK BALANCES :		
Balance with scheduled bank :		
Current Account	23,649	5,746
Margin Money with Standard Chartered Bank	—	2,33,219
Interest accrued on Deposit	—	4,616
Saving Bank Account (For Employees' Security Deposit)	—	7,322
Cheques in hand for Collection	<u>3,390</u>	—
Total (A)	<u>27,039</u>	<u>2,50,903</u>
B. LOANS & ADVANCES :		
(Unsecured-Considered Good)		
Advances recoverable in		
Cash or in kind or for value to be received		
Post Office Saving Bank Account	13,565	13,565
(Pass Book pledged with Excise Authorities)		
Tax Deducted at Source	<u>940</u>	3,224
Total (B)	<u>14,505</u>	<u>16,789</u>
Total (A + B)	<u>41,544</u>	<u>2,67,692</u>

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004

SCHEDULE – 4 : OTHER INCOME

	31.3.2004 Rs.	31.3.2003 Rs.
Interest on F.D.R. with Bank (Tax Deducted at Source Rs. 940/-)	6,614	16,158
Previous year Rs. 3,224/-)		
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	6,614	1,35,47,110

SCHEDULE – 5 : OTHER EXPENSES

	31.3.2004 Rs.	31.3.2003 Rs.
Postage, Charges General etc.	5,567	9,314
Rates & Taxes	1,800	2,000
Auditors' Remuneration	3,240	3,150
Professional Charges	19,134	2,100
Printing & Stationery	7,979	7,350
Bad Debts Written off	—	3,41,850
Sundry Balances Written off	—	1,22,331
Electricity Charges	5,810	—
Legal Expenses	21,250	—
Bank Charges	7,830	—
Travelling and Conveyance Expenses	29,546	—
Telephone Expenses	170	—
Total	1,02,326	4,88,095

SCHEDULE – 6 : CONTINGENT LIABILITIES AND NOTES

1. CONTINGENT LIABILITIES :

- (a) Arrears of Dividend on Redeemable Cumulative Preference Shares for the period 1.11.1991 to 31.3.2004; Rs.67,99,934/- (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).

2. NOTES :

- (i) Remuneration to Statutory Auditors :
Audit Fee Rs. 3,240/- (Previous Year Rs. 3,150/-).
- (ii) 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.
- (iii) **The manufacturing operations in the Company's factory remained suspended w.e.f. 8th November, 1983 and the Company has disposed off all its Immovable Assets. Due to this, the Company is not viewed as a going concern.**
- (iv) Directors have waived their sitting fee.
- (v) 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	:	31st	March	2004	
		<u>Date</u>	<u>Month</u>	<u>Year</u>	

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	:	16399	Total Assets	:	16399
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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	:	41	Misc. Expenditure	:	Nil
Accumulated Losses	:	16358			

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

Other Income	:	6	Total Expenditure	:	102
+ - Profit/(Loss) Before Tax	:	(96)	+ - Profit/(Loss) After Tax	:	(96)
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	

Signature to Schedules 1 to 6
For B. C. JAIN & CO.
Chartered Accountants

Place : KANPUR
Dated : 21st June, 2004

RANJEET SINGH
Partner

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

DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present the Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2004.

FINANCIAL RESULTS

	Rs. in Lacs
Profit/(Loss) before depreciation	(0.06)
Less : Depreciation	--
Profit/(Loss) after depreciation for the year	(0.06)
Profit/(Loss) upto Previous year	(145.66)

DIVIDEND

In view of the accumulated losses and high outstanding liabilities, your Directors regret their inability to declare any dividend this year also.

OPERATIONS

There has been no activity during this year also.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

In terms of Section 217(1)(e) of the Companies Act, 1956 read with 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 Outgo.

PERSONNEL

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.

AUDITORS' REPORT

Observations of Auditors have been explained, wherever necessary, in the appropriate Notes on Account.

DIRECTORS

(a) Two of your Directors namely Shri K.K. Garg and Shri A.P. Bajpai retire from the Board by rotation and being eligible, offer themselves for reappointment.

(b) S/Shri S.B. Singh and M.P. Singh were appointed additional directors during the year and they hold office upto the date of next Annual General Meeting. The Company has received two separate Notices u/s. 257 of the Companies Act, 1956 from Shareholders proposing their candidature for the office of Director. Necessary resolutions in this regard are being recommended for your approval.

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 as a part of the Directors' Report.

AUDITORS

M/s. Vipin Aggarwal & Associates, Chartered Accountants, Auditors of the Company, retire from their office. They are, however, eligible for reappointment. They have furnished a certificate to the effect that their appointment will be in accordance with the limits specified in sub-Section (1B) of Section 224 of the Companies Act, 1956. You are requested to consider their reappointment.

DIRECTORS' 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. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2004 and of the loss of the Company for that year;
- iii. The Directors have taken proper and sufficient care for the 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; and
- iv. Since there has been no business activity for the last so many years and the Company has no movable or immovable assets as on date, the Company is not viewed as a going concern.

ACKNOWLEDGEMENT

Your Directors wish to place on record, their warm appreciation for the valuable support received from the Bankers and Customers.

For & on Behalf of the Board

(M. P. SINGH)
Director

(S.B. SINGH)
Director

Place : New Delhi
Dated : 21.06.2004



COMPLIANCE CERTIFICATE

To
The Members
JAYKAYTECH LTD.
NEW DELHI

I have examined the registers, records, books and papers of M/s. JAYKAYTECH Ltd. (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the 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, 2004. 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 with additional fees for late filing.
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 26th June 2003, 25th September 2003, 15th December 2003, and 2nd March 2004 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company is not required to close its Register of Members.
6. The annual general meeting for the financial year ended on 31.3.2003 was held on 16th September 2003 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose. However, since the Accounts of the company could not be finalised and put in the AGM, the meeting was adjourned sine-die for consideration and adoption of accounts.
7. No Extra ordinary General meeting was held.
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 agents during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar 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 under report.
25. The Company has not made any loans or advances or given guarantee or provided securities to other bodies corporate and consequently no entries have been made in the Register kept for this 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

Place : Kanpur
Date : 26.6.2004

S. D. NIGAM
Company Secretary
C.P. No. : 2578

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 Director's 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 2004

Sl. No.	FormNo./ Return	Filed Under Section	For	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether additional fee requisite paid Yes/No
1.	Balance Sheet	210	Balance Sheet	Filed	Not within time	Filed with additional fees
2.	Annual Return	159	Annual Return	Filed	Not within time	—do—
3.	Compliance Certificate	383A	--	Filed	Not within time	—do—

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

**AUDITORS' REPORT****To the Members of JAY KAY TECH LIMITED**

1. We have audited the attached Balance Sheet of JAY KAY TECH LTD. as at March 31, 2004 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above;
 - (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 the books;
 - (c) The balance sheet and profit and loss account dealt with by the report are in agreement with the books of account;
 - (d) In our opinion, the profit and loss account and balance sheet comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) The directors of the Company are not qualified for being appointed as director of any other Company in terms of the provisions of Section 274(1)(g) of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the 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;
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2004; and
 - (ii) in the case of the Profit and Loss account, of the loss of the Company for the year ended on that date.

For VIPIN AGGARWAL & ASSOCIATES
Chartered Accountants

Place : New Delhi
Date : 21.06.2004

VIPIN AGGARWAL
(Partner)

ANNEXURE

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

- As required by the Companies (Auditor's Report) Order, 2003 and according to information & explanations given to us during course of the audit and on the basis of such checks we considered appropriate, we report that -
1. The Company is not having any fixed assets hence para 4(i) (a), (b), (c) are not applicable.
 2. The Company is not having any inventory hence para 4(ii) (a), (b), (c) are not applicable.
 3. The Company has neither granted nor taken any loans to/from Companies, Firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956.
 4. There is no activity in the Company hence para no. 4(iv) (v), (vii) are not applicable.
 5. The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made thereunder. Hence, para (vi) of the order is not applicable.
 6. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956. Hence, Clause no. (viii) of the said order is not applicable.
 - 7 (a) As informed to us the provisions of Employees Provident Fund and Employees State Insurance Acts are not applicable to the Company.

There are no undisputed amounts payable in respect of such statutory dues which have remained outstanding, as at 31.03.04 for a period exceeding six months from the date they became payable.

 - (b) There was no disputed amount pending at any forum.
 8. The Company's accumulated losses are more than fifty percent of its net worth. The Company has incurred cash losses during this year and also in the immediately preceding financial year.
 9. The Company has not defaulted in repayment of its dues to banks, financial institution and debentures holders.
 10. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
 11. The provisions of any Special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Societies are not applicable to the Company.
 12. The Company is not dealing or trading in shares, securities, debentures or other investments and hence, the requirements of Para 4 (xiv) are not applicable to the Company.
 13. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
 14. The Company has not taken any term loans during the year under audit.
 15. The Company has not raised any funds short term or long term during the year.
 16. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act 1956 during the year.
 17. No debentures have been issued by the Company and hence, the question of creating securities in respect thereof does not arise.
 18. During the year under audit, the Company has not raised any money by way of Public issues.
 19. On the basis of our examination and according to the information and explanations given to us no fraud, on or by the Company, has been noticed or reported during the year.

For VIPIN AGGARWAL & ASSOCIATES
Chartered Accountants

Place : New Delhi
Date : 21.06.2004

VIPIN AGGARWAL
(Partner)

BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedule	As at 31.3.2004 Rs.	As at 31.3.2003 Rs.
SOURCES OF FUNDS			
Shareholders' Funds :			
Capital	1	6000070	6000070
	Total	6000070	6000070
APPLICATION OF FUNDS			
Current Assets, Loans and Advances :	2		
Cash & Bank Balances		128182	129350
Loans & Advances		6000	6000
		134182	135350
Less : Current Liabilities & Provisions :	3	8705725	8701190
Net Current Assets		(-)8571543	(-)8565840
Profit & Loss Account		14571613	14565910
	Total	6000070	6000070
NOTE AND CONTINGENT LIABILITIES	5		

As per our annexed report of even date
For Vipin Aggarwal & Associates
Chartered Accountants

Place : New Delhi
Dated : 21st June, 2004

VIPIN AGGARWAL
Partner

S. B. Singh
M. P. Singh

} Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	Schedule	2003-2004 Rs.	2002-2003 Rs.
INCOME			
		—	—
EXPENSES			
Other Expenses	4	5703	7501
	Total	5703	7501
Profit/(Loss) for the year		(-) 5703	(-) (7501)
Add : Loss brought forward		(-) 14565910	(-) 14558409
Balance Carried to Balance Sheet		(-) 14571613	14565910

Notes on Account

5

As per our annexed report of even date
For Vipin Aggarwal & Associates
Chartered Accountants

Place : New Delhi
Dated : 21st June, 2004

VIPIN AGGARWAL
Partner

S. B. Singh
M. P. Singh

} Directors

**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004****SCHEDULE – 1 : SHARE CAPITAL**

	As at 31.3.2004 Rs.	As at 31.3.2003 Rs.
AUTHORISED :		
60,00,000 Equity Shares of Rs.10/- each	6,00,00,000	6,00,00,000
Total	6,00,00,000	6,00,00,000
ISSUED, SUBSCRIBED AND PAID UP		
6,00,007 Equity Shares of Rs.10/- each Fully paid up	60,00,070	60,00,070
Total	60,00,070	60,00,070

NOTES :

The issued capital includes 5,52,000/- Equity Shares allotted as fully paid up against acquisition of current assets.

SCHEDULE – 2 : CURRENT ASSETS, LOANS & ADVANCES

	As at 31.3.2004 Rs.	As at 31.3.2003 Rs.
A. CASH & BANK BALANCES		
Balances with Scheduled Banks in current A/cs	1,28,182	1,29,350
Total (A)	1,28,182	1,29,350
B. LOANS & ADVANCES :		
(Unsecured considered Good)		
Advances recoverable in cash or in kind or for value to be received	6,000	6,000
Total (B)	6,000	6,000
Total (A + B)	1,34,182	1,35,350

SCHEDULE – 3 : CURRENT LIABILITIES & PROVISIONS

	31.3.2004 (Rs.)	31.3.2003 (Rs.)
CURRENT LIABILITIES		
Creditors	21,86,847	21,86,847
Payable to holding Company	55,04,572	55,04,572
Others Liabilities	10,09,457	10,04,922
Overdraft with Bank	4,849	4,849
Total	87,05,725	87,01,190

SCHEDULE - 4 : OTHER EXPENSES

	31.3.2004 (Rs.)	31.3.2003 (Rs.)
ADMINISTRATIVE & GENERAL EXPENSES		
Payment to Auditors	4,500	2,500
Bank Charges	1,168	5,001
Printing & Stationery	35	—
Total	5,703	7,501

SCHEDULE - 5

NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1. Revenue recognition

The Company follows the mercantile systems of accounting.

2. There has been no activity in the Company during the year. All the records, accounting documents etc. were in the possession of the court receiver of the holding Company till July, 2002 and after getting the same, the Company could manage to get the accounts prepared on the basis of available documents.

3. CONTINGENT LIABILITIES

As reported in earlier years, there was a severe fire in June, 1995 at the Regd. Office of the Company situated at Ashoka Estate, New Delhi, as a result, various records were destroyed. Hence, the Company is not in position to ascertain about Income Tax Liability, other contingent liability etc.

- 4. The Balances of Loans, Advances, Creditors and other Current Liabilities are subject to confirmation of the parties and verification thereof.
- 5. Previous year figures have been regrouped /rearranged wherever necessary to conform to classification of the current year.
- 6. As per books of accounts an amount of Rs. 4,849/- is payable to a bank. In the absence of any confirmation from bank the exact liability is not ascertainable.
- 7. Schedules 1 to 5 form integral part of the accounts and have duly been authenticated.
- 8. Additional information pursuant to the provisions of part II of schedule VI of the Companies Act, 1956.

	Current Year		Previous Year	
	Qty. (MT)	Value (Rs.)	Qty. (MT)	Value (Rs.)
i) Stocks :				
Cement	NIL	NIL	NIL	NIL
Iron & Steel	NIL	NIL	NIL	NIL
Others	NIL	NIL	NIL	NIL
ii) Earning in Foreign	NIL	NIL	NIL	NIL
Exchange				
iii) Expenditure in Foreign	NIL	NIL	NIL	NIL
Exchange				
9. Remuneration to Directors - NIL).		NIL		(Previous Year
10. Remuneration to Statutory Auditors 2,500/-)				* Rs. 4,500/- (Previous Year - Rs.

* Including Service Tax @ 8% on audit fee payable from 1996-97 to 2003-04.



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No. 3 0 5 1 6 State Code 55
Balance Sheet Date 31 03 2004
Date Month Year

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

Public Issue NIL
Bonus Issue NIL
Private Placement NIL

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

Total Liabilities 6000 Total Assets 6000

Sources of Funds

Paid-up Capital 6000 Reserves & Surplus NIL
Secured Loans NIL Unsecured Loans NIL

Application of Funds

Net Fixed Assets NIL Investments NIL
Net Current Assets -8572 Misc. Expenditure NIL
Accumulated Losses 14572

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

Turnover NIL Total Expenditure 6
Profit/Loss before Tax 6 Profit/Loss After Tax 6
Earning per Share in Rs. - Dividend -

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

THE COMPANY IS ENGAGED IN RENDERING CONSULTANCY SERVICES

Item Code No. (ITC Code)

Product Description

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 Monday, the 27th September, 2004 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 Monday, the 27th September, 2004 at 12.00 Noon and at any adjournment thereof.

Signed this _____ day of _____, 2004.

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.

CUT HERE

BOOK - POST
PRINTED MATTER

Rs. 7/- POSTAGE PREPAID IN CASH
LICENCE No. RO/KP/PC-7
DATED 25.08.2004 TO 03.09.2004
POSTED AT KANPUR HEAD POST OFFICE



If undelivered please return to :

J. K. Synthetics Ltd.
(Share Department)
Kamla Tower,
KANPUR-208 001