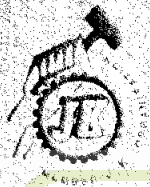


ANNUAL
REPORT
2000 - 2001



JAY KAY

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J. K. Synthetics LTD.

BOARD OF DIRECTORS

Dr. Gaur Hari Singhania	<i>Chairman</i>
Govind Hari Singhania	<i>Vice Chairman</i>
Yadupati	<i>Managing Director & Chief Executive Officer</i>
Ramapati	
Dr. K. B. Agarwal	
A. Karati	<i>Nominee of I.C.I.C.I.</i>
S. C. Malik	<i>Nominee of S.B.I., Director (Finance)</i>
Jagendra Swarup	
Kallash Nath	

J. P. Bajpai President (H.O.) & Secretary

AUDITORS

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

BANKERS

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

REGISTERED OFFICE

Kamla Tower,
KANPUR-208 001

WORKS

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



Annual Report

NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of J. K. Synthetics Ltd. will be held in the Auditorium of the Merchants' Chamber of Uttar Pradesh, 14/76, Civil Lines, Kanpur on Saturday, the 8th December, 2001 at 12.00 Noon to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2001, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Govind Hari Singhania, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Ramapati Singhania, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and in that connection, to pass the following resolution as a **Special Resolution** :

"RESOLVED that pursuant to the provisions of Section 224A (1) 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 in addition to the reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit and service tax, if any."

AS SPECIAL BUSINESS :

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

AS ORDINARY RESOLUTION :

5. "RESOLVED that Shri Jagendra Swarup, who was appointed a director by the Board of Directors in the casual vacancy caused due to resignation of Shri V. B. L. Mathur and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice u/s. 257 of the Companies Act, 1956 from a Shareholder proposing his candidature for the office of director, be and is hereby appointed a director of the Company, liable to retire by rotation."

AS SPECIAL RESOLUTIONS :

6. "RESOLVED that the following new Article 105A shall be inserted in the Articles of Association of the Company after Article 105 :-
105A: Except the Chairman of the Board of Directors and the Managing Director/Wholetime Director of the Company for the time being, who shall not be liable to retire by rotation, all other directors shall retire in accordance with the provisions of Article 105 hereof."
7. "RESOLVED that subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Securities Contracts (Regulation) Act, 1956, Securities and Exchange Board of India Act and the Rules/Guidelines framed thereunder, Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions, exemptions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any Authority while granting such

approvals, permissions, exemptions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by the Resolution), the consent and approval of the Company be and is hereby accorded to the Board to de-list the Equity/Preference Shares of the Company from The Delhi Stock Exchange Association Ltd., Delhi and The Calcutta Stock Exchange Association Ltd., Kolkata and the Board be and is hereby authorised to do all acts, deeds and things in connection therewith and incidental thereto."

By Order of the Board

Regd. Office :

Kamla Tower, Kanpur

Dated : 5th October, 2001

(J. P. BAJPAI)

Secretary

NOTES :

- i) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business under Item Nos. 5 to 7 of the accompanying Notice dated 5th October, 2001 is annexed hereto.
- ii) Copy of the documents referred to in the above Notice is available for inspection of the Members at the Registered Office of the Company between 2.00 p.m. and 4.00 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 1st December, 2001 to 8th December, 2001 both days inclusive.
- iv) Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their electronic share accounts and to the Company at its Share Department, Kamla Tower, Kanpur-208 001 in respect of their share holding 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 Shri Govind Hari Singhania and Shri Ramapati Singhania 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 :-

BOARD OF DIRECTORS

Dr. Gaur Hari Singhania	<i>Chairman</i>
Govind Hari Singhania	<i>Vice Chairman</i>
Yadupati	<i>Managing Director & Chief Executive Officer</i>

Ramapati

Dr. K. B. Agarwal

A. Karati *Nominee of I.C.I.C.I.*S. C. Malik *Nominee of S.B.I.,
Director (Finance)*

Jagendra Swarup

Kailash Nath

J. P. Bajpai President (H.O.) & Secretary

AUDITORSMessrs. P. L. Tandon & Co.
*Chartered Accountants***BANKERS**

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

REGISTERED OFFICEKamla Tower,
KANPUR-208 001**WORKS**

- | | | | |
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(Rajasthan) | Padam Synthetics
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(Rajasthan) | J. K. Cement Works (Mangrol) |



Annual Report

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1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2001, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Govind Hari Singhania, who retires by rotation and, being eligible, offers himself for re-appointment.
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4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and in that connection, to pass the following resolution as a **Special Resolution** :

"RESOLVED that pursuant to the provisions of Section 224A (1) 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 in addition to the reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit and service tax, if any."

AS SPECIAL BUSINESS :

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

AS ORDINARY RESOLUTION :

5. "RESOLVED that Shri Jagendra Swarup, who was appointed a director by the Board of Directors in the casual vacancy caused due to resignation of Shri V. B. L. Mathur and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice u/s. 257 of the Companies Act, 1956 from a Shareholder proposing his candidature for the office of director, be and is hereby appointed a director of the Company, liable to retire by rotation."

AS SPECIAL RESOLUTIONS :

6. "RESOLVED that the following new Article 105A shall be inserted in the Articles of Association of the Company after Article 105 :-
105A. Except the Chairman of the Board of Directors and the Managing Director/Wholtime Director of the Company for the time being, who shall not be liable to retire by rotation, all other directors shall retire in accordance with the provisions of Article 105 hereof."
7. "RESOLVED that subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Securities Contracts (Regulation) Act, 1956, Securities and Exchange Board of India Act and the Rules/Guidelines framed thereunder, Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions, exemptions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any Authority while granting such

approvals, permissions, exemptions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by the Resolution), the consent and approval of the Company be and is hereby accorded to the Board to de-list the Equity/Preference Shares of the Company from The Delhi Stock Exchange Association Ltd., Delhi and The Calcutta Stock Exchange Association Ltd., Kolkata and the Board be and is hereby authorised to do all acts, deeds and things in connection therewith and incidental thereto."

By Order of the Board

(J. P. BAJPAI)

Secretary

Regd. Office :

Kamla Tower, Kanpur

Dated : 5th October, 2001

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- i) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business under Item Nos. 5 to 7 of the accompanying Notice dated 5th October, 2001 is annexed hereto.
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- 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 Shri Govind Hari Singhania and Shri Ramapati Singhania 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 Govind Hari Singhania** has been a director of the Company since 27th January, 1980 and is presently Vice Chairman of the Company. He has been Managing Director of the Company from 1.9.1984 to 31.8.1999. He has closely and actively been associated with the operations of the Company at plant level as well as the marketing of the products of the Company. He also possesses vast experience and has been associated with the establishment and running of several manufacturing units. He is past President of Associated Chambers of Commerce and Industry of India (ASSOCHAM) and has been Chairman of various Committees of the Federation of Indian Chamber of Commerce and Industry (FICCI). He has led several delegations abroad on behalf of the FICCI/ASSOCHAM. He has been the Chairman of Board of Governors of Indian Institute of Technology (IIT), Kanpur and is presently on the Managing Committee of various Institutions/Associations etc.

He is also a director in the following Companies : (i) J. K. Corp Ltd., (ii) J. K. Cotton Spg. & Wvg. Mills Co. Ltd., (iii) Jaykaylon Investment Ltd., (iv) J. K. Leasing Co. Ltd., (v) Bharat Photo Products Ltd., (vi) J. K. Petrochemicals Ltd., (vii) India Synthetics Ltd., (viii) J. K. Traders Ltd. and (ix) PGA Securities Ltd.

- b) **Shri Ramapati Singhania** is B. Tech. (Elec. Engg.), M.B.A. and has been associated with the Company since 1.8.1983. He was Special Executive till 6.5.1985. He has been Whole-time Director of the Company from 6.5.1985 to 31.8.1999. During tenure of his office as Whole-time Director, he had been devoting whole of his time in the conduct and supervision of the operations of Kota and Jhalawar plants. He has been actively associated with the maintenance programme, inventory control, advising factory about day to day affairs of all the plants at Kota and Jhalawar.

He is also a director in PHIL Corporation Ltd.

EXPLANATORY STATEMENT :

As required by 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 5th October, 2001.

ITEM No. 5

Shri Jagendra Swarup was appointed as director of the Company by the Board of Directors on 30th July, 2001 in the casual vacancy caused due to resignation of Shri V.B.L. Mathur and he holds office upto the date of this Annual General Meeting. A Notice u/s. 257 of the Companies Act, 1956 has been received from a Shareholder alongwith the requisite fee of Rs. 500/- intending to propose the name of Shri Jagendra Swarup for appointment as a director of the Company.

Shri Jagendra Swarup is a Senior Advocate. He has been in practice for over 25 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. His appointment will be in the interest of the Company.

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

None of the Directors of the Company except Shri Jagendra Swarup is concerned or interested in the proposed resolution.

ITEM NO. 6

In terms of Article 128 of the Articles of Association of the Company, a Managing Director/Wholetime Director shall not, while he continues to hold the office of Managing Director/Wholetime Director, be subject to retirement by rotation.

In order to ensure that continued guidance and advice of the Chairman of the Board of Directors is available to the Company, it is proposed that the Chairman of the Board of Directors shall also not be subject to retirement by rotation. Section 255 of the Companies Act, 1956 requires that atleast 2/3rd of the total number of Directors shall be liable to retire by rotation. The Board of Directors recommend the proposed Special Resolution at Item No. 6 for your approval.

Dr. Gaur Hari Singhania being the Chairman and Shri Yadupati Singhania being Managing Director & C.E.O., for the time being and Shri Govind Hari Singhania being relative of Dr. Gaur Hari Singhania may be deemed to be interested in the proposed resolution.

ITEM No. 7

Presently the Company's Equity/Preference Shares are listed at the following four Stock Exchanges :

- 1) The Calcutta Stock Exchange Association Ltd. (CSE)
- 2) The Stock Exchange, Mumbai (BSE)
- 3) The Delhi Stock Exchange Association Ltd. (DSE)
- 4) The U.P. Stock Exchange Association Ltd., Kanpur (UPSE)

Trading in the Equity/Preference Shares of the Company on the Stock Exchanges at Delhi and Kolkata is rare and negligible and is disproportionate to the fees paid by the Company to these Stock Exchanges.

The volumes and number of transactions have come down considerably in CSE and DSE owing to expansion of the BSE and emergence of the National Stock Exchange of India Ltd. (NSE) and their extensive networking and extension of their terminals to other cities where Investors have access to on-line dealings in the Company's Equity/Preference Shares on such terminals across the Country. The Company's Equity Shares are one of the scrips, which the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialised form by all investors since 8th May, 2000.

In this backdrop, it is for consideration to seek de-listing of the Equity/Preference Shares of the Company from CSE and/or DSE at such time as may be deemed appropriate and subject to SEBI guidelines and requisite approvals/exemptions as may be required.

Due to continued Listing at BSE and UPSE and further availability of trading across the country as mentioned above, the de-listing proposal will not be prejudicial to the interest of the Investors.

In terms of the relevant guidelines, approval of the Members is being sought by way of a Special Resolution for enabling voluntary de-listing as above. The resolution at Item No. 7 is recommended for approval of the Members. A Special Notice will be given separately in a newspaper for the said enabling resolution with relevant details.

None of the directors may be deemed to be concerned or interested in the resolution.

By Order of the Board



Regd. Office :

Kamla Tower, Kanpur

Dated : 5th October, 2001

(J. P. BAJPAI)

Secretary



Annual Report

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors submit the Annual Report and audited Statements of Account for the year ended 31st March, 2001.

2. FINANCIAL RESULTS

	31.3.2001 (Rs./Lacs)
Sales	54394
Other Income	1116
Profit before Interest and Depreciation	1665
Less : Interest	4178
(Loss) before Depreciation	(2513)
Add : Depreciation	4051
(Loss) for the year	(6564)
Extra-ordinary/Prior period items (net)	(54)
(Loss) before tax	(6618)
Provision for Wealth tax	3
(Loss) after tax	(6621)

3. OVERALL PERFORMANCE

The year under review resulted in net loss of Rs. 6564 lacs as compared to net loss of Rs. 6825 lacs during the previous year. During the year only Grey and White Cement plants have been in operation.

4. DIVIDENDS

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

5. REHABILITATION PACKAGE

As reported last year, the Company had filed an appeal before Hon'ble AAIFR against the order of BIFR. The Company simultaneously continued dialogues with the financial institutions and banks. During discussions, it transpired that the secured lenders are interested in One Time Settlement (OTS) of their dues and any proposal based on this may get favourable response. The Company accordingly explored the possibility for raising necessary funds to meet the OTS scheme. After several rounds of meetings and then during the course of hearings before Hon'ble AAIFR, the financial institutions and banks (for term loans and debentures) agreed to accept upfront payment of 100% principal and 5% simple interest arrears in satisfaction of their entire dues under OTS. In case of banks for working capital, a formula was devised by State Bank of India, the lead bank, to work out the OTS dues. Based on the consensus arrived amongst the financial institutions, banks, debentureholders and Preference shareholders (except UTI and SBBJ), Hon'ble AAIFR formulated a scheme for payment to secured lenders aggregating Rs. 511.55 crores vide their Order dated 31.8.2001. The scheme stipulates for payment to secured lenders, debentureholders and Preference shareholders by 30.9.2001 as under -

(a) All term lenders and debentureholders would be paid 100% principal and 5% of simple interest arrears as on the cut off date i.e. 30.9.2001. The payment of interest may be in cash or in equity shares of J.K. Cement Ltd.

(b) All Preference shareholders will be paid 100% principal outstanding.

(c) All banks for working capital to be paid the outstanding in their cash credit accounts after deducting therefrom the interest after the period 30.9.1995, whether recovered by the banks or not.

The scheme also stipulates for issue of one equity share of face value of Rs 10/- each of J.K. Cement Ltd. free of cost to the Company's shareholders for 10 equity shares held in the Company. The said scheme is proposed to be financed mainly by way of borrowings against the assets of Cement Divisions. The funds available with the Court Receiver being royalty amount deposited by the Cement Divisions and also promoters' contribution will also be utilised for financing the OTS amount. The Hon'ble AAIFR has accordingly approved for transfer of Cement Undertakings (J.K. Cement Works, Nimbahera; J.K. Cement Works, Mangrol; J.K. Thermal Power, Bamania and J.K. White Cement Works, Gotan) to the new Company already incorporated under the name and style of J.K. Cement Ltd., (JKCL) enabling the new Company to raise necessary borrowings against these assets to pay off the dues of financial institutions and banks under OTS. Financial Institutions and Banks have stipulated for payment of OTS dues by 30.9.2001, which can further be extended up to 31.12.2001 subject to the Company making payment of interest on OTS amount from 1.10.2001 onwards. In case necessary funds not being arranged as per the order of Hon'ble AAIFR by 31.12.2001, the financial institutions and banks have reserved their rights to withdraw the OTS and revert back their claims to the original outstandings. At present, there is some delay in arrangement of the funds required for OTS. The Company is making its best efforts to raise necessary funds for implementation of the order of Hon'ble AAIFR.

Efforts are also being made for formulation of a scheme for Kota and Jhalawar plants.

6. CORPORATE GOVERNANCE

Implementation of the Corporate Governance will be mandatory for the Company by 31.3.2002. However, the Company has taken certain steps in this regard. A report thereon is enclosed which forms part of the Directors' Report.

7. OPERATIONS**7.1 CEMENT PLANTS****GREY CEMENT**

The year 2000-01 was another critical year for the Cement Industry, which witnessed a negative growth in consumption as against excellent growth of 15% in the previous year. In spite of the above, the performance of Grey Cement Division improved during the year under report due to increase in sales realisation in the later part of the year and lower cost of production mainly on account of savings effected in Power & Fuel consumption as a result of efforts made by the Management on Energy Conservation measures. The power and fuel consumption has been further reduced to 13.93% of clinker production as against 15.21% in the previous year. In spite of reduction in production to 1.89 million tonnes as against 2.00 million tonnes in the previous year, the Division has been able to increase its profitability. The Cement despatches were also lower at 1.89 million tonnes as against 1.99 million tonnes in last year.

WHITE CEMENT

White Cement production was lower at 1.86 lacs tonnes as against 1.92 lacs tonnes in last year. The general recessionary trend coupled with the excessive production capacities led to the over supply position as the demand did not increase to the expected level. Due to adverse market conditions and increased competition, the unit could achieve sales of 1.85 lacs tonnes, which is lower than 1.92 lacs tonnes of last year. The economy measures taken during the year to reduce the cost of production enabled the Company to neutralise the impact of increase in prices of Fuel.

7.2 MAN MADE FIBRE UNITS - KOTA AND JHALAWAR

As reported last year, the Company has taken possession of man-made fibre plants at Kota and Jhalawar during 19.6.2000 to 28.6.2000 for safety and security purposes and there has been no manufacturing operations in these plants during the year under report.

7.3 EXPORTS

Exports during the year amounted to Rs. 199.93 lacs.

8. RESEARCH & DEVELOPMENT

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

9. PROJECTS UNDER IMPLEMENTATION

As already informed, your Directors had given full thought to the implementation of Mangrol project and after an in-depth study of pros and cons as well as keeping long term interest of the Company, have decided to implement the project in a time bound manner. Accordingly, steps have been taken to complete the project by December, 2001. Implementation of the project would improve the competitive edge and result in various economies of scale and other benefits to the Company.

10. SUBSIDIARIES

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

11. PERSONNEL**11.1 INDUSTRIAL RELATIONS**

The Industrial relations during the year under review generally remained cordial in both the Cement complexes. In terms of AAIFR order, Rs 10,000/- has been paid to each worker who is on the rolls of man made fibre plants at Kota and Jhalawar.

11.2 PARTICULARS OF EMPLOYEES

There is no employee getting salary in excess of Rs. 1,00,000/- per month or more throughout or part of the financial year under review.

12. PUBLIC DEPOSITS

The deposits received from the public remaining unclaimed as on 31.3.2001 amounted to Rs. 62.02 lacs in the accounts of 1,120 depositors against which deposits amounting to Rs 0.77 lac have since been repaid. Your directors are happy to report that all public deposits are being regularly repaid by the Company, 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

14.1 With regard to the provision of interest liability, as referred to in para f (i) of the Auditors' Report, the Directors state that on implementation of the scheme of OTS approved by Hon'ble AAIFR in respect of the secured lenders, the liability as exhibited in Schedule 3, is sufficient to meet the obligations.

14.2 Other observations of the Auditors are self-explanatory and have been appropriately dealt with in the Notes on Accounts.

15. COST AUDIT

Cost Audit accounting records have been maintained in respect of Grey Cement and White Cement plants and cost audit would be completed in respect of these units. Since there has been no production in man made fibre units, no costing records are required to be maintained.



Annual Report

16. DIRECTORS

16.1 After the close of the year, the following changes have taken place :

- (i) Shri D. D. Rasgotra, Nominee Director of GIC, Shri V. B. L. Mathur and Shri Shiromani Sharma have resigned from the Board.
- (ii) Shri Jagendra Swarup and Shri Kailash Nath joined the Board as Directors vice Shri V. B. L. Mathur and Shri Shiromani Sharma respectively.

16.2 Your directors while welcoming the new incumbents, wish to place on record their warm appreciation for the valuable services rendered by Shri D. D. Rasgotra, Shri V. B. L. Mathur and Shri Shiromani Sharma.

16.3 Two of your directors namely Shri Govind Hari Singhania and Shri Ramapati Singhania will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

16.4 Shri Jagendra Swarup was appointed a director of the Company in the casual vacancy caused due to resignation of Shri V. B. L. Mathur and he holds office upto the date of next Annual General Meeting. The Company has received a Notice u/s. 257 of the Companies Act, 1956 from a shareholder proposing his candidature for the office of Director. A resolution in this regard is being recommended for your approval.

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.
- (iv) they have prepared the annual accounts on a going concern basis.

18. AUDITORS

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

19. COST AUDITORS

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

20. DELISTING OF SHARES

At present the Company's shares are listed with Stock Exchanges at Mumbai, Kolkata, Delhi and Kanpur. The Company is, therefore, required to pay substantial listing fee. Due to liquidity constraints, the Company has not been able to pay listing fee to Calcutta and Delhi Stock Exchanges from 1996-97 onwards. Besides, trading volume at Delhi and Calcutta Stock Exchanges has been reduced considerably during last few years. Further, the facility for trading being now available on net through Mumbai Stock Exchange, the investors would not have any difficulty in dealing with the Company's shares. In view of these reasons, your Directors propose, subject to your approval, for delisting of the Equity/Preference shares from the Calcutta and Delhi Stock Exchanges. Delisting would be implemented only after complying with necessary stipulations of SEBI. A resolution in this regard is being recommended for your approval.

21. ACKNOWLEDGEMENTS

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

FOR AND ON BEHALF OF THE BOARD

CHAIRMAN.

Kanpur

Dated : 5th October, 2001

CORPORATE GOVERNANCE**ANNEXURE**

The philosophy of the Company is to enhance the long term economic value of the Company, its stake holders and the society at large by adopting better corporate practices in fair and transparent manner by aligning interest of the Company with its shareholders and other key stake holders. Your Company has been practising the principles of good Corporate Governance over the years and has been the follower of rewarding its shareholders to the maximum.

(i) Board of Directors :

- (a) The total strength of the Board is 9 Directors comprising of 2 (two) Executive Directors and 7 (seven) Non-Executive Directors.
- (b) During the year ended 31.3.2001, 5 (five) Board meetings were held with at least one meeting in every quarter on 29.4.2000, 30.6.2000, 29.7.2000, 23.10.2000 and 31.1.2001.
- (c) After close of the year, the following changes have taken place :
 - (i) Shri D.D. Rasgotra, Nominee Director of GIC, Shri V.B.L. Mathur and Shri Shiromani Sharma have resigned from the Board.
 - (ii) Shri Jagendra Swarup and Shri Kailash Nath joined the Board as Directors in the casual vacancies caused due to resignation of Shri V.B.L. Mathur and Shri Shiromani Sharma respectively.
 - (iii) Particulars of Directors, who are retiring at the ensuing Annual General Meeting and are eligible for reappointment viz. Shri Govind Hari Singhania and Shri Ramapati Singhania and of Shri Jagendra Swarup, who was appointed a director in the casual vacancy and holds office upto next Annual General Meeting and in respect of whom a Notice u/s. 257 of the Companies Act, 1956 has been received, are given in the Notice of Annual General Meeting dated 5.10.2001.

(ii) Audit Committee :

The Audit Committee comprises of Shri K. B. Agarwal (Chairman of the Committee), Shri S. C. Malik (Nominee Director, SBI), and Shri Jagendra Swarup (a leading Advocate). The role, terms of reference, authority and powers of the Audit Committee are in conformity with the listing agreement. The Company Secretary is the Secretary of the Audit Committee.

(iii) Shareholders/Investors Grievance Committee :

The Shareholders/Investors Grievance Committee comprises of Shri K. B. Agarwal, Shri S. C. Malik and Shri Jagendra Swarup. The Committee is vested with the requisite power and authority to specifically look into the redressal of the shareholders and investors' grievances. The Board has designated the Company Secretary, as the Compliance Officer.

(iv) Remuneration Committee :

The Remuneration Committee comprises of Shri K. B. Agarwal, Shri S. C. Malik and Shri Jagendra Swarup. The Committee will decide for the remuneration package for Managing Director. The remuneration, if any, of Non-Executive Directors shall be decided by the Board of Directors.

(v) Shareholders Information**A. Annual General Meeting**

Date and Time : 8th December, 2001 at 12.00 Noon
Venue : Auditorium of Merchants' Chamber of
Uttar Pradesh,
14/76, Civil Lines, Kanpur-208 001

B. Book Closure : 1st December, 2001 to 8th December, 2001.**C. Registrar and Transfer Agents**

The Company has appointed M/s. Alankit Assignments Ltd. having its office at 205-206, Anarkali Market Complex, Jhandewalan Extension, New Delhi-110 055 as Registrar for demat Segment. For physical segment, the Company has in-house share department at its Registered Office at Kamla Tower, Kanpur, which provides all related services.

D. Dematerialisation of shares and liquidity

49.95% of the total share holdings of equity shares have been dematerialised upto 31.3.2001. Trading in Company's shares is permitted only in demat form w.e.f. 8.5.2000 as per notification issued by the Securities & Exchange Board of India.

E. Listing at Stock Exchanges

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

Sl. No.	Name of the Stock Exchange	Listing Fee paid upto	Stock Code No.
1.	The Stock Exchange, Mumbai	2000-01	306
2.	The Calcutta Stock Exchange Assn. Ltd., Kolkata	1996-97	10000019
3.	The Delhi Stock Exchange Assn. Ltd., Delhi	1996-97	00026
4.	The U.P. Stock Exchange Assn. Ltd., Kanpur	2000-01	JK

F. Investors Correspondence

For any query relating to transfer/transmission of shares, dematerialisation, change of address etc. please write to :

J. K. Synthetics Limited,
Share Department,
Kamla Tower,
Kanpur-208 001
Phone Nos. 311478-79-80-81, 366881, 366890
Fax No. : 369854
E-mail - JKShr@satyam.net.in

G. Shareholders complaints

All complaints received through SEBI were redressed to the satisfaction of Investors and none remained outstanding at the end of the year under report.

(vi) Disclosures

- (a) Disclosure on materially significant related party transactions i. e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. None.
- (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. None.