

Annual Report

2001-2002



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J. K. Synthetics

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	
Jagendra Swarup	
Kailash Nath	
A. Karati	<i>Nominee of I.C.I.C.I. Bank Ltd.</i>
S. C. Malik	<i>Nominee of S.B.I., Director (Finance)</i>
Suparas Bhandari	<i>Nominee of G. I. C.</i>
J. P. Bajpai	<i>President (H.O.) & Secretary</i>

AUDITORS

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

WORKS

- **KOTA** (Rajasthan) Padam Synthetics
J. K. Staple & Tows
Gopal Synthetics
Sir Padampat Research Centre
J. K. Tyre Cord
J. K. Acrylic
- **JHALAWAR** (Rajasthan) J. K. Fibres
J. K. Industrial Yarn
J. K. Utilities & Technical Development

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 Limited
Syndicate Bank
Punjab National Bank
State Bank of Bikaner & Jaipur
Bank of Baroda
Standard Chartered Grindlays Bank

- **NIMBAHERA** (Rajasthan) J. K. Cement Works
- **GOTAN** (Rajasthan) J. K. White Cement Works
- **BAMANIA** (Rajasthan) J. K. Power
- **MANGROL** (Rajasthan) J. K. Cement Works (Mangrol)



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 28th September, 2002 at 12.00 Noon to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2002, 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 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 resolutions as **Ordinary Resolutions** :

5. "RESOLVED that Shri Kailash Nath, who was appointed a Director by the Board of Directors in the casual vacancy caused due to resignation of Shri Shiromani Sharma 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."
6. "RESOLVED that pursuant to and in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 or any re-enactment or modifications thereof and subject to the approval of the Central Government, the approval of the Members be and is hereby accorded to the increase in remuneration payable to Shri Yadupati Singhania, Managing Director & CEO of the Company with effect from 1st April, 2002 until the expiry of his term of office i.e. until 31st August, 2004, as contained in the Supplemental Agreement to be entered into between the Company and Shri Yadupati Singhania, Managing Director & CEO, the draft whereof is placed before the meeting and, for the purpose of identification, is initialed by the Chairman hereof, which Agreement is hereby specifically sanctioned/ approved with the power 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 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, Managing Director & CEO."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorized to 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 increased remuneration including perquisites shall be the minimum remuneration payable to the Managing Director and CEO."

By Order of the Board

Regd. Office :

Kamla Tower, Kanpur

Dated : 22nd June, 2002

(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 Items No. 5 & 6 of the accompanying Notice dated 22nd June, 2002 is annexed hereto.
- ii) Copies of the documents referred to in the above Notice are 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 16th September, 2002 to 28th September, 2002 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 share holding in physical segment by mentioning folio nos.
- 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 and Shri Jagendra Swarup shall retire by rotation and being eligible, offer themselves for reappointment. Pursuant to clause 49 of the Listing Agreement relating to the Code of Corporate Governance, the particulars of the aforesaid Directors are given below :-
a) **Dr. 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

J. K. Synthetics LTD.

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 26 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.

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 22nd June, 2002.

ITEM NO. 5

Shri Kailash Nath was appointed a Director of the Company by the Board of Directors on 5th October, 2001 in the casual vacancy caused due to resignation of Shri Shiromani Sharma and he holds office up to 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 Kailash Nath for appointment as a Director of the Company.

Shri Kailash Nath is a Graduate Engineer (Elect. & Mech.) from B.H.U. and has vast experience of about 49 years in various Organizations / Companies. He was on the Board of U.P. State Cement Corporation Ltd. for 9 years. He is presently acting as Advisor / Consultant of various Companies. He visited various Countries in connection with attending the Seminars on various subjects, discussing with Plant & Machinery Suppliers of Cement Manufacturing and Technical know-how etc. Looking to his vast experience in Cement Industry, 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 Kailash Nath is concerned or interested in the proposed resolution.

ITEM NO. 6

Shri Yadupati Singhania was appointed as Managing Director & 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 as contained in the draft Agreement, which was placed before the meeting. His term of appointment shall expire on 31st August, 2004.

The Remuneration Committee of the Company in its meetings held on 30th January, 2002 and 22nd June, 2002 have observed that the existing package payable to him is very meagre compared to similarly placed executives in other Cement Industries.

Besides, the Committee also observed that the existing package was approved at a time, when the Company was incurring heavy losses and it was in the midst of a very uncertain phase of its corporate existence. At that time, Shri Yadupati 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. The Board of Directors in its meeting held on 30th January, 2002 have also passed a resolution appreciating the efforts made by Shri Yadupati Singhania in this regard and in completion of unfinished Mangrol Project.

It was, therefore, felt by the Remuneration Committee that there was a need for upward revision in the remuneration

package of Shri Yadupati Singhania, Managing Director & CEO in recognition of his significant contributions, as aforesaid.

The aforesaid proposal of the Remuneration Committee for increase in remuneration of Managing Director & CEO was also approved by the Board of Directors in their meeting held on 22nd June, 2002, subject to the approval of the Central Government.

The revised remuneration package payable to Shri Yadupati Singhania, Managing Director & CEO with effect from 1st April, 2002 will be as under :

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.

Except above, the other terms and conditions of his appointment shall remain unchanged.

With regard to this resolution Dr. Gaur Hari Singhania, who is related to Shri Yadupati Singhania, is deemed to be concerned or interested and S/Shri Dr. Gaur Hari Singhania, Govind Hari Singhania and Ramapati Singhania are deemed to be concerned or interested by virtue of their being partners of M/s. Juggilal Kamlapat Padampat, Kanpur, alongwith Shri Yadupati Singhania. None of the other Directors is interested or concerned in any manner in the aforesaid resolution.

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

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

By Order of the Board



Regd. Office :
Kamla Tower, Kanpur.
Dated : 22nd June, 2002

(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, 2002.

2. FINANCIAL RESULTS

31.3.2002

(Rs./Lacs)

Sales	66429
Other Income	405
Profit before Interest and Depreciation	4768
Less : Interest	4068
Profit before Depreciation	700
Depreciation	4184
(Loss) for the year	(3484)
Prior period items (net)	221
(Loss) before tax	(3705)
Provision for Wealth tax	3
(Loss) after tax	(3708)

3. OVERALL PERFORMANCE

The Company achieved higher turnover of Rs. 664.29 crores during the year compared to Rs. 543.94 crores registering an increase of 22%.

The year under review resulted in lower net loss at Rs. 3484 lacs as compared to net loss of Rs. 6564 lacs during the previous year. During the year only Grey and White Cement plants have been in operation. The working results also consider the fixed overheads on security and maintenance of closed Man Made Fibre plants at Kota and Jhalawar.

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. OPERATIONS

5.1 CEMENT PLANTS

GREY CEMENT

Both production and sales of Grey Cement recorded growth of 21.8% and 23.08% over previous year. Overall, though there was not much variation in sales realisation over previous year, yet the unit achieved higher profits during the current year due to substantial savings affected in power and fuel cost and benefits of scale of economics.

Your Company achieved yet another milestone by completing grassroot Grey Cement plant at Mangrol (just near to existing Nimbahera plant). The Mangrol plant was successfully commissioned in December, 2001. The implementation of Mangrol Project with a capacity of 7,50,000 MT/annum has strengthened the Company's

hands to meet the challenges from competitive forces as the new project has been commissioned at a very low cost. Besides, the Company will be benefited with economies of scale, lower cost of production, sales tax and other benefits eligible to Mangrol unit.

WHITE CEMENT

Production of White Cement was regulated to match the demand in order to keep the margins intact. The production and sales of White Cement has been slightly lower compared to those of previous year. The unit, however, recorded higher profitability during the year under review mainly due to substantial savings in fuel cost.

5.2 MAN MADE FIBRE UNITS - KOTA AND JHALAWAR

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

6. REHABILITATION PACKAGE

As reported last year, Hon'ble AAIFR had formulated a scheme of One Time Settlement (OTS) of the dues of secured lenders in terms of its Order dated 31.8.2001. The said scheme was published in newspapers inviting objections, if any, from any affected party. Hon'ble AAIFR had fixed 8.11.2001 for hearing of objections, if any, and then finally to approve the scheme. However, one day before i.e. on 7.11.2001 J.K. Synthetics Mazdoor Union (CITU), Kota and J.K. Staff Association, Kota, representing workers and staff of Kota plants, obtained an order from Hon'ble Rajasthan High Court, Jaipur, directing the Company, IDBI and State Bank of India to earmark Rs. 260 crores towards their alleged claim of dues out of the money to be arranged by the Company in Escrow Account for making payment to the secured lenders. This stalled further implementation of the scheme. The Company, IDBI, ICICI and State Bank of India jointly challenged the said order before Hon'ble Rajasthan High Court, Jaipur. Aggrieved by inordinate delay in hearing by the Hon'ble High Court on the Company's application, it sought intervention of Hon'ble Supreme Court, which ultimately directed Hon'ble Rajasthan High Court, Jaipur to dispose off the said application within three weeks from the date of their order which was pronounced on 10.5.2002. Accordingly, Hon'ble Rajasthan High Court had considered the Company's application on the hearing fixed for 22.5.2002 and ultimately disposed off on 29.5.2002 by amending the said order. The Hon'ble Judge vide his order has modified the earlier order to the extent that to earmark Rs. 260 crores is no more necessary. However, certain observation in the said order due to misunderstanding may

J. K. Synthetics LTD.

jeopardise the entire OTS Scheme. The said order is ambiguous and therefore needs some modifications. The Company is making a request for rectification of the statements mis-recorded in the order.

As reported last year, the term lenders had stipulated for payment of OTS dues by 31.12.2001 subject to the Company making payment of interest on OTS amount from 1.10.2001 onwards. In view of inordinate delay due to the aforesaid reasons beyond control of the Company, the Financial Institutions and Banks in their meeting held on 27.5.2002 at Company's request have agreed to extend the time for deposit of the OTS dues upto 30.9.2002 on certain conditions. The Company on its part is depositing the money in "No Lien Account" as per the understanding with Financial Institutions and Banks. In the meantime, hearings before Hon'ble AAIFR were adjourned from time to time. The next hearing before Hon'ble AAIFR is now fixed for 25.6.2002. After amendment of the Order of Hon'ble Rajasthan High Court, your Directors are now hopeful for approval of the scheme in the next hearing before Hon'ble AAIFR on 25.6.2002. All efforts are being made to implement the OTS Scheme within the stipulated time.

Your Directors after making strenuous efforts, have been able to scout a buyer for Kota plants and a MOU has already been entered into with the said prospective buyer. In terms of the MOU, the buyer would be restarting all the plants at Kota in stages and for the purpose the said buyer is in negotiations with the Workers' Unions and Staff Association. Several rounds of discussions have already been held and the agreements on most of the issues have been arrived at with the Workers' Unions. As soon as the prospective buyer is able to arrive at settlement with the Workers' Unions and Staff Association, the Company would enter into a tri-partite agreement and based on that it would be finalising a scheme for Kota and Jhalawar complexes, which would be submitted before Hon'ble Authorities for approval.

7. CORPORATE GOVERNANCE

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

8. 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.

9. PERSONNEL

9.1 INDUSTRIAL RELATIONS

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

9.2 PARTICULARS OF EMPLOYEES

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

10. PUBLIC DEPOSITS

The deposits received from the public remaining unclaimed as on 31.3.2002 amounted to Rs. 45.12 lacs (Subject to adjustments of paid warrants pending in bank reconciliation) the accounts of 1049 depositors against which deposits amounting to Rs. 0.26 lac have since been repaid. The Company is repaying the outstanding deposits as and when claimed.

11. 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.

12. AUDITORS' REPORT

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.

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

13. 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.

14. DIRECTORS

During the year under report, the following changes have taken place :

- (i) Shri D.D. Rasgotra (Nominee of GIC), Shri V.B.L. Mathur and Shri Shiromani Sharma resigned from the Board.
- (ii) Shri Suparas Bhandari (Nominee of GIC), Shri Jagendra Swarup and Shri Kailash Nath joined the



Annual Report

Board of Directors vice Shri D.D. Rasgotra, Shri V.B.L. Mathur and Shri Shiromani Sharma respectively.

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.

- (iii) Two of your Directors namely Dr. K.B. Agarwal and Shri Jagendra Swarup will retire by rotation at the ensuing Annual General Meeting, and are eligible for re-appointment.
- (iv) Shri Kailash Nath was appointed a Director of the Company in the casual vacancy caused due to resignation of Shri Shiromani Sharma and he holds office upto the date of ensuing 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.

15. 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.

16. 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.

17. 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.

As there has been no production in man made fibre units, the Company has approached Central Government for withdrawal of the Cost Audit Order in respect of these products for the year 2001-02 onwards.

18. ACKNOWLEDGEMENTS

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

FOR AND ON BEHALF OF THE BOARD

Kanpur

Dated : 22nd June, 2002.

CHAIRMAN.

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J. K. Synthetics LTD.

CORPORATE GOVERNANCE

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

The Company's philosophy on Corporate Governance is to enhance the long term economic value of the Company, its stakeholders and the society at large by adopting better corporate practices in fair and transparent manner by aligning interest of the Company with its shareholders and other key stakeholders.

Your Company continues to follow procedures and practices in conformity with the Code of Corporate Governance outlined in the Listing Agreement.

2. Board of Directors

The Board comprises of one Executive Director - Managing Director & CEO, three Non-Executive Non-independent Directors and six Non-Executive Independent Directors.

During the financial year ended 31st March, 2002 four Board meetings were held on 28th April, 2001, 30th July, 2001, 5th October, 2001 and 30th January, 2002.

Attendance of each Director at the Board meetings and last Annual General Meeting and number of companies and other Board Committees, where he is a Director/Member or Chairman as at 31st March, 2002 are given below :

Sl. No	Name of Director	Category	No. of other Director ship	No. of other Board Committees		No. of Board Meetings attended	Attendance at the last AGM
				Chairman	Member		
1.	Dr. Gaur Hari Singhania Chairman	Non-Executive, Non Independent	8	—	1	3	Yes
2.	Shri Govind Hari Singhania Vice Chairman	Non-Executive, Non Independent	9	—	—	2	Yes
3.	Shri Yadupati Singhania Managing Director & CEO	Executive, Non Independent	12	—	1	3	Yes
4.	Shri S.C. Malik Director Finance (Nominee of SBI)	Non-Executive, Independent	NIL	—	—	4	No
5.	Shri A. Karati (Nominee of ICICI Bank Ltd.)	Non-Executive, Independent	5	1	2	1	No
6.	Shri Suparas Bhandari (Nominee of GIC)	Non-Executive, Independent	3	—	2	NIL	No
7.	Shri Ramapati Singhania	Non-Executive, Non Independent	2	—	—	NIL	No
8.	Dr. K. B. Agarwal	Non-Executive, Independent	1	1	—	3	No
9.	Shri Jagendra Swarup **	Non-Executive, Independent	NIL	—	—	2	No
10.	Shri Kailash Nath***	Non-Executive, Independent	NIL	—	—	1	No

* Appointed on Board w.e.f. 30th January, 2002

** Appointed on Board w.e.f. 30th July, 2001

*** Appointed on Board w.e.f. 5th October, 2001

Particulars of the Directors being appointed / re-appointed are given in Notice of Annual General Meeting.

3. Audit Committee

The Audit Committee was set up by the Board of Directors in July, 2001. The terms of reference of this Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956. During the financial year ended 31st March, 2002, two meetings were held on 5th October, 2001 and 30th January, 2002. The constitution of the Committee and attendance of each Member of the Committee is given below :

Name	Designation	Non-Executive / Independent	Profession	Committee Meetings attended
Dr. K. B. Agarwal	Chairman	Non-Executive & Independent	Finance Expert	1
Shri Jagendra Swarup	Member	Non-Executive & Independent	Solicitor	2
Shri S. C. Malik	Member	Non-Executive & Independent	Banker (CAIIB)	2

The Company Secretary acts as the Secretary for such meetings. The Statutory Auditors and Internal Auditors of the Company and Sr. Vice President (Finance & Accounts) attend the meetings as invitees.

4. Remuneration Committee

The Remuneration Committee of the Company comprises of Dr. K. B. Agarwal (Chairman), Shri S.C. Malik and Shri Jagendra Swarup. The Committee held a meeting on 30th January, 2002, which was attended by all the Members of the Committee. In this meeting, the Members reviewed the existing remuneration packages of Chairman, Vice Chairman and Managing Director & CEO.

The Committee in their meeting held on 22nd June, 2002 (after the close of the year) has recommended for upward revision of remuneration package of Managing Director & CEO w.e.f. 1.4.2002.

Details of Remuneration to all the Directors for the year ended 31st March, 2002.

(Rs.)					
Sl. No	Name of Director	Salary	Benefits	Sitting Fee	Total
1	Dr. Gaur Hari Singhania	—	8,946	—	8,946
2	Shri Govind Hari Singhania	—	6,934	—	6,934
3	Shri Yadupati Singhania	3,47,500	2,01,777	—	5,49,277
4	Shri S.C. Malik	*	*	—	*
5	Shri A. Karati	—	—	1,000	1,000
6	Shri Suparas Bhandari	—	—	—	—
7	Shri Ramapati Singhania	—	—	—	—
8	Dr. K. B. Agarwal	—	—	3,700	3,700
9	Shri Jagendra Swarup	—	—	2,900	2,900
10	Shri Kailash Nath	—	—	1,000	1,000
11	Shri D. D. Rasgotra	—	—	1,000	1,000
12	Shri Shiromani Sharma	—	—	2,000	2,000
13	Shri V. B. L. Mathur	—	—	1,000	1,000

* Being paid by State Bank of India.

The Chairman and Vice Chairman are not paid any salary but some perquisites are provided to them in terms of approval of shareholders. All other Non-Executive Directors



Annual Report

(except Shri S. C. Malik, Nominee of State Bank of India) are paid only sitting fee for attending the Board and Committee(s) Meetings.

5. Shareholders' / Investors' Grievance Committee

The Committee comprises of Dr. K. B. Agarwal (Chairman), Shri S.C. Malik and Shri Jagendra Swarup. Shri J.P. Bajpai, President (H.O.) & Company Secretary is the Compliance Officer of the Committee.

The total number of the complaints received were 3304, out of which 2000 complaints were redressed to the satisfaction of the shareholders during the year ended 31st March, 2002. Outstanding complaints as on 31st March, 2002 were 1304. 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/rematerialisation as on 31st March, 2002 were as follows :

Particulars	No. of Requests	No. of Shares
1. Transfers	77	23,806
2. Demat / Remat	348	1,00,932

These requests have been attended to by the Company after the period under report.

6. General Body Meetings

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

Financial Year	Date	Time
1998 - 99	30th September, 1999	12.00 Noon
1999 - 2000	29th September, 2000	12.00 Noon
2000 - 01	8th December, 2001	12.00 Noon

All the above meetings were held in the Auditorium of the Merchants' Chamber of Uttar Pradesh, 14/ 76, Civil Lines, Kanpur.

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 relatives during the year.

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

8. Means of Communications

The Annual, Half Yearly and Quarterly results are submitted to the Stock Exchanges in accordance with Listing Agreement and published in newspapers. Management discussions and analysis relating to cement business (as other units are not under operation) 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

b) Annual General Meeting

Date and : Saturday, the 28th September, 2002
Time : at 12.00 Noon.
Venue : Auditorium of Merchants' Chamber of
Uttar Pradesh,
14/76, Civil Lines, Kanpur.

c) Financial Calendar (2002-2003)

- (a) First Quarter Results - End of July, 2002
(b) Half Yearly Results - End of October, 2002
(c) Third Quarter Results - End of January, 2003
(d) Yearly Results - End of June, 2003

d) Date of Book Closure

16.9.2002 to 28.9.2002 (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 Exchanges	Listing Fee paid upto	Stock Code No.
1	The Stock Exchange, Mumbai	2001-2002	306
2	The Calcutta Stock Exchange Association Ltd., Kolkata	1996-1997	10000019
3	The Delhi Stock Exchange Association Ltd., Delhi	1996-1997	00026
4	The U. P. Stock Exchange Association Ltd., Kanpur	2001-2002	JK

g) Stock Market Data

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

Month	High	Low	Sensex High	Sensex Low
April 2001	4.25	2.40	3605.01	3183.77
May 2001	4.20	3.00	3742.07	3494.48
June 2001	4.30	3.75	3557.64	3318.67
July 2001	4.35	3.15	3453.99	3251.53
August 2001	4.15	3.20	3337.91	3244.95
Sept. 2001	4.60	2.70	3231.60	2600.12
Oct. 2001	3.30	2.90	3061.91	2754.95
Nov. 2001	4.60	3.00	3322.77	3013.94
Dec. 2001	3.85	3.00	3442.89	3131.78
Jan. 2002	3.45	3.00	3437.78	3246.15
Feb. 2002	3.65	3.15	3712.74	3311.73
March 2002	3.65	2.85	3690.27	3459.08

h) Registrar and Transfer Agent

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

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 Agreement with Stock Exchanges.

All share transfers etc. are approved by a Committee of Directors, which meets periodically.

J. K. Synthetics LTD.**j) Distribution of Shareholding as on 31st March, 2002.**

No. of Equity Shares held	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-holding
Upto 5000	135115	94.89	12279264	16.499
5001 - 10000	4324	3.03	3350144	4.501
10001 - 20000	1651	1.15	2429182	3.264
20001 - 30000	451	0.31	1128780	1.517
30001 - 40000	178	0.12	637716	0.857
40001 - 50000	166	0.11	779697	1.048
50001 - 100000	235	0.16	1700310	2.285
100001 & above	271	0.19	52119287	70.030
Total	142391	100.00	74424380	100.00

k) Category of Shareholders as on 31st March, 2002.

Category	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-holding
Resident Individuals	138055	96.95	31107281	41.80
FIs & Insurance Companies	22	0.02	17039963	22.90
Nationalised Banks	59	0.04	80419	0.10
Non-Nationalised Banks	79	0.06	118849	0.16
Mutual Funds	17	0.01	316374	0.43
FIs	17	0.01	479257	0.64
Non-Resident/OCBS	2951	2.07	555498	0.75
Bodies Corporate	1191	0.84	24726739	33.22
Shares in Transit (NSDL+CDSL)	—	—	—	—
Total	142391	100.00	74424380	100.00

l) Dematerialisation of Shares and Liquidity

4,21,75,613 Equity Shares (56.67%) have been dematerialised upto 31st March, 2002.

m) Plants Location

Company has following plants (all located in Rajasthan) :

CEMENT PLANTS (In operation)	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
MAN MADE FIBRE PLANTS (presently closed)	
Nylon Plant	Jaykay Nagar, Kota
Polyester Yarn Plant	
Polyester Staple Fibre Plants (2 Nos.)	
Acrylic Fibre Plant	
Tyre Cord & Yarn Plant	
Steam & Power Plant (for captive consumption)	Gopalgram, Prithipura, Distt. Jhalawar
Acrylic Fibre Plant	
Tyre Cord & Yarn Plant	
Power, Steam & 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, 2002, 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 procedures and implementation 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.

We state that 1185 Nos. Investor Grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company and presented to the Investors Grievance Committee from time to time.

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 : 22nd June, 2002

ANIL AGARWAL
Partner