

**ANNUAL REPORT
2003 - 2004**

J. K. Synthetics LTD.



Board of Directors

Dr. Gaur Hari Singhania Chairman

Govind Hari Singhania Vice Chairman

Yadupati Managing Director &
Chief Executive Officer

Ramapati

Dr. K. B. Agarwal

Jagendra Swarup

Kailash Nath

A. Karati Nominee of ICICI Bank Ltd.

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 reappointment.
3. To appoint a Director in place of Shri Jagendra Swarup, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri N.K. Jhajharia, who retires by rotation and, being eligible, offers himself for reappointment.
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.

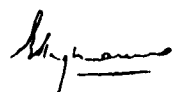
19. COST AUDITORS

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.