

JUGGILAL KAMLAPAT
COTTON SPINNING & WEAVING
MILLS CO. LTD
ANNUAL REPORT & ACCOUNTS
2004-2005



JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

BOARD OF DIRECTORS :

Dr. GAUR HARI (*Chairman*)

Shri YADUPATI (*Vice-Chairman*)

Shri GOVIND HARI

Shri NIDHIPATI

Shri R. R. MANSINGH

Shri D. K. KAPILA (*Nominee of BIFR*)

Shri S. K. KINGER (*Nominee of P. N. Bank*)

Shri O. P. YADAV (*Nominee of IFCI*)

Shri P. K. SARAF

Dr. J. N. GUPTA

Shri LALIT MOHAN AGARWAL

Shri R. K. SAXENA

BANKERS :

PUNJAB NATIONAL BANK

STANDARD CHARTERED BANK

THE BANK OF TOKYO-MITSUBISHI LTD.

STATE BANK OF INDIA

ORIENTAL BANK OF COMMERCE

BANK OF BARODA

STATE BANK OF BIKANER AND JAIPUR

CENTRAL BANK OF INDIA

HDFC BANK LTD.

BANK OF INDIA

AUDITORS :

MESSRS. P. L. TANDON & CO.

Chartered Accountants

REGISTERED OFFICE :

KAMLA TOWER, KANPUR

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JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

NOTICE

Notice is hereby given that the 82nd Annual General Meeting of Juggilal Kamlapat Cotton Spinning & Weaving Mills Co. Ltd. will be held on Thursday, the 29th September, 2005 at 12.30 P.M. in the Auditorium of the Merchants' Chamber of Uttar Pradesh, 14/76, Civil Lines, Kanpur to transact the following business:-

1. To consider and adopt the Directors' Report and the audited Statements of Account of the Company for the year ended 31st March, 2005.
2. To appoint a Director in place of Shri P.K.Saraf who retires by rotation and being eligible offers himself for re appointment.
3. To appoint a Director in place of Dr. J.N. Gupta who retires by rotation and being eligible offers himself for re appointment.
4. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.
2. 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 5 days before the date of the meeting to enable the Management to keep the information ready.
3. As per provisions of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registered Office of the Company.
4. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
5. Instrument of proxy in order to be effective must be deposited at the Company's Registered Office not less than 48 hours before the meeting.

Notes

1. The Register of Members and Share Transfer Books of the Company will remain closed from 27th September, 2005 to 29th September, 2005, both days inclusive.

Registered Office :
Kamla Tower,
Kanpur
Date : 29th August, 2005

By order of the Board
S. K. KEDIA
Secretary

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors present their 82nd Annual Report together with the audited Statements of Account of the Company for the financial year ended 31st March, 2005.

Financial Results	31.3.2005
	(Rs./Lacs)
2.1 Other Income	50.44
Loss before interest and Depreciation	16.65
Add : Interest	714.80
Loss before Depreciation	731.45
Add : Depreciation	110.08
Loss for the year	841.53
Add : Adjustments relating to earlier year(s)	(-) 65.53
Net Loss	776.00
Deduct : Transfer from Revaluation Reserve	53.28
Balance Loss	722.72
Add : Deficit brought forward from Previous year	7858.52
Balance Loss carried to Balance Sheet	8581.24

2.2 Operations remained suspended during the year due to continued lock-out in the Mills. As such, the financial position of the Company further deteriorated due to heavy burden of interest and other over-heads. The Net loss for the year increased to Rs. 7.23 Crores from Rs. 6.00 Crores in the preceding year mainly due to increase in interest cost and decrease in other income. In view of the losses, the Directors are unable to recommend any dividend.

Deposits :

3. As per the sanctioned Rehabilitation Scheme, principal amount of the deposits as on the cut-off date was payable in six equal half yearly instalments (interest free) commencing six months after the cut-off date. The payments in respect of the five instalments due so far have been released. Sixth & Final instalment is due on 30th September, 2005.

Debentures :

4. As per the Rehabilitation Scheme sanctioned by BIFR, the Debenture holders were to accept payment of the Principal outstanding as on the cut off date/date of the sanctioned scheme over a

period of two years in four equal half yearly instalments in settlement of their total dues. Payments in respect of all the four instalments have been released. The cases pertaining to unclaimed amounts are under process.

Rehabilitation :

5. Rehabilitation Scheme of the Company was sanctioned by Hon'ble BIFR on 12th November, 2002. Total cost of the Scheme at Rs 105.18 Crores was to be financed mainly by sale of identified properties estimated to fetch Rs. 86 Crores and Promoters' Contribution of Rs.12 Crores by fresh induction of funds through unsecured interest free loans. Out of this, the promoters have so far brought in Rs. 9.07 Crores by 31st July, 2005 and the amount utilized as per provisions of the Scheme, mainly for making payment of 10% upfront payment towards OTS to Financial Institutions, Banks and payment of OTS instalments to Debenture holders & Public Deposits. Due to delay in receipt of requisite approvals from the Govt., the properties could not be sold so far and therefore payment of instalments of OTS could not be made to Financial Institutions and Banks. Approvals have been received from the Associate companies in regard to sacrifices contemplated on their part in the Rehabilitation Scheme. The due date for redemption of Preference Shares has been extended by seven years from the cut-off date of 30th September, 2002 at existing rates of dividend. Efforts are being made to expedite clearances from Govt. for sale of the properties so that funds could be mobilized for reopening of the Company's Mill and settlement of dues as per sanctioned scheme. In the meantime the lenders and Hon'ble BIFR have been approached by the Company for extension of time.

Assets Sale Committee :

6. As per terms of the sanctioned Rehabilitation Scheme, an Assets Sale Committee has been constituted and its meetings are held from time to time. The Committee had put up the company's Lakshman Bagh property on sale through tenders but pending departmental enquiry and on U.P. Govt.'s intervention, had to suspend the same for the time being. The committee is taking all steps necessary for expeditious sale of the identified properties as per the guidelines laid down by BIFR.

Management Committee

7. As per terms of the sanctioned Rehabilitation Scheme, a Management Committee has been constituted to review the operations of the company

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

and monitor implementation of the Rehabilitation Scheme. The committee is holding regular meetings for this purpose.

Insurance

8. The stocks, buildings and Plant & Machinery have been insured against risks of fire, riot, strike etc.

Directors :

9.1 In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri P.K.Saraf and Dr. J.N.Gupta retire by rotation and are eligible for re-appointment.

9.2 Shri O.P.Yadav, Manager of IFCI Ltd., Lucknow was co-opted on the Board as Nominee Director of IFCI Ltd. in place of Shri S.K.Bhandari w.e.f. 28th February, 2005.

Information regarding Conservation of Energy etc. :

10. As the Mill remained closed throughout the year, information in respect of conservation of energy, technology absorption required to be reported under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 has not been furnished. There is no foreign exchange earning or outgo during the year under review.

Particulars of Employees :

11. There are no employees of the category mentioned in Section 217(2A) of the Companies Act, 1956.

Auditors :

12.1 Observations of the Auditors are explained wherever necessary in the appropriate Notes on Accounts and call for no further comments.

12.2 You are requested to appoint Auditors for the current year and to fix their remuneration. The present Auditors, M/s. P.L.Tandon & Co., Chartered Accountants, retire from their office. They are, however, eligible for re-appointment and have furnished a certificate to the effect that their re-appointment will be in accordance with the provisions of sub-section (1B) of Section 224 of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT :

13. As mentioned in para 5 above, Rehabilitation Scheme sanctioned by the Hon'ble BIFR on 12-11-2002 would have substantial effect upon the Company's state of affairs. The Scheme is under implementation and approvals from some of the institutions/banks and State & Central Govt. authorities are still awaited. The Company has therefore, prepared the Accounts for the year 2004-05 as per the past practice excepting the matters

where ever specific disclosures have been made. The changes required to follow some of the accounting standards and write back of specified liabilities & provisions would be given effect to after receipt of necessary approvals. Subject to this, the Directors state that :-

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed except those mentioned in the notes to the Accounts.
- ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year 2004-05 and of the losses of the Company for the year.
- iii) The Directors have taken proper and sufficient care to the extent possible in view of the prolonged closure of the Company's Mill, for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the Annual Accounts on a going concern basis.

Listing Arrangement :

14. At present the Company's shares are listed with Stock Exchanges at Delhi and Kanpur. Due to financial constraints, the Company could not pay listing fees to Delhi Stock Exchange after 1989-90 and has applied for de-listing of its equity shares at the said exchange. However, the listing fees of Kanpur Stock Exchange has been paid upto the year 2005-2006.

General :

15. Due to delay in receipt of necessary approvals for various reliefs and concessions envisaged in the Rehabilitation Scheme, the implementation of the scheme has been delayed. The Directors are making constant efforts and there has been steady progress in the implementation of the scheme. The Directors are hopeful that with the support of all concerned, the scheme will be implemented within a reasonable time.

Registered Office : For and on behalf of the Board
Kamla Tower,
Kanpur
Date : 17th August, 2005

GAUR HARI
Chairman

SUMMARY OF BALANCE SHEET AND PROFIT & LOSS ACCOUNTS FOR THE LAST FIVE YEARS

(in lacs of Rupees)

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
1. Funds Employed :					
(a) Paid-up Capital					
(i) Equity	265.77	265.77	265.77	265.77	265.77
(ii) Preference	15.72	15.72	15.72	15.72	15.72
(b) Reserves and Surplus	(-) 32,515.22	(-) 39,862.13	(-) 44,203.94	(-) 44,861.65	(-) 45,637.65
(c) Borrowings	36,174.09	44,179.16	48,379.86	48,817.86	49,447.02
Total	3,940.36	4,598.52	4,457.41	4,237.70	4,090.86
2. Funds Utilised :					
(a) Gross Block	8,966.44	8,966.77	8,969.49	8,969.54	8,970.17
Less : Depreciation	6,077.52	6,304.08	6,515.85	6,692.11	6,802.19
Net Block	2,888.92	2,662.69	2,453.64	2,277.43	2,167.98
(b) Machinery in Store	3.00	3.00	3.00	3.00	3.00
(c) Machinery in Bonded Warehouse	29.25	29.25	29.25	29.25	29.25
(d) Investments	10.15	10.15	10.15	10.13	10.05
(e) Working Capital (as below)	1,009.04	1,893.43	1,961.37	1,917.89	1,880.58
Total	3,940.36	4,598.52	4,457.41	4,237.70	4,090.86
3. Working Capital					
Current Assets					
(a) Inventories	672.08	672.08	672.08	672.08	672.08
(b) Receivables	3,973.69	3,973.69	3,988.61	3,988.97	3,996.98
(c) Cash and Bank Balances	26.00	33.90	97.74	44.17	11.45
(d) Advances etc.	168.16	163.31	167.12	169.35	155.61
	4,839.93	4,842.98	4,925.55	4,874.57	4,836.12
Less : Current Liabilities and Provisions	3,830.89	2,949.55	2,964.18	2,956.68	2,955.54
Balance being Working Capital	1,009.04	1,893.43	1,961.37	1,917.89	1,880.58
4. Income					
(a) Interest	20.32	2.86	7.76	1.29	0.94
(b) Other Income	20.34	20.74	69.76	85.81	49.50
Total	40.66	23.60	77.52	87.10	50.44
5. Expenditure					
(a) Salaries and Wages	16.86	12.71	13.08	15.20	18.78
(b) Municipal and Other Taxes	13.08	12.99	14.05	35.13	14.76
(c) Interest and Other Expenses	5,903.89	7,113.55	4,179.67	674.39	748.35
Total	5,933.83	7,139.25	4,206.80	724.72	781.89
6. Loss (before depreciation)	5,893.17	7,115.65	4,129.28	637.62	731.45
7. Depreciation	252.82	226.55	211.77	176.26	110.08
8. Loss (after depreciation)	6,145.99	7,342.20	4,341.05	813.88	841.53

DISTRIBUTION OF SHAREHOLDINGS
(Equity Shares)

Group (Shares)	As at 31.03.2005		As at 31.03.2004	
	Number of Shareholders	Percentage	Number of Shareholders	Percentage
1 to 10	880	10.88%	880	10.85%
11 to 50	3208	39.68%	3,215	39.70%
51 to 100	1821	22.52%	1,823	22.51%
101 to 1,000	2,060	25.48%	2,064	25.50%
Above 1,000	116	1.44%	116	1.44%
Total	8,085	100.00%	8,098	100.00%

ACCOUNTS

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

**BALANCE SHEET
AS AT 31ST MARCH, 2005**

	Schedule	31.3.2005		31.3.2004	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1	2,81,49,500		2,81,49,500	
Reserves & Surplus	2	19,45,97,812	22,27,47,312	19,99,25,721	22,80,75,221
Loan Funds					
Secured Loans	3	4,84,48,40,597		4,78,78,45,113	
Unsecured Loans	4	9,98,61,848	4,94,47,02,445	9,39,40,628	4,88,17,85,741
Total :		5,16,74,49,757		5,10,98,60,962	
II. APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	89,70,17,037		89,69,53,942	
Less : Depreciation		68,02,19,285		66,92,11,221	
Net Block			21,67,97,752		22,77,42,721
Machinery in Store			3,00,515		3,00,515
Machinery in Bonded Warehouse			29,25,060		29,25,060
Investments	6		10,05,346		10,13,588
Current Assets, Loans & Advances					
Inventories	7	6,72,07,515		6,72,07,515	
Sundry Debtors		39,96,98,199		39,88,97,020	
Cash & Bank Balances		11,45,573		44,17,387	
Other Current Assets		42,17,357		43,41,549	
Loans & Advances		1,13,44,257		1,25,93,676	
		48,36,12,901		48,74,57,147	
Less : Current Liabilities	8	29,55,54,456		29,56,68,569	
Net Current Assets			18,80,58,445		19,17,88,578
Profit & Loss Account					
Balance as per Profit & Loss Account		4,85,81,24,136		4,78,58,51,997	
Less : Amount Set off from General Reserve as per Contra		9,97,61,497	4,75,83,62,639	9,97,61,497	4,68,60,90,500
Total :		5,16,74,49,757		5,10,98,60,962	

Contingent Liabilities and Notes on Accounts (Schedules 13 & 14)

This is the Balance Sheet referred to in our report to the Members of Juggilal Kamlapat Cotton Spinning & Weaving Mills Co. Ltd.

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

Kanpur
Dated : 17th August, 2005

S. K. KEDIA
Secretary

YADUPATI
P. K. SARAF
Dr. J. N. GUPTA

Directors

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2005

	Schedule	2004-2005		2003-2004	
		Rs.	Rs.	Rs.	Rs.
I. INCOME					
Interest (Gross) [Tax Deducted at Source Rs. 2102/- (2003-2004-Rs.2984/-)]			94,479		1,29,037
Other Income	9		49,49,852		85,80,726
Stocks at Close					
Finished		1,47,73,104		1,47,73,104	
In Process		2,99,32,709	4,47,05,813	2,99,32,709	4,47,05,813
TOTAL			4,97,50,144		5,34,15,576
II. EXPENDITURE					
Stocks at Commencement					
Finished		1,47,73,104		1,47,73,104	
In Process		2,99,32,709	4,47,05,813	2,99,32,709	4,47,05,813
Employees	10		18,77,721		15,20,301
Electricity			10,37,356		10,54,261
Insurance			5,85,201		5,73,516
Rates & Taxes	11		14,76,244		35,12,559
Interest			7,14,80,302		6,42,51,169
Administration and Sundries	12		17,32,547		15,59,564
TOTAL :			12,28,95,184		11,71,77,183
LOSS BEFORE DEPRECIATION			7,31,45,040		6,37,61,607
Depreciation			1,10,08,064		1,76,26,410
LOSS AFTER DEPRECIATION			8,41,53,104		8,13,88,017
Add/Deduct : (i) Adjustments relating to previous years (Net)			-		-14,01,266
(ii) Liability Written Back			-65,53,056		-1,42,16,332
			7,76,00,048		6,57,70,419
Deduct : Transfer from Revaluation Reserve			53,27,909		57,34,483
LOSS			7,22,72,139		6,00,35,936
Add : Loss brought forward from previous year			4,78,58,51,997		4,72,58,16,061
BALANCE CARRIED TO BALANCE SHEET			4,85,81,24,136		4,78,58,51,997

Notes on Accounts (Schedule 13 & 14)

This is the Profit & Loss Account referred to in our report to the Members of Juggilal Kamalapat Cotton Spinning & Weaving Mills Co. Ltd.

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

Kanpur
Dated : 17th August, 2005

S. K. KEDIA
Secretary

YADUPATI
P.K. SARAF
Dr. J. N. GUPTA

Directors

JUGGILAL KAMPLPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

	Year Ended 31.03.2005 (Rs.)	Year Ended 31.03.2004 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET LOSS BEFORE TAX AND EXTRAORDINARY ITEMS	(8,41,53,104)	(8,13,88,017)
ADJUSTMENTS FOR :		
Depreciation	1,10,08,064	1,76,26,410
Interest income	(94,479)	(1,29,037)
Interest expenses	7,14,80,302	6,42,51,169
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	(17,59,217)	3,60,525
ADJUSTMENTS FOR :		
Trade & Other Receivables	5,74,534	(1,34,907)
Trade Payable & Other liabilities	(57,67,470)	(7,52,475)
CASH GENERATED FROM OPERATIONS	(69,52,153)	(5,26,857)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	(69,52,153)	(5,26,857)
(i) Adjustments relating to previous years	-	14,01,266
(ii) Liability Written Back	65,53,056	1,42,16,332
NET CASH USED IN OPERATING ACTIVITIES	(3,99,097)	1,50,90,741
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(63,095)	(4,990)
Interest Income	92,377	4,845
Decrease in Investments	8,242	1,358
Net Cash from Investing Activities	37,524	1,213
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Promoters Contribution	1,57,00,000	-
Repayments of Loan (OTS)	(1,47,68,956)	(96,68,211)
Increase/(Decrease) in Long Term Borrowings	36,84,935	(1,07,80,404)
Waiver of Interest accrued on Debentures	(59,16,652)	-
Interest paid	(16,09,568)	-
NET CASH FLOW FROM FINANCING ACTIVITIES	(29,10,241)	(2,04,48,615)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(32,71,814)	(53,56,661)
OPENING BALANCE OF CASH & CASH EQUIVALENTS	44,17,387	97,74,048
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	11,45,573	44,17,387

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

Partner

Kanpur
Dated : 17th August, 2005

S. K. KEDIA
Secretary

YADUPATI
P. K. SARAF
Dr. J. N. GUPTA

Directors

SCHEDULES

SCHEDULE 1 - SHARE CAPITAL

	31.3.2005	31.3.2004
	Rs.	Rs
AUTHORISED :		
1250000 Equity shares of Rs. 10/- each	12,50,00,000	12,50,00,000
5000 6% Cumulative Preference Shares of Rs. 100/- each	5,00,000	5,00,000
6000 8.5% Cumulative Preference Shares of Rs. 100/- each	6,00,000	6,00,000
4720 8.5% Cumulative Redeemable Preference Shares of Rs. 100/- each	4,72,000	4,72,000
34280 14% Cumulative Redeemable Preference Shares of Rs. 100/- each	34,28,000	34,28,000
Total :	13,00,00,000	13,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP :		
2657750 Equity shares of Rs. 10/- each	2,65,77,500	2,65,77,500
5000 6% Cumulative Preference Shares of Rs. 100/- each	5,00,000	5,00,000
6000 8.5% Cumulative Preference Shares of Rs. 100/- each	6,00,000	6,00,000
4720 8.5% Cumulative Redeemable Preference Shares of Rs. 100/- each	4,72,000	4,72,000
Total :	2,81,49,500	2,81,49,500

Notes : Of the above shares :

- (a) 270000 Equity Shares were allotted as fully paid up pursuant to a contract without payment being received in cash and 324000 equity shares were allotted as fully paid up by way of bonus shares on capitalisation of reserves.
- (b) 7840 Equity shares were allotted as fully paid up to the shareholders of the erstwhile J.K. Manufacturers Ltd. pursuant to the scheme of amalgamation.
- (c) 4720-8.5% Cumulative Redeemable Preference Shares were allotted as fully paid up to the Shareholders of the erstwhile J.K.Manufacturers Ltd. pursuant to the scheme of Amalgamation.
- (d) As per the rehabilitation scheme sanctioned by BIFR, the aforesaid preference shares of Rs. 15,72,000/- will be due for redemption on 30.09.2009.

SCHEDULE 2 - RESERVES AND SURPLUS

	31.3.2005		31.3.2004	
	Rs.	Rs.	Rs.	Rs.
Capital Reserve		70,49,219		70,49,219
Capital Redemption Reserve		31,86,800		31,86,800
Share Premium Account		2,09,98,650		2,09,98,650
Revaluation Reserve :				
As per last Balance Sheet		16,86,91,052		17,44,25,535
Less : Transferred to Profit & Loss Account being difference between depreciation on revalued amount ascertained by the valuers and the depreciation on the Original cost calculated in accordance with Section 205(2)(b) of the Companies Act, 1956.		53,27,909	16,33,63,143	57,34,483
		16,33,63,143		16,86,91,052
General Reserve				
As per last Balance Sheet		9,97,61,497		9,97,61,497
Deduct : Debit Balance in the Profit & Loss Account as per Contra		9,97,61,497	-	9,97,61,497
Total :		19,45,97,812		19,99,25,721

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

SCHEDULE 3 - SECURED LOANS

	31.3.2005 Rs.	31.3.2004 Rs.
15% Secured Redeemable Debentures	-	1,25,00,000
Interest accrued and due	-	59,16,652
Rupee Term Loans from Financial Institutions	14,86,51,400	14,86,51,400
Interest accrued and due	88,47,84,659	88,14,06,298
Foreign Currency Loans from Financial Institutions	24,25,49,644	24,25,49,644
Interest accrued and due	2,32,36,30,098	2,32,33,23,524
From Banks		
Cash Credit Account	1,04,48,09,513	1,04,48,09,513
Term Loan	3,56,46,130	3,56,46,130
Bills Discounted	9,03,83,000	9,03,83,000
Other Loans & Advances	82,62,916	82,62,916
Interest payable on OTS Amount	13,41,19,128	6,42,48,394
TOTAL	4,91,28,36,488	4,85,76,97,471
Less : Amount paid under OTS		
1. Debentureholders	-	28,83,958
2. Financial Institutions	3,89,76,300	3,89,76,300
3. Banks	2,90,19,591	2,79,92,100
	6,79,95,891	6,98,52,358
TOTAL	4,84,48,40,597	4,78,78,45,113

SCHEDULE 4 - UNSECURED LOANS

Interest free Unsecured Loan towards Promoters' Contribution (Including Rs. 43750000/- from Directors)	8,57,00,000	7,00,00,000
Fixed Deposits (Net of OTS amount paid)	32,51,848	1,30,30,628
Interest free Loan from Directors	84,10,000	84,10,000
Loan from a Company	25,00,000	25,00,000
TOTAL	9,98,61,848	9,39,40,628

SCHEDULE 5 - FIXED ASSETS

	AT COST OR BOOK VALUE				DEPRECIATION				NET BLOCK	
	As at 31.03.2004	Addi- tions/ Adjust- ments	Deduc- tions/ Adjust- ments	As at 31.3.2005	Up to 31.3.2004	Provided during the year	Deduc- tions	Upto 31.3.2005	As at 31.3.2005	As at 31.3.2004
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land (Including Lease- hold Rs. 5,64,357/-)	16,36,56,513	5,733	-	16,36,62,246	-	-	-	-	16,36,62,246	16,36,56,513
Buildings	9,00,40,017	-	-	9,00,40,017	6,38,14,397	26,03,801	-	6,64,18,198	2,36,21,819	2,62,25,620
Railway Siding	30,652	-	-	30,652	28,832	238	-	29,070	1,582	1,820
Plant & Machinery	63,99,05,074	55,477	-	63,99,60,551	60,21,19,271	83,90,884	-	61,05,10,155	2,94,50,396	3,77,85,803
Furniture & Fittings and Office Equipments	29,86,436	-	-	29,86,436	29,36,353	10,477	-	29,46,830	39,606	50,083
Vehicles	3,35,250	1,885	-	3,37,135	3,12,368	2,664	-	3,15,032	22,103	22,882
Total*	89,69,53,942	63,095	-	89,70,17,037	66,92,11,221	1,10,08,064	-	68,02,19,285	21,67,97,752	22,77,42,721
Previous year	89,69,48,952	4,990	-	89,69,53,942	65,15,84,811	1,76,26,410	-	66,92,11,221		

Notes :

- No amount has been written off from the value of leasehold land.
- *Includes Rs. 27,71,68,435/- added on revaluation of assets (Land Rs.15,51,27,682/-, Buildings Rs.4,10,26,498/-and Plant & Machinery Rs. 8,10,14,255/-)
- Due to lockout, the assets are not under regular maintenance. Its impact if any, in value is not ascertainable at this stage.

SCHEDULES

SCHEDULE 6 - INVESTMENTS

Class of Shares	Nominal Value of each Share Rs.	31.03.2005		31.03.2004		
		No. of Shares	Book Value** Rs.	No. of Shares	Book Value** Rs.	
Other Investments - Long Term						
Names of Bodies Corporate :						
A. Shares in joint stock Companies (At Book Value)**						
(i) Fully Paid up :						
J.K.Investors(Bombay) Ltd.	Ordinary	100/-	25	2,500	25	2,500
The Free India General Ins. Co. Ltd.	"	10/-	8600	8,600	8600	8,600
* The Plastic Products Ltd.	"	10/-	15000	1	15000	1
The Muir Mills Co.Ltd.	"	100/-	750	1	750	1
-do-	Preference	100/-	3625	1	3625	1
* Bengal & Assam Company Ltd.	Ordinary	100/-	10350	9,00,000	10350	9,00,000
Coats Viyella PLC	"	20P	17	63	17	63
J.K.Satoh Agricultural Machines Ltd.	"	10/-	6,575	65,750	6,575	65,750
J.K.Corp.Ltd.	"	10/-	57	2,830	57	2,830
J.K.Synthetics Ltd.	"	10/-	480	9,600	480	9,600
J.K.Cement Ltd.	"	10/-	48	-	-	-
J.K.Jute Mills Co.Ltd.	"	10/-	640	16,000	640	16,000
				<u>10,05,346</u>		<u>10,05,346</u>
B. 13-1/2% Secured Debentures in J.K. Synthetics Ltd.				-	120	<u>8,242</u>
Total :				<u>10,05,346</u>		<u>10,13,588</u>
Notes : (i) Aggregate Book Value of Quoted Investments.				94,180		1,02,422
Aggregate Book Value of Unquoted Investments.				9,11,166		9,11,166
				<u>10,05,346</u>		<u>10,13,588</u>
Aggregate Market Value of Quoted Investments.				20,419		25,720

- (ii) Investments in the Companies marked with asterisk exceed ten percent of their subscribed capital. These Investments were acquired before the commencement of the Companies (Amendment) Act, 1960
- (iii) ** Investments have been valued at or below cost.
- (iv) The Shares of J.K.Cement Ltd.(JKC) had been allotted by that Company during the year free of cost in the ratio of one equity share of JKC for every ten equity shares held by us in J.K.Synthetics Ltd.(JKS) upon demerger of JKC from JKS.

SCHEDULE 7 - CURRENT ASSETS, LOANS AND ADVANCES

	31.3.2005		31.3.2004	
	Rs.	Rs.	Rs.	Rs.
(a) Inventories: [Refer Note No.B(X)]				
Stores & Spare Parts at cost (as per inventories and valuations certified by a director)	1,10,31,543		1,10,31,543	
Stock-in-trade (As per inventories and Valuations certified by a director)				
Raw Materials at cost	18,25,740		18,25,740	
Finished goods at market rates	1,47,73,104		1,47,73,104	
Goods-in-process at approximate Cost	2,99,32,709		2,99,32,709	
Goods in Bonded Warehouse at cost				
Raw Materials	72,61,871		72,61,871	
Stores & Spare parts	23,82,548	6,72,07,515	23,82,548	6,72,07,515
(b) Sundry Debtors [(Refer Note No.B (XII)]				
Debts outstanding for a period exceeding six months (Unsecured considered doubtful)	39,73,69,518		39,73,69,518	
Other Debts	23,28,681	39,96,98,199	15,27,502	39,88,97,020
(c) Cash & Bank Balances :				
Cash in hand	7,855		35,185	
Imprest Money in hand	250		20,750	
Stamps etc. in hand	1,501		1,501	
Cash with scheduled Banks :				
In Current Accounts	9,94,935		21,03,193	

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In Deposit Account (For Employees' Security Deposits)	1,41,032		1,41,032	
In Deposit Account (Others)	-	11,45,573	11,00,000	44,17,387
In Margin Deposit (Against Bank Guarantees)	-		10,15,726	
(d) Other Current Assets :	42,17,357		42,17,357	
Income accrued on investments and deposits	-	42,17,357	1,24,192	43,41,549
Interest accrued on deposit with Bank	-			
(e) Loans and Advances (Unsecured and considered good unless otherwise specified)				
Advances recoverable in cash or in kind or for value to be received	71,81,619		71,69,076	
Fixed Deposits with companies	25,00,000		25,00,000	
Provisional Payments of Tax and Tax deducted at source	83,651		4,72,460	
Prepaid Expenses	4,93,329		4,66,482	
Deposits [including balance with the Central Excise and Customs Department -Rs. 584792/- (2003-2004 - Rs. 584792/-)]	10,38,932		19,38,932	
Sundry Claims Outstanding	46,726	1,13,44,257	46,726	1,25,93,676
TOTAL		48,36,12,901		48,74,57,147
Particulars of Loans and Advances :		31.03.2005		31.03.2004
		Rs.		Rs.
Loans and Advances :		1,10,66,361		1,23,15,780
Considered good		2,77,896		2,77,896
Considered doubtful		1,13,44,257		1,25,93,676
		31.03.2005		31.03.2004
		Rs.		Rs.
SCHEDULE 8 - CURRENT LIABILITIES		28,99,01,099		29,19,80,134
Sundry Creditors		25,35,950		-
Unclaimed Debentures OTS Amount		31,17,407		-
Unclaimed Public Deposits OTS Amount		-		36,84,935
Interest accrued but not due on loans		-		-
Unclaimed amount of redeemed Preference Shares		-		3,500
TOTAL		29,55,54,456		29,56,68,569
SCHEDULE 9 - OTHER INCOME		12,00,000		12,00,000
Licence Fee		9,90,816		6,30,816
Rent		25,59,282		39,49,013
Commission		-		26,32,675
Inspection Charges		1,99,754		1,68,222
Sundry Receipts (Gross)		49,49,852		85,80,726
TOTAL				
SCHEDULE 10 - EMPLOYEES		14,49,168		13,27,069
Salaries, Wages and Bonus etc.		3,83,614		1,48,007
Contribution to Provident and other Funds		44,939		45,225
Workmen and staff welfare expenses		18,77,721		15,20,301
TOTAL				

SCHEDULES

SCHEDULE 11 - RATES AND TAXES

	2004-2005 Rs.	2003-2004 Rs.
Excise Duty	-	13,78,000
Municipal Taxes etc.	14,76,244	14,11,159
Others	-	7,23,400
TOTAL	14,76,244	35,12,559

SCHEDULE 12 - ADMINISTRATION & SUNDRIES

	2004-2005 Rs.	2003-2004 Rs.
Rent	24,474	24,474
Advertisement	3,04,003	-
Printing, Postage, Stationery, Telephone and Telegrams	3,06,269	2,70,433
Bank Charges	42,827	51,315
Travelling & Conveyance	1,69,823	1,58,493
Filing Fee	-	1,56,000
Law Charges	5,24,980	2,83,764
Miscellaneous Expenses	1,16,591	97,018
Directors' Fees	2,21,000	47,900
Remuneration to Auditors :		
As Audit Fee	22,040	21,600
For other services	540	540
Warehousing Charges	-	3,11,040
Consultancy Charges	-	79,487
Loans & Advances Written off	-	57,500
TOTAL	17,32,547	15,59,564

SCHEDULE 13 - CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS

A. Contingent Liabilities :

- I. Claims against the company not acknowledged as debts-Amount unascertainable.
- II. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 33,71,000/- approximately (31.3.2004-Rs. 33,71,000 approximately). All these orders were placed before lockout.
- III. Differential customs duty in respect of equipments imported by the company under project imports-Amount indeterminate and proposed to be waived under the Rehabilitation Scheme.
- IV. Arrears of dividend on preference shares -Rs. 3,02,800/- (31.3.2004-Rs. 1,81,680/-)

B. NOTES :

- I. The total liability in respect of future payment of gratuity to employees as at 31.3.2005 on the basis of actuarial valuation could not be determined. Hence, provision for incremental liability for the period 1.4.1989 to 31.3.2005 could not be made.
- II. Land, Buildings and Plant & Machinery of the Cotton Textile Unit located at 84/50, Kalpi Road, Kanpur were revalued as on 1st January, 1985. As a result of revaluation, the book value of the said assets had increased by Rs. 15,66,23,093-which amount was transferred to Revaluation Reserve in 1985. Provision for depreciation for the year has been calculated on the respective revalued figures of Buildings and Plant & Machinery at the rates calculated as per Straight Line Method over residual life of such assets as assessed by the valuers. An amount of Rs. 53,27,909/- has been transferred during the year from Revaluation Reserve to Profit & Loss Account representing difference between the amount of depreciation on revalued amount and the amount of depreciation on the original cost of such assets calculated in accordance with Section 205(2)(b) of the Companies Act, 1956. As desired by IFCI, Lucknow, land of the Cotton Textile Unit located at 84/50, Kalpi Road, Kanpur was again revalued during 1993-94. As a result of revaluation, the book value of the land further increased by Rs. 12,05,45,342/- which amount was transferred to Revaluation Reserve Account in 1993-94.

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- III. Loans from Financial Institutions shown in Schedule 3 are secured by (i) Hypothecation of all the moveable properties including moveable Plant & Machinery (save and except book debts), both present & future of the Cotton Textile Unit and (ii) joint equitable mortgage by deposit of title deeds of land and buildings of the Cotton Textile Unit, except in case of Rupee Term Loan of Rs. 1,66,64,986/-. The charges created /to be created in favour of Financial Institutions and Bank for deferred payment guarantee facilities, rank pari passu inter-se, subject to prior charges created or to be created in favour of the Company's Bankers on stocks to secure the borrowings for working capital.
- IV. Loan of Rs. 82,62,916/- from a company is secured by equitable mortgage of the Land, Buildings and Plant & Machinery as existing in the year 1979 of erstwhile J. K. Manufacturers Ltd. which has been amalgamated with the Company with effect from 1st January, 1986 in terms of the order dated 19th May, 1988 of Allahabad High Court.
- V. Cash Credit and Term Loan from Bank are secured by hypothecation of stocks in trade, stores and Book Debts.
- VI. Bills discounted with Banks are secured by relevant Bills of Exchange and additional security of hypothecation of Book Debts in favour of a Bank in respect of Bills of Rs. 680.80 lacs.
- VII. Personal guarantee has been given by a Director of the Company for enhancement in cash credit and other credit facilities sought from two banks against indemnities furnished by the Company in his favour.
- VIII. The Company has to make payment in foreign currency of S.Fr. 187,784.60 and J.Y. 1,920,000 in respect of services rendered by foreign technicians for installation of imported looms in the preceding years. The Company had provided for such liability in the preceding years in accordance with the exchange rate prevailing at the time of adjustment of such liability in the preceding years by adding the amount to the cost of machinery. Adjustment in respect of additional liability on account of exchange rate difference will be made in the year of actual payment.
- IX. The Company had declared lockout in the Mills with effect from 15th May, 1989 due to severe labour unrest. The lockout still continues. In the mean time, the Company was declared a sick industrial undertaking and on 12th November, 2002, Rehabilitation Scheme for the Company was sanctioned by the Board for Industrial and Financial Reconstruction (BIFR), New Delhi under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985. The Scheme provides for various reliefs and concessions including waiver of interest up to the Cut off date i.e. 30th September, 2002 and other charges, like rates & taxes, warehousing charges, other interest etc. in respect of various secured and unsecured loans including public deposits and sundry creditors. Interest on the amount of one time settlement (OTS) arrived at with the secured lenders will be payable from six months after the date of sanction of the Scheme. The Company has, therefore, not provided for interest on secured loans after the Cut off date of 30th September, 2002 but has provided for interest on OTS amount at OTS rate of interest as per the sanctioned scheme. The Company's application for rectification in some modifications in the Rehabilitation scheme allowed by AAIFR is pending for disposal. Sanction letters in regard to proposed OTS is still awaited from a financial institution and a bank. After disposal of the application for rectification by AAIFR and receipt of sanction letters from all the financial institutions & banks, the Company will pass necessary entries in the accounts for write back of interest, other charges and for giving effect to other provisions of the sanctioned Scheme. Appropriate effect in respect of Preference Shares issued by the company, secured debentures and unsecured loans has, however, been given in the Accounts. The Accounts for the year have been prepared on the basis that the Company is a going concern.
- X. (a) Physical verification of stocks of stores and stock in trade could not be made due to inaccessibility thereto caused by lockout since 15th May, 1989 and subsequent attachment by the Government of U.P. Consequently, stocks of stores, raw-materials and finished goods have been valued on the basis of book balances as at 15.5.1989 as in the preceding year. In the absence of information regarding realisable value as at 31.3.2005, finished goods stock have been valued at realisable value prevailing in the month of lockout.
- (b) Goods in process have been valued on the basis of physical verification as at 30.4.1989. There would, however, not be material difference in quantities as on 15.5.1989. The rates for valuation of the said stock determined in the year ended 31.3.89 have been adopted this year also. Stock of loose cloth has been valued at realisable value in the month of May, 1989.
- (c) Goods in Bonded Warehouse have been valued at cost including customs duty payable.
- (d) Due to continued lockout, the condition of stocks should have deteriorated. No provision has been made for possible losses which may arise on this account as the same are not ascertainable.
- XI. No provision has been made in the Accounts for interest on Bills drawn on Dealers discounted with Banks but not paid by the Dealers, interest charged or recorded by the Bank at enhanced rate on cash credit and term loan but

- disputed by the Company and Liquidated damages in respect of overdue instalments of Term Loans, as the same are proposed to be foregone under the Rehabilitation Scheme sanctioned by BIFR.
- XII. Sundry Debtors include Rs. 39,72,40,959/- due from dealers of the Company including bills discounted and outstanding with Banks. Insolvency suits have been filed against the dealers for recovery of the outstanding amount. The Company also filed winding-up petition against the guarantor Company which was decided by the High Court and Official Liquidator appointed. Further proceedings were later stayed by Hon'ble High Court and the matter is still Sub-judice. Insolvency petition has also been filed against a Director of the said guarantor Company who together stood as guarantor in respect of Company's dues against the said dealers. No provision has been made for the losses which may arise on this account.
- XIII. Loans and Advances include :-
- (a) Rs. 25,00,000/- due from J. K. Chemicals Ltd. excluding interest amounting to Rs. 42,17,357/- upto 31.3.1996 included under the head "Other Current Assets."
 - (b) Rs. 23,24,644/- due from the suppliers.
 - (c) Advances to workers and staff as under :-
 - (i) Rs. 31,30,527/- paid to workers in 1989-90 at Rs. 1,000/- per worker as advance against legal dues.
 - (ii) Rs. 4,01,128/- paid to workers as advance in the year 1977.
 - (iii) Rs. 4,06,458/- paid to workers and staff.
 - (iv) Rs. 4,17,250/- in respect of electricity charges and rent recoverable.
- Advances specified in (b) and (c) above are regarded as recoverable on the basis of going concern concept. No provisions have been made for losses which may arise in these accounts as the same are not ascertainable.
- XIV. Income-tax assessments have been completed upto the assessment year 2003-2004 and no demand is outstanding for payment. Appeals/References filed by the Department and the Company in respect of several assessment years are still pending. No provision has been made for tax liability, if any that may accrue on disposal of such appeals and/or references as the amount is not ascertainable. Tax deducted at source aggregating to Rs. 83,651/- has been shown in the Balance Sheet under the head "Loans and Advances."
- XV. No provision has been made for disputed sales tax demands of Rs. 7,92,469/- for the assessment years 1988-89 and 1989-90 for which appeals are pending.
- XVI. Depreciation has been provided on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 for single shift working as manufacturing activity remained suspended during the year.
- XVII. Interest paid includes Rs. 5,26,145/- on Debentures OTS amount (2003-2004-Rs. 10,86,162), Rs. 4,57,89,217/- on fixed loans OTS amount (2003-2004-Rs. 4,06,59,824) and Rs. 2,51,64,904/- on other OTS amount (2003-2004-Rs. 2,25,05,183).
- XVIII. Balances of personal accounts of Debtors, Creditors, Deposits, Loans and Advances are subject to confirmation and reconciliation. Balances of Principal amounts due to Financial Institutions and Banks have been confirmed but other balances are subject to confirmation. Few bank accounts could not be reconciled for want of information from banks.
- XIX. In response to the Notification No. GSR 129(E) dated 22.2.99, issued by the Department of Company Affairs (DCA) requiring disclosure of the amounts due to Small Scale Industrial Undertakings, in the absence of information whether the creditor is a Small Scale Industrial Undertaking and on account of closure of the Company's manufacturing Unit since 1989, the required information cannot be given.
- XX. The Company had received from the Authorised Officer, Employees' State Insurance Corporation, Kanpur, a recovery letter dated 11.8.95/28.8.95 under Section 45-C to 45-I of the ESI Act, 1948 for alleged non-payment of contributions amounting to Rs. 2,37,235/- for the period from May, 1978 to October, 1988 in respect of its employees plus interest of Rs. 4,27,316/- upto 31.7.95 and further interest of Rs. 97.49 for each day of delay/default. The recovery has been disputed by the Company and the Hon'ble High court, Allahabad has stayed recovery of the interest. The contribution amount of Rs. 2,37,235/- has been deposited by the company during the year. As per the rehabilitation scheme sanctioned by BIFR, interest and penal levies relating to ESI dues are proposed to be foregone.
- XXI. The Lockout declared in the Mills with effect from 15th May, 1989 continued during the year of Accounts. No provision has been made for salary, wages, etc. for the period of lockout. However, during the year ended 31st March, 1990, amounts aggregating to Rs. 22,98,560/-, equivalent to one month's fixed wages were paid as interim relief to the

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workers pursuant to the Order of the Hon'ble Allahabad High Court and debited to "Wages & Salaries Account". The wages for the period upto 31.12.1990 for which show cause Notices/Recovery Certificates issued by the Labour Department were received by the Company amount to Rs. 7,18,28,016/-. The Hon'ble Allahabad High Court has stayed the recovery proceedings in a writ petition filed by the Company. The wages and other dues of workmen for the Lockout period are proposed to be foregone under the Rehabilitation Scheme sanctioned by BIFR.

- XXII. Excise duty in respect of goods manufactured by the Company according to the method of accounting consistently followed by the Company and also considering the accepted practice of the Excise Authorities that excise duty is generally payable on removal of goods, is accounted for at the time of removal of goods from the factory for sale and/or captive consumption. Hence no provision for excise duty payable on closing stock of finished goods has been made. However, it has no effect on the loss for the year.
- XXIII. The repayment of fixed deposits matured is covered in the Rehabilitation Scheme sanctioned by BIFR. The amount of deposits after foregoing of past interest is payable in six equal half yearly instalments (Interest free) commencing from 31st March, 2003. Accordingly, five half yearly instalments due by 31.03.2005 have been paid.
- XXIV. Since the Mills is under lockout, it has not been considered necessary to separately disclose the accounting policy.
- XXV. The company does not have any deferred tax liability as envisaged in Accounting Standard (AS) 22 issued by the ICAI. Deferred Tax assets have not been recognised in view of present uncertainty of their realization and pending accounting entries for giving effect to the provisions of the Rehabilitation Scheme.
- XXVI. Impairment losses, if any, as per Accounting Standard (AS) 28 issued by the Institute of Chartered Accountants of India could not be computed as Mills are under Lock-out since May, 1989 and Rehabilitation scheme sanctioned by BIFR is under implementation.

XXVII. Earning per share (EPS)	2004-2005 Rs./Lacs	2003-2004 Rs./Lacs
(a) Net profit available for equity shareholders (numerator used for calculations)	(-) 724.10	(-) 601.57
(b) Weighted average number of equity shares used as denominator for calculation of EPS	26,57,750 Rs.	26,57,750 Rs.
(c) Basic and diluted earning per share of Rs. 10/- each	(-) 27.24	(-)22.63

XXVIII. Related party disclosure

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

- A. Particulars of Subsidiary/Associate Companies
1. J. K. Synthetics Ltd. Associate Company
 2. J. K. Cement Ltd. --- do ---
- B. Key management personnel
- a) Dr. Gaur Hari Singhania Chairman
 - b) ShriYadupati Singhania Vice-chairman
- C. Relatives of Key management personnel
- a) Smt. Sushila Singhania
 - b) Smt. Kavita Singhania

Details of transactions are as follows :

	2004-2005 Rs./Lacs	2003-2004 Rs./Lacs
1. Remuneration	Nil	Nil
- Key Management Personnel	122.50	Nil
2. Unsecured Loan received from Key Management Personnel	34.50	Nil
3. Unsecured Loan received from relatives of Key Management Personnel	14.10	25.50
4. Rent received from Associate Companies	1.50	Nil
i) J.K. Synthetics Ltd.	Nil	27.53
ii) J.K. Cement Ltd.	Nil	Nil
5. Reimbursement of expenses from associate company	Nil	Nil

SCHEDULES

Outstanding balances as at March 31, 2005

- Due to Associate Company(Net)	1,310.30	1,320.46
- Due from Associate Company	0.71	Nil
- Due to Key Management Personnel	521.60	399.10
- Due to relatives of Key Management Personnel	419.50	385.00

There are no transactions with the Key Management Personnel except (i) fee paid to them for attending Board Meetings, (ii) Unsecured loans due to them amounting to Rs. 521.60 lacs as on 31st March, 2005.

XXIX. The company has only one line of product, viz. synthetic blended fabrics and is managed organisationally as a single unit. Therefore no separate segment is identifiable as required by Accounting Standard 17 issued by the ICAI.

XXX. The figures of the previous year, where necessary, have been recast and regrouped to make them comparable with the figures of this year.

XXXI. Schedules 1 to 14 form integral part of the Accounts.

SCHEDULE 14 - ADDITIONAL INFORMATION

A. INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3,4C AND 4D OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

1. Capacities and production As at 31.3.2005

Class of goods	Unit	*Licenced Capacity	*Installed capacity	Actual production (Packed)
Textiles	Nos. ring Spindles	74,440 (74,440)	48,096 (48,096)	
	Nos. Looms	Not specified (Not specified)	987 (987)	
Cloth	Metres	-		-
Fents, Rags, and Chindies	Kgs.			(-)
Yarn	Kgs.			(-)

* Licenced and Installed capacities are certified by the management

2. Opening and Closing stocks of Goods produced (Packed) during the year 2004-2005

		Opening Stock		Closing Stock	
		Quantity	Amount Rs.	Quantity	Amount Rs.
Cloth	Metres	7,11,955 (7,11,955)	1,47,73,104 (1,47,73,104)	7,11,955 (7,11,955)	1,47,73,104 (1,47,73,104)
Fents, Rags and Chindies	Kgs.	6,673 (6,673)		6,673 (6,673)	
Yarn	Kgs.	-	-	-	-
		(-)	(-)	(-)	(-)

Note : Previous year figures are given in the brackets.

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B. INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 Balance Sheet Abstract and Company's General Business Profile.

(Amount in Rs. Thousands)

I. Registration details			
Registration No.	20-00275	State Code	20
Balance Sheet date	31.3.2005		
II. Capital raised during the year			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
III. Position of mobilisation and Deployment of funds			
Total Liabilities	52,67,210	Total Assets	52,67,210
Sources of Funds :			
Paid-up Capital	28,149	Reserves & Surplus	2,94,359
Secured Loans	48,44,840	Unsecured Loans	99,862
Application of Funds :			
Net Fixed Assets	2,20,023	Investments	1,015
Net Current Assets	1,88,058	Misc. Expenditure	Nil
Accumulated Losses	48,58,124		
IV. Performance of Company			
Turnover (Interest & Other Income)	5,044	Total Expenditure	77,316
Loss before tax	72,272	Loss after tax	72,272
Earning per share	Negative	Dividend Rate (%)	Nil
V. Generic Name of principal products/Services of Company (As per Monetary Terms)			
Item Code No. (ITC Code)	551200, 551400	Product description	Syn. Blended Fabrics

For P.L. TANDON & CO.,
Chartered Accountants
P.P. SINGH
Partner
Kanpur
Dated : 17th August, 2005

S. K. KEDIA
Secretary

YADUPATI
P.K. SARAF
Dr. J. N. GUPTA

Directors

AUDITORS' REPORT

TO THE MEMBERS OF JUGGILAL KAMLAPAT COTTON SPINNING AND WEAVING MILLS COMPANY LIMITED.

1. We have audited the attached Balance Sheet of JUGGILAL KAMLAPAT COTTON SPINNING AND WEAVING MILLS COMPANY LIMITED as at 31st March, 2005, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
 4. Further to our comments in the Annexure referred to above, we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law, have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of accounts;
 - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except for comments in Para f (ii), f (iv), f (v) and f (x) below;
 - (e) On the basis of written representation received from the directors, as on 31st March, 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 except Dr. Gaur Hari Singhania, Mr. Govind Hari Singhania and Mr. Yadupati Singhania.
- (f) (i) Attention is invited to Note No. (xix) regarding non-disclosure of the amounts payable to Small Scale Industries.
 - (ii) Note No. (i) regarding non-determination of total liability for leave encashment and for retirement gratuity as at 31.03.2005 and inadequate provision for such liabilities.
 - (iii) Note No. (ix) regarding lock-out in the Mills since 15th May, 1989 and accounts having been prepared on the basis that the company is a going concern.
 - (iv) Note No. (x) regarding physical verification of stock, determination of extent of deterioration in quality and valuation of stock-in-trade and stores and spare parts.
 - (v) Note No. (xxiv) regarding non-disclosure of Accounting Policy.
 - (vi) Note No. (xiii) regarding non-provision for losses which may arise due to non-recovery of various amounts specified in the note which are shown in the Balance Sheet as "good" but in respect of which no recoveries have been effected and for which we are unable to express any opinion.
 - (vii) Note No. (xv) regarding non-provision for disputed sales Tax liability.
 - (viii) Note No. (xxi) regarding non-provision for salary, wages etc. for lock-out period.
 - (ix) Note No. (xxii) regarding non provision of excise duty on closing stock of finished goods.
 - (x) No provision has been made for diminution in value of investment.
 - (xi) Attention is drawn to Note No. (ix) regarding provision of interest at OTS rate on OTS amount.
 - (xii) Note No. (xii) regarding non-provision for doubtful debts in respect of dealers owing Rs. 39,72,40,959/- from whom no recoveries could be made.
 - (xiii) We further report that, without considering items mentioned at f (ii) to f (xi) above, the effect of which could not be determined and had the observations made by us in para f (xii) above been considered, the loss for the year would have been for Rs. 4,695.13 Lacs

JUGGILAL KAMPLPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

(as against reported figure of Rs. 722.72 Lacs). Debit balance in Profit & Loss Account would have been for Rs. 51,556.04 Lacs (as against the reported figure of Rs. 47,583.62 Lacs) and Sundry Debtors would have been for Rs. 24.57 Lacs (as against the reported figure of Rs. 3,996.98 Lacs.)

(g) Subject to the foregoing and read with other notes, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

(i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;

(ii) In the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date; and

(iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For P. L. TANDON & CO.
Chartered Accountants

P.P. SINGH
Partner

Membership No. 72754

Place : Kanpur

Dated : 17th August, 2005

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (3) of our report of even date on the accounts for the year ended 31st March, 2005 of Juggilal Kamlpapat Cotton Spinning & Weaving Mills Company Limited)

i. In respect of its Fixed Assets :

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets acquired during the year 1961 and onwards other than Furniture and Fittings, Office Equipments and a part of Plant and Machinery comprising Electric Fittings and Equipments.

(b) Fixed Assets have not been physically verified during the year by the Management due to lock-out in the Mills.

(c) The Company has not made any disposal of its Fixed assets during the year.

ii. In respect of its Inventories :

(a) The inventories have not been physically verified by the management during the year.

(b) & (c) We are unable to give our comments on Para 4 (ii) (b) & (c) of CARO Order as no physical verification was carried out due to lock-out in the Mill.

iii. In respect of Loans Secured or Unsecured, granted or taken by the Company to or from the Companies, Firms or other Parties covered in the Register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us :-

(a) The Company has not granted any Loan to the Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

The Company has/had taken interest free Unsecured Loans from Directors and their relatives (Four Parties). The maximum amount involved during the year was Rs. 941.10 Lacs and the year end balance of such loans was Rs. 941.10 Lacs.

(b) The terms and conditions of such interest free Unsecured Loans are, in our opinion, prima facie not prejudicial to the interest of the Company.

(c) There is no stipulation for the repayment of aforesaid loans.

(d) There are no overdue amount of such Loans from aforesaid Parties.

iv. Due to Lock-out in the Mill there are no transactions of Purchase of inventories, and sale of goods. Hence comment on Para 4 (iv) can not be made.

v. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.

(a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered in to register have been so entered.

(b) According to information and explanations given to us, transactions in excess of Rs. 5,00,000/- with above parties have been made at prices which are reasonable having regard to the prevailing market price.

vi. The company has not accepted any deposit from Public during the year. However, in view of Losses, outstanding deposits have exceeded the prescribed limit.

vii. Internal audit has not been carried out during the year in view of comments in Para (iv) above.

viii. Due to Lock-out in the Mill, no manufacturing activity was carried out during the year and, therefore, cost records required under section 209 (1) (d) of the Companies Act, 1956 were not maintained.

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

(a) The extent of arrears of outstanding undisputed statutory dues as at 31st March, 2005 for a period of more than six months from the date of becoming

payable is Rs. 4,59,535/- in respect of levy on Yarn Production.

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

Name of Statute	Nature of Dues	Amount (Rs.)	Forum where Dispute is Pending
Trade Tax Act	Trade Tax	42,469	Trade Tax Tribunal
Trade Tax Act	Penalty on Trade Tax	7,50,000	High Court, Allahabad
Miscellaneous	Other	4,97,878	Kanpur Nagar Nigam & Jal Sansthan Kanpur

- x. The Company's accumulated Losses at the end of the financial year are more than its net worth and has incurred Cash Loss during the financial year covered by our audit and immediately preceding financial year.
- xi. BIFR has sanctioned a Rehabilitation Scheme and one time settlement of dues of Financial Institutions, Banks and Debenture holders. The default in payment of dues as on 31.03.2005 as per OTS Scheme is as under :-
- | | | |
|------------------------|-----|--------------|
| Banks | Rs. | 24,09,53,496 |
| Debenture holders | Rs. | 16,61,306 |
| Financial Institutions | Rs. | 43,86,73,785 |
- xii. According to the information and explanations given to us, the company has not granted any Loans and advances on the basis of security by way of pledge of Shares, Debentures and other Securities.

xiii. In our opinion, the Company is not a Chit Fund or a Nidhi/ Mutual benefit Fund/Society. Therefore, the Provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

xiv. The company is not dealing in or trading in shares, securities, debentures and other investments. All the investments are held by the company in its own name.

xv. According to the information and explanations given to us the company has not given any Guarantee for Loans taken by others from banks and Financial Institutions.

xvi. The company has not raised any new Term Loans during the year.

xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investments and vice versa.

xviii. The company has not made any preferential allotment during the year.

xix. According to the information and explanations given to us and records examined by us, Securities have been created in respect of the debentures issued.

xx. The company has not raised any money by Public issue during the year.

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

For P. L. TANDON & CO.
Chartered Accountants

P.P. SINGH
Partner

Place : Kanpur
Dated : 17th August, 2005

Membership No. 72754

PROXY

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

I/We

of

being a Member/Members of JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

hereby appoint Shri

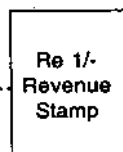
of or failing him Shri

of or failing him Shri

of as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 82nd Annual General Meeting of the Company to be held on Thursday, the 29th September 2005 and at any adjournment thereof.

AS WITNESS my/our hand/hands this day of2005.

Signed by the said



Note : This proxy must be deposited at the Registered Office of the Company at Kamla Tower, Kanpur, not less than 48 hours before the time fixed for holding the meeting.

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