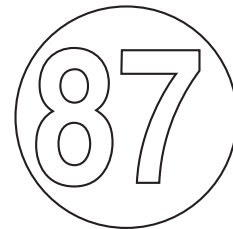
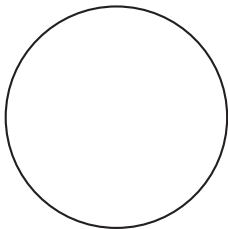


JUGGILAL KAMLAPAT
COTTON SPINNING & WEAVING
MILLS CO. LTD

ANNUAL REPORT
2009-2010



JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

BOARD OF DIRECTORS :

Dr. GAUR HARI (*Chairman, Managing Director & CEO*)

Shri YADUPATI (*Vice-Chairman*)

Shri GOVIND HARI

Shri NIDHIPATI

Shri R. R. MANSINGH

Shri K. C. AGGARWAL (*Nominee of AFL*)

Shri P. K. SARAF

Dr. J. N. GUPTA

Shri LALIT MOHAN AGARWAL

Shri R. K. SAXENA

CFO & SECRETARY :

Shri S. K. KEDIA

BANKERS :

PUNJAB NATIONAL BANK

BANK OF INDIA

YES BANK LTD.

ORIENTAL BANK OF COMMARCE

ALLAHABAD BANK

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AUDITORS :

MESSRS. P. L. TANDON & CO.

Chartered Accountants

REGISTERED OFFICE :

KAMLA TOWER, KANPUR

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

NOTICE

Notice is hereby given that the 87th Annual General Meeting of Juggilal Kamlapat Cotton Spinning & Weaving Mills Co. Ltd. will be held on, Monday, the 27th September, 2010 at 2.00 P.M. at the Registered Office of the Company at Kamla Tower, Kanpur to transact the following business:-

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Govind Hari Singhania who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Yadupati Singhania who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri R.R. Mansingh who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

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

6. "Resolved that pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 the Board of Directors of the Company be and is hereby authorized to borrow moneys from time to time for the purposes of the Company notwithstanding that the moneys to be borrowed by the Company together with the moneys already borrowed by the Company apart from temporary loans obtained from the Company's Bankers in the ordinary course of business will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount remaining outstanding at any time on account of principal shall not exceed Rupees

Two Hundred Crores."

Notes

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business under item No. 6 above is annexed hereto.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September, 2010 to 27th September, 2010 both days inclusive.
3. 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.
4. 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.
5. 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.
6. 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.
7. Copy of documents referred to herein are available for inspection by the members at the Registered Office of the Company between 10.30 A.M. to 1.30 P.M. on any working day till the date of the meeting.
8. Pursuant to clause 49 of the Listing Agreement relating to the Code of Corporate Governance, the particulars of retiring Directors are given in the Report on Corporate Governance attached to the Directors' Report.

Registered Office :
Kamla Tower, Kanpur
Date : 14th August, 2010

By order of the Board
S. K. KEDIA
Secretary

Annexure to the Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

The Company at its Annual General Meeting held on 27th December, 1990 had given its consent to the Board of Directors to borrow money in excess of the aggregate of the paid-up share capital of the Company and its free reserves upto a total amount of Rs. 100 crores. The Company needs further funds for operations and other corporate requirements. It is, therefore, considered necessary to increase the said

limit from Rs. 100 crores to Rs. 200 crores. Your Directors commend the resolution at item No. 6 for approval.

None of the Directors of the Company is, in any way, concerned or interested in the resolution

Registered Office :
Kamla Tower, Kanpur
Date : 14th August, 2010

By order of the Board
S. K. KEDIA
Secretary

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. Company

The operations in the weaving department of Textile Unit of the Company started w.e.f. 02.04.2009 after a gap of almost 20 years. The Spinning plant has over the years become totally obsolete and junk. The process house commenced operations in phased manner from end of September 2009. Due to maintenance and other problems, the Mill could achieve only partial operations with single, double and triple shift working in various sections and departments of the Mill.

II. General Review

In last 20 years, Indian Textile Sector was exposed to the changes occurring in the global market. The competition for India's textile companies became bigger and non-traditional. The Indian textile companies went for better competencies with respect to cost of production, innovation, technology upgradation, value added products etc. to sustain their existence and face the global challenges. With increase in demand of yarn for exports and increase in yarn prices, the Spinning Sector is robust but the independent Weavers are worst affected. There is tough competition with low cost producing neighbouring countries, uncompetitive pricing, costly raw material etc. besides the peculiar problems faced by the Company for production of quality and value added fabrics to cater to the ever demanding market.

III. Opportunities and Challenges

RMG manufacturing segment has come up in a big way

in recent past. Similarly cotton fabrics are in high demand in premium segment. However, the textile unit of the Company does not have adequate infrastructure for processing of cotton fabrics. Power situation in the State is too bad coupled with high cost of power. Majority of the workmen in the textile unit are in their 50s and are not able to give desired productivity and quality of products. The problems in procurement of spares for old machines still continue. The Company is taking measures to induct fresh inputs in the form of new machines and trained manpower. The prices of yarn used as raw material by the Company are at its peak. The Company is in the process of establishing its sales network afresh and efforts are on to increase production operations in the current year. The Company is also taking steps for modifications and modernisation of the plant for manufacture of defectless and value added products. All these measures may take at least one more year to bear the fruits.

IV. Cautionary Statement

Statements in this 'Management Discussions and Analysis Report' which seeks to describe the Company's expectations or predictions may be considered to be 'forward looking statements' within the meaning of applicable security laws or regulations. However, actual results could or may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations also include global and Indian demand supply conditions, obsolescence of machinery, availability of spare parts for old machinery, levels of productivity achieved, changes in government regulations, tax regimes, economic developments besides other factors such as litigation and labour matters.

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors present their 87th Annual Report together with the audited Statements of Account of the Company for the financial year ended 31st March, 2010.

Financial Results :	2009-10	2008-09
	Rs./Lacs	Rs./Lacs
2.1 Sales	112.21	–
Loss before Interest and Depreciation	668.12	213.48
Add : Interest	304.97	230.33
Loss before Depreciation	973.09	443.81
Add : Depreciation	11.63	12.53
Loss for the year	984.72	456.34
Add: Adjustments relating to previous years	446.47	0.52
Add : Balance Written Off	100.59	9.13
Less : Liabilities Written Back	5913.88	1095.88
Net Profit	4382.10	629.89
Less : Provision for Taxation	–	0.35
Profit after Tax	4382.10	629.54
Less : Deficit brought forward from previous year	48,818.66	49,448.20
Balance Loss carried to Balance Sheet	44,436.56	48,818.66

2.2 The Directors are pleased to inform you that Weaving and Processing Departments commenced operations from 2nd April, 2009 and 19th September, 2009 respectively. The work related to repairs and maintenance of the Buildings and Plant & Machinery is still going on. Pending normal operations, the working has resulted into losses. In view of this, the Directors are unable to recommend any dividend.

Rehabilitation :

3. The rehabilitation scheme sanctioned by Hon. BIFR is under implementation. After lifting of lockout in the Mill w.e.f. 19th January, 2009, the Company has been mobilizing manual and financial resources required and has undertaken massive maintenance & overhauling work of the Mill Buildings, Plant & Machinery and Utilities for restoration of production operations in a phased manner. The Production operations started from 2.4.2009. During the year, the dues of few more lenders were settled and paid as per compromise and the liabilities were written back for waiver of the dues.

Assets Sale Committee :

4. As per terms of the sanctioned Rehabilitation Scheme, an Assets Sale Committee has been constituted and its meetings are held from time to time. ASC is taking steps for sale of Lakshman Bagh property. Clearances for sale of other properties are still awaited.

Management Committee :

5. As per terms of the sanctioned Rehabilitation Scheme, a Management Committee has been constituted to review the operations of the Company and monitor implementation of the Rehabilitation Scheme.

Corporate Governance :

6. A report on Corporate Governance is enclosed as part of the Annual Report together with the Auditors' Certificate for compliance.

Insurance :

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

Directors :

8.1 In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, the Board has decided that Shri Govind Hari Singhania and Shri Yadupati Singhania, hitherto directors not liable to retire shall hence with become directors liable to retire. Accordingly Shri Govind Hari Singhania, Shri Yadupati Singhania and Shri R.R.Mansingh retire by rotation and are eligible for re-appointment.

8.2 IFCI Ltd. has vide its letter dated 26th May, 2010 withdrawn nomination of Shri S.P. Arora from Directorship of the Company w.e.f. 26th May, 2010.

8.3 Shri K.C. Aggarwal has been appointed as Nominee Director of Ayodhya Finlease Ltd. in place of Shri Ganesh Chaudhary w.e.f. 31st July, 2010.

The Board records with appreciation the valuable services rendered to the Company by Shri S.P. Arora and Shri Ganesh Chaudhary during the period of their office as directors of the Company.

Information regarding Conservation of Energy etc.:

9. As the Mill started operations during the year after remaining closed for almost twenty years, major focus during the year remained towards mobilization of resources for overhauling and maintenance work of machines and utilities. Steps have been initiated for necessary modifications in order to conserve power and for technology absorption in the Plant & Machinery keeping in view technological innovations over the years as well as for modernization of the Plant. There is no foreign exchange earning during the year under review. The

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

exchange outgo on account of import of spares parts during the year was Rs.80,182/-.

Particulars of Employees :

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

Auditors :

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

- 11.2 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 :

12. As mentioned in para 3 above, Rehabilitation Scheme sanctioned by Hon'ble BIFR is under implementation. The Company has prepared the Accounts for the year 2009-10 on a going concern basis. The write back of liabilities to remaining lenders would be given effect upon final payment of OTS amount to the respective lenders. 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 adopted 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 2009-10 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 :

13. At present the Company's shares are listed with Stock Exchanges at Delhi and Kanpur. The Company has paid listing fee for Financial Year 2009-10 to both the Stock Exchanges.

General :

- 14.1 The implementation of the Rehabilitation Scheme was initially delayed on account of delay in receipt of approvals for various reliefs and concessions envisaged in the Scheme, particularly from Govt. Authorities. The Company has been able to enter into compromise with all the secured lenders and enter into MOU with Trade Unions. The operations in the Mill started from 2nd April, 2009 and are being augmented gradually in keeping pace with maintenance work and mobilisation of other resources including spares for old models of machines. The operations during the year were peaceful and labour relations were cordial. In view of delay in sale of identified properties, alternate temporary arrangements had to be made to meet the funds requirements. The Directors are hopeful that with the support of all concerned, the rehabilitation scheme will be implemented in a short time.

- 14.2 Recent record rise in prices of yarn has steeply increased the cost of raw materials for the Company. Increase in power tariff and heavy power Cuts & trippings during the Current year have added to the vows of the Company. It is hoped that such abrasions will last for short term only and the Company shall be able to over come the same in due course of time.

- 14.3 The Directors are thankful to all the stakeholders for bearing with the Company in difficult times and for their continued support.

Registered Office :
Kamla Tower,
Kanpur

For and on behalf of the Board

GAUR HARI

Date : 14th August, 2010

Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

In compliance with the requirements of clause 49 of the Listing Agreement with the Stock Exchanges, your Company submits the Annual Report on Corporate Governance.

1. Company philosophy on code of Governance

We view Corporate Governance in its widest sense, almost like trusteeship. Corporate Governance is not merely compliance and not simply creating checks and balances, it is an ongoing measure of superior delivery of Company's object with a view to translate opportunity into reality.

Your Company continues to follow procedures and practice in conformity with the Code of Corporate Governance as outlined in clause 49 of the Listing Agreement.

2. Board of Directors

(a) Composition/Category

The strength of the Board of Directors as on 31st March, 2010 is 11 (Eleven). The composition is given below :-

- One Promoter, Executive, Non-independent Director
- Three Promoters, Non-Executive, Non-independent Directors
- One Non-Executive, Non-independent Director
- Six Independent, Non-Executive Directors

The composition of the Board of Directors, the number of Directorship on the Board and Board Committees of other companies, of which the Directors are Members/Chairman under Report is given as under :-

Sl. No.	Name of Director	Category	Inter-se Relationships between Directors		No. of other Director-ships#	No. of Board Committees (Other than J.K. Cotton) in which	
			Director with whom related	Relation		Chairman	Member
1	Dr. Gaur Hari Singhania <i>Chairman, Managing Director and CEO</i>	Promoter, Executive, Non Independent	Shri Govind Hari Shri Yadupati	Brother Son	5	-	-
3	Shri Yadupati Singhania <i>Vice Chairman</i>	Promoter, Non Executive, Non Independent	Dr. Gaur Hari	Father	9	-	-
3	Shri Govind Hari Singhania	Promoter, Non-Executive, Non Independent	Dr. Gaur Hari	Brother	1	-	-
4	Shri Nidhipati Singhania	Promoter, Non-Executive, Non Independent	-	-	-	-	-
5	Shri P. K. Saraf	Non-Executive, Non-Independent	-	-	-	-	-
6	Shri Lalit Mohan Agarwal	Non-Executive, Independent	-	-	-	-	-
7	Shri S. P. Arora Nominee of IFCI	Non-Executive, Independent	-	-	2	-	-
8	Shri R. R. Mansingh	Non-Executive, Independent	-	-	1	-	-
9	Dr. J. N. Gupta	Non-Executive, Independent	-	-	1	-	1
10	Shri R.K. Saxena	Non-Executive, Independent	-	-	-	-	-
11	Shri Ganesh Chaudhary Nominee of AFL	Non-Executive, Independent	-	-	-	-	-
12	Shri D. K. Kapila* Nominee of BIFR	Non-Executive, Independent	-	-	5	2	1

* Ceased to be Director w.e.f. 30th April, 2009

Excluding Private Limited Companies and Companies registered under section 25 of the Companies Act, 1956

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

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

During the financial year ended 31st March, 2010, five Board Meetings were held on the following dates :-

- 12th May, 2009
- 9th June, 2009
- 28th July, 2009
- 26th October, 2009
- 29th January, 2010

Attendance of each director at the Board Meeting and at the last Annual General Meeting was as under :

Sl. No.	Name of Director	No. of Board Meetings attended	Attendance at the Last AGM held on 23.09.09
1	Dr. Gaur Hari Singhania	2	YES
2	Shri Yadupati Singhania	5	NO
3	Shri Govind Hari Singhania	3	NO
4	Shri Nidhipati Singhania	3	NO
5	Shri P.K.Saraf	5	YES
6	Shri Lalit Mohan Agarwal	5	NO
7	Shri S. P. Arora	3	NO
8	Shri R.R.Mansingh	3	YES
9	Dr. J.N.Gupta	4	NO
10	Shri R.K.Saxena	4	NO
11	Shri Ganesh Chaudhary	4	NO
12	Shri D. K. Kapila*	0	NO

* Ceased to be director w.e.f. 30th April, 2009.

c) The details of number of Equity Shares of the Company held by Non-Executive Directors are as under :-

Sl.No.	Name of Director	No. of Equity Shares held
1	Shri Yadupati Singhania	4075000
2	Shri Govind Hari Singhania	12326
3	Shri Nidhipati Singhania	-
4	Shri P. K.Saraf	300
5	Shri Lalit Mohan Agarwal	-
6	Shri S. P. Arora	-
7	Shri R.R.Mansingh	-
8	Dr. J.N.Gupta	-
9	Shri R.K.Saxena	2
10	Shri Ganesh Chaudhary	-
11	Shri D. K.Kapila*	-

* Ceased to be director w.e.f. 30th April, 2009.

3. Audit Committee

- Composition of the Committee and Broad Terms of Reference

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

Shri R.R. Mansingh (Chairman)	: Independent, Non-Executive Director
Dr. J.N.Gupta	: Independent, Non-Executive Director
Shri R.K.Saxena	: Independent, Non-Executive Director
Shri P.K.Saraf	: Non-Independent, Non-Executive Director

All these Directors possess knowledge of Corporate Finance / Accounts/ Company law / Industry. The Secretary of the Company is Secretary for Audit Committee.

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, 2010, five meetings were held on 9th May, 2009, 4th June, 2009, 28th July, 2009, 26th October, 2009 and 29th January, 2010.

The attendance at the Committee Meetings was as under :

Name of Director	No. of Meetings attended
Shri R.R. Mansingh	5
Dr. J. N. Gupta	3
Shri P.K.Saraf	5
Shri R.K. Saxena	4

4. Remuneration Committee

The Company is not paying any remuneration to Executive and Non-Executive Directors except sitting fees to Non-Executive Directors. Hence, the Company has not constituted any Remuneration Committee, which is also optional as per Clause 49 of the Listing Agreement with Stock Exchanges.

Details of Remuneration to the Directors for the year ended 31st March, 2010

Sl. No.	Name of Director	Salary	Benefits	Sitting Fee	Total
1	Dr. Gaur Hari Singhania @	-	-	-	-
2	Shri Yadupati Singhania	-	-	25600	25600
3	Shri Govind Hari Singhania	-	-	15000	15000
4	Shri Nidhipati Singhania	-	-	15000	15000
5	Shri P.K.Saraf	-	-	34000	34000
6	Shri Lalit Mohan Agarwal	-	-	29000	29000
7	Shri S.P. Arora	-	-	15000	15000
8	Shri R.R.Mansingh	-	-	23000	23000
9	Dr. J.N.Gupta	-	-	23000	23000
10	Shri R.K.Saxena	-	-	24000	24000
11	Shri Ganesh Chaudhary	-	-	20000	20000
12	Shri D. K. Kapila#	-	-	-	-

@ No Sitting Fees is payable w.e.f 30.10.2007 on appointment as Managing Director

Ceased to be Director w.e.f. 30th April, 2009

5. Shareholders' Grievance Committee

(a) Composition

The Committee comprises of following Directors :

Shri P.K.Saraf (Chairman)	: Non-Independent, Non-Executive Director
Shri R. R. Mansingh	: Independent, Non-Executive Director
Shri Lalit Mohan Agarwal	: Independent, Non-Executive Director

The Secretary of the Company is compliance officer of the Committee.

(b) Functions

To review the status of shareholders'/ Investors' grievances, redressal mechanism and recommend measures to improve the level of investors' services. The Company received 3 complaints during the Financial Year 2009-10 and all the 3 complaints were redressed and there was no complaint pending as at 31.03.2010.

(c) Meetings/Attendance

During the financial year ended 31st March, 2010, four meetings were held on 9th June, 2009, 28th July, 2009, 26th October, 2009 and 29th January, 2010.

The attendance at the Committee Meetings was as under :-

Name of Director	No. of Meetings attended
Shri P.K.Saraf	4
Shri R.R. Mansingh	3
Shri Lalit Mohan Agarwal	4

6. General Body Meetings

Dates and time of last three Annual General Meetings held are given below :

Financial Year	Date	Time	Place
2006-07	26th June, 2007	2.30 pm	Registered Office, Kamla Tower, Kanpur
2007-08	8th August, 2008	1.00 pm	Registered Office, Kamla Tower, Kanpur
2008-09	23rd September, 2009	1.00 pm	Registered Office, Kamla Tower, Kanpur

Special Resolution passed at the last three AGM

Date	Short particulars of Special Resolution passed at the AGM
26th June, 2007	1. Alteration of Capital Clause of Articles of Association. 2. Conversion of Promoters' Contribution into Equity.
8th August, 2008	Approval of Appointment of Dr. Gaur Hari Singhania as Managing Director.
23rd September, 2009	1. Extension of date of redemption of Preference Share. 2. Alteration of Article 4(3)(C) of Article of Association.

Further, no Special Resolution was put through postal ballot as required under the provisions of Section 192A of the Companies Act, 1956 last year nor it is proposed this year.

7. Disclosures

- There was no significant transaction of material nature with the related parties viz. Promoters, Directors or the Management or their subsidiaries or relatives during the year that has potential conflict with the interest of the Company. Suitable disclosures as required by the Accounting Standard (AS18) have been made in the Annual Report.
- There are no pecuniary relationship or transactions of non-executive directors vis-à-vis the Company that have potential conflict with the interest of the Company at large.
- No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital market during the last three years.
- The Company has complied with the non-mandatory requirements of Clause 49 of the Listing Agreement as far as possible.
- Disclosures regarding appointment or reappointment of Directors :

According to the Articles of Association of the Company, three directors viz. Shri Govind Hari Singhania, Shri Yadupati Singhania and Shri R. R. Mansingh will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment. Pursuant to clause 49 of the Listing Agreement relating to the Code of Corporate Governance, the particulars of the aforesaid Directors are given below :

- Shri Govind Hari Singhania** is Bachelor of Arts. He is associated with the Company as promoter Director since 1958. He has wide experience in man made fiber and textile industry. He is Vice Chairman in J.K.Synthetics Ltd. He is Chairman, Governing Body of J.K. Education Foundation and Chairman, Governing Body of Sir Padampat Singhania M.E. Foundation.
- Shri Yadupati Singhania** is B.Tech from IIT, Kanpur. He is associated with the Company as promoter Director since 1987. At present he is Vice- Chairman of the Company. He has vast experience in Textile and Cement Industry. He is Managing Director and CEO of J.K.Cement Ltd. and J. K. Synthetics Ltd. He is the Director of Employers Association of Northern India, President of Kanpur Productivity Council and member of the Board of Governors of National Council for Cement and Building Material and Jodhpur Chamber of Commerce. He is also a member of the managing committee of Cement Manufacturers Association.

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

(b) **Shri R. R. Mansingh** is LL.M (London). He is Barrister at Law, practicing on the civil side since 1956.

8. Code of Conduct

The Board of Directors has already adopted the Code of Ethics & Business Conduct for the Directors and Senior Management Personnel. This Code is a comprehensive code applicable to all Directors and members of the Senior Management.

A copy of the Code of Conduct has been put on the Company's website www.jkcotton.com

The Code of Conduct has been circulated to all the members of the Board and Senior Management personnel and compliance of the same has been affirmed by them. A declaration signed by the Chairman, Managing Director & CEO in this regard is given below :

"I, Dr. Gaur Hari Singhania, Chairman, Managing Director & CEO of Juggilal Kamlapat Cotton Spg. & Wvg. Mills Co. Ltd. hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel of the Company, affirmation that they have complied with code of Ethics and Business Conduct framed for Directors and Senior Management Personnel in respect of the financial year 2009-10."

Dr Gaur Hari Singhania
(Chairman, Managing Director & CEO)

9. Means of Communications

The Annual, Half Yearly and Quarterly results are submitted to the Stock Exchanges in accordance with Listing Agreement and the same are published regularly in the newspapers. All vital information relating to the Company and its performance, including quarterly results etc. are also posted on the Company's website www.jkcotton.com.

10. CEO/CFO Certification

A Certificate in accordance with provision of Clause 49(V) of the Listing Agreement in respect of the Financial Year 2009-10 duly signed by the CEO and CFO has been placed before the Board in the meeting held on 28th May, 2010.

11. General Shareholders Information

a) Annual General Meeting

Date /Time : Monday, the 27th September, 2010 / 2.00 P.M.
Venue : At the Registered Office of the Company, Kamla Tower, Kanpur

b) Financial Calendar

- | | |
|---|------------------------------------|
| (1) First Quarter Results | - On or before 14th August, 2010 |
| (2) Second Quarter Results | - On or before 14th November, 2010 |
| (3) Third Quarter Results | - On or before 14th February, 2011 |
| (4) Results for the year ending 31st March 2011 | - On or before 30th May, 2011 |

c) Date of Book Closure

22nd September, 2010 to 27th September, 2010
(Both Days Inclusive)

d) Dividend payment date

Not applicable (No dividend is proposed)

e) Listing Information

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

Sl. No.	Name of Stock Exchange	Listing Fee paid upto	Stock Code No.
1.	U.P. Stock Exchange Ltd.	2009-10	J00011
2.	Delhi Stock Exchange Ltd.	2009-10	3114

f) Share Market Data

SEBI has categorized the Company's securities under compulsory demat trading on rolling basis. However, NSDL/CDSL have declined the Company's request for dematerialisation of its shares on the ground that its net worth was negative. Hence, there has not been any trading in Stock Exchange in the shares of the Company during the year.

g) Registrar/Transfer Agent

M/s J.K. Synthetics Ltd., having Registered Office at Kamla Tower, Kanpur is Registrar/Transfer Agent of the Company, who provides all services for Share registry in physical segment.

h) Share Transfer System

Share Transfer work of physical segment is attended to by the Company's Registrar & Transfer Agents within the prescribed period under law and the Listing Agreements with Stock Exchanges. All share transfer etc. are approved by a committee of Directors, which meets periodically.

i) Distribution of Shareholding as on 31st March, 2010

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Upto 500	7758	96.28	750016	3.18
501 to 1000	178	2.21	137364	0.58
1001 to 2000	49	0.61	68662	0.29
2001 to 3000.	19	0.24	46851	0.20
3001 to 4000	10	0.12	35123	0.15
4001 to 5000	3	0.04	13550	0.06
5001 to 10000	14	0.17	98319	0.42
10001 and above	27	0.33	22427865	95.12
Total	8058	100.00	23577750	100.00

j) Category wise Shareholding-Equity as on 31st March, 2010

Category	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-holding
Promoters and Promoter Group	16	0.20	21723347	92.13
Mutual Funds/UTI	1	0.01	3800	0.02
Financial Institutions/Banks	18	0.22	6239	0.03
Insurance Companies	4	0.05	99142	0.42
FIs	-	-	-	-
Bodies Corporate	93	1.16	345750	1.46
Individuals	7920	98.29	1117472	4.74
Others	6	0.07	282000	1.20
Total	8058	100.00	23577750	100.00

k) Dematerialisation of Shares :

The Company is a sick industrial company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company had approached

the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for dematerialisation of its equity shares. However, NSDL and CDSL have declined the Company's request on the ground that its net worth was negative.

l) Plant Location

Cotton Textile Unit is situated at 84/50, Kalpi Road, Kanpur and some of the new machineries are installed at J.K. Manufactures premises at 84/29, Kalpi Road, Kanpur. The lockout in the Mill was lifted on 19.01.2009 and production operations have started w.e.f. 2.04.2009. The operations are being augmented in a phased manner depending upon progress in maintenance work of the Mill Buildings, Plant & Machinery and utilities.

m) Address for Correspondence

J. K. Cotton Spg. & Wvg. Mills Co. Ltd.
Kamla Tower, Kanpur-208001
Tele. No. (0512) 2371478-481
Fax. (0512) 2399854

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To, The Members of
JUGGILAL KAMLAPAT COTTON SPINNING AND
WEAVING MILLS COMPANY LIMITED.

We have examined the compliance of conditions of Corporate Governance by JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LIMITED as at 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As Required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, no investor Grievances were pending for a period exceeding one month.

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

For P.L. TANDON & CO.,
Chartered Accountants.
Firm Reg. No. 000186C
(P. P. SINGH)
Partner
Membership No. 72754

Place : Kanpur
Date : 14th August, 2010

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

BALANCE SHEET
AS AT 31ST MARCH, 2010

	Schedule	31.3.2010 Rs.	31.3.2009 Rs.
I. SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	23,73,49,500	23,73,49,500
Reserves & Surplus	2	1,12,99,36,763	18,63,25,135
		<u>1,36,72,86,263</u>	<u>42,36,74,635</u>
Loan Funds			
Secured Loans	3	4,26,74,76,441	4,85,19,59,356
Unsecured Loans	4	39,92,49,817	16,09,27,803
		<u>4,66,67,26,258</u>	<u>5,01,28,87,159</u>
	TOTAL	<u>6,03,40,12,521</u>	<u>5,43,65,61,794</u>
II. APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	61,26,46,027	88,75,40,142
Less : Depreciation		57,39,44,511	69,55,01,106
Net Block		<u>3,87,01,516</u>	<u>19,20,39,036</u>
Investments	6	9,89,171	9,89,306
Current Assets, Loans & Advances			
Inventories	7	1,33,04,43,167	5,75,63,096
Sundry Debtors		39,90,59,486	39,73,69,518
Cash & Bank Balances		13,08,590	6,02,93,651
Other Current Assets		3,828	42,20,969
Loans & Advances		98,18,297	1,21,96,503
		<u>1,74,06,33,368</u>	<u>53,16,43,737</u>
Less : Current Liabilities & Provisions	8	18,99,67,836	16,99,76,335
Net Current Assets		<u>1,55,06,65,532</u>	<u>36,16,67,402</u>
Profit & Loss Account		<u>4,44,36,56,302</u>	<u>4,88,18,66,050</u>
	TOTAL	<u>6,03,40,12,521</u>	<u>5,43,65,61,794</u>
Significant Accounting Policies & Notes on Accounts	15		
Additional Informations	16		

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 : 14th August, 2010

GAUR HARI
Managing Director & CEO

S. K. KEDIA
CFO & Secretary

YADUPATI
P. K. SARAF } Directors

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	2009-2010		2008-2009	
		Rs.	Rs.	Rs.	Rs.
I. INCOME					
Sales			1,12,20,629		—
Interest (Gross)			1,05,395		3,612
Other Income	9		84,49,573		56,65,872
Stocks at Close					
Finished		4,18,66,009		1,47,73,104	
Work in Progress		1,27,78,08,472	1,31,96,74,481	2,99,32,709	4,47,05,813
TOTAL			1,33,94,50,078		5,03,75,297
II. EXPENDITURE					
Stocks at Commencement					
Finished		1,47,73,104		1,47,73,104	
Work in Progress		2,99,32,709	4,47,05,813	2,99,32,709	4,47,05,813
Raw Materials Consumed			2,75,70,748		—
Stores & Spares			80,74,693		—
Employees	10		3,36,64,461		25,17,608
Power & Fuel	11		1,85,12,673		14,01,750
Repairs & Maintenance	12		1,88,92,980		50,42,055
Insurance			2,65,380		3,36,123
Sundry Manufacturing Expenses			7,50,656		—
Property Development			1,23,54,16,332		—
Goods in Bonded warehouse Written off			—		91,71,019
Stores Stock Written Off			56,69,085		—
Administration Expenses	13		1,21,46,813		85,48,899
Selling Expenses	14		5,92,929		—
Interest			3,04,97,065		2,30,33,232
TOTAL			1,43,67,59,628		9,47,56,499
LOSS BEFORE DEPRECIATION			9,73,09,550		4,43,81,202
Depreciation		11,62,624		29,53,126	
Less : Transfer from Revaluation Reserve		—	11,62,624	16,99,666	12,53,460
LOSS AFTER DEPRECIATION BUT BEFORE EXCEPTIONAL ITEMS			9,84,72,174		4,56,34,662
EXCEPTIONAL ITEMS					
Add : - Adjustments relating to previous years			4,46,46,879		52,100
- Balances Written off			1,00,59,265		9,13,271
Deduct : Liabilities Written Back [Refer Note No.B(9) Schedule 15]			(59,13,88,066)		(10,95,88,670)
PROFIT AFTER EXCEPTIONAL ITEMS AND BEFORE TAX			43,82,09,748		6,29,88,637
Less : Provision for Taxation			—		35,000
Fringe Benefit Tax			—		—
PROFIT AFTER TAXATION			43,82,09,748		6,29,53,637
Transfer from General Reserve			—		9,97,61,497
Add : Loss brought forward from previous year			4,88,18,66,050		5,04,45,81,184
BALANCE LOSS CARRIED TO BALANCE SHEET			4,44,36,56,302		4,88,18,66,050
Earning Per Share (Basic & Diluted)			18.58		2.66
Significant Accounting Policies &					
Notes on Accounts	15				
Additional Informations	16				

This is the Profit & Loss Account 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 : 14th August, 2010

GAUR HARI
Managing Director & CEO

S. K. KEDIA
CFO & Secretary

YADUPATI }
P. K. SARAF } Directors

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-2010 (Rs.)	2008-2009 (Rs.)
A. Cash flow from operating Activities :		
Profit before Tax	43,82,09,748	6,29,88,637
Adjustments for :		
Depreciation	11,62,624	12,53,460
Profit on Sale of Assets	(6,41,250)	-
Interest income	(1,05,395)	(3,612)
Interest expenses	3,04,97,065	2,30,33,232
Inventories Written Off	56,69,085	96,44,419
Balances Written Off	1,00,59,265	9,13,271
Machinery in Bonded Warehouse Written off	-	29,25,060
Fixed Assets Transferred to Stock	3,76,884	-
Liabilities Written Back	<u>(59,13,88,066)</u>	<u>(10,95,88,670)</u>
Operating Loss before Working Capital Changes	(10,61,60,040)	(88,34,203)
Increase in Inventories	(17,98,47,062)	-
Increase in Trade & Other Receivables	(51,53,670)	(6,59,858)
Increase/Decrease in Trade Payable & Other liabilities	<u>11,85,30,301</u>	<u>(67,79,798)</u>
Cash Utilised in Operations	(17,26,30,471)	(1,62,73,859)
Taxes Paid	(4,620)	(40,948)
Net Cash Used in Operating Activities	<u>(17,26,35,091)</u>	<u>(1,63,14,807)</u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(33,26,204)	(1,04,662)
Interest Income	1,05,179	-
Decrease in Investments	135	16,000
Sale of Fixed Assets	<u>6,75,000</u>	<u>-</u>
Net Cash from Investing Activities	<u>(25,45,890)</u>	<u>(88,662)</u>
C. Cash Flow from Financing Activities		
Proceeds from Unsecured Loan	25,95,00,000	15,00,00,000
Repayments of Unsecured Loan	(5,00,00,000)	(58,47,616)
Repayments of Loan (OTS)	(5,70,67,789)	(1,10,50,000)
Interest paid	<u>(3,62,36,291)</u>	<u>(5,79,94,760)</u>
Net Cash Flow From Financing Activities	<u>11,61,95,920</u>	<u>7,51,07,624</u>
Net Increase/(Decrease) in Cash & Cash equivalents	(5,89,85,061)	5,87,04,155
Opening Balance of Cash & Cash equivalents	6,02,93,651	15,89,496
Closing Balance of Cash & Cash equivalents	13,08,590	6,02,93,651

For P. L. TANDON & CO.,
Chartered Accountants
P. P. SINGH
Partner
Kanpur
Dated : 14th August, 2010

GAUR HARI
Managing Director & CEO

S. K. KEDIA
CFO & Secretary

YADUPATI
P. K. SARAF } Directors

SCHEDULES

SCHEDULE 1 - SHARE CAPITAL

	31.3.2010 Rs.	31.3.2009 Rs.
AUTHORISED :		
24500000 Equity Shares of Rs. 10/- each	24,50,00,000	24,50,00,000
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	<u>25,00,00,000</u>	<u>25,00,00,000</u>
ISSUED, SUBSCRIBED AND PAID-UP :		
23577750 Equity Shares of Rs. 10/- each	23,57,77,500	23,57,77,500
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	<u>23,73,49,500</u>	<u>23,73,49,500</u>

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) The due date of redemption in respect of the aforesaid preference shares of Rs. 15,72,000/- has been proposed to be extended from 30.09.2009 to 30.09.2014.

SCHEDULE 2 - RESERVES AND SURPLUS

	31.3.2010		31.3.2009	
	Rs.	Rs.	Rs.	Rs.
Capital Reserve	1,10,57,51,313		70,49,219	
[Refer Note No. 4 of Schedule 15(B)]				
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	15,50,90,466		15,67,90,132	
Less :				
– Transferred to Profit & Loss Account	–		16,99,666	
– Written back	15,50,90,466	–	–	15,50,90,466
General Reserve :				
As per last Balance Sheet	–		9,97,61,497	
Less : Transfer to Profit & Loss Account	–		9,97,61,497	
Total	<u>1,12,99,36,763</u>		<u>18,63,25,135</u>	

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

SCHEDULE 3 - SECURED LOANS

	31.3.2010 Rs.	31.3.2009 Rs.
From Banks	14,76,07,041	20,46,74,830
From Others	1,26,91,31,596	1,26,91,31,596
Interest accrued and due	2,85,07,37,804	3,37,81,52,930
Notes :		
Total	<u>4,26,74,76,441</u>	<u>4,85,19,59,356</u>

Loans from Banks – Rs. 14,76,07,041/-

Loans from others - Rs. 13,33,60,528/-

These loans together with interest accrued and due Rs. 2,75,37,01,260/- are secured by Hypothecation of all the moveable and immovable property of the Company's Cotton Textile Units including its moveable plant & machinery, machinery spares, tools and accessories and other moveables, both present and future (save and except book debts) and equitable mortgage of the land of cotton textile unit.

Loans from others - Rs. 1,12,75,08,152/-

These loans together with interest accrued and due Rs.9,70,36,544/- secured by hypothecation of stock of raw materials, stock in process, finished goods, stock of stores & spares and book debts (present & future).

Loan from other - Rs. 82,62,916/-

This loan is secured by equitable mortgage of the land, building and plant & machinery of erstwhile J.K. Manufactures Ltd.

SCHEDULE 4 - UNSECURED LOANS

	31.3.2010 Rs.	31.3.2009 Rs.
Short Term Loans		
From Bank	–	–
From Others	6,68,96,109	–
Other Loans		
From Directors	2,09,10,000	84,10,000
From other than Bank	31,10,95,575	15,25,17,803
Interest accrued and due	3,48,133	–
Total	<u>39,92,49,817</u>	<u>16,09,27,803</u>

SCHEDULE 5 - FIXED ASSETS

	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 1.04.2009	Addi- tions/ Adjust- ments	Deduc- tions/ Adjust- ments	As at 31.3.2010	As at 1.4.2009	Provided during the year	Deduc- tions	Upto 31.3.2010	As at 31.3.2010	As at 31.3.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land(Including Lease-hold Rs.1,98,195/-)	16,36,62,246	–	15,55,04,566	81,57,680	–	–	–	–	81,57,680	16,36,62,246
Buildings	8,10,91,023	–	4,10,26,498	4,00,64,525	6,79,15,068	10,85,716	3,70,57,663	3,19,43,121	81,21,404	1,31,75,955
Railway Siding	30,652	–	–	30,652	30,022	–	–	30,022	630	630
Plant & Machinery	63,92,96,927	8,86,208	8,16,89,255	55,84,93,880	62,45,43,330	60,079	8,56,61,556	53,89,41,853	1,95,52,027	1,47,53,597
Furniture & Fittings and Office Equipments.	29,72,318	6,20,886	–	35,93,204	28,80,381	12,338	–	28,92,719	70,04,85	91,937
Vehicles	1,86,461	–	–	1,86,461	1,32,305	4,491	–	1,36,796	49,665	54,156
Total	88,72,39,627	15,07,094	27,82,20,319	61,05,26,402	69,55,01,106	11,62,624	12,27,19,219	57,39,44,511	3,65,81,891	19,17,38,521
Machinery in Stores	3,00,515	–	–	3,00,515	–	–	–	–	3,00,515	3,00,515
Machinery in Transit	–	18,19,110	–	18,19,110	–	–	–	–	18,19,110	–
Total	88,75,40,142	33,26,204	27,82,20,319	61,26,46,027	69,55,01,106	11,62,624	12,27,19,219	57,39,44,511	3,87,01,516	19,20,39,036
Previous year	88,71,34,965	1,04,662	–	88,72,39,627	69,25,47,980	29,53,126	–	69,55,01,106		

Notes :

- No amount has been written off from the value of leasehold land.
- During the year revaluation of Land, Buildings and Plant & Machinery made during accounting years 1985 and 1993-94 has been written back. Hence Rs. 27,71,68,435/- and Rs.12,20,77,969/- has been deducted from gross block and depreciation respectively.

SCHEDULES

SCHEDULE 6 - INVESTMENTS

	Class of Shares	Nominal Value of each Share Rs.	31.03.2010		31.03.2009	
			No. of Shares	Book Value** Rs.	No. of Shares	Book Value** Rs.
Other Investments - Long Term						
Names of Bodies Corporate :						
Shares in joint stock Companies						
(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. (Under liquidation)	"	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	10/-	10351	9,00,114	10351	9,00,249
Coats Viyella PLC	"	20P	17	63	17	63
J.K.Satoh Agricultural Machines Ltd.	"	10/-	6575	65,750	6575	65,750
J.K.Lakshmi Cement Ltd.	"	5/-	102	2,541	51	2,541
Accurate Finman Services Ltd.	"	10/-	2070	-	2070	-
J.K.Synthetics Ltd.	"	1/-	240	9,600	480	9,600
J.K.Cement Ltd.	"	10/-	48	-	48	-
	Total			<u>9,89,171</u>		<u>9,89,306</u>
Notes : (i)	Aggregate Book Value of Quoted Investments.			68,291		77,891
	Aggregate Book Value of Unquoted Investments.			9,20,880		9,11,415
				<u>9,89,171</u>		<u>9,89,306</u>
	Aggregate Market Value of Quoted Investments.			29,088		18,187
(ii)	**Investments have been valued at or below cost.					
(iii)	The face value of shares of J.K.Lakshmi Cement Ltd. was changed from Rs.10/- per share to Rs.5/- per share during the year resulting into increase in number of shares from 51 to 102 shares.					

SCHEDULE 7 - CURRENT ASSETS, LOANS AND ADVANCES

	31.3.2010		31.3.2009	
	Rs.	Rs.	Rs.	Rs.
(a) Inventories				
Stores & Spares	23,33,512		1,10,31,543	
Raw Materials	39,64,920		18,25,740	
Material in Transit	44,70,254		-	
Finished goods	4,18,66,009		1,47,73,104	
Goods-in-process	4,23,92,140		2,99,32,709	
Work in Progress (Real Estate)	<u>1,23,54,16,332</u>	1,33,04,43,167	<u>-</u>	5,75,63,096
(b) Sundry Debtors (Unsecured)				
Debts outstanding for a period exceeding six months				
- considered doubtful	39,73,04,372		39,73,69,518	
Other Debts	<u>17,55,114</u>	39,90,59,486	<u>-</u>	39,73,69,518

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

(c) Cash & Bank Balances :

Cash in hand	1,45,472		14,413	
Balance with scheduled Banks:				
In current Accounts	4,69,567		50,85,687	
In Deposit Accounts (Include employees' security deposit)	<u>6,93,551</u>	13,08,590	<u>5,51,93,551</u>	6,02,93,651

(d) Other Current Assets :

Income accrued on deposits		3,828		42,20,969
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(e) Loans and Advances (Unsecured considered good unless otherwise specified)

Advances recoverable in cash or in kind or for value to be received	62,73,099		70,44,766	
Fixed Deposit with Body Corporate	—		25,00,000	
Income Tax and Tax deducted at source	14,76,284		8,19,779	
Prepaid Expenses	9,64,464		7,56,342	
Deposits[including balance with the Central Excise and Customs Department -Rs. 70000/- (2008-2009 - Rs.70000/-)]	11,04,450		10,28,890	
Sundry Claims Outstanding	—	98,18,297	46,726	1,21,96,503
Total		<u>1,74,06,33,368</u>		<u>53,16,43,737</u>

Particulars of Loans and Advances :

Loans and Advances :

Considered good		98,18,297		1,19,18,607
Considered doubtful		—		2,77,896
		<u>98,18,297</u>		<u>1,21,96,503</u>

SCHEDULE 8 - CURRENT LIABILITIES & PROVISIONS

31.03.2010
Rs.

31.03.2009
Rs.

(a) Current Liabilities

Sundry Creditors	7,25,79,494		3,11,76,319	
Other Liabilities	11,23,03,114		13,39,49,491	
Temporary Book Overdraft	6,40,274		—	

Investor Education & Protection Fund shall be credited by following #

Unclaimed Debentures OTS Amount	6,08,470		6,56,360	
Unclaimed Public Deposits OTS Amount	<u>38,36,484</u>	44,44,954	<u>41,89,545</u>	48,45,905

(b) Provisions

Fringe Benefit Tax (Net of Advance)		—		4,620
Total		<u>18,99,67,836</u>		<u>16,99,76,335</u>

Note : Amounts to be transferred to said fund shall be determined on the respective due dates.

SCHEDULES**SCHEDULE 9 - OTHER INCOME**

	2009-2010	2008-2009
	Rs.	Rs.
Licence Fee	12,00,000	12,00,000
Rent	65,81,800	43,81,800
Dividend received	20,261	52,072
Profit on Sale of Machinery Scraped	6,41,250	–
Sundry Receipts	6,262	32,000
Total	84,49,573	56,65,872

SCHEDULE 10 - EMPLOYEES

Salaries, Wages and Bonus etc.	2,85,56,067	21,94,397
Contribution to Provident and other Funds	32,48,977	2,10,910
Workmen and staff welfare expenses	18,59,417	1,12,301
Total	3,36,64,461	25,17,608

SCHEDULE 11 - POWER & FUEL

Electricity	99,15,865	14,01,750
Coal Consumption	65,00,565	–
Diesel & others	20,96,243	–
Total	1,85,12,673	14,01,750

SCHEDULE 12 - REPAIRS & MAINTENANCE

Buildings	63,86,342	12,67,185
Machinery	1,20,03,083	34,51,718
Others	5,03,555	3,23,152
Total	1,88,92,980	50,42,055

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

SCHEDULE 13 - ADMINISTRATION & SUNDRIES

	2009-2010 Rs.	2008- 2009 Rs.
Rent	24,474	24,474
Rates & Taxes	18,47,600	16,61,724
Advertisement	1,56,074	-
Travelling & Conveyance	7,18,963	2,74,764
Transport Charges	8,06,150	43,216
Law Charges	10,94,690	16,42,180
Finance Charges	40,45,728	28,05,474
Consultancy Charges	59,219	5,42,240
Retainership Fee	2,74,270	2,84,087
Directors' Fees	2,23,600	2,17,800
Remuneration to Auditors:		
As Audit Fee	55,150	27,575
For other services	3,309	3,442
Loss on Sale of Investments	-	12,480
Printing & Stationery	5,43,509	1,20,900
Telephone & Telex	4,44,518	99,751
Licence Fee	4,59,025	1,82,450
Office Expenses	2,95,019	-
Charges General	3,24,202	1,49,402
Miscellaneous Expenses	7,71,313	4,56,940
Total	<u>1,21,46,813</u>	<u>85,48,899</u>

SCHEDULE 14 - SELLING EXPENSES

Commission on Sale	1,22,800	-
Other Selling Expenses	4,70,129	-
Total	<u>5,92,929</u>	<u>-</u>

SCHEDULE 15 - ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. Accounting Policies :

1. Accounting Concepts

The Financial Statements are prepared under the historical cost convention on accrual basis and in accordance with the applicable mandatory Accounting Standards.

2. Fixed Assets

Gross Block of Fixed Assets is at historical Cost.

3. Depreciation

Depreciation on Fixed Assets is provided at the Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act 1956.

4. Investments.

Investments are valued at or below cost.

5. Inventories

Inventories of Textiles are stated at cost or net realizable value, whichever is lower. Cost comprises all costs of purchase, cost of conversion and other cost incurred in bringing inventories to their present location and condition. First in first out or average cost method is followed for determination of cost. Real estate inventory converted into stock in trade during the year, is stated at conversion value based on its fair market valuation and development expenses incurred therefor.

6. Revenue Recognition

Revenue is generally recognised, when no significant uncertainty as to its measurability or collectability exists.

7. Retirement benefits

The Company's contribution to Provident Fund is charged to Profit & Loss Account. Gratuity and leave encashment liabilities are accounted for on accrual basis based on actual liability.

B. Notes on Accounts

1. Contingent Liabilities :

- (i) Claims against the company not acknowledged as debts - Amount unascertainable.
 - (ii) Arrears of dividend on preference shares – Rs.9,08,400/- (Previous Year - Rs.7,87,280/-)
 - (iii) In respect of trade tax for the assessment year 1989-90 for which appeal is pending Rs. 42,469/- (Previous Year - Rs. 42,469 /-)
2. The total liability in respect of future payment of gratuity and leave encashment to employees as at 31.3.2010 has been determined and accounted for on accrual basis during the accounting year.
 3. Land, Buildings and Plant & Machinery of the Cotton Textile Unit located at 84/50, Kalpi Road, Kanpur were revalued as on 1st January,1985. The land of the Cotton Textile Unit was again revalued during 1993-94. The revaluations being too old, the effect of such revaluations has been repealed in the accounting year.
 4. The Company's freehold property at Lakshman Bagh, Kanpur was converted into stock in trade as on 31.7.2009 at Rs.1,10,00,00,000/- and the difference between its conversion value and book value amounting to Rs.1,09,87,02,094/- has been credited to capital reserve.
 5. Unsecured loans of Rs. 30,85,95,575/- from a body corporate is to be secured by equitable mortgage of land and buildings of erstwhile J. K. Manufactures Ltd. ranking subservient to the existing charges on the said land and buildings.

6. The Company has been declared a Sick Industrial Company. Rehabilitation Scheme for the Company sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) is under implementation. The Company has provided interest on One Time Settlement (OTS) amount at OTS rate of interest as per the Sanctioned Scheme excepting wherever OTS interest is not payable. Necessary entries in the accounts for write back of interest are made by the Company upon final payment of OTS amount to the respective lenders.
7. Sundry Debtors include Rs.39,72,40,959/- due from erstwhile dealers of the Company. 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. However, further proceedings have been stayed by the High Court and the matter is Sub-judice. Insolvency petition has also been filed against a Director of the said guarantor Company who together stood as guarantor in respect of the Company's dues against the said dealers. No provision has been therefore made for the losses which may arise on this account.
8. Interest expenses include Rs. 2,13,36,795/- on fixed loans (2008-09 Rs.81,55,458/-).
9. Liabilities written back includes Rs.49,28,53,886/- on account of settlement of dues of some lenders on actual payment basis, Rs.9,85,34,180/- on account of non operative and time barred creditors and is net of write off of advances and other current assets non recoverable and time barred amounting to Rs.1,00,59,267/-.
10. Balances of personal accounts of Debtors, Creditors, Deposits, Loans & Advances and dues of secured lenders are subject to confirmation and reconciliation.
11. Disclosure of Sundry Creditors is based on the information available with Company regarding status of suppliers as defined under the Micro, Small and Medium Enterprises Development Act 2006. Amount outstanding for more than 45 days is Nil.
12. The Company has during the year entered into real estate segment in addition to existing line of product, viz manufacture of fabrics. There is so far no sale in the new segment and conversion value of the property together with developmental expenditure incurred thereafter has been included in Stock in trade.
13. Deferred Tax assets have not been recognised on account of virtual uncertainty as per Accounting Standard 22 – Accounting for Taxes on Income issued by The Institute of Chartered Accountants of India.
14. Impairment losses, if any, as per Accounting Standard 28 issued by the Institute of Chartered Accountants of India could not be computed as the Buildings, Plant & Machinery were still under overhauling and maintenance at the end of the year.
15. Accounts were approved by the Board of Directors in its meeting held on 28th May, 2010. Based on certain observations of the auditors, the same have been amended and approved by the Board of Directors in its meeting held on 14th August, 2010.

16. Earning per share (EPS)	2009-2010 Rs./Lacs	2008-2009 Rs./Lacs
(a) Net Profit		
(i) Before exceptional items	(984.72)	(456.35)
(ii) After exceptional items	4,382.10	629.89
(b) Weighted average number of equity shares used as denominator for calculation of EPS	2,35,77,750	2,35,77,750
(c) Basic and diluted earning per share of Rs. 10/- each		
(i) Before exceptional items	(4.18)	(1.94)
(ii) After exceptional items	18.58	2.66

17. Related party disclosure

1. a) Key management personnel & their Relatives
 - i) Dr. Gaur Hari Singhania Chairman & Managing Director and CEO
 - ii) Shri Yadupati Singhania Vice-Chairman
- b) Enterprises significantly influenced by Key management personnel or their Relatives :
 - i) J. K. Synthetics Ltd.
 - ii) J. K. Cement Ltd.
 - iii) Yadu International Ltd.

Following are the transactions with related parties as defined under Accounting Standard -18 on Related Party Disclosures issued by the Institute of Chartered Accountants of India.

Details of transactions are as follows :

	2009-2010 Rs./Lacs	2008-2009 Rs./Lacs
i) J. K. Synthetics Ltd.		
a) Licence Fee received	12.00	12.00
b) Licence Fee paid	5.36	1.82
c) Others	0.28	0.28
ii) J.K. Cement Ltd.		
a) Rent received	5.29	4.94
b) Cloth sales	0.41	—
c) Material purchased	1.13	0.27
iii) Yadu International Ltd		
(a) Loan received		
Balance at the beginning of the year	1,500.00	—
Loan received during the year	1,380.00	1,500.00
Balance at the end of the year	2,880.00	1,500.00
(b) Interest paid	213.37	2.03
(c) Finance charges paid	36.00	13.96
iv) Key management personnel & their Relatives		
(a) Shri Yadupati Singhania		
(i) Loan received		
Balance at the beginning of the year	—	—
Loan received during the year	125.00	—
Balance at the end of the year	125.00	—
(ii) Sitting Fees	0.26	0.25

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

19. Schedules 1 to 16 form integral part of the Accounts.

SCHEDULE 16 - ADDITIONAL INFORMATION

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 31.3.2010

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	—		9,15,632 (—)
Fents, Rags, and Chindies	Kgs.			12,381 (—)

* Licenced and Installed capacities are certified by the management

Note : Previous year figures are given in the brackets.

2. Opening and Closing stocks of Goods produced (Packed) during the year 2009-2010

	Unit	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)	13,77,664 (7,11,955)	4,18,66,009 (1,47,73,104)
Fents, Rags and Chindies	Kgs.	6,673 (6,673)		6,710 (6,673)	
Yarn	Kgs.	— (—)	— (—)	— (—)	— (—)

Note : Previous year figures are given in the brackets.

3. Turnover (Excluding Excise Duty and Sales Tax)

	Unit	2009-10		2008-09	
		Quantity	Amount Rs.	Quantity	Amount Rs.
Cloth	Metres	249923 (7,11,955)	8449296 (1,47,73,104)	Nil (7,11,955)	Nil (1,47,73,104)
Fents, Rags and Chindies	Kgs	12344 (6,673)		Nil (6,673)	
Sundries			2771333		Nil

4. Raw Material Consumed

	Unit	2009-10		2008-09	
		Quantity Kg	Amount Rs.	Quantity Kg	Amount Rs.
Yarn		2,06,168	2,75,70,748	Nil	Nil

5. Value of Imports calculated on C.I.F. basis

	2009-10 Rs.	2008-09 Rs.
Components and Spare Parts	80,182	Nil

6. Value of Raw Materials Consumed

	Unit	Amount Rs.	2009-10 Percentage of Total Consumption	2008-09 Amount Rs.	Percentage of Total Consumption
(i)	Imported	Nil	Nil	Nil	Nil
(ii)	Indigenous	2,75,70,748	100%	Nil	Nil,

7. Value of Stores and Spares consumed

(i)	Imported	Nil	Nil	Nil	Nil
(ii)	Indigenous	80,74,693	100%	Nil	Nil

Note : The above figures do not include consumption for repairs etc. debited to repairs & maintenance.

8. Expenditure in foreign currency on account of

(i)	Interest		Nil		Nil
(ii)	Others		Nil		Nil

For P. L. TANDON & CO.,
Chartered Accountants
P. P. SINGH
Partner
Kanpur
Dated : 14th August, 2010

GAUR HARI
Managing Director & CEO

S. K. KEDIA
CFO & Secretary

YADUPATI }
P. K. SARAF } Directors

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

ABSTRACT OF BALANCE SHEET

Balance Sheet Abstract and Company's General Business Profile.

(Amount in Rs. Thousands)

I. Registration details

Registration No.	L17111UP1924 PLC 000275	State Code	20
Balance Sheet date	31.3.2010		

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	60,34,013	Total Assets	60,34,013
Sources of Funds :			
Paid-up Capital	2,37,350	Reserves & Surplus	11,29,937
Secured Loans	42,67,476	Unsecured Loans	3,99,250
Application of Funds :			
Net Fixed Assets	38,702	Investments	989
Net Current Assets	15,50,666	Misc. Expenditure	Nil
Accumulated Losses	44,43,656		

IV. Performance of Company

Turnover (Interest, Other Income and exceptional items)	6,11,164	Total Expenditure	1,72,954
Profit before tax	4,38,210	Profit after tax	4,38,210
Earning per share (After Exceptional items)	18.58	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	Synthetic Blended Fabrics
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For P. L. TANDON & CO.,
Chartered Accountants
P. P. SINGH
Partner
Kanpur
Dated : 14th August, 2010

GAUR HARI
Managing Director & CEO

S. K. KEDIA
CFO & Secretary

YADUPATI
P. K. SARAF } 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, 2010, 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 (i), f (ii), f (iii), and f (iv) below :
 - e) On the basis of written representation received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clauses (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f)
 - i) **Real Estate Inventory converted into Stock-in-Trade has been valued at fair market value on the date of conversion.**
 - ii) **No provision has been made for diminution in value of investment.**
 - iii) **The liability for gratuity and leave encashment has been made on the basis of actual liability determined by the management.**
 - iv) **Note No. (14) regarding non provision of impairment losses.**
 - v) **Attention is drawn to note No.(6) regarding provision of interest at OTS rate on OTS amount.**
 - vi) **Note No. (7) regarding non-provision for doubtful debts in respect of dealers owing Rs. 39,72,40,959/= from whom no recoveries could be made.**
 - vii) **We further report that, without considering items mentioned at f(i) to f(v) above, the effect of which could not be determined and had the observations made by us in para f(vi) above been considered, the Profit for the year would have been for Rs. 409.69 Lacs (as against reported figure of profit of Rs.4382.10 Lacs). Debit balance in Profit & Loss Account would have been Rs. 48408.97 Lacs (as against the reported figure of Rs. 44436.56 Lacs) and Sundry Debtors would have been Rs.18.18 Lacs (as against the reported figure of Rs. 3990.59 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, 2010.
 - (ii) In the case of the Profit and Loss Account, of

JUGGILAL KAMPLPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

the Profit 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
Firm Reg. No. 000186C

P. P. SINGH
Partner

Place : Kanpur
Dated : 14.08.2010

Membership No. 72754

ANNEXURE TO THE AUDITORS' REPORT

Re : Juggilal Kamlat Cotton Spinning & Weaving Mills Company Limited (Referred to in Paragraph (3) of our report of even date)

- (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) A part of Fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, the Company has not made substantial disposal of Fixed assets during the year.

- (ii) In respect of its Inventories :

- (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and discrepancies noticed on verification between physical stocks and the book records were not material.

- (iii) In respect of Loans Secured or Unsecured, granted or taken by the Company to or from Companies, Firms

or other Parties covered in the register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us :-

- (a) The Company has not granted any Loan to Companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956. As the company has not granted any loans secured or unsecured to parties listed in the register maintained under section 301 of the Companies Act, 1956, the paragraphs 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are therefore, not applicable.
- (e) The company had / has taken Unsecured Loans from three parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.3089.10 Lacs and the year end balance of loans taken from such parties was Rs.3089.10 Lacs.
- (f) The terms and conditions of such Unsecured Loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
- (g) There is no stipulation for the repayment of aforesaid loans.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- (v) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
- (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.

- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the provisions of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956. Accordingly paragraph 4(vi) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company, pursuant to the rules made by the Central Government, for maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that prima-facie the prescribed accounts and records have been maintained.
- (ix) According to the information and explanations given to us, in respect of statutory and other dues.
- (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, service tax, customs duty and excise duty were in arrears as at 31st March, 2010 for a period of more than six months from the date they become payable.
- (c) According to the records of the Company, income tax, trade tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute, are as follows :-

Name of Statute	Nature of Dues	Amount (Rs.)	Forum where Dispute is Pending
Trade Tax Act	Trade Tax	42,469.00	Trade Tax Tribunal

- (x) The Company's accumulated losses at the end of the financial year are more than its net worth. Further, the company has not incurred Cash Losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) BIFR has sanctioned a Rehabilitation Scheme and one time settlement of dues of Financial Institutions, Banks and Debenture holders. Some of the debts were assigned by a Financial Institution and a Bank in favour of a Bank and a NBFC. The settlement of dues with assignees is in process.
- (xii) As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
- (xiii) 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) In our opinion, 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 or Financial Institutions.
- (xvi) In our opinion, the Term Loans have been applied for the purpose for which they were raised.
- (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.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) As the company has no debenture outstanding at any time during the year, the provisions of clause 4(xix) of Companies (Auditor's Report) Order, 2003 are, therefore, not applicable to the Company.
- (xx) The Company has not raised any money by Public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For P. L. TANDON & CO.
Chartered Accountants
Firm Reg. No. 000186C
P. P. SINGH
Partner
Membership No. 72754

Place : Kanpur
Dated : 14.08.2010

PROXY

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

Regd. Office : Kamla Tower, Kanpur - 208 001

Folio No.	
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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 absense to attend and vote for me/us and on my/our behalf at the 87th Annual General Meeting of the Company to be held on Monday, the 27th September, 2010 and at any adjournment thereof.

Signed this day of2010.

Signature

Affix Revenue Stamp

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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