JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD

ANNUAL REPORT & ACCOUNTS

2007-2008

85

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

Shri S. P. ARORA *(Nominee of IFCI)*

Shri GANESH CHAUDHARY *(Nominee of AFL)*

Shri P. K. SARAF

Dr. J. N. GUPTA

Shri LALIT MOHAN AGARWAL

Shri R. K. SAXENA

CONTENTS

BANKERS :

PUNJAB NATIONAL BANK

CENTRAL BANK OF INDIA

HDFC BANK LTD.

BANK OF INDIA

YES BANK LTD.

AUDITORS :

MESSRS. P. L. TANDON & CO.
Chartered Accountants

REGISTERED OFFICE :

KAMLA TOWER, KANPUR

NOTICE

Notice is hereby given that the 85th Annual General Meeting of Juggilal Kamlapat Cotton Spinning & Weaving Mills Co. Ltd. will be held on, Friday, the 8th August, 2008 at 1.00 P.M. at the Registered Office of the Company at Kamla Tower, 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, 2008.
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.

Special Business

5. Appointment of Dr. Gaur Hari Singhania as Managing Director & CEO.

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

   "RESOLVED THAT pursuant to the provisions of Section 198,269,309 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, the Company hereby accords its consent and approval to the appointment of Dr. Gaur Hari Singhania as Managing Director & CEO of the Company for 5 (five) years, with effect from 30th October, 2007 upto 29th October, 2012 without any remuneration/ perquisite and upon other terms and conditions as set out in the Agreement dated 25th January, 2008 entered by the Company with him."

   "RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as it may deem fit and proper in this regard."

Notes

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business under item No. 5 above is annexed hereto.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 1st August, 2008 to 8th August, 2008 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 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 the Agreement dated 25th January, 2008 executed with Dr. Gaur Hari Singhania appointing him as Managing Director and all other material documents referred to hereinabove 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 : 1st July, 2008

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. 5

Consequent upon increase in paid-up equity share capital of the Company, the company was required to appoint a Managing Director or Whole Time Director or Manager of the Company pursuant to the provisions of Sec. 269 of the Companies Act, 1956. As per clause 49 of listing agreement, Managing Director has to be CEO of the Company. The Board of Directors of the Company accordingly appointed Dr. Gaur Hari Singhania, the Chairman, as the Managing Director & CEO of the Company for 5 years w.e.f. 30th October, 2007 without any remuneration and perquisite subject to approval of Shareholders in the General Meeting. An agreement recording the terms of appointment of the Managing Director was executed on 25th January, 2008 subject to the approval of shareholders.

An abstract of the Agreement carrying the terms of appointment of the Managing Director has already been sent to the shareholders as required under Section 302 of the Companies Act, 1956.

Since Dr. Gaur Hari Singhania has attained the age of 70 years, the approval of shareholders is sought by way of special resolution as required under Schedule XIII of the Companies Act. The Board recommends passing of the same.

No director, except Dr. Gaur Hari Singhania, himself and Shri Govind Hari Singhania and Shri Yadupati Singhania, being relatives of Dr. Gaur Hari Singhania are concerned or interested in appointment of Dr. Gaur Hari Singhania as Managing Director.

Registered Office :
Kamla Tower,
Kanpur
Date : 1st July, 2008

By order of the Board

S. K. KEDIA
Secretary

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors present their 85th Annual Report together with the audited Statements of Account of the Company for the financial year ended 31st March, 2008.

Financial Results :	**31.3.2008 (Rs./Lacs)**
2.1 Other Income	44.41
Loss before interest and Depreciation	69.92
Add : Interest	395.22
Loss before Depreciation	465.14
Add : Depreciation (Net)	38.58
Loss for the year	503.72
Add : Adjustments relating to Previous year	0.77
Add : Fixed Assets Written Off	5.86
Less: Liabilities written back	12.82
Net Loss	497.53
Add : Provision for FBT	0.26
Balance Loss	497.79
Add : Deficit brought forward from Previous year	49948.02
Balance Loss carried to Balance Sheet	50445.81

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. In view of the losses, the Directors are unable to recommend any dividend.

Deposits :

3. Payments in respect of deposits accepted by the Company have been released to all depositors in accordance with the sanctioned Rehabilitation Scheme. The cases pertaining to unclaimed amounts are processed as and when received.

Debentures :

4. Payments in respect of non convertible debentures issued by the Company have been released to all debentureholders in accordance with the sanctioned Rehabilitation Scheme. The cases pertaining to unclaimed amounts are processed as and when received.

Rehabilitation :

5. Government clearances for sale of the identified properties under the Rehabilitation Scheme are still awaited. Consequently implementation of the Rehabilitation Scheme sanctioned by Hon'ble BIFR has been delayed and in order to cut short the delay, the company has sought approval of Hon'ble BIFR for induction of a strategic investor. The Promoters have brought in their entire contribution of Rs. 12 crores as envisaged in the Scheme including Rs.1.21 crores brought in during the year and the same was utilized as per provisions envisaged in the Rehabilitation Scheme. Compromise with majority of the secured lenders has been arrived at and their dues were settled through payments or by arranging assignment of their debts in favour of third parties. During the year, the promoters' contribution of Rs. 12 crores and principal dues of Rs. 8.92 crores to an Associate company were converted into equity capital as per the Rehabilitation Scheme.

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. However, pending receipt of Govt. approvals and on account of status quo order passed by Hon'ble AAIFR, the Committee could not take any steps during the year for sale of the identified properties.

Management Committee :

7. 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. The meetings of the committee are held from time to time.

Corporate Governance :

8. A report on Corporate Governance is enclosed as part of the Annual Report together with the Auditors' Certificate for compliance. However, Note on Management Discussions and Analysis Report is not being given, as the Company's plant is not in operation.

Insurance :

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

Directors :

10.1 During the year, Dr. Gaur Hari Singhania, Chairman was appointed as Managing Director and CEO of the Company for a period of 5 years w.e.f. 30.10.2007 in the Board Meeting held on that date without any remuneration & perquisite and upon such other terms and conditions as were later on set out in the Agreement dated 25th January, 2008 entered by the Company with him. An abstract of the Agreement has already been sent to the shareholders as required under section 302 of the Companies Act, 1956. The appointment is subject to approval of the shareholders in the General Meeting.

10.2 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.

10.3 Punjab National Bank, consequent upon assignment of its debt to Ayodhya Finlease Ltd., withdrew nomination of Shri V.K. Joel from the Board of Directors of the Company w.e.f. 9th August, 2007 and M/s Ayodhya Finlease Ltd. appointed its nominee, Shri Ganesh Chaudhary on the Board of Directors of the Company w.e.f. 28th January, 2008.

10.4 Shri S.P.Arora has been appointed as Nominee Director of IFCI Ltd. in place of Shri R.P.Singh w.e.f. 27th May 2008.

The Board records with appreciation the valuable services rendered to the Company by Shri V.K.Joel and Shri R.P.Singh during the period of their office as directors of the Company

Information regarding Conservation of Energy etc. :

11. 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 :

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

Auditors :

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

13.2 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 :

14. 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. Sale of identified properties under the Scheme for mobilization of funds is awaiting clearance from the State & Central Govt. The Company has therefore, prepared the Accounts for the year 2007-08 as per the past practice excepting the matters wherever 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 and final payment. 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 2007-08 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 :

15. 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 Stock Exchange at Kanpur has been paid upto the year 2008-2009.

General :

16. The implementation of the Rehabilitation Scheme has been delayed on account of delay in receipt of approvals for various reliefs and concessions envisaged in the Scheme, particularly from Govt. Authorities. There has been slow but steady progress in the implementation of the Scheme and the Directors are making constant efforts to minimise the delays. The Directors are hopeful that with the support of all concerned, the Scheme will be implemented within a reasonable time.

Registered Office:
Kamla Tower,
Kanpur
Date : 27th May, 2008

For and on behalf of the Board

GAUR HARI
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

At J.K. Cotton, 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, 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 present strength of the Board of Directors is 12 (Twelve). The composition is given below :-

- One Promoter, Executive, Non-independent Director
- Three Promoters, Non-Executive, Non-independent Directors
- Two Non-Executive, Non-independent Directors
- 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 Ltd.) in which	
			Director with whom related	Relation		Chairman	Member
1	Dr. Gaur Hari Singhania *Chairman, Managing* Director and CEO-@	Promoter, Executive, Non Independent	Shri Govind Hari Shri Yadupati	Brother Son	5	–	–
3	Shri Yadupati Singhania *Vice Chairman*	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	Dr. P.K. Saraf	Non-Executive, Non-Independent	–	–	–	–	–
6	Shri Lalit Mohan Agarwal	Non-Executive, Non-Independent	–	–	–	–	–
7	Shri D.K. Kapila Nominee of BIFR	Non-Executive, Independent	–	–	4	1	1
8	Shri R. P. Singh Nominee of IFCI	Non-Executive, Independent	–	–	4	–	–
9	Shri R.R. Mansingh	Non-Executive, Independent	–	–	1	–	–
10	Dr. J. N. Gupta	Non-Executive, Independent	–	–	1	–	1
11	Shri R.K. Saxena	Non-Executive, Independent	–	–	–	–	–
12	Shri Ganesh Chaudhary* Nominee of AFL	Non-Executive, Independent	–	–	–	–	–
13	Shri V. K. Joel** Nominee of PNB	Non-Executive, Independent	–	–	–	–	–

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

@ Appointed as Managing Director and CEO without any remuneration and perquisite w.e.f. 30.10.2007

* Appointed as Director w.e.f. 28th January, 2008

** Ceased to be Director w.e.f. 9th August, 2007

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

During the financial year ended 31st March, 2008, Five Board Meetings were held on the following dates :-

a) 15th May, 2007
b) 9th July, 2007
c) 26th July, 2007
d) 30th October, 2007
e) 28th January, 2008

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 26.06.07
1	Dr. Gaur Hari Singhania	5	YES
2	Shri Yadupati Singhania	3	NO
3	Shri Govind Hari Singhania	2	NO
4	Shri Nidhipati Singhania	1	NO
5	Shri P.K.Saraf	5	YES
6	Shri Lalit Mohan Agarwal	5	YES
7	Shri D.K.Kapila	4	NO
8	Shri R.P.Singh	1	NO
9	Shri R.R.Mansingh	5	NO
10	Dr. J.N.Gupta	5	NO
11	Shri R.K.Saxena	2	NO
12	Shri Ganesh Chaudhary#	-	NO
13	Shri V.K.Joel*	1	NO

Appointed as director w.e.f. 28th January, 2008

* Ceased to be director w.e.f. 9th August, 2007

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 D.K.Kapila	–
7	Shri R.P.Singh	–
8	Shri R.R.Mansingh	–
9	Dr. J.N.Gupta	–
10	Shri R.K.Saxena	–
11	Shri Ganesh Chaudhary #	–
12	Shri V.K.Joel*	–

Appointed as director w.e.f. 28th January, 2008

* Ceased to be director w.e.f. 9th August, 2007

3. Audit Committee

(a) Composition of the Committee and Broad Terms of Reference

The Audit Committee of the Company comprises of following Directors :

Shri R.R. Mansingh (Chairman)	:	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

The Audit Committee was constituted on 30th October, 2007. The First meeting of Audit Committee was held on 28th January, 2008. All the members of the Committee were present in the meeting. The Statutory Auditors and GM (Fin. & A/cs) & CFO attended the meeting of Audit Committee.

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 the provision of the Clause 49 of the Listing Agreement with Stock Exchanges.

Details of Remuneration to the Directors for the year ended 31st March, 2008

Sl. No.	Name of Director	Salary	Benefits	Sitting Fee	Total
1	Dr. Gaur Hari Singhania @	–	–	15300	15300
2	Shri Yadupati Singhania	–	–	16200	16200
3	Shri Govind Hari Singhania	–	–	10000	10000
4	Shri Nidhipati Singhania	–	–	5000	5000
5	Shri P.K.Saraf	–	–	28400	28400
6	Shri Lalit Mohan Agarwal	–	–	26000	26000
7	Shri D.K.Kapila	–	–	22200	22200
8	Shri R.P.Singh	–	–	5000	5000
9	Shri R.R.Mansingh	–	–	27000	27000
10	Dr. J.N.Gupta	–	–	25000	25000
11	Shri R.K.Saxena	–	–	11000	11000
12	Shri Ganesh Chaudhary#	–	–	–	–
13	Shri V.K.Joel*	–	–	5000	5000

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

Appointed as Director w.e.f. 28.01. 2008

* Ceased to be Director w.e.f 9.08.2007

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	:	Non-Independent, Non-Executive Director

Shri S.K. Kedia, 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 7 complaints during the Financial Year 2007-08 and all the 7 complaints were redressed and there was no complaint pending as at 31.03.2008.

(c) Meetings/Attendance

The Shareholders Grievance Committee was constituted on 30th October, 2007. The First meeting of the Committee was held on 28th January, 2008. All members of the committee were present in the meeting.

6. General Body Meetings

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

Financial Year	*Date*	*Time*	*Place*
2004-05	29th Sept. 2005	12.30 pm	Merchants' Chamber of Uttar Pradesh, 14/76, Civil Lines, Kanpur
2005-06	28th Aug., 2006	12.30 pm	Registered Office, Kamla Tower, Kanpur
2006-07	26th June, 2007	2.30 pm	Registered Office, Kamla Tower, Kanpur

Special Resolution passed at the last three AGM

Date	Short particulars of Special Resolution passed at the AGM
29th Sept. 2005	No Special Resolution was passed
28th Aug., 2006	No Special Resolution was passed
26th June, 2007	1. Alteration of Capital Clause of Articles of Association 2. Conversion of Promoters' Contribution into Equity.

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

(i) There was no significant transactions of material nature with the related parties viz. Promoters, Directors or the Management or their subsidiaries or relatives during the year that have potential conflict with the interest of the Company. Suitable disclosures as required by the Accounting Standard (AS18) have been made in the Annual Report.

(ii) 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.

(iii) 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.

(iv) The Company has complied with the non-mandatory requirements of Clause 49 of the Listing Agreement as far as possible.

(v) Disclosures regarding appointment or reappointment of Directors :

According to the Articles of Association of the Company, two directors viz. Shri P. K. Saraf and Dr. J. N. Gupta 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 :

(a) Shri P.K. Saraf is B.Com. (Hon.), CA & LLB. He has experience in Finance and Company matters.

(b) Dr J.N.Gupta is M.Com., PhD, C.A.I.I.B, D.I.F. He has vast experience in Finance, Banking and Capital Market. He is member of the Board of Directors and Audit Committee of Kanpur Plastipack Ltd.

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 financial year 2007-08."

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 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 2007-08 duly signed by the CEO and CFO has been placed before the Board in the meeting held on 27th May, 2008.

11. General Shareholders Information

a) Annual General Meeting

Date /Time : Friday, 8th August, 2008 / 1.00 P.M.

Venue : At the Registered Office of the Company, Kamla Tower, Kanpur

b) Financial Calendar

(1) First Quarter Results - End of July 2008

(2) Second Quarter Results - End of October 2008

(3) Third Quarter Results - End of January 2009

(4) Results of the year ending 31st March 2009 - End of June 2009

c) Date of Book Closure

1st August, 2008 to 8th August, 2008

(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 Exchange is given below :

Sl. No.	Name of Stock Exchange	Listing Fee paid upto	Stock Code No.
1	The U.P. Stock Exchange Association Ltd.	2008-09	JKCO

Note: The Company's application for delisting from the Delhi Stock Exchange Association Ltd., New Delhi is pending.

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, 2008

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Upto 500	7773	96.27	751417	3.18
501 to 1000	178	2.20	137364	0.58
1001 to 2000	49	0.61	67961	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	28	0.35	22427165	95.12
Total	8074	100.00	23577750	100.00

j) Category wise Shareholding-Equity as on 31st March, 2008

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
FIIs	-	-	-	-
Bodies Corporate	95	1.18	345100	1.46
Individuals	7934	98.27	1118122	4.74
Others	6	0.07	282000	1.20
Total	8074	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. Manufacturers premises at 84/29, Kalpi Road, Kanpur. The Plant is lying closed since 15th May, 1989 due to lock out.

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, 2008, 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 it 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.
(P. P. SINGH)
Partner
Membership No. 72754

Place : Kanpur
Date : 27th May, 2008

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

(in lacs of Rupees)

	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
1. Funds Employed :					
(a) Paid-up Capital					
(i) Equity	265.77	265.77	265.77	265.77	2,357.77
(ii) Preference	15.72	15.72	15.72	15.72	15.72
(b) Reserves and Surplus	(–) 44,861.65	(–) 45,637.65	(–) 46,430.71	(–) 47,049.69	(–) 47,567.95
(c) Borrowings	48,817.86	49,447.02	50,257.66	50,928.66	50,225.80
Total	4,237.70	4,090.86	4,108.44	4,160.46	5,031.34
2. Funds Utilised :					
(a) Gross Block	8,969.54	8,970.17	8,970.17	8,969.92	8,871.35
Less : Depreciation	6,692.11	6,802.19	6,882.26	6,959.13	6,925.48
Net Block	2,277.43	2,167.98	2,087.91	2,010.79	1,945.87
(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	10.13	10.05	10.05	10.05	10.05
(e) Working Capital (as below)	1,917.89	1,880.58	1,978.23	2,107.37	3,043.17
Total	4,237.70	4,090.86	4,108.44	4,160.46	5,031.34
3. Working Capital					
Current Assets					
(a) Inventories	672.08	672.08	672.08	672.08	672.08
(b) Receivables	3,988.97	3,996.98	3,999.00	3,999.56	3,984.89
(c) Cash and Bank Balances	44.17	11.45	15.97	13.24	15.89
(d) Advances etc.	169.35	155.61	156.51	147.80	155.47
	4,874.57	4,836.12	4,843.56	4,832.68	4,828.33
Less : Current Liabilities and Provisions	2,956.68	2,955.54	2,865.33	2,725.31	1,785.16
Balance being Working Capital	1,917.89	1,880.58	1,978.23	2,107.37	3,043.17
4. Income					
(a) Interest	1.29	0.94	–	0.07	–
(b) Other Income	85.81	49.50	53.52	51.15	44.41
Total	87.10	50.44	53.52	51.22	44.41
5. Expenditure					
(a) Salaries and Wages	15.20	18.78	19.29	18.67	21.39
(b) Municipal and Other Taxes	35.13	14.76	15.56	17.77	16.64
(c) Interest and Other Expenses	674.39	748.35	740.90	741.79	471.52
Total	724.72	781.89	775.75	778.23	509.55
6. Loss (before depreciation)	637.62	731.45	722.23	727.01	465.14
7. Depreciation	176.26	110.08	56.40	55.49	38.58
8. Loss (after depreciation)	813.88	841.53	778.63	782.50	503.72

BALANCE SHEET

AS AT 31ST MARCH, 2008

	Schedule	31.3.2008 Rs.	31.3.2008 Rs.	31.3.2007 Rs.	31.3.2007 Rs.
I. SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1	23,73,49,500		*2,81,49,500*	
Reserves & Surplus	2	18,80,24,801	42,53,74,301	*19,00,72,493*	*21,82,21,993*
Loan Funds					
Secured Loans	3	5,00,54,67,947		*4,96,88,67,294*	
Unsecured Loans	4	1,71,12,318	5,02,25,80,265	*12,39,99,082*	*5,09,28,66,376*
	Total :		**5,44,79,54,566**		*5,31,10,88,369*
II. APPLICATION OF FUNDS					
Fixed Assets	5				
Gross Block		88,71,34,965		*89,69,91,551*	
Less : Depreciation		69,25,47,980		*69,59,12,718*	
Net Block			19,45,86,985		*20,10,78,833*
Machinery in Store			3,00,515		*3,00,515*
Machinery in Bonded Warehouse			29,25,060		*29,25,060*
Investments	6		10,05,306		*10,05,306*
Current Assets, Loans & Advances					
Inventories	7	6,72,07,515		*6,72,07,515*	
Sundry Debtors		39,84,89,326		*39,99,56,371*	
Cash & Bank Balances		15,89,496		*13,24,475*	
Other Current Assets		42,17,357		*42,17,357*	
Loans & Advances		1,13,30,108		*1,05,63,003*	
		48,28,33,802		*48,32,68,721*	
Less : Current Liabilities & Provisions	8	17,85,16,789		*27,25,31,206*	
Net Current Assets			30,43,17,013		*21,07,37,515*
Profit & Loss Account					
Balance as per Profit & Loss a/c		5,04,45,81,184		*4,99,48,02,637*	
Less : Amount Set off from General Reserve as per Contra		9,97,61,497	4,94,48,19,687	*9,97,61,497*	*4,89,50,41,140*
	Total :		**5,44,79,54,566**		*5,31,10,88,369*

Contingent Liabilities and Notes on Accounts (Schedules 12 & 13)

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 : 27th May, 2008

GAUR HARI
Managing Director & CEO

RAJESH AGARWAL
GM (F & A) & CFO

P. K. SARAF
LALIT MOHAN
Directors

S. K. KEDIA
Secretary

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule	2007-2008 Rs.	2007-2008 Rs.	2006-2007 Rs.	2006-2007 Rs.
I. INCOME					
Interest (Gross) [Tax Deducted at Source (2006-07-Rs.1,107/-)]			–		*7,280*
Other Income	9		44,40,984		*51,14,944*
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			**4,91,46,797**		*4,98,28,037*
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		21,38,778		*18,66,963*
Electricity			8,62,623		*10,53,099*
Insurance			4,50,196		*6,28,886*
Rates & Taxes			16,63,581		*17,77,430*
Interest			3,95,22,198		*6,94,96,285*
Finance and Bank Charges			13,15,635		*17,616*
Administration and Sundries	11		50,02,109		*29,82,941*
TOTAL :			**9,56,60,933**		***12,25,29,033***
LOSS BEFORE DEPRECIATION			4,65,14,136		*7,27,00,996*
Depreciation		59,05,515		*77,08,656*	
Less : Transfer from Revaluation Reserve		20,47,692	38,57,823	*21,59,509*	*55,49,147*
LOSS AFTER DEPRECIATION BEFORE EXCEPTIONAL ITEMS			5,03,71,959		*7,82,50,143*
Add : Adjustments relating to previous years			76,695		*2,75,397*
Fixed Assets Written off			*5,86,333*		–
Deduct : Liabilities Written Back (Refer Note No. XVII)			(12,81,940)		*(1,88,12,103)*
LOSS AFTER EXCEPTIONAL ITEMS			4,97,53,047		*5,97,13,437*
Add : Provision for Taxation			–		–
Provision for FBT			*25,500*		*24,343*
LOSS AFTER TAXATION			4,97,78,547		*5,97,37,780*
Add : Loss brought forward from previous year			4,99,48,02,637		*4,93,50,64,857*
BALANCE CARRIED TO BALANCE SHEET			**5,04,45,81,184**		***4,99,48,02,637***

Notes on Accounts (Schedule 12 & 13)

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 : 27th May, 2008

GAUR HARI
Managing Director & CEO

RAJESH AGARWAL
GM (F & A) & CFO

P. K. SARAF
LALIT MOHAN
Directors

S. K. KEDIA
Secretary

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	Year Ended 31.03.2008 (Rs.)	Year Ended 31.03.2007 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET LOSS BEFORE TAX AND EXCEPTIONAL ITEMS	(5,03,71,959)	*(7,82,50,143)*
ADJUSTMENTS FOR :		
Depreciation	38,57,823	*55,49,147*
Interest income	–	*(7,280)*
Interest expenses	3,95,22,198	*6,94,96,285*
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(69,91,938)	*(32,11,991)*
ADJUSTMENTS FOR :		
Trade & Other Receivables	6,99,940	*8,14,728*
Trade Payable & Other liabilities	(9,40,24,985)	*(1,40,01,581)*
CASH GENERATED FROM OPERATIONS	(10,03,16,983)	*(1,63,98,844)*
Taxes Paid	(14,932)	*(24,343)*
CASH FLOW BEFORE EXCEPTIONAL ITEMS	(10,03,31,915)	*(1,64,23,187)*
(i) Adjustments relating to previous years	(76,695)	*(2,75,397)*
(ii) Fixed Assets Written off	(5,86,333)	–
(iii) Liabilities Written Back	12,81,940	*1,88,12,103*
NET CASH USED IN OPERATING ACTIVITIES	(9,97,13,003)	*21,13,519*
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Vehicle	–	*3,697*
Interest Income	–	*7,280*
Decrease in Investments	–	*40*
Fixed Assets Written off	5,86,333	–
NET CASH FROM INVESTING ACTIVITIES	5,86,333	*11,017*
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase in Equity Share Capital	20,92,00,000	–
Promoters' Contribution		
– From Body Corporate	–	*53,00,000*
– From Other than Body Corporate	1,21,00,000	*35,00,000*
Intercorporate Loan	7,47,616	*51,00,000*
Repayments of Loan (OTS)	(12,72,713)	*(77,49,785)*
Increase/(Decrease) in Long Term Borrowings	(12,04,24,237)	*(40,55,065)*
Waiver of Interest accrued on OTS	(8,57,703)	*(44,65,944)*
Interest paid	(1,01,272)	*(25,773)*
NET CASH FLOW FROM FINANCING ACTIVITIES	9,93,91,691	*(23,96,567)*
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	2,65,021	*(2,72,031)*
OPENING BALANCE OF CASH & CASH EQUIVALENTS	13,24,475	*15,96,506*
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	15,89,496	*13,24,475*

For P. L. TANDON & CO.,
Chartered Accountants
P. P. SINGH
Partner
Kanpur
Dated : 27th May, 2008

GAUR HARI
Managing Director & CEO

RAJESH AGARWAL
GM (F & A) & CFO

P.K. SARAF
LALIT MOHAN
Directors

S. K. KEDIA
Secretary

SCHEDULE 1 - SHARE CAPITAL

		31.3.2008 Rs.	31.3.2007 Rs
AUTHORISED :			
24500000	Equity Shares of Rs. 10/- each (2006-07 - 12500000 Equity Shares of Rs. 10/- each)	24,50,00,000	*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 :	**25,00,00,000**	*13,00,00,000*
ISSUED, SUBSCRIBED AND PAID-UP :			
23577750	Equity Shares of Rs. 10/- each (2006-07 - 26,57,750 Equity Shares of Rs. 10/- each)	23,57,77,500	*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 :	**23,73,49,500**	*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

	31.3.2008 Rs.	Rs.	31.3.2007 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	15,88,37,824		*16,09,97,333*	
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.	20,47,692	15,67,90,132	*21,59,509*	*15,88,37,824*
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 :		**18,80,24,801**		*19,00,72,493*

SCHEDULE 3 - SECURED LOANS

	31.3.2008 Rs.	31.3.2007 Rs.
Rupee Term Loans from Financial Institutions/Bank	14,86,51,400	*14,86,51,400*
Interest accrued and due [Refer Note No. B(VIII)]	88,47,84,659	*88,47,84,659*
Foreign Currency Loans from Financial Institutions/Bank	24,25,49,644	*24,25,49,644*
Interest accrued and due [Refer Note No. B(VIII)]	2,32,36,30,098	*2,32,36,30,098*
From Bank/NBFC		
Cash Credit Account [Refer Note No. B(VIII)]	1,04,48,09,513	*1,04,48,09,513*
Term Loan	3,56,46,130	*3,56,46,130*
Bills Discounted	6,98,78,000	*7,23,92,000*
Other Loans & Advances	82,62,916	*82,62,916*
Interest payable on OTS Amount	30,82,48,278	*26,99,50,675*
TOTAL	**5,06,64,60,638**	*5,03,06,77,035*
Less : Amount paid under OTS		
1. Financial Institutions/Bank	3,89,76,300	*3,89,76,300*
2. Bank/NBFC	2,20,16,391	*2,28,33,441*
	6,09,92,691	*6,18,09,741*
TOTAL	**5,00,54,67,947**	*4,96,88,67,294*

SCHEDULE 4 - UNSECURED LOANS

Interest free Unsecured Loan towards Promoters' Contribution (Previous year includes Rs. 4,82,50,000/- from Directors)				
From Body Corporate	–		*1,72,00,000*	
From Others	–	–	*9,07,00,000*	*10,79,00,000*
Interest free Loan from Directors		84,10,000		*84,10,000*
Loan from Body Corporates		87,02,318		*76,89,082*
TOTAL		**1,71,12,318**		*12,39,99,082*

SCHEDULE 5 - FIXED ASSETS

	AT COST OR BOOK VALUE				DEPRECIATION				NET BLOCK	
	As at 31.03.2007 Rs.	Additions/ Adjustments Rs.	Written Off Rs.	As at 31.3.2008 Rs.	Up to 31.3.2007 Rs.	Provided during the year Rs.	Deductions Rs.	Upto 31.3.2008 Rs.	As at 31.3.2008 Rs.	As at 31.3.2007 Rs.
Land (Including Leasehold Rs. 5,64,357/-)	*16,36,62,246*	–	–	16,36,62,246	–	–	–	–	16,36,62,246	*16,36,62,246*
Buildings	*9,00,40,017*	–	89,48,994	8,10,91,023	7,14,08,152	24,90,464	84,24,766	6,54,73,850	1,56,17,173	*1,86,31,865*
Railway Siding	*30,652*	–	–	30,652	29,546	238	–	29,784	868	*1,106*
Plant & Machinery	*63,99,60,551*	–	6,63,624	63,92,96,927	62,12,27,138	34,14,557	6,09,779	62,40,31,916	1,52,65,011	*1,87,33,413*
Furniture & Fittings and Office Equipments	*29,86,436*	–	72,908	29,13,528	29,51,732	13	71,377	28,80,368	33,160	*34,704*
Vehicles	*3,11,649*	–	1,71,060	1,40,589	2,96,150	243	1,64,331	1,32,062	8,527	*15,499*
Total*	*89,69,91,551*	–	98,56,586	88,71,34,965	69,59,12,718	59,05,515	92,70,253	69,25,47,980	19,45,86,985	*20,10,78,833*
Previous year	*89,70,17,037*	–	25,486	89,69,91,551	68,82,25,851	77,08,656	21,789	69,59,12,718		

Notes :

1. No amount has been written off from the value of leasehold land.
2. *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/-)
3. Due to lockout, the assets are not under regular maintenance. Its impact if any, in value is not ascertainable at this stage.

SCHEDULE 6 - INVESTMENTS

	Class of Shares	Nominal Value of each Share Rs.	31.03.2008 No. of Shares	31.03.2008 Book Value** Rs.	31.03.2007 No. of Shares	31.03.2007 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/-	10350	9,00,000	10350	9,00,000
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. (Formely J.K.Corp.Ltd.)	"	10/-	51	2,541	51	2,541
Ashim Investment Co. Ltd.	"	10/-	5	249	5	249
J.K.Synthetics Ltd.	"	10/-	480	9,600	480	9,600
J.K.Cement Ltd.	"	10/-	48	–	48	–
J.K.Jute Mills Co.Ltd.	"	10/-	640	16,000	640	16,000
	Total			10,05,306		10,05,306
Notes : (i) Aggregate Book Value of Quoted Investments.				94,140		94,140
Aggregate Book Value of Unquoted Investments.				9,11,166		9,11,166
				10,05,306		10,05,306
Aggregate Market Value of Quoted Investments.				31,184		30,324

(ii) Investments in the Company marked with asterisk exceed ten percent of its subscribed capital. These Investments were acquired before the commencement of the Companies (Amendment) Act,1960

(iii) **Investments have been valued at or below cost.

SCHEDULE 7 - CURRENT ASSETS, LOANS AND ADVANCES

	31.3.2008 Rs.	31.3.2008 Rs.	31.3.2007 Rs.	31.3.2007 Rs.
(a) Inventories: [Refer.Note No.B(IX)]				
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 (Unsecured) [(Refer Note No.B (XI)]				
Debts outstanding for a period exceeding six months				
i) Considered Good	9,69,808		10,61,194	
ii) Considered doubtful	39,73,69,518		39,73,69,518	
	39,83,39,326		39,84,30,712	
Other Debts-Considered Good	1,50,000	39,84,89,326	15,25,659	39,99,56,371
(c) Cash & Bank Balances :				
Cash in hand	61,132		56,514	
Stamps etc. in hand	–		1,501	
Cash with scheduled Banks :				
In Current Accounts	13,34,813		10,79,510	
In Deposit Account (For Employees' Security Deposits)	1,93,551	15,89,496	1,86,950	13,24,475

(d) Other Current Assets :				
Income accrued on investments and deposits		42,17,357		*42,17,357*
(e) Loans and Advances (Unsecured and considered good unless otherwise specified)				
Advances recoverable in cash or in kind or for value to be received	63,27,340		*61,61,931*	
Fixed Deposits with Body Corporate	25,00,000		*25,00,000*	
Provisional Payments of Tax and Tax deducted at source	5,54,039		*4,64,279*	
Prepaid Expenses	8,63,071		*3,48,135*	
Deposits [including balance with the Central Excise and Customs Department -Rs. 5,84,792/- (2006-2007 - Rs.5,84,792/-)]	10,38,932		*10,41,932*	
Sundry Claims Outstanding	46,726	1,13,30,108	*46,726*	*1,05,63,003*
TOTAL		**48,28,33,802**		*48,32,68,721*

Particulars of Loans and Advances :	31.03.2008 Rs.	31.03.2007 Rs.
Loans and Advances :		
Considered good	1,10,52,212	*1,02,85,107*
Considered doubtful	2,77,896	*2,77,896*
	1,13,30,108	*1,05,63,003*

SCHEDULE 8 - CURRENT LIABILITIES & PROVISIONS

		31.03.2008 Rs.		31.03.2007 Rs.
a) Current Liabilities				
Sundry Creditors	17,38,13,048		*26,79,54,567*	
Unclaimed Debentures OTS Amount	9,40,641		*7,94,240*	
Unclaimed Public Deposits OTS Amount	37,52,532	17,85,06,221	*37,82,399*	*27,25,31,206*
b) Provisions				
Fringe Benefit Tax (Net of Advance)		10,568		–
TOTAL		**17,85,16,789**		*27,25,31,206*

SCHEDULE 9 - OTHER INCOME

	2007-2008 Rs.	2006-2007 Rs.
Licence Fee	12,00,000	*12,00,000*
Rent	31,69,640	*10,89,640*
Inspection Charges	–	*25,32,113*
Dividend received	270	*1,50,183*
Sundry Receipts	71,074	*1,43,008*
TOTAL	**44,40,984**	*51,14,944*

SCHEDULE 10 - EMPLOYEES

Salaries, Wages and Bonus etc.	19,22,559	*16,62,378*
Contribution to Provident and other Funds	1,63,550	*1,53,602*
Workmen and staff welfare expenses	52,669	*50,983*
TOTAL	**21,38,778**	*18,66,963*

SCHEDULE 11 - ADMINISTRATION & SUNDRIES

	2007-2008 Rs.	2006- 2007 Rs.
Rent	24,474	*24,474*
Printing, Postage, Stationery and Telephone	2,35,980	*1,91,577*
Travelling & Conveyance	2,69,025	*2,19,889*
Law Charges	22,90,463	*4,95,717*
Consultancy Charges	5,61,800	*13,56,859*
Miscellaneous Expenses	4,23,957	*2,53,154*
Directors' Fees	1,96,100	*1,78,800*
Remuneration to Auditors :		
As Audit Fee	28,090	*22,448*
For other services	4,495	*5,054*
Filing Fee	6,12,625	*2,000*
Retainership Fee	1,86,000	*66,000*
Sundry Balances Written Off	–	*469*
Licence Fee	1,69,100	*1,66,500*
TOTAL	**50,02,109**	***29,82,941***

SCHEDULE 12 - 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 (31.3.2007-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.666160/-(31.3.2007-Rs.545040/-)

B. NOTES :

I. The total liability in respect of future payment of gratuity and leave encashment to employees as at 31.3.2008 on the basis of actuarial valuation could not be determined. Hence, provision for incremental liability for the period 1.4.1989 to 31.3.2008 could not be made. However gratuity payments are accounted for on cash basis.

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.20,47,692/- 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.

III. Loans from Financial Institutions/Bank/NBFC 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, 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 body corporate 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/NBFC are secured by hypothecation of stocks in trade, stores and Book Debts.

VI. Bills discounted with Bank are secured by relevant Bills of Exchange and additional security of hypothecation of Book Debts in favour of a NBFC in respect of Bills of Rs.680.80 lacs.

VII. 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.

VIII. The Company had declared lockout in the Mill 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 company 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. After sanction of the Scheme, the Company has, therefore, provided interest on 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, other charges and for giving effect to other provisions of the sanctioned Scheme will be passed upon final payment of the OTS amount. Appropriate effect in respect of Preference Shares issued by the company, secured debentures, unsecured loans and final settlement with few banks 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.

IX. (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 31.3.2008, 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.

X. No provision has been made in the Accounts for Interest on Bills drawn on Dealers discounted with Banks but not paid by the Dealers 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.

XI. Sundry Debtors include Rs.39,72,40,959/- due from dealers of the Company including bills discounted 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.

XII. Loans and Advances include :-

(a) Rs. 25,00,000/- due from a body corporate 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. 26,32,527/- 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.1,29,201/- paid to workers and staff.

(iv) Rs.4,62,531/- 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 provision has been made for losses which may arise in these accounts as the same are not ascertainable.

XIII. Income-tax assessments have been completed upto the assessment year 2005-2006 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. 5,54,039/- has been shown in the Balance Sheet under the head "Loans and Advances."

XIV. No provision has been made for disputed trade tax demands of Rs. 42,469/- for the assessment year 1989-90 for which appeal is pending.

XV. 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.

XVI. Interest paid includes Rs.3,26,61,189/- on fixed loans OTS amount (2006-07 -Rs.4,57,89,217) and Rs.65,25,700/-on other OTS amount (2006-07 -Rs.2,35,92,213).

XVII. During the year, final settlement was arrived at with a bank. As a result thereof, liabilities of Rs.12.82 Lacs were written back and credited to Profit & Loss Account.

XVIII. During the year, an assignment deed dated 11.07.2007 was executed between the Company, Punjab National Bank and M/s. Ayodhya Finlease Ltd., Kanpur (an NBFC) whereby the dues of Punjab National Bank were assigned to Ayodhya Finlease Ltd., New Delhi. Similarly, dues of IDBI Ltd. were assigned to M/s. Yes Bank Ltd., Mumbai by assignment deed dated 25.07.2007 executed between the Company, IDBI Ltd. and Yes Bank Ltd.

XIX. Balances of personal accounts of Debtors, Creditors, Deposits, Loans and Advances and dues of secured lenders are subject to confirmation and reconciliation.

XX. 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.

XXI. The Company has not received the required information from suppliers regarding their status under the Micro Small and Medium Enterprises Development Act 2006. In the absence of information and on account of closure of the Company's manufacturing unit since 1989, disclosures, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been made.

XXII. 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 2004-05. As per the rehabilitation scheme sanctioned by BIFR, interest and penal levies relating to ESI dues are proposed to be foregone.

XXIII. The Lockout declared in the Mill with effect from 15th May,1989 continued during the year. 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 workers pursuant to the Order of the Hon'ble Allahabad High Court and debited to "Wages & Salaries Account". The show cause Notices/ Recovery Certificates for Rs.7,18,28,016/- issued by the Labour Department for wages upto 31.12.90 were received by the company. The Hon'ble Allahabad High Court has stayed the said 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.

XXIV. 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.

XXV. Unsecured loans towards Promotors' contribution amounting to Rs.12 Crores and principal dues of Rs.8.92 Crores to

an Associate Company shown as Sundry Creditors under the head 'current liabilities' in earlier years have been converted into equity share capital during the year as per the rehabilitation Scheme of the Company sanctioned by BIFR.

XXVI. Since the Mill is under prolonged lockout, it has not been considered necessary to separately disclose the accounting policy.

XXVII. The company does not have deferred tax liability as envisaged in Accounting Standard 22 issued by the ICAI. Deferred Tax assets (net) 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.

XXVIII. Impairment losses, if any, as per Accounting Standard AS 28 issued by the Institute of Chartered Accountants of India could not be computed as Mill is under Lock-out and attachment from May, 1989 and Rehabilitation Scheme sanctioned by BIFR is under implementation.

XXVII. Earning per share (EPS)	2007-2008 Rs./Lacs	2006-2007 Rs./Lacs
(a) Net profit available for equity shareholders before exceptional items (numerator used for calculations)	(–) 505.40	*(–) 784.12*
(b) Weighted average number of equity shares used as denominator for calculation of EPS	1,83,47,750	*26,57,750*
	Rs.	Rs.
(c) Basic and diluted earning per share of Rs. 10/- each	(–) 2.75	*(–) 29.50*

XXVIII. **Related party disclosure**

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

A. Particulars of Associate Companies
   1. J. K. Synthetics Ltd.

B. Entities over which Key management personnel have significant influence.
   1. J. K. Cement Ltd.
   2. Yadu International Ltd.

C. Key management personnel
   a) Dr. Gaur Hari Singhania — Chairman, Managing Director &CEO
   b) Shri Yadupati Singhania — Vice-Chairman

D. Relatives of Key management personnel
   a) Smt. Sushila Singhania
   b) Smt. Kavita Singhania

Details of transactions are as follows :	2007-2008 Rs./Lacs	2006-2007 Rs./Lacs
1. Remuneration		
– Key Management Personnel	Nil	*Nil*
2. Unsecured Loan received from Key Management Personnel	121.00	*30.00*
3. Unsecured Loan received from Yadu International Ltd.	Nil	53.00
4. Unsecured Loan received from relatives of Key Management Personnel	Nil	*5.00*
5. Rent received from :		
i) J.K. Synthetics Ltd.	12.00	*12.00*
ii) J.K. Cement Ltd.	3.60	*3.60*
6. Amount paid to Associate company		
i) Rent	1.69	*1.67*
ii) Others	0.32	–

Company has also paid fee Rs. 31,500/- (2006-07 Rs. 36,600/-) to the key management personnel for attending Board Meetings and Committee Meetings of Directors during the year.

Besides the above, Company has issued Equity Shares of Rs.10/- each to the following persons against their credit balances as per rehabilitation scheme sanctioned by BIFR :

(i) Key Management Personnel	603.50	–
(ii) Relatives of Key Management Personnel	424.50	–
(iii) J.K. Synthetics Ltd.	892.00	–
(iv) Yadu International Ltd.	172.00	–
Outstanding balances as at March 31, 2008		
– Due to: -		
i) J.K. Synthetics Ltd.	419.75	1311.46
ii) Yadu International Ltd.	NIL	172.00
– Due from J.K. Cement Ltd.	NIL	NIL
– Due to Key Management Personnel	84.10	566.60
– Due to relatives of Key Management Personnel	NIL	424.50

XXXI. 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.

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

XXXIII. Schedules 1 to 13 form integral part of the Accounts.

SCHEDULE 13 - 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 31.3.2008

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 2007-2008

		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.

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.	L17111UP1924 PLC 000275	State Code	20
Balance Sheet date	31.3.2008		
II. Capital raised during the year			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement (As per BIFR Scheme)	209200
III. Position of mobilisation and Deployment of funds			
Total Liabilities	54,47,955	Total Assets	54,47,955
Sources of Funds :			
Paid-up Capital	2,37,350	Reserves & Surplus	1,88,025
Secured Loans	50,05,468	Unsecured Loans	17,112
Application of Funds :			
Net Fixed Assets	1,97,813	Investments	1,005
Net Current Assets	3,04,317	Misc. Expenditure	Nil
Accumulated Losses	49,44,820		
IV. Performance of Company			
Turnover (Interest, Other Income and exceptional items)	5,646	Total Expenditure	55,399
Loss before tax	49,753	Loss after tax	49,779
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 : 27th May, 2008

GAUR HARI
Managing Director & CEO

RAJESH AGARWAL
GM (F & A) & CFO

P. K. SARAF
LALIT MOHAN
Directors

S. K. KEDIA
Secretary

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, 2008, 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) f (vi)and f (xi) below;
   e) On the basis of written representation received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 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. **Attention is invited to Note No. (xx) 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 31.03.2008 and inadequate provision for such liabilities.**
      iii. **Note No. (viii) 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. (ix) 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. (xxvi) regarding non-disclosure of Accounting Policy.**
      vi. **Note No. (xxviii) regarding non provision of impairment losses.**
      vii. **Note No. (xii) 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.**
      viii. **Note No. (xiv) regarding non-provision for disputed Trade Tax liability.**
      ix. **Note No. (xxiii) regarding non-provision for salary, wages etc. for lock-out period.**
      x. **Note No. (xxiv) regarding non provision of excise duty on closing stock of finished goods.**
      xi. **No provision has been made for diminution in value of investment.**
      xii. **Attention is drawn to Note No. (viii) regarding provision of interest at OTS rate on OTS amount.**
      xiii. **Note No. (xi) regarding non-provision for doubtful debts in respect of dealers owing Rs. 39,72,40,959/- from whom no recoveries could be made.**
      xiv. **We further report that, without considering items mentioned at f (ii) to f (xii) above, the effect of which could not be determined and had the observations made by us in para f (xiii) above been considered, the loss for the year would have been for Rs. 4470.20 Lacs (as against reported figure of Rs. 497.79 Lacs). Debit balance in Profit & Loss Account would have been for Rs. 53420.61 Lacs (as against the reported figure of Rs. 49448.20 Lacs) and Sundry Debtors would have been**

for Rs. 12.48 Lacs (as against the reported figure of Rs. 3984.89 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, 2008.

(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 : 27.05.2008

ANNEXURE TO THE AUDITORS' REPORT

Re : Juggilal Kamlapat 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) Fixed Assets have not been physically verified during the year by the Management due to lock-out in the Mill.

(c) In our opinion and according to the information and explanations given to us, the Company has not made any disposal of Fixed assets during the year, however fixed assets costing Rs. 98,56,586 have been written off 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 Companies (Auditor's Report) Order, 2003 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 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 interest free Unsecured Loans from five parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1284.10 lacs and the year end balance of loans taken from such parties was Rs. 84.10 Lacs.

(f) The terms and conditions of such interest free 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) Due to Lock-out in the Mill there are no transactions of Purchase of inventories, and sale of goods. Hence comment on Paragraph 4 (iv) of Companies (Auditor's Report) Order, 2003 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. 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) 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 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 following undisputed amount was payable in respect of aforesaid dues which was in arrear as at 31st March, 2008 for a period more than six months from the date they became payable.

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which amount relates
Central Excise Act	Levy on Yarn production	4,59,535.00	Various Years

(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
Miscellaneous	Other	4,97,878.00	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 Losses 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 31.03.2008 as per OTS Scheme is as under :-

Banks	Rs.	22,96,06,181.00
Financial Institutions	Rs.	33,46,39,398.00

(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 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.

(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. However 20920000 equity shares have been issued of promoters and associate companies in terms of rehabilitation scheme approved by Hon'ble BIFR.

(xix) As the Company has no debenture outstanding at any time during the year, the provision of clause 4 (xix) of companies (Auditors 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
P. P. SINGH
Partner
Membership No. 72754

Place : Kanpur
Dated : 27.05.2008

TEAR HERE

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 absense to attend and vote for me/us and on my/our behalf at the 85th Annual General Meeting of the Company to be held on Friday, the 8th Aug. 2008 and at any adjournment thereof.

AS WITNESS my/our hand/hands this ..... day of .....2008.

Signed by the said ..... Re 1/- 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.

BOOK-POST

If undelivered, please return to :
J. K. Cotton Spg. & Wvg. Mills Co., Ltd.
Share Deptt., Kamla Tower,
Kanpur-208 001

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