

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



ANNUAL REPORT 1996-97



JCT LIMITED



**Board of Directors**

Mr. M.M. Thapar  
Chairman & Managing Director

Mr. R.S. Mehra  
Addl. Managing Director

Mr. Samir Thapar  
Jt. Managing Director

**Directors**

Mr. L.M. Thapar  
Mr. V.K. Srivastava  
Bhai Mohan Singh  
Mr. R.K. Kaul  
Mr. Prem Saigal  
Mr. Mahesh Sahai  
Mr. A.S. Dugal  
Mr. B.L. Gupta  
(UTI Nominee)  
Mr. R.S. Sharma  
(IFCI Nominee)  
Mr. L.P. Aggarwal  
(IDBI Nominee)

**Secretary**

Mr. S.C. Saxena

**Auditors**

S.P. Chopra & Co.  
Chartered Accountants  
F-31, Connaught Place  
New Delhi-110 001

Thakur, Vaidyanath Aiyar & Co.  
Chartered Accountants  
212, Deen Dayal Uppadhyaya Marg  
New Delhi-110 002

**Registered Office**

Village Chohal  
Distt. Hoshiarpur-146 001  
(Punjab)

**Head Office**

Thapar House  
124, Janpath  
New Delhi-110 001

**Divisions****Textiles****Units at**

— Phagwara (Punjab)  
— Sriganganagar (Rajasthan)

**Synthetic Fibres****Filament Unit**

— Hoshiarpur (Punjab)

**Fibre Unit**

— Hoshiarpur (Punjab)

**Steel Wire**

— Hoshiarpur (Punjab)

**Exports**

— Mumbai

**Subsidiaries**

Gupta & Syal Limited  
Chohal Investments Limited  
Poly Investments Limited  
Kidarnath Kishanchand Finance  
& Investments Limited  
West European Exporting Limited (U.K.)  
JCT (International Pte.) Ltd.

**NOTICE**

The 49th Annual General Meeting of the Members of the Company will be held at its Registered Office at Village Chohal, District Hoshiarpur (Punjab) on Tuesday, the 30th day of September, 1997 at 12.30 P.M. to transact the following business:

**AS ORDINARY BUSINESS :**

1. To consider and adopt Balance Sheet as at 31st March, 1997, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividends on Preference Shares.
3. To appoint a Director in place of Mr L M Thapar, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Bhai Mohan Singh, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr Mahesh Sahai, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To appoint Auditors for the current year and to authorise the Board of Directors to fix their remuneration.

**AS SPECIAL BUSINESS :**

7. To consider and if thought fit to pass the following resolution(s) with or without modification, as an ORDINARY RESOLUTION :  
"That Mr A S Dugal be and is hereby appointed as a Director of the Company."
8. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION.

"RESOLVED that consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors for mortgaging and/or charging in such form and manner and on such terms and at such time(s) as the Board may deem fit, the whole or substantially the whole of the undertaking of the Company wherever situate, present and future, whether presently belonging to the Company or not, with a right to take over the management of the business and undertaking of the Company in certain events, in favour of any lender, including financial/investment institution(s), bank(s) insurance company(ies) or others including trustees for the holders of debentures to be issued and/or assigned in favour of or the obligations in respect of which may be assumed by the Company, as may be required and approved by the lead institution and the respective Trustees in order to secure:

- (a) the redemption of debentures to be issued or to be re-issued by the Company and/or the repayment of any loan(s) or credit facilities granted and/or to be granted from time to time to the Company by any one or more of the aforesaid lenders or for any guarantee(s) given by them in respect of foreign currency loan from

overseas Bodies Corporate/Bank(s) for the amount not exceeding Rs.600 Crores; and

- (b) the payment of interest at the respective agreed rates, compound/additional interest, liquidated damages, premium on redemption, if any, costs, charges, expenses and all other monies in terms of the respective Letters of Sanction/Offer, Prospectus or any other offer document, Loan Agreements, Trustee Agreements, Debenture Trust Deeds, Agreements/Deeds of Hypothecation etc. executed/to be executed by the Company for the said Loans, Debentures, Credit and/or Guarantee facilities or in respect of which the obligation for payment of interest may vest with the Company.

RESOLVED FURTHER that the Board be and is hereby authorised to finalise the form, extent and manner of the documents and deeds, where applicable, for creating the appropriate mortgages and/or charges on such of the immoveable and/or moveable properties of the Company on such terms and conditions as may be decided by the Board in consultation with the lenders and/or the trustees and for reserving the aforesaid right and for performing all such acts, deeds and things as may be necessary for giving effect to this resolution."

9. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to the provisions of Section 293(1) (a) and all other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgages/charges on the immovable and/or movable properties, both present and future, in respect of all or any one or more of the properties and/or undertakings of the Company together with power to take over the management of the business and concern of the Company in certain events, and ranking subsequent, subservient and subordinate to all the existing prior mortgages/charges and the mortgages and/or charges that may be created in future in favour of public financial institutions, banks or any other lenders, in respect of the Loans, Debentures, Credit and/or Guarantee facilities availed or to be availed in future on such terms and conditions and at such times and in such forms and in such manner as the Board of Directors, may deem fit, in favour of the banker(s) or any other lender(s) of the Company to secure working capital facilities availing or which may be availed upto a maximum limit of Rs.400 Crores together with interest thereon, and further interest, if any, costs, charges, expenses in terms of the agreement entered/to be entered into between the Company and the Bankers or any other Lender(s).

RESOLVED further that the Board of Directors of the Company be and are hereby authorised to prepare, finalise and execute with the Bankers/Debenture Trustees/Financial Institutions or any other Lender(s) as the case may be documents, deeds, writings and agreements, as may be



necessary for creating mortgages and/or charges as aforesaid and to do all such acts, deeds, matters and things as may be necessary and/or expedient for giving effect to this Resolution."

By Order of the Board

Place : New Delhi  
Dated: 20th August, 1997

S.C. Saxena  
Secretary

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy form should be lodged with the Company at its Registered Office atleast 48 hours before the time of the Meeting.
2. Explanatory Statement as required under Section 173 of the Companies Act, 1956, in respect of items 7 to 9 is annexed hereto.
3. The Share Transfer Books and Register of Members of the Company shall remain closed from 23rd September, 1997 to 30th September, 1997 (both days inclusive).
4. Payment of dividend, if declared, will be made to the eligible members whose names appear in the Register of Members of the Company on 30th September, 1997.
5. Members are requested to notify to the Company immediately any change in their address, if any alongwith the PIN CODE.
6. **Members who have multiple accounts in identical names or joint accounts in the same order are requested to send all the share certificate(s) to the Transfer Agent M/s Rajdhani Computer & Management Consultants, 1515, Bhisham Pitamah Marg (Near South Extn) Kotla Mubarak Pur, New Delhi 110003 or to the Company's Registered or Head Office for consolidation of all such Shareholdings into one account to facilitate better service.**
7. The unpaid/unclaimed dividends for the financial year ended 31st March, 1994 are required to be transferred to the Central Government Account by September, 1997. Individual notices have already been sent to the concerned shareholders to claim from the Company the said unpaid/unclaimed dividends.  
Shareholders who could not claim the said dividends from the Company before the said date, may claim payment directly of the said unpaid dividends from the Registrar of Companies, Punjab, HP and Chandigarh, 286, Defence Colony, Jalandhar City. Members who have not encashed their Dividend Warrants pertaining to the financial periods 1994-95 (1.4.1994 to 31.3.1995) and 1995-96 (1.4.1995 to 31.3.1996) may write to the Company's Head Office at Thapar House, 124, Janpath, New Delhi.

**MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING.**

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

### Item No.7

Being Additional Director, Mr A S Dugal holds office upto the date of the forthcoming Annual General Meeting and is eligible for appointment. The Notice under Section 257 of the Companies Act, 1956, has been received from Member(s) signifying their intention to propose Mr Dugal to the office of Director at the forthcoming Annual General Meeting and his appointment is recommended.

Except Mr Dugal no other director is concerned or interested in the resolution.

### Item No.8

The Company plans to raise money through external commercial borrowings against the guarantee to be provided by Financial Institution(s)/Bank(s) so as to reduce the burden of high cost debts earlier raised for the Company's expansion/modernisation projects commissioned at Fibre/Filament units of Synthetic Fibre Division at Hoshiarpur and in Textile Division for its units at Phagwara and Sriganganagar. The resolutions seek to give powers to the Board to raise the money in one or more tranches at such time and at such terms as may be determined by the Board in consultation with the existing Lenders.

Approval of shareholders is also sought for creating necessary security by way of mortgage/charge in favour of the financial institution(s) and Bank(s) who shall be providing for guarantee(s) in connection with the external commercial borrowings.

Directors firmly believe that it will be in the interest of the Company and resolutions as set out under item no.8 are recommended for approval of the members.

None of the Directors are concerned or interested in the said resolutions.

### Item No.9

Presently Company has created mortgage/charge over the fixed assets in favour of lenders in respect of term loans and the trustees for debentureholders. The working capital facilities extended by various banks are now also required to be secured inter alia by creation of second charge on the fixed assets of the company. The Lenders in respect of term loans and the trustees for the debentureholders shall also have second charge over the current assets. In view of this and to take care of any future requirements consent of the shareholders is sought for creation of mortgage/charge in favour of the Company's Banker(s)/Financial Institution(s)/any other Lender(s) in respect of the working capital facilities extended/which may be extended by them from time to time upto a maximum limit of Rs.400 Crores.

None of the Directors are concerned or interested in the said resolutions.

All the material documents referred to in the Notice and Explanatory Statement are available for inspection by the Members of the Company at its Registered Office on any working day of the Company between 9 A.M to 11 A.M. upto the date of Annual General Meeting.



## Directors' Report

Your Directors present 49th Annual Report together with audited statement of account for the year ended 31st March, 1997.

The salient features are given herebelow:

	1996-97	(Rs. in '000) 1995-96
Gross income from operations	9,683,229	8,479,271
Other Income	150,737	307,948
Gross Profit	319,681	519,000
Depreciation	456,802	338,555
Profit/(Loss) before tax	(137,271)	179,868
Profit/(Loss) after tax	(137,617)	178,682
Dividend	8,650	92,811
Transfer to Debenture Redemption Reserve	—	19,408
Adjustments relating to earlier years	—	10,822
Surplus carried forward	89,383	235,651

### Dividend

With a view to conserve the resources the Directors feel it appropriate not to recommend any dividend on the equity shares. However, dividend at the stipulated rate of 15% (Rs.1.50 per share) on Redeemable Cumulative Preference Shares is recommended. Further on Preference shares of Rs.500 lacs allotted on 8.1.1996 dividend @ 14% (Rs.1.40 per share), as per terms of the issue, has been paid. These shares were due for redemption on 8.7.1997 and the Company has sought the concurrence of the shareholders for deferment of payment.

## OPERATIONS

### Textile Division

The sales turnover of the Textile Division at Phagwara and Sriganganagar was to the tune of Rs.26,700 lacs as against Rs. 24,084 lacs during the immediately preceding financial year representing a growth of 11%. The modernisation/expansion work undertaken at both the Units have been completed. The newly set up high-tech continuous dyeing and bleaching plant at Phagwara has also been commissioned successfully. The foreign buyers are fully satisfied with the quality of fabrics being processed through it. The Company is now negotiating for long term contract with foreign buyers so as to optimise the production from the plant. The Textile Division have fully integrated most modern machines. Keeping the same in view it has undertaken production planning to cater to

Readymade Garment Sector, Institutional Buyers and Export Market. This will substantially give boost to the operations of the Division.

### Synthetic Fibres Division

The Company has completed the major expansion programme at Synthetic Fibres Division at Hoshiarpur increasing its capacity both of Polyester Staple Fibre and Polyester Filament Yarn. With the additional annual capacity of over 20,000 MT, the Division can now produce 60,000 MT per annum of PSF, PFY and POY.

Though the raw material prices for polyester also fell but steep decline in selling prices had adverse impact on profits. Profitability mainly from operation of PSF was severely affected on account of excess capacity commissioned by the competitors in India. There was sudden excess capacity which resulted into decline in prices in the domestic market. However due to change in consumption pattern the demand for Polyester Staple Fibre is gradually increasing which is giving impetus to increase in selling price of PSF in domestic market. The selling prices during the year had touched an all time low which is now gradually increasing and gap between the cost and realisation is getting bridged.

### Steel Division

The turnover at Steel Division during the year under review has increased to Rs.7,962 lacs from Rs.7,354 lacs in the immediately preceding year. The work for setting up the facility for manufacture of wire rope has been completed. This project has been set up with the technical collaboration of Korea Act Corporation of South Korea. This has helped the Division in diversifying its product range thus resulting in better realisation.

### Export

The Company has all along been putting continuous efforts for increasing the volume of its exports and has shown a growth of 28% during the year under review. Modernisation/expansion taken up in the Textile Division as also facilities of Wire Rope has further stepped up exports.

There is growth not only in quantitative terms but also in value as it is exporting value added fabrics. During the current year the Company has targetted to export nearly 30% of its total fabric production.

### Future Prospects

Immediately after the Company undertook modernisation and expansion of its Textile Division and Synthetic Fibres Division it was faced with tight money market condition





owing to depressed economic circumstances. To complete the projects on hand, the Company had to resort to borrowings on comparatively high rates of interest and also raised short term funds by way of debentures, preference shares and inter corporate deposits which were on higher interest rates. These short term borrowings have matured during the year which in turn has created liquidity crunch. This was further aggravated as accruals from the operations also suffered due to steep fall in selling prices of PSF and general recession in the economy.

The Company has now taken up restructuring exercise and is considering to liquidate all high cost rupee debts by replacing it with External Commercial Borrowings (ECB). The Company is negotiating with the overseas bodies corporate in this regard. The Company proposes to raise the ECB against guarantee of financial institutions/banks in India, for which it has approached various financial institutions/banks. It has been considered a good alternative to overcome the existing financial constraints and to reduce the interest burden and run the operations economically.

### Finance

The Company has not been able to pay the instalment of redemption due in respect of Debentures on 31.10.1996 ('G' series) and on 3rd August, 1996 and 3rd August, 1997 ('K' series) and on 3rd April, 1997 ('I' series) due to financial constraints. However, the amount due to the individual holders of debentures in respect of above mentioned series have been paid on time.

Company now propose to take up the matter for reschedulement of payment of redemption amount or alternatively reissue the debentures to the existing Bank(s) and institutional subscribers.

### Fixed Deposit

Fixed Deposits of Rs.49 lacs which became due for repayment before 31.3.1997 remained unclaimed by the depositors on that date. Out of these, deposits of Rs.23 lacs have since been repaid/renewed.

### Subsidiaries

As required under Section 212 of the Companies Act, 1956, the statement in respect of the subsidiaries is annexed and forms an integral part of this report.

### Requirement under Section 217(2A) of the Companies Act, 1956

The statement of employees required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is annexed and forms an integral part of this report.

### Conservation of energy/technology absorption, Foreign Exchange Earnings and Outgo

The statement containing the necessary information as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, is annexed hereto and forms an integral part of this report.

### Auditors' Report

The observations made by the Auditors in their Report are adequately explained in the notes to the Accounts and Significant Accounting Policies and need no further elaboration.

### Directors

Mr. L.M. Thapar, Bhai Mohan Singh and Mr. Mahesh Sahai, Directors retire by rotation and being eligible offer themselves for re-appointment.

Mr. A.S. Dugal, co-opted as additional Director on the Board shall hold office upto the date of forthcoming Annual General Meeting. Company has been approached by certain shareholders to propose his appointment and being eligible offers himself for appointment.

Mr. R.S. Sharma has been nominated on the Board by IFCI in place of Mr. B.M. Aggarwal. Board places on record its appreciation for his valuable contribution during his tenure as a Director.

Mr. B.L. Gupta and Mr. L.P. Aggarwal have been nominated on the Board by Unit Trust of India and Industrial Development Bank of India Ltd. respectively.

### Auditors

M/s. S.P. Chopra & Company, Chartered Accountants, and M/s. Thakur Vaidyanath Aiyar & Co., Chartered Accountants, Auditors of the Company, retire and being eligible offer themselves for re-appointment.

### Acknowledgment

We wish to place on record our appreciation for the devoted services of all the employees of the Company which have largely contributed to its operations. The Board also places on record its appreciation for the valuable support and cooperation of the various Financial Institutions, Banks, Govt. Agencies, Customers, Suppliers and Shareholders and look forward to their continued support in future.

FOR & ON BEHALF OF THE BOARD

New Delhi  
20th August, 1997

M.M. THAPAR  
Chairman &  
Managing Director

**ANNEXURE TO DIRECTORS' REPORT**

Information under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1997.

**A. CONSERVATION OF ENERGY****(a) Energy Conservation Measures taken :**

Steps and studies have been undertaken to procure fluidised bed boiler which are much more efficient.

Efforts to replace FRP AXIAL fans in place of metallic fans in humidification plant.

Optimising lighting system by lowering tube fittings as well as cost by installing separate switches to save energy.

For the new Wire Rope Plant energy efficient motor incorporating DC variable speed drives have been procured.

Furnaces incorporating new energy efficient technology have been imported.

New capacitors have been installed for maintaining a Power Factor of 92 to 93 per cent against earlier 88 to 90 percent.

Replacement of intermingling jets with energy efficient version.

To conserve the energy, filtered atmospheric air is now used as make up air in the crystalliser instead of compressed air.

The existing PIV drives are being replaced by inverter fed variable speed drives so that the mechanical losses and break downs are reduced to nil.

HTM and Boiler House are run on Furnace Oil instead of Diesel Oil thus reducing the cost of steam generation and Polymer heating.

**(b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy :**

Measuring equipments are being installed at major consuming points to monitor and reduce the consumption, thus saving energy.

To monitor the efficiency of various machines and to control the wastage of energy, it is proposed to provide around 80 energy meters in various sections.

To conserve the energy, it is proposed to use conditioned air in place of compressed air in the Chips Dryers and to install one chips dryer in place of two chips dryers in the Spinning Section.

**(c) Impact of Measures :**

On account of the foregoing measures adopted by the company, considerable saving of energy has been achieved.

**(d) Total energy consumption and energy consumption per Unit of Production.**

As per Form 'A' attached.

**B. PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (FORM 'B')****1. Specific areas in which R & D carried out by the Company****(i) Textile Units:**

Product development, process control and development, quality improvement and damage control, testing of fibres, yarn and fabrics and cost reduction.

**(ii) Synthetic Units:**

- Developed technology for recycling of dye spent liquor.
- Technology for the production of bottle grade pet super bright chips of international standard.
- Developed Dope-dyed yarn using master batch chips.
- Development of hollow fibre for filling application.
- Development of super high tenacity fibre for sewing thread.

**2. Benefits derived :****Textile Units**

Process control lead to increase in production.  
Reduction in damage thereby increase in value recovery percentage.  
Continuous testing/checking waste/damage thus increasing productivity and quality of product.  
Cost reduction has been achieved by changing mixing compositions.

**Synthetic Units**

Reduction in production cost.  
Improved product range to meet market requirement and better over all sales realisation.

**3. Future Plan of action :**

The Company has independent R&D Department which regularly provides suggestions for improvement so as to reduce the cost of production and improve the quality.  
Further developments in increasing product range of dope-dyed yarns.  
Developments of new deniers to meet changing trends of market.

**4. Expenditure on Research & Development:**

	Current Year	Previous Year
	Rs.	Rs.
Capital	4,784,049	621,473
Recurring	4,397,805	3,645,674
	<u>9,181,854</u>	<u>4,267,147</u>
Total R&D expenditure as a percentage of total turnover	0.09%	0.05%



**C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION****FORM 'A'****(a) Efforts in brief, made towards technology absorption, adaptation and innovation.**

Old and obsolete machines have been replaced with the development of technology to provide avenues to manufacture value added product with lessor cost.

**(b) Benefits derived**

The efforts at product improvement, cost reduction and technology absorption, adaptation and innovation have resulted into a larger product range including manufacture of bottle pet super bright chips and POY and development of new deniers.

**(c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year):****Technology Imported**

- From Zimmer AG, Germany for the manufacture of POY through Direct Melt Spinning - Imported in 1995.
- From Korea Act Corporation, Korea for the manufacture of Wire Ropes - Imported in 1996.

**Has technology been fully absorbed?**

Yes.

**If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action.**

Not applicable.

**A. Power and fuel consumption:**

	Current year	Previous year
<b>1. Electricity</b>		
(a) Purchased :		
Units	163,850,909	149,737,816
Total Amount (Rs.)	402,848,283	317,414,834
Rate/Unit (Rs.)	2.45	2.12
(b) Own Generation :		
(i) Through Diesel Generators		
Units	42,179,421	32,164,750
Unit per Ltr.of Diesel Oil (Rs.)	3.54	3.48
Cost/Unit (Rs.)	2.33	2.05
(ii) Through Steam Turbine Generators		
Units	Nil	Nil
Unit per Ltr. of Fuel Oil/Gas	Nil	Nil
Cost/Unit (Rs.)	Nil	Nil
<b>2. Coal</b>		
Quantity (tonnes)	45,258	43,245
Total Cost (Rs./lacs)	1,073.88	941.25
Average Rate (Rs.)	2,372.80	2,176.55
<b>3. Furnace Oil</b>		
Quantity (K.ltrs.)	1,997.434	803.465
Total Amount (Rs./lacs)	141.34	55.99
Average Rate (Rs.)	7,076	6,969
<b>4. LDO/HSD (HTM/BOILER)</b>		
Quantity (ltrs.)	18,316,322	7,978,039
Total Amount (Rs./lacs)	1,365.19	511.90
Average Rate/Ltr.(Rs.)	7.45	6.42
<b>5. Other/Internal Generation</b>		
Steam		
Quantity (tonnes)	112,999	108,786
Total Cost (Rs.)	70,117,096	58,225,186
Average Unit (Rs.)	620.51	535.23

**D. FOREIGN EXCHANGE EARNINGS AND OUTGO****(a) Activities relating to exports, initiatives taken to increase export development of new export markets for product services and export plans.**

There have been concentrated efforts to improve exports of Polyester Staple Fibre, Textiles. The Company was able to capture an appreciable share of the markets in Bangladesh, Nepal, Malasiya and Europe.

**(b) Total Foreign Exchange used and earned :**

	Rs.
Used	1,186,666,136
Earned	1,042,141,804

**B. Consumption per unit of production (Rs.)**

Products	Unit	Current Year					Previous Year				
		Electricity	Coal	Furnace Oil	Steam	LDO/HSD	Electricity	Coal	Furnace Oil	Steam	LDO/HSD
Filament Yarn	Per Kg.	13.72	—	—	2.25	4.94	12.71*	—	—	2.18*	4.70*
Cloth	Per Mtr.	1.67	0.85	—	—	—	1.54	0.88	—	—	—
Steel Wires	Per MT	1493	20	310	—	—	1171	12	167	—	—
Cotton Yarn	Per Kg.	2.05	—	—	—	—	2.29	—	—	—	—
Polyster Staple Fibre	Per MT	1646.86	—	—	—	1544.84	1622.74	—	—	—	1599.74

\* Previous year's figures have been revised after taking impact of chips produced for sale.



## AUDITORS' REPORT

To the Members of JCT Limited

We have audited the attached Balance Sheet of JCT Limited, as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date and report that:

1. (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 the books;
- (c) The report on the Accounts of the Steel Division audited by the branch auditor u/s 228 of the Companies Act, 1956 has been forwarded to us and taken into consideration by us in preparing this report after making such adjustments as we considered appropriate;
- (d) The Balance Sheet and Profit and Loss Account dealt with by the Report are in agreement with the books of account; and
- (e) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with the Significant Accounting Policies and subject to Note No. (3) Re: Non-provision of multi-shift depreciation; Note No.(4) Re: Change in the method of accounting for depreciation; and Note No. (5) Re: Capitalisation of post production interest on deferred credits in earlier years; the aggregate impact of which is that the losses for the current year are higher by Rs. 278.49 lacs and its consequential effect on the fixed assets; and Note No.(8) and (9) Re: Advances against capital goods and other loans to certain bodies corporate including interest accrued and accruing thereon aggregating Rs. 40048.43 lacs considered good for recovery by the management; and Note No.(11) Re: Non-provision of shortfall of Rs 562.59 lacs in the aggregate market value of quoted investments as compared to their book value; in Schedule No. 'X' give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997; and
  - (ii) in the case of the Profit and Loss Account, of the Losses for the year ended on that date.
2. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks, as we considered appropriate, we further state that:

- A. (i) The Company has maintained proper records to show the full particulars including quantitative details and situation of its fixed assets. We are informed by the management that the fixed assets of the Company were physically verified during the year under review and no material discrepancies were noticed on such verification.
  - (ii) None of the fixed assets has been revalued during the year under review.
  - (iii) The stocks of finished goods, stores, spare parts and raw materials of the Company except stocks with third parties have been physically verified by the management in accordance with the perpetual inventory programme, at reasonable intervals.
  - (iv) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (v) The discrepancies noticed on physical verification of stocks as compared to book records which were not material, have been properly dealt with in the books of account.
  - (vi) In our opinion, on the basis of our examination of the stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
  - (vii) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or from the companies under the same management as defined under Section 370(1-B) of the Companies Act, 1956.
  - (viii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or to the Companies under the same management as defined under Section 370(1-B) of the Companies Act, 1956.
  - (ix) Loans and Advances have been granted to the employees from whom instalments towards principal and interest wherever stipulated are being generally recovered.
- With regard to other loans and advances as appearing in the attached Schedule 'H' of 'Loans and Advances' we have to observe as under :
- (a) There is no stipulation for recovery of interest