

# *12th Annual Report 1998-99*

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*Deep Sethi*  
Managing Director.

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## **JAUSS POLYMERS LIMITED**

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**BOARD OF DIRECTORS**

**Dildeep Singh Sethi**

Managing Director

**Harpreet singh Sethi**

Director

**T. C. Mitla**

Director

**Amarjit Singh**

Nominee of PSIDC

**AUDITORS**

**V.K. Dhingra & Co.**

Chartered Accountants

E-1/15, Jhandewalan

New Delhi-110 055

**REGISTERED OFFICE**

602-603, Pragati Tower, Rajendra Place,

New Delhi-110 008

**WORKS**

**Plant-I**

Chanaloh Kurali

Dist. Ropar, Punjab (India)

**Plant-II**

661 & 662 Kasna Road, Surajpur

Dist. Dadri, Ghaziabad, U.P. (India)

**JAUSS POLYMERS LTD.**  
***Twelveth Annual Report***

**NOTICE**

Notice is hereby given that the 12th Annual General Meeting of the members of Jauss Polymers Ltd. will be held on Friday, 30th June 2000 at F-24, Pushpanjali, Village Bharthal, New Delhi 110061 at 9:30 a.m. to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Accounts of the Company for the Accounting period ended December 31, 1999 together with the Director's Report & Auditor's Report thereon.
2. To appoint a Director in place of Mr. H.S. Sethi, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of 12th Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board  
**On Behalf of the Jauss Polymers Ltd.**

Managing Director

*PLACE : New Delhi*

*DATED : 05th June 2000*

**NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a PROXY to attend and, on a poll, to vote instead of himself. Such proxy need not be a member of the Company. Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting.
2. Members attending the meeting are requested to bring their own copy of the Annual Report and attendance slips sent herewith duly filled and signed.

By order of the Board  
**On Behalf of the Jauss Polymers Ltd.**

Managing Director

*PLACE : New Delhi*

*DATED : 05th June 2000*

## DIRECTORS REPORT

### TO THE MEMBERS, Jauss Polymers Limited.

Your Directors hereby present the 12th Annual Report together with the Audited Accounts of the Company for the Accounting period of 15 months beginning from 01/10/98 to 31/12/99. Since the Company wishes to adopt the Financial year on calendar year basis, the last financial year has been extended for 3 months hence the accounts were prepared for 15 months period (i.e. from 01/10/98 to 31/12/99).

#### 1. FINANCIAL HIGHLIGHTS

	Current Year (15 Months)	(Rs. in Lacs) (Previous Year) (12 Months)
SALES AND OTHER INCOME	918.44	986.35
PROFIT (LOSS) BEFORE FINANCIAL CHARGES & DEPRECIATION	156.21	58.79
FINANCIAL CHARGES	238.20	177.86
PROFIT (LOSS) FOR THE YEAR *	533.86	325.97
BALANCE (LOSS) / PROFIT CARRIED TO BALANCE SHEET	1623.60	1072.40

\* (INCLUDES PRIOR PERIOD ITEM AMOUNTING TO Rs. 17,34,000/-)

#### 2. OPERATIONS

- During the period under consideration Pre operative expenses amounting to Rs 17273481.00 was written off as the expansion project of the company could not be implemented due to non sanctioning of financial assistance by the financial institutions. As the project is unlikely to be commissioned the board decided to write off the entire pre operative expenses.
- The manufacturing expenses shot up due to disconnection of electricity at the Surajpur plant, which accounts for 75% of the total production of the company. The plant was forced to run on hired D.G.SETS, the hiring cost of D.G. SETS along with the cost of repairing of old moulds and machineries resulted in the increase in manufacturing cost.

Apart from the reasons mentioned above the fierce competition in the market has reduced the profit margin of the Company drastically. Further during the period under review the company has initiated cost control measures which has resulted in to reduction of other expenses substantially.

#### 3. BOARD OF DIRECTORS

Mr. H.S. Sethi, Director of the Company who will be retiring by rotation in this ensuing Annual General Meeting being eligible, offers himself for re-appointment.

#### 4. STATUS ON B.I.F.R.

The Company has been declared as a sick company under the provisions of Sick Industrial Companies (Special Provisions Act) 1985, the IDBI has been appointed as an Operating Agency by the B.I.F.R to make a rehabilitation scheme for the Company.

#### 5. FIXED DEPOSITS

The total outstanding fixed deposit as on 31/12/99 was amounting to Rs. 7,28,725.00. Further no fresh deposits were accepted during the period under review.

#### 6. AUDITORS

M/s V.K. Dhingra & Co., Chartered Accountants, the Auditors of the Company hold office until the conclusion of this Annual General Meeting and being eligible offers themselves for re-appointment. The necessary certificate as required u/s 224 (2B) of the Companies Act, 1956 has been received from the above named auditors.

#### 7. PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956.

Statement of particulars of employees pursuant to the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of the Directors' Report for the year ended 31st December 1999.

Name : Designation / Nature of Duties; Qualification; Date of Commencement of Employment; Experience (years); Gross Remuneration (Rs.); Age (years); previous employment; Details (Name of the Company, Designation).

Mr. P.K. Pant; V.P. (Marketing); B.E. (Mech.), MBA; 02.01.95; 25 years; Rs. 5,04,066/- 49 years; H.P. Cotton Mills Ltd. as G.M. (Marketing & Exports).

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## **8. AUDITOR'S REPORT AND NOTES ON ACCOUNTS**

### **Comments on the Auditor's Observations :**

#### **Point-1 of Annexure to Auditor's Reports**

Efforts are being made to update Assets register and other allied record.

#### **Point-10 of Annexure to Auditor's Reports**

The company is making efforts to repay the outstanding amount.

#### **Point-14 of Annexure to Auditor's Reports**

Due to paucity of funds, provident fund dues were not deposited in time. However, most of the dues have been deposited now and further steps are being taken to clear the balance amount.

#### **Point-15 of Annexure to Auditor's Reports**

Efforts are being made to deposit the outstanding amount of TDS and Sales Tax.

### **REPLY TO SCHEDULE 'O'- NOTES ON ACCOUNT**

#### **Point-9**

Efforts are being made to comply with provision of Sec 205-A of the Companies Act, 1956.

#### **Point-10**

Negotiations are being made with various lenders for settlement of dues.

#### **Point - 13**

It has been already explained earlier point no. 2.

#### **Point - 14**

Steps are being taken to identify the status of the suppliers.

## **9. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GOINGS.**

The information pertaining to the captioned areas are briefed in the ANNEXURE to this report.

## **10. APPRECIATION**

Your Directors wish to place on record their appreciation for the valued Co-operation and assistance extended by Various Government Agencies, Bankers of the Company, IDBI, Loyal & Dynamic Executive Staff and other workers of the Company. The Board also take this opportunity to express its deep gratitude for the continuous support received from the shareholders of the Company.

For and on behalf of the Board

(Dildeep Singh Sethi)  
Managing Director

Place : New Delhi

Date : 05th June 2000

## **ANNEXURE TO THE DIRECTOR'S REPORT**

Particulars as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Director's Report for the year ended 31st December 1999 for a period of 15 months.

### **1. CONSERVATION OF ENERGY**

Utmost care and attention has been exercised in the selection of equipment in order to minimise the consumption of Fuel & Power. No additional investment has been made during the year for reduction of consumption of energy. Form A requiring disclosure of particulars with respect to conservation of energy is not applicable in the case of our Industry / Company.

### **2. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION**

#### **a) Research & Development**

The Company has indigenously developed moulds, which are being imported by the other Companies in the Industry. During the period under review the company had under taken the repairs of old mould and machinery. Thus, the Company has been able to save precious foreign exchange.

#### **b) Technology Absorption**

The technology used by the Company is purely indigenous and further efforts are being made to use the latest technology.

### **3. FOREIGN EXCHANGE EARNINGS AND OUTGO**

#### **EARNINGS (Rs.)**

Particulars	Current Year	Previous Year
Exports Sales (F.O.B)	NIL	NIL
<b>OUTGO (Rs.)</b>		
Travelling	1,76,827	65,919
Raw Materials	NIL	NIL
Consumable Stores	NIL	NIL
Plant & Machinery	NIL	NIL

## AUDITORS' REPORT

### To the Members of JAUSS POLYMERS LIMITED

We have examined the attached Balance Sheet of **JAUSS POLYMERS LIMITED** as at 31st December, 1999 and the Profit & Loss Account of the Company for the period from 1st October 1998 to 31st December, 1999 annexed thereto and report that:

1. 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 of the books and records of the Company as we considered appropriate and the information and explanations given to us during the course of our audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above;
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 and Profit & Loss Account referred to in this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet and Profit & Loss account comply with the accounting standard referred to in sub-section (3C) of section 211 of the Companies Act 1956 to the extent applicable.
  - e) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit & Loss Account, subject to:
    - i) Note No. 5 of Schedule 'O' regarding non-confirmation/reconciliation of balances of Debtors, Creditors, Loans and Advances and other accounts, the effect on accounts upon confirmation and reconciliation, not ascertainable;
    - ii) Note No. 9 of Schedule 'O' regarding non-compliance with the provisions of Section 205A of the Companies Act, 1956;
    - iii) Note No. 10 of Schedule 'O' regarding non-provision of interest on accrual basis on unsecured loans from Companies and Others and its impact on accounts not ascertainable in the absence of details;
    - iv) Note NO. 11 of Schedule 'O' regarding non-provision of overdue interest, liquidated damages, penalty etc. on loans from financial institutions resulting in losses and secured loans from financial institutions being understated by Rs. 70,60,374/-.
    - v) Note No. 12 of Schedule 'O' regarding non-confirmation and non-reconciliation of secured loans from Bank and effect on accounts on reconciliation not ascertainable.
    - vi) Note No. 13 of Schedule 'O' regarding writing off of capital work in progress and pre-operational expenses due to non-implementation of project resulting in losses for the period overstated by Rs. 1,72,73,481/-.
    - vii) Note No. 14 of Schedule 'O' regarding disclosure of information of suppliers about small scale Ancillary Industries.

and read together with the other notes thereon give the information required by the companies Act, 1956 in the manner so required and give a true and fair view:
  - f) In case of Balance Sheet of the State of affairs of the Company as at 31st December, 1999 and
  - g) In case of the Profit & Loss Account of the Loss of the company for the period ended on that date.

**FOR V. K. DHINGRA & CO.**  
**CHARTERED ACCOUNTANTS**

PLACE : New Delhi  
 DATED : 5th June, 2000

(V. K. DHINGRA)  
 PARTNER

**JAUSS POLYMERS LTD.***Twelveth Annual Report***ANNEXURE TO THE AUDITORS' REPORT**

Referred to in paragraph (1) of our report of even date on the accounts of **JAUSS POLYMERS LIMITED** for the period ended on 31st December, 1999.

1. The company has maintained proper records (except for assets installed at the plant at Surajpur, Distt. Ghaziabad and furniture & fixture and office equipments at other premises upto 30.09.97) showing full particulars including quantitative details and situation of fixed assets. As explained to us, physical verification of the major portion of fixed assets was conducted by the management during the period, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. On the basis of explanations given to us, no discrepancies have been noticed on aforesaid verification.
2. None of the fixed assets have been revalued during the period.
3. i) According to the information and explanations given to us, the stocks of finished goods, stores, spare parts and raw materials have been physically verified by the management during the period at reasonable intervals.  
 ii) The procedures of physical verification of stocks followed by the management are, in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business.  
 iii) As explained to us, the discrepancies noticed on such comparison were not significant and have been properly dealt with in the accounts.  
 iv) In our opinion, 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 period.
4. The terms and conditions wherever available on which unsecured loans have been taken from the Companies, firms or other parties listed in the register maintained under Section 301 are, prima facie, not prejudicial to the interest of the company. In terms of section 370 (6) of the companies Act, 1956 provisions of the said section are not applicable to a company on or after 31st October, 1998.
5. The Company has not granted any loan, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
6. In respect of interest free temporary loans given by the company to its employees/other parties, repayments of principal amount is being made as stipulated.
7. According to the information and explanations given to us, there are internal control procedures with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for sales of goods but they need to be further strengthened.
8. As explained to us, there are no transaction of purchase/sale of goods and materials and services, made by the Company in pursuance of contracts entered into the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs.50,000/- or more in respect of each party.
9. As explained to us, un-serviceable or damaged stores, raw materials and finished goods are determined by the company and adequate provision has been made in the accounts for the loss so determined.
10. The company has not complied with the provisions of Section 58A of the companies Act, 1956 and the companies (Acceptance of Deposits) Rules, 1975 in respect of the deposits accepted by it.
11. The company has maintained reasonable records for sale and disposal of realisable by products and scrap.
12. The company has a system of internal audit which, in our opinion, is commensurate with the size of the company and the nature of its business.
13. The Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the companies Act, 1956 for any of the products of the company.
14. According to the records of the company, Provident Fund and ESI dues have not been regularly deposited with the appropriate authorities during the period and the extent of arrears of Provident Fund dues as on 31st December, 1999 were Rs.4,76,106/-.

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15. According to the books and records examined by us and the information and explanations given to us, there are no undisputed amounts payable in respect of Income-tax, Wealth-tax, customs duty and excise duty (except tax deducted at source amounting to Rs.18,22,414/- and Sales-tax amounting to Rs.30,65,531/-) which have remained outstanding for a period exceeding 6 months from the date they became payable.
16. According to the information and explanations given to us and the records of the company examined by us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or generally accepted business practices.
17. The company is a sick industrial company within the meaning of clause (O) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 and a reference under section 15(1) has been made to the Board for Industrial and Financial Reconstruction.
18. In respect of the Company's trading activities, damaged goods have been determined and provision for loss has been made where necessary.

**FOR V. K. DHINGRA & CO.**  
**CHARTERED ACCOUNTANTS**

**PLACE : New Delhi**  
**DATED : 5th June, 2000**

**(V. K. DHINGRA)**  
**PARTNER**

