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**J&K STATE HANDLOOM DEVELOPMENT CORPORATION LTD.
SOILNA-SRINAGAR**

No. HDC/MD/Secy/08-1/188-99

Dated: 18-07-2012

MEETING NOTICE

25th Adjourned Annual General Meeting of J&K State Handloom Development Corporation Ltd. is scheduled to be held on 7th August 2012 at 11.00 a.m. in Corporate Office of the Corporation.

It is requested to Kindly make it convenient to attend the meeting at scheduled date, time & venue.

**S/d
(Shaukat Ali)
Managing Director**

Note: A member entitled to vote at the meeting may appoint another person (whether a member or not) as his proxy to attend the meeting.
Form of proxy is enclosed

Minutes of AGM

Minutes of 25th Annual General Meeting of J&K State Handloom Dev. Corporation Ltd. held under the Chairmanship of Sh. S.S. Slathia, Hon'ble Minister for Ind. & Comm. J&K State (Chairman HDC Ltd.) on 07-08-2012

Present:-

1. Mr. M. Iqbal Khanday IAS
Principal Secretary to Govt.
Finance Department
2. Sh. Shantmanu IAS
Commissioner / Secretary to Govt.
Ind. & Comm. Deptt.
(Represented His Excellency
the Governor of J&K State)
3. Sh. Shantmanu IAS,
Commissioner / Secretary to Govt.
Ind. & Comm. Deptt.
4. Shaukat Ali,
Managing Director,
HDC Ltd.

The 25th Annual General Meeting of Share Holders of the Company was convened pursuant to decisions taken in the 60th Board of Directors meeting and held on 6th July 2012 under the Chairmanship of Sh. S.S. Slathia, Hon'ble Minister for Industries & Commerce J&K State (Chairman HDC Ltd.). The Managing Director briefed the Share Holders about the present position of working of the Corporation viz-a-viz production, sales availability of raw-materials, liquidity etc. and the meeting took note of constant improvement and growth during the current fiscal in relation to corresponding periods of yesteryears.

The Managing Director also informed the meeting about the present status of clearance of audit of accounts and finalization of the balance sheets in arrears. The Managing Director Informed meeting about the reasons for delay in completion of pending job of audit accounts and finalization of balance sheets. He informed that the auditors expressed reservation in taking up the job of audit of accounts in combined manner and in absence of adoption of the audited accounts along with balance sheet and profit & loss account of the Company of the particular by the Share Holders, it is not advisable to take up the audit of future accounts.

The Managing Director also stated that the Corporation is dependent on the Statutory Auditors to meet the targeted date for completion of backlog in statutory audit of accounts of the Company and informed that M/S G.S Associates newly appointed Chartered 2001-2002 onwards and is expected to complete the job soon and furnish its report on audit of accounts of the Company within a period of one month from now. The Managing Director stated that the Associates & Co. to take up

audit of accounts of Company collectively for four (4) year from 2001-2002 and assured the Share Holders that every effort shall be made to meet the deadline of ending December 2012 for completion of pending job of audit of accounts and finalization of balance sheets.

The Principal Secretary to Govt. Finance Deptt. and Commissioner / Secretary to Govt. Industries & Commerce Deptt. stressed the management for its commitment for completion of backlog in statutory audit and finalization of pending balance sheets by end of December 2012

The Hon'ble Minister of Industries & Commerce (Chairman, HDC Ltd.) impressed upon the management for clearing of backlog within targeted date of 31st December 2012

After above deliberations, the following main agenda item was taken up for adoption.

Agenda item No. 1:

Adoption of Audited Accounts of the Company for the year 1998-99 & 1999-2000

The Managing Director informed the Share Holders that the audited accounts for the year 1998-99 ending March 1999 & 1999-2000 ending March 2000 were reviewed by the Principal Accountant General (Audit) J&K Srinagar with insignificant comments of creation of provision for payment of interest on State Govt. loans for the accounting year 1998-99 and creation of provision for bad debts on account of 25% cost of looms. The Share Holders were informed that needfull shall be done to create the charge in the accounts of 2000-2001.

After detailed discussions, the Share Holders adopted the accounts of the Company for the year 1998-99 and 1999-2000 & passed the following resolution:

"Resolved that the audited accounts of the Company including Balance Sheets and Profit & Loss account for the year 1998-99 & 1999-2000 ending 31-03-1999 & 31-03-2000 together with Directors Report, Auditors Report & comments of the Principal Accountant General(A&E) J&K are hereby received and adopted".

Sd/-
(S.S. Slathia)
Hon'ble Minister for
Ind. & Comm.

Sd/-
(M.I. Khandey) IAS
Principal/Secy. to Govt.
Finance Deptt.

Sd/-
(Shantmanu) IAS
Comm./Secy. to Govt.
I&C Deptt

Sd/-
(Shaukat Ali)
M.D.
HDC Ltd.

Board of Directors

S.No.	Name of the Member with Designation	Status
1.	Sh. Chander Parkash, Hon'ble Minister for Industries & Commerce J&K State	Chairman
2.	Sh. Muntazar Mohi-ud-Din,	Vice Chairman
3.	Sh. N.K. Choudhary, IAS, Commissioner / Secy. to Govt. Finance Department.	Director
4.	Sh. Rohit Kansal, IAS Commissioner/Secy. to Govt. Planing & Development Department	Director
5.	Sh. Shailendra Kumar, IAS, Commissioner/Secy. to Govt. Industries & Commerce Department.	Director
6.	Sh. Anil Raj Kumar Additional Dev. Commissioner (Handlooms), Ministry of Textile, Govt. of India. New Delhi.	Director
7.	Sh. Rajesh Kumar Sharma, KAS Director, Handloom Development Department J&K	Director
8.	Sh. Rakesh Sharma Managing Director J&k State Handloom Development Corporation Ltd.	Director

DIRECTORS REPORTS

YEAR 1998-99

1. Capital Structure

(Share Capital & Share Holding)

Against authorized capital of Rs. 500.00 lacs, the paid up share capital of the Company is Rs. 299.00 lacs comprising of 2,99,900 equity shares of Rs. 100/- each. Out of these shares, one share each is held by the Secretary to Govt. Industries & Commerce Department and the Secretary to Govt. Finance Department while the remaining shares are held by His Excellency, the Governor of J&K State.

2. Working Capital

The Corporation managed its activities within the generated resources which includes cash credit limited of Rs. 100.00 Lacs operated with J&K Bank

The Limit was operated at 83.97 lacs on 31-03-1999 during 1998-1999.

The Corporation did not raise any loans from financial institutions during the 1998-99.

3. Meeting of Board of Directors:

The Board of Directors of J&KHDC met twice during the year 1998-1999 on 16th of June & 10th of December 1998 for 43rd & 44th BOD's Meeting.

4. Activities:

Amidst strife the Corporation within available resources continued its activities of procurement and issuance of raw material to weavers for weaving of handloom products, finishing of fabrics, marketing & trading of handloom fabrics produced by weavers in decentralized sector (covered by Intensive Handloom Development Projects set up in various Districts) and Handloom Cooperative Societies during the year 1998-1999. Besides a Project on Research & Collection of 500 traditional designs from museums, archives & other resources for recreation and development in embroidery with modified colour scheme / motifs for designs variation on Pashmina Shawls was taken up for implementation.

5. Marketing:

Against sales achievements of Rs. 726.92 lacs in 1997-98, the Company registered a sales turnover of Rs. 582.46 lacs during the year 1998-99 by way of institutional supplies mainly together with retail sales of own products through outlets and commission agencies. The Corporation did not have its own sales outlets outside the state and therefore the sales were largely achieved through participation in Expos, Exhibition & other events held for a limited period.

6. Production

The Corporation manufactured handloom products of the order of 5.034 lacs meters & 410 Nos. of shawls during the year 1998-1999 as against 6.11 lac meters & 247 Nos. of shawls

manufactured during the year 1997-98.

7. Expenditure.

The expenditure for year 1998-99 was of the order of Rs. 378.96 lacs as compared to Rs. 470.27 lacs during the year 1997-98, the decrease in expenditure was on account of diminished production activities.

8. Profit & Loss.

The Corporation for the year sustained a loss of Rs. 1,56,33,261.26 during the year 1998-99 as compared to Rs. 2,77,02,853.64 during 1997-98

9. Management

The Board of Directors of Corporation was reconstituted and Sh.B.K. Chaturvedi, D.C. Handlooms (Govt. of India), Sh. M.L. Koul, Financial Commissioner, Planning Deptt. & Sh. R.K. Mathur D.C. Handlooms (Govt. of India) ceased to be Directors. Sh. Ajit Kumar, Addl. Chief Secretary, Finance Deptt. & Arun Kumar, D.C. Handlooms (Govt. of India) were appointed as Directors

10. Comments of the Principal Accountant General (A&E) J&K

Comments of the Principal Accountant General (A&E) J&K under section 619(4) of the Companies Act 1956 as received through Accountant General, Jammu & Kashmir State are attached.

Management Reply: The provision for interest charged on loans of State Govt. shall be created in the accounts of Company in the year 2000-2001

Sd/-
(Chandra Gupta)
Director
Handloom Dev. Deptt.
Director

Sd/-
(Shaukat Ali)
Managing Director
HDC Ltd.
(Director)

AUDITOR'S REPORT

To ,

The Members

J&K Handloom Dev. Corp. ltd.

We have audited the attached Balance Sheet of J&K State Handloom Development Corporation Limited as at 31st of March 1999 & the annexed Profit & Loss Account for the year ended on that date together with the notes there-on & have to report that:

As required by the Manufacturing & Other Companies (Auditor's Report) order 1988, issued by the Company Law Board in terms of section 227 (4A) of the companies Act, 1956, we enclose in the Annexure 1, a statement on the matters in paragraph 4&5 of the said order.

Further to our comments in the Annexure 1 referred to in the above paragraph & as per Annexure-2 We report that:

1. We have obtained all the information & the explanations which to the best of our knowledge & belief, were necessary for the purpose of Audit.
2. In our opinion, proper books of account as required by law have been kept by the Corporation so far as appears from our examination of Books.
3. The Corporation is not following the Accounting Standards as applicable & as issued by the Institute of Chartered Accountants of India.
4. Since the Corporation is a Government organization, and has directors who are appointed by the Government, and details about the other Companies in which these directors hold the directorships were not made available, as such whether the directors are disqualified to act as the director cannot be commented upon by us.
5. The said Balance Sheet & Profit & Loss A/c dealt with by the report are in agreement with the Books of Account.
6. In our opinion, & to the best of our information & according to the explanations given to us, the said accounts, read together with notes thereon give the information, required by the Companies Act, 1956 in the manner so required & give a true & fair view:-
 - a. In the case of Balance Sheet, of the state of affairs of the Corporation as at 31st of March, 1999 &
 - b. In the case of the profit & Loss Account of the Loss of the Corporation for the year ended 31st of March 1999.

**For Upendra & Associates
Chartered Accountants**

**Sd/-
(CA U.K Handoo)
Partner**

**Jammu,
Dated: 4 Feb 2012**

ANNEXURE - 1

(Referred to in paragraph (A) of our Audit report of even date)

1. The Corporation is not maintaining proper records as per Companies Act, showing full particulars, including quantitative details & situation of fixed assets. The periodical physical verification has not been conducted by the management during the year.
2. None of the Fixed Assets have been revalued - during the year.
3.
 - a. The physical verification of stock of stores, spare parts, raw material & finished goods of the Corporation done by the management at the year end as reported to us. However physical verification reports not provided.
 - b. In our opinion & according to the information & explanation given to us the procedure of physical verification of stocks followed by the management is reasonable & adequate in relation to the size of the company & nature of its business.
 - c. As explained to us no material discrepancies were noticed on physical verification of stocks to raw material, stores & spares and finished goods compared to the books of record at the close of the year.
 - d. On the basis of our examination of stocks, the valuation is fair & proper & in accordance with the normally accepted accounting principles. The basis of valuation of stocks is the same as in the preceding year reported to us.
4. The Corporation has given loans & advances in the nature of loans to its employees & repayment of the principal amount is not forthcoming as stipulated.
5. The Corporation has adequate internal control procedure for the purchase of raw materials including components of plant & machinery, equipment & other assets & for sale of goods commensurate with the size of the Corporation & nature of its business.
6. As explained to us & according to the information & explanation given to us there are no transactions of purchase of goods and materials and sale of goods, materials & services made in pursuance of contracts or arrangements, entered in the registered maintained under section 301 of the Companies Act 1956 & aggregating during the year to Rs. 50,000/- or more in respect as required to be maintained under section 301 of the Companies
7. As explained to us the Corporation has a regular procedure for determination of unserviceable or damaged stores, raw material or finished goods.
8. The Corporation has not accepted deposit from the public during the year under report.

9. The Corporation has not maintained any record for the sale & deposit of realizable by product if any.
10. The Corporation does not have an adequate system of internal audit commensurate with its size & nature of its business.
11. Maintenance of cost records has not been prescribed by the Central Government under section 209 (1) (D) of the Companies Act, 1956.
12. The Corporation of deducting the provident fund regularly but is not regular in depositing provident fund dues with the appropriate authorities.
13. According to the information & explanation given to us there are not undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom duty & Excise duty which have remained outstanding for a period of six months from the date of its becoming payable.
14. According to the information & explanation given to us & the records examined by us, no personal expenses of employees or directors have been charged to the revenue accounts other than those payable under the contractual obligation or in accordance with generally accepted business practices.
15. The Corporation is not a sick Industrial Company within the meaning of section 3(1) (o) of the sick industrial companies (special provisions) Act., 1956.

**For Upendra & Associates
Chartered Accountants**

**Jammu,
Dated: 4 Feb 2012**

**Sd/-
(CA U.K Handoo)
Partner**

J&K State Handloom Development Corporation Ltd. Statutory Audit for the Year Ending 31-03-1999

ANNEXURE - 2

Observation

1. The Authorized Capital of the Company has been shown at Rs. 5 Crores (Rs. Five Crores only) and it has been reported that Resolution has been passed by the Board in this regard. However, the other formalities / documents required for increase in the Share Capital not complied with.
2. The Corporation has taken unsecured loan to the tune of Rs. 118707667/- from J&K Govt. with the stipulation that interest amount has to be paid quarterly. The Corporation has not paid any interest till date and the amount is accumulating year by year and provision in respect of penal interest as stipulated in the sanction letters has not been made in the accounts.
3. Sundry debtors include many accounts, where recovery was not affected and appears to be bad and no provision has been made in the accounts in this regard. Moreover, Sundry Debtors of Rs. 1644373.14 considered bad and doubtful have been brought over from previous year without any recovery / adjustment.
4. The Corporation is not having Company Secretary as required to be appointed under the provision of Companies Act, 1956.
5. The Corporation is not maintaining the following registers as required to be maintained under the Companies Act, 1956
 - a) Register of Charges
 - b) Register of Members
 - c) Register of Directors
 - d) Register of Contracts
 - e) Register of Investments
 - f) Register of Fixed Assets
6. During the year under report the Corporation has held only two Board Meeting on 06.06.1998 & 10.12.1998 as against four meetings to be conducted on quarterly basis as required under the Companies Act, 1956 and there is thus a contravention of the provisions of the Companies Act.
7. The Sundry Creditors, Sundry Debtors, Loans & Advances remain unconfirmed.
8. The Preliminary expenses have been written off @ 10% of previous balance although it was to be written off in 10 equal installments of the total sum incurred on this account.
9. The recovery against the cost of looms is unsatisfactory. The weaver wise record of advances

against looms have not been made available to us for verification & as such it has been possible to identify the cases where no recoveries are being effected from year to year & the steps taken by the management in this regard.

10. Shortages of Rs. 778003.36 have been brought over from previous year without any Recovery / adjustment.
11. Suspense of Rs.27760.62 represents difference in books (including opening difference of Rs. 6214.98) which has been shown under the head "liability".
12. Internal Audit System is not vogue although the Share Capital of the Company is more than Rs. Five Crores.
13. Contribution from Govt. of India towards Pashmina Project amounting to Rs. 3739200/- has been wrongly clubbed together with Insurance Claim (Sale Centre, Sopore) of Rs. 188100/- and reflected under the "Insurance Claims" in the Profit & Loss Account.
14. It was reported that physical verification of stocks has been conducted & discrepancies found adjusted. However the physical verification report alongwith quantitative tally statement of stocks has not been made available. Moreover, the Corporation has huge inventory of stocks but no efforts seems to have been made by the management to reduce the inventory. Besides, most of stock of stores/spares, have remained unutilized and apparently there seems of be no justification for storing/purchase of Stores/Spares of this magnitude . The amount has thus got blocked in those items.
15. "Cash in transit of Rs. 353851.21 include amounts brought over from previous year for which no adjustment has been carried out."
16. Contingent liability not disclosed in the Balance Sheet.

**For Upendra & Associates
Chartered Accountants
(FRN No.005292N)**

**Sd/-
(CA U.K Handoo)
Partner
M.No. 083956**

**Jammu,
Dated: 4 Feb. 2012**

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT), J&K SRINAGAR

No: CAW/11-49/2011-12/128-30

Dated: 24-04-2012

To

The Managing Director,
J&K Handloom Development Corporation Ltd.
Sahkari Bhawan, Panama Chowk,
Rail Head, Jammu

Subject: *Comments of the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of J&K Handloom Development Corporation Limited for the year ended 31st March 1999.*

Sir,

I am to forward herewith the "Comments" under section 619(4) of the Companies Act, 1956 on the Annual Accounts of J&K Handloom Development Corporation Limited for the year ended 31st March 1999 for being placed before the shareholder in the Annual General Meeting.

The date of holding the Annual General Meeting may please be communicated to this office.

Please acknowledge the receipt.

Your Faithfully

Sd/-

Dy. Accountant General (C)

No. CAW/11-49/2011-12/

Dated: 24-4-2012

Copy to

Copy of the above forwarded to the Director (Commercial States-II), Office of the Comptroller and Auditor General of India, 10 Bahadur Shah Zafar Marg, New Delhi - 100124 along with following documents:

1. Certified copy (Ink Signed) of the Annual Accounts for the year ended 31st March, 1999
2. Comments
3. Performa on the Performance of Auditors of Govt. Companies / Corporations, (Basic Data)

Sd/-

Dy Accountant General ()

Copy forwarded to the Commissioner / Secretary to the -Govt of Jammu & Kashmir, Industries & Commerce Department, Civil Secretariat, Jammu for information.

Sd/-

Sr. Audit Officer (C)

Comments of the Comptroller & Auditor General of India under Section 619(4) of the Companies Act., 1956 on the Accounts of Jammu and Kashmir Handloom Development Corporation Limited for the Year ended 1998-99

The preparation of financial statements of Jammu and Kashmir Handloom Corporation Limited for the year ended 31st March 1999 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditor/auditors appointed by the Comptroller & Auditor General of India under section 619 (2) of the Companies Act, 1956 is/are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on an independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated: 04.02.2012

I, on behalf of the Comptroller & Auditor General of India, have conducted a supplementary audit under section 619 (3) (b) of Companies Act, 1956 of the financial statements of Jammu and Kashmir Handloom Development Corporation Ltd. for the year ended 31st March 1999. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of accounting records. Based on my audit, I would like to highlight the following significant matters under section 619(4) of Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

Balance Sheet

Liability Rs. 213663327.91

Loan Funds Rs. 179825157.01

Non-Provisioning of outstanding interest on Loan Rs. 0.24 Crore (H.O) Accounts.

The liability does not included provision of Penal/normal interest to the extent of Rs. 0.24 crore to be charged on loan from State Govt. taken from 1985-86 at the prevailing Rate of Interest as well as penal interest from time to time.

For and on behalf of C&AG of India

Sd/-

(Venkatesh Mohan)

Principal Accountant General (Audit)
Jammu and Kashmir

Place: Jammu

Date: 24.04.2012

The Senior Audit Officer (c),
O/o Principal Accountant General (Audit)
Jammu.

Sub: Reply to draft comments for the year 1998-99 in case of J&K State Handloom Development Corporation Limited.

Dear Sir

The replies to draft comments are furnished hereunder:

S.No.	Comments	Reply
1.	Liability-Rs.213663327.91 Loan Funds-Rs.179825157.01 Non-provisioning of outstanding interest On Loan-Rs. 0.24 crore (H.O. Accounts) The liability does not include provision of Penal/normal Interest to the extent of Rs. 0.24 crore to be charges on loan from State Govt.taken from 1985-86 to 1998-99 at prevailing Rate of interest as well penal interest from Time to Time.	In the audit report the observation was made. The short provision of interest will be adjusted during the year 2000-01 as reported by the Management.
2.	Fixed Assets - Rs. 1.84 crore P&LA/c - Rs. 9.01 crore Expenditure Depreciation Rs. 9099 lacs Co. did not provided for depreciation to the extent of Rs. 9.99 lacs as per schedule XIV of co's net 1956 an building factory (Gross Rs. 56.78 lacs) @10% each year an (WDV) written down value (1987-88 to 1988-99) due to which profit & assets got initiated to react extent . (Actual Dep. Rs. 3518217.20 & Dep. Provided Rs. 2518819.08)	The depreciation on factory building has been provided for correctly during the year under review. However, short provision to the extent of Rs. 9.99 lacs pertaining to earlier years will be adjusted during the year 2000-01 as reported by the management
3.	Non provision of post-retirement benefit Rs. 1.54 lacs	The provision for gratuity is not made and the management has reported

As per accounting standard-15, the co didnot provide for gratuity to the extent of Rs. 153871.76 before the close of 1998-99 in respect of 6 employees who were on retirement before 31.03.1999

This resulted into understatement of current liability & loss to that extent.

4. **Non-Amortisation of Preliminary Expenses-Rs. 0.78 lacks. Under Section 35B of the Income Tax Act, 1961**

The Co. did not Amortise Preliminary expenses & preoperative expenses to the extent of Rs. 0.78 lacs (Rs. 24198.75 & Rs. 53943.32 respectively) to the refuge @ 1/10th of the total such expenses only a period of 10 years
Thanking you.

that as per prevailing practice, the same is accounted for on cash basis. In notes to the accounts the same has been disclosed However, as per accounting standards no. 15 provision for gratuity is required to be made

In our audit report such discrepance was pointed out and it was reported by the management that adjustment in this behalf would be made during the year 2000-01

Your Faithfully,

Sd/-
Upendra & Associates
Chartered Accountants

J&K State Handloom Development Corporation Limited, Jammu

Balance Sheet as on 31-03-1999

Fig. in Rupees

	Source of Funds	Schedule	As on 31.03.1999	As on 31.03.1998
SHAREHOLDER FUNDS				
a)	Share Capital	1	29990000.00	2,99,90,000.00
b)	Reserve & Surplus	2	3848170.90	38,48,170.90
LOAN FUNDS				
a)	Secured Loans	3	83,97,019.74	Nil
b)	Unsecured	4	17,14,28,137.27	14,07,42,622.27
TOTAL			21,36,63,327.91	17,45,80,793.17
APPLICATION OF FUNDS				
FIXED ASSETS				
a)	Gross Block	5	1,84,20,055.64	1,73,97,885.06
b)	less Depreciation		1,19,80,821.77	1,12,09,625.11
c)	Net Block		64,39,233.87	61,88,259.95
CURRENT ASSETS, LOANS & ADVANCES				
a)	Inventory	6	8,12,74,484.56	6,40,30,793.98
b)	Sundry Debtors	7	4,71,33,300.38	4,26,68,147.26
c)	Cash & at Bank Balance	8	17,79,714.14	43,43,934.38
d)	Loans & Advances	9	1,72,50,544.87	96,87,401.15
TOTAL (3)			14,74,38,043.95	12,07,30,276.77
LESS CURRENT LIABILITIES & PROVISIONS				
a)	Current liabilities	10	3,30,90,928.19	2,74,48,663.25
b)	Provision for expenses	11	77,33,814.67	98,75,294.74
TOTAL (4)			4,08,24,742.86	3,73,23,957.99
NET CURRENT ASSETS (3-4)			10,66,13,301.09	8,34,06,318.78
Miscellaneous Exp.				
	(to the extent not adjusted or written off)	12	78,142.05	86,824.80
PROFIT AND LOSS ACCOUNT			(-) 10,05,32,650.90	8,48,99,389.64
Accounts and notes to				
Accounts			14	
TOTAL			21,36,63,327.91	17,45,80,793.17

Schedule 1 to 14 forming part of account

NOTES TO ACCOUNTS &

ACCOUNTING POLICIES

Schedule 1 to 14 forming part of account

J&K State Handloom Development Corporation Limited, Jammu
Balance Sheet as on 31-03-1999

Fig. in Rupees

	As on 31.03.1999	As on 31.03.1998
SCHEDULE - 1: SHARE CAPITAL		
AUTHORISED		
5,00,00,000.00 Equity Shares of Rs. 100/- each Issued, Subscribed & Paid Up	5,00,00,000.00	5,00,00,000.00
2,99.900 Equity shares of Rs. 100/- each	2,99,90,000.00	2,99,90,000.00
SCHEDULE -2: RESERVE & SURPLUS		
a) Capital Reserve	22,59,382.90	22,59,382.90
b) Capital Subsidy	15,88,788.00	15,88,788.00
TOTAL	38,48,170.90	38,48,170.90
PROJECT GRANTS		
Opening Balance Addition during the year	1,02,62,500.00	51,50,000.0
Less Grants Adjusted	1,02,62,500.00	51,50,000.0
Unutilized Grants	Nil	Nil
SCHEDULE-3: SECURED LOAN		
The Jammu & Kashmir Bank Ltd. (Secured against Hypothecation of Stocks)	83,97,019.74	Nil
J&K Govt.	Nil	Nil
	Nil	Nil
SCHEDULE-4: UNSECURED LOANS		
J&K GOVT.		
Opening Balance	9,87,07,666.66	8,14,99,666.66
During the Year	2,00,00,000.00	1,72,08,000.00
TOTAL	11,87,07,666.66	9,87,07,666.66
Interest accrued on Loan	5,27,20,470.61	4,20,34,955.61
TOTAL	17,14,28,137.27	14,07,42,622.27
SCHEDULE-6: INVENTORS (Refer Not 3 in Sc)		
a) Raw Material	52,32,503.77	61,84,849.77
b) Goods in process	1,47,40,659.90	1,23,10,848.57
Silk Waste	-	3,999.30
d) Consumables stores	1,87,978.08	1,66,717.26
e) Finished Goods	5,72,02,195.54	4,16,03,068.35
f) Looms/Store & Spares	39,11,147.27	37,61,310.73
Raw Material in Transit		
GRAND TOTAL	8,92,98,654.08	8,12,74,484.56

J&K State Handloom Development Corporation Limited, Jammu Balance Sheet as on 31-03-1999

Fig. in Rupees

	As on 31.03.1999	As on 31.03.1998
SCHEDULE - 7: SUNDRY DEBTORS		
a) Outstanding over six months (unsecured) considered good	2,43,89,758.17	2,25,97,534.32
b) Outstanding less than six months considered good	2,10,99,169.07	1,84,26,240.35
c) Considered bad and doubtful	16,44,373.41	16,44,373.41
TOTAL	4,71,33,300.38	4,26,68,147.81
SCHEDULE-8: CASH & BANK BALANCES		
a) Cash in hand	1,01,225.02	1,53,415.75
b) In Transit	4,80,324.80	3,53,851.21
WITH SCHEDULE BANKS		
a) In Current account	10,92,464.83	37,69,428.74
b) In Saving account	1,05,699.49	67,238.68
TOTAL	17,79,714.14	43,43,934.38
SCHEDULE-9: LOANS & ADVANCES		
Advance considered Goods		
a) Recoverable in Cash or in kind or for value to be recovered for expenses	5,383.56	5,340.56
b) Staff advance including (Rs.42,904,75) bad and doubtful	18,42,661.00	17,42,521.40
c) 25% cost of looms recoverable	3,33,915.48	4,12,995.93
d) Deposit with Govt. Public Bodies and others	1,74,841.00	1,84,841.00
e) Shortage and other Recoveries	7,79,503.36	7,78,003.36
f) Claims recoverable	1,40,79,216.47	65,30,000.00
g) Prepaid expenses	35,024.00	33,698.90
TOTAL	1,72,50,544.87	96,87,401.15
SCHEDULE-10: LIABILITIES		
Creditors	2,23,92,562.19	2,02,09,534.28
Acceptance	62,647.09	87,942.10
Other Liabilities	1,06,07,958.29	71,44,971.89
Suspense	27,760.62	6,214.98
TOTAL	3,30,90,928.19	2,74,48,663.25

J&K STATE HANDLOOM DEVELOPMENT CORPORATION LIMITED, JAMMU
SCHEDULE '5' OF FIXED ASSETS FOR THE YEAR 1998-1999

S. No.	Description of Assets	As on 31.03.98	Additions	Deletion	As on 31.03.1999	Upto 31.03.1998	During 1998-1999	Upto 31.03.1999	Net Balance	
									As on 31.03.1999	As on 31.03.1998
1.	Land	25875.00	-	-	25875.00	-	-	-	25875.00	25875.00
2.	Building (Factory)	5678470.08	-	-	5678470.08	2340551.43	178267.65	2518819.08	1604408.86	1782676.51
3.	Building (Office)	654662.70	323540.53	-	978203.23	234203.47	105592.03	339795.50	2193651.77	1975703.27
4.	Office Equipment	1129633.26	131444.00	16305.00	1244772.26	651482.03	80908.81	732390.84	513609.85	479379.66
5.	Plant & Machinery	7049420.48	200952.60	-	7250373.08	5936068.69	182678.83	6118747.52	1130414.22	1112140.45
6.	Furniture/Fixture	1253932.66	13953.00	-	1267885.66	758251.28	89589.05	847840.33	420026.34	495662.39
7.	Vehicle	1605890.88	354273.00	18517.55	1941646.33	1299068.21	130735.29	1419803.50	521842.83	316822.67
8.	Air Conditioner	-	32830.00	-	32830.00	-	3425.00	3425	29405.00	-
	Total	17397885.06	1056993.13	34822.55	18420055.64	11209625.11	771196.66	11980821.77	6439233.87	6188259.95

Sd/- Financial Advisor & CAO J&K State Handloom Dev. Corp. Ltd. Jammu	Sd/- Managing Director J&K State Handloom Dev. Corp. Ltd. Jammu
Sd/- Director J&K State Handloom Dev. Corp. Ltd. Jammu	

Fig. in Rupees

As on 31.03.1999 As on 31.03.1998

SCHEDULE - 11: PROVISIONS

a) For Expenses	52,67,033.42	74,10,013.49
b) Bad and doubtful as per Annexure 2	24,66,781.25	24,65,281.25
TOTAL	77,33,814.67	98,75,294.74

SCHEDULE 12: MISC EXPENSES

Preliminary expenses	24,198.75	26,887.50
Preoperative expenses	53,943.30	59,937.30
TOTAL	78,142.05	86,824.80

SCHEDULE-13: PROFIT & LOSS ACCOUNT

Opening Balance	8,48,99,389.64	5,71,96,536.00
During the Year	1,56,33,261.26	2,77,02,853.64
TOTAL	10,05,32,650.90	8,48,99,389.64

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Jammu

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Managing Director
J&K State Handloom Dev. Corp. Ltd.
Jammu

Sd/-
Director
J&K State Handloom Dev. Corp. Ltd.
Jammu

J&K State Handloom Development Corporation Limited, Jammu

Balance Sheet as on 31-03-1999

Fig. in Rupees

	As on 31.03.1999	As on 31.03.1998
MATERIAL CONSUMED		
a) Raw Material		
Opening Stock	61,84,849.77	93,12,523.85
Add: Purchase	1,82,66,062.13	2,24,14,451.59
TOTAL	2,44,50,911.90	3,17,26,975.44
Less Closing Stocks	52,32,503.77	61,84,849.77
TOTAL (a)	1,92,18,408.13	2,55,42,125.67
b) Consumable Stores		
Opening Stock	1,66,717.26	1,61,353.53
Add: Purchases	1,19,420.36	1,04,164.54
TOTAL	2,86,137.62	2,65,518.07
Less closing Stocks	1,87,978.08	1,66,717.26
TOTAL (B)	98,159.54	98,800.81
c) Increase / decrease in stock of work in progress and finished goods		
Opening Stock		
Work in process.	1,23,10,848.57	1,40,51,108.56
Finished Goods	4,16,03,068.35	4,30,04,752.28
Bye products	3,999.30	3,590.47
TOTAL	5,39,17,916.22	5,70,59,451.31
Add purchases of finished stock	1,92,61,512.60	2,27,10,513.30
TOTAL	7,31,79,428.82	7,97,69,964.61
LESS: CLOSING STOCK		
Work in process	1,47,40,659.90	1,23,10,848.57
Finished goods	5,72,02,195.54	4,16,03,068.35
Bye products	-	3,999.30
TOTAL	7,194,855.44	5,39,17,916.22
Material Consumed	12,36,573.38	2,58,52,048.39
TOTAL (A+B+C)	2,05,53,141.05	5,14,92,974.87

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Jammu

J&K State Handloom Development Corporation Limited, Jammu

Profit & Loss Account for the Year ending 31 March 1999

Fig. in Rupees

Income	Schedule	As on 31.03.1999	As on 31.03.1998
Sales		5,82,46,308.05	7,26,92,292.14
Uncommitted liabilities		-	-
Interest		33,825.00	80,224.75
Subsidies		15,36,026.20	18,08,666.25
Income of Non-Recurring Norms		4,90,650.66	8,99,534.20
Stock Loss		-	-
Grant-in-Aid (Project Grants)		1,02,62,500.00	51,50,000.00
Insurance Claims		39,27,300.00	-
TOTAL		7,44,96,609.91	8,06,30,717.34
EXPENSES			
Material Consumed	14	2,05,53,141.05	5,14,92,974.87
Expenses	15	5,68,53,554.71	4,70,27,304.43
Interest		1,19,43,296.00	90,28,192.00
Preliminary Expenses W/o		8,682.75	9,647.20
Depreciation		7,71,196.66	7,61,150.58
Previous year expenses		-	14,301.90
TOTAL		9,01,29,871.17	10,83,33,570.98
NET LOSS		(-)1,56,33,261.26	(-)2,77,02,853.64

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J&K State Handloom Development Corporation Limited, Jammu
Profit & Loss Account for the Year ending 31 March 1999

Fig. in Rupees

EXPENSES	Ason 31.03.1999	Ason 31.03.1998
Wages	99,40,234.05	88,26,644.58
Finishing / Spinning / Dyeing	81,30,348.72	67,61,973.22
Power & Fuel	3,52,719.50	3,84,183.85
Repair of Machinery	58,662.11	87,047.14
Carriage	3,91,945.22	8,08,330.83
TOTAL (A)	1,88,73,909.60	1,68,68,179.62
ADMINISTRATIVE EXPENSES		
M.D. Salary	2,32,994.50	1,20,297.00
Salary & Bonus	2,26,55,632.21	1,90,38,888.14
C.P. Fund	18,35,985.05	15,43,162.46
Gratuity	-	1,71,313.32
Rent	5,85,758.50	5,61,638.50
Travelling & Conveyance	4,10,008.42	4,49,147.87
M.D. T.A.	83,449.00	76,334.74
Insurance	2,86,049.15	2,48,199.10
Auditor Fee	50,000.00	35,000.00
'Fee for other capacity	27,120.00	23,340.00
Entertainment	80,638.80	65,976.50
Bank Charges	54,396.94	49,928.81
Telephone	2,05,402.65	2,45,568.25
Postage	24,292.50	28,472.92
Stationery & Printing	1,26,544.80	1,40,481.65
Petrol & Vehicle Maintt.	2,84,735.24	2,70,775.21
Office Maintenance	1,25,389.81	1,21,020.83
Advt. & Publicity	11,768.50	29,402.75
Electricity Charges	1,10,742.21	42,611.23
Legal Charges	32,040.00	52,378.00
Hot & Cold Charges	2,98,305.00	3,03,502.98
Sales Exp. (Less Reimbursement)	63,21,572.01	59,84,991.76
Staff Welfare	35,886.21	1,83,825.91
Consumption of Stores	6,075.95	12,550.00
Pashmina Products Exp.	37,74,090.00	-
Books & Periodicals	3,121.00	1,042.00
Chairman Office Exp	3,17,616.16	3,59,274.88
Edu-Tour & Training	-	-
Computer Tour & Training	-	-
Stock Loss A/c	-	-
TOTAL	3,78,96,146.11	3,01,59,124.81
GRAND TOTAL (A+B)	5,68,53,554.71	4,70,27,304.43

SCHEDULE 11 (B) PROVISIONS FOR BAD AND DOUBTFUL DEBTS / LOANS AND ADVANCES

Fig. in Rupees

	Ason 31.03.1999	Ason 31.03.1998
a) Bad & Doubtful Debts		
Head Office, Jammu	1,50,000.00	1,50,000.00
Divisional office Srinagar	8,36,332.22	8,36,332.22
I.H.D.P. Pampore	30,345.55	30,345.55
I.H.D.P Bandipore	1,19,567.21	1,19,567.21
I.H.D.P. Rajouri / Poonch	21,047.73	21,047.73
E.O.H.D.P. Samba	3,29,607.62	3,29,607.62
Reg. Office New Delhi	1,51,383.75	1,51,383.75
P.M Samba	6,089.06	6,089.06
Total	16,44,373.14	16,44,373.14
b) Loan and Advances		
I.H.D.P Pampore	11,206.09	11,206.09
Reg. Office Delhi	31,598.66	31,598.66
Processing House Samba	100.00	100.00
Total (B)	42,904.75	42,904.75
c) Shortage under Investigation		
I.H.D.P Pampore	2,76,292.43	2,76,292.43
Silk Factory Rambagh	27,633.50	27,633.50
I.H.D.P Udhampur	1,003.37	1,003.37
Shortages Samba	3,31,578.93	3,31,578.93
Shortage Delhi	1,42,995.13	1,42,995.13
Total (C)	7,79,503.36	7,79,503.36
Grand Total (A+B+C)	24,66,781.25	24,66,781.25

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J&K STATE HANDLOOM DEVELOPMENT CORPORATION LIMITED
ANNEXURE - 14
1998-1999

Statement of Accounting Policies and Practices / Notes:

1. Depreciation on fixed assets have been provided on written down method pursuant to the amended provision of schedule XIV of the Companies Act, 1956
2. Claims are incorporate in the books of account on receipt basis.
3. Inventories are evaluated as under:
 - a) Raw Material At Cost
 - b) Work in Process At Production Cost
 - c) Finished Goods At Cost Price
4. Bonus provision Payment has made in accordance with the amended Provisions of Bonus Act.
5. Figures for the previous year have been regrouped and re-arranged where-ever necessary.
6. Gratuity to employees has been accounted for on cash basis.

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