



T E N T H
A N N U A L
R E P O R T
1 9 9 8 - 9 9

BOARD OF DIRECTORS

Mrs. PARU M. JAYKRISHNA

CHAIRPERSON & MANAGING DIRECTOR

Mrs. ALPANA S. CHINAI

Mr. RAMU P. IYER

Mr. PRAFULCHANDRA V. PATEL

Mr. GOKUL M. JAYKRISHNA

EXECUTIVE DIRECTOR.

Mr. MUNJAL M. JAYKRISHNA

AUDITORSM/s. TRUSHIT CHOKSHI & ASSOCIATES
CHARTERED ACCOUNTANTS**BANKERS**

STATE BANK OF INDIA

REGISTERED OFFICE & WORKS166/169, INDRAD VILLAGE
KADI KALOL ROAD,
DIST. MEHSANA
GUJARAT — 382 727 (INDIA)

CONTENTS	PAGE NOS.
Notice	2-3
Directors' Report	4-7
Auditors' Report	8-9
Balance Sheet	10
Profit & Loss Account	11
Schedules forming part of the Balance Sheet & Profit & Loss Account	12-16
Notes on Accounts	17-20
Balance Sheet Abstract & Company's General Profile	21
Cash Flow Statement	22-23
Proxy Form and Attendance Slip	24

ANNUAL REPORT 1998-99**NOTICE**

Notice is hereby given that the 10th Annual General Meeting of the members of AUDICHEM (INDIA) LIMITED will be held on Saturday 25th September 1999 at the Registered Office situated at 166/169, Indrad Village, Kadi Kalol Road, Dist: Mehsana, Gujarat at 11.00 A.M. to transact the following business.

ORDINARY BUSINESS

- 01 To receive, consider, approve and adopt the Audited Profit & Loss Account for the financial year ended 31st March 1999 and the Audited Balance Sheet as at that date and the Director's and Auditor's report thereon.
- 02 To declare a dividend on the Equity Shares.
- 03 To appoint a Director in place of Mr. Munjal M. Jaykrishna who retires by rotation and being eligible to offer himself for re-appointment.
- 04 To appoint a Director in place of Mrs. Alpna S. Chinai who retires by rotation and being eligible to offer herself for re-appointment.
- 05 To appoint M/s. Trushit Chokshi & Associates, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of the Tenth Annual General Meeting to the conclusion of the Eleventh Annual General Meeting of the Company and to authorise the Board of directors of the Company to fix their remuneration.

SPECIAL BUSINESS

- 06 To consider and, if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:

"RESOLVED that Mr. Prafulchandra V. Patel be and is hereby appointed a Director of the Company".

Registered Office:
166/169, Indrad Village
Kadi- Kalol Road
Chhatral, Dist. Mehsana,
Gujarat

Place : Ahmedabad
Date : 22.05.1999

**By Order of the
Board of Directors**

**GOKUL M. JAYKRISHNA
EXECUTIVE DIRECTOR**

NOTES FOR MEMBERS ATTENTION.

- 01 **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY AT-LEAST 48 HOURS PRIOR TO THE COMMENCEMENT OF THE MEETING.**
- 02 The relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of items of Special Business is annexed herewith.
- 03 The Register of members and share Transfer Books of the Company will remain closed from 18.09.99 to 25.09.99 (both days inclusive).
- 04 Dividend, if sanctioned in the meeting will be paid on or after 31.10.99 to those members whose names shall appear on Company's Register of Members as on 25.09.99.
- 05 Members are requested to intimate/notify immediately the changes, if any, in their Registered Address to the Company's Registered Office.
- 06 In case mailing address mentioned in this Annual Report is without the PINCODE, then Members are requested to kindly inform their PINCODE immediately.
- 07 Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
- 08 Members who are holding in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificate for consolidating their shares in one folio. The share certificates will be returned to the members after making requisite changes thereon.
- 09 Equity Shares of the Company are listed on the following Stock Exchanges;

The Bombay Stock Exchange
Phiroz Jeejeebhoy Towers
25th Floor, Dalal Street,
Mumbai - 400 001.

The Ahmedabad Stock Exchange
Kamdhenu Complex
Nr. Polytechnic, Ambawadi,
Ahmedabad - 380 015.

ANNEXURE TO THE NOTICE

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

Listing fees upto the year ended 31st March, 2000 have been paid.

Item No. 6

- 10 As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting.

At its Meeting held on 22nd May 1999, the Board of Directors appointed Mr. Prafulchandra V. Patel as Additional Director of the Company pursuant to Article 114 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956.

- 11 Members are requested to produce the enclosed Attendance Slip duly signed at the entrance to the Hall.

Mr. Prafulchandra V. Patel is an eminent industrialist.

- 12 To avoid the incidence of fraudulent encashment of the warrants members are requested to intimate the Company under the signature of the sole/first joint holder the following information so that the bank Account No. & name and address of the Bank can be printed on the dividend order.

Mr. Prafulchandra V. Patel holds office upto the date of the forthcoming Annual General Meeting of the Company and is eligible for reappointment as a Director. Notice together with the requisite deposit under section 257 of the Companies Act, 1956, has been received from a Member signifying his intention to propose the appointment of Mr. Prafulchandra V. Patel as a Director of the Company.

- 1) Name of Sole/First Joint holder & Folio No.
2) Particulars of Bank Account viz.

Your Director recommends this resolution for your approval.

- (i) Name of the Bank
(ii) Name of the Branch
(iii) Complete address of the Branch with Pincode No.
(iv) Account type, whether Saving A/c. (SA) or Current Account (CA)
(v) Nine digit code number of Bank and Branch appearing on the MICR cheque issued by your Bank for verifying the accuracy of the Code No.

None of the Directors of the Company, except Shri Prafulchandra V. Patel, is concerned or interested in the Resolution.

By order of the Board of Directors

Place : Ahmedabad
Date : 22. 05.1999

GOKUL M. JAYKRISHNA
EXECUTIVE DIRECTOR

ANNUAL REPORT 1998-99**DIRECTORS' REPORT**

Dear Members,

The Directors have pleasure in present **TENTH** Annual Report and Audited Accounts for the financial year ended 31st March 1999.

FINANCIAL RESULTS

The financial highlights of the Company are as under:

	(Rs. in lacs)	
	For the year ended on 31st March 1999	For the year ended on 31st March 1998
Gross Profit	154.42	178.77
Profit before tax	101.46	130.17
Net Profit after tax	101.46	130.17
APPROPRIATIONS.		
Dividend	17.01	17.01
Tax on Dividend	1.70	1.70
Transfer to General Reserve	20.00	20.00
Balance Carried forward.	218.50	155.78
Total:	257.21	194.50

DIVIDEND :

Your Directors are pleased to recommend dividend @ 5% i.e. Rs. 0.50 per Equity Shares of Rs. 10 each for the financial year ended on 31st March 1999, this will absorb Rs. 17.01 Lacs towards Dividend and Rs. 1.70 Lacs towards Tax on Dividend. The dividend will be paid after approval at the ensuing Annual General Meeting.

ISO - 9002

Your Directors are pleased to inform you that your Company has successfully received ISO 9002 Certification from KPMG Peat Marwick LLP during the year.

OPERATIONS

During the period under review production capacity utilisation was further improved. Although this period continued to be of recession in the economy in general and industrial sector in particular your Company achieved growth of 26% in revenues from manufacturing. Discontinuation of trading activities during the year (Previous Year Rs. 1435.46 Lacs) resulted into decrease in turnover.

Your Company continued to excel on export front. Exports increased to Rs. 1,411.86 compared to Rs. 1,355.66 of the previous year despite reduction in average sales realisation and discontinuation of merchant exports.

During the year your Company strived further for improvement in productivity and cost reduction. This has contributed to greater operational efficiency and enabled your Company to record a satisfactory growth in manufacturing sales and profits.

OUTLOOK :

The demand of Dyes and Intermediates in Export market is expected to be revived. Therefore, the Company is confident of achieving better performance during the current year.

FIXED DEPOSITS:

The Company has not accepted any fixed deposit from the public during the period. No deposits are outstanding as on 31st March 1999.

PERSONAL :

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules, 1975, as amended, is given in Annexure "2" forming part of this report.

Y2K COMPLIANCE :

The compliance work began early 1999 and a comprehensive plan is in place to achieve Y2K readiness by July 1999. The critical control systems have been upgraded and/or replaced to attain Y2K readiness. Y2K compliance of key suppliers is also being monitored. Annexure "A" to the Directors' Report sets out the details regarding Y2K compliance as required under clause 32 of the Listing Agreements with the Stock Exchanges.

DIRECTORS:

During the year GSFC has withdrawn Shri R. G. Varshneya from the Board. The Board place on record his sense of gratitude for the valuable guidance received from Mr. R. G. Varshneya during his tenure as Director.

Mr. Munjal M. Jaykrishna and Mrs. Alpa S. Chinai retire by rotation and being eligible offer themselves for re-appointment.

During the year Shri Prafulchandra V. Patel, an eminent Industrialist, joined the Board of the Company as an additional Director. He holds office upto the date of the Annual General Meeting and is eligible for reappointment.

AUDITORS:

Mr. Trushit Chokshi & Associates, Chartered Accountants retire but as they are eligible for reappointment your Directors recommend that they be re-appointed as Auditors of the Company for the year 1999-2000 at such remuneration as may be fixed

by the Board. The Company has received a certificate from the Auditor's to the effect that their re-appointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The statement pursuant to section 217 (1) (e) of the Companies Act 1956 read with the companies (disclosure of particulars in the report of the Board of Directors) Rules 1988 is given in the Annexure-1 forming part of this report.

ACKNOWLEDGEMENT

Your Directors express their sincere thanks to the Central & State Governments, Financial Institutions and Commercial Banks for their continued support and confidence in the Company .

The Directors hereby place on record their appreciation for the dedicated efforts put by the employees at all levels.

Place : Ahmedabad For and on behalf of the
Date : 22.05.99 Board of the Directors

MRS. PARU M. JAYKRISHNA
Chairperson & Managing Director

ANNEXURE 1 TO THE DIRECTORS' REPORT
INFORMATION IN PURSUANCE TO THE
COMPANIES (DISCLOSURE OF PARTICULARS IN
THE REPORT OF DIRECTORS) RULES: 1988

A: Conservation of Energy

The Company continues its efforts to improve method of energy conservation and utilisation.

FORM 'A'

	Current Year	Previous Year
A) POWER & FUEL CONSUMPTION		
1) Electricity		
a) Purchased units (in lacs)	14.49	13.06
Total amount (Rs. in Lacs)	54.30	47.28
Rate/Unit(Rs)	3.75	3.62
b) Own Generation	N.A.	N.A.
Units Generated	N.A.	N.A.
Unit per Ltr. of Diesel	N.A.	N.A.
Cost/Unit	N.A.	N.A.

2) Diesel/Furnace Oil		
(in thousand Ltrs)	724.397	745.738
Cost (Rs. in Lacs)	72.967	75.41
Rs. per Ltr	10.07	10.11

B) CONSUMPTION PER UNIT OF PRODUCTION (DYE INTERMEDIATE)

Electricity (Units/Tone)	895	983
Diesel/Furnace Oil (Ltrs/Tone)	447	561

B: TECHNOLOGY ABSORPTION "B"

1) Research & Development

Company is carrying out R & D activities for improvement in the quality of the product.

2) Benefits derived as a result R & D

Improvement in quality and capacity utilisation.

3) Future plan of action

It is proposed to accelerate R&D activities to further improve product quality & Process

4) Expenditure on R & D (Rs. in lacs)

	Current Year	Previous Year
Capital	NIL	NIL
Revenue/Recurring	1.14	0.90
Total	1.14	0.90
Total Expenditure as % of turnover	0.06	0.03

5) Technology Absorption and Innovation

Company's present technology is fully absorbed. The Company is making efforts to further improve the quality of product. Company's efforts have resulted in better process, better process control, increased production at lower cost and better environmental protection.

C: FOREIGN EXCHANGE EARNINGS AND OUT GO

	Current Year	Previous Year
Out go	23.30	24.95
Earnings	1,411.86	1355.66

Place : Ahmedabad For and on behalf of the
Date : 22.05.99 Board of the Directors.

MRS. PARU M JAYKRISHNA
Chairperson & Managing Director

ANNUAL REPORT 1998-99**ANNEXURE - "A" TO DIRECTORS' REPORT**

DETAILS REGARDING Y2K PREPAREDNESS LEVEL REQUIRED UNDER CLAUSE 32 OF THE LISTING AGREEMENTS.

1) Risk to the Company due to Y2K Bug :

Operation, processes, function which could be adversely affected due to the Year 2000 problem.

All business critical IT systems and process control systems implemented at various divisions of the Company.

a) Status of progress of making these Y2K Compliant

For each of the critical areas identified, the Company has assessed :

- * Risks and damages associated with non-compliance.
- * Need for rectification of the processes and systems by upgradation or replacement of the non-compliant systems.

A Schedule has also been drawn up for :

- * Remedial action
- * System Testing
- * Integration Testing
- * Contingency Plan

System have been upgraded and/or replaced wherever necessary.

b) Date by which the work should be completed

End of July 1999.

c) Names of other intermediaries directly dependant upon the above process / operation / functions

The Company follows up on Y2K compliance with critical suppliers. Y2K certificates are being obtained from major suppliers of systems and software.

2) Cost to address Company's Y2K issues :

A sum of Rs. 5.05 lacs is spent in Company towards upgradation and replacement of control systems and information management and communication systems.

3) Contingency Plans :

Even as efforts are being made for smooth roll over of the Process and Business operations into the next millenium by rectification and upgradation, and subsequently complete testing and simultaneously by the following contingency actions are planned in order to avoid any unforeseen mishap that may occur:

- a) Keeping adequate stocks of relevant spares and consumables.
- b) Run critical January beginning jobs such as payroll during the last day of December.
- c) Ensure pre-run backup prior to critical runs.

For and on behalf of the Board of the Directors

Place : Ahmedabad
Date : 22.05.99

MRS. PARU M JAYKRISHNA
Chairperson & Managing Director