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ANNUAL REPORT 2000-2001

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

VICE PRESIDENT (FINANCE) & COMPANY SECRETARY

Mr. P. K. GUPTA

AUDITORS

M/s. TRUSHIT CHOKSHI & ASSOCIATES

BANKERS

STATE BANK OF INDIA

REGISTERED OFFICE & WORKS

166/169, INDRAD VILLAGE
 KADI KALOL ROAD,
 DIST. MEHSANA
 GUJARAT — 382 727 (INDIA)

CORPORATE OFFICE

30, AMBICA SOCIETY
 USMANPURA
 AHMEDABAD - 380013
 GUJARAT (INDIA)

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NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Members of AUDICHEM (INDIA) LIMITED will be held on 25th August, 2001 at the Registered Office situated at 166/169, Indrad Village, Kadi - Kalol Road, Dist: Mehsana, Gujarat, at 11 A.M. to transact the following business.

- 01 To receive, consider, approve and adopt the Audited Profit & Loss Account for the year ended 31st March, 2001 and the Audited Balance Sheet as at that date and the Director's and Auditor's report thereon.
- 02 To appoint a Director in place of Mrs. Alpna S. Chinai who retires by rotation and being eligible to offer herself for re-appointment.
- 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 auditors of the Company and fix their remuneration. Retiring auditors are eligible for re-appointment.
- 05 To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in and to the extent following :

The following new Articles 61A and 61B be inserted after the existing Article

- 61A (1) Every holder of share(s) in and/or debenture(s) of the Company, may at any time nominate, in the manner prescribed under the Act, a person to whom his share(s) in, and/or debenture(s) of the Company, shall vest in the event of his death.
- (2) Where the share(s) in, and/or debenture(s) of the Company, are held by more than one person jointly, all the joint holders may together nominate, in the manner prescribed under the Act, a person to whom all the rights in the share(s) and/or debenture(s) of the Company, as the case may be, shall vest in the event of death of all the joint holders.
 - (3) Notwithstanding anything contained in any other law for the time being in force or in these articles or in any disposition, whether testamentary or otherwise, in respect of such share(s) in, and/or debenture(s) of the Company, where a nomination made in the manner prescribed under the Act, purports to confer on any person the right to vest the share(s) in, and/or debenture(s) of the Company, the nominee shall, on the death of the shareholder and/or debentureholder

concerned or on the death of all the joint holders, as the case may be, become entitled to all the rights in relation to such share(s) and/or debenture(s) to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the Act.

- (4) Where the nominee is a minor, the holder of the share(s) in, and/or debenture(s) of the Company, can make a nomination in the manner prescribed under the Act, to appoint any person to become entitled to the share(s) in, and/or debenture(s) of the Company, in the event of his death, during the minority.'

61B (1) Notwithstanding anything contained in these articles, any person who becomes a nominee by virtue of the provisions of Article 61 A upon the production of such evidence as may be required by the Board and subject as here in after provided, may elect either -

- (a) to be registered himself as holder of the share(s) and/or debenture(s) as the case may be; or
- (b) to make such transfer of the share(s) and/or debenture(s), as the case may be, as the deceased shareholder and/or debenture holder, as the case may be, could have made.

- (2) If the person being a nominee, so becoming entitled, elects to be registered as holder of the share(s) and/or debenture(s), himself, he shall deliver or send to the Company, a notice in writing duly signed by him, stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder and/or debentureholder, as the case may be.

- (3) All the limitations, restrictions and provisions of the Act, relating to the right to transfer and the registration of transfer of share(s) and/or debenture(s) shall be applicable to any such notice or transfer as aforesaid as if the death of the shareholder / debentureholder had not occurred and the notice or transfer were a transfer signed by that shareholder and/or debentureholder, as the case may be.

- (4) A person, being a nominee, becoming entitled to the share(s) and/or debenture(s) by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share(s) and/or debenture(s), except that he shall not, before being registered a member in

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respect of his share(s) and/or debenture(s), be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company;

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share(s) and/or debenture(s) and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, or other moneys payable in respect of the share(s) and/or debenture(s), until the requirements of the notice have been complied with".

- 06 To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution.

RESOLVED THAT pursuant to Section 31 and all other applicable provisions if any, of the Companies Act, 1956, Articles of Association of the Company be and they are hereby amended and altered in the manner and to the extent as is set out here in below :

That the following new Article 98A with marginal note be inserted after the existing Article 98.

Postal Ballot 98A Members will be entitled to Postal Ballot for only those resolutions as may be notified by the Central Government from time to time in this behalf and the procedures for such postal ballots will be the same as prescribed in this behalf by the Central Government from time to time.

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

"Resolved that pursuant to provisions of Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 and pursuant to Article 116 of the Articles of Association of the Company Mrs. Paru M. Jaykrishna be re-appointed as Managing Director of the Company, for a period of 5 years effective from 01.04.2001, on such terms and conditions set out in the draft agreement".

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

"Resolved that pursuant to provisions of Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 and pursuant to Article 116 of the Articles of Association of the Company Mr. Gokul M. Jaykrishna be re-appointed as Executive Director of the Company, for a period of 5 years effective from 01.04.2001, on such terms and conditions set out in the draft agreement".

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 20.08.2001 to 25.08.2001 (both days inclusive).
- 04 Members are requested to intimate/notify immediately the changes, if any, in their Registered Address to the Company's Registered Office.
- 05 In case mailing address mentioned in this Annual Report is without the PINCODE, then Members are requested to kindly inform their PINCODE immediately.
- 06 Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
- 07 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 change thereon.
- 08 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.
- 09 Members are requested to produce the enclosed Attendance Slip duly signed at the entrance to the Hall.

**ANNEXURE TO THE NOTICE EXPLANATORY
STATEMENT PURSUANT TO SECTION 173 (2) OF
THE COMPANIES ACT 1956**

ITEM NO 5:

As per the amendments to the Companies Act, 1956, new Sections 109A and 109B were inserted to provide that every holder of shares or debentures of the Company may at any time nominate in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death. It is proposed to alter the Articles of Association of the Company by inserting new Articles 61A and 61B to give effect to the said provisions. The Special Resolution at Item No. 5 is proposed pursuant to Section 31 of the Companies Act, 1956.

The Directors recommend the resolution for approval of the shareholders.

None of the Directors of the Company is concerned or interested in the Special Resolution.

ITEM NO 6 :

By the Companies (Amendment) Act, 2000 New Section 192A is inserted to provide provisions for passing of Resolution by Postal Ballot. Accordingly, a listed company may, in the case of Resolutions relating to such business as mentioned under.

The Companies (passing the Resolution by Postal Ballot) Rules, 2001 or any modification or alteration made there under to be conducted only by Postal Ballot, shall, get the Resolution relating to such business passed by means of a Postal Ballot, instead of transacting the business in General Meeting. It is the responsibility of the Company to send a notice to shareholders requesting them to give their approval or disapproval on postal ballot within thirty days of posting of the letter by the Company. The Company is required to send draft of Resolution with necessary explanation. If the Resolution so sent is approved by the required majority of the Shareholders through such Postal Ballot, the Resolution shall be deemed to be passed. If any person fraudulently destroys or defaces postal ballot sent by a shareholder, the person responsible shall be liable to imprisonment which may extend upto six months or fine or with both.

It has therefore, become necessary to alter the Articles of Association of the Company as proposed in the Resolution set out at Item No. 6 of the accompanying Notice.

Your Directors recommend the Special Resolution for approval of the Members.

None of the directors of the company is concerned or interested in the Special Resolution.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered Office between 11.00 A.M. and 1.00 P.M. on any working day.

ITEM NO 7 :

Mrs. Paru M. Jaykrishna was appointed as Managing Director of the Company for a period of 4 years with effect from 1st April, 1997. Her current term will conclude on 31st March, 2001. The Board of Directors at its Meeting held on 25-4-2001 have decided to re-appoint Mrs. Paru M. Jaykrishna as Managing Director of the Company for a further period of 5 years with effect from 1st April, 2001. Approval of Members is sought for the re-appointment and payment of the salary, commission and other perquisites as detailed below, which are within the limits laid down in Schedule XIII of the Companies Act, 1956.

- (1) Salary Rs. 60,000/- per month with an annual increment of Rs. 6,000/- in the scale Rs. 60,000/- — 6,000/- — 90,000/-
- (2) Commission at the rate of 1% of the net profits calculated in the manner laid down in Section 309(5) of the Companies Act, 1956.
- (3) Incentive Allowance - as may be fixed by the Board, limited to four month's salary.

(4) Perquisites :

1. Housing.
 - a) The Managing Director will be provided with the Company hired furnished accommodation.
 - b) If the Company does not provide housing, the Managing Director will be given HRA @50% of her salary.
2. Medical Reimbursement - Reimbursement of expenses incurred for self and family (as per the rules of the Company).
3. Leave Travel Concession - For self and family once a year in accordance with the rules of the Company.
4. Club Fees - Subject to a maximum of two Clubs.
5. Personal Accident Insurance - Premium not to exceed Rs. 10,000/- per annum.

(5) Other perquisites

The following perquisites will also be allowed, which shall not be included in the computation of the ceiling of remuneration specified in item (4) above :

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- c) Leave and leave encashment on full pay and allowances not exceeding 30 days for every year of service. Unavailed leave, if any, at the end of the tenure will be allowed to be encashed on the basis of last pay drawn.
- d) Free use of Company's car for business & private purpose
- e) Telephone at her residence :- Personal calls will be billed by the Company.

(6) Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year, Mrs. Paru M. Jaykrishna will not be eligible for commission as stated in item 2 above; but shall be paid remuneration by way of salary, allowances and perquisites which are specified above, subject to the maximum allowed under Schedule XIII of the Companies Act, 1956.

(7) Notwithstanding anything stated above the total remuneration shall not exceed the limit laid down in Schedule XIII of the Companies Act, 1956.

Mrs. Paru M. Jaykrishna is interested in the resolution, as it deals with her remuneration. Mr. Gokul M. Jaykrishna and Mr. Munjal M. Jaykrishna, Directors being related to Mrs. Paru M. Jaykrishna may be deemed to be concerned or interested in this resolution.

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Copy of the draft agreement approved by the Board on 25 th April, 2001 between the Company and Mrs. Paru M. Jaykrishna are open for inspection at the Registered Office of the Company during business hours of any working day.

ITEM NO 8 :

Mr. Gokul M. Jaykrishna was appointed as Executive Director of the Company for a period of 4 years with effect from 1st April, 1997. His current term concludes on 31st March, 2001. The Board of Directors at its Meeting held on 25-4-2001 have decided to re-appoint Mr Gokul M. Jaykrishna as Executive Director of the Company for a further period of 5 years with effect from 1st April, 2001. Approval of Members is sought for the re-appointment and payment of the salary, commission and other perquisites as detailed below, which are within the limits laid down in Schedule XIII of the Companies Act, 1956.

- (1.) Salary Rs. 30,000/- per month with an annual increment of Rs. 3,000/- in the scale Rs. 30,000/- — 3,000/-, — 45,000/-
- (2.) Commission at the rate of 1% of the net profits calculated in the manner laid down in Section 309(5) of the Companies Act, 1956.
- (3.) Incentive Allowance - as may be fixed by the Board, limited to four month's salary.
- (4.) Perquisites :
 - 1 Housing.
 - a) The Executive Director will be provided with the Company hired furnished accommodation.
 - b) If the Company does not provide housing, the Executive Director will be given HRA @50% of his salary.
 - 2 Medical Reimbursement - Reimbursement of expenses incurred for self and family (as per the rules of the Company).
 - 3 Leave Travel Concession - For self and family once a year in accordance with the rules of the Company.
 - 4 Club Fees - Subject to a maximum of two Clubs.
 - 5 Personal Accident Insurance - Premium not to exceed Rs. 10,000/- per annum.

(5) Other perquisites :

The following perquisites will also be allowed, which shall not be included in the computation of the ceiling of remuneration specified in item (4) above :

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- c) Leave and leave encashment on full pay and allowances not exceeding 30 days for every year or service. Unavailed leave, if any, at the end of the tenure will be allowed to be encashed on the basis of last pay drawn.
- d) Free use of Company's car for business & private purpose
- e) Telephone at his residence :- Personal calls will be billed by the Company.

(6) Minimum Remuneration :

In the event of loss or inadequacy of profits in any financial year, Mr. Gokul M. Jaykrishna will not be eligible for commission as stated in item 2 above; but shall be paid remuneration by way of salary, allowances and perquisites which are specified above, subject to the maximum allowed under Schedule XIII of the Companies Act, 1956.

(7) Notwithstanding anything stated above the total remuneration shall not exceed the limit laid down in Schedule XIII of the Companies Act, 1956.

Mr. Gokul M. Jaykrishna is interested in the resolution, as it deals with his remuneration. Mrs Paru M. Jaykrishna and Mr. Munjal M. Jaykrishna, Directors being related to Mr. Gokul M. Jaykrishna may be deemed to be concerned or interested in this resolution.

Copy of the draft agreement approved by the Board on 25 th April, 2001 between the Company and Mr. Gokul M. Jaykrishna are open for inspection at the Registered Office of the Company during business hours of any working day.

By the Order of the Board of Directors
Place : Ahmedabad
Date : 15th June, 2001
Gokul M Jaykrishna
Executive Director

General Shareholder Information.

AGM : Date, Time and Venue	25th August, 2001 at 11.00 A.M. at Registered Office at 166/169, Indrad Village, Kadi-Kalol Road, Dist. Mehsana, Gujarat.
Financial Calendar	<ul style="list-style-type: none"> i) April 2000 to March 2001. ii) First Quarter Results - July 2001. iii) Half-yearly Results - Oct. 2001. iv) Third Quarter Results - Jan. 2002. v) Results for the year ending - April 2002.
Date of Book Closure	20.08.2001 to 25.08.2001
Dividend Payment date(s)	N.A.
Listing on Stock Exchange	The Mumbai Stock Exchange and Ahmedabad Stock Exchange. The Company has paid the listing fees for the period 1st April 2001 to 31st March 2002.
Stock Code - Physical	<p>24598 at Mumbai Stock Exchange</p> <p>6408 at Ahmedabad Stock Exchange.</p>
ISIN Number for NSDL & CDSL	ISIN - INE 542B01011
Registrar and Transfer Agents	In House
Share Transfer System	All the transfers received are processed and approved by the Share Transfer Committee which normally meets twice in a month or more depending on the volume of transfers.
Dematerialisation of shares and liquidity	The Company has introduced Dematerialisation very recently.
Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion date and likely impact on equity	Not issued.
Plant Locations	The Company's plant is located at 166/169, Indrad Village, Kadi-Kalol Road, Mehsana District, Gujarat.
Address for correspondence	<p>Shareholders correspondence should be addressed to: Share Department, Audichem (India) Limited, 30, Ambica Society, Usmanpura, Ahmedabad - 380 013.</p> <p>Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.</p>

ANNUAL REPORT 2000-2001**DIRECTORS' REPORT**

Dear Members,

The Directors have pleasure in presenting the **TWELFTH** Annual Report and Audited Accounts for the financial year ended 31st March 2001.

FINANCIAL RESULTS

Your Company's performance during the Financial year 2000-2001 is summarised below :

	(Rs. in Millions)	
	For the year ended on 31st March 2001	For the year ended on 31st March 2000
Gross Income	235.400	262.041
Exports	198.002	222.512
Gross Profit	11.363	15.703
Depreciation	5.919	5.583
Provision for Taxation	--	--
Net Profit	5.444	10.120
Dividend (including tax on distributed profits)	--	1.889
Transfer to General Reserves	2.000	2.000
Profit & Loss Account Balance Carried forward	32.225	28.234

DIVIDEND:

In view of the substantial decline in profits and to conserve the resources, your Directors do not recommend any dividend for the current financial year.

OPERATIONS:

The Dyes and Intermediates Industry, to which your Company belongs, was effected by economic slow down and international competition. However, aided by major cost reduction exercise across the organisation and better capacity utilisation, the Company has registered the gross income of Rs. 235 millions during the year compared to Rs. 262 millions during previous year and a net profit of Rs. 5.44 millions during the year compared to Rs. 10.12 millions during previous year.

EXPORTS

Your Company continued to excel on export front and exports were of Rs. 198 millions compared to Rs. 222 millions of the previous year despite the substantial fall in realisations due to global competition.

FIXED DEPOSITS:

The Company has not accepted any fixed deposit from the public during the period. No deposits are outstanding as on 31st March, 2001.

DEMATERIALISATION OF SHARES:

Your Directors are pleased to inform that with a view to provide better service to shareholders and improve liquidity, the Company has signed a Tripartite Agreement with NSDL and the equity shares of the Company have been activated for DEMAT w.e.f. 14th June, 2001 under ISIN No. INE 542B01011. Equity Shares of the Company have also been activated for DEMAT on CDSL. With effect from 28th May, 2001, Equity Shares of the Company are under compulsory demat mode in Mumbai Stock Exchange.

PERSONNEL :

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.

DIRECTORS' RESPONSIBILITY STATEMENT :

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors state that -

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The accounting policies selected and applied are consistent and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.

DIRECTORS:

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

AUDITORS:

Mr. Trushit Chokshi & Associates, Chartered Accountants retire and offer themselves for re-appointment.