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# J. K. CHEMICALS LIMITED

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***Fiftieth Annual Report & Accounts 1997-98***



# J. K. CHEMICALS LIMITED

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## DIRECTORS

Shri VIJAYPAT SINGHANIA *Chairman*  
 Shri M. R. SHROFF  
 Shri GAUTAM HARI SINGHANIA  
 Shri HARISH BHARGAVA (*Nominee of ICICI upto 25.5.98*)  
 Shri K. K. TEWARI  
 Shri K. V. IYER (*upto 27/11/97*)  
 Shri H. P. KEDIA  
 Shri K. L. KHANNA (*From 27/11/97*)

## BANKERS

STATE BANK OF INDIA  
 PUNJAB NATIONAL BANK

## AUDITORS

Messrs LODHA & CO. *Chartered Accountants*

## REGISTERED OFFICE

New Hind House,  
 3, Narottam Morarjee Marg,  
 Ballard Estate,  
 Mumbai 400 001.

## FACTORY

JEKEGRAM, POKHRAN ROAD,  
 THANE 400 606.

# J. K. CHEMICALS LIMITED

## NOTICE

**NOTICE** is hereby given that the 50th Annual General Meeting of J.K.CHEMICALS LIMITED will be held on Monday, the 6th July 1998, at 11.00 a.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001 to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998 and Profit and Loss Account for the year ended as on that date along with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri M. R.Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Gautam Hari Singhania, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint and to fix the remuneration of Messrs. Lodha & Company, Chartered Accountants, as Auditors of the Company from the conclusion of this meeting till the conclusion of the next Annual General Meeting.

### REGISTERED OFFICE :

New Hind House  
3 N.M. Marg,  
Ballard Estate,  
Mumbai 400 001

By Order of the Board

**GAUTAM HARI SINGHANIA**  
DIRECTOR

Dated: May 6th, 1998

### NOTES :

- i) ANY MEMBER OF A COMPANY ENTITLED TO ATTEND AND VOTE AT A MEETING SHALL BE ENTITLED TO APPOINT ANOTHER PERSON (WHETHER A MEMBER OR NOT) AS HIS PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. MEMBERS ARE REQUESTED TO DEPOSIT THE PROXY FORM NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
- ii) The Register of Members and the Share Transfer Books shall remain closed from 30th June, 1998 to 6th July, 1998 (both days inclusive.)
- iii) Members are requested to intimate the change in their address, if any.
- iv) Members are requested to intimate their queries, if any, relating to the accounts or in any other matters atleast seven days in advance so that the information can be made readily available and furnished at the meeting.

# J. K. CHEMICALS LIMITED

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors present their 50th Report for the year ended 31st March, 1998.

### FINANCIAL RESULTS

	Year ended 31.3.98 (Rs. in lacs)	Previous year ended 31.3.97 (Rs. in lacs)
Income during the year	247.18	2,382.48
Profit for the year before depreciation, interest and taxes	210.83	346.79
Depreciation	0.74	77.08
Interest	0.03	109.96
Provision for taxation	45.70	15.00
Profit during the year	164.36	144.75
Adjustment in respect of prior year	--	3.26
Balance (Loss) carried forward to the Balance Sheet	(87.01)	(182.82)

### PERFORMANCE FOR THE YEAR 1997-98

Pursuant to the Scheme of Arrangement under Sections 391 and 394 of the Companies Act 1956, the assets and liabilities of the Condom division have been transferred to J.K. Ansell Ltd. As a result, your Company received the entire purchase consideration which has enabled it to repay bulk of its loans. The carry forward losses have been reduced substantially from Rs.182.82 lacs to Rs.87.01 lacs.

### PROSPECTS FOR 1998-99

During the current year the Company expects to wipe out its carry forward losses. Its income from dividend and hire charges from warehouse will continue as hitherto which coupled with interest on deployment of surplus funds will augment the profitability.

### SUBSIDIARY

The working of J.K. Helene Curtis Limited for the year ended 31st March, 1998 resulted in a net profit of Rs.109.92 lacs. The accounts of the subsidiary company for the year ended 31st March, 1998 are annexed as required under Section 212 of the Companies Act, 1956.

### PERSONNEL

There is no employee of which particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956.

### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The additional information relating to conservation of energy, technology and foreign exchange earnings and outgo are annexed to this Report.

### DIRECTORS

Shri Gautam Hari Singhania and Shri M.R. Shroff, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Shri K.V. Iyer has resigned as Director during the year and in his place Shri K.L. Khanna has been appointed. The Board places on record its appreciation for the services rendered by Shri K.V. Iyer during his tenure as Director.

### AUDITORS

The Company's Auditors, Messrs. Lodha & Company, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for reappointment. You are requested to appoint Auditors and fix their remuneration.

### ACKNOWLEDGEMENTS

The Directors express their appreciation for the support and co-operation extended by the employees, banks and shareholders.

On behalf of the Board

Place: Mumbai  
Dated: May 6th, 1998

VIJAYPAT SINGHANIA  
Chairman

# J. K. CHEMICALS LIMITED

## AUDITORS' REPORT

### To The Members J. K. CHEMICALS LIMITED

We have audited the attached Balance Sheet of J.K. Chemicals Limited as at 31st March, 1998 and the Profit & Loss Account of the Company for the year ended on that date, annexed thereto. We report as follows :

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 (hereinafter referred to as the 'Act') we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 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 purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies, contingent liabilities and other notes in Schedule '17', give the information required by the Act, in the manner so required and give a true and fair view :
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998 and
  - (ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For LODHA & COMPANY  
Chartered Accountants

Place: Mumbai  
Date : May 6th, 1998

(N. KISHORE BAFNA)  
Partner

### ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our Report of even date)

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that :

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. We are informed that the fixed assets of the Company have been physically verified by the Management at reasonable intervals during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification. (Attention is invited to Note No. 5 in Schedule 17 attached to the accounts).
2. None of the Fixed Assets of the Company have been revalued during the year.
3. a) The stocks of finished goods have been physically verified by the Management at reasonable intervals during the year.
- b) In our opinion, the procedures of physical verification of the above referred stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The discrepancies noticed on physical verification of stocks as compared to book records were not material.

## J. K. CHEMICALS LIMITED

- d) On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
4. The terms and conditions of the interest free loans taken by the Company from its Holding Company are prima facie, not prejudicial to the interest of the Company. Except for the above, the Company has not taken any loans secured or unsecured, from Companies, firms or other parties listed in the registers maintained under Section 301 and 370 (1-C) of the Act.
  5. The rate of interest and other terms and conditions of loans granted to companies, firms or other parties listed in the registers maintained under Section 301 and 370 (1-C) of the Act are in our opinion, prima facie not prejudicial to the interest of the Company.
  6. The principal amounts and interest in respect of loans and/or advances in the nature of loans given by the Company to Bodies Corporate and employees are being recovered regularly as stipulated.
  7. In our opinion and according to the best of our information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase and sale of finished goods.
  8. In our opinion and according to the information and explanations given to us, the transactions of purchase and sale of goods and rendering of services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs.50,000 or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods and services.
  9. The Company has not accepted any deposits from the public within the meaning of Section 58-A of the Act and the rules framed thereunder.
  10. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.
  11. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited with the appropriate authorities.
  12. There were no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty which were due for more than six months as at the end of the year from the date they became payable.
  13. In our opinion and as per the explanations given to us, the Company has not charged any personal expenses to revenue account other than those payable under contractual obligations and as per the generally accepted business practice.
  14. In respect of the trading activities of the Company, we are informed that there were no damaged goods during the year.
  15. Other provisions of the said order are not applicable to the Company.

For LODHA & COMPANY  
Chartered Accountants

Place: Mumbai  
Dated: May 6th, 1998

(N. KISHORE BAFNA)  
Partner

# J. K. CHEMICALS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 1998

	Schedule No.	As at 31st March, 1998 Rs.	As at 31st March, 1997 Rs.
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	6,19,57,000	6,19,57,000
Reserves and Surplus	2	1,61,50,709	91,50,709
		7,81,07,709	7,11,07,709
<b>Loan Funds</b>			
Secured Loans	3	30,00,000	7,58,01,083
Unsecured Loans	4	1,05,17,069	5,74,63,551
		1,35,17,069	13,32,64,634
<b>TOTAL</b>		<b>9,16,24,778</b>	<b>20,43,72,343</b>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
Gross Block	5	31,77,632	15,50,35,917
Less : Depreciation		19,44,760	4,79,64,211
Net Block		12,32,872	10,70,71,706
Capital Work-in-progress		--	1,15,421
		12,32,872	10,71,87,127
<b>Investments</b>	6	2,81,99,210	20,98,932
<b>Current Assets, Loans and Advances</b>			
Inventories		71,240	2,30,26,759
Sundry Debtors		1,71,81,982	3,76,23,584
Cash and Bank balances		58,04,995	1,25,77,526
Other Current Assets		41,65,095	1,19,45,203
Loans and Advances		2,80,38,756	2,16,54,684
		5,52,62,068	10,68,27,756
<b>Less : Current Liabilities and Provisions</b>	8	17,70,358	3,00,23,412
<b>Net Current Assets</b>		5,34,91,710	7,68,04,344
<b>Profit and Loss Account</b>		87,00,986	1,82,81,940
<b>TOTAL</b>		<b>9,16,24,778</b>	<b>20,43,72,343</b>
<b>Notes on accounts and significant accounting policies forming part of the accounts</b>			
	17		

As per our attached report of even date  
For LODHA & COMPANY  
Chartered Accountants

On behalf of the Board

VIJAYPAT SINGHANIA Chairman

(N. KISHORE BAFNA)  
Partner

GAUTAM HARI SINGHANIA )  
HARISH BHARGAVA ) Directors  
K. K. TEWARI )

Place : Mumbai  
Dated : May 6th, 1998.



# J. K. CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1998

	Schedule No.	Year ended 31st March, 1998 Rs.		Year ended 31st March, 1997 Rs.	
<b>INCOME :</b>					
Sales and other operating income	9	1,04,65,439		23,30,30,230	
Other Income	10	1,42,52,775		52,17,967	
			2,47,18,214		23,82,48,197
<b>EXPENDITURE :</b>					
Material Cost	11	3,38,010		9,32,26,825	
Manufacturing Cost	12	--		2,29,22,512	
Employment Cost	13	22,79,174		2,56,03,718	
		26,17,184		14,17,53,055	
Add / (Less) : Decrease / (Increase) in finished and process stock	14	--		59,21,198	
			26,17,184		14,76,74,253
Gross Margin			2,21,01,030		9,05,73,944
Administrative, Selling and General expenses	15	10,17,944		4,68,85,701	
Interest and Finance charges	16	2,515		1,09,96,394	
Depreciation		74,303		77,07,718	
Deferred revenue expenditure written off		--		90,09,245	
			10,94,762		7,45,99,058
<b>PROFIT BEFORE TAX</b>			2,10,06,268		1,59,74,886
Provision for Income Tax			45,00,000		14,00,000
Provision for Wealth Tax			70,000		1,00,000
<b>PROFIT AFTER TAX</b>			1,64,36,268		1,44,74,886
Prior year adjustments (Net)			--		(1,00,967)
Excess / Short provision for Income Tax written back/provided for			--		(2,25,000)
<b>PROFIT OF CONDOM DIVISION FOR THE NINE MONTHS PERIOD ENDED 31ST MARCH, 1997 TRANSFERRED TO J.K.ANSELL LTD. (REFER NOTE NO. 4 IN SCHEDULE 17)</b>			(68,55,314)		--
<b>LOSS BROUGHT FORWARD</b>			(1,82,81,940)		(3,24,30,859)
<b>BALANCE BEING LOSS CARRIED TO BALANCE SHEET</b>			(87,00,986)		(1,82,81,940)
Notes on accounts and significant accounting policies forming part of the accounts					
17					

As per our attached report of even date  
For LODHA & COMPANY  
Chartered Accountants

(N. KISHORE BAFNA)  
Partner

Place : Mumbai  
Dated : May 6th, 1998.

On behalf of the Board

VIJAYPAT SINGHANIA Chairman

GAUTAM HARI SINGHANIA )  
HARISH BHARGAVA ) Directors  
K. K. TEWARI )

# J. K. CHEMICALS LIMITED

**SCHEDULES 1 TO 17 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1998 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1998**

	As at 31st March, 1998 Rs.	As at 31st March, 1997 Rs.
<b>SCHEDULE '1' : SHARE CAPITAL</b>		
<b>Authorised</b>		
20,000 6% Free of Income tax fixed Cumulative Preference Shares of Rs. 100 each	20,00,000	20,00,000
40,000 14% 10-year Redeemable Cumulative Preference shares of Rs. 100 each	40,00,000	40,00,000
74,00,000 Equity shares of Rs. 10 each	7,40,00,000	7,40,00,000
	<u>8,00,00,000</u>	<u>8,00,00,000</u>
<b>Issued, Subscribed and paid up</b>		
37,350 14% 10-year Redeemable Cumulative Preference Shares of Rs. 100 each	37,35,000	37,35,000
58,22,200 Equity shares of Rs. 10 each	5,82,22,000	5,82,22,000
Total	<u>6,19,57,000</u>	<u>6,19,57,000</u>

**Notes :**

Of the above shares :

- 37,350 14% 10-year Redeemable Cumulative Preference Shares of Rs. 100 each fully paid up allotted on 15th June, 1993 in lieu of 2000 6% free of Income tax fixed cumulative preference shares of Rs. 100 each and accumulated dividend thereon and 1,40,000 Equity Shares of Rs. 10 each fully paid up allotted pursuant to a contract without payment being received in cash.
- 2,40,880 Equity Shares of Rs. 10 each fully paid up allotted as bonus shares by capitalisation of general reserve.
- 34,89,878 Equity Shares of Rs. 10 each fully paid up are held by the Holding Company, Raymond Ltd.

**SCHEDULE '2' : RESERVES AND SURPLUS**

**Capital Reserve**

(a) Excess realised over the cost on sale of fixed assets As per last Balance Sheet	61,50,709	61,50,709
(b) Capital Subsidy from State Government As per last Balance Sheet*	—	30,00,000
(c) Compensation received during the year under Non-Compete Agreement to be entered into by the Company.*	1,00,00,000	—
Total	<u>1,61,50,709</u>	<u>91,50,709</u>

\* Refer note No. 4 in Schedule 17

**SCHEDULE '3' : SECURED LOANS**

From Raymond Limited (Holding Company)	30,00,000	2,74,82,655
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Secured by an equitable mortgage over the land situated at Thane (by deposit of title deeds) together with building and structures, plant and machinery and fixtures and fittings erected or installed therein and hypothecation of all movable properties (situated therein) both present and future.