

# **J. K. CHEMICALS LIMITED**



***Fifty First Annual Report & Accounts 1998-99***

# J. K. CHEMICALS LIMITED

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## DIRECTORS

Shri VIJAYPAT SINGHANIA *Chairman*  
 Shri M. R. SHROFF  
 Shri GAUTAM HARI SINGHANIA  
 Shri K. K. TEWARI  
 Shri H. P. KEDIA  
 Shri K. L. KHANNA *(upto 24/04/1999)*

## 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 51st Annual General Meeting of J.K.CHEMICALS LIMITED will be held on Wednesday, the 23rd June 1999 at 4.00 p.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, 1999 and the Profit and Loss Account for the year ended as on that date along with the Reports of the Directors and Auditors thereon.
2. To declare dividend on Preference shares.
3. To appoint a Director in place of Shri H.P.Kedia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri K.K.Tewari, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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.

### SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT Article 155-A of the Articles of Association of the Company be and is hereby deleted."

### REGISTERED OFFICE :

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

29th April, 1999

By Order of the Board

**M. R. SHROFF**  
DIRECTOR

### NOTES :

- i) A 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 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business set out under item 6 is annexed hereto.
- iii) The Register of Members and the Share Transfer Books shall remain closed from 14th June, 1999 to 23rd June, 1999 (both days inclusive).
- iv) Members are requested to intimate the change in their addresses, if any.
- v) 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

## ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956.

To the members of  
**J.K. CHEMICALS LIMITED**

The following Explanatory Statement as required by Section 173 of the Companies Act, 1956, sets out all material facts concerning the Special Business referred to in Item 6 of the accompanying Notice dated 29th April, 1999.

### Item 6

Article 155-A of the Articles of Association of the Company was inserted by a Special Resolution passed at the Extraordinary General Meeting held on 12th April, 1979 and subsequently amended at the 43rd Annual General Meeting held on 9th August, 1991, which is reproduced hereinbelow :

*"Notwithstanding anything to the contrary contained in the Articles of Association, the Raymond Woollen Mills Limited shall have the right to control the composition of the Board of Directors of this Company to the end and intent that the Raymond Woollen Mills Limited shall have the right to appoint or remove the majority of the Directors on the Board of Directors of this Company except the Nominee Directors. This power shall not be withdrawn or modified without the written consent of 'The Raymond Woollen Mills Limited'."*

The said power was given to Raymond Limited (formerly known as the Raymond Woollen Mills Limited) as it had paid large amounts to the Company in the past. Your Company has substantially repaid the amounts borrowed from Raymond Limited. The shareholding of Raymond Limited has also come down to 47.66% from 59.94% after the recent preferential allotment of shares to J.K. Investors (Bombay) Limited.

Under the circumstances it is felt that Raymond Limited shall not continue to have the right to control the composition of the Board of Directors of the Company. Accordingly, the Company has proposed the deletion of Article 155-A of the Articles of Association of the Company. Your Directors recommend the approval of the Special Resolution contained in the Notice convening the Annual General Meeting to consider deletion of Article 155-A of the Articles of Association of the Company.

The Articles of Association of the Company are open for inspection on any working day during 10.00 a.m. to 1.00 p.m.

### Memorandum of Interest

Shri Vijaypat Singhania, Shri M.R. Shroff and Shri Gautam Hari Singhania, being common Directors, are deemed to be concerned or interested in the said resolution.

By Order of the Board  
For J. K. CHEMICALS LIMITED

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

M. R. SHROFF  
DIRECTOR

29th April, 1999

# J. K. CHEMICALS LIMITED

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors present their 51st Report for the year ended 31st March, 1999.

### FINANCIAL RESULTS

	Year ended 31.3.99 (Rs.In lacs)	Previous year ended 31.3.98 (Rs.In Lacs)
Income during the year	231.55	247.18
Profit for the year before depreciation, interest and taxes	169.78	210.83
Depreciation	0.76	0.74
Interest	0.03	0.03
Provision for taxation	50.60	45.70
Profit during the year	118.39	164.36
Tax adjustments in respect of prior years	14.00	-
Brought forward loss	87.01	251.37
Proposed Dividend on Preference shares	30.30	-
Tax on Proposed Dividend	3.33	-
Profit/(Loss) carried forward to the Balance sheet	11.75	(87.01)

### PERFORMANCE FOR THE YEAR 1998-99

Profit after tax was lower at Rs. 118.39 lacs (Rs. 164.36 lacs). The trading business has increased from Rs. 3.58 lacs to Rs. 29.71 lacs during the year. However, the results are not strictly comparable, as in 1997-98 a sum of Rs. 98.75 lacs was booked as outstanding consideration receivable pursuant to formation of the joint venture company, J. K. Ansell Limited. After deducting the brought forward loss of Rs. 87.01 lacs and adding back the tax adjustment of Rs. 14.00 lacs in respect of prior years, the surplus available for distribution is Rs. 45.38 lacs.

Your directors are pleased to recommend 14% dividend on Redeemable Cumulative Preference Shares for 6 years including for the year under review thus clearing the total arrears.

Due to inadequacy of profits the Directors regret their inability to recommend any dividend on Equity Shares.

### PROSPECTS FOR 1999-2000

Your Company is expected to maintain the current level of profits as its income from warehousing, rent, dividend and interest on surplus funds is expected to remain at the same level.

### PERFORMANCE OF JOINT VENTURE COMPANY - J.K. ANSELL LIMITED

J.K. Ansell Limited, our Joint Venture Company, has made satisfactory progress and has already received necessary systems accreditation EN 46002 and is hopeful of shortly getting the C.E. Mark which would certify that the product is of highest quality and as such acceptable in any part of the world. J.K. Ansell Limited will be the second Company in India to receive this accreditation. J.K. Ansell Limited has toned up its systems and processes and improved its quality assurance standards. Estimated sales value for 1998-99 of J.K. Ansell Limited is over Rs.23 crores.

### SUBSIDIARY

The working of J.K. Helene Curtis Limited for the year ended 31st March, 1999 resulted in a net profit of Rs.184.25 lacs. The accounts of the subsidiary company for the year ended 31st March, 1999 are annexed as required under section 212 of the Companies Act, 1956.

### PREFERENTIAL ISSUE

In order to augment the long term resources of the Company, the shareholders at their Extraordinary General Meeting held on 19th March, 1999 gave consent to issue 15,00,000 Equity Shares of Rs. 10/- each for cash at par, aggregating Rs.150 lacs to J.K. Investors (Bombay) Limited. In pursuance of the said resolution your Directors have allotted 15,00,000 Equity Shares to J.K. Investors (Bombay) Limited on 29th April, 1999.

# J. K. CHEMICALS LIMITED

## HOLDING - SUBSIDIARY RELATIONSHIP

Your Company is a subsidiary of Raymond Limited on account of the following reasons, namely -

- (a) Raymond Limited holds 59.94% of the equity share capital of your Company; and
- (b) Pursuant to the provisions of Article 155-A of the Articles of Association of the Company Raymond Limited controls the composition of the Board of Directors of the Company by having the right to appoint or remove the majority of the Board Directors of the Company.

After the issue and allotment of 15,00,000 Equity Shares of Rs.10 each for cash at par aggregating Rs.150 lacs to J.K. Investors (Bombay) Limited, the shareholding of Raymond Limited has been reduced from 59.94% to 47.66%. Further, the Company has also substantially repaid the amounts borrowed from Raymond Limited.

Under the circumstances it is felt that Raymond Limited shall not continue to have the right to control the composition of the Board of Directors of the Company. Accordingly, the Company has proposed the deletion of Article 155-A of the Articles of Association of the Company. Your Directors recommend the approval of the Special Resolution contained in the Notice convening the Annual General Meeting to consider deletion of Article 155-A of the Articles of Association of the Company.

## PERSONNEL

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

## DIRECTORS

Shri H.P. Kedia and Shri K.K. Tewari, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Shri K.L.Khanna has resigned as director during the year. The Board places on record its appreciation for the services rendered by him during his tenure as Director.

## AUDITORS' REPORT

With regard to the comments made in paragraph 3 of the Auditors' Report, relevant information has been set out in paragraph 3 (d) of Schedule 14 of the Notes & Accounts.

## 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.

On behalf of the Board

M. R. SHROFF	)	
	)	Directors
H. P. KEDIA	)	

Mumbai  
29th April, 1999

# 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, 1999 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;
  - d) The Balance Sheet and Profit and Loss Account of the Company have complied with the Accounting Standards as prescribed under the provisions of Section 211(3C) of the Act.
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to Note No.3(d) in Schedule '14' regarding recoverability of amounts overdue from a company under the same management and a jointly promoted company and consequential provisioning, if any, as may be required (presently not determinable) in this regard and read together with significant accounting policies, contingent liabilities and other notes thereon 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, 1999 and
  - (ii) in the case of the Profit and Loss Account, of Profit of the Company for the year ended on that date.

For LODHA & COMPANY  
Chartered Accountants

Mumbai  
29th April, 1999

(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 generally 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.4 in Schedule 14 attached to the accounts).
2. None of the Fixed Assets 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.

# J. K. CHEMICALS LIMITED

- c) No discrepancies were noticed on physical verification of stocks as compared to book records.
- 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 above, the Company has not taken any loans, secured or unsecured, from/to Companies, firms or other parties listed in the registers maintained under Section 301 and the then Section 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 of the Act and the then Section 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 on loans and advances in the nature of loans given by the Company to Bodies Corporate and employees are being recovered regularly except for what is stated at Note No.3(d) in Schedule '14'. As explained, steps as considered reasonable by the management, are being taken for their recovery.
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 of finished goods, equipment and for the sale of 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.
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

(N. KISHORE BAFNA)  
Partner

Mumbai  
29th April, 1999



# J. K. CHEMICALS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 1999

	Schedule No.	As at 31st March, 1999 Rs.	As at 31st March, 1998 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	1,73,26,061	1,61,50,709
		<b>7,92,83,061</b>	<b>7,81,07,709</b>
<b>LOAN FUNDS</b>			
Secured Loans	3	30,00,000	30,00,000
Unsecured Loans	4	1,05,17,069	1,05,17,069
		<b>1,35,17,069</b>	<b>1,35,17,069</b>
<b>TOTAL</b>		<b>9,28,00,130</b>	<b>9,16,24,778</b>
<b>APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	29,70,417	31,77,632
Less : Depreciation		17,89,050	19,44,760
Net Block		<b>11,81,367</b>	<b>12,32,872</b>
<b>INVESTMENTS</b>	6	<b>4,77,35,556</b>	<b>2,81,99,210</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	4,88,538	71,240
Sundry Debtors		1,93,01,070	1,71,81,982
Cash and Bank balances		5,77,689	58,04,995
Other Current Assets		14,73,885	41,65,095
Loans and Advances		2,74,51,226	2,80,38,756
		<b>4,92,92,408</b>	<b>5,52,62,068</b>
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>	8	<b>54,09,201</b>	<b>17,70,358</b>
<b>NET CURRENT ASSETS</b>		<b>4,38,83,207</b>	<b>5,34,91,710</b>
<b>PROFIT AND LOSS ACCOUNT</b>		<b>0</b>	<b>87,00,986</b>
<b>TOTAL</b>		<b>9,28,00,130</b>	<b>9,16,24,778</b>
Notes on accounts and significant accounting policies forming part of the accounts	14		

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

(N. KISHORE BAFNA)  
Partner

Mumbai,  
29th April, 1999

On behalf of the Board

M. R. SHROFF

H. P. KEDIA

)  
) Directors  
)

# J. K. CHEMICALS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1999.

	Schedule No.	Year ended 31st March, 1999 Rs.	Year ended 31st March, 1998 Rs.
<b>INCOME :</b>			
Sales and other operating income	9	1,19,62,120	1,04,65,439
Other income	10	1,11,92,966	1,42,52,775
		<u>2,31,55,086</u>	<u>2,47,18,214</u>
<b>EXPENDITURE :</b>			
Cost of Goods sold	11	27,79,651	3,38,010
Employment Cost	12	23,64,704	22,79,174
Administrative, Selling and General expenses	13	10,32,658	10,17,944
Interest (on other than fixed loans)		2,515	2,515
Depreciation		75,970	74,303
		<u>62,55,498</u>	<u>37,11,946</u>
<b>PROFIT BEFORE TAX</b>		<b>1,68,99,588</b>	<b>2,10,06,268</b>
Provision for Income Tax		49,90,000	45,00,000
Provision for Wealth Tax		70,000	70,000
<b>PROFIT AFTER TAX</b>		<b>1,18,39,588</b>	<b>1,64,36,268</b>
Excess Provision for Income Tax written back		14,00,000	0
		<u>1,32,39,588</u>	<u>1,64,36,268</u>
Loss brought forward		87,00,986	2,51,37,254
Balance available for appropriations		45,38,602	(87,00,986)
<b>Appropriations</b>			
Proposed Dividend on Preference Shares (including arrears)		30,29,955	0
Tax on Proposed Dividend (including surcharge)		3,33,295	0
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>11,75,352</b>	<b>(87,00,986)</b>
NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS	14		

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

(N. KISHORE BAFNA)  
Partner

Mumbai,  
29th April, 1999

On behalf of the Board

M. R. SHROFF )  
H. P. KEDIA ) Directors