

J. K. CHEMICALS LIMITED



Fifty Second Annual Report & Accounts 1999-2000

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

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.

J. K. CHEMICALS LIMITED

NOTICE

NOTICE is hereby given that the 52nd Annual General Meeting of J. K. CHEMICALS LIMITED will be held on Wednesday, the 21st June, 2000 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, 2000 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.
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.

SPECIAL BUSINESS :

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

"RESOLVED THAT the following Clause be added as Clause 1E after Clause 1D in Clause III of the Objects Clause of the Company:

1E. To carry on in India or elsewhere the business of an Investment Company and for that purpose to invest in, acquire, deal, trade, underwrite, subscribe for, to hold shares, stocks, securities, bonds, debentures, debenture stock and to carry on the business of consultancy in the field of investment in shares, bonds and securities of all types and to finance industrial enterprises."

"FURTHER RESOLVED THAT pursuant to Section 149(2A) of the Companies Act 1956 and subject to the foregoing resolution becoming effective, the Company hereby approves of the Commencement of Business and operations covered by sub clause 1E of Clause III of the Memorandum of Association of the Company by the Directors of the Company as and when they deem fit."

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

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

M. R. SHROFF
DIRECTOR

26th April 2000

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 5 is annexed hereto.

J. K. CHEMICALS LIMITED

- iii) The Register of Members and the Share Transfer Books shall remain closed from Monday 19th June, 2000 to Wednesday 21st June, 2000 (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.

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 5 of the accompanying Notice dated 26th April, 2000.

Item 5

As per the norms laid down by the Reserve Bank of India the Company has become Non Banking Financial Company. Hence a suitable Clause 1E for carrying on the business of Investment Company is being proposed to be added in the Objects Clause of the Memorandum of Association of the Company.

None of the Directors is concerned or interested in the said resolution.

The Memorandum of Association of the Company is open for inspection on any working day from 10.00 a.m. to 1.00 p.m.

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

26th April, 2000

J. K. CHEMICALS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting their 52nd Report for the year ended 31st March, 2000.

FINANCIAL RESULTS

	Year ended 31.3.2000 (Rs.in lacs)	Previous year ended 31.3.1999 (Rs.in lacs)
Income during the year	384.99	231.47
Depreciation	1.05	0.76
Interest	0.03	0.03
Provision for taxation	19.50	50.60
Profit during the year	291.27	118.40
Profit / (Loss) brought forward	11.75	(87.01)
Provision for dividend including tax thereon	94.31	33.63
Profit carried forward to the Balance Sheet	208.72	11.75

PERFORMANCE DURING THE YEAR

Your Directors are pleased to report that income during the year has increased by 66.3 per cent compared to the previous year and that 68 per cent of the income constitutes tax free income from investment in shares and units of UTI and Mutual funds. As a result, the profit after tax has increased by nearly two and half times.

During the year under review, your Company has ceased to be subsidiary of Raymond Limited.

DIVIDEND

Your Directors are pleased to recommend dividend of Re. 1/- per share on equity capital, thus putting the Company back on the dividend list after a lapse of 22 years. Your Directors also recommend dividend @ 14% on Redeemable Cumulative Preference Shares. Out of the profits of Rs.303.02 lacs available for appropriation, the outgo on dividend account (including tax on dividend) will absorb Rs 94.31 lacs leaving a balance of Rs. 208.72 lacs, which is carried to the Balance Sheet.

PROSPECTS FOR 2000-2001

Major source of income during 1999-2000 was from investment in shares and units of UTI and Mutual Fund. As per the RBI guidelines, your Company has become an Investment Company and is required to be registered as Non Banking Financial Company (NBFC). Your Directors are making necessary application to RBI for registration as NBFC. Your Directors have also proposed in the accompanying Notice a resolution to amend the Objects Clause in the Memorandum of Association of the Company to enable it to carry on the business as an Investment Company.

PERFORMANCE OF JOINT VENTURE COMPANY – J.K. ANSELL LIMITED

During the year under review, J.K. Ansell Limited has produced excellent results with a turnover of over Rs. 3100 lacs and declared and paid interim dividend of 50 per cent amounting to Rs.50 lacs.

SUBSIDIARY

J.K. Heiene Curtis Limited (JKHCL) has also performed very well with a turnover of Rs.4633.80 lacs (previous year Rs.4502.80 lacs) and has earned a net profit of Rs. 248.45 lacs (previous year Rs.184.25 lacs). The Company has declared and paid an interim dividend of 100 per cent amounting to Rs.98 lacs. The accounts of JKHCL for the year ended 31st March, 2000 are annexed as required under Section 212 of the Companies Act, 1956.

J. K. CHEMICALS LIMITED

PUBLIC DEPOSIT

The Company has not accepted any deposit from the public during the year under review.

PERSONNEL

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

DIRECTORS

Shri Gautam Hari Singhania, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

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.

For and on behalf of the Board

VIJAYPAT SINGHANIA
Chairman

Mumbai
26th April, 2000

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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, 2000 and also 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 it 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) In our opinion, the Balance Sheet and Profit and Loss Account of the Company comply with the Accounting Standards as prescribed under the provisions of Section 211(3C) of the Act.
 - e) 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 '14' 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, 2000 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

Mumbai
26th April, 2000

(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. 3 in Schedule 14 attached to the accounts).
2. None of the Fixed Assets have been revalued during the year.
3.
 - a) The stocks of trading 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) No discrepancies were noticed on physical verification of stocks as compared to book records.

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 from a company listed in the register maintained under Section 301 of the Act, are prima facie, not prejudicial to the interest of the Company. In terms of Section 370(6) of the Act, provisions of the section 370 of the Act are not applicable to the Company on or after 31st October, 1998.
 5. The rate of interest and other terms and conditions of loans granted to companies listed in the register maintained under Section 301 of the Act are in our opinion, prima facie not prejudicial to the interest of the Company. In terms of Section 370 (6) of the Act, provisions of the Section 370 of the Act are not applicable to the Company on or after 31st October, 1998.
 6. In respect of loans and advances in the nature of loans given by the Company, the parties (including employees) have repaid the principal amount as stipulated and have also been regular in the payment of interest, where applicable.
 7. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of trading goods, equipment and other assets 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 & services.
 9. The Company has not accepted any deposits from the public within the meaning of Section 58-A of the Act, the rules framed thereunder and Directives issued by the Reserve Bank of India.
 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 service activities of the Company, as explained to us, the nature of activities do not involve the consumption of direct materials or stores and allocation of man-hours. However, there is a reasonable system of authorisation at proper levels and an adequate system of internal control commensurate with the size of the Company and the nature of its business.
 15. In respect of the trading activities of the Company, we are informed that there were no damaged goods during the year.
 16. In respect of the investment activities, the Company has maintained proper records of transactions and contracts in respect of its dealing in shares / securities and timely entries have been made therein. The Company's investments have been held in its own name except to the extent of the exemption granted under Section 49 of the Act.
 17. Other provisions of the said Order are not applicable to the Company.

For **LODHA & COMPANY**
Chartered Accountants

Mumbai
26th April, 2000

(**N. KISHORE BAFNA**)
Partner

J. K. CHEMICALS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2000

	Schedule No.	As at 31st March, 2000 Rs.	As at 31st March, 1999 Rs.
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS			
Share Capital	1	7,69,57,000	6,19,57,000
Reserves and Surplus	2	3,70,22,678	1,73,26,061
		11,39,79,678	7,92,83,061
LOAN FUNDS			
Secured Loans	3	30,00,000	30,00,000
Unsecured Loans	4	1,05,17,069	1,05,17,069
		1,35,17,069	1,35,17,069
TOTAL		12,74,96,747	9,28,00,130
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block	5	30,68,422	29,70,417
Less : Depreciation		18,94,370	17,89,050
Net Block		11,74,052	11,81,367
INVESTMENTS	6	11,39,96,328	4,77,35,556
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	14,97,520	4,88,538
Sundry Debtors		85,72,461	1,93,01,070
Cash and Bank balances		1,03,99,676	5,77,689
Other Current Assets		--	14,73,885
Loans and Advances		33,39,280	2,74,51,226
		2,38,08,937	4,92,92,408
LESS :			
CURRENT LIABILITIES AND PROVISIONS	8	1,14,82,570	54,09,201
NET CURRENT ASSETS		1,23,26,367	4,38,83,207
TOTAL		12,74,96,747	9,28,00,130
Notes on accounts and significant accounting policies forming part of the accounts	14		
The Schedules 1 to 8 and 14 form an integral part of the Balance Sheet			

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

(N. KISHORE BAFNA)
Partner

Mumbai,
26th April, 2000

On behalf of the Board

VIJAYPAT SINGHANIA Chairman

M. R. SHROFF)
GAUTAM HARI SINGHANIA)
H. P. KEDIA) Directors
K. K. TEWARI)

J. K. CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000

	Schedule No.	Year ended 31st March, 2000 Rs. Rs.		Year ended 31st March, 1999 Rs. Rs.	
INCOME :					
Sales and other operating income	9		81,42,200		1,19,62,120
Investment and Other income	10		3,03,56,823		1,11,84,916
			<u>3,84,99,023</u>		<u>2,31,47,036</u>
EXPENDITURE :					
Cost of Goods sold	11		28,28,420		27,79,651
Employment cost	12		28,46,875		23,64,704
Administrative, Selling and General expenses	13		16,38,637		10,24,608
Interest (on other than fixed loans)			2,515		2,515
Depreciation			1,05,320		75,970
Long term investments written off		43,78,120		--	
Less : Utilised out of provision for diminution in value of investments		<u>43,78,120</u>		--	
			--		--
			<u>74,21,767</u>		<u>62,47,448</u>
PROFIT BEFORE TAX			<u>3,10,77,256</u>		<u>1,68,99,588</u>
Provision for Income Tax			18,96,000		49,90,000
Provision for Wealth Tax			54,000		70,000
PROFIT AFTER TAX			<u>2,91,27,256</u>		<u>1,18,39,588</u>
Excess Provision for Income Tax written back			--		14,00,000
Profit / (Loss) brought forward			11,75,352		(87,00,986)
Balance available for appropriations			<u>3,03,02,608</u>		<u>45,38,602</u>
Appropriations					
Proposed Dividend on Equity Shares			72,07,132		--
Proposed Dividend on Preference Shares (including arrears)			5,22,900		*30,29,955
Tax on Proposed Dividend			17,00,607		3,33,295
BALANCE CARRIED TO BALANCE SHEET			<u>2,08,71,969</u>		<u>11,75,352</u>
NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS	14				
The Schedules 9 to 14 form an integral part of the Profit & Loss Account.					

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

(N. KISHORE BAFNA)
Partner

Mumbai,
26th April, 2000

On behalf of the Board

VIJAYPAT SINGHANIA

Chairman

M. R. SHROFF

GAUTAM HARI SINGHANIA

H. P. KEDIA

K. K. TEWARI

) Directors

)