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JAYSYNTH DYECHEM LIMITED

Annual Report 1999 - 2000

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BOARD OF DIRECTORS

SHRI SHARADCHANDRA S. KOTHARI
CHAIRMAN & MANAGING DIRECTOR

SHRI MAHENDRA K. KOTHARI

SHRI SHRIKANT K. KOTHARI

SHRI DHANSUKH N. SHUKLA

SHRI JYOTIKUMAR S. MAHESHWARI
(Resigned w.e.f. 30th April, 2000)

SHRI DEEPAK N. PARIKH

SHRI DHARMASINH M. POPAT

SHRI PRAKASH M. KALE *(ICICI NOMINEE)*

SHRI S. ANANTHAKRISHNAN *(IDBI NOMINEE)*
(Appointed w.e.f. 25th May, 2000)

COMPANY SECRETARY:

MR. RAVINDRA C. TOLAT

AUDITORS:

M/s. MAGANLAL & AJAY MEHTA
CHARTERED ACCOUNTANTS

PRINCIPAL BANKERS:

BANK OF INDIA
BANK OF BARODA
STATE BANK OF INDIA
IDBI BANK LTD.

SUBSIDIARY COMPANIES:

JAYSYNTH ANTHRAQUINONES LTD.
JAYSYNTH (EUROPE) LTD.
DYFARBEN (USA), INC.

REGISTRAR & TRANSFER AGENTS:

SHAREPRO SERVICES
Satam Estate, 3rd Floor
Above Bank of Baroda
Chakala, Andheri (E)
MUMBAI 400 099.

912, Raheja Centre
Free Press Journal Marg
Nariman Point
MUMBAI 400 021.

REGISTERED OFFICE:

E-16, "Everest"
Tardeo Road
MUMBAI 400 034.

ADMINISTRATIVE OFFICE:

301, Sumer Kendra
Near Mahindra Towers
Pandurang Budhkar Marg
Worli, MUMBAI 400 018.

PLANTS:

Plot Nos. D-55,54/2,54/3,56
Trans Thane Creek Indl. Area
Thane Belapur Road
Turbhe, Dist. Thane
MAHARASHTRA - 400 705.

Plot No. A-4/2
M.I.D.C. Industrial Area
Patalganga, Dist. Raigad
MAHARASHTRA - 410 220.

Plot No. 4 & 5
Viramgam Co-operative Industrial Estate
Viramgam, Dist. Ahmedabad,
GUJARAT.

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NOTICE

NOTICE is hereby given that the Twentyseventh Annual General Meeting of the Company will be held on Friday the 29th December, 2000 at 9.30 a.m. at the "SUN VILLA HALL", Dr. Annie Besant Road, Worli, Mumbai - 400 018, to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2000 and the Profit and Loss Account of the Company for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri D.N.Shukla who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri D.N.Parikh who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution.

   "RESOLVED THAT the Company hereby accords its approval and consent under Sections 198, 269 and 309 as also all other applicable provisions, if any, of the Companies Act, 1956, to the re-appointment of Shri S.K.Kothari as a Whole-time Director of the Company and to his receiving remuneration, benefits and amenities as a Whole-time Director of the Company for a period of one year with effect from 1st October, 2000 to 30th September, 2001 upon the terms, conditions and stipulations contained in an Agreement to be entered into between the Company and Shri S.K.Kothari, a draft whereof is placed before the meeting and for the purpose of identification, is initialled by the Chairman hereof, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors, to alter and vary the terms and conditions of the said appointment and/or remuneration and/or Agreement as may be agreed to between the Board of Directors and Shri S.K.Kothari provided that the remuneration payable to Shri S.K.Kothari shall not exceed the maximum limits for payment of managerial remuneration specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time or the Companies Act, 1956 as may be recodified."

   "RESOLVED FURTHER THAT where in the financial year during the tenure of Shri S.K.Kothari, the Company has no profits or it profits are inadequate, the Company shall pay remuneration to Shri S.K.Kothari by way of salary, dearness allowances, perquisites and any other allowances, such amount not exceeding the ceiling limits in terms of Part II of Schedule XIII to the Companies Act, 1956 or within such ceiling limits as may be prescribed under Schedule XIII from time to time, or the Companies Act, 1956 as may be recodified. The following perquisites however shall not be included in the computation of the ceiling on remuneration:

   (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, 1961,

   (b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and

   (c) encashment of leave at the end of the tenure."

   "RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all necessary or desirable steps and to do all such acts, deeds, matters and things as may be considered necessary, desirable, expedient for the purpose of effectuating the re-appointment of Shri S.K.Kothari as a Whole-time Director and matters incidental thereto."

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

   "RESOLVED THAT pursuant to the provisions of Section 163 and other applicable provisions, if any, of the Companies Act, 1956 the Registers and Indices of Members, and copies of all Annual Returns prepared under Section 159 of the Companies Act, 1956 together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Companies Act, 1956 or any one or more of them be kept at the Company's Registered Office at E-16,"Everest", Tardeo Road, or at the Registered Office of M/s.Sharepro Services at Satam Estate, 3rd Floor, Above Bank of Baroda, Chakala, Andheri (East), Mumbai - 400 099 Registrar and Transfer Agents of the Company.

BY ORDER OF THE BOARD

R. C. TOLAT
Company Secretary

MUMBAI : 25th November, 2000

REGD.OFFICE :

E-16,"EVEREST"
Tardeo Road,
MUMBAI - 400 034.

NOTES :

1. **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 RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. The relative explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business set out in the accompanying Notice is annexed hereto.
3. The Register of members and share transfer books of the Company will remain closed from Saturday the 23rd December, 2000 to Friday the 29th December, 2000 both days inclusive.
4. Members desirous of getting any information about the accounts of the Company are requested to send their quarries so as to reach atleast ten days before the meeting at the Company's Administrative Office at 301, SUMER KENDRA , P.B.MARG, WORLI, MUMBAI - 400 034, so that the information required can be made readily available at the meeting.
5. The office of the Registrar of Companies, Maharashtra, Mumbai has granted extension to hold Annual General Meeting upto 31st December, 2000 vide their Letter dated 30th July, 2000.
6. In view of the amendment to the Companies Act, 1956, promulgated by the Companies (Amendment) Act, 1999 dividends which remain unclaimed/unencashed for a period of seven years have to be transferred by the Company to the Investor Education & Protection fund which shall be constituted by the Central Government under Sec. 205(A) & 205(C) of the Companies Act, 1956. No claims to such dividends amount will be entertained after the transfer of the unclaimed /unencashed dividend to the above fund. Hence, the shareholders are advised to send all unencashed dividend warrants to the Company's Administrative Office at 301, Sumerkendra P.B. Marg, Worli, Mumbai 400 018 for revalidation.

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Unpaid dividends will be transferred to the Investors Education and Protection Fund as detailed under:-

Dividend for Year ended 31st March	Date of Dividend Warrant	Due date of Transfer with Central Government
1996	29th August 1996	24th September 2003
1997	24th October 1997	15th November 2004
1998	24th October 1998	15th November 2005

Members who have not encashed any of the above dividend warrants for the aforesaid financial years are requested to approach M/S.SHAREPRO SERVICES, the Company's Registrar and Transfer Agents, at any of their addresses given below for obtaining duplicate Dividend Warrants immediately.

7. The Shares of the Company are listed on Stock Exchanges at Mumbai and Ahmedabad and also on National Stock Exchange. The Company has paid the Annual Listing fee to the Stock Exchanges upto date.
8. Members are requested to intimate change in their address immediately to M/s.Sharepro Services, the Company's Registrar and Transfer Agents, at any of their addresses given below.
9. Members holding Shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios alongwith relevant Share Certificates to M/s.Sharepro Services, the Company's Registrar and Transfer Agents, at any of their addresses given below.
10. Members/proxies are requested to bring their copy of Annual Report to the Annual General Meeting.
11. The Members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
12. Members are requested to quote Ledger Folio Number in their correspondence.

REGISTRAR & TRANSFER AGENTS :

M/S.SHAREPRO SERVICES
(UNIT : JAYSYNTH DYECHEM LTD.)

1. SATAM ESTATE, 3RD FLOOR,
   ABOVE BANK OR BARODA, CHAKALA,
   ANDHERI [EAST],
   MUMBAI - 400 099
2. 912,RAHEJA CENTRE,
   FREE PRESS JOURNAL MARG,
   NARIMAN POINT,
   MUMBAI - 400 021.

MUMBAI : 25th November, 2000

BY ORDER OF THE BOARD

REGD.OFFICE :

E-16,"EVEREST"
Tardeo Road,
MUMBAI - 400 034

R.C.TOLAT
Company Secretary

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO. 6

As the members of the Company are aware Shri S.K.Kothari is on the Board of Directors of the Company since 09/11/1985. Shri S.K.Kothari was re-appointed at the Twentysixth Annual General Meeting of the Company held on 23rd December 1999 as a Whole-time Director for a period of one year w.e.f. 1st October 1999 . Shri S.K.Kothari's term of office has expired on 30th September, 2000. At the meeting of Board of Directors held on 31st July, 2000 subject to approval of shareholders Shri S.K.Kothari was re-appointed as a Whole-time Director for the further period of one year w.e.f.1st October, 2000 on remuneration, as detailed in para "A" below. Shri S.K.Kothari is B.Sc. and has more than 20 years of experience in manufacturing and production. Your Directors consider that his appointment as a Whole-time Director will be beneficial to the Company.

A. The terms of re-appointment and remuneration of Shri S.K.Kothari as a Whole-time Director shall contain following terms and conditions :-

1) **Salary :**

Rs.18,500/- (Rupees Eighteen Thousand and Five Hundred Only) per month. Besides salary, Shri S.K.Kothari shall also be entitled to Bonus/Exgratia payment as may be paid to other employees of the Company.

2) **Perquisites and Allowances :**

Shri S.K. Kothari shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, House Maintenance Allowance together with reimbursement of expenses/allowances for utilisation of gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession for self and his family including dependents, club fees, premium for medical insurance and personal accident insurance and all other benefits perquisites and amenities in accordance with the rules of the Company and as agreed by the Board of Directors subject to overall ceiling on remuneration prescribed u/s. 198 & 309 and any other applicable provisions, if any, of the Companies Act,1956.

3) **Provident Fund and Superannuation Fund etc :**

Company's 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. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

Encashment of leave at the end of tenure will be permitted in accordance with the rules of the Company. The Company shall provide car with driver and also telephone facility for use at the residence of Shri S.K.Kothari but personal long-distance telephone calls will be billed by the Company. The aforementioned perquisites will not be included in the computation of the ceiling on remuneration. For the purpose of computing the ceiling on perquisites, the same will be valued as per Income-Tax Rules,1962 wherever applicable.

4) **Minimum Remuneration :**

Notwithstanding the remuneration payable to Shri S.K.Kothari as detailed above in para (1) (2) & (3) above, wherein in the financial year during the tenure of Office of Shri S.K.Kothari, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to Shri S.K.Kothari by way of salary, allowances, perquisites and any other allowance to the extent as may be permitted from time to time in terms of Part II of Schedule XIII to the Companies Act,1956 or within such ceiling limits as may be prescribed under Schedule XIII from time to time of the Companies Act,1956 including any amendment thereto or the Companies Act, 1956 as may be recodified. The following perquisites however shall not be included in the computation of the ceiling on remuneration :-

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(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 and,

(c) Encashment of leave at the end of tenure.

The draft Agreement between the Company and Shri S.K.Kothari inter alia also contain the following terms and conditions :-

(a) Shri S.K.Kothari shall mainly look after production at the Company's Patalganga Unit and shall also perform and discharge all such duties and responsibilities as may from time to time be assigned and entrusted to him by the Managing Director. Shri S.K.Kothari shall be liable to retire by rotation.

(b) If at any time Shri S.K.Kothari ceases to be a Director of the Company for any reason whatsoever, he shall cease to be a Whole-time Director.

(c) Shri S.K.Kothari shall not be entitled to supplement his earnings with any buying or selling commission. He shall not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.

(d) The Agreement may be terminated by either party giving the other party three months' notice.

(e) The draft Agreement also sets out the mutual rights and obligations of the Company and of Shri S.K.Kothari.

In compliance with the provisions of the Companies Act, 1956, the terms including remuneration specified above are now being placed before the members in Annual General Meeting for their approval. The Board commends the Resolution for acceptance by the members.

Shri S.K.Kothari, may be deemed to be concerned or interested in the resolution. Shri M.K.Kothari as a relative of Shri S.K.Kothari may also be regarded as concerned or interested in the Resolution. None of the other Directors are concerned or interested in the Resolution.

The above may be treated as an extract of the terms of appointment between the Company and Shri S.K.Kothari pursuant to Section 302 of the Companies Act, 1956.

The draft of the Agreement to be entered into by the Company with Shri S.K.Kothari is available for inspection by the members of the Company at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company excluding Public holiday.

ITEM NO.7

The Share accounting work was handled by M/s.Karvy Consultants Ltd. from 1994 onwards. Due to dematerialisation of shares of your Company it was required to appoint Registrar & Transfer Agents, who had connectivity with NSDL and CSDL. Company had invited quotation from various Registrar and Transfer Agents, who had connectivity Agreement with NSDL and CSDL. It was found that rates offered by Karvy Consultants Ltd., were on higher side whereas rates of M/s.Sharepro Services were almost competitive and reasonable.

Accordingly, the service of M/s.Karvy Consultants Ltd. were terminated on 31st March, 2000 and M/s.Sharepro Services were appointed as new Registrar and Transfer Agents with effect from 1st April, 2000.

As required under Section 163 of the Companies Act, 1956, Register of Members, Indices of Members and copies of Annual Returns etc. prepared under Sections 159 and 160 of the Companies act, 1956, together with documents have to be kept at the Registered Office of the Company. However, the Company can by a Special Resolution authorise that all or any of such Registers, Indices and other documents etc. may

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instead of being kept at the Registered office of the Company be kept at any other places within the city limit where the Registered Office of the Company is situated. The approval of shareholders is therefore, sought under Section 163 of the Companies Act, 1956 by a Special Resolution for the Registers, Records and other documents to be kept at the place mentioned in the aforesaid Resolution.

Your Directors therefore, recommend the above Resolution for your approval. None of the Directors are concerned or interested in the resolution.

BY ORDER OF THE BOARD

R. C. TOLAT
Company Secretary

MUMBAI : 25th November, 2000

REGD.OFFICE :

E-16,"EVEREST"
Tardeo Road,
MUMBAI - 400 034.

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DIRECTORS' REPORT

To,

The Members,

Your Directors hereby present their Twentyseventh Report together with the audited statement of Accounts for the year ended March 31, 2000.

1. FINANCIAL RESULTS :

	YEAR ENDED MARCH 31, 2000	YEAR ENDED MARCH 31, 1999
	[Rs.in million]	
Gross Sales	1,526.97	1,958.92
Other Income	58.29	69.15
Total Income	**1,585.26**	**2,028.07**
Loss Before Depreciation	(378.15)	(31.52)
Depreciation	(67.78)	(50.86)
Net Loss	(445.93)	(82.38)
Previous Year Adjustment	0.02	(7.11)
Transfer from Debenture Redemption Reserve	—	136.67
Transfer from General Reserve	389.00	—
Opening Balance in Profit & Loss A/c.	66.81	29.13
Balance Available for Appropriation	**9.90**	**76.31**
Transfer to Debenture Redemption Reserve	9.50	9.50
Balance carried to Balance Sheet	0.40	66.81

2. DIVIDEND :

In view of the loss during the year, the Board of Directors are unable to recommend any dividend for the year 1999-2000. (Previous Year NIL).

3. PERFORMANCE :

The year under review witnessed continued slow down of industrial activities in general. Performance of Dyestuff Industry has been adversely affected particularly on account of liberalisation process initiated by the Government without providing level playing field for the Indian manufacturers.

The year under review has been a critical year for the Company. During the year, the production of Dyes & Pigments was 3916 M.T. as against 5099 M.T. during the previous year and that of Intermediates was 304 M.T. as against 2034 M.T. during previous year. The Gross Sales have declined to Rs.1526.97 million during the year as against Rs.1958.92 million during the previous year.

As International prices of Dyes and Chemicals have comedown considerably and due to continued stiff competition from China and the South Asian Countries, the export realisation has gone down. Your Company being a major Exporters of Dyes and Dyes Intermediate from India, its performance has been adversely affected. FOB value of Exports was Rs.821.58 million during the year compared to Rs.1055.06 million during the previous year. Exports contributed 53.80% of the total sales during the year as against 53.86% during the previous year. During the year under review, the Company reported a loss of Rs.445.93 Million in the Audited Accounts, as against reported loss of Rs.321.40 Million in unaudited quarterly result. The deviation between these two figures is mainly due to write off of Rs.84.96 Million of Duty Benefit Receivable, Rs.17.93 Million of Advance Licence Benefit Receivable, Rs.8.06 Million Premium Receivable against Special Import Licence, Bad Debts of Rs.22.00 Million and provision of Rs.1.36 Million in respect of doubtful debts during the year under review.

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4. FINANCE :

During the year under review, your Company availed Corporate Rupee Loan of Rs.100 Million and Rupee Term Loan of Rs.24 Million from IDBI.

Your Company also availed balance Rupee Term Loan of Rs.15.75 Million out of sanctioned Term Loan of Rs.63 Million for investment in Share Capital of Dyfarben (USA) Inc., its wholly owned Subsidiary.

Besides, your Company has also availed balance Foreign Currency Term Loan of US$ 67,583.82 from IDBI out of sanctioned Foreign Currency Term Loan of US$ 8 Million.

During the year under review, IDBI Bank converted its Foreign Currency Term Loan of US$ 3 Million into Rupee Term Loan of Rs.131.22 Million.

5. RELOCATION OF MANUFACTURING ACTIVITY :

As the products manufactured at Unit No.I could not be sold at competitive rate due to high manufacturing cost, the Company took stratagic decision to take a running plant on lease basis at Viramgam, Dist.Ahmedabad, Gujarat to start manufacturing of certain products, which had better market and could be produced at Viramgam at lower cost.

About 133 surplus workforce including supervisory staff were transferred to Viramgam. However, due to stay order from Industrial Court, Thane, the transfer could not be affected. Subsequently, Hon'ble High Court of Mumbai, directed to maintain the status quo in the matter and directed the case to the Industrial Court, Thane. The matter is pending before the said court.

6. DIRECTORS :

Shri D.N.Shukla and Shri D.N.Parikh, Directors of the Company retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

IDBI have appointed Shri S. Ananthakrishnan as their Nominee Director w.e.f. 25th May, 2000.

7. SUBSIDIARY COMPANIES :

As reported in last years' Directors' Report, your company has further invested US$ 500,000/- by subscribing 5,000 Equity Shares of US $100/- each of that Company making total investment in that company to US$ 2,000,000. Your Company has also acquired 2,40,000 Equity Shares of Rs.100/- each of Jaysynth Anthraquinones Ltd., its existing subsidiary, now making it a wholly owned subsidiary.

The information required under Section 212 of the Companies Act, 1956 relating to subsidiary Companies is attached.

8. INVESTMENT :

During the year under review, your directors have disinvested 162,700 units of Rs.10/- each of ICICI Power, 3,000 equity shares of Rs.10/- each of Samtel Electronic Devices, 86,000 Equity Shares of Rs.100/- each of Jay Pesticides Pvt.Ltd. and 600,000 Equity Shares of Rs.10/- each of Jaysynth Finance Ltd.

During the year under review, your Company was allotted 30 Shares of Rs.1000/- each of Antop Hill Warehousing Co.Ltd.

9. FIXED DEPOSITS :

Your Company has not accepted any Fixed Deposit from the public during the year under review.

10. AUDITORS :

The Company's Auditors M/s.Maganlal & Ajay Mehta, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

11. AUDITORS REMARKS :

The notes of the accounts referred to in the Auditors Report are self-explanatory and, therefore, do not call for any further comments.

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