



JAYSYNTH DYECHEM LIMITED

Annual Report 2000-01



BOARD OF DIRECTORS

SHRI SHARADCHANDRA S. KOTHARI
CHAIRMAN & MANAGING DIRECTOR

SHRI MAHENDRA K. KOTHARI

SHRI SHRIKANT K. KOTHARI

SHRI DHANSUKH N. SHUKLA

SHRI DEEPAK N. PARIKH

SHRI DHARMASINH M. POPAT

SHRI PRAKASH M. KALE (ICICI NOMINEE)

SHRI S. ANANTHAKRISHNAN (IDBI NOMINEE)

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.

COMPANY SECRETARY:

MR. RAVINDRA C. TOLAT

AUDITORS:

M/s. MAGANLAL & AJAY MEHTA
CHARTERED ACCOUNTANTS

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

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.

SHAREPRO SERVICES

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

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NOTICE

NOTICE is hereby given that the Twentyeighth Annual General Meeting of the Company will be held on Monday the 23rd day of July, 2001 at 9.30 a.m. at "RUBY HALL", Hotel Kohinoor Park, Kohinoor Corner, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025 to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2001 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.M.Popat who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S.K.Kothari 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 pursuant to the provisions of Sections 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule XIII to the said Act as amended up-to-date. Shri S.K.Kothari be and is hereby re-appointed as a Whole-time Director of the Company for a period of two years from 1st August, 2001 to 31st July, 2003 on the terms, conditions and stipulations contained in an Agreement to be entered into between the Company and Shri S.K.Kothari, a copy 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 re-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 as may be recodified."

"RESOLVED FURTHER THAT wherein in the financial year during the tenure 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, 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 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 the Whole-time Director and matters incidental thereto."

6. 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 118A with marginal note be inserted after the existing Article 118.

Postal Ballot 118A.

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.

7. To consider and, if thought fit, to pass the following resolution as a Special Resolution :
"RESOLVED THAT the approval of the Company be and is hereby accorded to the delisting of the shares of the Company from any one or more of the Stock Exchanges where the Company's shares are presently listed and in particular from Ahmedabad Stock Exchange at such time as the Board of Directors or a Committee of the Board or any other persons authorised by the Board may, in their absolute discretion, consider appropriate and on the terms and conditions as may be stipulated and mutually agreed to in the best interests of the Company, after taking into account various factors such as but not limited to the incidence, impact or burden of the cost of listing fee payable to Stock Exchange(s) and volume of trading on the relevant Stock Exchange(s)."

BY ORDER OF THE BOARD

R. C. TOLAT
 Company Secretary

PLACE : MUMBAI
 DATED : June 11, 2001

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 Thursday 19th July, 2001 to Monday the 23rd July, 2001 both days inclusive.
4. Members desirous of getting any information about the accounts of the Company are requested to send their queries 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. 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

JAYSYNTH DYECHM LIMITED

transferred by the Company to the Investor Education & Protection fund 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, Sumer Kendra P.B. Marg, Worli, Mumbai 400 018 for revalidation.

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 with The Mumbai Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 021, The Stock Exchange, Ahmedabad, Kamdhenu Complex, Opp. Sahajanand Complex, Panjrapole, Ahmedabad - 380 0015 and also on National Stock Exchange, Trade World, S.B.Marg, Lower Parel, Mumbai - 400 013. 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 are requested to bring copies 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 DYECHM 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. |
|--|---|

PLACE : MUMBAI

DATED : June 11, 2001

BY ORDER OF THE BOARD

REGD.OFFICE :

E-16, "EVEREST"

Tardeo Road,

MUMBAI - 400 034

R.C.TOLAT

Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**ITEM NO.5**

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 Twentyseventh Annual General Meeting of the Company held on 29th December 2000 as a Whole-time Director for a period of one year w.e.f. 1st October 2000. Shri S.K.Kothari's term of office will expire on 30th September, 2001. By this resolution it is proposed to re-appoint him as a Whole-time Director for the further period of one year w.e.f. 1st October, 2001 on remuneration, as detailed in para "A" below. Shri S.K.Kothari is B.Sc. and has 20 years of experience in manufacturing and production. Your Directors consider that his re-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 upto Rs.7,50,000/- (Rupees Seven Lacs Fifty Thousand Only) per annum as at present 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 such amount shall not exceed the limit fixed 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 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 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.

ITEM NO.6

- i. 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 along with 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.

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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 commend the Special Resolution for approval of the Members.

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

As the members are aware the Company's shares are presently listed on three Stock Exchanges namely, Ahmedabad, Mumbai and National Stock Exchange.

Consequent to the recent rapid changes in the Capital Market and since substantial volume of trading is carried on through the Mumbai and National Stock Exchanges, the trading volumes on Ahmedabad Stock Exchange are gradually getting reduced.

No particular benefit is available to the shareholders of the Company by continuing the listing of the shares on this Stock Exchange. The Company is therefore, contemplating the possibility of delisting of its shares from aforesaid Stock Exchange for the present.

It is accordingly proposed to give the authority to the Directors to delist the shares of the Company from this Stock Exchange after taking into consideration the interest of the shareholders of that region.

BY ORDER OF THE BOARD

R. C. TOLAT
Company Secretary

PLACE : MUMBAI
DATED : June 11, 2001

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

DIRECTORS' REPORT

To,

The Members,

Your Directors hereby present their Twentyeighth Report together with the audited statement of Accounts for the year ended March 31, 2001.

1. FINANCIAL RESULTS :

	YEAR ENDED MARCH 31, 2001	YEAR ENDED MARCH 31, 2000 [Rs. in Million]
Gross Sales	1,123.89	1,526.97
Other Income	50.62	58.29
Total Income	1,174.51	1,585.26
Profit/(Loss) Before Depreciation	(596.50)	(378.15)
Depreciation	(70.05)	(67.78)
Net Profit/(Loss)	(666.55)	(445.93)
Previous Year Adjustment	0.07	0.02
Transfer from General Reserve	73.68	389.00
Opening Balance in Profit & Loss A/c.	0.40	66.81
Balance Available for Appropriation	(592.40)	5.30
Transfer to Debenture Redemption Reserve	2.00	9.50
Balance carried to Balance Sheet	(594.40)	0.40

2. DIVIDEND :

In view of the loss during the year, the Board of Directors are unable to recommend any dividend for the year 2000-01. (Previous Year NIL).

3. PERFORMANCE :

Dyes Industry all over the world continues to languish under intense competitive pressure due to subdued performance of end-user viz., textile industry and over capacities created over the years. The dyes market, in India and overseas, has become very competitive because of stiff competition from China and other South East Asian countries and, more aggressive pricing resorted to by the dyestuff manufacturers. The multinational companies have also adopted matching pricing strategies to hold on to their market share.

Moreover, during the year the economic scenario in India has not shown any improvement. Almost all the domestic industries have been adversely affected due to liberalization process initiated by the Government, without providing level playing field for the Indian Manufacturers.

During the year under review, production of Dyes & Pigments was lower at 3603 M.T. as against 3916 M.T. during the previous year and that of Intermediates was lower at 116 M.T. as against 304 M.T. during previous year. The Gross Sales have declined to Rs.1123.89 Million during the year as against Rs.1526.97 Million during the previous year.

During the year under review, the Company has reported a net loss of Rs.666.55 Million as compared to Rs.445.93 Million during the previous year.

Heavy losses during the year under review and the previous year have completely eroded net worth of the Company and the Company has become a Sick Industrial Company within the meaning of Clause 'O' of Sub-section-1 of Section-3 of the Sick Industrial Companies (Special Provisions) Act, 1985 and the Company shall be making a reference to the Board for Industrial and Financial Re-construction u/s. 15 of that Act.

4. FINANCE :

During the year under review, your Company availed Corporate Rupee Term Loan of Rs.35 million from IDBI, Rs.56.4 million from Bank of India and Rs.35 million from Bank of Baroda, for meeting liquidity problem and cash deficit of the Company.

During the year under review, the Term liabilities under Foreign Currency Term Loan swelled by Rs.67.1 million due to devaluation of rupee against dollar.

Due to Cash Losses during the year, Company has not been able to make repayment of installments of Rs.37.2 million due to IDBI Bank and Rs.15.75 million due to Exim Bank. A request has been submitted to all the term lenders for restructuring of financial obligation of the Company.

5. DEBENTURES :

Because of stringent financial condition experienced by the Company during the year, debenture redemption amount of Rs. 132 lacs due to Unit Trust of India and of Rs. 66 lacs due to Life Insurance Corporation have remained outstanding against privately placed Non-Convertible Debentures (Series VI).

6. DEPOSITORY SYSTEM :

For Dematerialisation of Equity Shares, your Company has signed agreements with National Securities Depository Ltd. and also with Central Depository Services (India) Ltd. Your Company's ISIN Number is INE 263B01014. The members of the Company may operate through any of the depositories as per their convenience. With effect from 28th August, 2000 demat trading in shares is compulsory for all category of investors, so far 3,603,550 equity shares representing 27.20% of the share capital of the Company have been dematerialised.

7. DIRECTORS' RESPONSIBILITY STATEMENT :

In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors would like to state that:

- i. In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguards in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors have prepared the Annual Accounts on a going concern basis.

8. AUDIT COMMITTEE :

As required under Section 292A of the Companies Act, 1956 Audit Committee comprising of Shri P.M. Kale, Shri D.N. Shukla and Shri M.K.Kothari has been formed. The task of the Audit Committee also include to review the manner in which the internal auditors are performing their responsibilities and to discuss auditing, internal controls and financial reporting's. To ensure complete independence, the internal auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

9. DIRECTORS :

Shri D.M.Popat and Shri S.K.Kothari, Directors of the Company, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

10. SUBSIDIARY COMPANIES :

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

11. FIXED DEPOSITS :

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

12. 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.