



JD ORGOCHEM LTD.
(Formerly known as JAYSYNTH DYECHM LTD.)

Annual Report 2002-03

BOARD OF DIRECTORS

SHRI SHARADCHANDRA S. KOTHARI
CHAIRMAN & MANAGING DIRECTOR

SHRI MAHENDRA K. KOTHARI

SHRI SHRIKANT K. KOTHARI

SHRI PRAKASH M. KALE (ICICI NOMINEE)

SHRI S.RAMCHANDRAN (IDBI NOMINEE)
(Appointed w.e.f. 30/10/2003)

SHRI SURESH VARADARAJAN

SHRI TRIKAMDAS ODHAVJI CHANDAN

COMPANY SECRETARY :
MR. RAVINDRA C. TALOT

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 (East),
MUMBAI 400 099.

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

REGISTERED 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,
Turbe, Dist. Thane,
MAHARASHTRA - 400 701.

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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JD ORGOCHEM LIMITED NOTICE

NOTICE is hereby given that the Thirtieth Annual General Meeting of the Company will be held on Wednesday the 31st day of March, 2004 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 September 30, 2003 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 Shri Suresh Varadarajan who retires by rotation as a Director of the Company. Shri Suresh Varadarajan has offered himself for re-appointment as a Director.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956 (including any statutory modification/s or re-enactments there for the time being in force) Securities Contract (Regulation) Act, 1956 and the Rules framed thereunder, the Listing Agreements executed between the Company and each Stock Exchange where equity Shares of the Company are listed, Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and all other applicable laws, rules, regulations and guidelines and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to seek voluntary delisting of the equity shares of the Company from The Stock Exchange, Ahmedabad.

RESOLVED FURTHER that the Board be and is hereby authorised to take all necessary steps in this regard in order to comply with the legal and/or procedural formalities, including authorising any Committee of Directors or any of the Directors/officers/executives of the Company to do all such acts, deeds or things to give effect to the above."

BY ORDER OF THE BOARD

**R. C. TOLAT
COMPANY SECRETARY**

MUMBAI : 26th February, 2004

REGD.OFFICE :

301, Sumer Kendra,
P.B. Marg, Worli,
MUMBAI - 400 018.

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 Friday, the 26th March, 2004 to Wednesday, the 31st March, 2004 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 at least ten days before the meeting at the Company's Registered Office at 301, SUMER KENDRA, P.B.MARG, WORLI, MUMBAI - 400 018, so that the information required can be made readily available at the meeting.

5. Pursuant to Section 205A of the Companies Act, 1956 unclaimed/unpaid dividends for the financial year ended 31st March 1996 have been transferred to the Investors Education & Protection Fund constituted by the Central Government on 10th September, 2003.
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 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 Registered 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 |
|--|--------------------------------|--|
| 1997 | 24th October 1997 | 2nd November 2004 |
| 1998 | 15th October 1998 | 8th 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 - 380 015 and also on The National Stock Exchange, Trade World, S.B.Marg, Lower Parel, Mumbai - 400 013. The Company has paid the Annual Listing fees upto date, to the above Stock Exchanges.
8. Consequent upon introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their request in Form 2B (which shall be made available on request) to the Company.
9. 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.
10. 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.
11. Members are requested to bring copies of Annual Report to the Annual General Meeting.
12. The Members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
13. Members are requested to quote Ledger Folio Number/Client ID and DP ID numbers in all their correspondence.
14. In terms of the Notification issued by the Security and Exchange Board of India, Equity Shares of the Company are under compulsory demat trading by all investors. Shareholders are therefore, advised to dematerialise their shareholding to avoid inconvenience in future.

15. INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

The particulars of a Director who is proposed to be appointed/re-appointed are given below:

- Name** : Shri Suresh Varadarajan

Age : 41 years

Qualifications : M.Com. ACA. ACS.

Expertise : He has wide experience of Accounts, Finance and Corporate Law matters.

Other Directorship : Shri Suresh Varadarajan is not a Director of any other Company.

REGISTRAR & TRANSFER AGENTS :

M/S.SHAREPRO SERVICES

(UNIT : JD ORGOCHEM 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 : 26th February, 2004

BY ORDER OF THE BOARD

REGD.OFFICE :

301, Sumer Kendra,
P.B. Marg, Worli,
Mumbai - 400 018.

R.C.TOLAT
COMPANY SECRETARY

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**ITEM NO.4**

The Board of Directors had decided to delist Equity Shares of the Company from The Stock Exchange, Ahmedabad and accordingly a Special Resolution was passed at the Annual General Meeting held on 23rd July, 2001, which was not implemented.

Presently the Companies Equity shares are listed on 1) The Stock Exchange, Mumbai, 2) The National Stock Exchange of India, Mumbai and 3) The Stock Exchange, Ahmedabad. Conséquent to technological developments the Shares of the Company are traded all over India through on-line terminals provided by The Stock Exchange Mumbai (BSE) and The National Stock Exchange of India(NSE). Trading volume of shares on The Stock Exchange, Ahmedabad is comparatively low. The continued listing of shares on The Stock Exchange, Ahmedabad no longer confers any advantage to the Company or investors.

Under SEBI (Delisting of Securities) Guidelines issued in February 2003, the Company is not required to offer an exit option to the investors for delisting its securities from any stock exchange, provided however, that the shares continue to remain listed on the stock Exchange with the nationwide trading terminals i.e. BSE and NSE.

The proposed voluntary delisting of the Company's equity shares will not adversely affect any investors including the members located in the State of Gujarat. Pursuant to the SEBI (Delisting of Securities) Guidelines it is proposed to seek the Members' approval by way of a Special Resolution for voluntary delisting of the Company's equity shares from The Stock Exchange, Ahmedabad as set out in the Resolution at item 4. The proposed delisting is in the interest of the Company and the Board commends the Resolution by the Members. None of the Directors of the Company is concerned or interested in the said Resolution.

MUMBAI : 26th February, 2004

BY ORDER OF THE BOARD

REGD.OFFICE :

301, Sumer Kendra,
P.B. Marg, Worli,
Mumbai - 400 018.

R.C.TOLAT
COMPANY SECRETARY

DIRECTORS' REPORT

To,
The Members,

Your Directors hereby present their Thirtieth Report together with the audited statement of Accounts for the eighteen months period ended September 30, 2003.

1. CHANGE OF NAME OF THE COMPANY :

The name of your Company has been changed from JAYSYNTH DYECHEM LTD. to JD ORGOCHEM LTD. w.e.f. December 19, 2003, since the company has started business of agrochemicals. Necessary Resolution for the same was passed by the Members at the Extraordinary General Meeting held on October 30, 2003 and the Register of Companies Maharashtra, Mumbai, accorded its approval for the change of name on December 19, 2003.

2. CHANGE OF ACCOUNTING YEAR :

The Accounting Year of your Company has been changed from March to September. Hence the financial period covered by these accounts is of 18 months i.e. from April 2002 to September 2003. Necessary approval from the Registrar of Companies, Maharashtra, Mumbai, has been received for the same.

3. FINANCIAL RESULTS :

| | 18 MONTHS PERIOD ENDED SEPTEMBER 30, 2003 | YEAR ENDED MARCH 31, 2002 (Rs. in million) |
|---|--|---|
| Gross Sales | 116.30 | 706.18 |
| Other Income | 4.17 | 51.28 |
| Total Income | 120.47 | 757.46 |
| Profit/(Loss) Before Depreciation | (498.09) | (278.05) |
| Depreciation | (105.53) | (70.86) |
| Net Profit/(Loss) | (604.62) | (348.91) |
| Previous Year Adjustment | (9.11) | 2.37 |
| Opening Balance in Profit & Loss A/c. | (940.94) | (594.40) |
| Balance carried to Balance Sheet | (1,554.67) | (940.94) |

4. DIVIDEND :

In view of the loss incurred during the period under review, the Board of Directors are unable to recommend any dividend for the year 2002-03. (Previous Year NIL).

5. PERFORMANCE :

The manufacturing activity of dyes was suspended for the major part of the period under review due to lock-out at its plants at Turbhe and Patalganga. Your Company has entered into the business of agrochemicals. The lock-out at Turbhe plant was lifted w.e.f. May 24, 2003 and the company started manufacturing fungicides at the plant. Prior to re-starting of the plant, the company got fungicides manufactured from outside on job-work basis. Your Company produced/ outsourced 1,63,148 Kgs. of fungicides during the period under review.

Your Company has recorded gross sales of Rs. 116.30 million during the period under review as against Rs. 706.18 million during the previous year.

The Company has incurred net loss of Rs. 604.62 million during the period under review as against loss of Rs. 348.91 million during the previous year.

6. FUTURE PLANS :

Your Company has added agro-chemicals to its product line of Dyes and has started manufacturing and marketing the same on low levels during the financial period under review. Encouraged by the success, efforts are now being focused on developing more agro-chemical molecules. Your Company is also planning to enter the retail pack market through a well-spread distribution channel. On restarting of its production at Patalganga plant after settlement of the labour matters, your Company proposes to hike the production levels of agro-chemicals beside manufacturing of Reactive and Disperse Dyes.

7. PROVISIONS OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985 :

As you are aware, in view of the accumulated loss of the Company having exceeded its net worth as on March 31, 2001, your Company has been declared 'Sick' by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR). The Hon'ble BIFR, appointed the Industrial Development Bank of India (IDBI) as the Operating Agency to formulate

a Scheme for Rehabilitation of the Company. IDBI has, in consultation with various lenders, formulated a Scheme for Rehabilitation of the Company and has forwarded the same to the Hon'ble BIFR.

As per the Draft Rehabilitation Scheme, your Company proposes to sell some of its surplus assets for part settlement of dues of its lenders. The entire sale proceeds are proposed to be distributed among all the lenders on pro-rata basis towards the upfront payment. The balance principal dues of all the lenders are proposed to be paid over a period of 6 years in quarterly instalments on step up basis based on the gross profit levels. Your Company has requested the lenders to waive the entire compound interest penal interest and liquidated damages as also 50% of existing overdue simple interest upto cut-off date i.e., March 31, 2004 and give concession in the rate of interest with effect from the cut-off date.

8. DEBENTURES :

Because of stringent financial conditions experienced by the Company, debenture redemption amounts have remained outstanding against privately placed Non-Convertible Debentures (Series VI) besides default in payment of interest on the said Debentures.

9. FINANCE :

Due to cash losses over the years, the Company has not been able to make payment of interest and installments to the Financial Institutions/ Banks. Moreover, Working Capital facilities obtained by the Company from Banks are also out-of-order due to reduction of Drawing Power and recovery of installment and interest due on various facilities by the Banks. As mentioned in Para (6) above, IDBI has formulated the Draft Rehabilitation Scheme (DRS) to BIFR, which deals with restructuring of Company's financial obligations.

10. DIRECTORS :

In accordance with the Provisions of the Companies Act, 1956 and the Articles of Association of the Company Shri Suresh Varadarajan retires by rotation at the ensuing Annual General Meeting and offers himself for re-appointment. Industrial Development Bank of India (IDBI) has appointed Shri S. Ramachandran in place of Shri S. Ananthakrishnan w.e.f. 30.10.03. Your Directors place on record valuable contribution made by Shri S. Ananthakrishnan during his tenure as Director of the Company.

11. 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.

12. QUALIFICATION IN AUDITOR'S REPORT :

The Auditors, in their Report for the financial period under review, have mentioned that no provision is made for additional interest and liquidity damages payable for non/delayed payment of interest/installments/lease rentals to the Financial Institutions/ Debentureholders as the same cannot be quantified.

As mentioned in Para No.6, the Hon'ble Board for Industrial & Financial Reconstruction, in its Order dated July 3, 2002, has declared the company as 'Sick Industrial Company' and has appointed IDBI as Operating Agency to formulate a Scheme for Rehabilitation of the Company. IDBI has formulated a Draft Rehabilitation Scheme (DRS) which deals with reliefs and concession to be granted by Financial Institutions and Banks to the Company for its revival and the said DRS includes proposal to waive this amounts by respective Financial Institutions and Banks. Therefore, no provision has been made for the said amounts in the accounts.

The Auditors have also mentioned that adequacy of the provisions made for meeting the worker's liabilities cannot be ascertained, as referred to in Note No. 16 of Schedule 'S'.

Dues payable to the workers on account of retrenchment and resignations were provided in the account in earlier years on estimated basis. The litigation in the matter is still going on in the Court and no final settlement has been arrived at so far. Therefore, financial liability on this account cannot be ascertained at this stage and, therefore, no additional provision has been made subsequently.

The Auditors have also mentioned that Shri S.S. Kothari and Shri M.K. Kothari are disqualified from being appointed as directors in terms of clause (g) of the sub-section (1) of section 274 of the Companies Act, 1956.

Shri S.S. Kothari and Shri M.K. Kothari are not being re-appointed as Directors at the ensuing Annual General Meeting as they are not due for re-appointment.

13. COST AUDIT :

In accordance with the directive received from the Central Government audit of the cost accounts relating to "Dyes" manufactured by the Company is required to be conducted by an auditor as prescribed under Section 233B of the Companies Act, 1956. M/s. S. D. Shenoy are appointed as Cost Auditor by your Directors, subject to necessary approval of the Central Government.

14. CONSOLIDATED FINANCIAL STATEMENT :

The Directors are pleased to enclose consolidated financial statement of the Company which consolidate and present

the result of the Company, with its wholly owned subsidiaries as a single economic entity, prepared in accordance with the Accounting Standard (AS-21). The aforesaid Consolidated Financial Statements form part of this Annual Report.

15. 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 have 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 period ended 30th September, 2003 and of the 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 the Companies Act, 1956 for safeguards 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.

16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO :

The information required under Section 217 (I)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed hereto and forms part of this Report. Information regarding foreign exchange earnings and outgo are also given in the said Annexure.

17. CORPORATE GOVERNANCE :

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Report on Corporate Governance with Auditors' Certification compliance of conditions of Corporate Governance and a Management Discussion and Analysis Report have been attached to form part of the Annual Report.

18. SUBSIDIARY COMPANIES :

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

19. PARTICULARS OF EMPLOYEES :

The Company has no employees covered under the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

20. FIXED DEPOSITS :

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

21. DE-LISTING OF EQUITY SHARES :

Voluntary de-listing of Equity Shares from The Stock Exchange, Ahmedabad is proposed as there is negligible trading of the Company's shares on the said Stock Exchange. The shares shall continue to be listed on The Stock Exchange, Mumbai and The National Stock Exchange. Special Resolution for your approval is appearing in the Notice for the Annual General Meeting.

22. INDUSTRIAL RELATION :

The lock-out at the Company's Unit at Turbhe was lifted on May 24, 2003. Affected workers have been taken back by the Company and manufacturing activities have since commenced in respect of retrenched workmen of Turbhe Unit, the case is still pending before the Industrial Court, Thane. As reported in last year's Directors' Report, the workmen did not report at Viramgam Unit. Subsequently, after series of litigation, the Hon'ble High Court has now ordered the concerned workmen to report to Company's plant at Viramgam. Notice was issued to the workers to report at Company's plant at Viramgam but they have not reported so far. As such, the manufacturing activity is yet to be started at Viramgam plant.

As reported in last Directors' Report the complaint of the workers union, challenging the lock out, at Patalganga Units which was declared on 14th November 2001, is pending before the Hon'ble High Court, Mumbai. The Government has granted permission to retrench 306 employees at Unit No. II at Patalganga. However, since Government granted higher retrenchment compensation, the Company has applied for review of its Order and the same is pending before the Industrial Court at Thane.

Your Board has taken on record sense of appreciation of co-operation receive from employees of the Company.

23. ACKNOWLEDGMENTS :

Your Directors would like to express their grateful appreciation for the assistance and co-operation extended by the Company's Bankers and the Financial Institutions during this difficult period.

ON BEHALF OF THE BOARD OF DIRECTORS

PLACE : MUMBAI
DATED : February 26, 2004

S. S. KOTHARI
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE - I TO THE DIRECTORS' REPORT 2002- 03

Information in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report for the 18 months period ended September 30,2003.

FORM A: FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

| A : POWER & FUEL CONSUMPTION | | 2002-03 | 2001-02 |
|--|---------|----------------|----------------|
| 1 ELECTRICITY : | | | |
| A] Purchased : | | | |
| Units (in KWH) | 446,616 | 2,952,060 | |
| Total Amount (Rs. in Million) | 2.24 | 15.80 | |
| Rate/Unit (Rs.) Average | 5.01 | 5.35 | |
| B] Own Generation : | | | |
| i) Through Diesel Generator Units (in KWH) | — | 462,446 | |
| Units per litre of Diesel Oil | — | 4.15 | |
| Cost/Unit (Rs.) | — | 2.72 | |
| ii) Through Steam Turbine/Generator Units (in KWH) | — | — | |
| 2 COAL : | | | |
| Quantity (Tonnes) | — | — | |
| Total Cost (Rs. in Million) | — | — | |
| Average Rate (Rs.) | — | — | |
| 3 FURNACE OIL & LSHS : [L.D.O.] | | | |
| Quantity (K. Litres) | 54.00 | 1,352 | |
| Total Amount (Rs. in Million) | 0.71 | 15.27 | |
| Average Rate (Rs./Litre) | 13.13 | 11.29 | |

B : CONSUMPTION PER UNIT OF PRODUCTION

In view of the multi-stage, multi-product nature of production covering large number of Dyes, Dye Intermediates and Chemicals, the company is not in a position to furnish the information required.

The Company has fixed on energy conservation module, type MS-I for the big motors on trial basis. The energy saving worked out is approximately 10%. Also, the consumption of energy is reduced through improved insulation against heat loss & treatment & recycling of water for boilers and cooling towers.

ADDITIONAL INVESTMENTS & PROPOSALS FOR REDUCTION OF ENERGY CONSUMPTION :

NIL

IMPACT OF ABOVE MEASURES :

NIL

FORM B: FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY & DEVELOPMENT**RESEARCH & DEVELOPMENT :**

The company has strengthened its R & D facilities by increasing Senior Managers and Staffs and has also added important analytical equipment to increase efficacy & speed of R & D Work.

I. SPECIFIC AREAS IN WHICH R & D IS CARRIED OUT BY THE COMPANY :

1. Development of various types of speciality dyes.
2. Improvement of product quality and process efficiency.
3. Optimising production efficiency.
4. Cost reduction.
5. Pollution Control.
6. Environmental Care.
7. Optimisation of process parameters.

II. BENEFITS DERIVED AS A RESULT OF ABOVE R & D :

1. Improvement in the Quality of manufactured products to meet the requirements of highly competitive export markets and for better acceptability in local market also.
2. Pollution free environment in and around factory areas.
3. Cost economy and plant efficiency.

4. Finished products quality improved to meet the customer specification and satisfaction both in international and domestic market.
5. Continuous Improvement in the quality of the process.
6. Economical efficient production.
7. New varieties of dyes developed.
8. Alternate Raw material.

III. FUTURE PLAN OF ACTION :

1. Further improvement in the Quality of products and processes.
2. Better Pollution Control.
3. Further reduction in power/fuel consumption.
4. Process modifications or substitution to improve the quality of treated effluent.
5. Exploration of avenues for continuous cost reduction measures.
6. Upgradation of existing pollution control facilities to take care of changing stringent requirement.
7. Continuous improvement in the quality of products and processes.
8. Cost reduction and production efficiency.
9. Use of renewable and conventional sources of energy.
10. Energy conservation.
11. To make the unit environment friendly.
12. Use of renewable source of energy.
13. Reduction in consumption in water.
14. Search for alternate raw material.

IV. EXPENDITURE ON R & D :

| | 2002-03 18 Months | 2001-02 12 Months |
|--|----------------------|----------------------|
| a) Capital Expenditure on R & D | 0.17 | - |
| b) Recurring Expenditure including Salaries & Allowances | 0.96 | 1.86 |
| Total Expenditure | 1.13 | 1.86 |
| c) Total R & D Expenditure as % of total turnover | 0.97 | 0.26 |

V. TECHNOLOGY, ABSORPTION, ADAPTATION & INNOVATION :

1. Efforts in brief made towards technology absorption, adaptation & innovation :
The R & D keeps itself abreast of the technical developments & innovations relating to dyes & pigments. The knowledge gained is used for improving Company's products for better consistency in quality, cost effectiveness, energy saving, safety & ecology. For example, synthesis of dyes in granular form & stable liquid form.
2. Benefits derived as a result of the above efforts :
Saving in Imports.
3. Imported Technology (during the last 5 years reckoned from the beginning of the financial year):
The Company has not imported any technology & do not have any technical collaboration.
4. Foreign Exchange Earnings & Outgo

| | 2002-03 18 Months | 2001-02 12 Months Rs. in Million |
|------------------------------------|----------------------|--|
| Total Foreign Exchange Earned | 0.76 | 158.09 |
| TOTAL FOREIGN EXCHANGE USED | 40.16 | 137.13 |