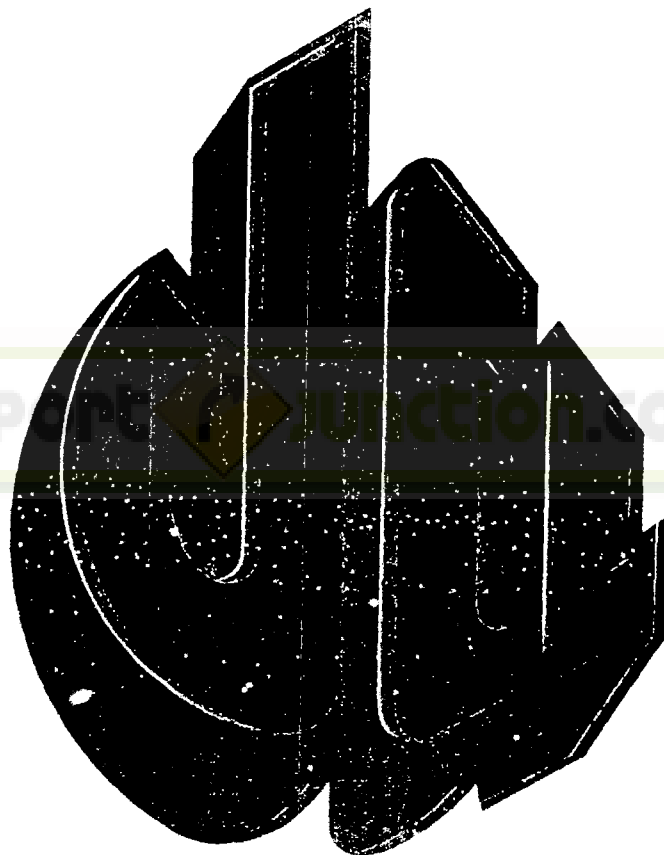


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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

ANNUAL REPORT AND ACCOUNTS 1996-97



JAYSHREE CHEMICALS LIMITED



JAYSHREE CHEMICALS LIMITED

Directors

Shri S.K. Bangur	(Chairman & Managing Director)
Shri A.K. Sureka	
Shri D.D. Kothari	
Shri V.B. Chaturvedi	
Shri Prabir Chakravarti	
Shri N. P. Pandey	(LIC — Representative)
Shri D.K. Das	(IDCOL — Nominee)
Shri M. L. Verma	(SBBJ — Nominee)
Shri C. R. Dujari	(Executive Director)

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Bankers

State Bank Of Bikaner And Jaipur
State Bank Of India

Auditors

Messrs. K. N. Gutgutia & Co.
Chartered Accountants

Registered Office

14, Netaji Subhas Road,
Calcutta - 700 001

Works

Ganjam (Orissa)

JAYSHREE CHEMICALS LIMITED

NOTICE is hereby given that the 35th Annual General Meeting of the Company will be held in the 'Sripati Singhanian Hall' at Rotary Sadan, 94/2, Chowringhee Road, Calcutta - 700 020 on Monday, the 15th September, 1997 at 11-30 A.M. to transact the following business :-

1. To receive and adopt the Profit & Loss Account of the Company for the year ended 31st March, 1997 and the Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri N. P. Pandey, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri V. B. Chaturvedi, who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications the following Resolutions which will be proposed as Ordinary Resolutions :

6. "That Shri C. R. Dujari be and is hereby appointed a Director of the Company."
7. "That consent of the Company under Section 293(1) (e) of the Companies Act, 1956 be and is hereby accorded to the Board of Directors of the Company to contribute moneys to charitable and other funds provided that the aggregate amount of such contributions shall not in any financial year exceed Rupees Ten Lacs."

Registered Office :

14, Netaji Subhas Road,
Calcutta - 700 001
Date : 2nd July, 1997

By Order of the Board
S. K. Agrawal
Assistant Company Secretary

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a member of the Company.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the items of Special Business is annexed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 1st September, 1997 to 15th September, 1997, both days inclusive.
4. Shareholders desiring any information on the Accounts are requested to write to the Company in advance to enable the Company to keep the information ready.

JAYSHREE CHEMICALS LIMITED**EXPLANATORY STATEMENT**

Pursuant to Section 173(2) of the Companies Act, 1956.

Item 6

Pursuant to Article 95 of the Company's Articles of Association, the Board of Directors of the Company ('the Board') at its meeting held on 16th December, 1996 appointed Shri C. R. Dujari as an additional Director of the Company on and from the said date. Shri Dujari was also appointed a wholetime Director designated as Executive Director of the Company for a period of two years with effect from the same date.

Pursuant to the said Article 95 read with Section 260 of the Companies Act, 1956 ('the Act') Shri Dujari shall hold office upto the date of the ensuing Annual General Meeting of the Company.

The Company has received a notice in writing from a member in terms of Section 257 of the Act signifying his intention to propose the appointment of Shri Dujari as a Director of the Company.

The Resolution set out in Item 6 of the convening Notice has to be considered accordingly and the Board recommends the same.

No Director of the Company, except Shri Dujari, is concerned or interested in the Resolution.

Item 7

Section 293 (1) (e) of the Companies Act, 1956 ('the Act') provides, inter-alia, that the Board of Directors of a public company, shall not, except with the consent of such public company in general meeting, contribute to charitable and other funds not directly relating to the business of the company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

It is proposed to authorise the Board of Directors of the Company to donate upto Rs. Ten Lacs in any financial year for charitable purposes.

The Resolution set out in Item 7 of the convening Notice has to be considered accordingly and the Board recommends the same.

No Director of the Company is concerned or interested in the Resolution.

JAYSHREE CHEMICALS LIMITED**DIRECTORS' REPORT****TO THE MEMBERS**

The Directors have pleasure in presenting herewith their Annual Report together with the audited Accounts of the Company for the year ended 31st March, 1997.

FINANCIAL RESULTS

	<u>Rs.</u>
Profit for the year	1,55,96,475
Add : Transfer from Investment Allowance Reserve	51,92,500
Credit Balance as per last Account	56,57,401
Available Surplus	<u>2,64,46,376</u>
which has been appropriated as under:-	
Transfer to General Reserve	50,00,000
Income Tax	20,12,000
Proposed Dividend	33,48,750
Tax on Dividend	3,34,875
Carry forward to next year	1,57,50,751
	<u>2,64,46,376</u>

DIVIDEND

The Directors have pleasure in recommending the payment of a dividend for the year ended 31st March, 1997 @ Re. 1/- per share on 33,48,750 Equity Shares of Rs. 10/- each.

Further Issue of Share Capital

In order to augment the long term working capital requirements, the Company issued 2,33,333 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 20/- per share to certain constituents of the promoter group on preferential basis in accordance with the Guidelines dated 4th August, 1994 issued by the Securities And Exchange Board of India. The said shares were allotted on 27th March, 1997 after obtaining requisite approval of the members of the Company.

OPERATING RESULTS

During the year under review, the Company achieved the highest ever production of 22,548 M.T. in comparison to 20,198 M.T. in the previous year registering an increase of about 12%. This was possible because of continuous process of renovation/upgradation of the Plant and full utilisation of the standby Cells/Equipment and co-operation of all concerned. Despatches at 23,114 M.T. as against 19,518 M.T. in the previous year also registered an increase of about 18%. The turnover also improved to Rs. 53.50 Crores as against Rs. 43.62 Crores in the previous year, registering an increase of about 23%.

CURRENT OUTLOOK

Power rate has again been increased from Rs. 2.93 per Kwh to Rs. 3.20 per Kwh with effect from 1st April, 1997, which the market is unable to absorb.

JAYSHREE CHEMICALS LIMITED

In view of the liberalisation policy of the Government, the indigenous industries have been subjected to Global competition. The price in the international market being cheaper, the big consumers are importing in bulk quantities, resulting in imbalance in demand and supply in the domestic market. As a consequence, the profitability of Caustic Soda Industry as of now is under severe pressure and any improvement therein will mainly depend on market conditions.

Production during the current year so far is better in comparison to the production in the corresponding period of the previous year.

EXPANSION

The Company has finalised the expansion of its Caustic Soda Plant by 43 tpd by installation of Membrane Cells alongside the Company's existing Plant. The cost of expansion is estimated at Rs. 5520 Lakhs which is proposed to be financed by issue of Equity Capital of Rs. 1500 Lakhs by way of Rights, Internal Accruals of Rs. 510 Lakhs, State Subsidy of Rs. 10 Lakhs and Term Loans of Rs. 3500 Lakhs. Industrial Investment Bank of India Ltd. has sanctioned Rupee Term Loan of Rs. 2000 Lakhs. Efforts are on for syndication of balance term loans of Rs. 1500 Lakhs and for finalisation of the foreign technical know-how.

SODIUM HYDROSULPHITE

As reported earlier, the Sodium Hydrosulphite Plant continues to remain closed. Some of the machinery of the same had been utilised in the Caustic Soda Division. Utilisation of the remaining machinery of the said Division is being examined in consultation with technical experts.

INDUSTRIAL RELATIONS

Relations of the Company with the staff and workers remained cordial throughout the year. The Company has negotiated and entered into a fresh Agreement with the workers' unions for a period of 3 years upto 31st December, 1998.

GENERAL

The welfare activities and other community development programmes around the Factory including aid to educational institutions were continued.

The observations in the Auditors' Report are dealt with in the Notes at the appropriate places in the Accounts.

The Company places on record its appreciation for the dedicated services of all the Workmen, Staff and Executives towards progress of the Company. The Company also expresses its gratitude to the State Government, Electricity Board, Banks and the Local Authorities for their continued co-operation and support.

SAFETY AND ENVIRONMENT

The Company has adequate system for Industrial Safety and provisions for protection of the environment at its Factory. The Company has complied with the statutory requirements of the State Pollution Control Board.

DIRECTORS

Shri S. K. Sengupta ceased to be a Director of the Company with effect from 8th October, 1996. Shri M. L. Verma was nominated by State Bank of Bikaner and Jaipur on the Company's Board in place of Shri Sengupta with effect from the same date.

JAYSHREE CHEMICALS LIMITED

Shri Vinay Mohan was appointed as an alternate Director to Shri M. L. Verma on the Board of Directors of the Company with effect from 28th November, 1996. However, consequent upon return of Shri M. L. Verma to Calcutta on 26th March, 1997, Shri Vinay Mohan ceased to be his alternate on the Board of Directors of the Company with effect from the said date pursuant to the provisions of Section 313 of the Companies Act, 1956.

Shri Mohd. Abbas, representing Life Insurance Corporation of India ('LIC'), resigned from the Board of Directors of the Company with effect from 16th December, 1996. In the casual vacancy so caused, Shri N. P. Pandey was appointed as a Director of the Company representing LIC with effect from the same date.

Shri C. R. Dujari was appointed as an additional Director of the Company with effect from 16th December, 1996. Shri Dujari shall hold office upto the date of the ensuing Annual General Meeting of the Company and is eligible for appointment. Shri Dujari was also appointed a wholetime Director designated as Executive Director of the Company for a period of two years from 16th December, 1996. Necessary approval of the members of the Company in this behalf was duly obtained at the Extra-ordinary General Meeting of the Company held on 27th March, 1997.

The Directors place on record their appreciation for the valuable advices given by Shri S. K. Sengupta, Shri Mohd. Abbas and Shri Vinay Mohan during their respective tenure of office as a Director/alternate Director of the Company.

Shri N. P. Pandey and Shri V. B. Chaturvedi retire by rotation and being eligible offer themselves for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Particulars prescribed under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, to the extent applicable, forming part of this Report, are as per Annexure.

PARTICULARS OF EMPLOYEES

Particulars of Employees as required by Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, forming part of this Report, are as per Annexure.

AUDITORS

Messrs K. N. Gutgutia & Co., Chartered Accountants, Auditors of the Company, retire and are eligible for re-appointment.

Calcutta
Date : 2nd July, 1997

On behalf of the Board
S.K. Bangur
Chairman & Managing Director

JAYSHREE CHEMICALS LIMITED

**INFORMATION AS PER SECTION 217(1)(e) READ WITH THE COMPANIES
(DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS)
RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT**

A. CONSERVATION OF ENERGY :

a) Energy conservation measures taken :

- i) Two sets of better designed Anodes were installed.
- ii) Current Profile Monitors for monitoring the current were installed.
- iii) Voltage Scanner for 17 Cells for monitoring and better control on Cell voltage were installed and commissioned.
- iv) Shell and tube type Titanium Heat Exchanger with moisture separator for chlorine gas was installed and commissioned thereby stopping one of the 10 HP motors.
- v) A Prototype of Anode group adjustment device for a Cell was installed for better anodes current distribution and energy saving.
- vi) One more Titanium Blower for wet chlorine handling was installed to reduce energy consumption for chlorine processing.
- vii) A Prototype of Salt Washery system was installed and commissioned at our Salt works for improving quality of Salt to increase current efficiency of Cells.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

- i) Installation of HT Capacitor Bank for 33 KV incoming line to improve power factor and reduce the Demand charges.
- ii) Introduction of solid state energy meters for energy conservation.
- iii) Installation of One more Titanium Pump of latest design for better energy efficiency.
- iv) Installation of Voltage Scanner for another 17 Cells to optimise power consumption.
- v) Replacement of 6 Nos. of Old Mercury Motors by energy efficient motors.
- vi) Replacement of 6 Nos. of Old various capacity Motors by energy efficient motors.

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

The Energy Conservation measures adopted by the Company had favourable impact on the cost of production.

As a result of the Energy Conservation measures taken under (a) above, the power consumption per unit of production of Caustic Soda reduced by 158 Kwh/M.T. as compared with that of the previous year.

Further, with the measures being implemented under (b) above, the Company expects a further reduction in power consumption .