

ANNUAL REPORT AND ACCOUNTS 2000 - 2001



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JAYSHREE CHEMICALS LIMITED

Directors

Shri S. K. Bangur	(Chairman)
Shri D. D. Kothari	
Shri N. P. Pandey	(LIC - Representative)
Dr. Vinay Mohan	(SBBJ - Nominee)
Shri R. S. Senapati	(IDCOL - Nominee)
Shri D. K. Maheshwari	(Executive Director)

Bankers

State Bank of Bikaner and Jaipur

Auditors

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

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Registered Office

14, Netaji Subhas Road,
Kolkata - 700 001

Works

Ganjam (Orissa)

NOTICE is hereby given that the 39th Annual General Meeting of the Company will be held at M.P. Birla Planetarium (Seminar Hall), 96, Jawaharlal Nehru Road, Kolkata-700 071 on Friday, the 28th September, 2001 at 11.45 A.M. to transact the following business :-

1. To receive and adopt the Profit and Loss Account of the Company for the year ended 31st March, 2001 and the Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri D. K. Maheshwari, who retires by rotation and being eligible offers himself for re-appointment.
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 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 :-

5. (As an Ordinary Resolution)

"That the Company hereby approves the re-appointment of and the remuneration payable to Shri D. K. Maheshwari as a wholetime Director designated as Executive Director of the Company for a further period from 20th August, 2001 to 31st March, 2003 upon the terms and conditions set out in the Agreement to be made between the Company and Shri Maheshwari, a draft of which initialled by the Chairman for the purpose of identification is placed before the meeting."

6. (As a Special Resolution)

"That subject to the confirmation by the Company Law Board pursuant to Section 17(2) of the Companies Act, 1956, the Registered Office of the Company be shifted from Kolkata to Ganjam and that the words 'State of West Bengal' appearing in Clause 2 of the Memorandum of Association of the Company be substituted by the words "State of Orissa", with effect from such date as may be decided by the Board of Directors of the Company."

Kolkata,

Date : 25th August, 2001

By Order of the Board

D. K. Maheshwari

Executive Director

NOTES :

- i) 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.
- ii) Explanatory Statement pursuant to the requirements of Section 173(2) of the Companies Act, 1956 relating to the items of Special Business is annexed.
- iii) The Register of Members and the Share Transfer Books of the Company will remain closed from 25th September, 2001 to 28th September, 2001 both days inclusive.
- iv) Shareholders desiring any information on the Accounts are requested to write to the Company at its **office at 3B, Chitpur Ghat Lane, Cossipore, Kolkata - 700 002** in advance to enable the Company to keep the information ready.

EXPLANATORY STATEMENT

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

Re. Item No. 5

The term of office of Shri D. K. Maheshwari as the Executive Director of the Company was to expire on 19th August, 2001. Having regard to his background and experience, the Board of Directors of the Company ('the Board') at its meeting held on 26th July, 2001 re-appointed Shri Maheshwari as the Executive Director of the Company.

The terms and conditions of such re-appointment of Shri Maheshwari as approved by the Board are set out in the Agreement ('Agreement') to be entered into by the Company with him and an abstract of the terms thereof is set out below :-

Shri Maheshwari is re-appointed a wholetime Director designated as Executive Director of the Company for the period from 20th August, 2001 to 31st March, 2003.

As Executive Director Shri Maheshwari shall devote the whole of his time and attention to the business and affairs of the Company and perform such duties and exercise such powers as may from time to time be entrusted to or vested in him by the Board.

In consideration of his services as Executive Director, Shri Maheshwari shall be entitled to receive the following by way of remuneration :-

- (a) Salary : Rs. 34,000/- per month
- (b) Perquisites :
 - i) House Rent Allowance : At the rate of 15% of the salary per month.
 - ii) Medical Reimbursement : Expenses incurred for self and family subject to a ceiling of one and a half months' salary in a year.
 - iii) Leave Travel Assistance : At the rate of one and a half months' salary in each year of service.
 - iv) Mediclaim Insurance : For an insured amount of Rs. 1,50,000/-.
 - v) Continuation of Company's contributions for him to Provident Fund, Superannuation Fund or Annuity Fund in accordance with the Rules and Regulations of the Company.
 - vi) Continuation of Gratuity entitlement at a rate not exceeding half a month's salary for each completed year of service.
 - vii) Encashment of accumulated leave at the end of the tenure.

Provided that in the event of absence or inadequacy of profits of the Company in any financial year during the term of Shri Maheshwari's appointment, he shall for that year receive the same salary as in clause (a) above and such perquisites in clause (b) above as may be determined and allocated by the Board within the ceiling limits laid down in paragraphs 1 and 2 of Section II of Part II of Schedule XIII to the Companies Act, 1956 ('the Act').

In addition to the aforementioned remuneration, the Company will at its expenses provide Shri Maheshwari with a car for use on the Company's business and a telephone at his residence

Jayshree Chemicals Limited

provided that use of car for private purpose and personal long distance calls on the telephone shall be billed by the Company to him.

Under the Agreement Shri Maheshwari is entitled to earned/privilege leave on full pay and allowances as per the Rules of the Company.

The Agreement also sets out the mutual rights and obligations of the parties and other administrative details.

The appointment and remuneration of Shri Maheshwari as Executive Director require the approval of the members of the Company in general meeting in terms of Part III of Schedule XIII to the Act and the remuneration so payable to him also requires the approval of the members of the Company in general meeting under Section 309 of the Act.

The Resolution set out in item 5 of the convening Notice has to be considered accordingly and the Board recommends the same.

A draft of the Agreement will be available for inspection by the members of the Company at its Office at 3B, Chitpur Ghat Lane, Cossipore, Kolkata - 700 002 on any working day prior to the date of the meeting during usual business hours and will also be available at the meeting.

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

Re. Item No. 6

Clause 2 of the Memorandum of Association of the Company provides that the Registrerd Office of the Company will be situated in the State of West Bengal. The Company is a "Sick Industrial Company" within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company's Plant for manufacture of Caustic Soda, Chlorine and Hydrochloric Acid is situated at Ganjam in the State of Orissa. The Board of Directors of the Company consider it more convenient and economical to manage the operations from the Company's Plant situated at Ganjam (Orissa). The major operations of the Head Office have, for this reason, already been transferred to Ganjam (Orissa) and the Board of Directors of the Company consider that the Registered Office should also be transierred.

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

The Resolution, if passed, would be effective only after it is confirmed by the Company Law Board in terms of Section 17(2) of the Companies Act, 1956.

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

DIRECTORS' REPORT**TO THE MEMBERS**

The Directors present herewith their Annual Report together with the audited Accounts of the Company for the year ended 31st March, 2001.

FINANCIAL RESULTS

	Rs.
Loss for the year	3,27,42,822
Add : Debit balance brought forward	<u>19,57,68,371</u>
Making a deficit of	22,85,11,193
Less : Transfer from Capital Reserve (subsidy)	<u>1,61,520</u>
Leaving a deficit of	<u>22,83,49,673</u>

Which is being carried forward to next year.

DIVIDEND

The Directors regret their inability to declare any dividend due to continuous losses.

OPERATING RESULTS

During the year under review, the Company achieved a production of 17,422 M.T. of Caustic Soda compared to 10,985 M.T. in the previous year due to increase in demand. The Flaker Unit continued to remain non operative. The average electricity rate during the year under review further came down to Rs. 2.67 per Kwh against the earlier average rate of Rs. 2.98 per Kwh due to higher load factor as well as higher power factor. The per tonne consumption of electricity came down to 3295 Kwh from 3303 Kwh in the previous year due to energy saving measures. The increase in demand is reflected in higher despatches of 17,357 M.T. against 11,081 M.T. in the previous year. The Company could maintain fixed expenses at the previous level inspite of revision under all heads due to constant monitoring of expenses as well as due to shifting of the major operations of the Head Office from Kolkata to the Factory at Ganjam.

CURRENT OUTLOOK

Due to increased demand, the Company has been able to achieve further higher production during the first 4 months of the current year and it is expected that the Company will be able to maintain the same level of production during the rest of the year.

INTRODUCTION OF DEFINITIVE ANTI-DUMPING DUTY ON IMPORT OF CAUSTIC SODA

Based on the application filed by the Alkali Manufacturers' Association of India and the consequent recommendation of the Designated Authority in the Ministry of Commerce, Revenue Department, Government of India has imposed a definitive anti-dumping duty on import of Caustic Soda from various shippers in U.S.A. Saudi Arabia, France, Iran and Japan. However, with the firming-up of price of caustic soda in the International Market, this has become irrelevant.

DEVELOPMENT OF SMALL HYDEL POWER PROJECT

The Project Reports in respect of 24.7 M.W small Hydel Power Project allocated to the Company by the Government of Orissa in Gajapati District have since been cleared by the State Technical Committee. The Company is now exploring the resources for development of such power projects with the help of subsidies from the Ministry of Non-Conventional Energy Sources, Government of India and soft loan from Indian Renewable Energy Development Resources Ltd.

Jayshree Chemicals Limited**REFERENCE TO BIFR**

State Bank of Bikaner And Jaipur, the Operating Agency appointed by the Board for Industrial and Financial Reconstruction (BIFR) has since submitted a Draft Rehabilitation Scheme to the BIFR for its consideration and approval.

INDUSTRIAL RELATIONS

Relations of the Company with the staff and workers at the Factory remained cordial throughout the year.

The Company's Registered and Head Office is under lock-out since 24th August, 2000 due to staff agitation.

GENERAL

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

The Company's Shares are listed on the Kolkata, Mumbai and Bhubaneswar Stock Exchanges and the Listing Fees has been paid to the said Stock Exchanges.

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. The Company also expresses its gratitude to the State Government, Electricity Authorities, 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

Dr. Vinay Mohan was nominated on the Board of Directors of the Company ('the Board') by State Bank of Bikaner And Jaipur ('SBBJ') with effect from 30th January, 2001 in place of Shri Kishori Mohan Mishra, whose nomination was withdrawn from the Board by SBBJ from the same date.

Shri R. S. Senapati was nominated on the Board by The Industrial Development Corporation of Orissa Ltd. ('IDCOL') with effect from 11th June, 2001 in place of Shri Byomkes Kar, whose nomination was withdrawn from the Board by IDCOL from the same date.

The Directors place on record their appreciation for the valuable advices given by Shri Kishori Mohan Mishra and Shri Byomkes Kar during their respective tenure of office as Director of the Company.

Shri V. B. Chaturvedi ceased to be a Director of the Company due to sad and sudden demise on 8th August, 2001. The Directors place on record their deep appreciation for the wise counsel and valuable advices given by Shri V. B. Chaturvedi during his tenure of office as a Director of the Company.

Shri D. K. Maheshwari has been re-appointed as the Executive Director of the Company for a further period from 20th August, 2001 to 31st March, 2003.

Shri D. K. Maheshwari and Shri N. P. Pandey 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.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors state :-

- (i) that in the preparation of the annual Accounts, the applicable accounting standards except Accounting Standards regarding non provision of excise duty while valuing the closing stock of finished goods and non provision of liability for leave encashment had been followed. However, non provision of excise duty has no effect on the profit or loss ;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements 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 loss of the Company for that period ;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- (iv) that the Directors had prepared the annual Accounts on a going concern basis.

AUDITORS

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

Kolkata,
Date : 25th August, 2001

D. D. Kothari
N. P. Pandey
Vinay Mohan
D. K. Maheshwari
Directors