ANNUAL REPORT
AND ACCOUNTS
2001 - 2002

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 Prabir Chakravarti	
Shri D. K. Maheshwari	(Executive Director)

Bankers
State Bank of Bikaner and Jaipur

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

Registered Office
3-B, Chitpur Ghat Lane
Kolkata - 700 002

Works
Ganjam (Orissa)

NOTICE [illegible] of the Company will be held [illegible] on [illegible] September, 2002 at 10.45 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, 2002 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 S. K. Bangur, who retires by rotation and being eligible offers himself for re-appointment.

3 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 Resolution which will be proposed as an Ordinary Resolution :-

4 "Resolved that Shri Probir Chakravarti be and is hereby appointed as a Director of the Company."

By Order of the Board
D. K. Maheshwari
Executive Director

Kolkata,
Date : 2nd August, 2002

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) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the item of Special Business is annexed.

iii) The Register of Members and the Share Transfer Books of the Company will remain closed from 13th September, 2002 to 21st September, 2002, both days inclusive.

iv) Shareholders desiring any information on the Accounts are requested to write to the Company at its Registered Office at 36, Chitpur Ghat Lane, Cossipore, Kolkata - 700 002 well in advance to enable the Company to keep the information ready.

v) In terms of the provisions of Section 109A of the Companies Act, 1956, nomination facility is available to individual Shareholders. Shareholders holding Shares in Physical Form and desirous of availing the above facility are advised to submit their Nomination to the Company in Form 2 B prescribed under Rule 5 D of the Companies (Central Government's) General Rules & Forms, 1956.

Shareholders holding Shares in the dematerialised form are advised to contact their Depository Participant in this behalf.

vi) The Company's shares have been activated for dematerialisation on Central Depository Services (India) Ltd. and its ISIN No. is INE693E01016.

vii) Shareholders who hold shares in dematerialised form are requested to bring their Client ID and DPID Nos. for easier identification of attendance at the Meeting.

viii) Pursuant to the provisions of Section 205C of the Companies Act, 1956, the amounts of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company are required to be transferred to the Investor Education and Protection Fund set up by the Government of India. Once the unpaid/unclaimed dividend is transferred to the Central Government as above, no claim shall lie in respect thereof.

Shareholders who have not encashed their dividend warrant(s) for the financial year ended 31st March, 1996 and 1997 are, therefore, requested to claim the amount(s) forthwith from the Company.

EXPLANATORY STATEMENT

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

Item 4

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 29th July, 2002 appointed Shri Prabir Chakravarti as an additional Director of the Company with effect from the said date to hold office as such additional Director 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 Companies Act, 1956 ("the Act") signifying his intention to propose the appointment of Shri Chakravarti as a Director of the Company.

Shri Chakravarti is well known in the business circle and having regard to his background and experience, the Board considers that the appointment of Shri Chakravarti as a Director of the Company would be beneficial to the Company.

The Resolution set out in item 4 of the convening Notice has to be considered accordingly and the Board recommends the same.

No Director of the Company except Shri Prabir Chakravarti is interested or concerned 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 2002

FINANCIAL RESULTS

	Rs
Profit for the year	5,82,76,218
Less: Debit balance brought forward	22,83,49,673
Leaving a deficit of	17,00,73,455
Which is being carried forward to next year	[illegible]

DIVIDEND

The Directors regret their inability to declare any dividend due to accumulated loss.

OPERATING RESULTS

During the year under review, the Company achieved a production of 18,844 tonnes of Caustic Soda compared to 17,422 tonnes in the previous year. The Flaker Unit continues to remain non-operative. The per tonne consumption of electricity came down to 3,271 Kwh from 3,295 Kwh in the previous year due to energy saving measures. The Company has maintained fixed expenses at the previous levels and has absorbed the rise in various heads. The work force has reduced mainly due to retirement of some employees.

For the initial period of six months, the per tonne realisation of the Company's products was better but subsequently there has been a steep fall in prices due to which the Company could not achieve the projected results. Heavy imports at very low prices have continued to the downfall in prices.

CURRENT OUTLOOK

The prices continue to decline and as a result working has been affected to a great extent. The Company is working under a rehabilitation scheme sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) and since the projections shown in the Scheme have not been met, the Company has requested State Bank of Bikaner and Jaipur, the Monitoring Agency, to initiate a review of the said Scheme for taking corrective steps. Such review is expected to take place in the next few months.

The Company has entered into a special agreement with Southern Electricity Supply Company of Orissa Ltd. (SOUTHCO) with effect from 1st July, 2002 whereby it has agreed to enhance the power demand from 9 MW to 20 MW resulting in reduction in the cost of power depending upon the load factor. In accordance with the above Agreement, the average cost of power will be in the range of Rs 2.30 to Rs 2.60 per Kwh which will result in reduction of the cost of production.

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

As the imports continued, the Industry through its Association, initiated proceedings for imposition of anti dumping duty on imports of Caustic Soda from various countries. Such proceedings are in different stages. However, such duty did not have the desired effect by the time it was imposed as the damage had already been done. Since the anti dumping duty is country specific and party specific, the Industry has now moved for imposition of safeguard duty.

DEVELOPMENT OF SMALL HYDEL POWER PROJECT

The Company being a sick industrial company was not eligible for funding by Indian Renewable Energy Development Authority (IREDA) for developing the 24.7 MW small Hydel Power Project allocated to it by the Government of Orissa. In view of this the Government of Orissa has, at the request of the Company, since transferred the above Project to East Coast Powers Ltd. with the Company's intention of entering into arrangement for implementation of the Project and for supply of power generated therefrom.

REHABILITATION SCHEME

The Board for Industrial and Financial Reconstruction (BIFR) vide Order dated 24th January, 2002, has sanctioned a Scheme for rehabilitation of the Company and appointed State Bank of Bikaner And Jaipur as the Monitoring Agency. The above Scheme is under implementation.

In terms of the above Scheme, the Promoters arranged Applications for allotment of 11,50,000 Equity Shares of Rs.10/- each for cash at par as also for conversion of Loans amounting to Rs.60,00,000/- from certain Group Companies into 6,00,000 Equity Shares of Rs.10/- each of the Company at par. The said 17,50,000 Equity Shares were allotted on 27th March, 2002 thereby increasing the Paid-up Share Capital of the Company from Rs.3,58,20,830/- to Rs.5,33,20,830/-.

INDUSTRIAL RELATIONS

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

Consequent upon the mutual settlement of the Company's dispute with its Union/Workmen, the lockout at the Company's erstwhile Registered and Head Office at 14, Netaji Subhas Road, Kolkata was withdrawn with effect from 15th October, 2001. Subsequently, the Registered Office of the Company was shifted to 3-B, Chitpur Ghat Lane, Kolkata - 700 002 with effect from 15th November, 2001.

The Company's petition for shifting of its Registered Office to Ganjam (Orissa) from Kolkata (West Bengal) is pending before the Company Law Board, Eastern Region Bench, Kolkata.

GENERAL

The welfare schemes 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.

Pursuant to the requirements of Clause 49 of the Listing Agreement with Stock Exchanges, the Company is required to comply with all procedural formalities on Corporate Governance by 31st March, 2003. Necessary steps in this behalf are being taken.

The Company's Shares have been activated for dematerialisation on Central Depository Services (India) Ltd. and its ISIN No. is INE 693E01016.

Observation of the Auditors regarding non-provision of Deferred Tax Liability amounting to Rs.234.69 lacs under paragraph 2(f) of their Report has been suitably dealt with in Note No.20 on Schedule No. 15 of Notes on Accounts and is self explanatory.

The Company places on record its appreciation for the dedicated services rendered by 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.

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 had been followed alongwith proper explanation relating to material departures, if any.

(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 profit 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.

DIRECTORS

Shri Prabir Chakravarti was appointed as an additional Director of the Company with effect from 29th July, 2002. Shri Chakravarti holds office as such Director upto the date of the ensuing Annual General Meeting of the Company and is eligible for appointment.

Shri S. K. Bangur retires by rotation and being eligible offers himself for re-appointment.

AUDITORS

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

D. P. Kothari
M. P. Pandey
Vinay Mohan
Prabir Chakravarti
B. K. Maheshwari
Directors

Kolkata,
Date : 30th July, 2002

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

1) 12 Nos. of old Motors were replaced by energy efficient Motors

2) New Kirloskar make high efficient freon compressor KC-8 was installed

3) One set of better designed Anodes were installed

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

i) Replacement of old Motors with energy efficient Motors

ii) Installation of Energy Meters in individual Plants for better monitoring of energy

iii) Energy audit by third party to explore the possibility of further reduction of Energy consumption and implementation of their recommendations, if any

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

As a result of the Energy Conservation Measures taken under (a) above, the power consumption per ton of Caustic Soda reduced by 24 Kwh as compared with that of the previous year and with the measures being implemented under (b) above, the Company expects a further reduction in power consumption