

# **ANNUAL REPORT AND ACCOUNTS 2002 - 2003**



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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 B. Padhy	(IDCOL Nominee)
Shri Prabir Chakravarti	
Shri Virendra Bangur	
Shri D. K. Maheshwari	(Executive Director)

**Bankers**

State Bank of Bikaner and Jaipur

Report

**Auditors**

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

**Registered Office & Works**

P. O. Jayshree - 761 025  
District : Ganjam (Orissa)

**Contents**

	<b><u>Page</u></b>
Notice	— 1
Directors' Report	— 5
Management Discussion and Analysis Report	— 11
Corporate Governance	— 12
Auditors' Report	— 19
Balance Sheet	— 22
Profit & Loss Account	— 23
Schedules	— 24
Notes on Accounts	— 30
Balance Sheet Abstract	— 35
Cash Flow Statement	— 36

NOTICE is hereby given that the 41st Annual General Meeting of the Company will be held at its Registered Office at P. O. Jayshree-761025, District Ganjam, Orissa on Monday, the 18th August, 2003 at 3 P.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, 2003 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. D. Kothari, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri D. K. Maheshwari, 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)  
"Resolved that Shri Virendra Bangur be and is hereby appointed as a Director of the Company."
6. (As an Ordinary Resolution)  
"Resolved 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 1st April, 2003 to 30th September, 2004 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."
7. (As a Special Resolution)  
"Resolved that subject to necessary approvals, Equity Shares of the Company be delisted from the Calcutta Stock Exchange Association Ltd. and the Bhubaneswar Stock Exchange and the Board of Directors of the Company be and is hereby authorised to take all necessary steps in this behalf and comply with such conditions as may be specified by the said Stock Exchanges for delisting of Shares."

Kolkata,  
Date : 6th June, 2003

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 12th August, 2003 to 18th August, 2003, both days inclusive.
- iv) 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.
- 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 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 are available 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 years ended 31st March, 1996 and 1997 are, therefore, requested to claim the amount(s) forthwith from the Company.

- ix) In terms of Clause 49 of the Listing Agreements, the information pertaining to the Directors, who retire by rotation and are proposed to be re-appointed and of the additional Director appointed are given below :-

- a) Shri D. D. Kothari is a Director of the Company since 23rd March, 1992.

He is an entrepreneurs with progressive outlook. His business interests include Textiles, Hosiery Knit Products Manufacturing, Paper, Packaging and Chemicals.

He is a former President of Bharat Chamber of Commerce, West Bengal Hosiery Association, Corrugated Manufacturers Association and Federation of Hosiery Manufacturers Association of India.

Shri Kothari currently is a member of Federation of Indian Chambers of Commerce and Industry.

Shri Kothari is a Rotarian. He is the Past President of Rotary Club of Calcutta, one of the oldest Rotary Clubs in Asia. He is associated with many educational, cultural and socio-economic institutions and organisations.

- b) Shri D. K. Maheshwari is the Executive Director of the Company since 20th August, 1998.

He is a Post Graduate in Commerce and during his career of 42 years has served various industries like Jute, Engineering, Steel, Chemical, Power Cables and Information Technology in senior positions. He is Director of several companies and has taken part in industry-wide deliberations in Indian Jute Mills Association and Alkali Manufacturers Association of India, in which he is currently serving as member of the Executive Committee. He is socially active through various NGOS, prominent among which is Lions Club of Howrah. He is also a Trustee of Howrah Lions Hospital and Chairman of its Administrative Committee.

- c) Shri Virendra Bangur is a Commerce Graduate with Honours from Calcutta University. He is young and energetic with progressive outlook. Shri Bangur is on the Board of Directors of several companies. He is a Member of the Young Entrepreneurs Organisation.

## EXPLANATORY STATEMENT

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

### Re. Item No. 5

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 5th June, 2003 has appointed Shri Virendra Bangur 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 Virendra Bangur as a Director of the Company.

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

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

Except Shri Virendra Bangur and Shri S. K. Bangur, who is his relative, no other Director of the Company is concerned or interested in the Resolution.

### Re. Item No. 6

The term of office of Shri D. K. Maheshwari as the Executive Director of the Company was to expire on 31st March, 2003. Having regard to his background and experience, the Board of Directors of the Company ('the Board') at its meeting held on 31st January, 2003 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 1st April, 2003 to 30th September, 2004.

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. 37,500/- 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 not exceeding two months 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 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 6 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 Registered Office 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. 7**

SEBI has recently issued Securities And Exchange Board of India (Delisting of Securities) Guidelines, 2003 ('the Guidelines') for delisting of securities including voluntary delisting. The Guidelines do not provide for compulsory buyback of shares from the shareholders, if the shares of the Company continue to be listed on any Stock Exchange having nationwide trading terminals.

Equity Shares of the Company are at present listed on the Stock Exchanges at Kolkata, Bhubaneswar and Mumbai for a period of more than three years, out of which the Stock Exchange, Mumbai has nationwide trading terminals.

There has been no trading or very insignificant trading of the Company's Equity Shares on the said Stock Exchanges for a long time.

The Board of Directors of the Company has, therefore, considered it desirable to get the Equity Shares of the Company delisted from the Kolkata and Bhubaneswar Stock Exchanges in terms of the Guidelines and continue its listing on the Stock Exchange, Mumbai which has nationwide trading terminals. The Shareholders may trade in the Shares of the Company on the said Stock Exchange as and when they deem fit.

In terms of the Guidelines, the Company is required to obtain prior approval of the Shareholders by a special resolution to be passed at its general meeting, make public announcement in the manner provided in the Guidelines and apply to the delisting Stock Exchanges in the prescribed form and comply with such conditions as may be specified by the delisting Stock Exchanges.

The Special 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.



**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, 2003.

**FINANCIAL RESULTS**

	<b>Rs.</b>
Loss for the year	1,95,34,793
Add : Debit balance brought forward	17,00,73,455
Making a total deficit of	<u>18,96,08,248</u>
Which is being carried forward to next year.	

**DIVIDEND**

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

**OPERATING RESULTS**

During the year under review, the Company achieved a production of 21,071 tonnes of Caustic Soda compared to 19,644 tonnes in the previous year. The per tonne consumption of electricity went up to 3,310 Kwh from 3,271 Kwh in the previous year because the Plant was operated at higher load conditions for optimum production as the Contract Demand was increased from 8 MW to 10 MW from 1st July, 2002. Increase in number of interruptions in power supply also contributed to higher per tonne consumption of power. Efforts to reduce fixed costs are continuing.

There was no significant increase in per tonne realisation of the Company's Products due to which it has incurred loss. Besides, imports from other countries at prices below the cost of production in the producing countries have affected the profitability of the Industry.

**CURRENT OUTLOOK**

The Company is trying to further increase the production and reduce the costs. The Special Agreement entered into by the Company with Southern Electricity Supply Company of Orissa Ltd. ("Southco") is valid upto 30th June, 2003. The Company has requested Southco to further reduce the rate and to enter into a special agreement for a longer period to which Southco's response is awaited. With the imposition of anti-dumping duty on imports from various countries and improved working of the user Industries, it is expected that the Company will do better in the coming months.

**REHABILITATION SCHEME**

The Company approached the BIFR and a review has already taken place on 2nd January, 2003. The follow up action on the discussion at the review meeting has been initiated.

**INDUSTRIAL RELATIONS**

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

**GENERAL**

The Company's petition for shifting of its Registered Office to Ganjam (Orissa) from Kolkata (West Bengal) was approved by the Company Law Board, Eastern Region Bench, Kolkata and Registered Office has been shifted to Ganjam with effect from 11th April, 2003.



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 Calcutta, Mumbai and Bhubaneswar Stock Exchanges and the Listing Fees has been paid to the said Stock Exchanges.

In view of no trading or insignificant trading of the Company's Shares on the Calcutta and the Bhubaneswar Stock Exchanges, it is proposed to delist the Company's Shares from the said Stock Exchanges. The Company's Shares will continue to be listed on the Stock Exchange, Mumbai.

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

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 Sate Government, Electricity Authorities, State Bank of Bikaner of Jaipur 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 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.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A detailed report on Management Discussion and Analysis is annexed and forms part of this Report.

**CORPORATE GOVERNANCE**

The Company has complied with the provisions of Clause 49 of the Listing Agreement relating to Corporate Governance. Report on Corporate Governance is annexed.

**DIRECTORS**

Shri D. K. Maheshwari was re-appointed as the Executive Director of the Company for the further period from 1st April, 2003 to 30th September, 2004.

The Industrial Development Corporation of Orissa Ltd. has nominated Shri B. Padhy their Head (Tech.) on the Board of Directors of the Company with effect from 2nd May, 2003 in place of Shri R. S. Senapati.

The Directors place on record their appreciation for the valuable advices given by Shri Senapati during his tenure of office as a Director of the Company

Shri Virendra Bangur has been appointed as an additional Director of the Company with effect from 5th June, 2003. He holds office as such Director up to the date of the ensuing Annual General Meeting of the Company and is eligible for appointment.

Shri D. D. Kothari and Shri D. K. Maheshwari retire by rotation and being eligible offer themselves for re-appointment.

**AUDITORS**

Observation of the Auditors regarding non-provision of Deferred Tax Liability amounting to Rs. 234.12 Lacs under paragraph 2(f) of their Report has been suitably dealt with in Note No. 20 in Schedule No. 15 of Notes on Accounts and is self explanatory.

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

Kolkata,  
Date : 5th June, 2003

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