

ANNUAL REPORT AND ACCOUNTS 2004 - 2005



JAYSHREE CHEMICALS LIMITED

Directors

Shri S. K. Bangur	(Chairman)
Shri D. D. Kothari	
Shri P. Bandyopadhyay	(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

Auditors

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

Registered Office & Works

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

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Jayshree Chemicals Limited

NOTICE is hereby given that the 43rd Annual General Meeting of the Company will be held at its Registered Office at P. O. Jayshree-761025, District Ganjam, Orissa on Wednesday, the 31st August, 2005 at 11 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, 2005 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 appoint a Director in place of Shri Virendra Bangur, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Auditors and to fix their remuneration.

Kolkata,
Date : 19th July, 2005

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

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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) The Register of Members and the Share Transfer Books of the Company will remain closed from 23rd August, 2005 to 31st August, 2005, both days inclusive.
- iii) 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.
- iv) 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 Nominations in Form 2 B prescribed under Rule 5 D of the Companies (Central Government's) General Rules & Forms, 1956.

Jayshree Chemicals Limited

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

- v) The Company's Shares are available for dematerialisation both on National Securities Depository Ltd. and Central Depository Services (India) Ltd. and its ISIN No. is INE693E01016.
- vi) 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.
- vii) 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 is given below :-
 - a) Shri S. K. Bangur is a Director of the Company since 1st August, 1985. He hails from the well known family of Bangurs - the Scions of Industry and noted philanthropists. He is a Graduate from Calcutta University. Shri Bangur is on the Board of Directors of several companies and has wide experience of various industries like paper, newsprint, cables, chemicals, plantations, etc. He is the former President of Indian Paper Manufacturers' Association. Shri Bangur is Senior Vice President of the Indian Chamber of Commerce, Kolkata. He is the Committee Member of the Federation of Indian Chambers of Commerce & Industry (FICCI) and Bharat Chamber of Commerce.
 - b) Shri Virendra Bangur is a Director of the Company since 5th June, 2003. He 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.

*Jayshree Chemicals Limited***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, 2005.

FINANCIAL RESULTS

	<u>31-3-2005</u>	<u>31-3-2004</u>
	<u>Rs.</u>	<u>Rs.</u>
Profit for the year	2,97,31,351	11,13,807
Add : Adjustment of Deferred Tax (Net) (Including for earlier years)	4,37,77,000	—
	<u>7,35,08,351</u>	<u>11,13,807</u>
Less : Debit Balance brought forward	18,84,94,441	18,96,08,248
Leaving a deficit of	<u>11,49,86,090</u>	<u>18,84,94,441</u>
Which is being carried forward to next year.		

DIVIDEND

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

OPERATING RESULTS

During the year under review, your Company produced 20,462 M.T. of Caustic Soda as against 22,623 M.T. produced during the previous year. Production of about 2,500 M.T. was affected due to breakdown of the Rectifier Transformers during the year under review. The demand for the Company's products was satisfactory throughout the year, but the prices of its products improved towards the end of the year and the Company was able to make profit as shown hereinabove.

CURRENT OUTLOOK

The trend of improved prices towards the end of the last financial year is expected to continue during the current year and the Company is expected to earn good profits during the current year. The production of Salt in the nearby area is satisfactory and price of Salt is likely to remain low. Southern Electricity Supply Company of Orissa Ltd. (SOUTHCO) has agreed to extend the Agreement for special tariff of electricity until the end of the current financial year. If the present trend of operations continues together with restructuring of SOUTHCO's past dues, settlement of which is being negotiated, the net worth of the Company is expected to become positive during the current year.

The State of Orissa is aggressively pursuing industrial expansion activities and plans for mega projects led by Aluminium, Steel and Paper industries. Over the next 2 years not only the existing capacities will be expanded but also additional capacities will be set up both in Aluminium and Paper industries, who are the principal consumers of our products. In view of this, the demand for your Company's products will significantly improve in the State of Orissa.

Your Directors have, therefore, decided to take necessary approvals and steps for expanding the Capacity by about 100 TPD of Caustic Soda in the first phase and conversion of the present Mercury Cell Technology to the latest state of the art Membrane Cell Technology in the second phase.

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REHABILITATION SCHEME

The Government of Orissa has not yet decided on the directions of the Hon'ble BIFR regarding two years' moratorium on payment of instalments of Sales Tax deferment and five years' deferment of Electricity Duty which, coupled with the earlier market downturn, has delayed the Company's turnaround. Otherwise, the Rehabilitation Scheme is on track.

INDUSTRIAL RELATIONS

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

GENERAL

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

The Company's Shares were listed on the Calcutta, Mumbai and Bhubaneswar Stock Exchanges. The Listing Fees for the year ended 31st March, 2005 has been paid to the Stock Exchange, Mumbai.

The Company had applied to the Calcutta and the Bhubaneswar Stock Exchanges for delisting of its Equity Shares and also complied with all the requirements in this behalf within 31st March, 2004. Accordingly, the Annual Listing Fee for the year ended 31st March, 2005 to these two Stock Exchanges were not paid. The approval of the Calcutta Stock Exchange for delisting has since been received but the same from Bhubaneswar Stock Exchange is still awaited.

The Company's Shares, which were available for dematerialisation only on Central Depository Services (India) Ltd., have also been activated on National Securities Depository Ltd. (NSDL) with effect from 30th March, 2005. The 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 State Government, Electricity Authorities, State Bank of Bikaner And 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.

Jayshree Chemicals Limited**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 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 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.

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 S. K. Bangur and Sri Virendra Bangur retire by rotation and being eligible offer themselves for re-appointment.

AUDITORS

As regards observation of the Auditors under paragraph (f) regarding non-provision of Doubtful Sundry Debtors of Rs.29.52 Lacs and Doubtful Advances of Rs.7.93 Lacs, no provision has been made as the same are considered realisable.

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

Kolkata,
Date : 19th July, 2005

On behalf of the Board
S. K. Bangur
Chairman

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 :**

- 1) 13 Nos. of old Motors were replaced by energy efficient Motors.
- 2) Conventional Street lights & bulbs were replaced by CFL lamps.
- 3) 2 Nos. of new efficient pumps were installed and commissioned.

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

- i) Replacement of rest of old Motors with energy efficient Motors.
- ii) Installation of 150 KVA Auto Voltage Regulating Transformer.
- iii) Further replacement of ordinary lights with fluorescent lamps.

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 :

Inspite of taking energy conservation measures under (a) above, the overall power consumption per ton of Caustic Soda did not come down because of the Rectifier Transformer problem during the months of June, 2004 to August, 2004. However, with the measures being implemented under (b) above, the Company expects a reduction in power consumption.

FORM "A"

Form for Disclosure of Particulars with respect to Conservation of Energy

A. <u>POWER AND FUEL CONSUMPTION</u>	<u>2004 - 2005</u>	<u>2003 - 2004</u>
1. Electricity		
a) Purchased :		
Unit (In Million Units)	67.119	74.118
Total Amount (Rs. in Lacs)	1,700.94	1,831.08
Average Rate (Rs./Unit)	2.53	2.47
b) Own Generation :		
i) Through Diesel Generator :		
Units	—	—
Units per Ltr. of Diesel Oil	—	—
Cost/Unit	—	—
ii) Through Steam Turbine / Generator :		
Units	—	—
Units per Ltr. of Fuel Oil / Gas	—	—
Cost / Unit	—	—
2. Coal (Specify quality and where used) :		
Quantity (M.T.)	—	—
Total Cost	—	—
Average Rate	—	—
3. Furnace Oil :		
Quantity (K. Ltrs.)	—	—
Total Amount (Rs. in Lacs)	—	—
Average Rate (Rs. /K. Ltrs.)	—	—
4. Others/Internal Generation :		
Quantity	—	—
Total Cost	—	—
Rate/Unit	—	—
B. <u>CONSUMPTION PER UNIT OF PRODUCTION</u>		
Caustic Soda :		
Electricity (Kwh/M.T.)	3280	3276
Furnace Oil (Ltrs./M.T.)	—	—
Coal (Specify Quality)	—	—
Others (Specify)	—	—