

# **ANNUAL REPORT AND ACCOUNTS 2005 - 2006**



**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 Satish Kapur	
Shri D. K. Maheshwari	(Executive Director)



**Auditors**

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

**Registered Office & Works**

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

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NOTICE is hereby given that the 44th Annual General Meeting of the Company will be held at its Registered Office at P. O. Jayshree - 761025, District Ganjam, Orissa on Friday, the 30th June, 2006 at 11.30 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, 2006 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 Resolution :-

5. (As an Ordinary Resolution)  
"Resolved that Shri Satish Kapur be and is hereby appointed as a Director of the Company."

Kolkata,

Date : 9th May, 2006

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 item of Special Business is annexed.
- iii) The Register of Members and the Share Transfer Books of the Company will remain closed from 23rd June, 2006 to 30th June, 2006, 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 Nominations 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 both on National Securities Depository Ltd. and 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) 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 proposed to be appointed as a Director are given below :-

- a) Shri D. D. Kothari is an entrepreneur 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 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.

Shri Kothari is a Director of the Company since 23rd March, 1992. He is also a Director of SKCC Paper & Board Pvt. Ltd.; Shree Krishna Packaging Co. Pvt. Ltd.; Sri Krishna Commercial Co. Ltd.; Anant Sri Viniyog Pvt. Ltd.; Shree Krishna Hosiery Pvt. Ltd.; Kothari Knitting Mills Pvt. Ltd. and Kothari Hosiery Factory Pvt. Ltd. He is a Member of the Audit Committee and the Investors Grievance Committee of the Board of Directors of the Company.

Shri Kothari holds 100 Equity Shares of the Company in his own name.

- b) Shri D. K. Maheshwari is a Post Graduate in Commerce and during his career of more than 43 years has served various industries like Jute, Engineering, Steel, Chemical, Power Cables and Information Technology in senior positions. He is the Executive Director of the Company since 20th August, 1998. He is also a Director of The Diamond Company Ltd.; Fort Gloster Industries Ltd.; Union Company Ltd. and Shree Packaging Pvt. Ltd. Shri Maheshwari is a Member of the Executive Committee

of Alkali Manufacturers Association of India and Member of Committees of the Board of Directors of the following companies :-

<u>Name of Company</u>	<u>Nature of Committee</u>
Jayshree Chemicals Ltd.	Investors Grievance Committee
Fort Gloster Industries Ltd.	i) Committee of Directors ii) Audit Committee iii) Investors Grievance Committee iv) Remuneration Committee

Shri Maheshwari does not hold any Shares in the Company.

- c) Shri Satish Kapur specialises in Marketing and Management. He is acting as representative of a foreign company to sell its Newsprint to major publishers in India and another foreign company for supplying its products to the laminating industry. Shri Kapur, who has joined the Board of Directors of the Company on 27th March, 2006, is also a Director of Crossley & Towers Private Ltd.; B. N. Kapur Private Ltd.; Helles Investments Pvt. Ltd.; Belvedere Gardens Ltd.; Vantage Paper Board Pvt. Ltd.; Ospak Cyfox Paper Co. (Pvt.) Ltd. and Warehousing & Cold Storage General Enterprises India Ltd. He is the Honorary Director of the Consular Corps of Kolkata and the Honorary Consul of the Consulate of Finland. Shri Kapur is on the Committee of the Indian Chamber of Commerce and Bharat Chamber of Commerce. He is the Committee Member of Tollygunge Club and the Past President of Saturday Club and the Rotary Club of Kolkata.

Shri Kapur holds 1000 Equity Shares of the Company in his own name.

## 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 27th March, 2006 has appointed Shri Satish Kapur 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 its intention to propose the appointment of Shri Satish Kapur as a Director of the Company.

Shri Satish Kapur, who specialises in Marketing and Management, is well known in the business circle and having regard to his background and experience, the Board considers that the appointment of Shri Satish Kapur 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 Satish Kapur, no other 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, 2006.

### **FINANCIAL RESULTS**

	<b><u>31-3-2006</u></b>	<b><u>31-3-2005</u></b>
	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
Profit for the year	<b>10,08,51,315</b>	2,97,31,351
<u>Add / (Less) :</u>		
Fringe Benefit Tax	<b>(4,92,000)</b>	—
Income Tax for earlier years	<b>(7,81,992)</b>	—
Deferred Tax (Net)	<b>(3,97,83,000)</b>	4,37,77,000
	<b>5,97,94,323</b>	7,35,08,351
Less : Debit Balance brought forward	<b>11,49,86,090</b>	18,84,94,441
Leaving a deficit of	<b>5,51,91,767</b>	11,49,86,090
Which is being carried forward to next year.		

### **DIVIDEND**

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

### **OPERATING RESULTS**

Consequent upon the Company's net worth becoming positive, the Board for Industrial And Financial Reconstruction (BIFR), vide its Order dated 30th December, 2005 has discharged the Company from the purview of the Sick Industrial Companies (Special Provisions) Act, 1985. Accordingly, the Company is no more a sick industrial company with effect from the said date.

During the year under review, your Company produced 22,847 M.T. of Caustic Soda Lye, which is the highest production in any year since inception. It has been possible due to modification in equipments for production of Chlorine & Hydrochloric Acid as also owing to better preventive and productive maintenance. We expect to continue to achieve higher production during the current year. The demand for the Company's products was more than satisfactory throughout the year.

### **CURRENT OUTLOOK**

There is slight decline in prices of the Company's products from the beginning of the current year and as such the margins during the current year may be low.

Production of Salt is satisfactory. The Company is endeavouring to acquire new Salt Fields to fulfill its requirement and reduce its dependability on the market. The emphasis has been upon improvement in quality of Salt in our own Salt fields. Research & development is continuing and a substantial investment has been made on such improvements.

### **EXPANSION**

The Company is planning expansion in its capacity from 70 TPD by further 100 TPD based on the latest membrane cell technology aggregating to 170 TPD. Negotiations with the technology suppliers are in progress and we expect to place orders for the plant and equipments shortly. Application for clearance under Environment Laws has been made to the



**Jayshree Chemicals Limited**

Orissa Pollution Control Board and a public hearing has been fixed for 22nd May, 2006. Concessions, as available to new units in Orissa, are being sought for from the Government of Orissa.

**POWER**

The Company has negotiated a settlement with Southern Electricity Supply Company of Orissa Ltd. (SOUTHCO) in respect of its dues as well as the contingent liability, which is subject to approval of the Southco's Board of Directors.

The Special Agreement with Southco for concessional tariff of electricity has expired on 31st March, 2006. Negotiations for extension of the special tariff agreement are under progress.

East Coast Powers Ltd., a Group Company, is holding a licence from the Government of Orissa for setting up a Hydel Power Project for generation of 24.8 M.W. electricity in Gajapati District of Orissa. The Company is exploring the possibility of amalgamation of East Coast Powers Ltd. with itself for reducing the Company's power cost substantially in the long run.

**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 Mumbai and Bhubaneswar Stock Exchanges. The Listing Fees for the year ended 31st March, 2006 has been paid to the Bombay Stock Exchange Ltd.

The Company had applied to the Bhubaneswar Stock Exchange 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 years ended 31st March, 2005 and 31st March, 2006 to the Bhubaneswar Stock Exchange was not paid. The Company is regularly reminding the Bhubaneswar Stock Exchange for delisting, but their approval in this behalf is still awaited.

The Company's Shares are available for dematerialisation both on National Securities Depository Ltd. and Central Depository Services (India) Ltd. 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**

**The Company has adequate system for Industrial Safety and the year continued to be nil accident year.**

**ENVIRONMENT**

The Company has made adequate provisions for protection of the environment at its Factory. Your Company has implemented all points of CHARTER ON CORPORATE RESPONSIBILITY FOR ENVIRONMENTAL PROTECTION (CREP) which was voluntarily signed by Industry alongwith the Ministry of Environment & Forests, Government of India. As a result, your Company has been able to reduce consumption of Mercury to 52 gms. per M.T. of Caustic Soda. 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 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. Necessary declaration duly signed by the Executive Director of the Company to the effect that all the Board Members and Senior Management personnel have affirmed their compliance on an annual basis with the Code of Conduct as laid down by the Company pursuant to the requirements of Clause 49 of the Listing Agreements with the Stock Exchanges is annexed and forms part of this Report.

## **DIRECTORS**

Shri Satish Kapur was appointed as an additional Director of the Company with effect from 27th March, 2006. He holds office as such Director upto the date of the ensuing Annual General Meeting of the Company and is eligible for appointment.

Shri D. K. Maheshwari was re-appointed as the Executive Director of the Company for a further period of one year from 1st April, 2006 to 31st March, 2007.

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

## **AUDITORS**

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

Kolkata,  
Date : 9th May, 2006

On behalf of the Board  
**S. K. Bangur**  
Chairman