

JAYSHREE CHEMICALS LIMITED
ANNUAL REPORT 2008-09

Forward-Looking Statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investments decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe that we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should carefully bear this into their mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

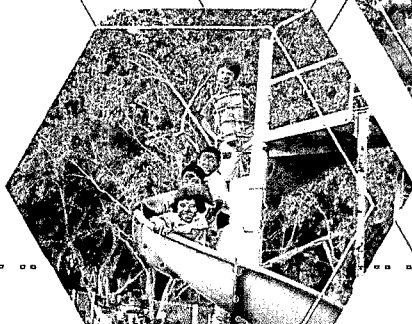
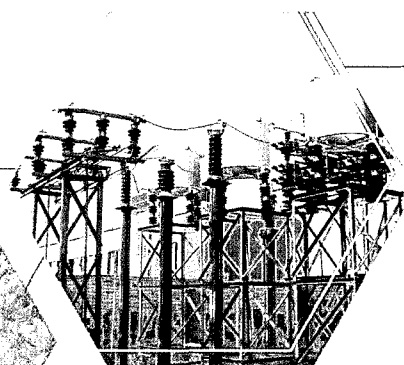
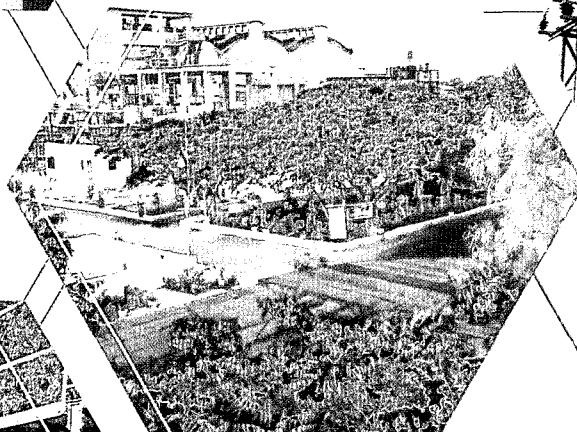
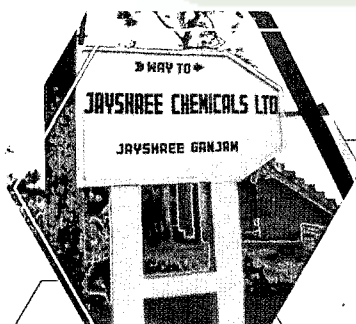
Contents

Directors' Report	12	Management Discussion & Analysis Report	17	Report on Corporate Governance	18
Auditors' Report	26	Balance Sheet	30	Profit & Loss Account	31
Cash Flow Statement	32	Schedules to Accounts	33	Balance Sheet Abstract	46
Subsidiary Company - East Coast Powers Ltd.	48	Consolidated Financial Statements	57		

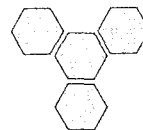
Creating blocks of growth

We at Jayshree Chemicals Limited always remember and reinforce the basics of executing efficiently. As a growing organisation in the Eastern India in the manufacture of Caustic Soda, Liquid Chlorine and Hydrochloric Acid, we always realise the importance of correct block building through our initiatives in efficient technology, vibrant team work and healthy environment practices thus translating them into a healthy economic growth of the Company.

This is the picture of an evolving company focused on such healthy corporate practices to give them a final picture of overall economic development thereby creating a healthy stakeholders value.



our business card



Legacy

Established in 1962, Jayshree Chemicals Limited is one of the oldest companies of S K Bangur Group.

Presence

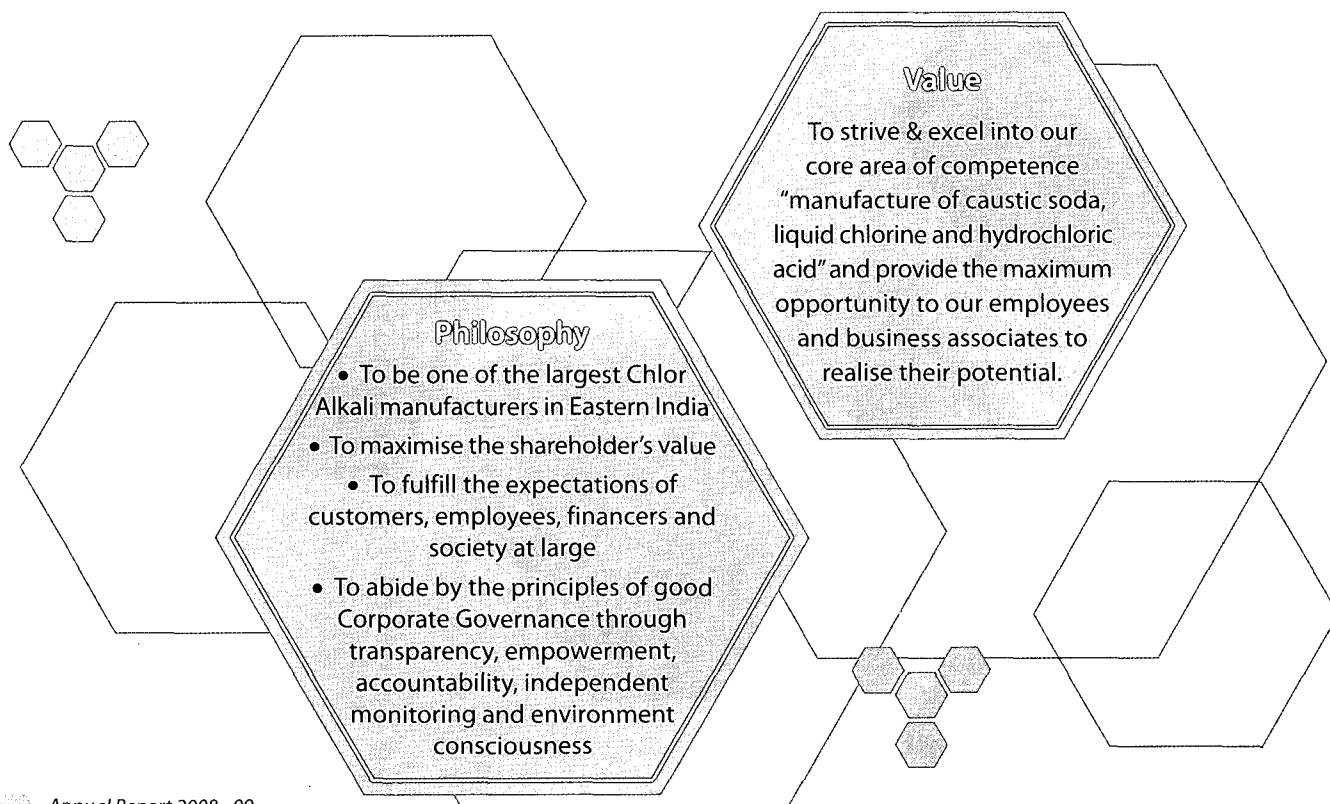
- Headquartered in Kolkata
- Manufacturing facility at Ganjam District, Orissa
- Shares listed on the Bombay Stock Exchange Limited (BSE)
- Caustic Soda with an installed capacity of 22,500 MT p.a. based on Mercury Cell Technology.
- Liquid Chlorine with an installed capacity of 15,500 MT p.a.
- Hydrochloric Acid with an installed capacity of 20,000 MT p.a.

Major Customers

- HINDALCO
- BALCO
- NALCO
- Vedanta Aluminium
- J K Paper Mills Limited
- Aurobindo Pharma

Management

- A professionally qualified and experienced team of executives having experience of over 15 years.
- Company headed and promoted by Mr. S K Bangur, a well known industrialist with strategic investments in paper and optic fibre cable industry.



Performance at glance

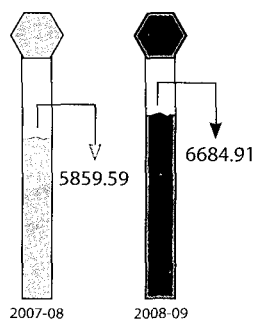


- The gross revenue of the Company increased by 14.08% y-o-y from Rs. 5859.59 Lacs in 2008 to Rs. 6684.91 Lacs in 2009.
- Total Profit before Tax increased by 57.03% y-o-y from Rs. 488.56 Lacs in 2008 to Rs. 767.17 Lacs in 2009.
- Total Profit after Tax increased by 35.96% y-o-y from Rs. 359.36 Lacs in 2008 to Rs. 488.59 Lacs in 2009.
- EPS of the Company increased from 35.91% y-o-y from Rs. 6.74 in 2008 to Rs. 9.16 in 2009.

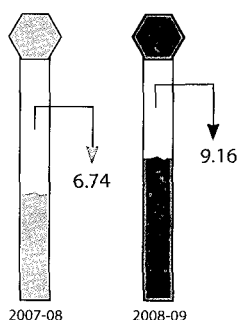
(Rs. in Lacs)

Particulars	2008-09	2007-08
Gross Turnover	6684.91	5859.59
Interest & Finance Charges (Net)	29.56	20.02
Depreciation	126.32	140.20
Profit/(Loss) before Tax	767.17	488.56
Profit/(Loss) after Tax	488.59	359.36
Net Worth	1203.97	794.88
Earnings Per Share (Rs.)	9.16	6.74

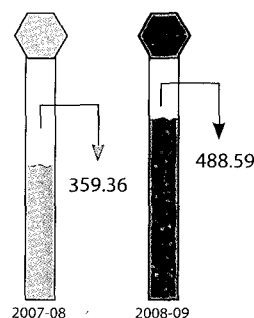
Turnover (Rs. in Lacs)

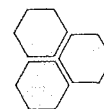


EPS (Rs.)



PAT (Rs. in Lacs)





Chairman's Letter

Dear Shareholders

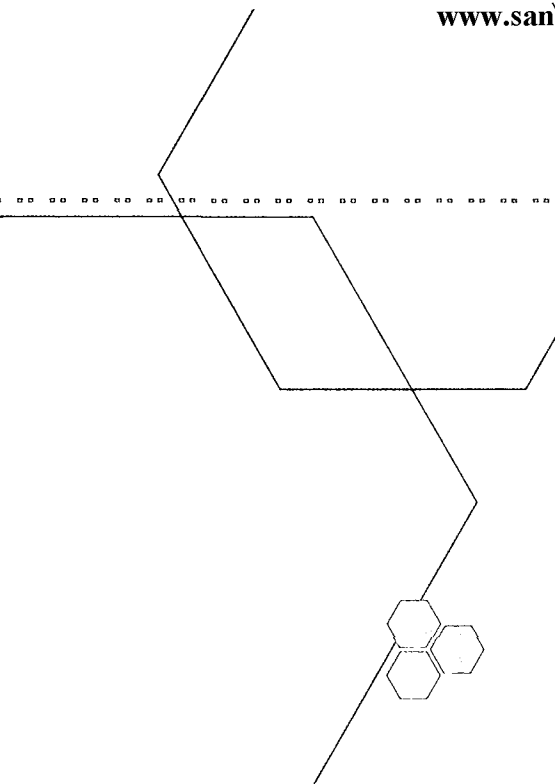
My warm and heartiest greetings to all of you. I am very much pleased to present you, one more saga of the good performance of your Company, which would surely be appreciated by you, as it came during global economic crisis.

The slowdown which started from US after the subprime losses and quickly spread to other developed economic powerhouses like Europe and Japan reminded us of the Great Depression. On the back of stimulus packages by many nations across the globe and spending on infrastructure and social sectors by our own Government, some signs of recovery have started pouring in. I would thus urge our Government to ensure better liquidity across all sectors. Going forward, our Country needs to address the growing demand from all sectors and hence requires a better physical and social infrastructure for all upcoming projects.

I am very proud to speak that we had a good business during the financial year 2008-09 with increased Revenue, Profit after Tax (PAT) and EPS. Production rose to the new height of 24,413 metric tonnes, which could have been still higher, had the quality of power supplied been better. The constant focus of the Company on economies of cost and better plant maintenance has lead to optimum utilization and increased efficiency. The Company has taken effective measures to protect environment.

In anticipation of increasing demand for caustic soda due to addition of capacity in alumina, especially in the State of Orissa, the Company has signed contract with Uhde India Pvt. Ltd., a wholly owned subsidiary of Uhde GmbH, Germany, a Thyssen Krupp Group Company for modernization-cum-expansion plan with latest state-of-the-art Membrane Cell Technology at the existing facility. This technology is environment friendly and cost effective in comparison to existing Mercury Cell Technology. Our existing infrastructure in terms of land, manpower and other utilities is capable enough to efficiently handle the expansion plan. The Membrane Cell Technology is highly energy efficient and its expected power consumption would be 30% lower than the existing Mercury Cell Technology.





After acquiring stake in East Coast Powers Limited, which is having a license to set-up Hydro Electric Power Plant in Orissa, the Company is in the process of seeking necessary approvals from the state government for setting up Hydel Power Project. Power generated by this Company will be consumed by your Company. This will benefit your Company in the long run by further reduction in power cost and ultimately more profit to your Company.

Your Company is also helping its customers to set up ancilliary units near the Plant, where the Company would directly be able to send the Chlorine Gas into their units by pipeline. It is expected that these ancilliary units will consume substantial Chlorine production, thereby saving in logistic cost.

I would like to conclude that the Company had always been focused on competitive, sustainable and profitable growth. I would thank you for your committed support and goodwill for Jayshree Chemicals Limited and expect the same to continue in the years to come.

S. K. Bangur
Chairman

Creating blocks of growth

Process to lead tomorrow

Jayshree Chemicals Limited has three products in its product portfolio viz. Caustic Soda, Chlorine and Hydrochloric Acid.

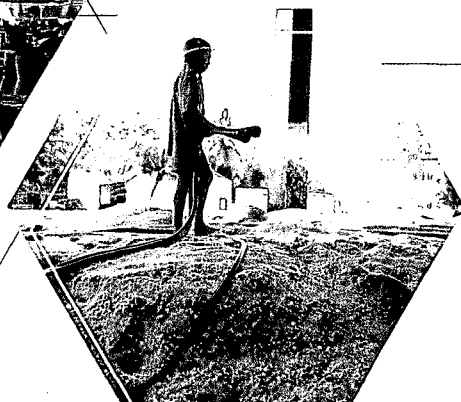
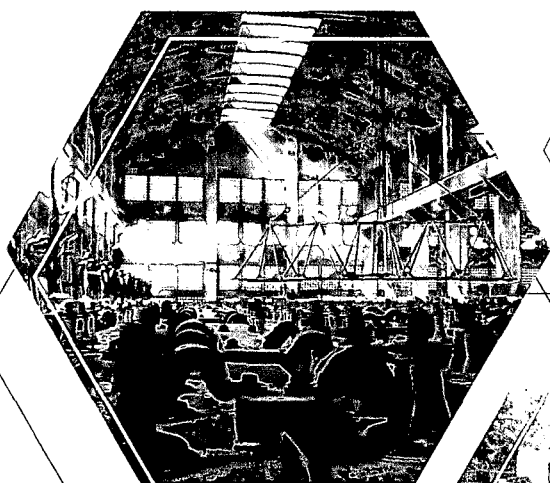
Caustic Soda

Caustic Soda or Sodium Hydroxide, a caustic metallic base, forms a strong alkaline solution when dissolved in a solvent like water, however, only the hydroxide ion is basic. The Company manufactures Caustic Soda by using Mercury Cell Technology. The mercury cell operation utilizes Mercury as the Cathode and activated Titanium as Anode for the electrolytic reaction. Mercury with Sodium from Salt, combines to form Sodium Amalgam and is reacted with de-ionized water to produce Caustic Soda solution or Lye. The Company has a total installed capacity of 22,500 MT p.a. based on Mercury Cell Technology. Total production of Caustic Soda was 24,413 MT for the year 2008-09. Total revenue generated from Caustic soda stood at Rs. 59.20 Crores.

At Jayshree
Chemicals Ltd.,
today's process
streamline
tomorrow's
success

Chlorine

Chlorine is a powerful oxidant and is used in bleaching and disinfectants. This is a pale yellow-green gas that has its distinctive strong smell, the smell of bleach. As the chloride ion, which is part of common salt and other compounds, it is abundant in nature and necessary to most forms of life, including humans. The chlorine gas generated in the primary cell is about 80°C, which is passed through the cooler to make its temperature reduced to 16-17°C and passed through Absorption Drying tower to make it dry. Drying media is Sulphuric acid and is then compressed in Chlorine compressors and passed through Chlorine Liquefier to convert Chlorine to liquid form. The Company has a total installed capacity of 15,500 MT p.a. of liquid chlorine. Total production of Chlorine was 13,888 MT for the year 2008-09. Total revenue generated from Chlorine stood at Rs. 4.25 Crores.



Hydrochloric Acid

Hydrochloric Acid is the solution of Hydrogen Chloride (HCL) in water. It is a highly corrosive, strong mineral acid and has major industrial uses. It is found naturally in gastric acid. Historically called muriatic acid or spirits of salt, hydrochloric acid was produced from vitriol and common salt. With major production starting in the Industrial Revolution, hydrochloric acid is used in the chemical industry as a chemical reagent in the large-scale production of vinyl chloride for PVC plastic, and MDI/TDI for polyurethane. It has numerous smaller-scale applications, including household cleaning, production of gelatin and other food additives, descaling, and leather processing. About 75% of Chlorine Gas is sent to the refrigeration section to convert Chlorine Gas to liquid form and rest 25% of Chlorine and sniff Chlorine Gas is burnt in presence of Hydrogen Gas in Hydrochloric Synthesis unit. Hydrochloric Acid Gas is produced which is absorbed with water to make 32% Hydrochloric Acid. The Company has installed capacity of 20,000 MT p.a. for Hydrochloric Acid. Total production of Hydrochloric Acid was 23,920 MT for the year 2008-09. Total revenue generated from Hydrochloric Acid stood at Rs. 3.40 Crores.

Modernisation of Plant

Jayshree Chemicals Limited plans to modernise its plant from Mercury Cell Technology to Membrane Cell Technology. This will help the Company to not only reduce the cost of production but also increase its per

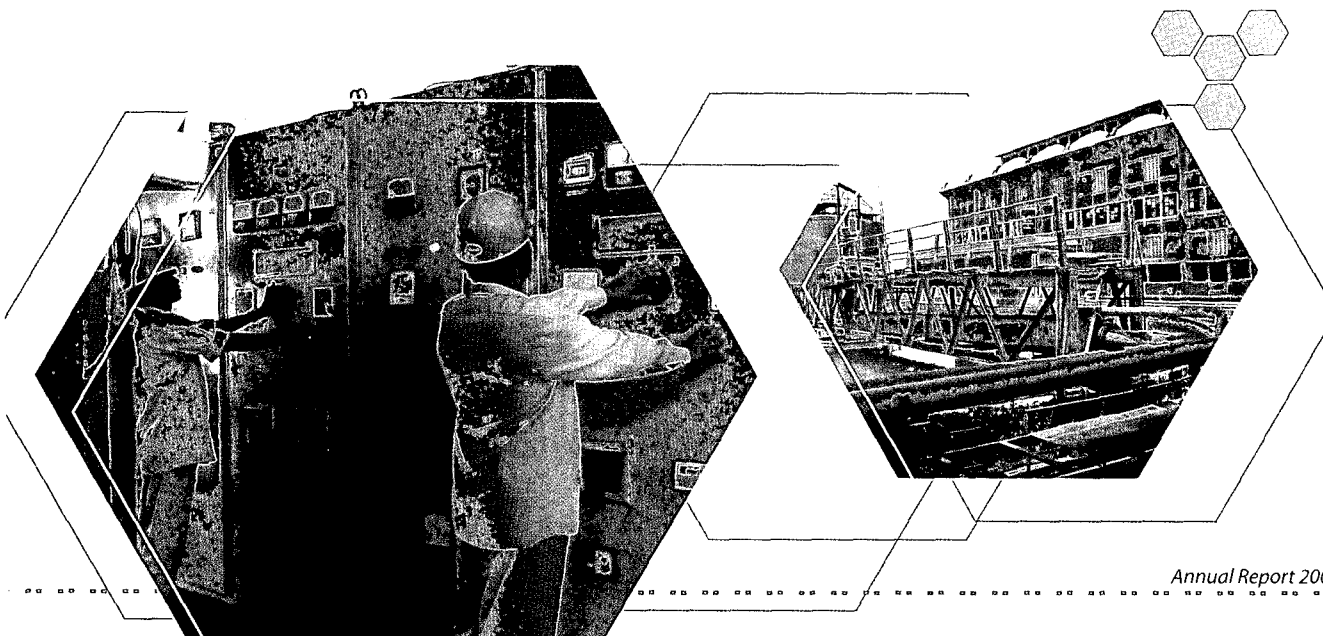
annum production of Chlor Alkali products. The Company has recently signed an MOU with Uhde India Private Limited, a wholly owned subsidiary of Uhde GmbH, Germany, and a Thyssen Krupp Group Company. Membrane Cell Technology does not require mercury, which makes the technology more environment friendly. This technology is highly energy efficient. With this new technology the production capacity of the plant will increase from 22,500 TPY of Caustic Soda to 53,200 TPY of Caustic Soda.

Power

Chlor Alkali industry is widely dependent upon power. With every increase in the production of Caustic Soda, demand for power also increases. Currently, Jayshree Chemicals Limited draws power from SOUTHCO grid and then through its rectiformers, converts Alternate Current (A.C.) to Direct Current (D.C.) and is then fed to cells connected in the cell house.

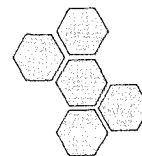
After the modernisation of plant and conversion of Mercury Cell Technology to Membrane Cell Technology there will be economy in power to the extent of 30%.

Through its subsidiary East Coast Powers Limited, the Company plans to generate Hydel Power for its captive usage. East Coast Powers Limited has got the license from the Orissa State Government, for setting up Hydel Power Plant, which is 100% environment friendly. With the passage of time, cost of power generation would decrease as years go by and it would stabilize at a nominal cost.



Creating blocks of growth

Diverse people single vision



India scores over many companies in talent abundance and cost-effectiveness. The intellectual resource is any day very important for any company. At Jayshree Chemicals Limited, we aligned our policies and practices to nurture this vital resource.

We at Jayshree Chemicals Limited, truly believe in empowering its people so that it could help them release their potential and achieve capabilities for further growth.

The goal of our HRD comprises of

- Recruiting and retaining high caliber employees.
- Encouraging and recognising outstanding merit and contribution.
- Creating opportunities for professional growth and satisfaction.
- Developing leadership capabilities at all levels.
- Fostering employee involvement and developing work ethics that create dignity and pride.

At Jayshree Chemicals Ltd., our human resources reflect an unflagging quest to excel

