14th

ANNUAL REPORT

1998-99

JAYSYNTH

JAYSYNTH DYESTUFF (INDIA) LTD.

BOARD OF DIRECTORS

MR. SHARADCHANDRA S. KOTHARI – *Chairman*
MR. RAJESH K. KOTHARI – *Wholetime Director*
MR. MAGANLAL J. THACKER
MR. JYOTIKUMAR S. MAHESHWARI
MR. MAHENDRA K. KOTHARI – *Managing Director*
MR. PARAG S. KOTHARI (up to 31-7-99) *Jt. Managing Director*
MR. NIKHIL S. KOTHARI (up to 31-7-99)

PLANT :
PLOT NO. 2,
GIDC INDUSTRIAL AREA,
VAPI, DIST. VALSAD,
GUJARAT.

REGISTERED OFFICE:
E-16, "EVEREST"
Tardeo Road,
MUMBAI-400 034.

COMPANY SECRETARY:
MR. SURESH VARADARAJAN

ADMINISTRATIVE OFFICE & SHARE DEPARTMENT:
301, Sumer Kendra,
Pandurang Budhkar Marg,
Worli, Mumbai-400 018.

AUDITORS :
C. J. Shah & Associates
Chartered Accountants
66/70, Bora Bazar Street,
Shri Maharaj Building,
Fort, Mumbai-400 001.

PRINCIPAL BANKERS:
BANK OF INDIA
BANK OF BARODA
STATE BANK OF INDIA

CONTENTS

REPORT OF DIRECTORS' TO THE MEMBERS

Your Directors hereby present their Fourteenth Annual Report for the year ended March 31, 1999.

1. FINANCIAL RESULTS:

The financial results of your company for the year ended March 31, 1999 as compared to the previous year ended March 31, 1998, are summarized below:-

[Rs. in Million]

	YEAR ENDED MARCH 31, 1999	YEAR ENDED MARCH 31, 1998
Gross Sales	**385.19**	396.11
Other Income	**0.36**	0.46
Total Income	**385.55**	396.57
(Loss)/Profit Before Depreciation and Tax	**(11.37)**	38.83
(Add)/Less: Depreciation	**(21.90)**	18.12
Profit before Tax	**(33.27)**	20.71
Less: Provision for Taxation	—	2.20
Profit after Taxation	**(33.27)**	18.51
(Add): Short Provision of Income Tax for earlier years	**(0.53)**	—
Less/Add: Profit Brought Forward	**0.49**	0.38
Add : Transfer from General Reserve	—	12.80
Less: Transfer from Debenture Redemption Reserve	**10.16**	—
Less: Transfer from Investment Allowence Reserve (Utilised)	**0.14**	—
(Add):Provision for premium payable as Redemption of Debenture	**(23.01)**	—
Balance Carried to Balance Sheet	**(19.25)**	0.49
Balance available for appropriation	**(42.25)**	31.69
APPROPRIATIONS		
Transfer to Debenture Redemption Reserve	—	31.20
Balance Carried to Balance Sheet	**(42.25)**	0.49
	(42.25)	31.69

2. DIVIDEND :

In view of loss incurred during the year your directors regret their inability to recommend any Dividend.

3. YEAR IN RETROSPECT:

The year under review witnessed a general slow down of Industrial growth which adversely affected all the Industries. Performance of the Industries have been adversely affected on account of liberalisation process without provision of a level playing field for the Indian manufacturers.

The year under review has been a critical year for the Company. During the year, under review production of Dyes & Pigments was M.T.2597 as against 2558 M.T. during the previous year. The total sales for the year under review were Rs.385.19 million as against Rs.396.11 million registered during the previous year. Your Company has incurred a Loss of Rs.33.26 million on a turnover of Rs.385.19 million as against a net profit of Rs.18.51 million on a turnover of Rs.396.11 million made during the previous year.

As International prices of Dyes and Pigments have comedown considerably and due to stiff competition from the South Asian Countries, export realisation is reduced. Your Company being a major Exporters of Dyes and Pigments from India, its performance has been adversely affected.

During the year under review, the Company reported a loss of Rs.33.26 million in the audited accounts, as against reported profit of Rs.12.70 million in unaudited quarterly result for the quarter ended 30/06/99. The deviation between these two figures is mainly due to change in the method of valuation of finished goods inversion from "Selling prices", to "Lower of Cost or Net realisable value", affecting the profit by Rs.44.47 million.

4. DEBENTURES:

During the year under review, first instalment of Rs.9.9 million towards redemption of 300,000 18.5% Secured Non-convertible Debentures of Rs. 100/- each (Series I) was paid. The face value of these Debentures is now reduced to Rs.67/- per Debenture.

5. FINANCE :

During the year under review, your company has availed from ICICI Ltd. Term Loan of Rs.60,000,000/- and from Industrial Development Bank of India (IDBI). Rs.10,000,000/- out of sanctioned Term Loan of Rs.40,000,000/-. Besides, your Company also availed Foreign Currency Loan of US.$278,536.24 out of sanctioned Term Loan of U.S. $ 6,000,000/- from ICICI Ltd. Since closure of the accounting year your Company has availed from ICICI Ltd. Term Loan of Rs.60,000,000/- out of sanctioned Term Loan of Rs.120,000,000/-

6. YEAR 2000 (Y2K) COMPLIANCE :

Your Company has taken effective steps to be Y2K compliant. All computer hardware are being tested for Y2K compliance, and where necessary, will be made Y2K compliant before December, 1999.

7. DIRECTORS:

Shri Jyotikumar S. Maheshwari retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

Shri Parag S. Kothari and Shri Nikhil S. Kothari have resigned as Directors of the Company w.e.f. 1st August, 1999. Your Directors have taken on record sense of appreciation of contributions made by Shri Parag S. Kothari during his tenure as a Joint Managing Director and by Shri Nikhil S. Kothari during his tenure on the Board of Directors. Your Directors have decided not to fill up the casual vacancy caused on the Board due to their resignations.

8. DEPOSITS:

Your Company has not accepted any deposits from the public during the year under review.

9. PARTICULARS OF EMPLOYEES:

The Company has no employees covered under provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

10. INSURANCE :

All the properties of the Company including Plant & Machinery and Stocks have been adequately insured.

11. CONSERVATION OF ENERGY,TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOINGS :

The information required 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 is annexed hereto and form part of this Report. Information regarding foreign exchange earnings & outgo is also given in the Annexure forming part of this Report.

12. OBSERVATIONS OF AUDITORS ON ANNUAL ACCOUNTS :

With reference to the observations made by the Auditors at note No.V(a) to (c) of the Auditors' Report, as they have been suitably explained by way of notes to the Accounts and therefor do not require further clarifications.

13. AUDITORS :

The Company's Auditors M/S. C. J. Shah & Associates, retire at the ensuing Annual General meeting and being, eligible, offer themselves for re-appointment.

14. COST AUDIT :

In accordance with the directive received from the Central Government, every year, an audit of the cost accounts relating to "DYES" manufactured by the Company is required to be conducted by an auditor as prescribed under Section 233B of the Companies Act, 1956.

Your Directors have appointed M/S. S.D.Shenoy, qualified Cost Accountants for the Year ending March 31, 2000. Approval of their appointment is received from the Central Government.

15. INDUSTRIAL RELATIONS :

The Company has cordial industrial relations at all levels during the year under review.

16. ACKNOWLEDGMENT :

Your Directors wish to sincerely thank the Company's Bankers, Financial Institutions, Debenture Trustees and various Government Agencies for their excellent support and co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

S.S.KOTHARI
CHAIRMAN

MUMBAI :
DATE : 30th October, 1999

ANNEXURE TO THE DIRECTORS' REPORT 1998-99

Information in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors)

FORM A : FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

A: POWER & FUEL CONSUMPTION	1998-99	1997-98
1. ELECTRICITY :		
a) Purchased:		
Units (in KWH)	**6,687,508**	6,445,408
Total Amount (Rs. in million)	**25.41**	21.46
Rate/Unit (Rs.) Average	**3.80**	3.33
b) Own Generation :		
i) Through Diesel Generator Units (in KWH)	**147,192**	310,200
Units per Litre of Diesel Oil	**3.03**	2.85
Cost/Unit (Rs.)	**1.82**	2.60
ii) Through Steam Turbine/Generator Units (in KWH)		
Units per litre of fuel oil/gas	–	–
2. COAL :		
Quantity (Tonnes)	–	–
Total Cost (Rs. in Million)	–	–
Average Rate (Rs.)	–	–
3. FURNACE OIL & LDO		
Quantity (K. Litres)	**3,329**	2,883
Total Amount	**18.38**	18.90
Average Rate (Rs./Litre)	**5.52**	6.56
4. OTHER/INTERNAL GENERATION		

B: CONSUMPTION PER UNIT OF PRODUCTION

In view of the multi-stage, multi-product nature of production covering large number of Dyes, Dye Intermediates & Chemicals, the company is not in a position to furnish the information required.

FORM B : FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY & RESEARCH & DEVELOPMENT (R&D) 1998-99.

RESEARCH & DEVELOPMENT :

The company has strengthened its R&D facilities by increasing Senior Managers & Staffs & has also added important analytical equipment to increase efficacy & speed of R&D Work.

I. SPECIFIC AREAS IN WHICH R&D IS CARRIED OUT BY THE COMPANY:

1. Improvement of product quality & process efficiency.
2. Optimising production efficancy.
3. Cost reduction.
4. Pollution Control.
5. Environmental Care.
6. Optimisation of process parameters.

II. BENEFITS DERIVED AS A RESULT OF ABOVE R & D:

1. Improvement in the Quality of manufactured products to meet the requirements of highly competitive export markets & for batter acceptability in Local market also.
2. Pollution free environment in & around factory areas.
3. Cost economy & plant efficiency.
4. Finished products quality improved to meet the customer specification & satisfaction both in international & domestic market.
5. Continuous Improvement in the quality of the process.
6. Economical efficient production.
7. New varieties of dyes developed.
8. Alternate Raw material.

III. FUTURE PLAN OF ACTION :

1. Further improvement in the quality of products & processes.
2. Better Pollution Control.
3. Further reduction in power/fuel consumption.
4. Process modifications or substitution to improve the quality of treated effluent.
5. Exploration of avenues for continuous cost reduction measures.
6. Upgradation of existing pollution control facilities to take care of changing stringent requirement.
7. Continuous improvement in the quality of products & processes.
8. Cost reduction & production efficiency.
9. Use of renewable & conventional sources of energy.
10. Energy conservation.
11. To make the unit environment friendly.
12. Use of renewable source of energy.
13. Reduction in consumption in water.
14. Search for alternate Raw Material.

IV. EXPENDITURE ON R & D :

		1998-99	1997-98
		(Rs. in Million)	
a)	Capital	**0.15**	–
b)	Recurring	**20.16**	14.23
c)	Total expenditure	**20.31**	14.23
d)	Total R & D Expenditure as % of total turnover	**5.27**	3.59

V. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION :

1. Efforts in brief made towards technology absorption, adaptation & innovation :
   The R & D keeps itself abreast of the technical developments & innovations relating to dyes & pigments. The knowledge gained is used for improving Company's products for better consistancy in quality, cost effectiveness, energy saving, safety & ecology. For example, synthesis of dyes in granular form & stable liquid form.

2. Benefits derived as a result of the above efforts :
   a) Saving in Imports.
   b) Increase in Exports :

   All products are of excellent quality acceptable to markets in U.K., U.S.A., Germany, Japan & Europe. Company's products are accepted worldwide as seen from Company's export performance.

3. Imported Technology (during the Last 5 years reckoned from the beginning of the financial year):

   The Company has not imported any technology & do not have any technical collaboration.