

# **ANNUAL REPORT**

## **2001 - 02**



**JAYSYNTH DYESTUFF (INDIA) LTD.**

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**BOARD OF DIRECTORS**

SHRI SHARADCHANDRA S. KOTHARI  
*CHAIRMAN*

SHRI MAHENDRA K. KOTHARI  
*MANAGING DIRECTOR*

SHRI RAJESH K. KOTHARI  
*WHOLE TIME DIRECTOR*

SHRI MAGANLAL J. THACKER

SHRI RAJENDRA M. DESAI

SHRI PANKAJ K. KOTHARI

**COMPANY SECRETARY :**

MR. SURESH VARADARAJAN

**AUDITORS :**

M/s. C. J. SHAH & ASSOCIATES  
CHARTERED ACCOUNTANTS

**PRINCIPAL BANKERS :**

BANK OF INDIA  
BANK OF BARODA  
STATE BANK OF INDIA

**REGISTERED OFFICE :**

301, Sumer Kendra,  
Near Mahindra Towers,  
Pandurang Budhkar Marg,  
Worli, MUMBAI - 400 018.

**PLANT :**

Plot No. 2,  
GIDC Industrial Area,  
Vapi, Dist. Valad,  
Gujarat.

**REGISTRAR & TRANSFER AGENTS :  
SHAREPRO SERVICES**

Satam Estate, 3rd Floor,  
Above Bank of Baroda  
Chakala, Andheri (E),  
MUMBAI - 400 099.

912, Raheja Centre,  
Free Press Journal Marg,  
Nariman Point,  
MUMBAI - 400 021.

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**NOTICE**

NOTICE is hereby given that the Seventeenth Annual General Meeting of the shareholders of the Company will be held at its Registered Office at 301, Sumer Kendra, Pandurang Budhkar Marg, Worli, Mumbai - 400 018 on Friday, the 27th day of September, 2002 at 9.30 a.m. to transact the following business:-

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2002 and the Profit and Loss Account of the Company for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri M.J.Thacker who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

BY ORDER OF THE BOARD

PLACE : MUMBAI  
DATE : 12TH AUGUST, 2002

**SURESH VARADARAJAN**  
COMPANY SECRETARY

REGD. OFFICE :  
301, Sumer kendra,  
Pandurang Budhkar Marg,  
Worli, MUMBAI - 400 018.

**NOTES :-**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer books of the Company will remain closed from Wednesday, the 25th September, 2002 to Friday, the 27th September, 2002, both days inclusive.
3. The Shares of the Company are listed on Stock Exchange at Mumbai and Ahmedabad. The Company has paid the Annual Listing fees to the Stock Exchanges up-to-date.
4. Members are requested to intimate change in their address immediately to the Company's Registrar and Share Transfer Agents M/s.Sharepro Services at any of their addresses given below.
6. Members are requested to ring their copies of balance Sheet at the Annual General Meeting.
5. Members holding Shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios alongwith relevant Share Certificates to the Company's Registrar and Share Transfer Agents M/s. Sharepro Services at any of their addresses given below.
7. The members/proxies should ring the attendance slip duly filled in and signed for attending the meeting.
8. Members are requested to quote Ledger Folio Number in all their correspondence.

**REGISTRAR & TRANSFER AGENTS :****M/S. SHAREPRO SERVICES****(UNIT : JAYSYNTH DYESTUFF (INDIA) LTD.)**

- |   |   |
|---|---|
| 1. SATAM ESTATE, 3RD FLOOR,<br>ABOVE BANK OR BARODA, CHAKALA,<br>ANDHERI (EAST),<br>MUMBAI - 400 099. | 2. 912, RAHEJA CENTRE,<br>FREE PRESS JOURNAL MARG,<br>NARIMAN POINT,<br>MUMBAI - 400 021. |
|---|---|

**INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:**

Particulars of the Director who is proposed to be re-appointed are given below:

Name	Shri Maganlal J. Thacker		
Age	68 years		
Qualifications	Chartered Accountant		
Expertise	Specialised in matters related to Accounts, Finance, Income-tax and Corporate Laws. He is a Director of the Company since Company's Incorporation:		
Other Directorship	Name of the Company	Committee	Status
	1. M.M.Thakkar Investment Co. Pvt. Ltd.	—	—
	2. Viha Investment Co. Pvt. Ltd.	—	—
	3. Star Ship Pvt. Ltd.	—	—

**JAYSYNTH DYESTUFF (INDIA) LIMITED****DIRECTORS' REPORT**

Your Directors hereby present their Seventeenth Annual Report for the year ended March 31, 2002.

**1. FINANCIAL RESULTS :**

The financial results of your company for the year ended March 31, 2002 as compared to the previous year ended March 31, 2001, are summarized below:-

	YEAR ENDED MARCH 31, 2002	YEAR ENDED MARCH 31, 2001 [Rs. in Million]
Gross Sales	466.94	464.74
Other Income	24.39	17.89
Total Income	491.33	482.63
Loss Before Depreciation	(49.38)	(102.65)
Depreciation	(23.95)	(23.48)
Net Loss	(73.33)	(126.13)
Prior period items	(0.82)	-
Short Provision of Income Tax of earlier year	(0.01)	(0.25)
Provision of Tax for earlier years		
Profit/(Loss) Brought Forward	(218.54)	(92.16)
Balance Carried to Balance Sheet	(292.70)	(218.54)

**2. DIVIDEND :**

In view of loss incurred during the year, your directors regret their inability to recommend any Dividend. (Previous year - Nil).

**3. CHANGE OF REGISTERED OFFICE :**

For Administrative convenience, the Registered Office of the Company has been shifted from E-16, "Everest", Tardeo Road, Mumbai - 400 034 to 301, Sumer Kendra, Pandurang Budhkar Marg, Worli, Mumbai - 400 018 w.e.f. 30/07/2002.

**4. PERFORMANCE :**

During the year, under review production of Dyes & Pigments was 2336 M.T. as against 2614 M.T. during the previous year. Though, there was marginal increase in sales, your Company has incurred a Loss of Rs. 73.33 Million on a turnover of Rs. 466.94 Million during the year under review as against a loss of Rs. 126.13 Million on a turnover of Rs. 464.74 Million during the previous year.

**5. REFERENCE UNDER SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985 :**

As reported in our Report of the previous year, net worth of the Company was completely eroded as on March 31, 2001 and the Company had become a Sick Industrial Unit within the meaning of Clause 'O' of Sub-section 1 of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

The Company made reference to the Board for Industrial and Financial Re-construction (BIFR) u/s 15 of the said Act. The Hon'ble BIFR in its meeting held on August 09, 2002 has declared your Company as a 'Sick Industrial Company' and has appointed ICICI Bank Ltd. (ICICI) as the Operating Agency to formulate a Scheme for Rehabilitation of the Company.

**6. DEBENTURES :**

Because of stringent financial conditions experienced by the Company, debenture redemption amount have remained outstanding against privately placed Non-convertible Debentures (Series I, II & III), besides default in payment of interest/redemption premium due on the said Debentures.

**7. FINANCE :**

During the year under review, the Term liabilities under Foreign Currency Term Loan swelled by Rs. 0.71 Million due to devaluation of rupee against dollar.

Due to cash losses over the years, Company has not been able to make payment of interest and installments to the Financial Institutions.

The Hon'ble BIFR has appointed ICICI as the Operating Agency and to formulate a scheme for Rehabilitation of the Company and suitable restructuring of its financial obligations.

**8. DIRECTORS :**

Shri Maganlal J. Thacker retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

**9. 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.

**10. QUALIFICATION IN AUDITOR'S REPORT :**

The Auditors, in their Report for the Financial Year under review, have mentioned that no provision is made for post-maturity interest on Zero Coupon NCDs and additional interest/liquidity damages payable for the delayed payment of interest/installment amounting to Rs. 63,680,355/- to Financial Institutions/Debentureholders.

Your company is consistent in following this accounting policy and is disclosing the same to its Members.

Also, as mentioned in Para No. 5, the Hon'ble Board for Industrial & Financial Reconstruction, in its hearing held on August 9, 2002, has declared the company as 'Sick Industrial Company' and has appointed ICI as Operating Agency to formulate a Scheme for Rehabilitation of the Company. The said rehabilitation package shall deal with reliefs and concession to be granted by Financial Institutions and Banks to the Company for its revival and it is expected that these amounts shall be waived by respective Financial Institutions and Banks. Therefore, no provision has been made for the said amounts in the accounts.

**11. COST AUDIT :**

In accordance with the directive received from the Central Government, every year, 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. Accordingly, M/s.S.D.Shenoy, qualified Cost Accountants are appointed Cost Auditors of the Company for the Year ending March 31, 2003 subject to approval of the Central Government.

**12. AUDIT COMMITTEE :**

As required under Section 292A of the Companies Act, 1956, Audit Committee comprising of Shri S.S. Kothari, Shri R.M. Desai and Shri P.K. Kothari was formed. Three meetings of Audit Committee were held during the year under review.

**13. DIRECTORS' RESPONSIBILITY STATEMENT :**

In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors would like to state that:

- i. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the Directors have 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 profit or loss of the Company for that period;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguards in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the Annual Accounts on a going concern basis.

**14. 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 (Annexure - I) and forms part of this Report. Information regarding foreign exchange earnings & outgo is also given in the said Annexure.

**15. CORPORATE GOVERNANCE :**

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Report on Corporate Governance with Auditors' Certificate on compliance of conditions of Corporate Governance and a Management Discussion and Analysis Report is also annexed hereto (Annexure II & III respectively) and forms part of this report.

**16. 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.

**17. DEPOSITS :**

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

**18. INDUSTRIAL RELATIONS :**

Relations with Employees in general continued to remain cordial. Your Directors wish to acknowledge the sincere and dedicated efforts of employees of the Company.

**19. ACKNOWLEDGMENT :**

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Company's Bankers and the Financial Institutions during this difficult period.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE : MUMBAI  
DATE : 12TH AUGUST, 2002

S.S.KOTHARI  
CHAIRMAN

**JAYSYNTH DYESTUFF (INDIA) LIMITED****ANNEXURE - I TO THE DIRECTORS' REPORT 2001-2002**

Information in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 & forming part of the Directors Report for the year ended March 31,2002.

**FORM A: FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.****A: POWER & FUEL CONSUMPTION :**

	2001-02	2000-01
<b>1. ELECTRICITY :</b>		
<b>a) Purchased :</b>		
Units (in KWH)	5,433,601	7,222,720
Total Amount (Rs. in million)	29.93	38.82
Rate/Unit (Rs.) Average	5.51	5.37
<b>b) Own Generation :</b>		
i) Through Diesel Generator Units (in KWH)	128,208	190,272
Units per litre of Diesel Oil	2.11	3.34
Cost/Unit (Rs.)	4.02	2.71
ii) Through Steam Turbine/Generator Units (in KWH)	—	—
Units per litre of fuel Oil/gas	—	—
<b>2. COAL :</b>		
Quantity (Tonnes)	—	—
Total Cost (Rs. in Million)	—	—
Average Rate (Rs.)	—	—
<b>3. FURNACE OIL &amp; LDO :</b>		
Quantity (K. Litres)	3,014	3,943
Total Amount	25.57	35.62
Average Rate (Rs./Litre)	8.48	9.03
<b>4. OTHER/INTERNAL GENERATION :</b>	—	—

**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) 2000-2001.****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 efficiency.
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 better 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 :

	2001-02	2000-01 (Rs. In Million)
a) Capital	0.00	0.00
b) Recurring	0.30	0.80
c) Total expenditure	0.30	0.80
d) Total R & D Expenditure as % of total turnover	0.06%	0.17%

### 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 consistency 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.
4. Foreign Exchange Earnings & Outgo :

	2001-02	2000-01 (Rs. In million)
Foreign Exchange Earned	256.13	202.16
Foreign Exchange Used	9.94	0.81



**JAYSYNTH DYESTUFF (INDIA) LIMITED****ANNEXURE - II TO THE DIRECTORS REPORT 2001-02  
CORPORATE GOVERNANCE REPORT****1. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :**

Our philosophy of Corporate Governance is aimed at safeguarding and adding value to the interest of the various stakeholders of the Company including shareholders, lenders, employees, suppliers and public at large. The management is committed to Good Corporate Governance to ensure that all functions of the Company are discharged in a professionally sound and competent manner. Given below is the requisite information relating to corporate functioning of your Company for the process of due transparency on this aspect.

**2. BOARD OF DIRECTORS :**

The composition and of the Board of Directors and other details as on 31st March, 2002 are as under:

NAME OF THE DIRECTOR	CATEGORY	NO. OF DIRECTORSHIPS (excluding Directorship in Private Companies) & COMMITTEE MEMBERSHIPS/CHAIRMANSHIP		
		Other Director- -ships	Committee Member- -ships	Committee Chair- -manships
SHRI S. S. KOTHARI	NON-EXECUTIVE DIRECTOR	4	1	1
SHRI M. K. KOTHARI	MANAGING DIRECTOR	2	1	1
SHRI R.K. KOTHARI	WHOLE-TIME DIRECTOR	2	1	1
SHRI M.J. THACKER	INDEPENDENT DIRECTOR	-	-	-
SHRI R.M. DESAI	INDEPENDENT DIRECTOR	-	-	-
SHRI P.K. KOTHARI	INDEPENDENT DIRECTOR	-	-	-

During the year under review, five Board Meetings were held on 23rd June 2001, 31st July 2001, 10th August 2001, 31st October 2001 and 31st January 2002.

NAME OF DIRECTOR	CATEGORY	NO. OF BOARD MEETINGS ATTENDED	WHETHER ATTENDED THE AGM
SHRI S. S. KOTHARI	NON-EXECUTIVE DIRECTOR	5	YES
SHRI M. K. KOTHARI	MANAGING DIRECTOR	5	YES
SHRI R.K. KOTHARI	WHOLE-TIME DIRECTOR	5	YES
SHRI M.J. THAKKAR	INDEPENDENT DIRECTOR	5	YES
SHRI R.M. DESAI	INDEPENDENT DIRECTOR	4	YES
SHRI P.K. KOTHARI	INDEPENDENT DIRECTOR	5	YES

**3. COMMITTEES OF THE BOARD****i. Audit Committee**

Terms of reference of Audit Committee are as per the guidelines set out in the listing agreements with the Stock Exchanges which inter alia include overview of the Company's financial reporting process, review of half-yearly and annual financial statements, adequacy of internal control systems, financial and risk management policies and significant findings and adequacy of internal audit function etc.

The audit Committee was constituted in April 2001 comprising of three members all of whom are independent Directors. The Chairman of the Audit Committee is Shri Sharadchandra S. Kothari and the members are Shri R.M.Desai and Shri P.K.Kothari.

Shri L.J. Shah, General Manager-Internal Audit and representatives of M/s.C.J. Shah & Associates, the statutory auditors are permanent invites to the Audit Committee meetings. The Company also has Internal Audit Team which submits its report to the Audit Committee. Shri S. Varadarajan, Company Secretary acts as a Secretary to the Committee.

Three meetings of the Audit Committee are held since its formation.

Director	Meetings attended
Shri S.S.Kothari	3
Shri R.M.Desai	3
Shri P.K.Kothari	2



ii. **Share Transfer/Investors Grievances Committee:**

The Board constituted Share Transfer Committee on 28th January, 1993. The Share Transfer/Investors Grievances Committee meetings are regularly held as per requirement. All matters concerning transfer and transmission of shares, Issue of Duplicate Share Certificates in lieu of lost/misplaced/mutilated share certificates, and splitting and consolidation of share certificates. At the Board of Directors Meeting held on 31st January 2002, the Share Transfer Committee is redesignated as Investors' Grievances Committee. Terms of reference of the redesignated Investors' Grievances Committee are approval and registration of transfer/transmissions of shares of the Company, Issue of Duplicate Share Certificates in lieu of lost/misplaced/mutilated share certificates, splitting/consolidation of share certificates and also include looking into the Investors complaints on transfer of shares, non-receipt of Company's Balance Sheet, non-receipt of declared dividends etc. and redressal thereof.

During the Year ended 31st March, 2002, Share Transfer Committee/ Investors' Grievances Committee held meetings as under

Name of Director	No. of Meetings attended
Shri S.S.Kothari	8
Shri R.K.Kothari	8
Shri P.K.Kothari	8

During the year under review, no complaints were received from shareholders.

All valid share transfers received during the year under review have been acted upon and no such transfer is pending.

Shri Suresh Varadarajan, the Company Secretary, is the Compliance Officer of the Company.

iii **Directors' Remuneration Committee:**

Being a non-mandatory requirement, the remuneration committee has not been constituted. All decisions on Executive Directors are taken by the Board of Directors and approved by the shareholders at the General Meeting.

Non-executive Directors are paid Sitting Fees of Rs. 1000/- for every meeting of Board and Audit Committee attended by them.

The remuneration of Managing Director and of Whole-time Director was fixed by the Board and approved by the shareholders at the last Annual General Meeting held on 10<sup>th</sup> August, 2001 for a period of two years w.e.f. 1st August 2001.

The details of remuneration paid to Directors during the Year 2001-02 are as under :

Name of Director	Sitting Fees (Rs.)	Salaries & Perquisites (Rs.)	Total (Rs.)
SHRI S.S. KOTHARI	8,000	-	8,000
SHRI M.K. KOTHARI	-	296,207	296,207
SHRI R.K. KOTHARI	-	299,399	299,399
SHRI M.J. THAKKAR	4,000	-	4,000
SHRI R.M. DESAI	7,000	-	7,000
SHRI P.K. KOTHARI	7,000	-	7,000

4. **GENERAL BODY MEETINGS :**

Details of last three Annual General Meetings are as under:

AGM	Date	Time	Venue	No. of Special Resolutions passed
14TH	28th December, 1999	9.30 a.m.	301, Sumer Kendra, Pandurang Budhkar Marg, Worli, Mumbai 400 018.	1
15TH	30th December, 2000	9.30 a.m.	301, Sumer Kendra, Pandurang Budhkar Marg, Worli, Mumbai 400 018.	1
16TH	10th August, 2001	9.30 a.m.	301, Sumer Kendra, Pandurang Budhkar Marg, Worli, Mumbai 400 018.	2