

ANNUAL REPORT

2004 - 05

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JAYSYNTH DYESTUFF (INDIA) LTD.

BOARD OF DIRECTORS

SHRI SHARADCHANDRA S. KOTHARI
CHAIRMAN

SHRI MAHENDRA 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. Valsad,
Gujarat.

REGISTRAR & TRANSFER AGENTS :

SHAREPRO SERVICES (INDIA) PVT. LTD.

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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JAYSYNTH DYESTUFF (INDIA) LIMITED**NOTICE**

NOTICE is hereby given that the Twentieth 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 Thursday, the 29th day of September, 2005 at 9.30 a.m. to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt Director's Report and Audited Profit and Loss Account for the financial year ended March 31, 2005 and the Balance Sheet as at that date.
2. To appoint a Director in place of Shri P.K.Kothari who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass the following Resolution with or without modifications, as an Ordinary Resolution.

"RESOLVED THAT the Company hereby accords its approval and consent under Sections 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, to the appointment of Shri M.K.Kothari as Whole-Time Director of the Company for a period of one year with effect from 1st August, 2005 to 31st July, 2006 upon the terms, conditions and stipulations contained in an Agreement to be entered into between the Company and Shri M.K.Kothari, a draft whereof is placed before the meeting and for the purpose of identification, is initialled by the Chairman hereof, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors, to alter and vary the terms and conditions of the said appointment as may be agreed to between the Board of Directors and Shri M.K.Kothari

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all necessary or desirable steps and to do all such acts, deeds, matters and things as may be considered necessary, desirable, expedient for the purpose of effectuating the appointment of Shri M.K.Kothari as Whole-Time Director and matters incidental thereto."

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 explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business of the above Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 26th September, 2005 to Thursday, the 29th September, 2005 both days inclusive.
4. The Shares of the Company are listed on Stock Exchange at Mumbai. The Company has paid up-to-date the Annual Listing fees to the Stock Exchange, Mumbai.
5. Members are requested to quote Folio Numbers/Client ID and DP ID numbers in all their correspondence.
6. Members are requested to intimate change in their address immediately to the Company's Registrar and Share Transfer Agents M/s.Sharepro Services (India) Pvt. Ltd. at any of their addresses given below.
7. Members holding Shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with relevant Share Certificates to the Company's Registrar and Share Transfer Agents M/s.Sharepro Services (India) Pvt. Ltd. at any of their addresses given below.
8. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
9. In terms of Section 109A of the Companies Act, 1956, the Shareholder(s) of the Company may nominate a person. Shareholder(s) desiring of availing this facility may submit nomination Form 2B to the Company's Registrar and Share Transfer Agents M/s.Sharepro Services (India) Pvt. Ltd. at any of their addresses given below.
10. In terms of Notification issued by the Security and Exchange Board of India, Equity Shares of the Company are under compulsory demat trading by all investors. Shareholders are, therefore, advised to dematerialise their shareholding to avoid inconvenience in future.
11. Members are requested to bring their copies of Balance Sheet at the Annual General Meeting.
12. The members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
13. Members are requested to quote Ledger Folio Number in all their correspondence.
14. **Re-appointment of Directors**

At the ensuing Annual General Meeting, Shri P.K.Kothari retires by rotation and being eligible offers himself for re-appointment. The Members' approval for appointment of Shri P.K.Kothari as Director. The information, as required under the listing agreement, in relation to the aforesaid Director is as Under:

Shri P.K.Kothari aged 45, he is a Chartered Accountant. He is a Director of the Company since 04.04.2001. Shri P.K.Kothari is having more than 10 years of wide and varied experience in the areas of finance, accounts and management.

Shri P.K.Kothari is not a Director in any other Company.

Shri M.K.Kothari aged 58, has studied up to Second year Engineering. He is a Director of the Company since 04.05.1992. Shri M.K.Kothari is having more than 25 years of wide and varied experience in the areas of projects, production and business management. He is well conversant with trade and industries.

20th Annual Report 2004-05**Details of Directorship and Chairmanship/Membership of Committees of the board of Companies of Shri M.K. Kothari****Directorship**

JD Orgochem Ltd.
Jaysynth Polychem Pvt. Ltd.
Cutch Chemical Pvt. Ltd.

Chairman of Committee of the Board

JD Orgochem Ltd.
Audit Committee,
Share Transfer / Grievance Committee

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

(UNIT : JAYSYNTH DYESTUFF (INDIA) LTD.

1. SATAM ESTATE, 3RD FLOOR,
ABOVE BANK OF BARODA, CHAKALA,
ANDHERI [EAST], MUMBAI - 400 099

2. 912, RAHEJA CENTRE,
FREE PRESS JOURNAL MARG,
NARIMAN POINT, MUMBAI - 400 021.

MUMBAI : AUGUST 26th, 2005.

REGD.OFFICE :

301, "SUMERKENDRA"
P.B. MARG, WORLI,
MUMBAI - 400 018

BY ORDER OF THE BOARD

S. VARADARAJAN
COMPANY SECRETARY

EXPLANATORY STATEMENT AS REQUIRED BY THE SECTION 173 OF THE COMPANIES ACT, 1956.**ITEM NO.4**

As the members of the Company are aware Shri M.K.Kothari is on the Board of Directors of the Company since 04/05/1992. Shri M.K.Kothari was appointed at the Eighteenth Annual General Meeting of the Company held on 29th September, 2003 as a Whole-Time Director of the Company for a period of two years w.e.f. 1st August, 2003. Shri M.K. Kothari's term of office as a Whole-Time Director of the Company expired on 31st July 2005 and at the meeting of the Board of Directors held on 29th July, 2005, Shri M.K.Kothari is re-appointed as a Whole-Time Director of the Company for a period of one year w.e.f. 1st August, 2005 and members' approval is sought for his re-appointment.

The terms and conditions of his appointment are as detailed in para "A" below.

A. The terms of appointment and remuneration of Shri M.K.Kothari as a Whole-Time Director contains following terms and conditions :-
Salary: He will not get any salary.

The draft Agreement between the Company and Shri M.K.Kothari inter alia also contain the following terms and conditions :-

- Shri M.K.Kothari shall conduct the day-to-day management of the Company subject to the supervision and control of the Board of Directors. Shri M.K.Kothari shall not be liable to retire by rotation.
- If at any time Shri M.K.Kothari cease to be Director of the Company for any reason whatsoever, he shall ceased to be Whole-Time Director.
- Shri M.K.Kothari shall not be entitled to supplement his earnings with any buying or selling commission. He shall not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.
- Shri M.K.Kothari shall be provided a car with driver and also telephone facility for the use at his residence but personal long distance telephone calls will be billed by the Company.
- The Agreement may be terminated by either party giving the other party three months' notice.
- The draft Agreement also sets out the mutual rights and obligations of the Company and of Shri M.K.Kothari. In compliance with the provisions of the Companies Act, 1956, the terms of remuneration specified above are now being placed before the members in Annual General Meeting for their approval. The Board commends the Resolution for acceptance by the members.

The draft of the Agreement to be entered into by the Company with Shri M.K.Kothari is available for inspection by the members of the Company at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company excluding Public holiday.

Shri M.K.Kothari, may be deemed to be concerned or interested in the resolution. None of the other Directors are concerned or interested in the Resolution.

The above may be treated as an extract of the terms of appointment between the Company and Shri M.K.Kothari pursuant to Section 302 of the Companies Act, 1956.

REGD.OFFICE :

301, "SUMERKENDRA"
P.B. MARG, WORLI,
MUMBAI - 400 018

BY ORDER OF THE BOARD

S. VARADARAJAN
COMPANY SECRETARY

DIRECTORS' REPORT

Your Directors hereby present their Twentieth Annual Report for the year ended March 31, 2005.

1. FINANCIAL RESULTS :

The financial results of your company for the year ended March 31, 2005 as compared to the previous year ended March 31, 2004, are summarized below:-

	YEAR ENDED MARCH 31, 2005	YEAR ENDED MARCH 31, 2004 [Rs. in Million]
Gross Sales	559.81	589.31
Other Income	14.00	24.76
Total Income	573.81	614.07
Profit (Loss) Before Depreciation	26.24	(60.71)
Less : Depreciation	22.71	(24.53)
Profit / (Loss) for the year	03.53	(85.24)
Add : Waiver & Concessions by the Creditors & Shareholders in terms of restructuring proposal under CDR forum & Scheme of Compromise/ Arrangement u/s. 391-392 of the companies Act, 1956	655.44	-
Less : Prior Period Expenses (Net)	(6.44)	-
Add : Transfer from Debenture Redemption Reserve	25.71	-
Less : Transfer to General Reserve	(210.00)	-
Less : Loss Brought Forward	(466.33)	(381.09)
Balance Carried to Balance Sheet	(1.91)	(466.33)

2. DIVIDEND :

In view of brought forward losses of previous year, your Directors do not recommend any Dividend. (Previous year - Nil).

3. YEAR IN RETROSPECT :

During the year under review, production of Dyes & Pigments was 2946 M.T. as against 2878 M.T. during the previous year. The total sales for the year under review were Rs.559.81 Million as against Rs.589.31 Million registered during the previous year. Your Company has made a profit of Rs. 3.53 Million during the year under review as against loss of Rs.85.24 Million during the previous year.

4. PROPOSAL UNDER CRD GUIDELINES AND SCHEME OF COMPROMISE / ARRANGEMENT U/S 391 OF THE COMPANIES ACT, 1956 :

The Company submitted a proposal for financial restructuring of its liabilities to all the Financial Institutions and Banks under CDR guidelines of the RBI and the said Restructuring Proposal was accepted by all the participating Institutions and Banks except one of the lenders, i.e. UTI, who is not participating in the said CDR mechanism. Subsequently, the company proposed a composite Scheme of Compromise / Arrangement under section 391 & 392 of the Companies Act, 1956 so as to cover all the lenders and to implement other parts of the proposal i.e. with respect to reduction in the Equity Share Capital and Preference Share Capital and compromise by the Unsecured Creditors as envisaged therein. The said Scheme of Compromise / Arrangement has since been approved by the Hon'ble High Court of Bombay on December 17, 2004. Certified true Copy of the Court's Order has also been filed by the Company with the Registrar of Companies, Maharashtra, Mumbai on December 30, 2004. In terms of the said Scheme of Compromise/ Arrangement the waivers & concession by creditors & shareholders are as under :-

- The dues of all the Secured Creditors have been reduced to 44% of the outstanding amount of the principal as on the Cut Off Date in full and final settlement of their entire dues, which shall be paid over a period of 2 years. However, the Secured Creditor / s intending to receive their dues upfront have the opinion to receive the balance amount on Present Value basis by discounting the installments amount @ 10% p.a.
- The dues of Unsecured Creditors (i.e. the Unsecured Creditors who have lent or deposited monies in the nature of Unsecured Loans or Deposits, not being a deposit within Section 58A of the Act, with the Company but it does not include Trade Creditors or other Current liabilities incurred in the ordinary course of business) as on the Cut Off date have been reduced by 90%.

- The issued, subscribed and paid-up Equity Share Capital of the Company been reduced by 90%.
- The issued, subscribed and paid-up Preference Share Capital of the Company has been reduced by 90%
Moreover, the accumulated unpaid Preference Dividend for the period upto March 31, 2004 has also been waived and the rate of Preference Dividend has been reduced from 9% Cumulative to 5% Non-Cumulative with effect from April 1, 2004.

As a result of wavers & concessions by Creditors & Shareholders in terms of the said Scheme of Compromise / Arrangement, the net worth of your company has turned positive.

The scheme also provides for a right Issue of new 11 Equity Shares of Re. 1/- each for every 1 existing Equity share of Re. 1/- held by the Equity Shareholders whose name appear on the Register of members on the Record Date to be fixed by the Board of Directors in consultation with Stock Exchange. Mumbai

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

As you are aware, the accumulated loss of the Company having exceeded its net worth as at March 31,-2001, it was referred to the Board for Industrial and Financial Reconstruction and at the hearing held on August 9, 2002 and it was declared a "Sick Industrial Company" under Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. ICICI Bank Ltd. appointed was Operating Agency for the purpose of formulating a Revival Scheme for Rehabilitation of the Company. During the process of formulation of the Revival Scheme, the Company has been able to get its secured liabilities settled through the CDR mechanism. Subsequently, based on the said settlement, a Scheme of Compromise/Arrangement was filed with the Hon'ble High Court Mumbai u/s 391 – 392 of the Companies Act, 1956 which was sanctioned vide its order dated December 17, 2004. The said Scheme came into effect on December 30, 2004. The Company is repaying dues of its Secured Creditors as per said scheme and there are no overdues. As a result of the better performance made by the Company during financial year 2004-05 and as a result of the waivers made by Financial Institutions, Banks and others as per the sanctioned Scheme, the Net Worth of the Company at the end of the financial year has become positive to Rs.247.80 million and, therefore, the Company has ceased to be a "Sick Industrial Company" as the provisions of Sick Industrial Companies (Special Provisions) Act, 1985. Your Board has proposed to approach Hon'ble BIFR for de-registration of the reference filed by the Company

6. DEBENTURES :

As mentioned above, the liabilities under the three Series of Debentures have since been restructured and the Company has repaid Rs.8.84 Million against Series-I in full and final settlement and Rs.7.59 Million against Series-II and Series-III in part payment and there are no overdues, in terms of the said Scheme of Compromise/Arrangement.

7. FINANCE :

As mentioned above, the liabilities of various Term Lenders and Working Capital Bankers have since been restructured. The Company has repaid Rs.85.25 Million to various Lenders and there are no overdues in terms of the said Scheme of Cdmromise/Arrangement.

8. FUTURE PLANS & STRATEGY

The Company is actively considering improving working of the Company by introducing new product range, entering into technical / trade collaboration, amalgamation, disposal or acquisition of undertaking. The Board of Directors has authorised the Chairman to explore various possibilities including amalgamation / merger and to report to the Board.

9. DIRECTORS :

Shri Pankaj K.Kothari retires by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

The Board of Directors at their meeting held on 29/07/2005 has re-appointed Shri M.K.Kothari as a Whole-time Director of the Company for a period of 1 year i.e. from 01/08/2005 to 30/07/2006 without any remuneration. Necessary resolution is incorporated in the notice of the ensuing Annual General Meeting of the Company.

10. DEPOSITS :

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

11. 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.

- 12. 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.
- 13. AUDITORS REMARKS :**
The Auditors, in their report under Sr.No.3 (v)(a), have mentioned that Shri S.S.Kothari and Shri M.K.Kothari, are disqualified from being appointed as Directors in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
Shri S.S.Kothari and Shri M.K.Kothari are not being re-appointed at the ensuing Annual General Meeting of the Company.
- 14. 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.
- 15. COST AUDITORS :**
In accordance with the directive received from the Central Government, audit of the cost accounts relating to "DYES" manufactured by the Company is required to be conducted every year 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, 2005 subject to approval of the Central Government
- 16. DIRECTORS' RESPONSIBILITY STATEMENT :**
In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby state that:
i. in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
ii. we have 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 as on March 31, 2005 and of the profit or loss of the Company for the year ended on that date;
iii. we have 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 the fraud and other irregularities;
iv. we have prepared the Annual Accounts on a going concern basis.
- 17. CORPORATE GOVERNANCE :**
As per clause 49 of the Listing Agreement with the Stock Exchange, a separate Section on Corporate Governance Practices followed by the Company together with a certificate from the Company's Auditors conforming compliance is set out in the Annexure forming part of this Report.
- 18. INDUSTRIAL RELATIONS :**
The Company continued to maintain harmonious and cordial relations with employees at all levels.
- 19. ACKNOWLEDGMENT :**
Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Company's Customers, Suppliers, Bankers and the Financial Institutions during this difficult period.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE : MUMBAI
DATE : AUGUST 26th, 2005.

S.S.KOTHARI
CHAIRMAN

ANNEXURE - I TO THE DIRECTORS' REPORT 2004-2005

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 31,2005

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

	2004-05	2003-04
1. ELECTRICITY :		
a) Purchased:		
Units (in KWH)	6,009,147	5,774,340
Total Amount (Rs. in million)	31.24	30.05
Rate/Unit (Rs.) Average	5.20	5.20
b) Own Generation :		
i) Through Diesel Generator Units (in KWH)	42,672	294,663
Units per litre of Diesel Oil	3.00	3.40
Cost/Unit (Rs.)	3.55	5.37
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)	2,240	2,822
Total Amount	23.86	28.93
Average Rate (Rs./Litre)	10.65	10.26
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 & Chemical, 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) 2004-05.**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 :

	2004-05	2003-04 (Rs. In Million)
a) Capital	0.20	0.36
b) Recurring	0.01	0.23
c) Total expenditure	0.21	0.59
d) Total R & D Expenditure as % of total turnover	0.04%	0.10%

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 : (Rs. In Million)
- | | 2004-05 | 2003-04 |
|----------------------------|---------|---------|
| a) Foreign Exchange Earned | 325.48 | 336.98 |
| b) Foreign Exchange Used | 12.01 | 23.89 |

ANNEXURE - II TO THE DIRECTORS REPORT 2004-05
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 details of other Limited Co's, Directorship & Committee Membership/Chairmanship :

NAME OF THE DIRECTOR	CATEGORY	NO. OF DIRECTORSHIP (excluding Directorship in Private Companies) & COMMITTEE MEMBERSHIP/CHAIRMANSHIP		
		Other Directorships	Committee Memberships	Committee Chairmanships
SHRI S. S. KOTHARI	NON-EXECUTIVE DIRECTOR	1	1	1
SHRI M. K. KOTHARI	WHOLE-TIME DIRECTOR	1	1	1
SHRI M.J. THACKER	INDEPENDENT DIRECTOR	-	-	-
SHRI R.M. DESAI	INDEPENDENT DIRECTOR	1	-	-
SHRI P.K. KOTHARI	INDEPENDENT DIRECTOR	-	-	-

Shri R.K. Kothari – Ceased to be Director of the Company from the Conclusion of 19th Annual General Meeting of the Company held on 25th September, 2004.

Meetings and Attendance

During the year under review, five Board Meetings were held on 30th April, 2004, 26th June 2004, 30th July, 2004, 25th September 2004, 29th October, 2004, 29th January, 2005 and 31st March, 2005.

NAME OF DIRECTOR	CATEGORY	NO. OF BOARD MEETINGS ATTENDED	WHETHER ATTENDED THE AGM
SHRI S. S. KOTHARI	NON-EXECUTIVE DIRECTOR	7	YES
SHRI M. K. KOTHARI	WHOLE-TIME DIRECTOR	7	YES
SHRI R.K. KOTHARI #	NON-EXECUTIVE DIRECTOR	4	YES
SHRI M.J. THAKKAR	INDEPENDENT DIRECTOR	7	YES
SHRI R.M. DESAI	INDEPENDENT DIRECTOR	7	YES
SHRI P.K. KOTHARI	INDEPENDENT DIRECTOR	6	YES

SHRI R.K. KOTHARI ceased to be director of the company from the conclusion of 19th Annual General Meeting of the Company held on 25th September 2004.

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 that 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.

Representatives of M/s. C.J.Shah & Associates, the statutory auditors are permanent invitees to the Audit Committee Meetings. The Internal Auditors submit their report to the Audit Committee. Shri S. Varadarajan, Company Secretary acts as a Secretary to the Committee.

Five meetings of the Audit Committee were held during the year.

Director	Meetings attended
Shri S.S.Kothari	5
Shri R.M.Desai	5
Shri P.K.Kothari	4

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

Terms of reference of the re-designated Investors' Grievances Committee are approval and registration of transfer and/or transmissions of shares of the Company, Issue of Duplicate Share/ Security Certificates in lieu of lost / misplaced / mutilated share certificates, and splitting and consolidation of Share Certificates, 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 redress thereof.

During the Year under review, Share Transfer/ Investors' Grievances Committee met 10 times and the attendance of the members at the meetings was as under :

Name of Director	No. of Meetings attended
Shri S.S.Kothari	10
Shri R.M.Desai	10
Shri M.K.Kothari	10

During the year under review, four complaints have been received from shareholder.

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:**

The Committee comprises of 1) Shri M.J. Thacker 2) Shri R.M. Desai 3) Shri P.K. Kothari.

The Committee has not met during the year under review

Remuneration paid to The Directors during the Years :

Name of Director	Sitting Fees	Salaries & Perquisites	Total (Rs.)
SHRI S.S. KOTHARI	12,000	-	12,000
SHRI M.K. KOTHARI	-	-	-
SHRI R.K. KOTHARI	4,000	-	4,000
SHRI M.J. THAKKAR	7,000	-	7,000
SHRI R.M. DESAI	12,000	-	12,000
SHRI P.K. KOTHARI	10,000	-	10,000

No Meeting was held during the year under review.