

Annual Report 2005-06

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JAYSYNTH DYESTUFF (INDIA) LTD.

BOARD OF DIRECTORS

Shri Parag S. Kothari
Chairman & Managing Director

Shri Nikhil S. Kothari

Shri Rajendra M. Desai

Shri Dhansukh N. Shukla

COMPANY SECRETARY

Mr. Suresh Varadarajan

AUDITORS

M/s. C.J.Shah & Associates
Chartered Accountants

PRINCIPAL BANKERS

HDFC Bank Limited
Syndicate Bank

REGISTERED OFFICE

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

REGISTRAR & TRANSFER AGENTS

Sharepro Services (India) Pvt.Limited

Satam Estate, 3rd Floor,
Above Bank of Baroda,
Chakala, Andheri (East),
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 21st Annual General Meeting of the members of the Company will be held at its Registered Office at 301, Sumer Kendra, Pandurang Budhkar Marg, Worli, Mumbai - 400 018 on Saturday, the 30th day of September, 2006 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, 2006 and the Profit and Loss Account of the Company for the year ended on that date together with the reports of the Board of the Directors and Auditors thereon.
2. To appoint Shri R. M. Desai who retires by rotation as a Director of the Company and being eligible for re-appointment, has offered himself for re-appointment as a Director.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :
"RESOLVED THAT Shri Parag S. Kothari who was appointed as an Additional Director by the Board of Directors of the Company and holds office till the date of the Annual General Meeting and being eligible for reappointment, be and is hereby appointed as director of the Company, not liable to retire by rotation."
5. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :
"RESOLVED THAT Shri Nikhil S. Kothari who was appointed as an Additional Director by the Board of Directors of the Company and holds office till the date of the Annual General Meeting and being eligible for reappointment, be and is hereby appointed as director of the Company, liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :
"RESOLVED THAT Shri P. M. Kale who was appointed as an Additional Director by the Board of Directors of the Company and holds office till the date of the Annual General Meeting and being eligible for reappointment, be and is hereby appointed as director of the Company, liable to retire by rotation."
7. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :
"RESOLVED THAT Shri D. N. Shukla who was appointed as an Additional Director by the Board of Directors of the Company and holds office till the date of the Annual General Meeting and being eligible for reappointment, be and is hereby appointed as director of the Company, liable to retire by rotation."
8. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :
"RESOLVED THAT pursuant to Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), read with Schedule XIII of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby approves the appointment and the terms of appointment of Shri Parag S. Kothari as Managing Director for a period of five years with effect from 01.06.2006 upon principal terms and conditions as set out in the Explanatory statement annexed to the Notice convening this meeting with liberty and power to the Board of Directors (hereinafter referred to as "the Board" which expression shall also include the Remuneration Committee of the Board), in the exercise of its discretion, to grant increment and to alter and vary from time to time the terms and conditions of the said appointment."
"RESOLVED FURTHER THAT the board be and is hereby authorized to do all such act, deeds and matters and things as may be necessary, proper expedient or desirable to give effect to this Resolution and to alter very remuneration the terms of appointment and increase and alter the remuneration without requiring any further resolution or consent of or reference to the members and to alter modification as may be deemed to be in the best interest of the Company."

PLACE : MUMBAI

DATED : August 22, 2006

REGISTERED OFFICE :

301, "SUMER KENDRA"

P. B. MARG, WORLI, MUMBAI - 400 018.

BY ORDER OF THE BOARD

SURESH VARADARAJAN
COMPANY SECRETARY


JAYSYNTH DYESTUFF (INDIA) LIMITED
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 Wednesday, the 27th September, 2006 to Saturday, the 30th September, 2006 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 Exchanges, 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) desires 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/ ID Number and DP Number in all their correspondence.

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. |
|---|--|

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.
Item No. 4 :

Shri Parag S. Kothari was appointed as an Additional Director on 26th April, 2006, pursuant to Section 260 of the Companies Act, 1956. He holds office of director up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member along with required deposit, proposing the candidature of Shri Parag S. Kothari for the office of director under the provisions of Section 257 of the Companies Act, 1956. Brief profile of the Director is given in the Annexure to the Notice in pursuance of Clause 49 of the Listing Agreement. None of the Directors, except Shri Parag S. Kothari himself and Shri Nikhil S. Kothari as relative of Shri Parag S. Kothari are concerned or interested in the Ordinary Resolution.

Item No. 5 :

Shri Nikhil S. Kothari was appointed as an Additional Director on 26th April, 2006, pursuant to Section 260 of the Companies Act, 1956. He holds office of director up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member along with required deposit, proposing the candidature of Shri Nikhil S. Kothari for the office of director under the provisions of Section 257 of the Companies Act, 1956. Brief profile of the Director is given in the Annexure to the Notice in pursuance of Clause 49 of the Listing Agreement. None of the Directors, except Shri Nikhil S. Kothari himself and Shri Parag S. Kothari as relative of Shri Nikhil S. Kothari are concerned or interested in the Ordinary Resolution.

Item No. 6 :

Shri P. M. Kale was appointed as an Additional Director on 28th January, 2006, pursuant to Section 260 of the Companies Act, 1956. He holds office of director up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member along with required deposit, proposing the candidature of Shri P. M. Kale for the office of director under the provisions of Section 257 of the Companies Act, 1956. Brief profile of the Director is given in the Annexure to the Notice in pursuance of Clause 49 of the Listing Agreement. None of the Directors except Shri P. M. Kale himself are concerned or interested in the Ordinary Resolution.

Item No. 7 :

Shri D. N. Shukla was appointed as an Additional Director on 27th May, 2006, pursuant to Section 260 of the Companies Act, 1956. He holds office of director up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member along with required deposit, proposing the candidature of Shri D. N. Shukla for the office of director under the provisions of Section 257 of the Companies Act, 1956. Brief profile of the Director is given in the Annexure to the Notice in pursuance of Clause 49 of the Listing Agreement. None of the Directors except Shri D. N. Shukla himself are concerned or interested in the Ordinary Resolution.

Item No. 8 :

The Board of Directors of the Company has appointed Shri Parag S. Kothari as Managing Director of the Company with effect from 1st June, 2006 subject to approval of Shareholders in the General Meeting and such other approvals as may be required, for a period of five years.

The terms and conditions of his appointment are as detailed below :-

A. Remuneration :

- i. **Basic Salary** – Rs.60,000/- per month with such increment(s) as may be decided by the Chairman/ Board.
- ii. **Bonus/ Ex-gratia** – As may be decided by the Board of Directors of the Company.

B. Perquisites :

- i. **Housing Accommodation** – Company's owned/hired/leased accommodation or House Rent Allowance as per the Company's policy subject to a maximum of 50% of the basic salary in lieu of Company provided accommodation, along with benefits of gas, fuel, water, electricity, telephones as also upkeep of and maintenance of such accommodation.
- ii. **Leave Travel Allowance** – Once in a year for self and family, subject to a ceiling of one month's basic salary.
- iii. **Medical Reimbursement** – Reimbursement of actual expenses incurred in India for domiciliary care for self and family. Reimbursement of additional medical insurance premium upto Rs.15,000/- per annum for self and family and hospitalization expenses not covered under the insurance policy for self and family.
- iv. **Club Fees** – Fees of one Corporate Club in India (including admission and membership fee)
- v. **Provident Fund** – As per the Rules of the Company.
- vi. **Leave and Encashment of Leave** – As per the Rules of the Company.
- vii. **Gratuity** – As per the payment of Gratuity Act on completion of five years of continuous service with the group.
- viii. **Personal Accident Insurance** – Coverage of Rs.10,00,000/- for self as per the Rules of the Company.
- ix. **Car** – Car with driver for use on Company's business as per the policy of the Company.
- x. **Telephone** – Telephone at Residence for use on Company's business as per the policy of the Company.
- xi. **Education allowance** – Children education allowances will be paid as may be decided by the Board of Directors
- xii. **Entertainment expenses** – Reimbursement of actual entertainment expenses incurred in the course of business of the Company.

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

- (a) Shri Parag S. Kothari shall conduct the day-to-day management of the Company subject to the supervision and control of the Board of Directors. Shri Parag S. Kothari shall not be liable to retire by rotation.
- (b) If at any time, Shri Parag S. Kothari ceases to be Director of the Company for any reason whatsoever, he shall cease to be Managing Director.
- (c) Shri Parag S. 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.
- (d) The Agreement may be terminated by either party giving the other party three months' notice.
- (e) The draft Agreement also sets out the mutual rights and obligations of the Company and of Shri Parag S. 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 Parag S. 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 Parag S. Kothari and Shri Nikhil S. Kothari as relative of Shri Parag S. Kothari may be deemed to be concerned or interested in the resolution. None of the other Directors are concerned or interested in the Ordinary Resolution.

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

PLACE : MUMBAI

DATED : August 22, 2006

REGISTERED OFFICE :

301, "SUMER KENDRA"

P. B. MARG, WORLI, MUMBAI - 400 018.

BY ORDER OF THE BOARD

SURESH VARADARAJAN
COMPANY SECRETARY



JAYSYNTH DYESTUFF (INDIA) LIMITED

ANNEXURE TO NOTICE DATED AUGUST 22, 2006

Details of Directors Seeking Appointment/ Re-Appointment at the forthcoming Annual General Meeting
(pursuant to Clause 49 of the Listing Agreement)

NAME (SHRI)	P.S. KOTHARI	N.S. KOTHARI	R.M.DESAI	P.M. KALE	D.N. SHUKLA
Age (years)	38	36	54	57	79
Date of Appointment on the Board	April 26, 2006	April 26, 2006	June 27, 2000	January 28, 2006	May 27, 2006
Qualification	B.E. (Electronics) and Diploma in Business Management from University of Pennsylvania, U.S.A.	B.E. (Electronics)	B.Com., FCA	B.Tech from I.I.T., Mumbai	B.Com., C.A.I.I.B.
Experience	Over eighteen years of experience in Industry.	Over fifteen years of experience in Industry. He has considerable experience in the field of marketing & management.	Served ICICI Bank Ltd., for over twenty years at various management levels. He has wide and varied experience in the field of financial management and is a Finance Consultant.	Served ICICI Bank Ltd., for over twenty years at various management levels. He has wide and varied experience in the field of corporate finance and management and is a Business Consultant.	He is an ex-executive Director of Bank of India. He has wide and varied experience in Banking and Corporate finance.
Directorship held in Other Public Companies (excluding Foreign, Private and Section 25 companies)	1. Digi Softech Ltd. 2. Jaysynth Impex Ltd.	1. Digi Softech Ltd. 2. Jaysynth Impex Ltd.	Nil	Visaka Cement Industries Ltd.	1. Smita Medical Products Ltd., 2. Simco Trading & Finance Co. Ltd., 3. Jaysynth Anthraquinones Ltd., 4. Times Guarantee Ltd., 5. Shree Vindhya Paper Mills Ltd. 6. Jaysynth Impex Ltd.
Membership/ Chairmanship of Committees across Public Company	Chairman Shareholders'/ Investors' Grievance Committee - Jaysynth Dyestuff (India) Ltd.	Member Shareholders'/ Investors' Grievance Committee - Jaysynth Dyestuff (India) Ltd.	Member Audit Committee, Remuneration Committee and Shareholders'/ Investors' Grievance Committee - Jaysynth Dyestuff (India) Ltd.	Member Audit Committee and Remuneration Committee - Jaysynth Dyestuff (India) Ltd.	Chairman Audit Committee - 1. Jaysynth Dyestuff (India) Ltd. 2. Jaysynth Anthraquinones Ltd. 3. Times Guarantee Ltd. Remuneration Committee - Jaysynth Dyestuff (India) Ltd. Member 1. Shree Vindhya Paper Mills Ltd.
Shareholding of Non-executive Directors	Not Applicable	780,411	NIL	NIL	NIL

DIRECTORS' REPORT

Your Directors hereby present their Twenty First Annual Report for the year ended March 31, 2006.

1. FINANCIAL RESULTS :

The financial results of your company for the year ended March 31, 2006 as compared to the previous year ended March 31, 2004, are summarized below:-

	YEAR ENDED MARCH 31, 2006	[Rs. in Million] YEAR ENDED MARCH 31, 2005
Gross Sales	538.39	559.81
Other Income	14.82	14.00
Total Income	553.21	573.81
Profit (Loss) before extraordinary items & depreciation	(45.07)	26.24
Loss on sale of the Vapi Undertaking	(46.09)	-
Depreciation	(22.84)	(22.71)
Profit / (Loss) for the year	(114.00)	3.53
Add : Waiver & Concessions by the Creditors & Shareholders	-	655.44
Less : Fringe Benefit Tax	(0.23)	-
Less : Prior Period Expenses (Net)	(0.33)	(6.44)
Add : Transfer from Debenture Redemption Reserve	20.20	25.71
Add : Transfer from General Reserve	100.00	-
Less : Transfer to General Reserve	-	(210.00)
Less : Balance Brought Forward	1.91	(466.33)
Balance Carried to Balance Sheet	7.55	(1.91)

2. DIVIDEND :

In view of loss incurred during the year, your Directors don't recommend any Dividend. (Previous year - Nil).

3. PERFORMANCE :

During the year under review, production of Dyes & Pigments (net of captive consumption) was 2311 M.T. as against 2721 M.T. during the previous year. The total sales for the period under review were Rs.538.39 Million as against Rs.559.81 Million registered during the previous year. Your Company has incurred a loss of Rs.114.00 Million during the year under review as against a profit of Rs.3.53 Million during the previous year.

4. SALE OF BUSINESS UNDERTAKING AT VAPI :

In pursuance of the Memorandum of Understanding dated November 6, 2005 and of the resolution passed by the requisite majority of the shareholders through postal ballot approving sale, transfer and assignment of the Company's Undertaking at Vapi, Gujarat, the Company completed sale, transfer and assignment of the Company's Undertaking at Vapi to M/s. Phthaloc Colours and Chemicals (India) Limited on March 20, 2006 at a consideration of Rs.223.20 Million.

5. DEBENTURES :

During the year under review, amounts due under Zero Coupon Debentures (Series-II and Series-III) were fully paid, in terms of the Scheme of Compromise/Arrangement approved under Section 391 & 394 of the Companies Act, 1956 duly sanctioned by the Hon'ble High Court, Bombay.

6. FINANCE :

During the year under review, all the Secured Loans & Unsecured Loans were repaid in full.

7. FUTURE PLANS :

The Company is exploring various business opportunities. In the meanwhile, the Company will continue trading activity in Dyes and Pigment business as it was doing prior to setting up of the Vapi Undertaking.

8. FIXED DEPOSITS :

The Company has not accepted any fixed deposits during the year under review.

9. DIRECTORS :

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 20 (a) of the Articles of Association of the Company, Shri Parag S. Kothari & Shri Nikhil S. Kothari were appointed as Additional Directors of the Company at the Board of Directors Meeting held on 26.04.2006 and Shri Prakash M. Kale & Shri Dhansukh N. Shukla were appointed as Additional Directors of the Company at the Board of Directors meeting held on 28.01.2006 and 27.05.2006, respectively. Since above Additional Directors so appointed hold the office only upto the date of ensuing Annual General Meeting, the Resolutions proposing their appointments as Directors are incorporated in the notice of the ensuing Annual General Meeting of the Company.

The Board of Directors appointed Shri Parag S. Kothari as Managing Director of the Company for a period of 5 years i.e. from

01.06.2006 to 31.05.2011 for which necessary resolution is also incorporated in the notice of the ensuing Annual General Meeting of the Company.

Shri Mahendra K. Kothari resigned as Whole-time Director of the Company with effect from 01.06.2006. The Board of Directors of the Company has taken on record deep sense of appreciation of valuable services rendered by him during his tenure as a Whole-time Director of the Company.

Shri Maganlal J. Thacker & Shri Pankaj K. Kothari resigned as Directors of the Company with effect from 30.01.2006 and Shri Sharadchandra S. Kothari resigned as Director of the Company with effect from 27.05.2006. The Board of Directors of the Company has taken on record deep sense of appreciation of valuable guidance given by them during their tenure as Directors of the Company.

Shri R M. Desai retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, has offered himself for re-appointment.

10. DEPOSITS :

Your Company has not accepted any deposits from the public.

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.

As mentioned herein above, Shri S. S. Kothari and Shri M. K. Kothari have since resigned as Directors 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 Accountant, is appointed as Cost Auditors of the Company for the Year ending March 31, 2006. Necessary approval in this regard is received from the Central Government.

16. DIRECTOR' 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 have been followed along with proper explanation relating to material departures;
- ii. appropriate accounting policies have been selected and applied consistently, and have 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 March 31, 2006 and of the loss of the Company for the year ended on that date;
- iii. proper and sufficient care has been taken 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. the Annual Accounts have been prepared 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 confirming compliance forms part of this Report.

18. MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

As per clause 49 of the Listing Agreement with the Stock Exchange, a separate Section on Management Discussion and Analysis Report is appended to this Report.

19. INDUSTRIAL RELATIONS :

The Company continued to maintain harmonious and cordial relations with employees at all levels.

20. ACKNOWLEDGMENT :

Your Directors would like to express their appreciation for continued 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
DATED : AUGUST 22, 2006

PARAG S. KOTHARI
CHAIRMAN

ANNEXURE-I TO THE DIRECTORS' REPORT

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 31,2006.

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

	2005-06	2004-05
1. ELECTRICITY :		
a) Purchased:		
Units (in KWH)	5,953,410	6,009,147
Total Amount (Rs. in million)	30.06	31.24
Rate/Unit (Rs.) Average	5.05	5.20
b) Own Generation :		
Through Diesel Generator Units (in KWH)	-	42,672
Units per litre of Diesel Oil	-	3.00
Cost/Unit (Rs.)	-	3.55
2. FURNACE OIL & LDO		
Quantity (K. Litres)	2,180	2,240
Total Amount	32.65	23.86
Average Rate (Rs./Litre)	14.98	10.65
3. 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) 2005-06.**RESEARCH & DEVELOPMENT :**

The company has strengthened its R & D facilities and added important analytical equipment to increase efficacy & speed of R & D Work during the year.

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

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

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

1. Improvement in product quality for competitive export & local market.
2. Pollution free environment in & around factory areas.
3. Economical efficient production & plant efficiency.
4. Continuous improvement in production process.

III. FUTURE PLAN OF ACTION :

The company has since disposed off its Vapi Undertaking where R & D activity was being carried out.

IV. EXPENDITURE ON R & D :

	2005-06	2004-05 (Rs. in Million)
a) Capital	0.06	0.20
b) Recurring	-	0.01
c) Total expenditure	0.06	0.21
d) Total R & D Expenditure as % of total turnover	0.01%	0.04%

V. TECHNOLOGY, ABSORPTION, ADAPTATION & INNOVATION:

The company has since disposed off its Vapi Undertaking where production activity was being carried out.

VI. FOREIGN EXCHANGE EARNINGS & OUTGO :

a) Foreign Exchange Earned	296.36	325.48
b) Foreign Exchange Used	72.92	12.01

ANNEXURE-II TO THE DIRECTORS' REPORT CORPORATE GOVERNANCE REPORT

1. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

The Company's Corporate Governance Policy is directed towards good governance and it is an on going process. The Company endeavors to comply with and to continuously improve on aspects of good Corporate Governance with emphasis on transparency, accountability and responsibility in dealing with employees, shareholders, consumers and community at large. The spirit of Corporate Governance has prevailed in the Company and has influenced Company's decisions and policies.

2.1 BOARD OF DIRECTORS :

The composition and of the Board of Directors and details of other limited companies Directorship & Committee Membership/ Chairmanship as on March 31, 2006 are given below. #

Name of The Director	Category	No. of Other Directorships	No. of Committee Membership/ Chairmanship in other Companies	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*	Non-executive Independent Director	-	-	-
Shri R. M. Desai	Non-executive Independent Director	1	-	-
Shri P. K. Kothari**	Non-executive Independent Director	-	-	-
Shri P. M. Kale***	Non-executive Independent Director	1	-	-

This does not include Private Companies, Section 25 Companies and Foreign Companies.

* Shri M. J. Thacker – Resigned as Director w.e.f. 30.01.2006

** Shri P. K. Kothari – Resigned as Director w.e.f. 30.01.2006.

*** Shri P. M. Kale – appointed as Additional Director w.e.f. 28.01.2006.

As per the disclosures made to the Company, none of the Director of the Company is a member in more than 10 Committees nor have they acted as Chairman of more than five Committees across all companies in which he is director.

2.2 MEETINGS AND ATTENDANCE :

During the year under review, eight Board Meetings were held on 29th April, 2005, 1st June 2005, 29th July, 2005, 26th August, 2005, 29th September 2005, 31st October, 2005, 5th November, 2005, and 28th January, 2006.

Name of Director	Category	No. of Board Meetings attended	Whether Attended the AGM
Shri S. S. Kothari	Non-executive Director	8	Yes
Shri M. K. Kothari	Whole-time Director	7	Yes
Shri M. J. Thacker*	Non-executive Independent Director	6	Yes
Shri R. M. Desai	Non-executive Independent Director	8	Yes
Shri P. K. Kothari**	Non-executive Independent Director	8	Yes
Shri P. M. Kale***	Non-executive Independent Director	1	NA

* Shri M. J. Thacker – Resigned as Director w.e.f. 30.01.2006

** Shri P. K. Kothari – Resigned as Director w.e.f. 30.01.2006.

*** Shri P. M. Kale – appointed as Additional Director w.e.f. 28.01.2006.

2.3 Directors appointed / ceased during the year under review:

(a) Appointed during the year:

Sr.No.	Name	Position	Date of Appointment
1.	Shri P. M. Kale	Additional Director	January 28, 2006

Term of appointment of Shri P. M. Kale is upto the ensuing Annual General Meeting. He is proposed to be re-appointed in the Annual General Meeting.

(b) Resignation during the year.

Sr.No.	Name	Position	Date of Cessation
1.	Shri M. J. Thacker	Director	January 30, 2006
2.	Shri P. K. Kothari	Director	January 30, 2006

2.4. Brief Profile of Directors:

(i) Shri Sharadchandra S. Kothari -

Shri Sharadchandra Shoorji Kothari is Graduate in Arts, Commerce and Law from the University of Mumbai. He is a