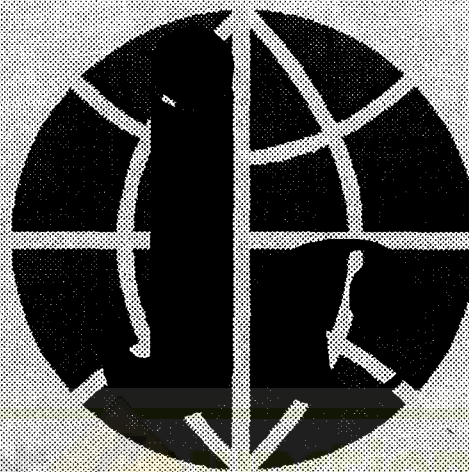




**JYOTI COSMETICS (EXIMI) LIMITED**



**NINTH ANNUAL REPORT  
2002 - 2003**



**JYOTI COSMETICS (EXIM) LIMITED.**

**JYOTI COSMETICS (EXIM) LIMITED.**

**NINTH ANNUAL REPORT**

**AS ON 31ST MARCH, 2003.**



**BOARD OF DIRECTORS**

JAGDISH N. PATEL	:	CHAIRMAN & MANAGING DIRECTOR
ASHOK P. PATEL	:	EXECUTIVE DIRECTOR
KANUBHAI J PATEL	:	DIRECTOR



**BANKERS**

INDIAN OVERSEAS BANK  
NARANPURA BRANCH, AHMEDABAD.

KALUPUR COMMERCIAL CO-OPERATIVE BANK LTD.  
ASHRAM ROAD BRANCH, AHMEDABAD.



**AUDITORS**

MAHESH G. VYAS & CO.  
CHARTERED ACCOUNTANTS  
BHESAT VADO, PATAN,  
NORTH GUJARAT



**REGISTERED OFFICE**

412/C, PAYAL COMPLEX,  
OPP. FORTUNE TOWER, SAYAJI GUNJ,  
VADODARA - 390 005



**CORPORATE OFFICE**

401, RAJKAMAL PLAZA - B,  
NR. SAMRUDDHI BLDG., OPP. OLD HIGH COURT,  
AHMEDABAD - 380 014.

**JYOTI COSMETICS (EXIM) LIMITED.****JYOTI COSMETICS (EXIM) LIMITED.**

REGISTERED OFFICE : 412/C, PAYAL COMPLEX, OPP. FORTUNE TOWER,  
SAYAJI GUNJ, VADODARA - 390 005.

**NOTICE**

NOTICE is hereby given that the **NINTH ANNUAL GENERAL MEETING** of the members of the company will be held on Monday, 29th September 2003 at 3.00 P.M. at 412/C, Payal Complex, Opp. Fortune Tower, Sayaji Gunj, Vadodara 390 005 to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2003 and Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a director in place of Shri Ashok P. Patel who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Shri Kanubhai J. Patel who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS :**

5. To considered and, if thought fit, to pass the following Resolution, with or without modification, as a Special Resolution :-

**"RESOLVED** that pursuant to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee or any person which the Board may nominate to exercise its powers, including the powers conferred under this Resolution) consent of the Company be and is hereby accorded to delist the equity shares of the Company from The Stock Exchange -Ahmedabad at Ahmedabad.

**RESOLVED FURTHER** that the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, usual or proper and to settle all questions, difficulties or doubts that may arise in regard to the aforesaid voluntary delisting of shares without being required to seek any further approval of the members."

**NOTES :**

1. A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself/herself and such proxy(s) need not be a member.
2. Proxies in order to be effective must be lodged with the company at its Registered Office not less than 48 hours before the commencement of the meeting.
3. Register of Members and Share Transfer Books of the Company will remain closed from 27th September, 2003 to 30th September, 2003 (both days inclusive).
4. Members are requested to intimate the changes, if any, in their registered addresses.

By Order of the Board

Place : Ahmedabad.  
Date : 30th June, 2003

**Jagdish N. Patel**  
Chairman

**JYOTI COSMETICS (EXIM) LIMITED.****EXPLANATORY STATEMENT : (Pursuant to Section 173(2) of the Companies Act, 1956)****ITEM NO. 5**

Presently, the Company's equity shares are listed on three Stock Exchanges namely, The Stock Exchange, Mumbai, The Stock Exchange-Ahmedabad and Vadodara Stock Exchange Limited.

With the wide and extensive networking of BSE the investors have access to online dealings in the Company's equity shares across the country. Moreover, the Company's equity shares are one of the scrips which the Securities and Exchange Board of India (hereinafter referred to as 'SEBI') has specified for settlement only in demate form by all the investors, effective 17th January, 2000. Accordingly, there is no physical movement of share certificates in transactions taking place on the stock Exchanges.

The trading volumes of the equity shares of the Company on the stock exchange at Ahmedabad is negligible and are disproportionate to the listing fees payable by the Company to the said Stock Exchange. Based on the information received from the Stock Exchanges on trading volumes, it is observed that out of the trading volumes on the three stock exchanges, where the Company's shares are listed, the volume on the said Stock Exchange reported nil in financial year 2002-03. The annual recurring listing fees paid to the said Stock exchange do not offer any particular benefit in the changed senario and the proposed voluntary delisting would contribute to the cost reduction measures initiated by the Company. It is, therefore, considered desirable to delist the equity shares of the Company from the said Stock Exchange subject to the Company complying with the provisions of SEBI (Delisting of Securities) Guidelines, 2003 and obtaining requisite approvals, permissions and sanctions in respect thereof. In terms of the SEBI Delisting guidelines, a public announcement regarding the proposed delisting would be made.

As the Company's equity shares shall continue to be listed on BSE which have nationwide terminals, no exit opportunity is required to be given as per the SEBI Delisting guidelines. Due to availability of trading terminals of BSE in most of the cities across the country, the proposed delisting of the Company's Equity Shares from the Stock Exchanges as referred to above will not be prejudicial to, or affect the interest of, the investors.

The Directors commend the Special Resolution at Item No. 5 of the Notice for acceptance by the members.

None of the Directors of the Company is concerned or interested in the said Resolution.

By Order of the Board

Place : Ahmedabad.  
Date : 30th June, 2003

**Jagdish N.Patel**  
Chairman

**JYOTI COSMETICS (EXIM) LIMITED.****JYOTI COSMETICS (EXIM) LIMITED.**

REGISTERED OFFICE : 412/C, PAYAL COMPLEX, OPP. FORTUNE TOWER,  
SAYAJI GUNJ, VADODARA - 390 005.

**DIRECTORS' REPORT**

To,  
The Shareholders,

Your Directors have pleasure in presenting their **Ninth Annual Report** together with the Audited Accounts of the Company for the year ended on March 31, 2003.

**FINANCIAL PERFORMANCE & PROJECT STATUS**

	Amount ( Rs in Lacs )	
	2002 - 2003	2001-2002
Net Sales & Other Incomes	44.32	81.66
Profit/(Loss) Before Depreciation & Misc. Expenses W/Off	(4.46)	(9.19)
Less : Depreciation & Misc. Expenses W/Off	4.36	4.38
Net Profit/(Loss) for the year	(8.82)	(13.57)
Add : Previous Year Adjustments	—	3.35
Net Profit/(Loss)	(8.82)	(10.22)
Adj : P & L A/C Cr./(Dr.) Balance c/f from Previous Year	(34.90)	(24.67)
Net Profit/(Loss) C/F to Balance Sheet	(43.72)	(34.89)

During the year under report the Company has achieved total Turnover / Resale (Including other Incomes) of Rs. 44.32 lacs. The Company has incurred Net Loss of Rs. 8.82 Lacs after providing for Depreciation & Misc. expenses of Rs. 4.36 lacs in compare to previous year loss Rs.10.22 lacs.

Sluggish Market condition has affected Companies performance. However your Directors are optimistic about situation & hopes that performance of the company will improve in comming years.

The Company's paid-up share capital was increased from Rs. 11.17 Crores to Rs. 136.34 crore due to preferential allotment of 12,50,00,000 equity shares of Rs. 10 each and recovery of unpaid share allotment money during the year. Also during the year Company has made investment of Rs. 125 crore in the equity shares of M/s Kalpataru Marketing Pvt. Ltd. As your Company held 100% equity share capital of the M/s Kalpataru Marketing Pvt. Ltd. the said Company become a subsidiary company of your Company.

During the year, the Company has amended its object clause to enable the company to carry on investment activities.

**DIVIDEND**

In view of loss, no dividend has been proposed by your Directors.

**DIRECTORS**

In terms of the provisions of the Companies Act, 1956 Shri Ashokbhai P. Patel and Shri Kanubhai J. Patel retires by rotation in the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

**REGISTERED OFFICE**

During the year Registered Office of the Company has been shifted from 401, Rajkamal Plaza-B, Opp. Sakar III, Income Tax, Ahmedabad to 412/C, Payal Complex, Opp. Fortune Tower, Sayajigunj, Vadodara - 390 005. w.e.f. 29th June, 2002.

**PUBLIC DEPOSITS**

The Company has not accepted any deposits falling within the limits of the provisions of the Companies (Acceptance of Deposits) Rules, 1956.

**AUDITORS' REPORT**

The notes to the accounts referred to in the Auditors' Report are self explanatory and therefore do not require any further comments under Section 217 (3) of the Companies Act, 1956.

**JYOTI COSMETICS (EXIM) LIMITED.****CORPORATE GOVERNANCE**

Your Company strives to incorporate the appropriate standards for good corporate governance. A separate Report on Corporate Governance is given in **Annexure - A** and a Auditor's statement on Compliance of Corporate Governance is given in **Annexure - B**

**AUDITORS**

M/S Mahesh G. Vyas & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the Annual General Meeting and being eligible have expressed their willingness for re-appointment until conclusion of the next Annual General Meeting. Your Directors recommend their re-appointment as the Auditors of the Company.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm the following :

In the preparation of the Annual Accounts, the applicable accounting standards have been followed.

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.

The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

The Directors had prepared the annual accounts on a going concern basis.

**PERSONNEL**

Your Directors wish to place on record the appreciation for the devoted services rendered by employees at all levels.

**PARTICULARS OF THE EMPLOYEES**

The Particulars required under Section 217(2A) of the Companies Act, read with Companies (Particulars of Employees) Rules, 1975 are not required to be given as there is no employee drawing Rs.1,00,000/- p.m. or @ Rs.12,00,000/- p.a., during the year under report.

**ACQUISITION OF COMPANY**

During the year, Company has acquired 100% Shares of Kalpataru Marketing Pvt. Ltd. Which is engaged in Trading Business and worthy track record. The said stock was acquired by acquiring shares from its existing shareholders and in turn by allotting shares in our Company for consideration on other than cash.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO :****(A) CONSERVATION OF ENERGY :**

The Company with the services of technicians is taking adequate steps for minimising the energy and power wastage while implementing its Project.

**(B) TECHNOLOGY ABSORPTION :**

As the manufacturing process will be indigenously developed, there will be little scope for technology absorption.

**(C) FOREIGN EXCHANGE EARNING & OUTGO :**

No Foreign Exchange earning or outgo has occurred for the year.

**ACKNOWLEDGMENTS**

Your Directors thanks various Government Authorities, banks & other business associates for the support & assistance extended to the Company from time to time and look forward to their unstinted cooperation in development of the Company. Your Directors sincerely thanks the members for the confidence reposed by them in the company and look forward to their valuable support for the future plans of the Company.

For and on behalf of the Board

Place : Ahmedabad.  
Dated : 30th June, 2003

**Jagdish N. Patel**  
Chairman

**JYOTI COSMETICS (EXIM) LIMITED.****Annexure - A****COMPLIANCE REPORT ON CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Exchanges, Your Directors present below a detailed Compliance Report on Corporate Governance:

**I. COMPANY'S PHILOSOPHY**

Your Company is committed to Good Corporate Governance and has benchmarked itself against the prescribed standards. The fundamental objective of Corporate Governance is the enhancement of investor value and protecting the interests of the shareholders. Your Company's philosophy of Corporate Governance is aimed at assisting the management in the efficient conduct of the business of the Company and in meeting its obligations to shareholders and others.

**II. BOARD OF DIRECTORS****(a) Composition of the Board:**

The Board consists of an optimum of Executive and Non-Executive Directors with not less than 50% (fifty percent) of the Board of Directors comprise of Non-Executive Directors. Total number of Board of Directors are 6 (Six). The Chairman of the Board is Managing Director of the Company, who is not drawing any remuneration. Shri Ashokbhai P. Patel, who is the only director, drawing remuneration and no other Directors are drawing any remuneration. Shri Ashokbhai P. Patel do not have any other material and pecuniary relationship or transactions with the Company, its Promoters, its Management or its Subsidiaries.

**(b) Attendance of Each Directors at Board Meeting and the Last Annual General Meeting**

Twenty Five (25) Board Meetings were held during the financial year 2002-2003. The composition of Directors and the Attendance of the Board Meetings during the year 2002-2003 and the last Annual General Meeting and also number of Directorships and Committee Memberships are given below:

Sr. No.	Name of the Director	Category of Directorship	No. of Board Meeting held in the year	Attendance at the last AGM	
1	Mr. Jagdish N. Patel	Chairman & Mg. Director	25	25	Yes
2	Mr. Ashok P. Patel	Director	25	25	Yes
3	Mr. Kanubhai J. Patel	Director	25	25	Yes
4	Mr. Bhaven S. Patel	Director	25	25	Yes
5	Mr. Ashok C. Jardosh	Director	25	25	Yes
6	Mr. Kalpesh R. Patel	Director	25	25	Yes

Date of Last Annual General Meeting (AGM)- 28th September, 2002.

**III. AUDIT COMMITTEE**

The Audit Committee of the Board of Directors reviews, acts and reports to the Board of Directors with respect to various auditing and accounting matters, including the recommendation of our independent auditors, the scope of the annual audits, fees to be paid to the independent auditors, the performance of our independent auditors and accounting and disclosure practices etc. The Audit Committee comprises of the following three non-executive directors.

Mr. Bhaven S. Patel	Chairman
Mr. Ashok C. Jardosh	Director
Mr. Kalpesh R. Patel	Director

The audit committee were held five time during the year 2002-2003.

**JYOTI COSMETICS (EXIM) LIMITED.****IV. [A] REMUNERATION OF DIRECTOR**

The remuneration of the non executive directors shall be decided by the Board of Directors.

**[B] REMUNERATION OF PROMOTER & EXECUTIVE DIRECTOR**

During the Year 2002-2003, the Company has paid remuneration of Rs. 1,20,000/- only to Shri Ashokbhai P. Patel, Director of the Company.

**V. BOARD PROCEDURE**

- A. The Board of Directors of a Company shall meet at least four times a year, with a maximum time gap of four months between any two meetings.

We hold a minimum of four Board Meetings every year. During the last financial year, our Board met at Twenty Five meetings held on 10.04.2002, 30.04.2002, 10.05.2002, 01.06.2002, 10.06.2002, 04.07.2002, 05.07.2002, 10.07.2002, 26.07.2002, 05.08.2002, 10.08.2002, 19.08.2002, 26.08.2002, 05.09.2002, 19.09.2002, 14.10.2002, 29.10.2002, 12.11.2002, 12.12.2002, 10.01.2003, 30.01.2003, 31.01.2003, 08.02.2003, 08.03.2003, and 31.03.2003

- B. Company further agrees a director shall not be a member in more than 10 committee or act as chairman of more than five committees across all companies in which he is a director.

None of the Directors of our Company are members in more than 10 committees or act as chairman of more than five committees across all companies in which he is a director.

**VI. MANAGEMENT DISCUSSIONS AND ANALYSIS :****INDUSTRY STRUCTURE & DEVELOPMENTS.**

At present, the company engaged in the business of resale the product like Paints, Adhesives and Resins, in which the Company faces stiff competition.

**OPPORTUNITIES & THREATS.****OPPORTUNITIES :-**

The Company, at present in the resale business only. The Company hope improvement in the general market condition which enable the Company to improve its sales target & profit.

Any improvement in the general market condition will be an opportunities for the Company.

**THREATS :-**

Non-availability of funds and resources at the right time could be another threat.

**SEGMENT WISE OR PRODUCT WISE PERFORMANCE**

The Company operates in a single segment viz, resale of paints product. As such no reporting of segmentwise was required.

**FUTURE OUTLOOK**

The Company expects to increase its business in future on improvement of general market condition.

**RISKS AND CONCERNS**

Risks related to non recovery of sales proceeds - with sales being spread to several customers, impact of slowdown in an economy could be adverse impact on smaller players and therefore threaten realization of revenues.

Any change in the structure and policies of Governments, could lead to unstable environment and consequently impact on the fortunes of a Company.

**JYOTI COSMETICS (EXIM) LIMITED.****VII. BALANCE SHEET AS AT 31.03.2003****[A] FINANCIAL POSITION****SHARE CAPITAL :-**

The Company's paid up share capital was increased from Rs.11.17 Crores to 136.34 crore due to preferential allotment of 12,50,000 equity shares of Rs. 10 each during the year.

**SECURED LOANS :-**

The liability of the Company to the Secured Creditors as on 31.03.2003 was in the form of the outstanding of Citi Bank Car Loan which was Rs.9,418/-.

**FIXED ASSETS :-**

During the year the Company has not added any fixed assets to its gross block.

**INVESTMENTS:-**

During the year, the company has made investment of Rs. 125 crore in the equity shares of M/s Kalpataru Marketing Pvt. Ltd.

**DEBTORS :-**

While overall debts are in line with the prevailing trends, considering the timegap between the invoicing date, actual remittance by customer for sales and actual realizations, serious efforts are being initiated to improve the average number of days receivables.

**LOANS AND ADVANCES :-**

There was minor change among Loans & Advances, which was increased by Rs. 10.02 lacs as compared to previous year due to more ICD given to M/s Kay-Kol Marketing Pvt. Ltd.

**CURRENT LIABILITIES :-**

During the year, current liabilities was increased to the extent of Rs. 1.52 lacs as compared to previous year due to increase in trade creditor.

**[B] REVENUES****DOMESTIC SALES :-**

There was no any export Sales during the year but the domestic Sales was decreased by Rs.33.05 lacs as compared to previous year due to sluggish market condition.

**INTEREST INCOME :-**

During the year, Interest income was Rs.3.22 lacs as compared to previous year of Rs.7.69 lacs. Interest on capital was NIL while interest on ICD of Rs.3.22 lacs.

**[C] EXPENDITURE**

Expenditure are mainly in terms Cost of material sold which was Rs.29.66 lacs as compared to previous year of Rs.65.16 lacs, Administrative, selling & distribution expenses like payments to employees, Godown Rent, Director Salary, Vehicle running & maintenance expenses, Discount Expenses and pre-operative expenses was Rs.19.13 lacs as compared to previous year of Rs.21.86 lacs.

**JYOTI COSMETICS (EXIM) LIMITED.****GENERAL SHAREHOLDER INFORMATION****ANNUAL GENERAL MEETING**

Date : 29th September, 2003, Time : 3.00 pm

Venue : 412/C, Payal Complex, Opp. Fortune Tower, Sayaji Gunj, Vadodara-390 005.

**LISTING OF EQUITY SHARES ON STOCK EXCHANGES**

[A]	Stock Code at Mumbai	:	531115
[B]	Stock Code at Ahmedabad	:	28805
[C]	Demate Identification No. in NSDL & CDSL	:	INE198D01018

**REGISTRAR & SHARE TRANSFER AGENT :** Sharex (India) Pvt. Ltd.  
17/B, Dena Bank Building,  
2nd Floor, Horniman Circle, Fort, Mumbai-01.

**Annexure - B****AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE :**

(Auditors' Certificate on Compliance of Conditions of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchanges.)

**To the Members of  
Jyoti Cosmetics (Exim) Ltd.**

We have examined the compliance of conditions of corporate governance by M/s Jyoti Cosmetics (Exim) Ltd. for the year ended on 31st March, 2003. as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, subject to the requirement of one-half of the Board comprising of independent directors being complied with as on the date of this report, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We state that no investor grievances are pending for a period exceeding one month against the company as per the record maintained by the Shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**FOR MAHESH G. VYAS & CO.  
CHARTERED ACCOUNTANTS.**

**AHMEDABAD.  
30th June, 2003.**

**MAHESH G. VYAS  
PROPRIETOR.**