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JYOTI RESINS AND ADHESIVES LIMITED

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TENTH ANNUAL REPORT
2002 - 2003

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JYOTI RESINS AND ADHESIVES LIMITED.

TENTH ANNUAL REPORT
AS ON 31ST MARCH, 2003.

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BOARD OF DIRECTORS

JAGDISH N. PATEL	:	CHAIRMAN & MANAGING DIRECTOR
CHANDULAL C. PATEL	:	DIRECTOR
GIRISH M. PATEL	:	DIRECTOR

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BANKERS

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

INDIAN OVERSEAS BANK
NARANPURA BRANCH, AHMEDABAD

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AUDITORS

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

❖❖❖

REGISTERED OFFICE

405-6, RAJKAMAL PLAZA - B,
NR.SAMRUDDHI BLDG.,OPP.OLD HIGH COURT,
AHMEDABAD 380 014.

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FACTORY

PLOT NO. 873, VILLAGE SANTEJ,
TAL.: KALOL, DIST.: MEHSANA
GUJARAT.

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JYOTI RESINS AND ADHESIVES LIMITED.

REGISTERED OFFICE : 405-6,RAJKAMAL PLAZA - B, NR.SAMRUDDHI BLDG., OPP. OLD HIGH COURT, AHMEDABAD 380 014.

NOTICE

NOTICE is hereby given that the **TENTH ANNUAL GENERAL MEETING** of the members of the company will be held on Tuesday, the 30th September, 2003 at 3.00 P.M.at Rajkamal Plaza - B, Nr.Samruddhi Bldg.,Opp. Old High Court, Ahmedabad 380 014 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2003 and the 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 Mr. Chandulal C. Patel who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

   "RESOLVED that Mr. Keyur J. Patel, who was appointed by the Board of Directors of the Company as an Additional Director with effect from 23.12.2002 and who in terms of Section 260 of the Companies Act, 1956 read with Company's Articles of Association holds such office until the conclusion of the Annual General Meeting and in respect of whom the Company has received a notice from a Member of the Company proposing his candidature for the office of Director, be and is hereby appointed as a director of the Company".

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

   "RESOLVED that Mr. Kalpesh R. Patel, who was appointed by the Board of Directors of the Company as an Additional Director with effect from 23.12.2002, and who in terms of Section 260 of the Companies Act, 1956 read with Company's Articles of Association holds such office until the conclusion of the Annual General Meeting and in respect of whom the Company has received a notice from a Member of the Company proposing his candidature for the office of Director, be and is hereby appointed as a director of the Company".

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

   "RESOLVED that Mr. Umakant G. Patel, who was appointed by the Board of Directors of the Company as an Additional Director with effect from 23.12.2002, and who in terms of Section 260 of the Companies Act, 1956 read with Company's Articles of Association holds such office until the conclusion of the Annual General Meeting and in respect of whom the Company has received a notice from a Member of the Company proposing his candidature for the office of Director, be and is hereby appointed as a director of the Company".

7. 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 nd 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 reffered 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 Vadodara Stock Exchange Ltd. at Vadodara.

   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."

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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 then 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

EXPLANATORY STATEMENT : (Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO. 4, 5 & 6

Mr. Keyur J. Patel, Mr. Kalpesh R. Patel and Mr. Umakant G. Patel are appointed as Additional Director of the Company at the Board Meeting w.e.f. 23.12.2002.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article of Association of the Company, Mr. Keyur J. Patel, Mr. Kalpesh R. Patel and Mr. Umakant G. Patel hold office of the Director upto the date of the Annual General Meeting and is eligible for appointment. Notice under Section 257 of The Companies Act, 1956 has been received from a Member of the Company indicating their intention to propose Mr. Keyur J. Patel, Mr. Kalpesh R. Patel and Mr. Umakant G. Patel for the office of Director. Hence, this Resolution at Item No. 4, 5 and 6 are proposed for your approval.

Except Mr. Keyur J. Patel, Mr. Kalpesh R. Patel and Mr. Umakant G. Patel, none of the Directors are interested in the proposed Resolution.

ITEM NO. 7

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 reffered 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 Vadodara 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, therfore, 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 reffered to above will not be prejudicial to, or affect the interest of, the investors.

The Directors commend the Special Resolution at Item No. 7 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

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JYOTI RESINS AND ADHESIVES LIMITED.

REGISTERED OFFICE : 405-6, RAJKAMAL PLAZA - B, NR.SAMRUDDHI BLDG., OPP. OLD HIGH COURT, AHMEDABAD 380 014.

DIRECTORS' REPORT

Your Directors have pleasure in presenting their **Tenth Annual Report** together with the audited statements of accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS

	2002-2003 Rs.	2001-2002 Rs.
Sales & Other Incomes	4,03,94,785	2,02,42,343
Operating Profit (PBDTM)	2,47,973	9,64,716
Net Loss after Tax	(15,83,717)	(5,16,749)
Brought Forward Loss	1,37,38,267	1,32,21,518
Loss Carried Forward to B/S	1,53,21,984	1,37,38,267

During the year under report Company has earned net Cash profit of Rs. 2.48 lacs in compare to previous year Rs. 9.65 lacs, after providing depreciation, miscellaneous expenses and prior period item Rs.18.32 lacs, Company has made Net Loss of Rs. 15.84 Lacs in compare to previous year Rs. 5.17 Lacs, Turnover of the company was Rs.403.95 lacs (inclusive of trading in shares) in compare to previous year Rs. 202.42 Lacs.

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

The Company's share capital was increased from Rs. 4 Crores to Rs. 54 Crore due to preferential allotment of 5,00,00,000 equity shares of Rs.10 each during the year and made investment of Rs. 50 crore in the equity shares of M/s. Nilchem Infrastructure Ltd. As your company held 100 % equity share capital of the M/s. Nilchem Infrastructure 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.

DIRECTORS

In terms of the provisions of the Companies Act, 1956 Mr.Chandulal C. Patel Director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

RE-APPOINTMENT OF ADDITIONAL DIRECTOR

Mr. Keyur J. Patel, Mr. Kalpesh R. Patel and Mr. Umakant G. Patel joined the Board w.e.f. 23.12.2002 as an Additional Directors of the company. As the said director are hold office only upto the date of Annual General Meeting, their re-appointment resolution are annexed to the notice.

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.

CORPORATE GOVERNANCE

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

AUDITORS

M/s Mahesh G. Vyas & Co., Chartered Accountants Statutory Auditor 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.

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DIRECTORS 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 CompaniesAct,read with Companies (Particulars of Employees) Rules,1975 are notrequired 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 Nilchem Infrastructure Ltd. Which is engaged in Adhesive Industry and worthy track record. The said stack was acquired by acquiring shares from its existing shareholders and in turn by alloting 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 information required under Section 217(1)(e) of the Companies Act, 1956 (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in respect of Conservation of Energy is annexed hereto and forms part of this Report.

(B) **TECHNOLOGY ABSORPTION :**
Being the fact that the manufacturing process has been indigenously developed, there is nothing to report on the status of technology absorption.

(C) **RESEARCH & DEVELOPMENT :**
The Company has established an in house laboratory with the modern facilities to carry out intensive analysis of variety of Raw materials & Finished goods. During the year under consideration, continuous efforts were made for upgradation of the products of your company.

(D) **FOREIGN EXCHANGE EARNING & OUTGO :**
No Foreign Exchange earning or outgo has occurred during 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 co-operation 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 & On Behalf of the Board

Place : Ahmedabad.
Dated : 30th June, 2003.

Jagdish N.Patel
Chairman & Managing Director

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ANNEXURE TO THE DIRECTORS' REPORT

Annexure - A

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the financial year ended on March 31, 2003.

CONSERVATION OF ENERGY

(a) Energy Conservation measures :

Various measures have been taken to improve the efficiency of equipments so as to reduce process time.

(b) Additional investments and proposals, if any : Nil.

(c) Impact of measures :

The above measures and tighter control has resulted in lower energy consumption.

(d) Total energy consumption and energy consumption per unit of production :

Power & Fuel Consumption :

Particulars			2002-2003	2001-2002
1) Electricity				
a)	Purchased Units	(KWH)	53,990	62,670
	Total Amount	(Rs.)	2,91,974	4,22,991
	Rate/Unit	(Rs./KWH)	5.41	6.75
	Cost per Kg of Production	(Rs.)	0.87	0.93
b)	Own generation			
	Through LDO/Diesal Generator	Unit (Ltrs)	16,045	21,471
	Cost of LDO/Diesal	(Rs.)	3,00,729	3,77,959
	Per Ltr Cost	(Rs.)	18.74	17.60
	Cost per Kg of Production	(Rs.)	0.90	0.83

For & On Behalf of the Board

Place :Ahmedabad.
Dated :30th June, 2003

Jagdish N.Patel
Chairman & Managing Director

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Annexure - B

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

Guidelines in respect of Corporate Governance recommended by the Kumara Manglam Birla Committee and accepted by SEBI have become applicable to your company during the Year 2002-2003. 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.

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

Seventeen (17) 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 in the year held	attended	Attendance at the last AGM
1.	Mr. Jagdish N. Patel	Chairman & Mg. Director	17	17	Yes
2.	Mr. Chandulal C. Patel	Director	17	17	Yes
3.	Mr. Girish M. Patel	Director	17	17	Yes
4.	Mr. Keyur J. Patel	Director	17	03	——*
5.	Mr. Kalpesh R. Patel	Director	17	03	——*
6.	Mr. Umakant G. Patel	Director	17	03	——*

* - Co-opted as Additional Director on 23rd December, 2002.

Date of Last Annual General Meeting (AGM)- 30th September, 2002.

III. AUDIT COMMITTEE

The Company has constituted an Independent Audit Committee on 31.03.2003.

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. Keyur J. Patel	Chairman
Mr. Kalpesh R. Patel	Director
Mr. Umakant G. Patel	Director

All the committees were constituted at the Board Meeting held on 31.03.2003 and hence no meeting of any committee could take place during the course of the year under report.

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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. 4,80,000/- to Mr. Jagdish N. Patel and Rs. 1,34,400/- to Mr. Chandulal C. 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 Seventeen meetings held on
01.04.2002, 30.04.2002, 06.05.2002, 25.05.2002, 01.06.2002, 03.06.2002, 13.07.2002, 04.07.2002, 05.07.2002, 05.08.2002, 16.08.2002, 26.08.2002, 29.10.2002, 10.11.2002, 30.01.2003, 31.01.2003 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 is engaged in the business of manufacturing of the product like Paints, Adhesives and Resins, in which the Company faces stiff competition.

OPPORTUNITIES & THREATS.

OPPORTUNITIES:-

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 Raw-Material,funds and resources at the right time could be another threat.

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.

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VII. BALANCE SHEET AS AT 31.03.2003

[A] FINANCIAL POSITION

SHARE CAPITAL :-

The Company's share capital was increased from Rs. 4 Crores to Rs. 54 Crore due to preferential allotment of 5,00,00,000 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 loan of Kalupur Commercial Co. Op. Bank working Capital Loan which was as on 31st March, 2003 stood at Rs.45.42 Lacs.

FIXED ASSETS :-

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

INVESTMENTS :-

During the year, the Company has made investment of Rs. 50 crore in the equity shares of M/s Nilchem Infrastructure 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:-

During the year, Loans & Advances, which was decreased by Rs. 13.66 lacs as compared to previous year due to receipt of advances given for construction work & plant & machinery.

CURRENT LIABILITIES:-

During the year, current liabilities was reduced to the extent of Rs. 12.22 lacs as compared to previous year due to decrease in trade creditor.

[B] REVENUES

DOMESTIC SALES:-

There was no any export Sales during the year but the domestic Sales was decreased by Rs.48.72 lacs as compared to previous year.

[C] EXPENDITURE

Expenditure are mainly in terms Cost of goods consumed which was Rs.105.20 lacs as compared to previous year of Rs.142.11 lacs, Administrative, selling & distribution expenses like payments to employees, Director Salary, Vehicle running & maintenance expenses, Stationary & Printing expenses,Sales Promotion expenses was Rs.23.86 lacs as compared to previous year of Rs.20.51 lacs.

Loss from trading in equity shares was Rs. 1.75 lacs during the year.

During the year, interest expenses was Rs. 7.59 lacs as compared to previous year of Rs. 9.92 lacs, which was in the form of payment of interest to Kalupur Commercial Co.Op. Bank, Ahmedabad.

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