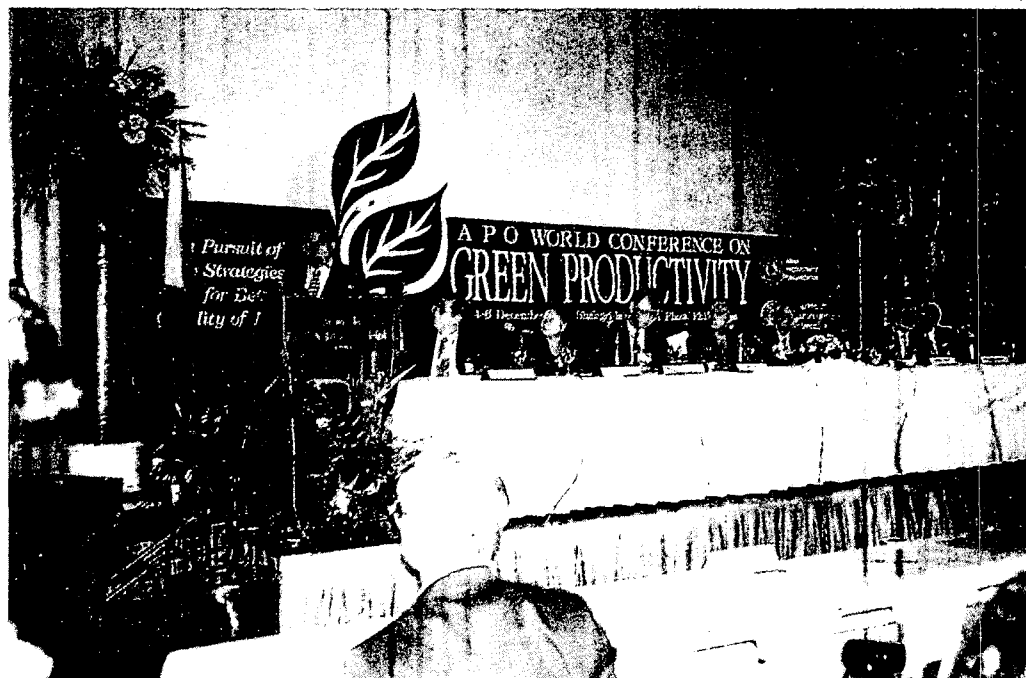


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Annual Report 1996-97



Mr. Dinesh S. Shah is presenting a paper on achieving a "Green Productivity" at Asian Productivity organisation (A.P.O.) World Conference held at Manila, Philippines on invitation from A.P.O., Japan.



Mr. Dinesh S. Shah is explaining about Company's Products and Prospectus to one of Prospective Buyer at stall opened in exhibition held at "CHEMSPEC", EUROPE, Manchester, (U.K.).

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NOTICE

Notice is hereby given that the **ELEVENTH ANNUAL GENERAL MEETING** of the Members of **DINTEX DYECHEM LIMITED** will be held on Monday, the 29th September, 1997 at 11.00 a.m. at The Ahmedabad Textile Mills' Association Hall, Near Mangal Murti Complex, Opp. Nanalal Chamber, Ashram Road, Ahmedabad-380 009 to transact the following Ordinary and Special Business :

1. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit & Loss Account of the Company for the year ended on that date and reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Suresh S. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Chandrakant V. Gogri, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

2. SPECIAL BUSINESS :

To consider and if thought fit, to pass with or without modifications, the following Resolutions :

As an Ordinary Resolution

6. "RESOLVED THAT in supersession of an earlier resolution passed in an Annual General Meeting held on 22nd September, 1994 and pursuant to the provisions of Sections 198,269, 309,311 and other applicable provisions, if any, and schedule XIII of the Companies Act, 1956 and subject to such approvals as may be necessary under the provisions of the said Act, the Company in General Meeting hereby approves revision in payment of remuneration to Shri Sevantilal P. Shah, Chairman & Managing Director of the Company for the period of two years from 1st October, 1997 as set out in the draft agreement of the re-appointment submitted to the meeting initialled by the Chairman for the identification and that he be paid remuneration by way of salary and perquisites as set out in the explanatory statement."

As an Ordinary Resolution

7. "RESOLVED THAT in supersession of an earlier resolution passed in an Annual General Meeting held on 22nd September, 1994 and pursuant to the provisions of Sections 198,269, 309,311 and other applicable provisions, if any, and schedule XIII of the Companies Act, 1956 and subject to such approvals as may be necessary under the provisions of the said Act, the Company in General Meeting hereby approves revision in payment of remuneration to Shri Dinesh S. Shah, Managing Director of the Company for the period of two years from 1st October, 1997 as set out in the draft agreement of the re-appointment submitted to the meeting initialled by the Chairman for the identification and that he be paid remuneration by way of salary and perquisites as set out in the explanatory statement."

As an Ordinary Resolution

8. "RESOLVED THAT in supersession of an earlier resolution passed in an Annual General Meeting held on 22nd September, 1994 and pursuant to the provisions of Sections 198,269, 309,311 and other applicable provisions, if any, and schedule XIII of the Companies Act, 1956 and subject to such approvals as may be necessary under the provisions of the said Act, the Company in General Meeting hereby approves revision in payment of remuneration to Shri Pankaj S. Shah, Jt. Managing Director



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of the Company for the period of two years from 1st October, 1997 as set out in the draft agreement of the re- appointment submitted to the meeting initialled by the Chairman for the identification and that he be paid remuneration by way of salary and perquisites as set out in the explanatory statement."

As an Ordinary Resolution

9. "RESOLVED THAT in supersession of an earlier resolution passed in an Annual General Meeting held on 22nd September, 1994 and pursuant to the provisions of Sections 198,269, 309,311 and other applicable provisions, if any, and schedule XIII of the Companies Act, 1956 and subject to such approvals as may be necessary under the provisions of the said Act, the Company in General Meeting hereby approves revision in payment of remuneration to Shri Harshad D. Shah, Director (Operation) of the Company for the period of two years from 1st October, 1997 as set out in the draft agreement of the re- appointment submitted to the meeting initialled by the Chairman for the identification and that he be paid remuneration by way of salary and perquisites as set out in the explanatory statement."

As an Ordinary Resolution

10. "RESOLVED THAT in supersession of an earlier resolution passed in an Annual General Meeting held on 22nd September, 1994 and pursuant to the provisions of Sections 198,269, 309,311 and other applicable provisions, if any, and schedule XIII of the Companies Act, 1956 and subject to such approvals as may be necessary under the provisions of the said Act, the Company in General Meeting hereby approves revision in payment of remuneration to Shri Bhupendra S. Shah, Director (Taxation) of the Company for the period of two years from 1st October, 1997 as set out in the draft agreement of the re- appointment submitted to the meeting initialled by the Chairman for the identification and that he be paid remuneration by way of salary and perquisites as set out in the explanatory statement."

As an Ordinary Resolution

11. "RESOLVED THAT in supersession of an earlier resolution passed in the Annual General Meeting held on 11th September, 1995 and in terms of section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 the Board of Directors be authorised to borrow any sums of moneys from time to time notwithstanding that the money or monies to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided however, the total amount so borrowed shall not exceed Rs.20 crores (Rupees twenty crores only)."

As an Ordinary Resolution

12. "RESOLVED THAT in supersession of an earlier resolution passed in the Annual General Meeting held on 11th September, 1995 and in terms of section 293(1)(a) and other applicable provisions of the Companies Act, 1956 the Board of Directors be authorised to mortgage and / or charge all the immovable properties and movable properties of the company wheresoever situate, present and future to secure Rs.20 crores as may be borrowed together with the money already borrowed as approved by resolution passed under section 293(1)(d) of the companies Act, 1956."

Registered Office :

S. P. HOUSE

14, Vidya Vihar Colony

Usmanpura, Ahmedabad - 380 013.

Date : 7th June, 1997

By Order of the Board

SEVANTILAL P. SHAH

Chairman & Managing Director



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NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Share Transfer Book of the Company will remain closed from 15/09/97 to 29/09/97 (both days inclusive).
3. The Dividend as recommended by the Directors will be paid within the prescribed time to those members whose names appear on the Register of Members of the Company on 29/09/97.
4. Members are requested to intimate the change, if any, in their registered addresses.
5. Members are requested to bring their copies of the Annual Report to the Meeting.
6. Members intending to require information about accounts to be explained in the meeting are requested to inform the Company at its Registered Office, at least Seven days in advance of the Annual General Meeting.

ANNEXURE TO THE NOTICE

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 6 to 10

Resolution Nos. 6, 7, 8, 9 and 10 of the Notice relate to the approval to the terms of revision in remuneration of Shri Sevantilal P. Shah, Chairman & Managing Director, Shri Dinesh S. Shah, Managing Director, Shri Pankaj S. Shah, Jt. Managing Director, Shri Harshad D. Shah, Director (Operation) and Shri Bhupendra S. Shah, Director (Taxation).

The terms of remuneration of Shri Sevantilal P. Shah, Chairman & Managing Director, Shri Dinesh S. Shah, Managing Director, Shri Pankaj S. Shah, Joint Managing Director, Shri Harshad D. Shah, Director (Operation) and Shri Bhupendra S. Shah, Director (Taxation) were amended in an Annual General Meeting held on 22nd September, 1994 as Schedule XIII of the Companies Act, 1956 had been amended by the Central Govt. In view of rapid growth and future expansion of the business activities of the company, it has been decided to amend the same. Accordingly the material terms of remuneration payable to each of them in accordance with para - II of the Schedule XIII of the Companies Act, 1956 are as under:

(1) Salary :

Rs. 26000 per month in the scale of Rs. 26000-2000-30000 to Shri Sevantilal P. Shah, Chairman & Managing Director.

Rs. 34000 per month in the scale of Rs. 34000-2000-38000 to Shri Dinesh S. Shah, Managing Director.

Rs. 28000 per month in the scale of Rs. 28000-2000-32000 to Shri Pankaj S. Shah, Jt. Managing Director.

Rs. 20000 per month in the scale of Rs. 20000-1500-23000 to Shri Harshad D. Shah, Director (Operation).

Rs. 15000 per month in the scale of Rs. 15000-1000-17000 to Shri Bhupendra S. Shah, Director (Taxation).

(2) Perquisites :

In addition to salary, the following perquisites shall be allowed to each of them.

Category A :

Housing :

The House Rent allowance will be paid as per the rules of the Company but subject to maximum 50% of basic salary.



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Gas, Electricity, Water and Furniture :

The expenses on Gas, Electricity, Water and Furnishing will be as per rules of the Company but subject to maximum 10% of basic salary.

Medical Reimbursement :

Expenses incurred for him and the family subject to ceiling of one month's salary in a year or three months' salary over a period of three years.

Leave Travel Concession :

For him and his family once in a year incurred in accordance with any rules specified by the Company.

Club Fees :

Fees of club subject to a maximum of two clubs. This will not include admission and life membership fee.

Personal Accident Insurance :

Personal Accident Insurance Premium for self.

Mediclaime Insurance Premium :

For him, his spouse and children in a year.

Category B:

Contribution to Provident Fund and Superannuation Fund :

Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the income Tax Act.

Gratuity :

Gratuity payable should not exceed half a month's salary for each completed year of service.

Leave Encashment :

Leave encashment equivalent to one month's salary calculated on the basis of one month's leave over eleven month's service. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category C:

Car and Telephone:

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. *Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to him.*

Notwithstanding anything mentioned above, where in any financial year, during the currency of Director, the Company has no profits or its profits are inadequate, the remuneration will have to be limited to amounts specified in Section II of Part II of schedule XIII of the Companies Act, 1956.

The Board recommend the resolutions for your approval.

Shri Sevantilal P. Shah, Shri Dinesh S. Shah, Shri Pankaj S. Shah, Shri Harshad D. Shah and Shri Bhupendra S. Shah may be deemed to be concerned or interested in the said resolutions as they relate to payment of their remuneration.



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Shri Sevantilal P. Shah, Shri Dinesh S. Shah, Shri Pankaj S. Shah, Shri Bhupendra S. Shah and Shri Suresh S. Shah since related inter se, may deemed to be concerned or interested in the resolutions. None of the other Directors of the Company is, in any way, concerned or interested in the resolutions.

The above explanatory statement set out an abstract of material terms of the contracts with Directors and the same be treated as an abstract of memorandum of interest in accordance with Section 302 of the Companies Act, 1956.

Item 11

The sanction of the shareholders is sought to permit the Board to borrow moneys in excess of the Company's capital and free reserves. This is permissible under section 293(1)(d) of the Companies Act, 1956, if the shareholders approve. With the Company's plans for expansion and diversification, your Board thinks it necessary to increase limit of borrowing upto Rs. 20 crores which may exceed the aggregate of the paid-up capital of the company and its free reserves.

None of the Directors is interested in the resolution.

Item 12

The Sanction of the shareholders is sought to permit the Board to mortgage and / or charge all the immovable Properties and movable properties of the Company since mortgaging of immovable and movable properties in favour of the financial institution / banks is regarded as disposal of Company's properties/undertaking. With the Company's plans for expansion and diversification and increase in the limit of Borrowing, your Directors thinks it necessary to increase the limit of mortgaging / charge of Company's undertaking/s so as to secure amount not exceeding Rupees twenty crores.

None of the Directors of the company is interested in the resolution.

Registered Office:

S.P.HOUSE

14, Vidya Vihar Colony

Usmanpura, Ahmedabad - 380 013.

Date : 7th June, 1997

By Order of the Board

SEVANTILAL P. SHAH

Chairman & Managing Director



DINTEX DYECHEM LIMITED

DIRECTORS' REPORT

To,

The members,

The Directors have pleasure in presenting their ELEVENTH ANNUAL REPORT together with the Audited Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

	Year ended	
	31-3-97	31-3-96
	<u>Rs.in Lacs</u>	<u>Rs.in Lacs</u>
Turnover and other Receipts	4316.89	2056.72
Profit before depreciation and taxation	468.23	157.27
Less : Depreciation	105.36	54.86
Profit before taxation	362.87	102.41
Less : Provision for taxation	50.00	Nil
Profit after taxation	312.87	102.41
Add : Excess (short) provision of taxation written back	Nil	5.05
Add : Surplus brought forward from earlier years	222.03	197.98
	<u>534.90</u>	<u>305.44</u>
APPROPRIATION		
Proposed Dividend	50.11	33.41
Income Tax on Dividend	5.01	Nil
General Reserve No.1	200.00	50.00
Amount Carried to Balance Sheet	279.78	222.03
	<u>534.90</u>	<u>305.44</u>

OPERATIONS

The Company's turnover for the year has reached Rs. 4311.22 lacs registering an increase of 110.60 % over previous year of Rs. 2047.03 lacs. The company's profit after taxation has increased from 102.41 lacs to Rs. 312.87 lacs registering an increase of 205.51% over previous year. On the Export Front, the Direct Exports have increased from 668.99 lacs to 2255.58 lacs registering an increase of 237.16%.

ACHIEVEMENTS

The Company had another land mark in its history when the Managing Director of the Company Mr. Dinesh S. Shah was invited by Asian productivity organization, Japan to read a paper at A.P.O. World Conference on Green Productivity in Manila , Philippines held on 4-6 December 1996. A paper on Vinyl Sulphone with reference to techno economically feasible pollution prevention measures to reduce the generation of waste and to design cost effective treatment system for remainder pollution in order to achieve the goal of Green Productivity was presented at conference. The paper was received with a vast acclaim and interest by the participant and was appreciated by one & all.

DIVIDEND

Your Directors are pleased to recommend for your consideration a dividend @15%.