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ANNUAL REPORT 1998-99



Mr. Dinesh S. Shah with Mr. Joseph Batlle Girbau, Managing Director of M/s. Colores, Resinas y Emulsiones, S. A., at our stall of CHEMSPEC EUROPE EXHIBITION held at Basel, Switzerland on 23rd & 24th June'99



Mr. Pranav D. Shah with Dr. Francis Dolle (Outsourcing / Innovation) of M/s. Ciba Speciality Chemical Inc. at our stall of CHEMSPEC EUROPE EXHIBITION held at Basel, Switzerland on 23rd & 24th June'99.

Bankers : IDBI Bank Ltd.,
IDBI Complex,
Nr. Lal Bunglow,
Off. C. G. Road,
Ahmedabad - 380 006.

**NOTICE**

Notice is hereby given that the THIRTEENTH ANNUAL GENERAL MEETING of the Members of DINTEX DYECHEM LIMITED will be held on Thursday, the 23rd September, 1999 at 11.00 A.M. at the Ahmedabad Textile Mills' Association Hall, Nr. Mangal Murti Complex, Opp. Nanalal Chambers, 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, 1999 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 Pankaj S. Shah, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Suresh S. Shah, who retires by rotation and being eligible, offers himself for reappointment.
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 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 the re-appointment of and payment of remuneration to Shri Sevantilal P. Shah, Chairman & Managing Director of the Company for the period of five years from 1st October, 1999 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 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 the re-appointment of and payment of remuneration to Shri Dinesh S. Shah, Managing Director of the Company for the period of five years from 1st October, 1999 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 pursuant to the provisions of Sections 198,269,309,311 and other applicable



DINTEX DYECHEM LIMITED

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 the re-appointment of and payment of remuneration to Shri Pankaj S. Shah, Jt. Managing Director of the Company for the period of five years from 1st October, 1999 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 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 the re-appointment of and payment of remuneration to Shri Bhupendra S. Shah, Director (Taxation) of the Company for the period of five years from 1st October, 1999 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 pursuant to the provisions of Sections 297,299,300,301 and other applicable provisions, if any, of the companies Act, 1956 and subject to such approvals as may be necessary, the Company in General Meeting hereby approves the execution of contract with Dispo Dyechem and Dintex Dyechem Industries in which all the Directors except Shri Chandrakant V. Gogri are interested for purchase of Raw Materials from the above two concerns and supply of Dyes & Dyes Intermediates to both the concerns at prevailing market rates for an estimated value of Rs. Two Crores respectively every year with effect from 1st April, 1999 for five years."

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 Books of the Company will remain closed from 7th September, 1999 to 23rd September, 1999 (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 23rd September, 1999.
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.

Registered Office :
S. P. House
14, Vidya Vihar Colony,
Usmanpura, Ahmedabad - 380013.
Date : 8th July, 1999

By Order of the Board
SEVANTILAL P. SHAH
Chairman & Managing Director

**ANNEXURE TO THE NOTICE**

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

Item No. 6 to 9

Resolution No. 6,7,8 and 9 to the Notice relate to the approval to the terms of re-appointment and terms of remuneration of Shri Sevantilal P. Shah as Chairman & Managing Director, Shri Dinesh S. Shah as Managing Director, Shri Pankaj S. Shah as Jt. Managing Director and Shri Bhupendra S. Shah as Director (Taxation).

Shri Sevantilal P. Shah was appointed as Chairman & Managing Director by the Shareholders of the Company at the Extra-Ordinary General Meeting held on 12th October, 1992 on the terms and conditions as specified in the agreement submitted thereat.

Shri Dinesh S. Shah was appointed as Managing Director and Shri Pankaj S. Shah was appointed as Jt. Managing Director at the Board Meeting held on 29th June, 1992 by the Board of Directors of the Company on the terms and conditions as specified in the agreement submitted thereat.

Shri Bhupendra S. Shah was appointed as Director (Taxation) by the Shareholders at the Annual General Meeting held on 14th August, 1992 on the terms and conditions as specified in the agreement submitted thereat.

Schedule XIII of the Companies Act, 1956 has since been amended by the Central Government vide Notification No. 510(E) dated July 14, 1993 and Notification No. G. S. R. 48(E), dated February 1, 1994. Accordingly the material terms of remuneration payable to Shri Sevantilal P. Shah, Chairman & Managing Director, Shri Dinesh S. Shah, Managing Director, Shri Pankaj S. Shah, Jt. Managing Director and Shri Bhupendra S. Shah, Director (Taxation) in accordance with para - II of the Schedule XIII of the Companies Act, 1956 are as under. As the age of Shri Sevantilal P. Shah, Chairman & Managing Director exceeds 70, His re-appointment will be subject to the approval of the Central Govt.

(1) Salary :

Rs. 26000 per month in the scale of Rs. 26000-2000-36000 to Shri Sevantilal P. Shah, Chairman & Managing Director.

Rs. 34000 per month in the scale of Rs. 34000-2000-44000 to Shri Dinesh S. Shah, Managing Director.

Rs. 28000 per month in the scale of Rs. 28000-2000-38000 to Shri Pankaj S. Shah, Jt. Managing Director.

Rs. 15000 per month in the scale of Rs. 15000-1000-20000 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.

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 month's 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 :



DINTEX DYECHEM LIMITED

Personal Accident Insurance Premium for self.

Medical 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 months' services.

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.

- (3) 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 commend the resolutions for your approval.

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

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 said resolutions. None of the other Directors of the Company is, in any way, concerned or interested in the resolutions.

The above explanatory statement sets out an abstract of material terms of the contract 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 No. 10 :

Resolution No. 10 of the Notice relate to approval of shareholders to the execution of contract with Dispo Dyechem and Dintex Dyechem Industries for purchase of Raw Materials from both the concerns as well as supply of Dyes & Dyes Intermediates to both the concerns at prevailing market rates for an estimated value of Rs. Two crores respectively every year with effect from 1st April, 1999 for five years.

The Board Commend the resolution for your approval. All the Directors except Shri Chandrakant V. Gogri may be deemed to be concerned or interested in the said resolution.

Registered Office :

S. P. House

14, Vidya Vihar Colony,

Usmanpura, Ahmedabad - 380013.

Date : 8th July, 1999

By Order of the Board

SEVANTILAL P. SHAH

Chairman & Managing Director



ANNUAL REPORT 1998-99

SUMMARISED PROFIT & LOSS ACCOUNT FOR LAST FIVE YEARS (RS. IN LACS)

| PARTICULARS | YEAR ENDED 31-03-99 | YEAR ENDED 31-03-98 | YEAR ENDED 31-03-97 | YEAR ENDED 31-03-96 | YEAR ENDED 31-03-95 |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| I. INCOME FROM OPERATIONS | | | | | |
| EXPORT SALES | 2036.14 | 3140.95 | 2615.34 | 1012.21 | 640.80 |
| LOCAL SALES | 740.84 | 1028.92 | 946.50 | 1034.83 | 1161.55 |
| TRADING SALES | 168.70 | 845.18 | 749.38 | 0.00 | 0.00 |
| EXPORT BENEFITS | | | | | |
| DUTY DRAWBACK | 0.03 | 14.32 | 2.24 | 2.22 | 8.12 |
| D.E.P.B. LICENCE SALES | 383.35 | 0.00 | 0.00 | 0.00 | 0.00 |
| | 3329.06 | 5029.37 | 4313.46 | 2049.26 | 1810.47 |
| OTHER INCOME | 5.23 | 7.87 | 3.43 | 7.46 | 10.16 |
| INCREASE / (DECREASE) IN STOCK | (162.50) | 274.79 | (31.37) | 49.54 | 1.37 |
| TOTAL | 3171.79 | 5312.03 | 4285.52 | 2106.26 | 1822.00 |
| II. COST OF OPERATION | | | | | |
| RAW MATERIAL CONSUMED | 1871.49 | 3165.53 | 2363.91 | 1435.31 | 1321.84 |
| TRADING PURCHASE | 150.85 | 648.63 | 592.18 | 0.00 | 0.00 |
| MANUFACTURING EXPENSES | 537.32 | 631.52 | 486.46 | 269.25 | 179.83 |
| ADMINISTRATIVE EXPENSES | 100.85 | 90.41 | 65.26 | 49.47 | 40.57 |
| PAYMENT TO EMPLOYEES | 53.87 | 40.63 | 29.72 | 25.66 | 29.20 |
| SELLING & DISTRIBUTION EXPENSES | 157.23 | 231.27 | 198.84 | 87.06 | 79.83 |
| LOSS ON SALE OF FIXED ASSETS | 2.67 | 2.52 | 0.00 | 1.56 | 0.00 |
| TOTAL | 2874.28 | 4810.51 | 3736.37 | 1868.31 | 1651.27 |
| III. OPERATING PROFIT | 297.51 | 501.52 | 549.15 | 237.95 | 170.73 |
| FINANCIAL EXPENSES | 67.07 | 93.98 | 80.93 | 80.68 | 46.44 |
| IV. PROFIT BEFORE DEP. & TAXATION | 230.44 | 407.54 | 468.22 | 157.27 | 124.29 |
| DEPRECIATION | 142.89 | 119.89 | 105.36 | 54.86 | 39.33 |
| V. PROFIT BEFORE TAXATION | 87.55 | 287.65 | 362.86 | 102.41 | 84.96 |
| PROVISION FOR TAXATION | 12.46 | 18.71 | 50.00 | 0.00 | 0.00 |
| VI. PROFIT AFTER TAXATION | 75.09 | 268.94 | 312.86 | 102.41 | 84.96 |
| DIVIDEND | 10% | 18% | 15% | 10% | NIL |
| EARNING PER SHARE | 2.24 | 8.05 | 9.37 | 3.07 | 2.54 |
| CASH EARNING PER SHARE | 6.50 | 11.64 | 12.52 | 4.71 | 3.72 |
| BOOK VALUE | 44.30 | 40.08 | 33.85 | 25.97 | 23.60 |
| DEBT-EQUITY RATIO | 0.00:1 | 0.11:1 | 0.04:1 | 0.12:1 | 0.17:1 |
| CURRENT RATIO | 1.44:1 | 1.40:1 | 1.23:1 | 1.09:1 | 1.16:1 |
| NET WORTH | 1484.16 | 1338.92 | 1129.20 | 864.51 | 783.45 |