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ANNUAL REPORT 2002-03



SEVENTEENTH ANNUAL REPORT - 2002 - 2003

Chairman & Managing Director	:	Shri Sevantilal P. Shah
Managing Director	:	Shri Dinesh S. Shah
Jt. Managing Director	:	Shri Pankaj S. Shah
Directors	:	Shri Bhupendra S. Shah Shri Sanjiv B. Shah Shri Ashok P. Patel Shri Rajendra R. Shah Shri Piyush N. Shah
Registered Office	:	S. P. House, 14, Vidya Vihar Colony, Usmanpura, Ahmedabad - 380 013.
Factory	:	Plot No. 110, Phase-II, GIDC Estate, Vatva, Vinzol Approach, Ahmedabad - 382 445.
Company Secretary	:	Sanjoly A. Jalan
Auditors	:	J.M. Contractor & Co., Chartered Accountants, 208, "Sampada", Mithakhali Six Roads, Ahmedabad - 380 009.
Register & Transfer Agents	:	Pinnacle Shares Registry Pvt. Ltd. Nr. Ashok Mills, Naroda Road, Ahmedabad - 380 025.
Banker	:	IDBI Bank Ltd., IDBI Complex, Nr. Lal Bunglow, Off. C. G. Road, Ahmedabad - 380 006.

CO-3003 740934



NOTICE

Notice is hereby given that the Seventeenth annual general meeting of the Members of DINTEX DYECHEM LIMITED will be held on Tuesday, the 30th September, 2003 at 11.00 A.M. at the Registered Office of the Company situated at S.P. House, 14, Vidya Vihar Colony, Usmanpura, Ahmedabad - 380 013 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 and Loss Account of the Company for the year ended on that date and reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Bhupendra Shah, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Pankaj Shah who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.
"RESOLVED THAT, Shri Ashok P. Patel, who was appointed as an additional director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed 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, Shri Rajendra R. Shah, who was appointed as an additional director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company."
7. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.
"RESOLVED THAT, Shri Piyush N. Shah, who was appointed as an additional director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company."
8. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.
"RESOLVED THAT, Shri Sanjiv B. Shah, who was appointed as an additional director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company."

Place : Ahmedabad
Date : 30th June, 2003

By Order of Board of Directors
SEVANTILAL P. SHAH
CHAIRMAN & MANAGING DIRECTOR

NOTES :

1. A member entitled to attend and vote at the Annual General Meeting of the Company may appoint a proxy to attend and vote on a poll on his behalf. A Proxy need not be a Member of the Company. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the commencement of the meeting.



2. The Register of Members and Share Transfer Books will remain close from 15th September, 2003 to 30th September, 2003 (both days inclusive).
3. Members are requested to intimate the change in address, if any
4. Members are requested to bring the copies of the Annual Report to the Meeting.
5. In terms of Section 205A of the Companies Act, 1956 the amount of dividend remaining unpaid for a period of seven years will be transferred to the Investor Education and Protection Fund. Shareholders who have not encashed the Dividend Warrants are requested to contact the Secretarial Department of the Company.

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 :

Item No. 5 :

Shri Ashok Patel was appointed as an additional director on the Board of Directors of the Company on 5th March, 2003. According to the provisions of Section 260 of the Companies Act, 1956 he holds office as a Director upto the date of ensuing annual general meeting of the Company. The Company has received a notice under section 257 of the Companies Act, 1956 from a member signifying his intention to propose his appointment as a Director of the Company alongwith a deposit of Rupees 500/-. A Brief data of Shri Ashok P. Patel is also included in the Corporate Governance Report. The Board considers that it is in the interest of the Company to avail his services. The Board of Directors recommends the resolution for approval of the members.

None of the Directors other than Shri Ashok P. Patel is interested in this resolution.

Item No. 6

Shri Rajendra R. Shah was appointed as an additional director on the Board of Directors of the Company on 5th March, 2003. According to the provisions of Section 260 of the Companies Act, 1956 he holds office as a Director upto the date of ensuing annual general meeting of the Company. The Company has received a notice under section 257 of the Companies Act, 1956 from a member signifying his intention to propose his appointment as a Director of the Company alongwith a deposit of Rupees 500/-. A Brief data of Shri Rajendra R. Shah is also included in the Corporate Governance Report. The Board considers that it is in the interest of the Company to avail his services. The Board of Directors recommends the resolution for approval of the members.

None of the Directors other than Shri Rajendra R. Shah is interested in this resolution.

Item No. 7

Shri Piyush N. Shah was appointed as an additional director on the Board of Directors of the Company on 10th March, 2003. According to the provisions of Section 260 of the Companies Act, 1956 he holds office as a Director upto the date of ensuing annual general meeting of the Company. The Company has received a notice under section 257 of the Companies Act, 1956 from a member signifying his intention to propose his appointment as a Director of the Company alongwith a deposit of Rupees 500/-. A Brief data of Shri Piyush N. Shah is also included in the Corporate Governance Report. The Board considers that it is in the interest of the Company to avail his services. The Board of Directors recommends the resolution for approval of the members.

None of the Directors other than Shri Piyush N. Shah is interested in this resolution.

Item No. 8

Shri Sanjiv B. Shah was appointed as an additional director on the Board of Directors of the Company on 5th March, 2003. According to the provisions of Section 260 of the Companies Act, 1956 he holds office as a Director upto the date of ensuing annual general meeting of the Company. The Company has received a notice under section 257 of the Companies Act, 1956 from a member signifying his intention to propose his appointment as a Director of the Company alongwith a deposit of Rupees 500/-. A Brief data of Shri Sanjiv B. Shah is also included in the Corporate Governance Report. The Board considers that it is in the interest of the Company to avail his services. The Board of Directors recommends the resolution for approval of the members.

None of the Directors other than Shri Sanjiv B. Shah is interested in this resolution.



DIRECTORS' REPORT

To,

The members

The Directors have pleasure in presenting their SEVENTEENTH ANNUAL REPORT together with the Audited Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS

	Year ended	
	31/03/2003	31/03/2002
	Rs. in Lacs	Rs. in Lacs
Turnover and other Receipts	3679.67	2741.19
Profit/(loss) before depreciation and taxation	17.56	(115.05)
Less : Depreciation	171.86	171.87
Profit/(loss) before taxation	(154.30)	(286.92)
Less: Provision for Taxation	Nil	Nil
Less: Short Provision of Taxation	Nil	Nil
Profit/(loss) after taxation	(154.30)	(286.92)
Add: Surplus brought forward from earlier years	(276.44)	10.48
Amount Carried to Balance Sheet	(430.74)	(276.44)

In the absence of profits your Directors do not recommend any dividend.

OPERATIONS

During the year under review, your company has increased and recorded a turnover of Rs.36.77 crores against Rs. 27.38 crores in the previous year. On the export front, the total export is Rs.22.48 crores against Rs.14.35 crores recorded in the previous year.

Eventhough the turnover of the company has increased by 34.30%, the company has incurred a net loss of Rs.1.54 crores due to stiff competition by china and ultimately it has affected realisation of sale value inspite of increase in level of operation.

BUSINESS PROSPECTS

The business prospects of the Company will depend upon macro and micro economic policy of the government. The Chemical industry itself having wide application of products and the removal of quota system will provide great opportunity in developing business of the Company.

PUBLIC DEPOSITS

The company is accepting / renewing Fixed Deposits from shareholders, Employees and public. Total Deposits with the company as on 31st March, 2003 amounted to Rs.98.30 Lacs. Deposits that matured during the year were repaid as per Depositors instructions. No matured deposits were outstanding at the end of the year.

DIRECTORS

Shri Bhupendra Shah and Shri Pankaj Shah who retires by rotation at the ensuing annual general meeting and being eligible offers themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- I. That in the preparation of the accounts for the financial year ended 31st March, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- II. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 the year under review;
- III. That the Directors have taken proper and sufficient care 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. That the Directors have prepared the accounts for the financial year ended 31st March, 2003 on a 'going concern' basis.

INSURANCE

The Company's assets are adequately insured.

LISTING FEES

Listing fees of the stock exchanges Mumbai and Ahmedabad have been duly paid.

DEMATERIALISATION OF SHARES

The shares of the Company are under compulsory dematerialisation. The Company has entered into agreement with NSDL for dematerialisation of Shares. The Company is also considering to enter into an agreement with CDSL for dematerialisation of its shares.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement a report on the Corporate Governance is attached and forms part of this Annual Report.

AUDITORS

The Directors propose to reappoint the Auditors M/S. J.M. Contractor & Co., Chartered Accountants, Ahmedabad. The Company has received a certificate from the auditors stating that their appointment, if made, will be within the limits specified under section 224 (1B) of the Companies Act, 1956.

INDUSTRIAL RELATIONS

Industrial relations at all divisions of your Company have always been cordial and continue to be so, your Directors wish to place on record their appreciations for the co-operation received from employees at all levels.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

The information pursuant to section 217(1) (e) of the Companies Act, 1956 read with companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the ANNEXURE-A forming part of this report.

PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration of Rs.24,00,000 or more employed throughout the year or Rs.2,00,000 or more per month employed for a part of the year.

ACKNOWLEDGEMENT

The outstanding overall performance of the company reflects the dedication, Commitment and enthusiasm of the people at all levels at DINTEX. The Directors, therefore, wish to convey their appreciation to all DINTEX' employees for their individual and collective contributions to the Company's performance. The Directors would also like to thank DINTEX' Shareholders, Customers, Suppliers and IDBI Bank Ltd. for the support they have given to the company and the confidence which they have reposed in the management.

Place : Ahmedabad
Date : 30th June, 2003.

For and on behalf of the Board
SEVANTILAL P. SHAH
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE - 'A'

TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH' 2003.

A-CONSERVATION OF ENERGY

(a) Energy Conservation measures taken :

- Reducing the HP of Motors wherever possible.
- Improvement in low temperature insulation.
- Periodic deaeration of Boiler.

(b) Additional Investment and Proposals, if any, being implemented for reduction of consumption of energy : Nil

(c) Impact of (a) and (b) above :

The adoption of energy conservation measures indicated above have consequent impact on the cost of production of goods.

(d) Total Energy Consumption per unit of production

	2002-2003	2001-2002
(i) Total Consumption of		
Electric Units :	Units 29.27 lacs	Units 26.07 lacs
Total Amount :	Rs.133.08 lacs	Rs.118.01 lacs
Unit/Average Rate :	Unit/Rs.4.55	Unit/Rs.4.52
(ii) Light Diesel Oil		
Quantity :	Ltrs 5.88 lacs	Ltrs 3.78 lacs
Total Amount :	Rs.87.46 lacs	Rs.51.39 lacs
Unit/Average Rate :	Ltr/Rs.14.87	Ltr/Rs.13.60

B. RESEARCH & DEVELOPMENT (R & D)**(a) Specific areas in which R&D carried out by the company :**

The Company is continuing its R&D activities for process development, quality improvement, energy saving and cost reduction.

(b) Benefits derived as a result of the above R&D :

Due to constant endeavours of the company, your company has been recognised as In-house R&D unit by the Department of Scientific & Industrial Research. The company expects the R&D activities to yields benefits in terms of better process yields, alternative Modes of Manufacture and usage of cheaper raw materials for its existing and new range of Dyes & Intermediates Products.

(c) Future Plant of Action :

Your Company desire to commercialise its R&D activities.

(d) Expenditure on R&D :

(Rs. in Lacs)

	2002-2003	2001-2002
(a) Capital	Nil	Nil
(b) Recurring	1.14	1.32
Total	<u>1.14</u>	<u>1.32</u>

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**(a) Efforts in brief :**

- I. Company in order to fully utilise its multidimensional manufacturing capability is always on forefront to make the best use of its technical capability for better success.
- II. Contineous endeavour to improve Product Quality & Process Yields.

(b) Benefits derived as a result of the above efforts :

The company is able to market its value added products in Domestic as well as International Market.

(c) Details relating to imported technology : Nil**D. FOREIGN EXCHANGE EARNINGS AND OUTGO**

(Rs. in Lacs)

	2002-2003	2001-2002
(a) Total Foreign Exchange Earnings (only Direct Export Consideration)	1519.03	995.57
(b) Foreign Exchange Outgo		
(i) Value of imported Raw Materials calculated on C.I.F. basis.	126.13	97.22
(ii) Value of imported Trading Goods calculated on C.I.F. basis.	Nil	Nil
(iii) Foreign Travelling Expenditure	5.34	2.02
(iv) Export Sales Commission	36.04	32.74



CORPORATE GOVERNANCE

The Company pursuant to the code on Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) furnishes its report as under.

1) Company's Philosophy on Code of Governance :

Dintex Dyechem Limited philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity in all facts of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and lenders. Dintex Dyechem Limited believes in enhancing shareholders value over a sustained period of time.

The Company firmly believes in and has consistently practised good Corporate Governance for the efficient conduct of its business and for meeting its obligations towards all its shareholders.

The Company has tuned up its Corporate Governance practices so as to bring them in conformity with the requirements of Clause 49 of the Listing Agreement.

2) Board of Directors :

The Board of Directors consists of eight Directors the Composition and category of Director are as follows :

Sr. No.	Name of the Director	Category of Directorship Executive/ Non-Executive	No. of Board Meetings attended	Attendance at the last AGM	No. of other Directorship	Membership held in committees of other companies
1	Sevantilal P. Shah [Chairman]	Executive	8	Yes	1) Dintex Securities & Financial Services Ltd.	None
2	Dinesh S. Shah	Executive	8	Yes	Do	None
3	Pankaj S. Shah	Executive	9	Yes	Do	None
4	Bhupendra S. Shah (Appointed as Director on 1st May, 2002)	Executive	8	Yes	Nil	None
5	Suresh S. Shah (Resigned on 5th March, 2003)	Non-executive	3	Yes	Nil	None
6	Ashok P. Patel (Appointed as Director on 5th March, 2003)	Non- executive	1	No	1) Vishwa Moulds P. Ltd.	None
7	Rajendra R. Shah (Appointed as Director on 5th March, 2003)	Non-executive	1	No	Nil	None
8	Sanjiv B. Shah (Appointed as Director on 5th March, 2003)	Non- executive	1	No	Nil	None
9	Piyush N. Shah (Appointed as Director on 10th March, 2003)	Non- executive	1	No	Nil	None

*Only Remuneration Committee, Shareholders Committee and Audit Committee are considered for the purpose.

Nine (9) Board Meetings were held during the financial year 2002 - 2003. The dates on which the Board Meetings are held are 1/5/2002, 7/6/2002, 6/7/2002, 30/10/2002, 1/11/2002, 7/11/2002, 31/1/2003, 5/8/2003 and 10/3/2003.

The information as required by Clause 49 (VI) of the Listing Agreement of the Stock Exchanges, relating to appointment and reappointment meet as Director is as :

Name of the Director	Shri Sanjiv B. Shah	Shri Piyush N. Shah
Date of Birth	25/03/1960	09/07/1962
Date of Appointment	05/03/2003	10/03/2003
Qualification	B. Com, F.C.A.	B.Com
Name of the Companies in which he is a Director or member other than Dintex Dyechem Limited	Nil	Nil
Specific functional areas	Audit & Taxation	Accounts & Taxation



Name of the Director	Shri Rajendra R. Shah	Shri Ashok P. Patel
Date of Birth	08/10/1953	11/11/1962
Date of Appointment	05/03/2003	05/03/2003
Qualification	B.A.	B.Com, L.L.B., F.C.A.
Name of the Companies in which he is a Director or member other than DintexDyechem Limited	Nil	Director in Vishwa Moulds Pvt. Ltd.
Specific functional areas	Investment Consultant	Taxation and Finance

Name of the Director	Shri Bhupendra Shah	Shri Pankaj Shah
Date of Birth	20/12/1949	27/02/1954
Date of Appointment	01/05/2002	24/09/1986
Qualification	B.Com, F.C.A.	B.A.
Name of the Companies in which he is a Director or member other than Dintex Dyechem Limited	Nil	One i.e. Dintex Securities and Financial Services Ltd.
Specific functional areas	Accounts, Taxation and Finance	He has experience of more than 15 years in marketing of Dyes & Dye Intermediates & other related products. He is looking after day to day affairs of the Company.

3) Audit Committee :

The Board of the Company has constituted an Audit committee, comprising 4 (four) Independent and Non - Executive Directors. viz Shri Sanjiv B. Shah (Chairman), Ashok P. Patel, Rajendra R. Shah and Piyush N. Shah.

The terms of reference stipulated by the Board to the Audit Committee are, as per the matters specified in Clause 49 of the Listing Agreement.

The Company was required to comply with the Corporate Governance procedure within financial year 2002 - 2003. During the year, the committee has met one time on 17th March, 2003. All the members of Audit Committee were present in that meeting. The company secretary acts as secretary of the committee.

4) Remuneration Committee :

The Board of the Company has constituted a Remuneration committee, comprising of 4 Independent and Non-Executive Directors viz Shri Ashok P. Patel, [Chairman] Shri Sanjiv B. Shah, Shri Piyush N. Shah and Shri Rajendra R. Shah.

The Remuneration Committee has been constituted to recommend / review the remuneration package of the Managing / Whole time Directors, based on performance and defined criteria.

The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consistent with the existing industry practice.

Since there was no proposal for enhancement in the remuneration of the Directors, the Committee did not meet at any time during the year.

Details of remuneration to Directors for the year ended on 31st March, 2003 :

The aggregate value of Salary and Perquisites including commission payable for the year ended 31st March, 2003 to whole-time Directors are as follows :

(i) Executive Director

Name of the Director	Salary	Perquisites
1) Shri Sevantilal P. Shah	499200	17982
2) Shri Dinesh S. Shah	652800	17110
3) Shri Pankaj S. Shah	453600	15680
4) Shri Bhupendra S. Shah	264000	9172

(ii) Non- Executive Director :

No remuneration is paid to non-executive directors.