



**DINTEX DYECHM LIMITED****EIGHTEENTH ANNUAL REPORT - 2003 - 2004**

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

## ANNUAL REPORT 2003-2004

### NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of the DINTEX DYECHEM LIMITED will be held on Thursday, the 30th September, 2004 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, 2004 and Profit and Loss Account of the Company for the year ended on that date and the reports of Directors and Auditors thereon.
- 2) To appoint a Director in place of Shri Ashok P. Patel, who retire and being eligible offers himself for reappointment.
- 3) To appoint Auditors to hold the office from the conclusion of this meeting to the conclusion of the next 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 pursuant to the provisions of Section 146 of the Companies Act, 1956 and other applicable provisions if any, of the Companies Act, 1956, the registered office of the Company be shifted from S. P. HOUSE, 14, Vidya Vihar Colony, Usmanpura, Ahmedabad - 380 013. to

Plot. No. 110, Phase - II,  
GIDC Estate, Vatva,  
Ahmedabad - 382 445.

\*RESOLVED FURTHER THAT the Company Secretary of the Company be and is hereby authorised to file necessary forms and other particulars with the Registrar of Companies".

Place : Ahmedabad

Date : 30th June, 2004

By Order of Board of Directors

SEVANTILAL P. SHAH

CHAIRMAN & MANAGING DIRECTOR

#### NOTES :

- 1) A members 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 to be a member of the Company. Proxy in order to be effective must be lodged at the Registered office of the Company not later than 48 hours before the meeting.
- 2) Register of Members and Share Transfer Book will remain close from 15th September, 2004 to 30th September, 2004 (Both the 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.



## DINTEX DYECHEM LIMITED

- 5) In term of Section 205A of the Companies Act, 1956 the amount of dividend remaining unpaid for a period of the seven years will be transferred to the Investor Education and Protection Fund. Shareholders who have not enacted the Dividend Warrants are requested to contact the Secretarial Department of the Company
- 6) Company has already appointed RTA "PINNACLE SHARES REGISTRY PVT. LTD". Near Ashoka Mills, Naroda Road, Ahmedabad -380 025. and members are requested to send/address all their shares related matter / correspondence directly to them.

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

#### Item No. 4 :

The Company is incurring losses since couple of years and the Board of Directors has decided to operate it from the factory in order to save administrative expenses and looking to the present financial conditions it is in the interest of the company to shift its registered office at its factory house at Plot No. 110, Phase, GIDC Estate, Vatva, Ahmedabad - 382 445. Further the Company has a good office premises at its factory. The Board of Directors recommends the resolution for approval of the members.

None of the Directors is interested in this resolution.

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**ANNUAL REPORT 2003-2004****DIRECTORS' REPORT**

To,  
The members

The Directors have pleasure in presenting their EIGHTEENTH ANNUAL REPORT together with the Audited Accounts for the year ended 31st March, 2004.

**FINANCIAL RESULTS**

	<b>Year ended</b>	
	<b>31/03/2004</b>	<b>31/03/2003</b>
	<b>Rs. In Lacs</b>	<b>Rs. In Lacs</b>
Turnover and other Receipts	1824.30	3679.67
Profit before depreciation and taxation	(310.88)	17.56
Less : Depreciation	167.69	171.86
Profit before taxation	(478.57)	(154.30)
Less: Provision for Taxation	Nil	Nil
Profit after taxation	(478.57)	(154.30)
Add: Surplus brought forward from earlier years	(430.74)	(276.44)
Amount Carried to Balance Sheet	(909.31)	(430.74)

In the absence of the profits, your Directors regret their inability to propose any Dividend.

**OPERATIONS :**

During the year under review, your Company's Turnover reduced from Rs.36.77 Crores to Rs. 18.04 Crores. Same way, the Total Export is also reduced from Rs.22.48 Crores to Rs. 11.62 Crores due to non acceptance of the order as it was received below cost value.

The company has incurred a net loss of Rs. 4.79 Crores due to stiff competition from the local as well as foreign market and ultimately it has affected in realisation of sale value, further Company has not accepted orders as it was below cost value. Over all market was not good enough to do the competitive Business.

**BUSINESS PROSPECTS:**

The Chemical industry itself having wide application of products and removal of quota system will provide great opportunity, with a strong Research & Development back-up, the Company is ideally placed to enter the areas of manufacturing Reactive Dyes and Dyes Intermediates and also placing to it in the International Market and trying to concentrate over more and more export.

**PUBLIC DEPOSITS**

The Company is accepting / renewing Fixed Deposits from Shareholders, Employees and Public. Total Deposits with the company as on 31st March, 2004 amounted to Rs.70.50 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 Ashok P. Patel retire by rotation at the ensuring Annual General Meeting. He being eligible, offer for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i) That in the preparation of the annual accounts for the financial year ended 31st March, 2004, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards.
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments 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 the year;
- iii) That the Directors had 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 had prepared the accounts for the financial year ended 31st March, 2004 on a 'going concern' basis.

**INSURANCE**

The Company's assets are adequately insured.

**LISTING FEES**

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

**DINTEX DYECHM LIMITED****CORPORATE GOVERNANCE**

Your Company has complied with the mandatory provisions of the Corporate Governance prescribed under the Clause 49 of the Listing Agreement with the Stock Exchanges. A Separate Report on the Corporate Governance compliance is included as a part of the Annual Report along with the Auditor's Certificate.

**AUDITORS**

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

**INDUSTRIAL RELATIONS**

Industrial relations of your Company have always been cordial and continue to be so, your Directors wish to place on record their appreciation 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 is no employee drawing remuneration of Rs. 24,00,000 or more employed throughout the year or Rs. 2,00,000 or more per month employed for part of the year.

**ACKNOWLEDGMENT**

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, 2004.

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

**ANNEXURE- 'A'****TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2004****A- CONSERVATION OF ENERGY****(a) Energy Conservation measures taken :**

- Reducing the HP of Motors where possible
- Improvement in low insulation.
- Periodic desertion of Boiler.

**(b) Additional Investment and Proposals, If any, being implemented for reduction of consumption of energy : Nil****(c) Impact of (a) & (b) above :**

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

**(d) Total Energy consumption per unit of production**

	2003-2004	2002-2003
(i) Total Consumption of Electric Units	Units 19.28 lacs	Units 29.27 lacs
Total Amount	Rs. 91.07 lacs	Rs. 133.08 lacs
Unit/Average Rate	Unit/Rs. 4.72	Unit/Rs. 4.55
(ii) Light Diesel Oil		
Quantity	Ltrs 3.09 lacs	Ltrs 5.88 lacs
Total Amount	Rs. 55.81 lacs	Rs. 87.46 lacs
Unit/Average Rate	Ltr./Rs. 18.04	Ltr./Rs. 14.87

**B- RESEARCH & DEVELOPMENT (R & D)****(a) Specific area 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) Benefit derived as a result of the above R & D :**

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

**ANNUAL REPORT 2003-2004****(c) Future Plans of Action :**

The Company will continue with its activities in the field of R & D of development of new product and its improvements in the existing product efficiencies.

**(d) Expenditure on R & D :**

	<u>2003-2004</u>	(Rs. in Lacs) <u>2002-2003</u>
(a) Capital	Nil	Nil
(b) Recurring	0.25	1.14
Total	<u>0.25</u>	<u>1.14</u>

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

- I. Company on order to fully utilise its multidimensional manufacturing capacity is always on forefront to mass the best use of its technical capability for better success.
- II. Continuous endeavor to improve Product Quality & Process Yields.

**(b) Benefit derived as a result of the above effort :**

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 EARNING AND OUTGO**

	(Rs. in Lacs)	
	<u>2003-2004</u>	<u>2002-2003</u>
<b>(a) Total Foreign Exchange Earnings</b> (only Direct Export Consideration)	307.22	1519.03
<b>(b) Foreign Exchange outgo</b>		
(i) Value of imported Raw Materials calculated on CIF	63.25	126.13
(ii) Foreign Traveling Expenditure	0.85	5.34
(iii) Export Sales Commission	8.74	36.04

**DINTEX DYECHEM LIMITED****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	Executive	9	Yes	Dintex Securities & Financial Services Ltd.	None
2	Dinesh S. Shah	Executive	9	Yes	Do	None
3	Pankaj S. Shah	Executive	9	Yes	Do	None
4	Bhupendra S. Shah	Executive	9	Yes	Nil	None
5	Ashok P. Patel	Non-executive	9	Yes	Vishwa Mould Pvt. Ltd.	None
6	Rajendra R. Shah	Non-executive	9	Yes	Nil	None
7	Sanjiv B. Shah	Non-executive	9	Yes	Nil	None
8	Piyush N. Shah	Non-executive	7	Yes	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 2003 - 2004. The dates on which the Board Meetings are held are 17/04/03, 22/05/03, 30/06/03, 05/07/03, 31/07/03, 09/10/03, 31/10/03, 31/01/04, 20/03/04.

**i) Audit Committee :**

Audit committee of the Company is functioning in accordance with the requirement of Section 292A of the Companies Act, 1956 and the listing agreement. There has been no change in the composition of Audit Committee during the year.

**Terms of Reference :** As per the guidelines set out in the listing agreement that, inter alia, include overseeing the financial reporting process, reviewing with management the financial statements, accounting policies and practice, adequacy of internal control systems, adequacy of internal audit function and discussion with internal auditors on any significant findings, financial and risk management policies.

**Meeting and Composition :** An Audit committee, comprising 4 (four) Independent and Non-Executive Directors, viz. Ashok P. Patel (Chairman), Shri Sanjiv B. Shah, Shri Rajendra R. Shah and Shri Piyush N. Shah. During the Year 2003-2004, Audit Committee meeting was held on 15th March 2004, where all the Directors of Audit committee were present.

**ii) Remuneration Committee :**

The Board of the Company has constituted a Remuneration committee, comprising of

4 Independent, Non-Executive Directors viz. Shri Ashok P. Patel, Shri Sanjiv B. Shah, Shri Piyush N. Shah and 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 periodical 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 :**

The aggregate value of Salary and Perquisites including commission payable for the year ended 31st March, 2004 to whole-time Directors are as follows :