

19th **ANNUAL REPORT** **2004-2005**





NINETEENTH ANNUAL REPORT 2004-2005

Chairman & Managing Director	:	Sevantilal P. Shah
Managing Director	:	Dinesh S. Shah
Director	:	Suresh J. Patel Bhavin S. Patel Ashok P. Patel Rajendra R. Shah Piyush N. Shah Sanjiv B. shah
Company Secretary	:	Chirag G. Shah
Registered Office & Factory	:	Plot No.110, Phase-II, G.I.D.C. Estate, Vatva, Ahmedabad-382 445.
Administrative Office	:	6, Abhivrudhi Flats, Ground Floor, b/h.Ajanta Commercial Centre, Ashram Road, Ahmedabad.
Auditor	:	J. M. Contractor & Co., <i>Chartered Accountants</i> , 208, Sampada, Mithakhali Six Roads, Ahmedabad-380 009
Registrar & Transfer Agents	:	Pinnacle Shares Registry Pvt. Ltd. Nr. Ashok Mills, Naroda Road, Ahmedabad-380 025

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NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of **DINTEX DYECHM LTD.** will be held on Saturday, the 10th September, 2005 at 12.30 P.M. at ICSI, Navdeep Hall, ICSI Maneklal Mill Complex, S-2, B-Tower, Chinubhai Towers, Ashram Road, Ahmedabad- 300 009 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 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 Mr. Sanjiv B. Shah, who retires by rotation and being eligible offers himself for reappointment.
3. 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 :

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

"RESOLVED THAT Mr. Suresh J. 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 Directors, be and is hereby appointed 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. Bhavin S. 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 Directors, 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 a **Ordinary Resolution** :

"RESOLVED THAT the Authorised Share Capital of the Company be increased from Rs.4,00,00,000(Rupees Four Crores) divided into 40,00,000 (Forty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 15,00,00,000 (Rupees Fifteen Crores) divided into 1,10,00,000 (One Crore Ten Lacs) Equity Shares of Rs.10/- (Rupees Ten) each and 40,00,000 (Forty Lacs) Preference Shares of Rs. 10/- each and that Clause V of the Memorandum of Association of the company be altered accordingly to read as under :

Clause V of Memorandum of Association.

" V. The Authorised Share Capital of the company is Rs. 15,00,00,000 (Rupees Fifteen Crore only) comprising of Rs.11,00,00,000 (Rupees Eleven Crores) divided into 1,10,00,000(One Crore Ten Lacs) Equity Shares of Rs.10/- (Rupees Ten) each and 40,00,000 (Forty Lacs) Preference Shares of Rs. 10/- each."

7. To Consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to provisions of section 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 Annual General Meeting hereby approves the re-appointment of and payment of remuneration to Mr. Dinesh S. Shah, Managing Director of the Company for the period of five years from 1st October, 2004 and that he be paid remuneration by way of Salary and Perquisites as set out in the explanatory statement."

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8. To Consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to provisions of section 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 Annual General Meeting hereby approves the re-appointment of and payment of remuneration to Mr. Pankaj S. Shah, Jt. Managing Director of the Company from 1st October, 2004 to 31st May, 2005 and that he be paid remuneration by way of Salary and Perquisites as set out in the explanatory statement."

9. To Consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**.

"RESOLVED THAT pursuant to provisions of section 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 Annual General Meeting hereby approves the re-appointment of and payment of remuneration to Mr. Sevantilal P. Shah, Chairman & Managing Director of the Company for the period of five years from 1st October, 2004 and that he be paid remuneration by way of Salary and Perquisites as set out in the explanatory statement."

By Order of Board of Directors

Place : Ahmedabad
Date : 30th June, 2005.

Chirag G. Shah
Company Secretary

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 Book will remain closed from 8th September, 2005 to 10th September, 2005 (Both days inclusive).
3. Members are requested to: contact for any query related to shares, dividend and other inquiry at following address.
 - **M/s. Pinnacle Shares Registry Pvt. Ltd.**
Unit : Dintex Dyechem Limited
Near Asoka Mills, Naroda Road, Ahmedabad 380 025. Gujarat
Ph. 079 - 220 0338 / 220 0582 Fax : 079 - 220 5963 e-mail : gautam.shah@psrpl.com
 - Quote folio no. / DP ID & CL. ID for any communication for their shareholding.
 - Bring the copy of Annual Report at the meeting.
4. Members wishing to claim their unclaimed dividend of earlier years are requested to correspond with Secretarial Department at the Registered office of the Company. Members are requested to note that pursuant to section 205C of the Companies Act, 1956, dividend declared for the financial year ended 31st March 1998 and thereafter, which remain unclaimed will be transferred to the Investor Education and Protection Fund of the Central Government after a period of 7 years from the date of its declaration.
5. The copies of relevant documents can be inspected at the Registered office of the Company on any working day between 11.00 a.m. to 1.00 p.m. up to the date of A.G.M.
6. The Company's shares are presently listed at Ahmedabad and Mumbai Stock Exchanges. The Company has paid the listing fees to Ahmedabad and Mumbai Stock Exchanges for the financial year 2005-06.

**Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 :****Item No. 4 :**

Mr. Suresh J. Patel was appointed as an additional director on the Board of Directors of the Company on 1st June, 2005 According to the provisions of section 260 of the Companies Act, 1956. He hold office as a Director up to the date of ensuring 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 Rs. 500/-. A Brief data of Mr. Suresh J. 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 approvals of the members.

None of the Directors other than Mr. Suresh J. Patel, himself and Mr. Bhavin S. Patel, relative of him, is interested in this resolution.

Item No. 5 :

Mr. Bhavin S. Patel was appointed as an additional director on the Board of Directors of the Company on 1st June, 2005. According to the provisions of section 260 of the Companies Act, 1956. he hold office as a Director upto the date of ensuring 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 Rs. 500/-. A Brief data of Mr. Bhavin S. 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 approvals of the members.

None of the Directors other than Mr. Bhavin S. Patel, himself and Mr. Suresh J. Patel, relative of him, is interested in this resolution

Item No 6 :

The Authorised Share Capital of the Company presently stands at Rs.4,00,00,000 crores divided into 40,00,000 lacs equity shares of Rs. 10/- each. The Company has applied to various authorities for amalgamation of Bodal Chemicals Pvt. Ltd. with the company. If the company will get approvals for amalgamation, it would be necessary to increase Authorised share capital for issue of new shares to shareholders of Bodal Chemicals Pvt. Ltd. (Transferor Company). It is therefore desirable to increase Authorised share capital from Rs. 4,00,00,000 Crores to Rs. 15,00,00,000 Crores comprising of Rs. 11,00,00,000 crores divided into 1,10,00,000 One Crore and Ten Lacs equity shares of Rs. 10/- each and Rs. 4,00,00,000 crores divided into 40,00,000 lacs preference shares of Rs. 10/- each. All new shares will rank pari passu in all respect with the existing equity shares of the company. The proposed increase of the Authorised share capital of the company requires the approvals of the members in General Meeting. Consequent upon the increase in Authorised capital of the company, its Memorandum of Association will require alteration so as to reflect the increase in share capital. The Board recommends that the resolution be passed.

None of the Directors is interested in the resolution.

Item No 7, 8 & 9 :

Mr. Dinesh S. Shah was re-appointed as Managing Director of the Company for a period of Five year from 1st October, 2004, subject to the approvals of members of the Company by way of a Ordinary Resolution. All the terms and conditions of agreements for re-appointment of Managing Directors was same except Salary difference. Mr. Pankaj S. Shah was also re-appointed as Jt. Managing Director of the Company for a period of five years from 1st October, 2004 but he has resigned as a Director of the company w.e.f. 1st June, 2005. All the terms and conditions of agreements for re-appointment of Managing Directors was same except Salary difference. The condition of appointment and remuneration referred to in Part I and Part II of the Schedule XIII of the companies Act, 1956 was satisfied. Mr. Sevantilal P. Shah was re-appointed as Chairman & Managing Director of the company for a period of Five years from 1st October, 2004, subject to the approval of members of the company by way of a Special Resolution, as he is 77 years old.

The extract of the agreements are as follows :

(1) Salary :

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

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

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

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(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 fees.

Personal Accident Insurance :

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 month's 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.

Notwithstanding any thing mentioned above, where in any financial year during the currency of Director the Company has no profit or its profit 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

Your Directors, therefore, commend the resolution for approval of the members.

None of the Directors other than Mr. Sevantilal P. Shah , Dinesh S. Shah is interested in the respective resolution of their appointment.

By Order of Board of Directors

Place : Ahmedabad

Date : 30th June, 2005.

Chirag G. Shah
Company Secretary

**DINTEX DYE CHEM LIMITED****DIRECTORS' REPORT**

To,
The Members

The Directors have pleasure in presenting their NINETEENTH ANNUAL REPORT together with the Audited Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

	Year ended 31/03/2005	Rs. In Lacs Year ended 31/03/2004
Turnover and other Receipts	1942.71	1824.30
Profit before depreciation and taxation	(95.73)	(310.88)
Less : Depreciation	132.48	167.69
Profit before taxation	(228.21)	(478.57)
Less: Provision for Taxation	Nil	Nil
Profit after taxation	(228.21)	(478.57)
Add.: Surplus brought toward from earlier years	(909.31)	(430.74)
Amount Carried to Balance Sheet	(1137.52)	(909.31)

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

OPERATIONS:

During the year under review, your Company's Turnover increase from 18.24 Crores to 19.43 Crores. Total Export is also increased from Rs. 11.62 Crores to Rs. 11.89 Crores.

However, due to stiff competition in local as well as foreign market and over all market was not good even though the company has done competitive Business. The company has incurred net loss of Rs. 2.28 Crores which is decreased from Rs. 4.79 Crores in previous year.

We are glad to inform our shareholders that on the basis of our Direct Export performance our company been granted a certificate of **ONE STAR EXPORT HOUSE** from the Director General of Foreign Trade (DGFT) during the year.

There is one another matter of proud for us is that our company has been certified **ISO 9001:2000** during the year.

BUSINESS PROSPECTS:

The Chemical industries itself having vide 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 explore the new export market.

PUBLIC DEPOSITS

The Company has not accepted public deposit during the year. The Company has paid all the matured deposit in time and there was no deposit as on 31st March, 2005.

DIRECTOR

The Board has appointed Shri Suresh J. Patel and Shri Bhavin S. Patel, as Additional Directors of the Company, w.e.f. 1st June, 2005. They would hold office up to the date of the forthcoming AGM, but are eligible for reappointment.

The Board has also reappointed Shri Sevantilal P. Shah, Chairman & Managing Director, Shri Dinesh S. Shah, Managing Director and Shri Pankaj S. Shah, Jt. Managing Director of the Company, w.e.f. 1st October, 2004 for

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a further period of 5 years. However, Shri Pankaj S. Shah has resigned from the Board w.e.f. 1st June, 2005. The above appointment are subject to the approval of the members.

Shri Sanjiv B. Shah retires by rotation at the 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, it is hereby confirmed:

1. That in the preparation of the accounts for the financial year ended 31st March, 2005, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view ;
3. 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.;
4. That the Directors have prepared the accounts for the financial year ended 31st March, 2005. on a 'going concern' basis.

INSURANCE

The Company's assets are adequately insured.

AUDITORS

The Directors propose to reappoint the Auditors M/S. J.M. Contractor & Co. Chartered Accountant, Ahmedabad. The Company has received a certificate from the auditor 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 at all divisions 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, RESEARCH & DEVELOPMENT (R&D), TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING 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.

AMALGAMATION

The Company has made necessary application to various authorities for approvals of Amalgamation of Bodal Chemicals Pvt. Ltd. with the Company.

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 and Suppliers for the support they have given to the company and the confidence which they have reposed in the management .

For and on behalf of the Board

Place : Ahmedabad
Date : 30th June, 2005

Sevantilal P. Shah
Chairman & Managing Director

**DINTEX DYECHEM LIMITED****ANNEXURE-'A'****TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH,2005****A. CONSERVATION OF ENERGY****i) Energy Conservation measures taken:**

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

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

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

iv) Total Energy consumption per unit of production

	<u>2004-2005</u>	<u>2003-2004</u>
(i) Total Consumption of :		
Electric Units	Units 23.33 Lacs	Units 19.28Lacs
Total Amount	Rs.106.82 Lacs	Rs. 91.07 Lacs
Unit/Average Rate	Unit/Rs. 4.58	Unit/Rs.4.72
(ii) Fuel :		
Quantity	Ltrs.1.30 Lacs	Ltrs. 3.09 Lacs
Total Amount	Rs.27.33 Lacs	Rs. 55.81 Lacs
Unit/Average Rate	Ltr./Rs.21.02	Ltr./Rs. 18.04

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

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

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

Due to constant endeavors of the company, the Department of Science & Industrial Research has recognized your company as in house R&D unit. 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.

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 : (Rs. In Lacs)

	<u>2004-2005</u>	<u>2003-2004</u>
(a) Capital	Nil	Nil
(b) Recurring	Nil	0.25
	<u>Nil</u>	<u>0.25</u>

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

- I. Company in order to fully utilize its multidimensional manufacturing capacity is always on forefront to mass the best use of its technical capability for better success.
- II. Continuous endeavour 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**

	<u>2004-2005</u>	<u>(Rs. In lacs)</u> <u>2003-2004</u>
(a) Total Foreign Exchange Earnings (Only Direct Export Consideration)	490.25	307.22
(b) Foreign Exchange outgo		
(i) Value of imported Raw Materials Calculated on CIF	16.55	63.25
(ii) Foreign Travelling Expenditure	Nil	0.85
(iii) Export Sales Commission	8.69	8.74