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**FOR DAI-ICHI KANKARIA LIMITED.**

Ant. *H. Bherani*  
**COMPANY SECRETARY**

**DAI-ICHI**

**ANNUAL REPORT**

**1999-2000**

## DAI-ICHI KARKARIA LIMITED

**Board of Directors:**

Mr. D. M. Neterwala *Chairman*  
 Mr. Takahiko I. Miura  
 Dr. K. H. Gharda  
 Dr. H. E. Eduljee  
 Mr. J. H. C. Jehangir  
 Mr. A. H. Jehangir  
 Dr. K. R. Bharucha  
 Mrs. S. F. Vakil *Managing Director*

**Bankers:**

Bank of India  
 The Shamrao Vithal Co-operative Bank Ltd.  
 The Saraswat Co-operative Bank Ltd.

**Auditors:**

P. C. Hansotia & Co.  
 Chartered Accountants, Mumbai.

**Solicitors:**

Mulla & Mulla and Craigie Blunt & Caroe  
 Mumbai.  
 Amarchand & Mangaldas &  
 Suresh A. Shroff & Co., Mumbai.

**Registered Office:**

Liberty Building  
 Sir Vithaldas Thackersey Marg,  
 Mumbai-400 020.

**Works:**

105th Milestone, Mumbai-Pune Marg,  
 P.O. Kasarwadi, Pune-411 034.  
 Kurkumbh Industrial Area, Plot No. D-13,  
 Village Kurkumbh, Tal. Daund, Dist. Pune.  
 Plot No. 28-A, Opp. Laxmi Starch Ltd.,  
 Industrial Development Area,  
 Nacharam, Hyderabad-501 507.

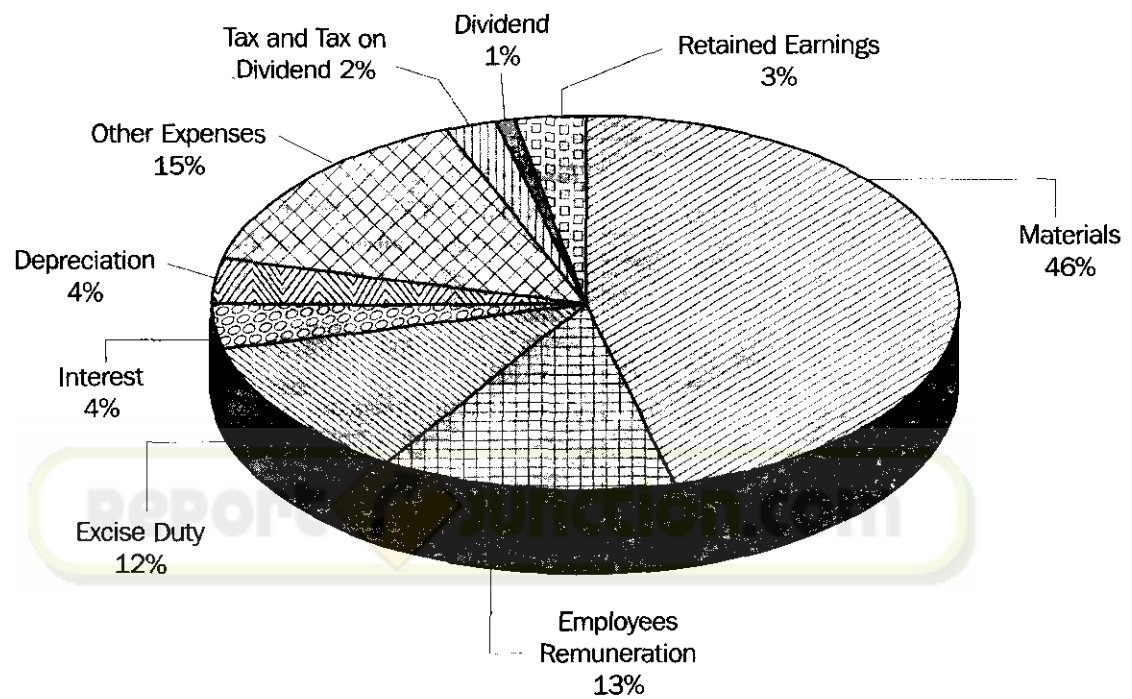
**Registrars and Transfer Agents:**

Sharex India (Pvt.) Ltd.  
 17/B, Dena Bank Building,  
 2nd Floor, Horniman Circle,  
 Fort, Mumbai-400 001.  
 Tel.: 2641376/2702485

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### HOW THE MONEY EARNED WAS SPENT DURING 1999-2000



## DAI-ICHI KARKARIA LIMITED

**NOTICE**

**NOTICE** is hereby given that the Fortieth Annual General Meeting of the Members of **DAI-ICHI KARKARIA LIMITED** will be held on Friday, 15th September, 2000 at 11.30 a.m at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 023 to transact with or without modifications, as may be permissible, the following business:

1. To receive, consider and adopt the Directors' Report, the Audited Profit and Loss Account for the year ended 31st March, 2000 and the Balance Sheet as at that date and Auditors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. T. Miura, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Dr. K.R. Bharucha, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Mr. J.H.C. Jehangir, who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**Registered Office:**

Liberty Building,  
Sir Vithaldas Thackersey Marg,  
Mumbai 400 020.

By Order of the Board

**H.H. Bhesania**  
Asst. Company Secretary

Date: 27th June, 2000

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED 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 of the Company will remain closed from 1st September, 2000 to 15th September, 2000 (both days inclusive).
3. Dividend if sanctioned will be paid within the stipulated period to those members whose names appear in the Company's Register of Members on 15th September, 2000.
4. As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available for shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registrars and Transfer Agents of the Company, M/s. Sharex India (Pvt.) Ltd.



5. Consequent upon the amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall hereafter be transferred to the Investor Education and Protection Fund  
  
Shareholders who have not claimed or encashed their dividend warrants in respect of financial years 1995-96, 1996-97, 1997-98 and 1998-99 are therefore requested to approach the Company in writing with their folio numbers to facilitate payment.
6. Company's Equity Shares are listed on The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai - 400 023, The Pune Stock Exchange, PMT Commercial Building, Deccan Gymkhana, Pune - 411 004, and The Ahmedabad Stock Exchange, Near Polytechnic, Panjara Pole, Ahmedabad - 300 015, and the Company has paid the annual listing fees for the financial year 2000-2001 to all the three exchanges.
7. The Registrars & Transfer Agents of the Company, M/s. Hamco Share Registry Pvt. Ltd. have changed their name to Sharex (India) Pvt. Ltd.
8. Members are requested to immediately notify any change in their addresses to M/s. Sharex (India) Pvt. Ltd. at 17/ B, Dena Bank Building, 2nd floor, Horniman Circle, Fort, Mumbai 400 001 and/or Luthra Industrial Premises, Unit No. 1, Andheri-Kurla Road, Safed Pool, Andheri (E), Mumbai - 400 072.
9. Shareholders desiring any information as regards Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
10. MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT ALONGWITH THEM AS COPIES OF THE REPORT WILL NOT BE DISTRIBUTED AT THE MEETING.

**Registered Office:**

Liberty Building,  
Sir Vithaldas Thackersey Marg,  
Mumbai 400 020.

Date: 27th June, 2000

By Order of the Board

**H.H. Bhesania**  
Asst. Company Secretary

## DAI-ICHI KARKARIA LIMITED

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Fortieth Annual Report together with the audited accounts for the year ended 31st March, 2000.

**1. FINANCIAL RESULTS :**

	<b>1999-2000 Rs.</b>	<b>1998-99 Rs.</b>
Sales and Other Income	<b>56,16,39,673</b>	48,53,77,710
Gross Profit	<b>8,08,35,373</b>	6,02,25,368
Depreciation	<b>2,30,73,550</b>	2,14,94,783
Interest	<b>2,46,90,030</b>	2,47,30,621
Profit before Extraordinary & prior period item & taxation	<b>3,30,71,793</b>	1,39,99,964
Add: Extra Ordinary and prior period item	<b>12,22,658</b>	1,10,37,000
Less: Reserve for diminution in value of investments	—	21,22,360
Profit before tax	<b>3,42,94,451</b>	2,29,14,604
Less: Provision for taxation	<b>90,22,510</b>	39,00,000
Add: Taxation of previous years	—	55,09,132
Profit after Taxation	<b>2,52,71,941</b>	2,45,23,736
Balance brought forward	<b>5,34,10,588</b>	4,94,07,480
Amount available for appropriation	<b>7,86,82,529</b>	7,39,31,216
<b>Appropriations:</b>		
Proposed Dividend	<b>81,17,400</b>	1,62,34,800
Inc. Tax on Prop. Div.	<b>17,85,828</b>	17,85,828
General Reserve	<b>26,00,000</b>	25,00,000
Balance carried forward	<b>6,61,79,301</b>	5,34,10,588

**2. DIVIDEND:**

The Directors recommend payment of dividend for the year ended 31st March, 2000 at Re. 1/- per share amounting to Rs. 81.17 lacs (previous year - Rs. 2/- per share amounting to Rs. 162.35 lacs).

**3. PERFORMANCE:**

The Company has been able to maintain its market position in most areas inspite of the continued recession in the textile and industrial products sectors. Presently, the Company's emphasis on collections, and liquidation of outstandings has to some extent impacted on the sales. The growth in sales has been 10% whilst profitability has increased mainly due to the exceptional collection of sales revenue through an arbitration award. However this amount is under dispute in High Court.



## PRODUCT DEVELOPMENT AND IMPROVEMENT

Several of the Company's products are under severe competitive pressure and it has therefore been the Company's endeavour, to add on more value added products to the range, specially in the areas of textile additives and spin finishes.

The Company has tried to improve its product mix with higher value-added products that result in better price realisations. The Company has developed, tested and supplied spin finishes for various types of acrylic fibres. It has also developed newer and specialised textile softeners, antistat agents and defoamers for customer specific applications, which are presently being introduced into various markets.

## 4. EXPANSION AND DIVERSIFICATION :

### a. Flocculants Project at Kurkumbh

Turnover for this project has increased by 70% with an increase of 10% in pricing, allowing the Company to achieve higher contributions from the products. The focus has been on paper industry (growth achieved is 91% over previous year) and the Sugar industry (growth 72%). We have established stronger ties with project consultants in the water treatment area and our products are being actively referred by them, to their customers. We have started supplies to the oil industry, and expect substantial growth in this area in the coming years.

### b. Spin Finishes

The Company's product for POY yarn, is now well accepted in the market and we presently have several large units who have stopped importing the product and have started using our spin finish. Attempts are also being made to get bulk orders from one of the largest POY units in the country.

Several finishes for acrylic fibre and Nylon Tyrecord have been developed and supplied to several new customers.

Bulk order for PSF finish have been received from one of the largest units in the country, which will be initially imported from our technical collaborators, Matsumoto. However, we are trying to indigenise these finishes with the help of our collaborators.

### c. Bulk Drugs/Fine Chemicals Project

In the Bulk Drug division, the Company has continued to focus on the development of new value added products and has successfully introduced eight new products into the domestic and export markets. These are in the therapeutic areas of cardiovascular, antihistaminics, analgesics, anxiolytic, antidepressant and anticonsulgants.

Presently, 45% of the Company's Sales have been to export markets. However, the Company has yet to turn around this division into a profitable venture.

This year the Company is concentrating on achieving product registrations with certain European Generic companies in order to ensure future revenues from global generic markets.

The Company's main thrust presently is in establishing partnerships or strategic alliances with one or more international pharmaceutical companies. We believe these should be in place before March 2001.

With a view to create synergy in the Maternal Health Division, the Company has sold its Trade Marks for Prostaglandin formulations to Dr. Reddy's Laboratories, but will continue to manufacture the products for the Company. Since they have a well appointed marketing division we believe this tie-up will greatly enhance our Company's business in this field.

## DAI-ICHI KARKARIA LIMITED

**5. Y2K COMPLIANCE :**

The Company had a successful Y2K transition and there was no disruption in the operations.

**6. FIXED DEPOSITS :**

As on 31st March 2000, the Company has no deposits which are matured and claimed, but remained unpaid.

**7. INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956 :**

- a. Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, which forms part of this Report, is not annexed herewith. However, any shareholder interested in obtaining such particulars may write to the Asst. Company Secretary at the Registered Office of the Company.
- b. The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in the annexure to this Report.

**8. DIRECTORS :**

Dr. E.H. Daruwalla resigned as Director of the Company with effect from 25th January 2000 due to indifferent health. The Board noted the same with regret and placed on record its appreciation for the valuable and meritorious services rendered by him during the tenure of his Directorship.

Prof. Karl Sune Detlof Bergstrom resigned as Director of the Company with effect from February 3, 2000. The Board noted the same with regret and placed on record its appreciation for the valuable guidance and support extended by him to the Company for the Maternal Health Care Division.

In accordance with the provisions of the Companies Act, 1956 and Articles of Associations of the Company, Mr. T. Miura, Dr. K.R. Bharucha and Mr. J.H.C. Jehangir retire from the Board of Directors by rotation and are eligible for reappointment.

**9. SUBSIDIARY COMPANY :**

Pursuant to the Provisions of Section 212 of the Companies Act, 1956, the Annual Report and Accounts of the Company's subsidiary viz. Baker Oil Treating (I) Ltd. (BOTI) for the year ended 31st March 2000 are annexed together with the statement showing the extent of the Company's interest therein.

**10. AUDITORS :**

Existing Auditors, Messrs. P.C. Hansotia & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

**11. HEALTH, SAFETY & ENVIRONMENT :**

Safety audits are continuously carried out in various installations of the Company. The findings and recommendations of these audits are discussed by the Senior Executives and plans to improve health and safety of the workmen are implemented. The Company has taken safety and health measures by re-organising equipment at Pune Plant which has improved the working conditions.

Safety committee meetings are held bi-monthly. All safety matters are discussed and necessary actions are taken. Awareness about the safety is created at all levels.





At the Hyderabad Unit, exhaustive medical examination was conducted for all employees. Preventive maintenance of fire extinguishers placed in various areas of the factory was implemented.

**12. INDUSTRIAL RELATIONS :**

*The industrial relations during the year were cordial and peaceful and the Company received full co-operation and support from all its employees.*

**13. ACKNOWLEDGEMENT :**

Your Directors wish to place on record their appreciation of the contribution made by the employees of the Company. The Directors would also like to thank customers, suppliers and bankers for their continued and unstinted support.

On Behalf of The Board of Directors

**D.M. NETERWALA**  
Chairman

Place : Mumbai  
Date : 27th June, 2000



## DAI-ICHI KARKARIA LIMITED

## ANNEXURE 'A'

## ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION REQUIRED AS PER SECTION 217(1)(e) OF THE COMPANIES ACT 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2000.

## 1. Conservation of Energy :

## (a) ENERGY CONSERVATION MEASURES TAKEN:

- i. Additional power capacitor installed to improve the power factor for 0.91 to 0.95.
- ii. Using additives to the Boiler feed water to improve efficiency.
- iii. Installed KWH meters at various locations to monitor power consumption for better control over energy conservation efforts.
- iv. Replaced 30% of old vacuum pumps with new power efficient vacuum pumps.
- v. Energy audit conducted for steam generation and distribution and suggestions implemented, including installation of automatic steam blow down system and steam flow meter for the steam boiler.

## (b) ADDITIONAL INVESTMENT PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF ENERGY:

- i. Replacement of existing reactor drives with more efficient drives to reduce motor HP, thereby resulting in lower power consumption (Rs. 8.5 lacs).
- ii. To use fuel additives to improve combustion efficiency of the boiler and thereby reduce consumption of fuel 2% - 3% (Rs. 3.00 lacs).
- iii. Replacement of remaining old vacuum pumps with power efficient vacuum pumps (Rs. 3.5 lacs).

## (c) IMPACT OF THE MEASURES AT (a) &amp; (b) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS: The cost of production is expected to reduce by 2%.

## (d) TOTAL ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM A:

	1999-2000	1998-99
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>a. ELECTRICITY</b>		
1. Purchased		
i. Units – KWH	26,08,044	22,63,417
ii. Purchase Cost – Rs.	1,19,12,248	95,86,554
iii. Rate per unit purchased – Rs.	4.57	4.24
2. Own Generation		
— Through Diesel Generator		
i. Units generated /KWH	4,39,454	3,61,280
ii. Diesel used in K. Litres	1,67,327	143,567
iii. Cost of diesel oil – Rs.	23,41,608	15,76,500
iv. Cost of diesel per unit generated – Rs	5.32	4.36
— Through Steam/Turbine		
<b>b. COAL USED</b>		
1. No. of Units consumed kg.	3,07,735	—
2. Purchase Cost Rs.	6,15,470	—
3. Rate per units per kg.	2.00	—
<b>c. FURNACE OIL</b>		
1. Quantity used in K.Litres	1,154,219	997,020
2. Cost of Furnace Oil – Rs.	1,18,46,203	63,79,260
3. Average rate – Rs.	10,263	6,398
<b>d. OTHER INTERNAL GENERATION :</b>		
1. Lower Sulphur heavy stock	—	—
2. Internally generated fuel	—	—
<b>B. CONSUMPTION PER UNIT OF PRODUCTION IN MT :</b>		
Electricity – KWH	571.33	581.07