



DAI-ICHI

**ANNUAL REPORT
2000-2001**

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
 Dr. S. P. Adarkar
 Mr. K. D. Patel
 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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NOTICE

NOTICE is hereby given that the Forty First Annual General Meeting of the Members of **DAI-ICHI KARKARIA LIMITED** will be held on Tuesday 18th September, 2001 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 the following business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2001 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. A. H. Jehangir, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. K. H. Gharda, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. D. M. Neterwala, who retires by rotation and, being eligible, offers himself for re-appointment.
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.

Special Business

7. To consider and, if thought fit, to pass the following Resolution with or without modification/s as a Special Resolution:

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company ("the Articles") be and are hereby amended and altered in the manner and to the extent as set out below:

- A. In Article 2 of the Articles, the following interpretations shall be added at appropriate places:

Beneficial Owner	"Beneficial Owner" means a person whose name is recorded as such with a depository.
SEBI Board	"SEBI Board" means the Securities and Exchange Board of India.
Bye-Laws	"Bye-Laws" means bye-laws made by a depository under Section 26 of the Depositories Act, 1996.
Depositories Act	"Depositories Act" means the Depositories Act 1996 including any statutory modification or re-enactment thereof for the time being in force.
Depository	"Depository" means a Company formed and registered under the Companies Act, 1956 and which has been granted a Certificate of Registration under Sub-section 1(A) of Section 12 of the Securities and Exchange Board of India Act, 1992.
Records	"Records" include the records relating to the Company maintained in the form of books or registers or stored on a computer or on diskettes or floppies or in such other form as may be determined by the Regulations.
Regulations	"Regulations" means the regulations made by the SEBI Board.
Security	"Security" means and includes Shares, Debentures and such other security as may be specified by the SEBI Board from time to time.



- B. (i) In Article 2 of the Articles, the interpretation of "Member" shall be substituted by the following interpretation:-

"Member" means the duly registered holder, from time to time, of the shares of the Company and shall include the Beneficial Owner as defined in this Article.

- (ii) In Article 21(a) of the Articles of Association, the following proviso shall be inserted:

"Provided however that no share certificate(s) shall be issued for shares held by a Depository."

- (iii) The following Article shall be inserted as Article 56A of the Articles, after Article 56.

"The Company shall maintain a 'Register of Transfers' and therein shall be fairly and distinctly entered, particulars of every transfer or transmission of any share held in the material form."

- (iv) Article 177 be substituted by the following Article:

The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act and the Depositories Act, with details of shares held in material and dematerialised forms, in any media (including electronic media) as may be permitted by law. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, shall be deemed to be the Register and Index of Members holding shares in a dematerialised form, for the purposes of the Act. The Company shall be entitled to keep in any state or country outside India, a branch register of members resident in that state or country."

- C. The following Articles shall be inserted as Article 67A and 67B of the Articles, after Article 67:

"67A (i) DEMATERIALISATION OF SECURITIES

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities and/or offer fresh securities for subscription in a dematerialised form pursuant to the Depositories Act and the rules framed thereunder. Additionally, on the investor exercising an option to hold his/her securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise his/her securities, in which event, the rights and obligations of the parties concerned shall be governed by the Depositories Act."

(ii) OPTION TO RECEIVE SECURITY CERTIFICATES OR HOLD SECURITIES WITH A DEPOSITORY

"Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository. Where a person opts to hold a security with a depository, the Company shall intimate to such depository, the details of allotment of the securities, and on receipt of such information, the depository shall enter in its records, the name of the allottee as the Beneficial Owner of those securities."

(iii) SECURITIES IN DEPOSITORY TO BE IN FUNGIBLE FORM

"All securities held by a depository shall be dematerialised and shall be in a fungible form.

Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the Beneficial Owner."

(iv) DISTINCTIVE NUMBERS OF SECURITIES HELD BY A DEPOSITORY

"Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository."

(v) TRANSFER AND TRANSMISSION OF SECURITIES

"Notwithstanding anything contained in the Act or these Articles, in the case of transfer or transmission of Securities, where the Company has not issued any certificate and where such Securities are being held in an electronic and fungible form with a Depository, the provisions of the Depositories Act shall apply."

(vi) RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS

1. Notwithstanding anything to the contrary contained in the Articles or in any other law for the time being in force, a depository shall be deemed to be a registered owner for the purpose of effecting transfer of ownership of a security on behalf of the Beneficial Owner.
2. Save as otherwise provided in clause(1) above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.
3. Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the records of the depository, shall be deemed to be a member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a depository."

(vii) OPTION TO OPT OUT IN RESPECT OF ANY SECURITY

"If a Beneficial Owner seeks to opt out of a depository in respect of any security, he shall intimate the depository accordingly. The depository shall, on receipt of such an intimation, make appropriate entries in its records and shall inform the Company. The Company shall, within 30 (thirty) days of the receipt of the intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the Beneficial Owner or the transferee, as the case may be."

(viii) REGISTER AND INDEX OF BENEFICIAL OWNERS

"The Register and Index of Beneficial Owners maintained by a depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members for the purposes of the Act."

(ix) BENEFICIAL OWNER DEEMED TO BE ABSOLUTE OWNER

"Except by an order of a Court of competent jurisdiction or if required by law, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of securities in the records of depository as the absolute owner thereof and accordingly the Company shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest of any other person in any security or (except as expressly provided by these Articles) any right in respect of a security other than an absolute right thereto, on the part of any other person whether or not it shall have express or implied notice thereof."



67B Nomination

Notwithstanding anything contained herein, a Member has a right to nominate one or more persons as his/her nominee(s) to be entitled to the rights and privileges as may be permitted under the law in the event of death of the said member/s subject to the provisions of the Companies Act, 1956, and other applicable laws.

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper."

Registered Office:

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

Date: 25th June, 2001

By Order of the Board

H. H. Bhesania
Company Secretary

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 relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No. 7 stated above is annexed hereto.
 3. The Register of Members and Share Transfer Books of the Company will remain closed from 1st September, 2001 to 18th September, 2001 (both days inclusive).
 4. Dividend on Equity Shares as recommended by the Directors for the financial year ended March 31, 2001 when declared at the meeting will be paid to those Members whose names appear on the Register of Members of the Company on or before 18th September, 2001.
 5. Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility by filing Form 2B. Blank Forms will be supplied by Company's Registrar & Transfer Agent on request. Members holding shares in the dematerialised form may contact their Depository Participant for recording nomination in respect of their shares.
 6. Pursuant to the provisions of Sub-section (5) of Section 205A of the Companies Act, 1956 any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the unpaid dividend account shall be transferred by the Company to the Investor Education and Protection Fund to be established by the Central Government.
- Shareholders who have not claimed or encashed their dividend warrants in respect of financial year 1995-96 or thereafter are therefore requested to approach the Company in writing with their folio numbers to facilitate payment.

DAI-ICHI KARKARIA LIMITED

7. 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, 752, Shivlila Building, Sadashiv Peth, Pune - 411 030, and The Ahmedabad Stock Exchange, Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ambawadi, Ahmedabad - 380 015, and the Company has paid the annual listing fees for the financial year 2001-2002 to all the three exchanges.
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, Homiman 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 ALONG WITH THEM, AS COPIES OF THE REPORT WILL NOT BE DISTRIBUTED AT THE MEETING.

Registered Office:

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Mumbai 400 020.

Date: 25th June, 2001

By Order of the Board

H. H. Bhesania
Company Secretary



**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956:****Item No. 7:**

Consequent to the passing of the Depositories Act, 1996, and the introduction of the system of Depositories ('the System'), certain provisions of the Companies Act, 1956 and of the Securities Contracts (Regulation) Act, 1956 relating to the issue, holding, transfer and transmission of shares and other securities have been amended to facilitate the implementation of the System. Further, as per the companies (Amendment) Act, 1999, the Act has been amended to provide for nomination facility for the shareholders.

It is therefore essential to make necessary modifications in the Articles of Association in terms of the Special Resolution at item No. 7 of the Notice.

It is clarified that, while the additional facility as specified hereinabove has been provided within the new legal framework, it is not compulsory for the shareholders to dematerialise their holdings as neither is the same mandatory under any legal provision/notification nor has the Securities and Exchange Board of India specified that the securities of the Company can be traded only if the same are held in a dematerialised form.

None of the Directors of the Company is in any way, concerned or interested in the said Special Resolution.

Registered Office:

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

Date: 25th June, 2001

By Order of the Board

H. H. Bhesania
Company Secretary



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Forty-First Annual Report together with the audited accounts for the year ended 31st March, 2001.

1. FINANCIAL RESULTS:

	2000-2001 Rs.	1999-2000 Rs.
Sales and Other Income	55,11,34,195	56,16,39,673
Gross Profit	4,89,96,164	8,08,35,373
Depreciation	2,31,94,140	2,30,73,550
Interest	2,24,09,296	2,46,90,030
Profit before Extra-Ordinary & prior period item & taxation	33,92,728	3,30,71,793
Add: Extra-Ordinary and prior period item	21,20,260	12,22,658
Profit before Tax	55,12,988	3,42,94,451
Less: Provision for taxation	6,00,000	90,22,510
Add: Taxation of previous years	47,01,376	—
Profit after Taxation	96,14,364	2,52,71,941
Balance brought forward	6,61,79,301	5,34,10,588
Amount available for appropriation	7,57,93,665	7,86,82,529
Appropriations:		
Proposed Dividend	81,17,400	81,17,400
Income Tax on Proposed Dividend	8,27,975	17,85,828
General Reserve	9,70,000	26,00,000
Balance carried forward	6,58,78,290	6,61,79,301

2. DIVIDEND:

The Directors recommend payment of dividend for the year ended 31st March, 2001 at Re. 1/- per share amounting to Rs. 81.17 lacs (previous year – Re. 1/- per share amounting to Rs. 81.17 lacs).

3. PERFORMANCE:

The sales turnover of the Company during the year was Rs. 55.11 crores which is at about the same level as last year. While the textile business of the Company had to contend with recessionary conditions, the other businesses of the Company specifically in the areas of additives for paints and the oil field chemicals industry were able to maintain their position in the market. The profitability however was lower due to the shift of a large public sector order into the present year.



PRODUCT DEVELOPMENT AND IMPROVEMENT:

The Company continues to struggle under the severe competitive pressure, and the progress made in the spin finish area together with the new developments for the paint industry have not compensated for the lost business in the textile segment. To counter the effect of eroding margins in the textile sector, the Company has launched a serious developmental program to target customers supplying textile markets abroad, with speciality auxiliaries, that have value additions. In addition, the Company has made serious efforts to tie-up with one or two multinationals for their requirements of some speciality additives for the domestic as well as foreign markets. The results of these efforts will be forthcoming in the year 2001-2002.

4. EXPANSION AND DIVERSIFICATION:

a. Flocculants Project at Kurkumbh

The Company has focussed its business in three major areas namely, ETP, paper and Alumina industry. The result of the focussed effort is that the Company has brought in eight new major clients that account for 72% of the total sales. Though the competition is steadily increasing from international suppliers, our products continue to stand their ground on quality front and though we are forced to reduce our prices and lower our margins, we have been able to improve our bottom line through additional sales volumes.

b. Spin Finishes

The Company has continued its progress in this area and now commands 20% market share in the POY segment.

With regard to Tyrecord finish products, our products are under approval at two large tyrecord manufacturing plants. The Company is continuing its efforts to work with Matsumoto, our Technology Partners, for the indigenisation of Spin Finish as per our customers' requirement. Meanwhile, we continue to import and supply Matsumoto Spin Finishes for certain applications to very large polyester manufacturers.

c. Bulk Drugs/Fine Chemicals Project

The Company has consolidated its position here and achieved a quantum growth in sales turnover, by increasing its export sales. Though competition in the bulk drug market has been intense, the Company was able to increase its market share in select products, and maintain its customer base. The business responded proactively by leveraging its ability to be cost effective and providing technology based customer support to its end-users.

d. Future Growth

The future prospects for the bulk drug industry are positive. The accelerating level of Pharmaceutical activity towards implementation of Intellectual Property Rights, by December 2004 and the sharper focus for investment by Multinational Companies are likely to improve the prospects for the bulk drug industry.

The division is also developing new molecules and intermediates to provide product-mix to its customers. The division's continuous focus on better-product-mix, stringent quality control and cost reduction is expected to help improve its performance.

5. FIXED DEPOSITS:

Out of the fixed deposits totalling to Rs. 151.54 lacs as at 31st March, 2001, deposits amounting to Rs. 0.25 lacs which matured, have not been claimed by the depositors on the said date. Since then, except one deposit of value of Rs. 0.10 lacs, all other deposits are still unclaimed.