



CERTIFIED TRUE COPY
FOR DRAVYA INDUSTRIAL CHEMICALS LTD.

B. Agli
BINA DAGLI
COMPANY SECRETARY

ANNUAL REPORT 1996-97

DRAVYA

INDUSTRIAL CHEMICALS LIMITED

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

DRAVYA INDUSTRIAL CHEMICALS LIMITED

BOARD OF DIRECTORS

Mr. B. M. Patel	Chairman
Mr. V. V. Vaingankar	Executive Director
Mr. D. A. Patel	Director
Mr. B. M. Saihgal	Director
Mr. A. G. Puri	Director
Ms. N. H. Desai	Director
Mrs. U. K. Jhaveri	Director

COMPANY SECRETARY

Ms. Bina Dagli

AUDITORS

M/s A. C. Matalia & Co.
3-108, 'A' Bhandup Indl. Estate,
Pannalal Compound,
L.B.S. Marg, Bhandup (W),
Mumbai-400 078.

REGISTERED OFFICE

J-16, G.I.D.C. Industrial Estate,
Umbergaon-396 171.
Dist : Bulsar,
Gujarat

ADMINISTRATIVE OFFICE

Yashwant Chambers, 2nd Floor,
18, Burjorji Bharucha Marg, Fort,
Mumbai-400 023.

WORKS

- a) 800/2 and 800/1/B
G.I.D.C. Vapi,
Gujarat.
- b) 1640/1 & 2
G.I.D.C. Sarigam
Gujarat.

REGISTRAR AND SHARE TRANSFER AGENT

Hamco Share Registry Pvt. Ltd.
Unit No. 1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri (East), Mumbai-400 072.

ANNUAL REPORT 1996-97

NO T I C E

Notice is hereby given that the **12TH ANNUAL GENERAL MEETING** of the Members of **DRAVYA INDUSTRIAL CHEMICALS LIMITED** will be held on **Tuesday, 30th December, 1997 at 11.30 A.M.** at **29, G.I.D.C Industrial Area, Umbergaon: 396 171 Dist. Bulsar, Gujarat** to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, Audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as on that date and Auditors Report thereon.
2. To appoint a Director in place of Mr. D. A. Patel who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. B. M. Saihgal who retires by rotation and being eligible offers himself for reappointment .
4. To appoint Auditors for the financial year 1997-98 and fix their remuneration.

SPECIAL BUSINESS:**5. APPOINTMENT OF EXECUTIVE DIRECTOR.**

To consider and pass, if thought fit, with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to provisions of Sec 198, 269, 309 of the Companies Act 1956, read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 or any amendment or modification thereto by way of Notification or otherwise or reenactment of the Companies Act, 1956, the Company hereby accords its approval for appointment of Mr. V. V. Vaingankar as Executive Director of the Company for a period of 5 Years from 15 April, 1997 to 14 April, 2002 and on such other terms and conditions as set out in the Agreement and the Board of Directors be and is hereby authorised to alter and vary such terms and conditions of said agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Directors and Mr. V. V. Vaingankar."

"RESOLVED FURTHER THAT Board of Directors be and is hereby authorised to take all the necessary steps and to do all other acts, deeds and things as may be necessary to give effect to this resolution."

By Order of the Board of Directors

Place : MUMBAI
Date : November 17, 1997

Sd/-
BINA DAGLI
COMPANY SECRETARY

REGISTERED OFFICE

J-16, G.I.D.C Industrial Estate
Umbergaon 396 171
Dist. Bulsar
GUJARAT

DRAVYA INDUSTRIAL CHEMICALS LIMITED**NOTES**

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND TO VOTE ON POLL ON BEHALF OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) An explanatory statement relating to special business as required under Section 173 (2) of the Act is annexed hereto.
- 3) Members are requested to notify change of their address, if any, to our Registrars M/s. HAMCO SHARE REGISTRY PVT. LTD. at the following address:

M/S. HAMCO SHARE REGISTRY PVT. LTD.

Unit No.1, Luthra Industrial Premises
Andheri Kurla Road
Safed Pool, Andheri (E)
MUMBAI 400 072

EXPLANATORY STATEMENT RELATING TO SPECIAL BUSINESS AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 5:

Mr. V. V. Vaingankar is appointed as Executive Director of the Company for a period of five years with effect from 15 April, 1997 on terms and conditions as enumerated herein below:

REMUNERATION:

- I. The Remuneration payable to Executive Director will be as follows:
 - a) Salary: Rs. 17,000/- p.m. (Rupees Seventeen Thousand Only)

In addition to above the Executive Director will be entitled to the following :

 - i) Company's contribution to Provident Fund and Superannuation Fund not exceeding 10% of the Salary.
 - ii) Gratuity as per the rules of the Company.
 - iii) Encashment of leave at the end of the tenure in accordance with the rules and regulations as applicable to the senior executives of the Company.
 - iv) Use of Company's car while on business of Company & telephone at residence. Personal long distance calls and use of car for private purpose will be billed to Mr. V. V. Vaingankar at the perquisite value as per the rules of the Income Tax Act, 1961.

A total remuneration including perquisite payable to Executive Director shall not exceed the limits stipulated u/s 198 and Section 309 of the Companies Act, 1956. The draft agreement is open for inspection at the Registered Office of the Company during business hours on any working day upto the date of the meeting.

Mr. V. V. Vaingankar has vast experience in his field and his guidance will be beneficial to the Company. Hence your directors recommend his appointment as Executive Director.

None of your Directors except Mr. V. V. Vaingankar is interested in the aforesaid resolution.

By Order of the Board of Directors

Place : MUMBAI
Date : November 17, 1997

Sd/-
BINA DAGLI
COMPANY SECRETARY

REGISTERED OFFICE
J-16, G.I.D.C Industrial Estate
Umbergaon 396 171
Dist. Bulsar
GUJARAT

ANNUAL REPORT 1996-97**DIRECTORS' REPORT**

Your Directors have great pleasure in presenting to you the Twelfth Annual Report of your Company alongwith Audited Statement of Accounts for the year ended **31st March, 1997**.

FINANCIAL RESULTS:

The working results for the year ended 31.3.97 are as follows:

	Year Ended 1997	(Rupees in Lacs) Previous Year 1996
SALES & OTHER INCOME	6655.78	5719.40
GROSS PROFIT BEFORE DEPRECIATION	169.30	131.27
DEPRECIATION	20.60	15.53
PROVISION FOR TAX	65.00	49.83
NET PROFIT FOR THE YEAR	83.70	65.91
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR	199.07	133.16

REVIEW OF PERFORMANCE

The Sales & Other Income of the Company for the Financial Year under review has increased to Rs. 6655.78 lacs as compared to Rs. 5719.40 lacs for the Previous Financial Year. Increase in Net Profit by 27% at Rs. 83.70 lacs against Rs. 65.91 lacs achieved during the previous year.

DIVIDEND

Due to inadequacy of profits, your Directors do not recommend any dividend for the year ended 31st March, 1997.

FUTURE OUTLOOK

The Year 1996-97 witness recessionary trends in the global market. India was no exception to this. All the industries were confronted with a serious funds crunch. The sudden reduction in import duty on Tin / Lead Ingots aggravated the situation, as your Company was not prepared to face the competition from these imported goods. Due to ban on import of lead residues and lead scrap the production plans of your Company at Vapi plant were disrupted. Further to comply with the directives of the Gujarat Government in respect of pollution control your Company had to modify the plant at Vapi. This naturally took some time.

As regards the Raipur Tin Plant, supply of Tin Ore to it was disrupted due to torrential rains in the Bastar area. The mines being in a dense jungle, they are inaccessible during the rainy season.

Your company has taken various steps to overcome the problems created by the factors mentioned above. It has installed a sophisticated machinery at Vapi which will reduce the cost of production. The Sarigam plant is nearing completion and will be commissioned only next year.

A sophisticated Tin smelter has been installed at our Raipur plant and the commercial production will start shortly. Pollution control equipment too has been installed. Once the commercial production commences, your company will be able to post encouraging results.

DRAVYA INDUSTRIAL CHEMICALS LIMITED

Negotiations with a leading U.K. corporate for the export of Tin Ingots are finalised. The export of Tin Ingots to them will commence early next year. Since this contract involves export of Tin Ingots for 3 years, your company is assured of an export market during this period. This coupled with the ever-increasing demand for Tin locally your company is confident of improving its profitability.

With the announcement of the new credit policy by the Governor of the Reserve Bank of India, Industries will, it is hoped, be able to borrow funds - and too at a lower rate of interest.

In a nut-shell, the installation of a sophisticated machinery at Vapi, a modern Tin smelter at Raipur, bagging of an export order for 3 years and the announcement of the new credit policy by the Reserve Bank of India will help your Company boost its profitability in the years to come.

DIRECTORATE

In accordance with the provisions of Section 256 of the Companies Act, 1956 and Article No.100 read with Article 102 of the Articles of Association of the Company, Mr. D. A. Patel & Mr. B. M. Saihgal retires by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

The Board is of the opinion that, the continuance of Mr. D. A. Patel & Mr. B. M. Saihgal on the Board of Directors will be in the interest of the Company.

AUDITORS

M/s. A. C. Matalia & Co., Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits of section 224 (1B) of the Companies Act, 1956. Accordingly the said Auditors will be eligible for appointment as Auditors of the Company.

The notes to the Accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

PUBLIC DEPOSITS

The Company has been accepting deposits from public and shareholders. Total amount of such Fixed Deposit as on 31st March, 1997 were Rs.40.10 Lacs. There is no deposit which is mature but not claimed or which is mature and claimed but not paid.

PROMISES VS. PERFORMANCE (IN TERMS OF CLAUSE 43 OF LISTING AGREEMENT)

Your Company had given the profitability projection as Total Income Rs. 22499.91 Lacs and Profit after Tax as Rs. 2105.57 Lacs as projected in the Prospectus dated 4th April, 1994 against which the Company could achieve Rs. 6655.78 Lacs and Rs. 83.70 Lacs respectively.

With the phenomenal growth of Chemical Industries in and around Vapi and Sarigam during the last couple of years, the Government had to revise the norms for all polluting units. With the stringent norms set in by the Government since the beginning of 1996, the Company had to stall the production unit in order to upgrade the existing equipments for pollution control system. On account of this the company could not achieve the projected growth rate. The Company has taken adequate measures to implement the revised norms upto the satisfaction of the Pollution Control Board.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975.

There is no employee covered by Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

ANNUAL REPORT 1996-97

DISCLOSURE OF PARTICULARS

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo is given in Annexure "A" forming part of this report.

INDUSTRIAL RELATIONS

The Company continued to maintain harmonious and cordial relations with its workers in all its divisions.

ACKNOWLEDGEMENTS

The Directors wish to place on record their thanks to the Government Authorities (Central and State), Financial Institutions, Bankers and other business associates and shareholders for the co-operation and encouragement extended to the Company. The Directors also place on record their deep appreciation for the contribution made by the employees at all levels.

For and on behalf of the Board of Directors

PLACE: MUMBAI
DATE: 17TH NOVEMBER, 1997

Sd/-
B. M. PATEL
DIRECTOR

ANNEXURE "A" TO DIRECTORS' REPORT**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.****(A) CONSERVATION OF ENERGY**

Considerable emphasis is given to improve the quality of the products, energy saving and controlling waste.

(B) TECHNOLOGY ABSORPTION

N.A.

(C) FOREIGN EXCHANGE EARNINGS / OUTGO

Foreign Exchange Earnings	Rs. 3,119.33 LACS
Outgo	Rs. 11,529.82 LACS