

DUTRON POLYMERS LIMITED

DUTRON

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**18th
ANNUAL REPORT
1998-99**

DUTRON POLYMERS LIMITED

BOARD OF DIRECTORS	:	SHRI BIPINCHANDRA T. PATEL CHAIRMAN
		SHRI SUDIP B. PATEL JOINT MANAGING DIRECTOR
		SHRI RASESH H. PATEL JOINT MANAGING DIRECTOR
		SHRI ALPESH B. PATEL DIRECTOR
SECRETARY	:	Ms. ANAGHA S. BHALKAR
AUDITORS	:	BAHETI BHADADA & ASSOCIATES CHARTERED ACCOUNTANTS
		201, SHAILY COMPLEX, B/H. GUJARAT HIGH COURT, NR. DR. AMRISH PARIKH HOSPITAL ASHRAM ROAD, AHMEDABAD-380 009.
BANKERS	:	CORPORATION BANK OPP. NAVRANGPURA BUS STOP, NAVRANGPURA, AHMEDABAD - 380 009.
		THE AHMEDABAD MERCANTILE CO-OPERATIVE BANK LTD. (SCHEDULED BANK) AMCO HOUSE, STADIUM ROAD, NAVRANGPURA, AHMEDABAD - 380 009.
REGISTERED OFFICE	:	"DUTRON HOUSE", NR. MITHAKHALI UNDERBRIDGE, NAVRANGPURA, AHMEDABAD - 380 009.

DUTRON POLYMERS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the Members of DUTRON POLYMERS LIMITED will be held on Tuesday, the 28th September, 1999 at 11.30 A.M. at Bhaikaka Bhavan, Near Law Garden, Ellisbridge, Ahmedabad-380 006 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 1999 and the Profit and Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Bipinchandra T. Patel who retires by rotation and is eligible for reappointment.
4. 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 :

5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, the consent of the Company be and is hereby accorded to the reappointment of Shri Rasesh H. Patel, Joint Managing Director, as the Joint Managing Director of the Company for a further period of five years with effect from January 1, 1999 to December 31, 2003 on the remuneration and other terms and conditions as set out in the draft agreement submitted to this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a special resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, the consent of the Company be and is hereby accorded to the reappointment of Shri Sudip B. Patel, Joint Managing Director, as the Joint Managing Director of the Company for a further period of five years with effect from January 1, 1999 to December 31, 2003 on the remuneration and other terms and conditions as set out in the draft agreement submitted to this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a special resolution :

"RESOLVED THAT pursuant to the provisions contained in Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the sale of plant and machinery and stocks of one of the units of the Company engaged in the manufacture of plastic sheets located at 5/B G.I.D.C., Vatva to Nippon Polymers Private Limited at such price and on such other terms and conditions as decided by the Board in the best interests of the Company.

RESOLVED FURTHER THAT Shri Rasesh H. Patel, Joint Managing Director, or Shri Sudip B. Patel, Joint Managing Director, singly, be and is hereby authorised to do everything necessary therefor and incidental thereto in the matter."

By Order of the Board of Directors

A. S. BHALKAR
Secretary

Ahmedabad
May 31, 1999

DUTRON POLYMERS LIMITED

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THE PROXY NEED NOT BE A MEMBER.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 5, 6 & 7 of the Notice is annexed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 21st September, 1999 to Tuesday, the 28th September, 1999 (both days inclusive) for the purpose of payment of dividend for the year ended on March 31, 1999.
4. Members who have not encashed their dividend warrants for the financial year 1994-95 and onwards are requested to approach the Company for revalidation/obtaining duplicate dividend warrants. Consequent to the amendment of Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, now the amount of dividend remaining unclaimed for a period of 7 years shall be transferred to the Investor Education and Protection Fund.
5. The Equity Shares of the Company are listed at The Ahmedabad Stock Exchange, Kamdhenu Complex, Panjara Pole, Ambawadi, Ahmedabad-380 015 and The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001. The annual listing fees for the financial year 1999-2000 have been paid to these Stock Exchanges.
6. Members are requested to notify to the Company any change in their address.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item Nos. 5 & 6 :

Shri Sudip B. Patel, who joined the Company as a Director on February 1, 1992, was appointed the Joint Managing Director of the Company on January 1, 1994 for a period of five years. During his tenure as Joint Managing Director, he has immensely contributed to the overall progress of the Company through his expertise, diligence and thorough knowledge of the technicalities of business backed by a rich experience of 9 years.

Shri Rasesh H. Patel joined the Company as a Director on April 1, 1993, and was appointed the Joint Managing Director of the Company on January 1, 1994 for a period of five years. He has made remarkable contribution towards the advancement and development of the Company in all the spheres through his proficiency in business knowledge and technical principles backed by a varied experience of 6 years.

In view of their valuable services, the Board of Directors at their meeting held on March 22, 1999 considered reappointing Shri Rasesh H. Patel and Shri Sudip B. Patel as the Joint Managing Directors of the Company for a period of five years with effect from January 1, 1999, subject to the approval of the members at the general meeting of the Company. The material terms as contained in the draft agreement entered into between : 1) Shri Sudip B. Patel and the Company and 2) Shri Rasesh H. Patel and the Company are given hereunder :

1. Period of Contract : Five years from January 1, 1999.
2. Salary : Rs. 30,000/- per month in the grade 30000-2000-40000 (w.e.f. April 1, 1999)
3. Perquisites :

In addition to salary, the Joint Managing Directors will be allowed perquisites such as housing facility, medical reimbursement, leave travel allowance, club fees, personal accident insurance, car and telephone for business purpose, commission and other perquisites such that the total managerial remuneration does not exceed 10% of the net profits of the Company, as per the provisions contained in Section I of Part II of Schedule XIII to the Companies Act, 1956, or as amended from time to time.

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4. Contribution to Provident Fund, Superannuation Fund or Annuity Fund :

The contribution to Provident Fund, Superannuation Fund or Annuity Fund shall not be included in the computation of the ceiling on remuneration to the extent these singly or put together are not taxable under the Income Tax Act, 1961.

5. Gratuity :

Gratuity payable shall not exceed half month's salary for each completed year of service subject to a ceiling of Rs.3,50,000/- as per the Payment of Gratuity Act, 1972, or as amended from time to time.

6. Leave Encashment :

The Managing Directors shall be entitled to one month leave for every completed year of service. Leave not availed for will be allowed to be encashed.

7. Minimum Remuneration :

In the event of absence or inadequacy of profits in any financial year, the remuneration to the Joint Managing Directors shall be as per the provisions contained in Para 2 of Section II of Part II of Schedule XIII to the Companies Act, 1956.

8. The Joint Managing Directors, so long as they function as such shall not be paid any sitting fees for attending the meetings of the Board of Directors or committee thereof.

9. The respective Agreements may be terminated by either party (Company or the concerned Joint Managing Director) by giving the other three months prior notice of termination in writing.

Shri Sudip B. Patel and Shri Rasesh H. Patel are interested in the resolutions which pertain to their respective reappointment and/or remuneration payable to each of them. Further, Shri Alpesh B. Patel and Shri Bipinchandra T. Patel, Directors being related to Shri Sudip B. Patel may be deemed to be concerned or interested in the resolution in respect of the reappointment of Shri Sudip B. Patel. Except Shri Rasesh H. Patel, none of the other Directors is concerned or interested in the proposed resolution for reappointment of Shri Rasesh H. Patel.

Your Directors recommend your approval to the resolutions set out at Item Nos. 5 & 6 of the Notice.

The above may also be treated as an abstract of the terms of contract/agreement between the Company and Shri Sudip B. Patel, Shri Rasesh H. Patel respectively pursuant to Section 302 of the Companies Act, 1956.

Item No. 7 :

The unit of the Company located at 5/B, G.I.D.C., Vatva was engaged in the business of manufacturing plastic sheets; the contribution thereof being 5% to the total turnover of the Company. The textile industry being the main consumer, the increase in the number of sick textile units adversely affected the demand for the Company's product. All these factors accounted for the reduced profitability of the unit. Hence, the Board of Directors, in the best interests of the Company, decided to dispose of the plant and machinery and stocks held by the said unit to Nippon Polymers Private Limited. This would help in channelising the funds of the Company towards more productive investment, thereby improving the overall profitability of the Company. The special resolution proposed under Item No.7 of the Notice is intended to obtain the consent of the Company in conformity with the requirements of Section 293(1)(a) of the Companies Act, 1956, and the Board recommends acceptance thereof.

All the Directors are interested in this resolution.

By Order of the Board of Directors

A. S. BHALKAR

Secretary

Ahmedabad

May 31, 1999

DUTRON POLYMERS LIMITED

DIRECTORS' REPORT

To

The Members,

DUTRON POLYMERS LIMITED

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Statements of Accounts of the Company for the year ended on 31st March, 1999.

PERFORMANCE OF THE COMPANY

The performance of the Company during the year 1998-99 is summarised below :

	(Rs. in Lakhs)	
	<u>1998-99</u>	<u>1997-98</u>
Profit before depreciation & taxation	136.59	126.55
Depreciation	63.19	54.39
Provision for Taxation	13.75	12.25
Net Profit after Tax	59.65	59.91
Profit Available for Appropriation	66.63	66.78
Proposed Dividend	39.00	36.00
Transfer to General Reserve	20.00	20.00

During the year under review, the Company has been able to maintain its level of sales, despite the Indian economy remaining suppressed. The profits remained under constant pressure throughout the year due to cut-throat competition in the market owing to slow down in new/expansion projects in the manufacturing sector.

During the year under review, your Company continued to invest mostly in areas of automation and product testing. The implementation of the plans having been successfully completed has resulted in highly sophisticated plant operations. The operations of one of the units of the Company located at Vatva engaged in the manufacturing of plastic sheets was adversely affected on account of poor demand in textile industry. As a result, your Company's aggregate turnover remained same as previous year; although the turnover of plastic pipes and fittings division was higher as compared to the previous year. Hence, in the best interests of the Company's profitability, your Directors decided to sell the unit manufacturing plastic sheets at Vatva in April, 1999.

DIVIDEND

Your Directors recommend a dividend of 13% on 30,00,000 Equity Shares of Rs.10/- each (free of tax in the hands of shareholders) for the year ended on 31st March, 1999 (Previous year 12% on 30,00,000 Equity Shares of Rs.10/- each) which, if approved by the shareholders at the forthcoming Annual General Meeting to be held on Tuesday, the 28th September, 1999, will be paid to those shareholders whose names appear on the Register of Members on 28th September, 1999.

FIXED DEPOSITS

During the year, the Company has not accepted any deposits from the public except deposits from shareholders, directors and their relatives and group companies amounting to Rs. 16709939/-. The Company has filed a statement in lieu of advertisement with the Registrar of Companies, Gujarat.

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

The Company has not paid any remuneration attracting the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended to date. Hence no information is required to be appended to this report in this regard.