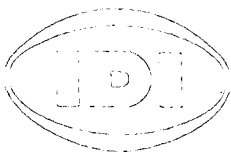


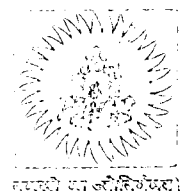
43rd Annual Report 1996-97

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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"/>		<input checked="" type="checkbox"/>

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Indian
Dyestuff Industries Limited







Indian Dyestuff Industries Limited

43rd ANNUAL GENERAL MEETING

Date : 28th August, 1997
 Day : Thursday
 Time : 4.00 P.M.
 Venue : Regal Room
 Hotel Oberoi Towers,
 Nariman Point,
 Mumbai 400 021.

REGISTERED OFFICE

MAFATLAL CENTRE, NARIMAN POINT,
 MUMBAI 400 021.

SHARE DEPARTMENT

MATULYA MILLS' PREMISES,
 SHANKAR RAO NARAM PATH,
 LOWER PAREL (WEST),
 MUMBAI 400 013.

SHARE DEPARTMENT COUNTER

MAFATLAL CENTRE, 5TH FLOOR,
 NARIMAN POINT,
 MUMBAI 400 021.

WORKS

KALYAN, DISTRICT THANE 421 304
 BOISAR, DISTRICT THANE 401 506
 RANOLI, DISTRICT BARODA 391 350

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BANKERS

UCO BANK
 BANK OF BARODA
 DENA BANK
 STATE BANK OF SAURASHTRA
 CANARA BANK
 BARCLAYS BANK PLC
 STATE BANK OF INDIA
 UNION BANK OF INDIA

AUDITORS

M/s. C. C. CHOKSHI & CO.,
 Chartered Accountants

SOLICITORS

M/s. MANILAL KHER AMBALAL & CO.,
 Advocates, Solicitors and Notary

SUN-GRACE-MAFATLAL



Board of Directors

MR. YOGINDRA N. MAFATLAL
Chairman & Managing Director

MR. ATULYA Y. MAFATLAL
Vice-Chairman & Managing Director

MR. MADHAV L. APTE

MR. JAYKRISHNA HARIVALLABHDAS

MR. KESHUB MAHINDRA

MR. RAMDAS M. GANDHI

MR. ROHIT C. MEHTA

MR. JEHangIR M. CHAGLA

MR. SHAPOOR P. MISTRY

MR. PRABHUDAS S. SHINGALA

MR. VIRENDRA D. WIDGE
Executive Director — Marketing

MR. ASHISH R. VATSARAJ
Executive Director — International

MR. KANU M. MODI
Executive Director — Operations

MS. USHA VENKATESAN
Nominee Director (UTI)



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NOTICE

NOTICE IS HEREBY GIVEN that the 43rd Annual General Meeting of the Members of **INDIAN DYESTUFF INDUSTRIES LIMITED** will be held on Thursday, the 28th August, 1997 at 4.00 p.m. at Regal Room, Hotel Oberoi Towers, Nariman Point, Mumbai 400 021, to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 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 declare a dividend.
3. To appoint a Director in place of Mr. Jaykrishna Harivallabhdas, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. M.L. Apte, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Keshub Mahindra, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration.

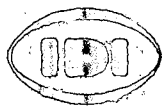
SPECIAL BUSINESS :

7. To appoint a Director in place of Mr. V.D. Widge, who was appointed as a Director pursuant to the provisions of Section 262 of the Companies Act, 1956, in the casual vacancy caused by the resignation of Mr. Darbari Seth who would have retired by rotation at this Annual General Meeting. The Company has received a Notice in writing from a Member of the Company notifying his intention of proposing the name of Mr. V.D. Widge for appointment as a Director liable to retire by rotation at the Annual General Meeting. Mr. V.D. Widge being eligible, offers himself for appointment.
8. To appoint a Director in place of Mr. A.R. Vatsaraj, who was appointed as a Director pursuant to the provisions of Section 262 of the Companies Act, 1956, in the casual vacancy caused by the resignation of Ms. Aparna Mafatlal who would have retired by rotation at this Annual General Meeting. The Company has received a Notice in writing from a Member of the Company notifying his intention of proposing the name of Mr. A.R. Vatsaraj for appointment as a Director liable to retire by rotation at the Annual General Meeting. Mr. A.R. Vatsaraj being eligible, offers himself for appointment.
9. To appoint a Director in place of Mr. K.M. Modi, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting and in respect of whom Notice has been received from a Member of the Company notifying his intention of proposing his name for appointment as a Director liable to retire by rotation at the Annual General Meeting. Mr. K.M. Modi being eligible, offers himself for appointment.
10. To consider and if thought fit, to pass with or without modifications, the following Resolution as Special Resolution.

SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 314 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the Company in General Meeting hereby approves the appointment of and payment of remuneration to Mr. V.D. Widge as an Executive Director – Marketing of the Company for a period of five years from 21st March, 1997 on remuneration and on other terms and conditions as set out herein:

1. Salary of Rs. 30,000 per month, in the Scale of Rs. 30,000-6,000-60,000 for the period of 5 years from 21st March, 1997 to 20th March, 2002, with liberty to Directors to grant additional increments.
2. Commission on the net profits of the Company computed in the manner laid down in Section 309 (5) of the Companies Act, 1956, for each financial year, as may be decided by the Board.
3. Perquisites: Furnished/non-furnished accommodation or House Rent Allowance, medical re-imbursement, monthly subscription of two club fees (excluding admission fees and expenses), leave benefits, leave travel concessions for him and family, personal accident insurance, bonus, company maintained car, telephone and other allowances and perquisites, in accordance with the rules and regulations in force in the Company from time to time, as may be



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sanctioned by the Board of Directors. The monetary value of such perquisites to be determined in accordance with the Income Tax Rules, 1962.

4. The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, Gratuity, Retirement funds in accordance with the rules and regulations in force in the Company from time to time.
5. In the event of absence or inadequacy of profits in any year during the period 21st March, 1997 to 20th March, 2002, he shall be paid salary and perquisites not exceeding the maximum limits prescribed under the laws from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby empowered to alter and vary the terms and conditions of appointment including remuneration within the maximum limit prescribed under the laws from time to time, without further reference to the Company in the General Meeting."

11. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as Special Resolution:

SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 314 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the Company in General Meeting hereby approves the appointment of and payment of remuneration to Mr. A.R. Vatsaraj as an Executive Director – International of the Company for a period of five years from 21st March, 1997 on remuneration and on other terms and conditions as set out herein:

1. Salary of Rs. 30,000 per month, in the Scale of Rs. 30,000-6,000-60,000 for the period of 5 years from 21st March, 1997 to 20th March, 2002, with liberty to Directors to grant additional increments.
2. Commission on the net profits of the Company computed in the manner laid down in Section 309 (5) of the Companies Act, 1956, for each financial year, as may be decided by the Board.
3. Perquisites: Furnished/non-furnished accommodation or House Rent Allowance, medical re-imbursement, monthly subscription of two club fees (excluding admission fees and expenses), leave benefits, leave travel concessions for him and family, personal accident insurance, bonus, company maintained car, telephone and other allowances and perquisites, in accordance with the rules and regulations in force in the Company from time to time, as may be sanctioned by the Board of Directors. The monetary value of such perquisites to be determined in accordance with the Income Tax Rules, 1962.
4. The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, Gratuity, Retirement funds in accordance with the rules and regulations in force in the Company from time to time.
5. In the event of absence or inadequacy of profits in any year during the period 21st March, 1997 to 20th March, 2002, he shall be paid salary and perquisites not exceeding the maximum limits prescribed under the laws from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby empowered to alter and vary the terms and conditions of appointment including remuneration within the maximum limit prescribed under the laws from time to time, without further reference to the Company in the General Meeting."

12. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as Special Resolution:

SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 314 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the Company in General Meeting hereby approves the appointment of and payment of remuneration to Mr. K.M. Modi as an Executive Director – Operations of the Company for a period of five years from 21st March, 1997 on remuneration and on other terms and conditions as set out herein:

1. Salary of Rs. 30,000 per month, in the Scale of Rs. 30,000-6,000-60,000 for the period of 5 years from 21st March, 1997 to 20th March, 2002, with liberty to Directors to grant additional increments.
2. Commission on the net profits of the Company computed in the manner laid down in Section 309 (5) of the Companies Act, 1956, for each financial year, as may be decided by the Board.
3. Perquisites: Furnished/non-furnished accommodation or House Rent Allowance, medical re-imbursement, monthly subscription of two club fees (excluding admission fees and expenses), leave benefits, leave travel concessions for



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him and family, personal accident insurance, bonus, company maintained car, telephone and other allowances and perquisites, in accordance with the rules and regulations in force in the Company from time to time, as may be sanctioned by the Board of Directors. The monetary value of such perquisites to be determined in accordance with the Income Tax Rules, 1962.

4. The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, Gratuity, Retirement funds in accordance with the rules and regulations in force in the Company from time to time.
5. In the event of absence or inadequacy of profits in any year during the period 21st March, 1997 to 20th March, 2002, he shall be paid salary and perquisites not exceeding the maximum limits prescribed under the laws from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby empowered to alter and vary the terms and conditions of appointment including remuneration within the maximum limit prescribed under the laws from time to time, without further reference to the Company in the General Meeting."

Explanatory Statement :

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the Notice and should be taken as forming part thereof.

Item Nos. 7, 8 & 9 :

Mr. V.D. Widge and Mr. A.R. Vatsaraj were appointed as Directors by the Board on 21st March, 1997 to fill in the casual vacancies caused by the resignations of Mr. Darbari Seth and Ms. Aparna Mafatlal, respectively. Mr. K.M. Modi was also appointed as an Additional Director on 21st March, 1997. In terms of the Companies Act, 1956, Mr. V.D. Widge and Mr. A.R. Vatsaraj hold office upto the date of the Annual General Meeting. Mr. K.M. Modi being appointed as an Additional Director holds office upto the date of Annual General Meeting. They are eligible for appointment as Directors and the Company has received Notices in writing under Section 257 of the Companies Act, 1956, along with the deposit of Rs. 500 each from the Members notifying their intention of proposing their names as Directors. In view of their wide knowledge and business experience in the Dyestuff industry, it is in the interest of the Company to appoint them as Directors and accordingly, the Board recommends their appointments as Directors. Mr. V.D. Widge, Mr. A.R. Vatsaraj and Mr. K.M. Modi, may be regarded as concerned and interested in their respective appointments. No other Director is concerned or interested in the said appointments.

Item Nos. 10, 11 & 12 :

The Board has appointed Mr. V.D. Widge as Executive Director – Marketing, Mr. A.R. Vatsaraj as Executive Director – International and Mr. K.M. Modi as Executive Director – Operations, in wholetime employment of the Company, for a period of five years, effective from 21st March, 1997, on the terms as to remuneration as specified in the drafts of the respective letters to be issued to them. Prior to their appointments as Directors of the Company, they were in full time employment of the Company in senior positions, Mr. V.D. Widge being Sr. Vice-President – Marketing, Mr. A.R. Vatsaraj being Sr. Vice-President – International and Mr. K.M. Modi being Sr. Vice-President – Operations. They have been in Dyestuff Industry for a period in excess of 25 years and have wide knowledge and business experience particularly in dyestuff industry. The Directors therefore thought it proper and in the interest of the Company to elevate them as members of the Board in wholetime employment of the Company as Executive Directors from 21st March, 1997 for a period of five years on the remuneration as mentioned in the respective resolutions.

Their elevation to the Board as Executive Directors of the Company in full time employment may be regarded as their holding office or place of profit in the Company, requiring approval of the Company in General Meeting by Special Resolutions, pursuant to the provisions of Section 314 of the Companies Act, 1956. Accordingly, the resolutions in each of these cases, seek approval of the Members for the appointment of and payment of remuneration to them. The Directors recommend the said resolutions for approval of Members. The drafts of the letters to be issued to them governing the terms of their appointments are open for inspection at the Registered Office of the Company on all working days except Saturdays and holidays, between 10 a.m. and 12 noon.



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The above may also be treated as an abstract under Section 302 (2) of the Companies Act, 1956. Mr. V.D. Widge, Mr. A.R. Vatsaraj and Mr. K.M. Modi, may be regarded as concerned and interested in the respective resolutions. No other Director is concerned or interested in the said resolutions.

By Order of the Board
P.A. DESAI
Vice-President &
Company Secretary

Registered Office:
Mafatlal Centre, Nariman Point,
Mumbai 400 021.
Dated : 30th June, 1997.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. The proxy, in order to be effective, must be received by the Company not less than 48 hours before the commencement of the Meeting.
2. An Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 is furnished above and should be taken as forming part of the Notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 1st August, 1997 to 14th August, 1997.
4. The Dividend, if declared, will be paid on and from 15th September, 1997 to those Members whose names appear on the Register of Members of the Company on 14th August, 1997.
5. The unclaimed dividends for the financial year 1992-93 and the previous years have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Those Members who have so far not claimed their dividends for the said years, may claim the same from the Registrar of Companies, Maharashtra, Kalachowki, Hakoba Mills' Compound, 2nd floor, Dattaram Lad Marg, Mumbai 400 033. The Company has already intimated individually the concerned Members accordingly in this behalf.
6. The documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days except Saturdays and holidays, between 10 a.m. and 12 noon.
7. Consequent to sub-division of Equity shares into Equity shares of Rs. 10 each, those Members who have so far not surrendered the old certificates are requested to exchange the same for new certificates.
8. Members are requested to intimate the change, if any, in their Registered Addresses.

EQUITY SHAREHOLDING AS ON 31ST MARCH, 1997

<i>Number of Shares held</i>	<i>Number of Members</i>	<i>Total Number of Shares</i>	<i>%</i>
1 to 50	20,985	8,02,440	3.65
51 to 100	12,636	11,61,479	5.28
101 to 500	15,378	30,12,688	13.69
501 to 1000	952	6,80,283	3.09
1001 to 1500	216	2,75,178	1.25
1501 to 2000	89	1,60,809	0.73
2001 and above	263	1,59,13,803	72.31
Total	50,519	2,20,06,680	100.00

Annual Report 1996-97

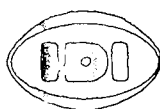


Financial Highlights

	(Rs. lakhs)				
	1992-93	1993-94	1994-95	1995-96	1996-97
Assets employed:					
Fixed assets (net)	63,15.34	69,70.37	74,74.46	85,82.22	84,68.82
Investments	3,28.34	4,95.42	19,68.81	26,77.65	25,90.81
Net current assets	1,16,68.98	1,25,73.30	1,72,94.63	1,69,63.36	1,77,86.76
Others	—	—	59.43	29.71	—
Total	<u>1,83,12.66</u>	<u>2,00,39.09</u>	<u>2,67,97.33</u>	<u>2,82,52.94</u>	<u>2,88,46.39</u>
Financed by:					
Share capital	11,31.26	11,31.26	20,14.43	21,87.79	21,89.68
Reserves and surplus	39,57.81	42,20.89	1,02,18.36	1,10,71.06	1,05,76.70
Shareholders' funds	<u>50,89.07</u>	<u>53,52.15</u>	<u>1,22,32.79</u>	<u>1,32,58.85</u>	<u>1,27,66.38</u>
Loan funds	1,32,23.59	1,46,86.94	1,45,64.54	1,49,94.09	1,60,80.01
Total	<u>1,83,12.66</u>	<u>2,00,39.09</u>	<u>2,67,97.33</u>	<u>2,82,52.94</u>	<u>2,88,46.39</u>

Total turnover	(Rs. lakhs)	3,35,38.23	3,28,41.70	3,56,20.17	3,77,15.39	3,64,83.85
Rate of increase in total turnover	(%)	+16	-2	+8	+6	-3
Export turnover	(Rs. lakhs)	83,25.15	57,03.68	66,69.20	75,61.53	67,06.88
Rate of increase in export turnover	(%)	+31	-31	+17	+13	-11
Profit before depreciation and tax	(Rs. lakhs)	19,53.47	17,26.92	18,64.27	11,82.32	5,22.90
Profit/(—) loss after tax	(Rs. lakhs)	7,76.69	6,92.89	8,20.58	3,85.47	-3,57.81
Dividend	(Rs. lakhs)	2,82.82	2,82.82	3,01.57	2,73.22	1,08.94
Rate of equity dividend	(%)	25	25	25	12.5	5
Retained earnings	(Rs. lakhs)	4,93.87	4,10.07	5,19.01	1,12.25	-4,77.64
Earnings per equity share	(Rs.)	6.87	6.12	6.80*	1.78	—
Long term debt/equity ratio	(Ratio)	0.94:1	0.96:1	0.47:1	0.39:1	0.36:1
Current ratio	(Ratio)	2.6:1	2.7:1	3.3:1	2.6:1	2.7:1
Staff employed	(Nos.)	4,346	4,293	4,274	4,223	4,153
Total shareholders	(Nos.)	16,339	16,314	48,989	49,355	50,519

* on annualised basis



Indian Dyestuff Industries Ltd.

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Report with the Audited Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS :

	1996-97	Previous Year
	(Rs. in Lakhs)	(Rs. in Lakhs)
Profit earned during the year	522.90	1182.32
Add: Amount withdrawn from Revaluation Reserve	25.38	29.42
Less: Depreciation for the year	904.09	799.27
(Loss)/Profit before Taxation	(355.81)	412.47
Less: Provision for Taxation	2.00	27.00
(Loss)/Profit after Taxation	(357.81)	385.47
Add: Balance brought forward from last year	564.90	597.38
Add: Transfer from Investment Allowance (Utilized) Reserve	—	30.72
Add: Tax provisions in respect of earlier years	—	80.55
Profit available for appropriation	207.09	1094.12
Proposed Dividend	108.94	273.22
Tax on distributed profits — on proposed Dividend	10.89	—
Transfer to Debenture Redemption Reserve	—	156.00
Transfer to General Reserve	—	100.00
Surplus carried to Balance Sheet	87.26	564.90
	207.09	1094.12

DIVIDEND:

Your Directors recommend for the year under report, declaration of dividend at 5%, on 2,17,87,130 Equity Shares of Rs. 10 each, amounting to Rs. 108.94 lakhs (previous year 12.5% pro-rata).

OPERATIONS:

Sales of your Company have decreased from Rs. 377.15 crores to Rs. 364.84 crores, a decrease of 3.26% over last year. Profit before depreciation is lower at Rs. 5.23 crores against Rs. 11.82 crores in the previous year.

Full rated capacity for Phthalic Anhydride was realised on recommissioning of the second plant (after closure due to breakdown in the previous year). With further lowering of custom duties, margins for Cyanuric Chloride and Sodium Hydrosulphite suffered a further set-back and production thereof had to be suspended. Margins for certain intermediates have also come down. Though Modvat was extended to the Textile Industry, it has not helped in reducing unhealthy competition from Small Scale Sector, since Textile processors are allowed "deemed" Modvat on Dyes and Chemicals, even without "duty paying" documents from the Suppliers.

Indian economy witnessed a significant and widespread slow-down in many sectors of industrial activity largely due to liquidity crunch, power shortages, political uncertainty and demand recession. Infrastructural constraints remained a major bottleneck affecting the overall performance of industry in general. Inflationary pressures, though somewhat subdued, continued unabated and had their adverse effect on the overall working. The drop in the sales to certain industries and liquidity crunch resulted in higher stocks and book debts requiring increased working capital. High cost of operations and finance charges coupled with sluggish demand thus affected the overall profitability. Against this background, the working results should be considered satisfactory. Subject to any unforeseen conditions, Members can expect better results during the current year.

PLANS FOR RESTRUCTURING OF BUSINESS :

In the present global scenario, the competitive pressures are continuously increasing. The emerging trends call for strategic production and market planning and restructuring of over all business plans to retain flexibility in operations for effectively meeting growing challenges. Globalisation of market economy has brought new dimensions to business activities, necessitating technological upgradation. With Indian economy getting progressively integrated with world economy through on-going process of reforms and liberalization, there is decisive shift to a market oriented economy. This makes it imperative to become market and customer oriented as quickly as possible. Therefore, the accent on productivity, quality and cost-control has assumed great importance; not only for competitive strength but also for ensuring growth and meeting the stringent environmental standards that would be necessary, especially for the Dyes and Chemical Industry.

Your Company has commenced restructuring its business operations to meet the challenges of post-liberalization economic scenario in India and especially to meet quality and production standards expected by international and