

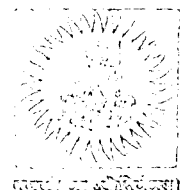
44th Annual Report 1997-98

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CS	<input checked="" type="checkbox"/>		DPY	NA
RO	<input checked="" type="checkbox"/>		DIV	NA
TRA	<input checked="" type="checkbox"/>		SC	<input checked="" type="checkbox"/>
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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

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Indian
Dyestuff Industries Limited







Indian Dyestuff Industries Limited

44th ANNUAL GENERAL MEETING

Date : 15th December, 1998

Day : Tuesday

Time : 3.00 P.M.

Venue : Patkar Hall,
S.N.D.T. Women's University,
1, Nathibai Thackersey Road,
Mumbai 400 020.

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



Indian Dyestuff Industries Ltd.

Board of Directors

MR. YOGINDRA N. MAFATLAL
Chairman & Managing Director

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

MR. MADHAV L. APTE

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 — (Colorants & Chemicals Division)

MR. ASHISH R. VATSARAJ
Executive Director — (Corporate Division)

MR. KANU M. MODI
Executive Director — (Vat Dyes Division)

MR. D.S.R. MURTHY
Nominee Director (UTI)

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NOTICE

NOTICE IS HEREBY GIVEN that the 44th Annual General Meeting of the Members of **INDIAN DYESTUFF INDUSTRIES LIMITED** will be held on Tuesday, the **15th December, 1998** at 3.00 p.m. at **Patkar Hall** of S.N.D.T. Women's University, 1, Nathibai Thackersey Road, Mumbai 400 020, to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 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 appoint a Director in place of Mr. J.M. Chagla, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. P.S. Shingala, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. S.P. Mistry, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. R.M. Gandhi, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

SPECIAL RESOLUTION:

"RESOLVED THAT subject to the approval of the Central Government pursuant to Section 21 and other applicable provisions of the Companies Act, 1956, including any statutory modifications or re-enactments thereof for the time being in force, the name of the Company be changed from "Indian Dyestuff Industries Limited" to **"IDI LIMITED"**."

"RESOLVED FURTHER THAT the name "Indian Dyestuff Industries Limited" wherever it appears in the Memorandum and Articles of Association of the Company, be substituted by the new name "IDI LIMITED"."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all steps which the Board in its absolute discretion considers necessary, proper and expedient for implementing this resolution without further reference to the Company in the General Meeting."

8. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution.

ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, including any statutory modifications or re-enactment thereof, for the time being in force, the Company in General Meeting hereby approves the re-appointment of and payment of remuneration to **Mr. Atulya Y. Mafatlal** as Managing Director of the Company for a period of five years from 20th October, 1998 on remuneration and on other terms and conditions as set out hereinbelow:

1. Salary of Rs. 50,000 per month in the range of Rs. 50,000 to Rs. 1,00,000 per month, for the period of 5 years from 20th October, 1998 to 19th October, 2003, with liberty to Directors to grant such increments as they may determine from time to time.
2. Commission on the net profits of the Company computed in the manner laid down in Section 309 (5) of the said Act for each financial year, as may be decided by the Board.
3. Perquisites: Furnished/non-furnished accommodation or House Rent Allowance, medical re-imbursment, monthly subscription of two club fees (including 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, as may be sanctioned by the Board of Directors. The monetary value of such perquisites are to be determined in accordance with the Income Tax Rules, 1962.



Indian Dyestuff Industries Ltd.

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 20th October, 1998 to 19th October, 2003, 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 and to do all such acts and things as may be necessary or proper to implement this resolution."

9. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:

ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, including any statutory modifications or re-enactment thereof, for the time being in force, and subject to the approval of the Central Government, as may be necessary, the Company in General Meeting hereby approves the re-appointment of and payment of remuneration to **Mr. Yogindra N. Mafatlal** as Managing Director of the Company for a period of five years from 1st April, 1999, on remuneration and on other terms and conditions as set out hereinbelow:

1. Salary upto Rs. 1,00,000 per month for the period of 5 years from 1st April, 1999 to 31st March, 2004, with liberty to Directors to grant such increments as they may determine from time to time, within the aforesaid limit of Rs. 1,00,000.
2. Commission on the net profits of the Company computed in the manner laid down in Section 309 (5) of the said Act 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 (including 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, as may be sanctioned by the Board of Directors. The monetary value of such perquisites are 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 1st April, 1999 to 31st March, 2004, 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 and to do all such acts and things as may be necessary or proper to implement this resolution."

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

SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactment thereof, for the time being in force, and the Articles of Association of the Company, the Directors of the Company (other than the Managing Directors and Executive Directors) together be paid a commission of such an aggregate amount as may from time to time be determined by the Board of Directors but not exceeding 1% of the net profits of the relevant accounting year of the Company as computed in the manner prescribed under Section 198 of the said Act and the said aggregate amount shall be divided amongst such Directors in such proportion and in such manner as may be decided by the Board of Directors in that behalf."

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"RESOLVED FURTHER THAT the commission as aforesaid shall be payable to the Directors (other than the Managing Directors and Executive Directors) of the Company, commencing from the accounting year beginning 1st April, 1998 for a period of 5 years."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary and desirable to give effect to this Resolution."

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 No. 7:

The Company was registered on 18th February, 1954 in the name of INDIAN DYESTUFF INDUSTRIES LIMITED. It has established its name as reputed manufacturer and exporter of Vat Dyes and Chemicals. Over the period of last 44 years, the Company is better known by its abbreviated name "IDI" to all its business associates and clients. In the global and domestic markets, the products of the Company are referred to as IDI products. In the Dyestuff Industry, the Company's name and its image is identified by its abbreviated name "IDI". Accordingly, the Directors resolved to change the name of the Company to "IDI LIMITED", subject to requisite approvals. The proposed change in the name better reflects the Company as it is popularly known and therefore the Board recommends the approval of the Members to the Resolution. The Registrar of Companies, Maharashtra, has approved the availability of new name viz. IDI LIMITED, by his letter dated 23rd October, 1998. Consequent to this change, it is also necessary to amend the Memorandum and Articles of Association to substitute new name wherever it is necessary. In terms of Section 21 of the Companies Act, 1956, the change in the name of the Company can be made by passing Special Resolution and further subject to approval of the Government of India. No Director of the Company is in any way concerned or interested in this Resolution. The Documents referred to herein are available for inspection at the registered office of the Company on all working days between 10 a.m. and 12 noon, except Saturdays and holidays.

Item Nos. 8 & 9:

The appointment of Mr. Atulya Y. Mafatlal as Managing Director for 5 years from 20th October, 1993 was last approved by the Members at the General Meeting held on 7th April, 1993. Accordingly, his tenure as such expired on 19th October, 1998. Mr. Yogindra N. Mafatlal is Managing Director of the Company since 1st April, 1969. His appointment for 5 years from 1st April, 1994 was last approved by the Members at the General Meeting held on 7th April, 1993 and was also approved by the Central Government. Accordingly, his tenure as such will expire on 31st March, 1999. In view of their vast knowledge and business experience in the Chemical industry in general and Dyestuff industry in particular, the Directors have, in the interest of the Company and subject to requisite approvals, re-appointed Mr. Atulya Y. Mafatlal as Managing Director for 5 years from 20th October, 1998, and Mr. Yogindra N. Mafatlal as Managing Director for 5 years from 1st April, 1999, on terms mentioned in the Resolutions and on other terms and conditions as specified in the drafts of the letter to be issued to them. The drafts of the letters recording the terms of their appointments are open for inspection at the Registered Office of the Company, between 10 a.m. and 12 noon on all working days except Saturdays and holidays. The appointment of Mr. Yogindra N. Mafatlal is further subject to the approval of the Central Government under the provisions of the Companies Act, 1956. The above may also be treated as an abstract under Section 302 (2) of the Companies Act, 1956. The Board recommends the approval of Members to the resolutions for their re-appointments as Managing Directors. Mr. Yogindra N. Mafatlal and Mr. Atulya Y. Mafatlal may be regarded as concerned and interested in these resolutions. No other Director is concerned or interested in the said resolutions.

Item No. 10:

Members had, for the first time since inception of the Company, approved by Special Resolution passed on 1st September, 1993, payment of commission to Directors (other than Managing Directors) at the rate not exceeding 1% of the net profit per year for 5 years from the accounting year beginning 1st April, 1993. The proposal was also approved by the Central Government. These approvals were for a period of 5 years and have now expired. The present business activities of the Company require Directors to devote more time and attention and it is considered fair and proper to compensate the Directors (other than Managing Directors and Executive Directors) for the services rendered by them to the Company, by payment of appropriate amount by way of commission on the net profits of the Company. The Board therefore proposes in accordance with the provisions of Section 309 of the Companies Act, 1956 and other applicable provisions of the said Act



Indian Dyestuff Industries Ltd.

and the Articles of Association of the Company that the Directors (other than Managing Directors and Executive Directors) together be paid remuneration by way of commission at the rate not exceeding 1% of the net profit per year for a further period of 5 years commencing from the accounting year beginning 1st April, 1998. The Directors recommend the approval of the Members to the Special Resolution as proposed. All the Directors (other than Managing Directors and Executive Directors) of the Company may be regarded as concerned or interested in the Resolution.

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

Registered Office:
Mafatlal Centre, Nariman Point,
Mumbai 400 021.

Dated : 30th October, 1998.

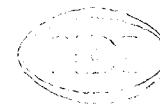
Notes:

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 to 15th December, 1998 (both days inclusive).
4. The unclaimed dividends for the financial year 1994-95 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 intimated individually the concerned Members accordingly in this behalf.
5. 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.
6. 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.
7. Members are requested to intimate the change, if any, in their Registered Addresses.

STATEMENT SHOWING EQUITY SHAREHOLDING AS ON 31ST MARCH, 1998

<i>Number of Shares held</i>	<i>Number of Members</i>	<i>Total Number of Shares</i>	<i>%</i>
1 to 50	20,896	7,95,140	3.65
51 to 100	11,930	10,92,811	5.02
101 to 500	14,837	29,35,913	13.48
501 to 1000	966	6,93,171	3.18
1001 to 1500	210	2,67,504	1.23
1501 to 2000	91	1,64,786	0.75
2001 and above	265	1,58,37,805	72.69
Total	49,195	2,17,87,130	100.00

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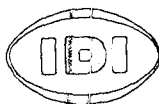


Financial Highlights

	(Rs. lakhs)				
	1993-94	1994-95	1995-96	1996-97	1997-98
Assets employed:					
Fixed assets (net)	69,70.37	74,74.46	85,82.22	84,68.82	80,86.12
Investments	4,95.42	19,68.81	26,77.65	25,90.81	28,69.77
Net current assets	1,25,73.30	1,72,94.63	1,69,63.36	1,77,86.76	1,22,79.92
Profit & Loss Account	—	—	—	—	12,98.62
Others	—	59.43	29.71	—	90.55
Total	<u>2,00,39.09</u>	<u>2,67,97.33</u>	<u>2,82,52.94</u>	<u>2,88,46.39</u>	<u>2,46,24.98</u>
Financed by:					
Share capital	11,31.26	20,14.43	21,87.79	21,89.68	21,89.69
Reserves and surplus	42,20.89	1,02,18.36	1,10,71.06	1,05,76.70	78,90.75
Shareholders' funds	53,52.15	1,22,32.79	1,32,58.85	1,27,66.38	1,00,80.44
Loan funds	1,46,86.94	1,45,64.54	1,49,94.09	1,60,80.01	1,45,44.54
Total	<u>2,00,39.09</u>	<u>2,67,97.33</u>	<u>2,82,52.94</u>	<u>2,88,46.39</u>	<u>2,46,24.98</u>

Total turnover	(Rs. lakhs)	3,28,41.70	3,56,20.17	3,77,15.39	3,64,83.85	3,26,73.09
Rate of increase in total turnover	(%)	-2	+8	+6	-3	-10
Export turnover	(Rs. lakhs)	57,03.68	66,69.20	75,61.53	67,06.88	85,35.77
Rate of increase in export turnover	(%)	-31	+17	+13	-11	+27
Profit/(—) loss before depreciation and tax	(Rs. lakhs)	17,26.92	18,64.27	11,82.32	5,22.90	-30,86.54
Profit/(—) loss after tax	(Rs. lakhs)	6,92.89	8,20.58	3,85.47	-3,57.81	-39,75.63
Dividend	(Rs. lakhs)	2,82.82	3,01.57	2,73.22	1,08.94	—
Rate of equity dividend	(%)	25	25	12.5	5	—
Retained earnings	(Rs. lakhs)	4,10.07	5,19.01	1,12.25	-4,77.64	-39,75.63
Earnings per equity share	(Rs.)	6.12	6.80*	1.78	—	—
Long term debt/equity ratio	(Ratio)	0.96:1	0.47:1	0.39:1	0.36:1	0.55:1
Current ratio	(Ratio)	2.7:1	3.3:1	2.6:1	2.7:1	2.1:1
Staff employed	(Nos.)	4,293	4,274	4,223	4,153	4,025
Total shareholders	(Nos.)	16,314	48,989	49,355	50,519	49,195

* 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, 1998.

FINANCIAL RESULTS:

	1997-98	Previous Year
	(Rs. in Lakhs)	(Rs. in Lakhs)
(Loss) Profit during the year	(3086.54)	522.90
Add: Amount withdrawn from Revaluation Reserve	21.08	25.38
Less: Depreciation for the year	908.17	904.09
(Loss)/Profit before Taxation	(3973.63)	(355.81)
Less: Provision for Taxation	2.00	2.00
(Loss)/Profit after Taxation	(3975.63)	(357.81)
Add: Balance brought forward from last year	87.26	564.90
Add: Transfer from Investment Allowance (Utilized) Reserve	0.50	—
Add: Transfer from Debenture Redemption Reserve	250.00	—
Add: Tax provisions in respect of earlier years written back	12.28	—
(Loss) Profit available for appropriation	(3625.59)	207.09
Proposed Dividend	—	108.94
Tax on dividend	—	10.89
(Loss)/Surplus carried to Balance Sheet	(3625.59)	87.26
	(3625.59)	207.09

DIVIDEND:

In view of loss incurred during the year under report, your Directors are unable to recommend any dividend on Equity Shares.

OPERATIONS:

Sales of your Company have decreased from Rs. 364.84 crores to Rs. 326.73 crores, a decrease of 10.45% over last year. Loss before depreciation is Rs. 30.87 crores against profit of Rs. 5.23 crores in the previous year.

The year 1997-98 was a difficult one for the economy. The sluggish trends in the Indian economy witnessed in the previous year are still continuing. There was low demand in the economy and slow-down in industrial activity. Political uncertainty, crisis in the monetary market, falling value of Rupee and hardening of interest rate are some of the major reasons which adversely affected the growth prospects. By and large, Industrial sector witnessed recession, rising prices and fierce competition. The performance of key supportive infrastructure industry was not satisfactory. While high cost of operations and finance charges affected the overall profitability, the drop in the sales, however, was largely due to anticipated loss of production arising out of the program of implementation of the business plans.

RESTRUCTURING OF BUSINESS PLANS:

Your Company is continuing with its business restructuring plans, a reference of which was made in the Directors' report for the year 1996-97. It is a matter of satisfaction that the program of upgradation of quality and de-bottlenecking of capacities for Vat Dyes gathered momentum during the year under review. The Company is now going ahead with further expansion of the capacities for Vat Dyes with technical support of CIBA, in order to meet the anticipated requirements. This step is expected to provide a sound base for future performance. Simultaneously, your Company is also concentrating its efforts in strengthening Speciality Solvent Dyes by concluding commercial supply agreements. These corporate plans involve increasing shift towards more value-added products.

Your Company is having hard look at opportunities in remaining lines of business with a view to determining the strategic areas where its future activities should be focused and will implement appropriate decisions from time to time which will reduce its dependence on product lines with no future growth or profitability prospects. In particular, the Company is considering to move away from Phthalic Anhydride, a chemical product which is subject to over-supply and wide price fluctuations. Your Company also discontinued the production of Sodium Hydrosulphite, a non-strategic product, in light of the changed situation.

As a result of all these initiatives, the performance is expected to improve and your Company will be well positioned for future growth.

CHANGE IN NAME OF THE COMPANY:

In the Dyestuff Industry, your Company is better known by its abbreviated name "IDI" and it is thought advisable to change the name of the Company to **"IDI LIMITED"**, to reflect its corporate identity. The Directors recommend the approval to the resolution proposed in this behalf.