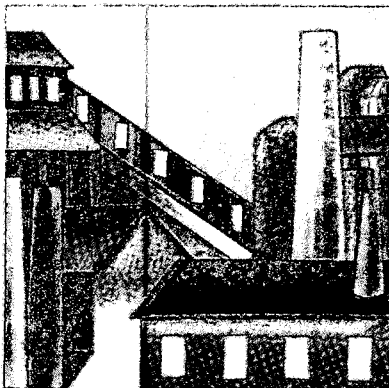
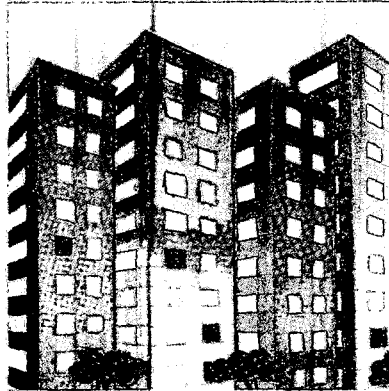


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AC	<input checked="" type="checkbox"/>	SEE	<input checked="" type="checkbox"/>
EE	<input checked="" type="checkbox"/>		

## NEROLAC PAINTS



MAINTENANCE ROOM 1977-78



**GOODLASS NEROLAC PAINTS LIMITED**

**SEVENTY-EIGHTH ANNUAL REPORT 1997-98**

**DIRECTORS:**

**DR. F. A. MEHTA**, (*Chairman*)  
**D. M. KOTHARI**, (*Vice Chairman*)  
**V. C. VAIDYA**  
**S. K. KOBAYASHI**  
**Y. KAWAMORI**  
**K. HASEGAWA**  
**S. VENKATARAMAN**, (*Director—Finance & Commercial*)  
**T. R. VENKATESH**, (*Managing Director*)  
**K. C. MEHRA**  
**T. SHIRAIWA**  
**H. IWAMOTO**

**COMPANY SECRETARY:**

**G. T. GOVINDARAJAN**

**BANKERS:**

**UNION BANK OF INDIA, MUMBAI**  
**STANDARD CHARTERED BANK, MUMBAI**  
**THE BANK OF TOKYO — MITSUBISHI LTD., MUMBAI**  
**PUNJAB NATIONAL BANK, MUMBAI**  
**BANQUE NATIONALE DE PARIS, MUMBAI**

**AUDITORS:**

**A. F. FERGUSON & CO., MUMBAI**

**SOLICITORS:**

**CRAWFORD BAYLEY & CO., MUMBAI**



**REGISTERED OFFICE:**

**"NEROLAC HOUSE",**  
**GANPATRAO KADAM MARG, LOWER PAREL, MUMBAI 400 013.**

**FACTORIES:**

**GANPATRAO KADAM MARG, LOWER PAREL, MUMBAI 400 013.**  
**KAVESAR, OFF GHODBUNDER ROAD, THANE 400 601.**  
**B1-B2, JAINPUR INDUSTRIAL ESTATE, KANPUR DEHAT,**  
**KANPUR, U.P.**  
**F/2, MIDC, LOTE PARSHURAM, TALUKA KHED,**  
**DISTRICT RATNAGIRI, MAHARASHTRA.**

Annual General Meeting will be held on Tuesday, the 22nd September, 1998 at the Bombay House Auditorium, Bombay House, Homi Mody Street, Fort, Mumbai 400 001 at 4.00 P.M. (S.T.)

Shareholders are requested to bring their copy of the Annual Report along with them at the Annual General Meeting, as the practice of distributing copies of the Report at the meeting has been discontinued.

### IN YOUR OWN INTEREST

1. **Multiple Accounts:**

Please advise us all folio numbers for combining into one. Please also forward your respective Share Certificates to enable us to change folio numbers.

2. **Change of Address:**

Please intimate us change in address, as soon as possible.

3. **Unclaimed Dividend:**

Please claim your previous dividends, if any, not encashed. If the dividend warrants have been lost, please apply for duplicate warrants.

4. **Ledger Folio Number:**

Please quote your ledger folio number in all your communications with the Company.

5. **Transmission of Shares:**

In case of deceased shareholders, their relatives are requested to file death certificates, probate and such other documents for transmission of shares. Kindly contact our Secretarial Department for necessary formalities.

## GOODLASS NEROLAC PAINTS LIMITED

### NOTICE

NOTICE is hereby given that the Seventy-eighth Annual General Meeting of the Shareholders of GOODLASS NEROLAC PAINTS LIMITED will be held at the Bombay House Auditorium, Bombay House, Horni Mody Street, Fort, Mumbai 400 001 on Tuesday, the 22nd September, 1998, at 4.00 p.m. (S.T.) to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in place of Mr. D. M. Kothari, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. V. C. Vaidya, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. K. Hasegawa, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. S. Venkataraman, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint a Director in place of Mr. T. Shiraiwa, who was appointed as an Additional Director of the Company, pursuant to Article 113 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956, but being eligible, offers himself for re-appointment and in respect of whom the Company has received notice in writing from some Shareholders proposing his candidature for the office of Director.
8. To appoint a Director in place of Mr. H. Iwamoto, who was appointed as an Additional Director of the Company, pursuant to Article 113 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting by reason of Section 260 of the Companies Act, 1956, but being eligible, offers himself for re-appointment and in respect of whom the Company has received notice in writing from some Shareholders proposing his candidature for the office of Director.
9. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and to authorise the Board of Directors to fix their remuneration.
10. 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 Section 309 (4) and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals as may be necessary, consent be and is hereby accorded to the payment of commission to the Directors of the Company (other than Managing/Wholetime Directors) not exceeding in the aggregate one per cent per annum, or such other limit as may be prescribed

**Goodlass Nerolac Paints Limited • Annual Report 1997-98**

under the Companies Act, 1956, of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 1956, for each of the five financial years of the Company commencing from 1st April, 1998, the quantum, proportion and manner of such payment and distribution to be as the Board of Directors may from time to time determine."

*Registered Office:*  
 "Nerolac House"  
 Ganpatrao Kadam Marg,  
 Lower Parel,  
 Mumbai 400 013.

For and on behalf of the Board

F. A. MEHTA  
*Chairman*

Dated: 5th June, 1998.

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to Item Nos. 7, 8 and 10 is annexed hereto.
3. The Register of Members and the Transfer Books of the Company will remain closed from 1st September, 1998 to 15th September, 1998 (both days inclusive).
4. The dividend, when declared, will be payable on or after 24th September, 1998, at Union Bank of India, Mumbai Samachar Marg, Mumbai and/or at its designated Branches in India, to those Shareholders, whose names appear in the Register of Members on 15th September, 1998.
5. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto 56th Dividend for the year ended 31st March, 1994, have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai, by submitting an application in Form No. II to the aforesaid authority.

## ANNEXURE TO NOTICE

## Explanatory Statement under Section 173 of the Companies Act, 1956.

**Item No. 7**

Mr. T. Shiraiwa was appointed as an Additional Director of the Company on 6th June, 1998. Pursuant to Section 260 of the Companies Act, 1956, (the "Act") read with Article 113 of the Articles of Association of the Company, Mr. Shiraiwa holds the office only upto the date of the forthcoming Annual General Meeting.

Notice in writing has been received from some Shareholders of the Company, pursuant to Section 257 of the Act, signifying their intention to propose Mr. Shiraiwa as a candidate for the office of the Director. As required by Section 257 of the Act, the Shareholders giving notice have deposited a sum of Rs. 500 with the Company which shall be refunded if Mr. Shiraiwa is elected as a Director.

Mr. Shiraiwa, is the Senior Managing Director at Kansai Paint Company Limited, Japan. The services of Mr. Shiraiwa will be very useful to the Company. The Directors, therefore, recommend that he be appointed a Director of the Company.

Mr. Shiraiwa is interested in the Resolution at Item No. 7 of the accompanying Notice since it relates to his own appointment.

Mr. S. K. Kobayashi, Mr. Y. Kawamori, Mr. K. Hasegawa and Mr. H. Iwamoto, Directors of the Company, are nominees of Kansai Paint Company Limited, Japan and accordingly, may be deemed to be concerned or interested in the Resolution at Item No. 7 of the Notice.

**Item No. 8**

Mr. H. Iwamoto was appointed as an Additional Director of the Company on 6th June, 1998. Pursuant to Section 260 of the Companies Act, 1956, (the "Act"), read with Article 113 of the Articles of Association of the Company, Mr. Iwamoto holds the office only upto the date of the forthcoming Annual General Meeting.

Notice in writing has been received from some Shareholders of the Company, pursuant to Section 257 of the Act, signifying their intention to propose Mr. Iwamoto as a candidate for the office of the Director. As required by Section 257 of the Act, the Shareholders giving notice have deposited a sum of Rs. 500 with the Company which shall be refunded if Mr. Iwamoto is elected as a Director.

Mr. Iwamoto, is a Director at Kansai Paint Company Limited, Japan. The services of Mr. Iwamoto will be very useful to the Company. The Directors, therefore, recommend that he be appointed a Director of the Company.

Mr. Iwamoto is interested in the Resolution at Item No. 8 of the accompanying Notice since it relates to his own appointment.

Mr. S. K. Kobayashi, Mr. Y. Kawamori, Mr. K. Hasegawa and Mr. T. Shiraiwa, Directors of the Company, are nominees of Kansai Paint Company Limited, Japan and accordingly, may be deemed to be concerned or interested in the Resolution at Item No. 8 of the Notice.

**Item No. 10**

At the 73rd Annual General Meeting held on 27th September, 1993, the shareholders had passed a Special Resolution under Section 309 (4) of the Companies Act, 1956, (the "Act") authorising the payment of commission to the Directors of the Company (other than Managing/Wholetime Directors) not exceeding in the aggregate one per cent per annum of the net profits of the Company computed in the manner laid down in Section 198 of the Act, for each of the five financial years of the Company commencing from 1st April, 1993. The period of five years expired on

**Goodlass Nerolac Paints Limited • Annual Report 1997-98**

31st March, 1998. It is considered appropriate to continue the payment of commission not exceeding one per cent per annum, or such limit as may be prescribed under the Act, of the net profits of the Company, without any monetary ceiling, to non-executive Directors for a further period of five financial years commencing from 1st April, 1998.

All the Directors of the Company, except Mr. T. R. Venkatesh, the Managing Director and Mr. S. Venkataraman, Director—Finance & Commercial, may be regarded as interested in the Resolution at Item No. 10 of the Notice.

*Registered Office:*  
"Nerolac House",  
Ganpatrao Kadam Marg,  
Lower Parel,  
Mumbai 400 013.

For and on behalf of the Board

F. A. MEHTA  
*Chairman*

Dated: 5th June, 1998.





**DIRECTORS' REPORT**

To  
The Members,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 1998.

**FINANCIAL RESULTS**

	1st April, 1997 to 31st March, 1998		1st April, 1996 to 31st March, 1997	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
Profit before Depreciation, Interest, Tax and Appropriation .....		54,52.56		50,43.95
Less: Depreciation .....	3,31.58		3,86.09	
Interest .....	8,00.17	11,31.75	8,12.36	11,98.45
Profit before Tax .....		43,20.81		38,45.50
Less: Tax .....		12,00.00		14,20.00
Profit after Tax .....		31,20.81		24,25.50
Add: Balance brought forward from previous year .....		6,44.60		10,59.08
Balance available for appropriation .....		37,65.41		34,84.58
Appropriations:				
Debtore Redemption Reserve .....	32.50		33.50	
General Reserve .....	20,00.00		20,00.00	
Proposed Dividend .....	9,54.04		7,33.16	
Tax on distributed profits @ 10% on the proposed Dividend .....	95.40	30,81.94	73.32	28,39.98
Balance retained in Profit and Loss Account .....		6,83.47		6,44.60
		37,65.41		34,84.58

**DIVIDEND**

The Directors recommend a dividend at 65% which is tax free in the hands of the shareholders, amounting to Rs. 954 lacs, on the paid-up Share Capital of Rs. 1530 lacs (previous year at 60% which was tax free in the hands of the shareholders, amounting to Rs. 733 lacs on the paid-up Share Capital of Rs. 1352 lacs).

**OPERATING RESULTS**

The Gross turnover of the Company increased from Rs. 460 crores to Rs. 489 crores reflecting a growth of 6% in the year 1997-98. For the year under consideration, the Profit before tax was Rs. 43.21 crores as compared to Rs. 38.46 crores for the previous year.

The year 1997-98 witnessed a general slow down in the economy resulting in reduction in demand in all sectors of the economy and the paint industry was no exception. In the later half of 1997-98, the cash crunch, witnessed in various sectors has also affected the paint industry. The performance of the Company for the year 1997-98, viewed in this context, is considered by the Board of Directors as satisfactory.

**COMPANY'S MANUFACTURING UNIT AT LOTE PARSHURAM**

The Company's new manufacturing unit at Lote Parshuram, Chiplun, for manufacture of paints, varnishes and enamels, commenced commercial production on 29th April, 1998.

**Goodlass Nerolac Paints Limited • Annual Report 1997-98****SUBSIDIARY COMPANIES**

The working results of the Company's two wholly owned subsidiaries, namely Saurashtra Paints Limited, Vatva and GNP (Madras) Limited, Perungudi, for the year ended 31st March, 1998 were satisfactory.

**POLLUTION**

A study was made of the measures in force in the factories of the Company for the protection of environment and for ensuring industrial safety. It is the Company's endeavour to undertake improvements in a phased manner, to ensure full compliance with statutory requirements.

**COMMUNITY INITIATIVES**

The Company is making its due contribution to Community relief and development activities and has donated both in cash and kind for the beautification of some public places in Mumbai and elsewhere. The Company continued its activities directly or indirectly through Trusts/Agencies in Community Development and Social Welfare including assistance towards medical help, education, improvement of environment, etc.

**COLLABORATION**

The Directors would like to record their appreciation of the unstinted co-operation from Kansai Paint Company Limited, Japan and Nihon Tokushu Toryo Company Limited, Japan with whose assistance the Company has been placed in a strong position to offer highly sophisticated industrial products, finishing system for automotive and other industrial sectors, as would meet stringent international specifications.

The Company has commenced commercial production during the year in respect of the Technical Assistance Agreement with E.I. du Pont de Nemours and Company Inc., USA for the manufacture of sophisticated coatings for automotive sector. The Company has also commenced commercial production during the year in respect of the Agreement with Kansai Paint Company Limited, Japan, for manufacture of sophisticated architectural coatings.

**AUDITORS' REPORT**

Notes No.I(viii), II(3) and II(4) in Schedule 'S' of the Annual Report refer to the qualifications made in the Auditors' Report and are self explanatory.

**DIRECTORATE**

In accordance with Articles of Association of the Company, Mr. D. M. Kothari, Mr. V. C. Vaidya, Mr. K. Hasegawa and Mr. S. Venkataraman retire by rotation and being eligible, offer themselves for re-appointment.

As at the conclusion of the Board Meeting on 5th June, 1998, Mr. D. J. Madan, Mr. K. Ohira and Mr. M. Homma resigned as Directors of the Company and the Directors have placed on record their sincere appreciation of the valuable contribution and advice offered by Mr. Madan, Mr. Ohira and Mr. Homma during their directorship of the Company.

Mr. T. Shiraiwa has been appointed as an Additional Director of the Company with effect from 6th June, 1998. Mr. Shiraiwa holds office upto the date of the 78th Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956.

Mr. H. Iwamoto has been appointed as an Additional Director of the Company with effect from 6th June, 1998. Mr. Iwamoto holds office upto the date of the 78th Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956.

Notices have been received from some Shareholders signifying their intention to propose Mr. T. Shiraiwa and Mr. H. Iwamoto as candidates for the office of the Directorship.

**PARTICULARS REGARDING EMPLOYEES**

A statement setting out the particulars regarding employees of the Company as required under Section 217 (2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975, is attached hereto and forms part of the Report.