

GOODLASS **NEROLAC** PAINTS LTD.

Report  junction.com

80TH ANNUAL REPORT 1999 - 2000

# FILE - KANSAI PAINT CO. LTD., JAPAN

Since its founding in 1918, Kansai Paint Co. Ltd, has grown to become the largest and most advanced manufacturer of paints and other coatings in Japan. All the products are designed to protect the global environment and add beauty to the surroundings.

Kansai Paint's comprehensive product offerings play important functions in diverse industrial sectors, which include automobiles, buildings, construction materials, finished wood products, electrical home appliances, bridges, etc.

With an annual turnover in excess of USD 1.5 Bn., Kansai Paint's continued growth is ensured by a highly integrated production, distribution and sales network, which comprises of 27 sales offices in Japan and a wide range of subsidiaries, affiliates and other companies across the globe.

Since February 2000, Goodlass Nerolac Paints Ltd. is a subsidiary of Kansai Paint Co. Ltd. Goodlass Nerolac Paints now has complete access to Kansai Paint's R&D expertise which spans Automotive, Industrial & Decorative Coatings.

Kansai Paint Co. and Goodlass Nerolac Paints are all set to change the very colour of the Indian paint industry - technologically and aesthetically.

Report on [www.reportjunction.com](http://www.reportjunction.com)

**GOODLASS NEROLAC PAINTS LTD**

**GOODLASS NEROLAC PAINTS LIMITED**

**EIGHTIETH ANNUAL REPORT 1999-2000**

**DIRECTORS:**

**DR. F. A. MEHTA**, (*Chairman*)  
**D. M. KOTHARI**, (*Vice Chairman*)  
**V. C. VAIDYA**  
**S. K. KOBAYASHI**  
**Y. KAWAMORI**  
**K. HASEGAWA**  
**T. R. VENKATESH**, (*Managing Director*)  
**K. C. MEHRA**  
**H. IWAMOTO**  
**H. M. BHARUKA**, (*Deputy Managing Director*)  
**S. T. BHOBE**, (*Director — Manufacturing & Engineering*)  
**P. S. KHANOLKAR**, (*Director — Industrial Marketing & Refinishing*)  
**M. KUME**  
**S. M. DATTA**

**COMPANY SECRETARY:**

**G. T. GOVINDARAJAN**

**BANKERS:**

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

**AUDITORS:**

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

**SOLICITORS:**

**KANGA & 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 Wednesday, the 26th July, 2000 at the Bombay House Auditorium, Bombay House, Homi Mody Street, Fort, Mumbai 400 001 at 4.00 P.M. (S.T.)

Visit us at [www.nerolac.com](http://www.nerolac.com)

## IN THE INTERESTS OF THE SHAREHOLDERS

### 1. **Dematerialisation of Shares**

As the shareholders were informed, the Company has signed Agreements with the National Securities Depository Limited (NSDL) and Central Depository Services Ltd. (CDSL) to enable the shareholders to hold and trade in the shares of the Company in dematerialised electronic form.

In view of the advantages offered by the Depository System, shareholders are advised to avail of the facility of dematerialisation of the Company's shares on either of the Depositories as aforesaid.

### 2. **Registrar & Share Transfer Agent**

During the year, M/s. Sharepro Services were appointed to provide Depository connectivity and also to act as the Registrar & Share Transfer Agent of the Company. The addresses of the offices of Sharepro Services are as given below.

#### **Registered Office :**

#### **Sharepro Services**

#### **Unit : Goodlass Nerolac Paints Limited**

Satam Estate, 3rd Floor, Above Bank of Baroda  
Cardinal Gracious Road,  
Chakala, Andheri (East)  
Mumbai 400 099

Phones : 8215168, 8215991, 8329828,  
8347719, 8348218

Fax : 8375646

#### **Front Office/Investor Relation Centre :**

#### **Sharepro Services**

#### **Unit : Goodlass Nerolac Paints Limited**

912, Raheja Centre,  
Free Press Journal Road,  
Nariman Point  
Mumbai 400 021

Phones : 2825163, 2844668,  
2881568, 288 1569

Fax : 2825484

Shareholders are requested to lodge all share transfers and address all other correspondence relating to the shares of the Company to the Registrar & Share Transfer Agent at either of the aforementioned addresses.

### 3. **Nomination facility**

Section 109A of the Companies (Amendment) Act, 1999 provides for Nomination by the shareholders of the Company in the prescribed Form 2B. The said Form 2B is given on the last page of this Annual Report. Shareholders are requested to avail of this facility. The duly filled in and signed Form 2B should be sent to the Registrar & Share Transfer Agent of the Company.

### 4. **Multiple Accounts**

Shareholders are requested to advise us all folio numbers for combining into one and also forward respective Share Certificates to enable us to change folio numbers.

### 5. **Change of Address**

Shareholders should intimate us change in address, as soon as possible.

### 6. **Unclaimed Dividend**

Shareholders could claim previous dividends, if any, not encashed. If the dividend warrants have been lost, shareholders can apply for duplicate warrants.

### 7. **Ledger Folio Number**

The ledger folio number should be quoted in all communications by the shareholder with the Company.

### 8. **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. Our Registrar & Share Transfer Agent can be contacted for necessary formalities.

## GOODLASS NEROLAC PAINTS LIMITED

### NOTICE

NOTICE is hereby given that the Eightieth Annual General Meeting of the Shareholders of GOODLASS NEROLAC PAINTS LIMITED will be held at the Bombay House Auditorium, Bombay House, Homi Mody Street, Fort, Mumbai 400 001 on Wednesday, the 26th July, 2000, 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, 2000, and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To confirm the interim dividend of Rs. 6.50 per equity share of Rs. 10 each already paid for the year ended 31st March, 2000.
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. K. Hasegawa, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. H. Iwamoto, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. M. Kume, who was appointed as a Director of the Company, under Article 114 of the Articles of Association of the Company to fill in the casual vacancy created by the resignation of Mr. T. Shiraiwa and who holds office upto the date of this Annual General Meeting by reason of Section 262 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.
7. To appoint a Director in place of Mr. S.M. Datta, 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 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.
9. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution :

"RESOLVED that pursuant to the provisions of proviso to Section 163 of the Companies Act, 1956, ('the Act'), the Company hereby approves that the Register of Members, the Index of Members, register and index of debentureholders and copies of all the annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act be kept at the registered office of M/s. Sharepro Services, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400 099 and/or their office at Samhita Complex, Plot No. 13 AB, Sakinaka, Mumbai - 400 072 instead of being kept at the Registered Office of the Company."

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

For and on behalf of the Board

F. A. MEHTA  
Chairman

Dated : 17th May, 2000.

Goodlass Nerolac Paints Limited • Annual Report 1999-2000

**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 Items No. 6, 7 and 9 is annexed hereto.
3. The Register of Members and the Transfer Books of the Company will remain closed from 20th July, 2000 to 26th July, 2000 (both days inclusive).
4. 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. 6**

Mr. M. Kume was appointed a Director of the Company on 22nd July, 1999, by the Board of Directors in the casual vacancy caused by the resignation of Mr. T. Shiraiwa. Pursuant to Section 262 of the Companies Act, 1956 ("the Act") read with Article 114 of the Articles of Association of the Company, Mr. Kume holds office only upto the forthcoming Annual General Meeting because Mr. Shiraiwa in whose place he was appointed would have held the office upto the date of the forthcoming Annual General Meeting, had he not resigned.

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. Kume as a candidate for the office of Director. As required by the said Section 257, the Shareholders giving notice have deposited a sum of Rs. 500 with the Company which shall be refunded if Mr. Kume is elected as a Director.

Mr. Kume, aged 55, is a Director of Kansai Paint Co. Ltd., Japan. The services of Mr. Kume have been and will be very useful to the Company. The Directors, therefore, recommend that he be appointed a Director of the Company.

Mr. Kume is interested in the Resolution at Item No. 6 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 Co. Ltd., Japan and accordingly, may be deemed to be concerned or interested in the Resolution at Item No. 6 of the Notice. None of the other Directors is in anyway concerned or interested in the Resolution.

**Item No. 7**

Mr. S.M. Datta was appointed as an Additional Director of the Company on 17th May, 2000. Pursuant to Section 260 of the Companies Act, 1956, ("the Act") read with Article 113 of the Articles of Association of the Company, Mr. Datta 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. Datta as a candidate for the office of 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. Datta is elected as a Director.

Mr. Datta, aged 63, is a reputed Management expert and is on the Board of a number of leading companies. The services of Mr. Datta will be very useful to the Company. The Directors, therefore, recommend that he be appointed a Director of the Company.

Mr. Datta is interested in the Resolution at Item No. 7 of the accompanying Notice since it relates to his own appointment. None of the other Directors is in anyway concerned or interested in the Resolution.

**Item No. 9**

As has been informed to the Shareholders vide Company letter dated 10th January, 2000, M/s. Sharepro Services has been appointed as the Registrar and Share Transfer Agent of the Company. Under Section 163 of the Companies Act, 1956 ("the Act"), certain documents which are normally required to be kept at the Registered Office of the Company may be kept at any other place if such other place has been approved by a Special Resolution passed by the Company in General Meeting. Approval of the members is sought, in terms of Section 163 of the Act, for the Company's Register of Members, Index of Members, register and index of debentureholders and copies of all the annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act, to be kept at the registered office of the Registrar and Share Transfer Agent, viz., M/s. Sharepro Services at Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400 099 and/or their office at Samhita Complex, Plot No. 13 AB, Sakinaka, Mumbai 400 072.

None of the Directors of the Company is in anyway concerned or interested in the said Special Resolution.

The Board commends the Resolution at Item No. 9 for acceptance by the Shareholders.

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

Dated : 17th May, 2000.

For and on behalf of the Board

F. A. MEHTA  
Chairman

## Goodlass Nerolac Paints Limited • Annual Report 1999-2000

## DIRECTORS' REPORT

To

The Members,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2000.

## FINANCIAL RESULTS

	1st April, 1999 to 31st March, 2000		1st April, 1998 to 31st March, 1999	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
Profit before Depreciation, Interest, Tax and Appropriation .....		62,51.18		53,40.48
Less: Depreciation .....	12,13.61		9,41.56	
Interest .....	809.20	2022.81	9,95.94	19,37.50
Profit before Tax .....		42,28.37		34,02.98
Less: Tax .....		12,30.00		8,50.00
Profit after Tax .....		29,98.37		25,52.98
Add: Balance brought forward from previous year		11,32.22		6,83.47
Transferred from Debenture Redemption Reserve .....		2,00.00		—
Balance available for appropriation .....		43,30.59		32,36.45
Appropriations:				
Interim Dividend .....	9,94.80		—	
Proposed Final Dividend .....	—		9,94.80	
Corporate Dividend Tax .....	1,09.43		1,09.43	
General Reserve .....	20,00.00	31,04.23	10,00.00	21,04.23
Balance retained in Profit and Loss Account .....		12,26.36		11,32.22
		43,30.59		32,36.45

## DIVIDEND

An interim dividend of 65% which is tax free in the hands of the shareholders, amounting to Rs. 995 lacs, on the paid-up Share Capital of Rs. 1530 lacs, was declared by the Board of Directors for the year 1999-2000 (previous year: final dividend of 65% which was tax free in the hands of the shareholders, amounting to Rs. 995 lacs on the paid-up Share Capital of Rs. 1530 lacs). The Directors recommend this interim dividend to be taken as the Final Dividend.

## OPERATING RESULTS

The Gross turnover of the Company increased from Rs. 546 crores to Rs. 629 crores reflecting a growth of 15.2% in the year 1999-2000. For the year under consideration, the Profit before tax was Rs. 42.28 crores as compared to Rs. 34.03 crores of the previous year, reflecting an increase of 24.2%.

As shareholders are aware, the Company has discontinued its pigment operations since the commencement of the financial year under consideration. The entire turnover figure for the year under consideration represents the paints sales, while the gross turnover for the previous year includes pigment sales of Rs. 15 crores. Paints turnover growth thus reflects an increase of about 19%. Viewed in this light, the performance of the Company in terms of turnover and profitability can be considered satisfactory.

## 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, 2000 were satisfactory.



**ACQUISITION OF SHARES BY KANSAI PAINT CO. LTD., JAPAN**

During the year, Kansai Paint Co. Ltd., Japan, the Company's foreign collaborator and one of the Promoters of the Company, acquired 43,71,152 shares amounting to 28.56% of the paid-up Share Capital of the Company from Forbes Gokak Ltd. and their associates, the other Promoter of the Company, at a price of Rs. 250 per share. With this acquisition, Kansai Paint Co. Ltd., Japan, now holds 64.52% of the paid-up Share Capital of the Company.

The coatings industry globally, like several other industries, is in the process of consolidation. The process of consolidation is intended to help companies meet increasingly challenging customer requirements by constantly updating technology, striving for greater efficiency in operations and ensuring worldwide servicing capabilities. World over, units are moving with associates/affiliates/parent bodies with core competence as their prime objective. The acquisition by Kansai Paint Co. Ltd. of the shareholding of Forbes Gokak Ltd. and their associates in your Company is in furtherance thereof.

**ENVIRONMENT AND INDUSTRIAL SAFETY**

The Company regularly monitors measures in force in the factories of the Company for the protection of environment and for ensuring industrial safety. The Company carries out improvements regularly to ensure full compliance with statutory requirements.

**COMMUNITY INITIATIVES**

The Company continues to make 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 contributions towards national defence, medical help, education, improvement of environment, etc.

**YEAR 2000 (Y2K) COMPLIANCE**

The Company had a smooth transition to the year 2000. During the transition, no Y2K problem was noticed and all systems and operations functioned normally.

**COLLABORATION**

The Directors would like to record their appreciation of the unstinted co-operation from Kansai Paint Co. Ltd., 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 also has Technical Assistance Agreements with E.I. du Pont de Nemours and Company Inc., USA for the manufacture of sophisticated coatings for automotive sector, Kansai Paint Co. Ltd., Japan, for manufacture of sophisticated architectural coatings and Oshima Kogyo Company Ltd., Japan, for manufacture of heat resistant paints.

The Directors would like to record their appreciation of the co-operation from these Collaborators as well.

**AUDITORS' REPORT**

The Auditors' Report is clean and there are no qualifications in the Auditors' Report.

**DIRECTORATE**

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

Mr. M. Kume has been appointed as a Director of the Company with effect from 22nd July, 1999, in the casual vacancy caused by the resignation of Mr. T. Shiraiwa. Mr. Kume holds office upto the date of the 80th Annual General Meeting, pursuant to Section 262 of the Companies Act, 1956.

Mr. S.M. Datta has been appointed as an Additional Director of the Company on 17th May, 2000. Mr. Datta holds office upto the date of the 80th 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. Kume and Mr. Datta as candidates for the office of Directorship.

**Goodlass Nerolac Paints Limited • Annual Report 1999-2000**

**CORPORATE GOVERNANCE**

As the Shareholders may be aware, the Securities and Exchange Board of India (SEBI) has formulated a Code of Corporate Governance to be implemented by listed companies. Pursuant to this, the Stock Exchange, Mumbai, where the shares of your Company are listed, has introduced a new clause, Clause 49, in the Listing Agreement providing for compliance with the Code. In the case of your Company, the Code would be required to be implemented on or before 31.3.2002.

Your Company believes in abiding by the Code of Corporate Governance so as to be a responsible corporate citizen and to serve the best interests of all the stakeholders, viz, the employees, shareholders, customers, creditors and the society at large.

Your Company seeks to achieve this goal by being transparent in its business dealings, by disclosure of all relevant information in an easily understood manner, and by being fair to all stakeholders by ensuring that the company's activities are managed by a professionally competent and independent Board of Directors.

The Company is already in the process of progressively implementing the various compliance requirements of the Code.

**PARTICULARS REGARDING EMPLOYEES**

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, and the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report.

**ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE**

Statement giving the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed.

**AUDITORS**

You are requested to appoint Auditors for the coming year and to fix their remuneration. The retiring Auditors, M/s. A. F. Ferguson & Co. offer themselves for re-appointment.



For and on behalf of the Board

F. A. MEHTA  
*Chairman*

Mumbai, 17th May, 2000.