

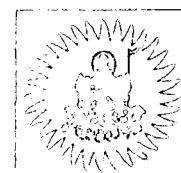
38th Annual Report 1996-97

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

Report  junction.com



Mafatlal
Dyes & Chemicals Limited



www.mafatlal.com



Mafatlal Dyes & Chemicals Limited

ANNUAL GENERAL MEETING

Date : 28th August, 1997

Time : 11.30 a.m.

Venue : Regal Room,
Hotel Oberoi Towers,
Nariman Point,
Mumbai 400 021.

REGISTERED AND HEAD OFFICE

Hoechst House, 193, Backbay Reclamation,
Nariman Point, Mumbai 400 021.

SHARE DEPARTMENT

Matulya Mills Limited Premises
Shankar Rao Naram Path, Lower Parel,
Mumbai 400 013.

SHARE DEPARTMENT COUNTER

Indian Dyestuff Industries Ltd.,
5th Floor, Mafatlal Centre, Nariman Point,
Mumbai 400 021.

FACTORY

Lal Bahadur Shastri Marg, Mumbai 400 080.

MARKETING & SALES OFFICE

MUMBAI

BRANCH OFFICES

AHMEDABAD

CALCUTTA

CHENNAI

NEW DELHI

AUDITORS

C. C. CHOKSHI & CO.
Chartered Accountants

BANKERS

STATE BANK OF INDIA

UNION BANK OF INDIA

BANK OF BARODA

BARCLAYS BANK

CONTENTS

Board of Directors	2
Directors' Report	3
Financial Highlights	8
Auditors' Report	9
Balance Sheet	12
Profit and Loss Account	13
Schedules to Accounts	14
Statement relating to Subsidiaries	27
Annual Reports of Subsidiaries	28



BOARD OF DIRECTORS

MR. YOGINDRA N. MAFATLAL
(Chairman)

MR. ATULYA Y. MAFATLAL
(Vice Chairman)

MR. J. M. CHAGLA
(Managing Director)

MR. C. M. MANIAR

DR. D. S. MAHADEVIA

MR. ANAND R. DALAL

MR. M. B. HARIVALLABHDAS

MR. PRABHUDAS S. SHINGALA

MR. VAMAN M. APTE

MR. VIKRAM B. TRIVEDI

DR. P. S. SAMANT
(Director — Works)

COMPANY SECRETARY

MR. U. S. LAXMIPATHY

Mafatlal Dyes & Chemicals Limited

NOTICE TO THE MEMBERS

NOTICE is hereby given that the THIRTY-EIGHTH ANNUAL GENERAL MEETING of Mafatlal Dyes & Chemicals Limited will be held at Regal Room, Hotel Oberoi Towers, Nariman Point, Mumbai - 400 021, on Thursday, the 28th August, 1997, at 11.30 a.m. to transact the following business :—

1. To receive, consider, approve and adopt the Balance Sheet as at 31st March, 1997, and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Yogindra N. Mafatlal who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. M. B. Harivallabhdas who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. P. S. Shingala who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

Special Business:

7. To appoint Mr. Vikram B. Trivedi, as a Director liable to retire by rotation, who was appointed by the Board of Directors, under Section 262 of the Companies Act, 1956, to fill in a casual vacancy on the Board.
8. 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 Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and of the Articles of Association of the Company, the Directors of the Company (other than the Managing and Whole-time 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 laid down under Section 198 of the Companies Act, 1956, and that the said sum 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, failing which in equal shares.

“AND RESOLVED FURTHER THAT the commission as aforesaid be payable to the Directors aforesaid on the net profits for a period of five consecutive accounting years of the Company commencing with the Accounting Year beginning from 1st April, 1997.

“AND RESOLVED ALSO THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary and desirable to give effect to this resolution.”

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 Sections 198, 269, 309, 314, and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956, the Company hereby accords its consent and approval to the appointment of, and payment of remuneration to, Dr. P. S. Samant in the whole-time employment of the Company designated as the Director (Works) of the Company for a period of 3 years with effect from 1st July, 1997, on the following terms of remuneration (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period):

1. Salary of Rs. 14,000/- per month, from 1st July, 1997 for three years with liberty to Directors to grant such increments, within a maximum salary of Rs. 25,000/- per month, as they may determine.
2. Perquisites : Furnished/unfurnished accommodation or House Rent Allowance, medical re-imbursement, subscription of one club fees (excluding admission fees and expenses), leave benefits, leave travel concessions for him and his family, personal accident and group insurance coverage, the Company car with driver, and other allowances, perquisites and benefits in accordance with the rules and regulations in force in the Company from time to time or as may be sanctioned by the Board of Directors from time to time. The monetary value of such perquisites to be determined in accordance with the Income Tax Rules, 1962.
3. Company's contributions to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity payment

in accordance with the rules and regulations in force in the Company from time to time. The encashment of leave at the end of the tenure shall not be included in the computation of ceiling on remuneration and perquisites.

4. In the event of absence or inadequacy of profits in any year during the period of his tenure as Director (Works) he shall be paid the abovementioned remuneration as the minimum remuneration subject to the limits specified in the Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactment thereof) from time to time.

"RESOLVED FURTHER THAT the Board of Directors be and are hereby empowered to alter and vary the terms and conditions of the said appointment and/or remuneration within the limits set out hereinbefore subject to the provisions of Schedule XIII to the Companies Act, 1956 (including any statutory modifications thereof from time to time) without further reference to the Company in general meeting.

"RESOLVED FURTHER THAT Dr. P. S. Samant as Director (Works) shall be responsible for the implementations of plans/measures for safety, hygiene and welfare at the place of work at the factory of the Company at L. B. S. Marg, Mulund, Mumbai, and for full compliances of all obligations and duties and all provisions under the Factories Act, 1948 and other State and Central Legislations and rules and regulations made thereunder, as are now in force or which may be brought into force hereafter with regard to labour and factory administration and concerning all matters relating to or touching the affairs of the factory, and he shall also perform such other specific functions and duties as the Board of Directors shall entrust to him from time to time and that his appointment as Director (Works) shall always be subject to the superintendence, control and direction of the Board.

"RESOLVED FURTHER THAT in the event of his ceasing to be the Whole-time Director (Works), he shall automatically cease to be a Director of the Company.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary and desirable to give effect to the foregoing resolution."

By the Order of the Board

U. S. Laxmipathy
Company Secretary

Registered Office:

Hoechst House,
193, Backbay Reclamation,
Nariman Point,
Mumbai 400 021.

Mumbai, Dated 14th July, 1997.

Notes:

- (1) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 7 to 9 is annexed hereto.
- (2) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from 1st August, 1997 to 14th August, 1997 (both days inclusive).
- (4) The dividend, if declared, will be payable from 5th September, 1997, to those Members whose names will appear on the Company's Register of Members as on 14th August, 1997.
- (5) The unclaimed dividends for the financial year of the Company ended on 31st March, 1993 and also for prior years have been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those shareholders who have so far not claimed or collected their dividends for the aforesaid financial years, may claim the same from the Registrar of Companies, Maharashtra, Hakoba Mills Compound, Dattaram Lad Marg, Kalachowkie, Mumbai 400 033, by submitting an application in the prescribed Form.

The amount of unclaimed dividend for the financial year ended on 31st March, 1994, is due for transfer to the General Revenue Account of the Central Government, in early October, 1997. A shareholder who has still not encashed the Dividend Warrant for the dividend for that year may forward it to the Company for its payment, before such transfer to the General Revenue Account of Central Government.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 7

Mr. Vikram B. Trivedi was appointed as a Director on 29th November, 1996, to fill in a casual vacancy of a Director who was liable to retire by rotation. As such, pursuant to Section 262(2), of the Companies Act, 1956, Mr. Trivedi holds office of Director upto the date of this meeting. It is proposed to appoint Mr. Trivedi as a Director liable to retire by rotation. A Notice in writing, pursuant to Section 257 of the Companies Act, 1956 has been received from a member intending to propose Mr. Trivedi as a candidate for the office of Director, at this Annual General Meeting, along with a deposit of Rs. 500/-, as required under that Section.

Mr. Trivedi is a Partner of one of the leading firms of Solicitors and Advocates, namely, Manilal Kher Ambalal & Co., and he has considerable experience in regard to various legal matters. It would be in the interest of the Company to appoint him as a Director liable to retire by rotation. The Directors, therefore, recommend his appointment at the Meeting.

He may be considered to be interested in the Resolution for his appointment. No other Directors are interested in the Resolution.

Item No. 8

Under Section 309(4) of the Companies Act, 1956, a Director who is neither in the whole-time employment of the Company nor a managing director, may be paid remuneration by way of commission if the Company, by Special Resolution, authorises such payment. However, the remuneration paid to all of them together should not exceed 1% of the net profits of the Company, if the Company has a managing or a whole-time director.

By a Special Resolution passed at the Annual General Meeting held on 11th September, 1992, necessary approval was granted to pay commission to all the Directors of the Company together (other than the Managing or Whole-time Directors) upto 1% of the net profit in a year, and within that ceiling, the Board of Directors was authorised to decide on the amount of commission to be paid to each such Director. The authority to pay the commission, granted by the aforesaid Special Resolution is operative for 5 years, that is, with effect from the Accounting Year commencing from 1st April, 1992.

In view of the burden and responsibility of the Board of Directors requiring them to devote more attention to the business and affairs of the Company, it is proposed to continue the payment of commission to all the Directors together (other than the Managing and Whole-time Director) upto of 1% of the net profits in a year. Within this limit, the Board may be authorised to decide on the quantum of the commission payable to each such Director.

The proposed Resolution seeks the approval for payment of commission as aforesaid for the five Accounting Years commencing from 1st April, 1997.

Except Mr. J. M. Chagla, the Managing Director and Dr. P. S. Samant, the Director (Works), all other Directors may be considered to be interested in passing of the above Resolution.

Item No. 9

Dr. P.S. Samant was appointed by the Board at its meeting held on 30th June, 1997 as a Director of the Company with effect from 1st July, 1997, to fill in a casual vacancy on the Board caused by the resignation of a Director.

The Board of Directors at the same meeting approved the appointment of Dr. P. S. Samant as the Director (Works) of the Company for a period of 3 years from 1st July, 1997 on the terms and conditions set out in the proposed Resolution in the Notice, subject to the approval of the Shareholders. Dr. P. S. Samant has been Factory Manager of the Company's factory at L. B. S. Marg, Mulund, Mumbai for the past 3 years. During his tenure as Factory Manager, he has effectively and efficiently discharged his duties and responsibilities with respect to the factory operations. The Board is of the opinion that it would be in the interests of the Company to appoint Dr. Samant as Director (Works) with specific responsibility for due performance and discharge of various duties and responsibilities with respect to the Company's aforesaid factory.

The Board consider that the services of Dr. Samant as the Director (Works) of the Company will be very valuable for the business operations of the Company.

The appointment and remuneration of Dr. Samant as Director (Works) of the Company would be subject to the approval of the shareholders in general meeting, pursuant to the provisions of Section 269 read with Schedule XIII to the Companies Act, 1956. Further the appointment of Dr. Samant, who is an employee of the Company, as Director of the Company may amount to a Director holding an office of profit in the Company requiring consent of the Company by way of a Special Resolution pursuant to the provisions of Section 314.

The material terms and conditions for the appointment and remuneration of Dr. Samant as the Director (Works) are mentioned below :

1. Period of Appointment : 3 years from 1st July, 1997.
2. Salary of Rs. 14,000/- per month, for three years with liberty to Directors to grant such increments within the maximum salary of Rs. 25,000/- per month, as they may determine.
3. Perquisites: Furnished/un-furnished accommodation or House Rent Allowance, medical re-imbursement, subscription of one club fees (excluding admission fees and expenses), leave benefits, leave travel concessions for him and his family, personal accident and group insurance coverage, the Company's car with a driver, and other allowances, perquisites and benefits in accordance with the rules and regulations in force in the Company from time to time. The monetary value of such perquisites to be determined in accordance with the Income Tax Rules, 1962.
4. Company's contributions to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity payment in accordance with the rules and regulations in force in the Company from time to time. The encashment of leave at the end of the tenure shall not be included in the computation of ceiling on remuneration and perquisites.
5. In the event of absence or inadequacy of profits in any year during the period of his tenure as Director (Works) he shall be paid the abovementioned remuneration as minimum remuneration subject to the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof) from time to time.
6. The Board of Directors shall have the liberty to alter and vary the terms of and conditions of the said appointment and/or remuneration within the limits set out herein above subject to the provisions of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactment thereof) from time to time.

Your Directors recommend the resolution. Dr. P. S. Samant is interested in the said resolution as it pertains to his appointment and remuneration as the Director (Works). None of the other Directors is concerned or interested in the above Resolution.

This Explanatory Statement together with resolution under Serial No. 9 to the accompanying Notice is and should be treated as abstract under Section 302 of the Companies Act, 1956.

Registered Office:

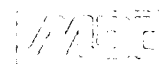
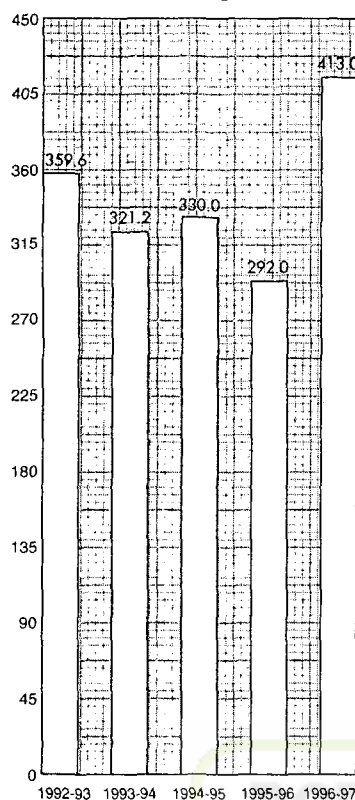
Hoëchst House,
193, Backbay Reclamation,
Nariman Point,
Mumbai 400 021.

Mumbai, Dated 14th July, 1997.

By the Order of the Board

U. S. Laxmipathy
Company Secretary

Annual Report 1996-97

In Lakhs Rs. **PROFIT BEFORE TAX****Directors' Report**

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

FINANCIAL RESULTS

	1996-97 (Rs. in Lakhs)	1995-96 (Rs. in Lakhs)
Profit before Depreciation and Tax.	433.02	305.71
Less: Depreciation	19.78	13.90
Profit before Tax	413.24	291.81
Less: Provision for Tax	218.40	120.00
Profit after Tax	194.84	171.81
Add: Balance of Profit of Previous Year	177.29	108.08
Profit available for appropriation	372.13	279.89

Proposed Appropriation:

Dividend	84.00	75.60
Transfer to General Reserve	37.00	27.00
Balance carried forward	251.13	177.29
	<u>372.13</u>	<u>279.89</u>

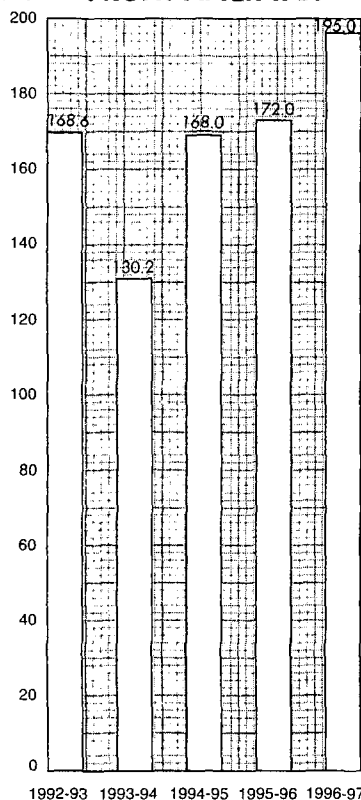
DIVIDEND

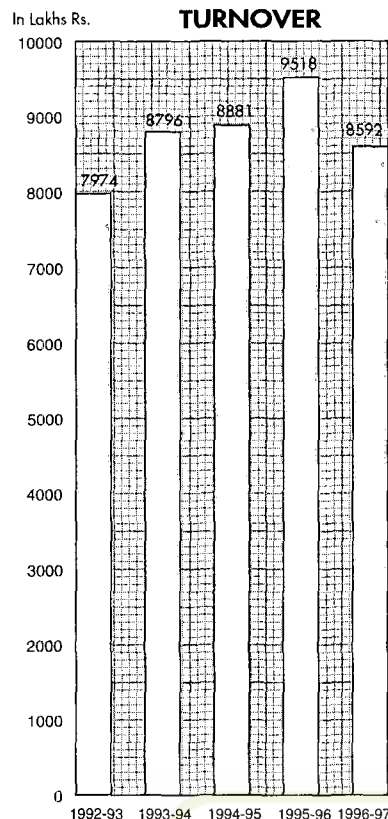
Your Directors recommend a dividend of Rs. 2.00 per Equity Share, amounting to Rs. 84 lakhs. (Previous year Rs. 1.80 per Equity Share, subject to deduction of tax at source).

OPERATIONS

The turnover of your Company amounted to Rs. 85.92 crores compared to Rs. 95.18 crores in the previous year.

The decline in turnover is attributed to (a) monetary policies pursued by the Government of India to contain inflation resulted in a drop in demand for many products required by the Textile Industry and marketed by your Company, (b) drop in sales of hydrosulphite of soda due to closure of the plant of the supplier and (c) reduction in sales of pigment powders

In Lakhs Rs. **PROFIT AFTER TAX**

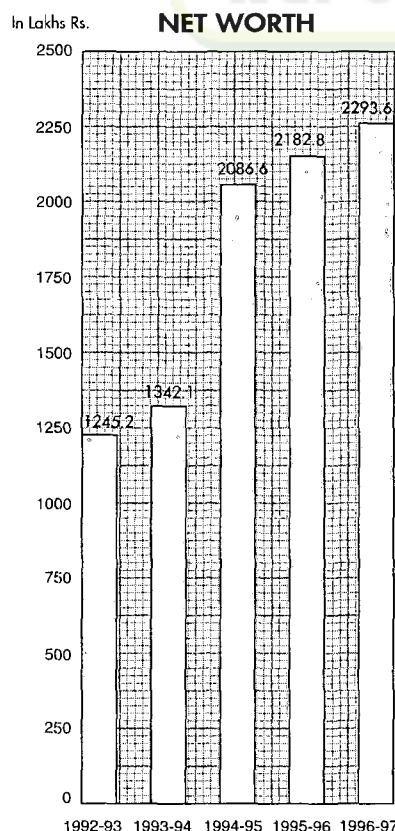


caused by the formation of a Joint Venture Company (JVC) by the supplier for marketing these products. It may be noted that another JVC has also been formed by the supplier for marketing of disperse, acid and reactive dyes which were marketed by your Company. This JVC will become operational in the second-half of 1997. Due to reasons mentioned earlier, your Company will lose sales estimated at over Rs.19.00 crores in 1997-98. Efforts are being made to increase sales of other product groups and to enlarge the range of products marketed by your Company.

Sales of synthetic resin dispersions manufactured by your Company were 3591 tonnes compared to 3443 tonnes last year. Competition from small-scale units and from large industrial units producing vinyl acetate monomer, a key raw material used in the production of dispersions, increased considerably. Consequently, profit margins were under pressure throughout the year.

PROJECTED AND ACTUAL PERFORMANCE

The Letter of Offer dated 8th November, 1994, offering 21,00,000 Equity Shares for subscription on Rights basis, sets out the projected profitability statements for three years. The particulars as required under Clause 43 of the Listing Agreement with the Stock Exchange, Mumbai, in regard to the projected and actual profitability statements for the financial year ended on 31st March, 1997 and also the utilization of the funds are given in the Annexure to this Report.



ENERGY CONSERVATION, ETC.

Particulars of conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 217 (1)(e) of the Companies Act, 1956, are mentioned in the Annexure to this Report.

INSURANCE

The properties and assets of your Company are adequately insured. In addition to the normal insurance coverage, your Company has also taken insurance coverage as required under the Public Liability Insurance Act, 1991.

SUBSIDIARY COMPANIES

During the year, your Company acquired 75% of the Equity Share Capital of Mafatlal Home Products Limited and consequently, it became a subsidiary of your Company. Its objective is to establish organised home improvement products in India such as kitchen cabinets and other incidental products.

Mahananda Investments Private Limited, an Investment Company, also became a wholly-owned subsidiary of your Company.

A statement pursuant to Section 212 of the Companies Act, 1956, relating to your Company's wholly-owned subsidiaries, is attached to the Balance Sheet.