

# 42nd Annual Report 2000-2001



Mafatlal Dyes & Chemicals Limited

# Mafatlal Dyes & Chemicals Limited

## REGISTERED AND HEAD OFFICE

Parekh Mahal, 6th Floor,  
Veer Nariman Road,  
Mumbai-400 020.

## SHARE DEPARTMENT

Office of IDI Ltd.,  
Mafatlal Centre, 5th Floor,  
Nariman Point, Mumbai-400 020.

## ELECTRONIC REGISTRAR

SharePro Services,  
Satam Estate, Above Bank of Baroda,  
Chakala, Cardinal Gracious Road,  
Andheri (E),  
Mumbai-400 099  
(ISIN NO. - INE733D01012 - CDSL & NSDL)

## FACTORY

Lal Bahadur Shastri Marg, Mumbai-400 080.

## AUDITORS

C. C. CHOKSHI & CO.  
Chartered Accountants

## BANKERS

STATE BANK OF INDIA  
UNION BANK OF INDIA  
BANK OF BARODA

## BRANCH OFFICES

Ahmedabad  
Chennai  
Kolkata  
Mumbai  
New Delhi

## BOARD OF DIRECTORS

MR. YOGINDRA N. MAFATLAL  
(Chairman)

MR. ATULYA Y. MAFATLAL  
(Vice-Chairman)

Mr. U. S. LAXMIPATHY  
(Executive Director)

MR. C. M. MANIAR

DR. D. S. MAHADEVIA

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. P. G. HINDIA

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The shares of the Company are available for dematerialisation. Those shareholders who wish to convert their shareholding in electronic form, they should send their share certificates to our Share Department through their respective Depository participants.



## NOTICE TO THE MEMBERS

NOTICE is hereby given that the FORTY-SECOND ANNUAL GENERAL MEETING of Mafatlal Dyes & Chemicals Limited will be held at Patkar Hall of S.N.D.T. Women's University, 1, Nathibhai Thackersey Road, Mumbai - 400 020 on Wednesday, the 26th September, 2001, at 11.30 a.m. to transact the following business :-

1. To receive, consider, approve and adopt the Balance Sheet as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. C. M. Maniar who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. D. S. Mahadevia who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. V. M. Apte who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### Special Business

6. To consider and if, thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION :

**"RESOLVED** THAT pursuant to Section 255 of the Companies Act, 1956, Mr. Y. N. Mafatlal, the Chairman of the Company be and is hereby appointed as Permanent Director of the Board of Directors of the Company and accordingly shall not be subject to retirement by rotation."

7. To consider and if, thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION :

**"RESOLVED** THAT pursuant to Section 255 of the Companies Act, 1956, Mr. A. Y. Mafatlal, the Vice-Chairman of the Company be and is hereby appointed as Permanent Director of the Board of Directors of the Company and accordingly shall not be subject to retirement by rotation.

8. To consider and if, thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION :

**"RESOLVED** THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') the Articles of Association of the Company be and are hereby altered in the following manner:

- (i) inserting the following new Article 25A after the existing Article 25 along with the headings and marginal notes.

### 25A DEMATERIALISATION OF SECURITIES :

#### Definitions

- (1) For the purpose of this Article :

"SEBI" means the Securities and Exchange Board of India established under Section 3 of The Securities and Exchange Board of India Act, 1992.

"Depositories Act" means The Depositories Act, 1996, including any statutory modifications or re-enactments thereof for the time being in force.

"Depository" means a Company formed and registered under the Companies Act, 1956 and which has been granted a Certificate of Registration under Sub-Section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

"Bye-laws" means bye-laws made by a Depository under Section 26 of the Depositories Act.

"Beneficial Owner" means a person whose name is recorded as such with a Depository.

"Member" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a beneficial owner in the records of the Depository.

"Participant" means a person registered as such under Section 12(1A) of the Securities and Exchange Board of India Act, 1992.

"Record" includes the records maintained in the form of books or stored in Computer or such other form as may be determined by regulations made by SEBI in relation to the Depository Act.

"Regulations" means the regulations made by SEBI.

"Security" means such security as may be specified by SEBI.

Words imparting the singular number only include the plural number and vice versa. Words imparting persons include corporations.

Words and expressions used and not defined in this Article shall have the same meanings as respectively assigned to them in the Depositories Act.

- (2) Either the Company or the investor may exercise an option to issue, deal in, hold Securities (including Shares) with a depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof shall be governed by the provisions of the Depositories Act as amended from time to time or any statutory modification thereto or re-enactment thereof.



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|---|--|
| <b>Dematerialisation of Securities</b>  | (3) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing Securities, rematerialize its securities held in Depositories and /or offer its fresh securities in a dematerialized form pursuant to the Depositories Act and the rules framed thereunder, if any.  |
| <b>Option to receive securities, certificates or hold securities with Depository.</b>   | (4) Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security and on receipt of the information, the Depository shall enter in its records, the name of allottees as the beneficial owner of the security.   |
| <b>Securities in Depositories</b>   | (5) All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.   |
| <b>Rights of Depositories and Beneficial Owners</b>                                     | (6) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.<br>(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights as the case may be in respect of the securities held by it.<br>(c) Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner of Securities shall be entitled to all rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository. |
| <b>Beneficial Owner deemed as absolute Owner.</b>                                       | (7) Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of the security in the records of the Depository, as the absolute owner thereof. The Company shall not be bound to recognize any benami trust or equitable, contingent, future or partial interest in the Security (except otherwise provided by the Articles) or any right in respect of the security other than an absolute right thereto in accordance with the articles on the part of any other person whether or not it has express or implied notice thereof, but the Board shall subject to the provisions of the Act, be at its sole discretion to register the security in the joint names of any two or more persons or the survivor or survivors of them.     |
| <b>Depository to furnish information</b>  | (8) Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.  |
| <b>Cancellation of certificates upon surrender by a person</b>                          | (9) Upon receipt of certificate of securities for dematerialisation in terms of the applicable provisions of appropriate Acts or Rules, the Company shall cancel such certificates and substitute in its records, the name of the Depository as the owner in respect of the said Securities and shall also inform the Depository accordingly.  |
| <b>Option to opt out in respect of any Security</b>                                     | (10) If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly. The depository shall on receipt of the information as above make appropriate entries in its records and shall inform the Company. The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.  |
| <b>Service of Documents</b>   | (11) Notwithstanding anything in the Act, or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such Depository to the Company by means of electronic mode or by delivery of floppies or discs.   |
| <b>Provisions of the Act and Articles to apply to Securities held in the Depository</b> | (12) All the provisions of the Act and Articles of Association of the Company, particularly the provision relating to joint holding, calls, lien, forfeiture and transfer and transmission of Securities shall also be applicable to securities held in the Depository.  |
| <b>Allotment of Securities dealt within a Depository</b>                                | (13) Notwithstanding anything in the Act or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.  |
| <b>Distinctive number of shares held in the Depository</b>                              | (14) The Shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provisions relating to progressive numbering shall not apply to the Shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form.  |
| <b>Register and Index of Beneficial Owners</b>  | (15) The Company shall cause to keep a Register and Index of Members and a Register and Index of Debenture holders in accordance with Sections 151 and 152 of the Act respectively read with the applicable provisions of the Depositories Act with details of Shares and Debentures held in material and demat forms in any media as may be   |



permitted by law. The Register and Index of Beneficial Owners maintained by a depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purpose of the Act. The Company, shall have the power to keep in any state or country outside India, a branch Register of Members in respect of the resident in that state or country.

**Register of Transfers**

- (16) The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.

**Trading and Transfer of Securities**

- (17) Trading and transfer of securities can be effected in the form permitted by appropriate authorities from time to time.

**Power to the Board to take necessary actions to Dematerialise Securities offered by the Company**

- (18) The Board is authorized to take all such actions and steps as may be necessary to dematerialize listed securities offered by the Company including executing deeds, documents and papers and appointing such persons and agencies as may be necessary to facilitate dematerialisation and trading in such securities.

- (II) inserting the following new Article 63A after the existing Article 63 along with the headings and marginal notes.

**63A SHARES WITH DIFFERENTIAL RIGHTS**

The Company may issue shares with differential rights as to dividend, voting or otherwise and upon such other terms and conditions and with such rights and privileges annexed thereto as thought fit and may be permitted by the law.

- (III) inserting the following new Article 64A after the existing Article 64 along with the headings and marginal notes.

**64A SWEAT EQUITY SHARES**

The Company shall have the power, subject to and in accordance with the provisions of Section 79 A of the Act and other relevant regulations including regulations laid down by SEBI in this regard from time to time, to issue sweat equity shares to employees and/or directors on such terms and conditions and in such manner as may be prescribed by law from time to time.

- (IV) inserting the following new Article 72A after the existing Article 72 along with the headings and marginal notes.

**72A NOMINATION :**

- (1) Every holder of Shares or Debentures of the Company, may at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death. A member may revoke or vary his or her nomination, at any time, by notifying the Company to that effect.
- (2) Where the shares or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the manner prescribed under the Act, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all joint holders.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the shares or debentures where a nomination is made in the manner prescribed under the Act, purports to confer on any person the right to vest the shares or debentures of the Company, the nominee shall, on the death of the shareholder or the debenture holder concerned or on the death of the joint holders, become entitled to all the rights in the shares or debentures of the Company of such shareholder or holder of debentures or, as the case may be, of all the joint holders, in relation to such shares in or debentures of the Company to the exclusion of all other persons, unless the nomination is varied, cancelled in the manner prescribed under the Act.
- (4) Where the nominee is a minor, the holder of the shares or debentures concerned, can make the nomination to appoint, in the prescribed manner under the Act, any person to become entitled to the shares or debentures concerned in the event of his death, during the minority.
- (5) Notwithstanding anything contained in these Articles, any person who becomes a nominee under the provisions of Section 109A, and to whom the shares in or debentures of the Company have vested on the death of the Shareholder or holder of the debentures of the Company, or as the case may be, on the death of the joint holders, upon the production of such evidence as may be required by the Board, and subject as hereinafter provided elect either-
  - (a) to be registered himself as holder of the share or debenture as the case may be; or
  - (b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.
- (6) If the person being a nominee, so becoming entitled, elects to be registered as holder of the share or debenture himself as the case may be, he shall deliver or send to the Company a notice in writing duly signed by him that nominee concerned so elects and such notice shall be accompanied with the death certificate of the deceased shareholder/debenture holder as the case may be.
- (7) All the limitations, restrictions and provisions of this Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were signed by that shareholder or debenture holder, as the case may be.





- (8) A person being a nominee becoming entitled to share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered as member in respect of his shares or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time give notice requiring any such person to elect to be registered himself or to transfer the share or debenture, and if, the notice is not complied with within ninety days, the Board may thereafter withhold all payments of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.

- (9) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased shareholder or debenture holder as the case may be had transferred the shares or debentures as the case may be, before his death.
- (10) No person shall be recognized by the Company as a nominee unless the shareholder has, during his life time, giving an intimation to the Company of his having appointed a nominee in the manner specified under Section 109A of the Companies Act, 1956.
- (11) The Company shall not be in any way responsible for transferring the shares and/or debenture consequent upon such information.
- (12) If the holders of the shares or debentures survives the nominee, then and in such case, the nomination made by the registered holder shall be of no effect and shall automatically stand revoked.
- (13) A depositor may, at any time, make a nomination and the provisions of Section 109A and 109B shall as far as may be applicable to such nominations made pursuant to the provisions of Section 58A(11) of the Companies Act, 1956.
- (V) inserting the following new Article 112A after the existing Article 112 along with the headings and marginal notes.

#### **112A PASSING OF RESOLUTION BY POSTAL BALLOT**

Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a postal ballot in accordance with the provisions of Section 192A of the Companies Act, 1956, and the relevant rules and regulations as prescribed by the Central Government in this behalf from time to time, in respect of the following matters, instead of transacting such business in a general meeting of the Company :-

- Resolutions relating to such business as the Central Government, may by notification, declare to be conducted only by postal ballot,
- At the option of the Company, in respect of any other business that can be transacted by the Company in general meeting.

By Order of the Board

P. G. Hindia  
Company Secretary

#### **Registered Office :**

Parekh Mahal, 6th Floor,  
Veer Nariman Road,  
Mumbai - 400 020.

Mumbai, Dated 6th July, 2001.

#### **Notes :**

- (1) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Items 6, 7 & 8 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 for the period from 25th to 26th September, 2001 (both days inclusive).
- (4) The unclaimed dividends for the financial year of the Company ended on 31st March, 1995 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.
- (5) The Shareholders who wish to convert their shareholding in electronic form shall forward their sharecertificate/s through their respective Depository Participants to our Share Department.



## EXPLANATORY STATEMENT

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

### Item Nos. 6 & 7

Mr. Y. N. Mafatlal has been the Chairman of the Company since 1979. Mr. A. Y. Mafatlal has been the Vice Chairman of the Company since 1989.

Taking into consideration their long association with the Company, it is proposed to make them Permanent Directors of the Company by making them not liable to retirement by rotation so long as they continue to act as Directors of the Company. This is in accordance with the provisions of Section 255 of the Companies Act, 1956 and Articles of Association of the Company.

The Directors therefore recommend passing of the Ordinary Resolution contained at Item No. 6 and Item No. 7 of the accompanying Notice. Apart from Mr. Y. N. Mafatlal and Mr. A. Y. Mafatlal, none of the other Directors is concerned or interested in the Resolutions proposed.

### Item No. 8

In terms of the directives issued by SEBI and as required by The Stock Exchange, Mumbai, the Company will have to allow its Shares to be dealt in dematerialized form by complying with provisions of the Depositories Act, 1996.

In order to bring the Articles of Association of the Company in conformity with the Depositories' Act, 1996 and to provide nomination facilities to Investors as prescribed by the provisions of the Companies' (Amendment) Act, 1999, necessary amendments are required to be made in existing Articles of Association of the Company.

Further, the Companies (Amendment) Act, 1999 has introduced the concept of issue of sweat equity shares by a Company subject to certain conditions. The Companies (Amendment) Act, 2000 has amended Section 86 of the Companies Act, 1956 to enable a public limited company to issue Equity Shares with differential rights as to dividend, voting or otherwise in accordance with such rules and subject to such conditions as may be prescribed. It has also inserted a new section 192A, which brings in a new concept of ascertaining the votes of shareholders of a company by postal ballot. Accordingly, a listed public company may, and in the case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by a postal ballot, shall, get any such resolution passed by means of a postal ballot, instead of transacting the business in general meeting.

Therefore, it is also proposed to include the provisions relating to issue of shares with differential rights, sweat equity shares and voting by postal ballot in the Articles of Association of the Company.

Section 31 of the Companies Act, 1956 provides for passing of a Special Resolution for making amendments in the Articles of Association of the Company. Your Directors therefore recommend the Special Resolution at Item No. 8 of the accompanying Notice for your approval.

A copy of the Articles of Association of the Company is available for inspection at the Registered Office of the Company between 10.00 a.m. to 12 noon on all working days except Saturdays and holidays. None of the Directors is concerned or interested in the said resolution.

By Order of the Board

P. G. Hindia  
Company Secretary

### Registered Office :

Parekh Mahal, 6th Floor,  
Veer Nariman Road,  
Mumbai - 400 020.

Mumbai, Dated 6th July, 2001.



## Directors' Report

Your Directors have pleasure in presenting their Report together with the Audited Accounts for the year ended 31st March, 2001.

### FINANCIAL RESULTS

	2000-2001 (Rs.in Lakhs)	1999-2000 (Rs.in Lakhs)
Profit/(Loss) before Depreciation and Tax . . . . .	(86.33)	268.66
Less: Depreciation . . . . .	38.30	32.35
Profit/(Loss) before Tax . . . . .	(124.63)	236.31
Add: Excess Provision of Tax of earlier year . . . . .	15.59	—
	(109.04)	236.31
Less: Provision for Tax . . . . .	0.15	70.00
Profit/(Loss) after Tax . . . . .	(109.19)	166.31
Balance as per last Balance Sheet . . . . .	332.14	352.94
	<b>222.95</b>	<b>519.25</b>

### PERFORMANCE

The overall turnover of your Company is Rs.45.12 crores as against Rs.59.43 crores in the previous year. The turnover of synthetic resin dispersions, manufactured by your Company, has increased by 20%, from Rs.17.34 crores to Rs.20.78 crores. (The production increased from 3415 Tons to 4027 Tons). However, due to inadequate supplies of dyes from IDI Ltd., the turnover of these products declined from Rs.37.59 crores in the previous year to Rs.20.46 crores in the year under report. Cumulative effect of decline in turnover and increase in interest cost, mainly on account of borrowing for financing purchase of the Factory land and for setting up the Company's own utilities at the Factory, has resulted in the loss of Rs.1.25 crores during the year under report.

IDI Ltd., the main supplier, have now improved on supplies of their products. Besides, your Company is in the process of introducing certain speciality chemicals in the domestic market. Further, your Company has already taken up steps to develop export marketing and, in the process, some exports have been done. Hopefully, your Company expects to considerably increase its turnover and profitability during the current year.

### DIVIDEND

As the Company has suffered loss during the year, your Directors have not recommended any dividend.

### 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

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



**Annual Report 2000-2001****DIRECTORS**

Messrs. C. M. Maniar, Dr. D. S. Mahadevia and V. M. Apte will retire by rotation and being eligible have offered themselves for re-appointment at the ensuing Annual General Meeting. Your Directors recommend their re-appointment as Directors.

**CORPORATE GOVERNANCE**

The Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai requires inclusion of the report on the compliance of Corporate Governance in the Annual Report of the Company. This Clause 49 is to be implemented by the Company within the financial year 2001-2002 but not later than 31st March, 2002. Accordingly, necessary steps are being taken to implement the same within the aforesaid Schedule of Implementation.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 the Directors state as follows :

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2001.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and detecting fraud and irregularities.
- d) The Annual Accounts have been prepared on going concern basis.

**AUDITORS**

Messrs. C.C. Chokshi & Co., Chartered Accountants, are eligible, and have offered themselves, for re-appointment as the Auditors for the current year.

**EMPLOYEES**

The names and other particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 form part of this Report. However, as per the provisions of Section 219(1)(b) (iv) of the said Act, the Report and the Accounts excluding the particulars of employees, are being sent to all the members. If any member is interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Your Directors express their thanks to the employees at all levels for their continued co-operation to the management during the year under review.

**AUDITORS' REPORT**

The observations made by the Auditors against Items 2(f)(i), (ii), (iii), (iv) and (v) of their Report, have been duly clarified in Notes Nos. 14, 15, 16, 17, 18 respectively of the Schedule 18 forming part of the Balance Sheet and Profit and Loss Account, which are self-explanatory.

On behalf of the Board

Y. N. MAFATLAL  
Chairman

Mumbai, Dated 6th July, 2001.

**Annexure to the Directors' Report****1. Information as required under Section 217(1)(c) of the Companies Act, 1956.****(A) CONSERVATION OF ENERGY**

The Company has a small Factory and as such there is little scope for taking measures for conservation of energy. Efforts are continuously made to conserve and optimize the use of energy through improved operational methods.

**FORM A — ENERGY CONSUMPTION****(a) Power and Fuel Consumption**

	Current Year	Previous Year
(1) Electricity — Purchased		
a) Units (KWH)	1,50,186.00	64,764.00
Total Amount (Rs.)	8,08,810.00	3,87,474.00
Rate (Average)/Unit KWH (Rs.)	5.38	5.98
b) Own Generation	Nil	Nil
(2) Coal	Nil	Nil
(3) Furnace Oil	Nil	Nil
(4) Light Diesel Oil (L.D.O.)		
Quantity (Ltrs)	44,109.60	Nil
Total Amount (Rs.)	7,39,699.00	Nil
Rate (Average) Ltr. Rs.	16.77	Nil
(5) Others/Internal Generation		
Steam (obtained from outside)		
Quantity (Tonnes)	Nil	624.00
Total Cost (Rs.)	Nil	3,80,440.00
Rate/Tonne (Average) (Rs.)	Nil	609.67
(b) Consumption per unit (in Tonne) of Production		
Product : Synthetic Resin Dispersions		
Electricity (KWH/Tonne)	37.29	18.96
Coal	Nil	Nil
Furnace Oil	Nil	Nil
L.D.O. (Ltr./Tonne)	10.95	N.A.
Steam (Tonne/Tonne of product)	Nil	0.18

**(B) FORM B — TECHNOLOGY ABSORPTION****1. Research and Development**

R&D efforts are directed towards improvement of existing products in terms of quality and development of newer emulsions for a variety of applications. Future R & D efforts will be concentrated on developing newer acrylic emulsions for paints and other applications.

**2. Technology Absorption, Adaptation and Innovation**

The Company started manufacturing synthetic resin dispersions with the technology obtained under a foreign collaboration agreement which has since been terminated. The technology so obtained has been absorbed and adapted suitably. Innovation in manufacturing process has been carried out so that the Plant capacity with the same equipment has been substantially increased.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange earnings are on account of exports. Foreign Exchange used are on account of purchase of raw material, bank charges, travelling expenses etc.

(a) Foreign Exchange used	Rs.146.14 lakhs
(b) Foreign Exchange earned	Rs. 64.46 lakhs

On behalf of the Board

Y. N. MAFATLAL  
Chairman

Mumbai, Dated 6th July, 2001.