

45th Annual Report 2003-2004

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Mafatlal Dyes & Chemicals Limited

Mafatlal Dyes & Chemicals Limited

REGISTERED OFFICE

83 C, Hansraj Pragji Building,
1st Floor, Kharat Lane,
Off Dr. E. Moses Road,
Worli,
Mumbai - 400 018.

REGISTRAR & TRANSFER AGENT

SharePro Services

Satam Estate, Above Bank of Baroda,
Chakala, Cardinal Gracious Road,
Andheri (E),
Mumbai - 400 099

AUDITORS

M. S. Wani & CO
Chartered Accountants

BANKERS

STANDARD CHARTERED BANK
UNION BANK OF INDIA

SALES OFFICES

Ahmedabad
Chennai
Mumbai

BOARD OF DIRECTORS

MR. ATULYA. Y. MAFATLAL
(Chairman)

MR. V. M. APTE

MR. GAUTAM R. ASHRA

MR. PETER. VAZ

COMPANY SECRETARY

MR. P. G. HINDIA

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the FORTY-FIFTH ANNUAL GENERAL MEETING OF Members of Mafatlal Dyes & Chemicals Limited will be held at M. C. GHIA HALL, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001. on Thursday , the 30th June, 2005 at 9:00 a.m. to transact the following business:-

1. To receive, consider, approve and adopt the Balance Sheet as at 30th September 2004 and the profit and loss Account for the 15 months period ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Gautam. R. Ashra who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

Special Business

4. To consider and if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION: "RESOLVED THAT Mr. Peter Vaz who was appointed as an Additional Director by the Board of Directors of the Company on 6th June, 2005 under section 260 of the Companies Act, 1956, and who holds office up to the date of the forthcoming Annual General Meeting and who is eligible for re-appointment, be and is hereby appointed as Director of the Company, liable to retire by rotation".

By Order of the Board

P.G. Hindia
Company Secretary

Registered Office:

83 C, Hansraj Pragji Building,
1st Floor, Kharat Lane,
off Dr. E. Moses Road,
Worli Mumbai 400 018.

Mumbai, Dated, 6th June, 2005.

Notes:

- 1) An Explanatory Statement pursuant to Section 173 (2) of Companies Act , 1956, in respect of item 4 is attached 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/HERSELF 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 Company has received approval from the Registrar of Companies, Maharashtra for holding Annual General Meeting for the Financial Year ended 30th September, 2004, up to 30th June, 2005, vide their Letter no. 11239/TA/KC/990 dated 5th May, 2005.
- 4) The Register of Members and Share Transfer Books of the company will remain closed for the period of two days from 29th June, 2005 to 30th June, 2005 (both days inclusive).
- 5) M/s Sharepro Services having office at Satam Estate , Above Bank of Baroda, Chakala, Cardinal Gracious Road, Andheri (E), Mumbai – 400 099 are our Registrar & Transfer Agent for providing Electronic Connectivity with NSDL and CDSL for facilitating Dematerialisation of Equity Shares of the Company. Those shareholders who intend to demat their shareholdings should approach their respective Depository Participants for conversion of their shareholdings into electronic form.



- 6) The unclaimed dividends for the financial year 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 provision of Section 205A of the Companies Act, 1956. Those shareholders who have so far not claimed or collected their dividends for the aforesaid financial year, may claim the same from the Registrar of Companies, Maharashtra, CGO Complex, 2nd Floor, "A" Wing, CBD-Belapur, Navi Mumbai- 400 614, by submitting an application in the prescribed Form.

Pursuant to provision of Section 205C(2) of the Companies Act, 1956 amount of unpaid dividend for the Financial Year ended 31st March, 1997, have been credited to Investors Education and Protection Fund (the IEPF) established by the Central Government under the Companies Act, 1956. Members who have not claimed their Dividends for the Financial Year ended 31st March, 1998 and onwards are requested to lodge their claim with the Company. It may be noted that once the unclaimed dividend is transferred to the IEPF, no claim shall lie with the Company in respect thereof.

EXPLANATORY STATEMENT

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

Item No. 4 of the notice

Mr. Peter. Vaz was appointed as Additional Director in the Board Meeting held on 6th June 2005 and pursuant to section 260 of the Companies Act 1956 he holds the office as a Director up to the date of this Annual General Meeting. As required under section 257 of the Companies Act, 1956 the company has received a notice from a member proposing his candidature for the office of a Director, along with a deposit of Rs.500/-

Mr. Peter Vaz is a Bachelor of Commerce from Karnataka University. He has been associated with our group Companies for about 35 years and was a Director of Matangi Dyes Stuff Industries in Thailand From 1980 to 1997. He was Executive Director – Marketing in IDI Europe Ltd from 1997 to 2001 and was Executive Director in Navinon AG. Switzerland from 2001 to 2004. His Business experience will be beneficial to the company. The Board recommends his appointment as Director in the ensuing Annual General Meeting

Mr. Peter Vaz may be deemed to be interested in a resolution mentioned at item no 4 of the notice, as the same will relate to his appointment as Director of the company. None of the other Directors of the company is concerned or interested in the resolution

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Mumbai, Dated, 6th June, 2005.

By Order of the Board

P.G. Hindia
Company Secretary

Annual Report 2003-2004Directors' Report

The financial year of the Company has ended on 30th September, 2004. Your Directors therefore present their Report together with the Audited Accounts for the financial year of fifteen months ended 30th September, 2004.

FINANCIAL RESULTS

	2003-2004 15 months (Rs. in Lakhs)	2002-2003 15 months (Rs. in Lakhs)
Profit/(Loss) before Depreciation and Tax	22.43	(282.85)
Less: Depreciation	18.79	36.70
Profit/(Loss) before Tax	3.64	(319.55)
Add : Excess Provision of Tax of earlier year	Nil	(1.07)
Profit/ (Loss) after Tax	3.64	(320.62)
Less : Provision for Tax	Nil	0.05
Profit / (Loss) after tax	3.64	(320.67)
Balance as per last Balance Sheet	(174.41)	146.26
	(170.77)	(174.41)

PERFORMANCE

The total turnover has declined from Rs.26 crores of previous financial year of Fifteen months to Rs.6.99 crores for the year ended 30th, September, 2004 showing decline by 73% which was due to disposal of factory and synthetic resin dispersion business. However, the company has earned net profit of Rs. 3.64 Lakhs during the year under report as against loss of Rs.321 Lakhs during the previous financial year ended 30th June, 2003. The profit was earned mainly on account of sale of development rights of factory land and one of the premises.

The Company, subsequent to disposal of factory, is concentrating on its trading activities in Vat Dyes and Non Textile Chemicals. However, due to working Capital paucity, the company is not getting adequate supplies from its suppliers which has restricted turnover in trading products and also affected sales margin. The company is now negotiating with Bankers for Credit facilities and hopeful of availing the same. This will help the company to improve liquidity position and also finance its trading activities to a greater extent. The company has taken major restructuring activities by closing down sales offices at Delhi and Kolkatta, as they were not generating any significant contribution to the Company. The company has also reduced its staff cost to a considerable extent. All these measures will help the company to save the operating cost and improve profitability of the company.

The Company has also paid off outstanding dues of Consortium Bankers and IDBI from whom it had availed credit/ loan facilities. The company has also settled the security deposit of one of its Licensee. This will help the company to save the interest cost and improve profitability of the company in the coming year.

ENERGY CONSERVATION, ETC.

Since the company does not have manufacturing activities during the year under report, particulars of conservation of energy, technology absorption, are not mentioned in this report. The foreign exchange earnings and outgo during the year under report were nil.

AMALGAMATION OF SUBSIDIARY COMPANIES

Your Company's four wholly owed Subsidiaries viz. Mayoga Investments Ltd, Maparna Investments Ltd., Mahagauri Investments Ltd. and Mahananda Investments Ltd. have filed petition for merger with our company. The High court at Mumbai vide its order dated 8th, October, 2004, has admitted petition of merger filed by Mayoga Investments Ltd, Maparna Investments Ltd., and Mahagauri Investments Ltd. The Certified Copies of the Court Order are yet to be received. The petition of merger filed by Mahananda Investments Ltd. in High Court at Ahmedabad is pending for final disposal.

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



CONSOLIDATED FINANCIAL STATEMENT

As required by SEBI Regulation and by Accounting Standard 21 of the Institute of Chartered Accountants of India, a Consolidated Financial Statement of your Company together with the Accounts of Subsidiaries is reported in the Annual Report.

DIRECTORS

The Term of Mr. U. S. Laxmipathy as Executive Director ended on 30th April, 2004. Mr. Shreepal Dalal has resigned as Director w.e.f. 22nd September, 2004, Mr. Vishal D. Udani who has been ~~appointed as~~ Additional Director on the Board on 6th June 2004 has resigned w.e.f 2nd May, 2005, Your Directors are pleased to record their appreciation of the valuable services rendered by them.

Mr. Y. N. Mafatlat Promoter and Chairman of the Company expired on 7th January 2005. Which was great loss to the company as his contribution to the company was significant. The Board record their appreciation of contribution made by him.

Mr. Peter Vaz has been appointed as Additional Director on 6th June, 2005 and will hold that office upto ensuing Annual General Meeting. Your Directors recommend his appointment as Director liable to retire by rotation.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors state as follows :

- In the preparation of the Annual Accounts, the Applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- Appropriate Accounting Policies have been selected and applied consistently and have made judgments 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 September 30, 2004.
- 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.
- The Annual Accounts have been prepared on going concern basis.

MANAGEMENT DISCUSSIONS & ANALYSIS

A separate Note on Management Discussions & Analysis is enclosed as per Annexure I and forms part of this Report.

CORPORATE GOVERNANCE

A separate report on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance is enclosed as per Annexure II and forms part of this Report.

AUDITORS

Messrs. M. S. Wani & Co., Chartered Accountants, were appointed as Auditors of the Company in Extra Ordinary General Meeting held on 4th June 2005 to fill the vacancy caused by the resignation of M/s. C. C. Chokshi & Co. as Auditors of the Company and they hold the Office as Auditors till the conclusion of ensuing Annual General Meeting. They are eligible, and have offered themselves, for re-appointment as the Auditors for the current year.

EMPLOYEES

There are no employees falling under provisions of Section 217(2A) of the Companies Act, 1956.

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

AUDITORS' REPORT

The observations made by the Auditors against item 4(f)(i) to (x) of their Report, have been duly clarified in Notes No.13 to 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

Atulya. Y. Mafatlat
CHAIRMAN

Mumbai, Dated : 6th June 2005

Annexure I**MANAGEMENT DISCUSSION & ANALYSIS****Industry Structure and Development**

Your Company is now continuing its trading activities in a wide range of its outsourced products like vats, auxiliaries and certain speciality chemicals.

Opportunities, threats, risks and outlook

Your Company expects to enhance its turnover from the outsourced supplies of vat dyes and other products like auxiliaries and speciality chemicals provided adequate working capital finance is available. With the restructuring of the business and the measure for reduction in costs like employees cost on account of reduction in number of employees, it is expected that your Company's turnover and profitability may show considerable improvement in the years to come.

Segment wise performance

There are two income generating segments. Segment-wise revenue for the period of fifteen months ended 30.9.2004 are as follows, viz. (i) Outsourced / re-sale products : Rs.702.43 lakhs and (ii) Rental on premises leased out : Rs.201.56 lakhs.

The income from re-sale products has been affected, as the company was not in a position to purchase required quantities for trading due to working capital crunch. The lease rentals during the year under report have reduced on account of non-renewal of Leave and License of one of the premises and also disposal of one of the leased premises for repayment of dues to consortium Banks.

Internal Control System

At present your Company is under reorganization of internal control system.

Human Resource

Keeping with the Business volume, the company has re-organized its staff strength. The present staff strength is 17. This has helped to save the employee cost considerably.



Annexure II

CORPORATE GOVERNANCE

The detailed report on Corporate Governance as required under Clause 49 of the Listing Agreement with The Stock Exchange, Mumbai is set out below :

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Company's philosophy on Corporate Governance envisages the attainment of transparency and accountability in the functioning of the Company.

2. BOARD OF DIRECTORS

Composition and Category

As of 30th September, 2004, the Board of Directors comprises of Non-Executive Directors. The strength of the Board of Directors is five of which three are Independent Directors.

During the period from 1st July, 2003 to 30th September, 2004, Eight Meetings of the Board of Directors were held on 1st August 2003, 29th October 2003, 31st December 2003, 28th January 2004, 15th April 2004, 6th June 2004, 30th July 2004, 10th September 2004, and two Meetings of Sub-Committee of Directors were held on 18th November 2003, and 29th April 2004. The Annual General Meeting was held on 25th March 2004.

The Composition of the Board, attendance at the Board Meetings and at the last Annual General Meeting, number of Directorships and Memberships/Chairmanships in Committees of other public Companies are given hereunder:

Sr. No	Name of the Director	Category of Directors	FY 2003-04 Attendance at		As on 30 th September, 2004		
			Board Meetings	Last AGM	No of other Directorships*	Committee positions in other public company	
						Member	Chairman
1.	Mr. Y. N. Mafatlal**	Chairman Promoter, Non-Executive	2	Yes	7	Nil	Nil
2.	Mr. A. Y. Mafatlal**	Vice Chairman Promoter, Non-Executive	8	Yes	6	Nil	Nil
3.	Mr. U. S. Laxmipathy (upto 30.4.2004)	Executive Director	5	Yes	Nil	Nil	Nil
4.	Mr. P. S. Shingala (upto 25.3.2004)	Independent, Non-Executive	4	Yes	4	Nil	Nil
5.	Mr. V. M. Apte	Independent, Non-Executive	5	No	2	Nil	Nil
6.	Mr. V. B. Trivedi (Director upto 16.9.2003.)	Independent, Non-Executive	1	No	1	Nil	Nil
7.	Mr. Gautam . R. Ashra	Independent, Non-Executive	7	No	Nil	Nil	Nil
8.	Mr. Shreepal Dalal (Director up to 21.9.2004)	Independent, Non-Executive	4	No	Nil	Nil	Nil
9.	Mr. Vishal Udani	Independent, Non-Executive	3	No	Nil	Nil	Nil

* Other Directorships exclude directorships held in Private Limited Companies, Foreign Companies & Alternate Directorships, if any.

** Permanent Directors

Annual Report 2003-2004**Appointment/Re-appointment of Directors**

Messrs. Gautam R. Ashra has offered himself for re-appointment as Director in the ensuing Annual General Meeting. Mr. Peter Vaz, has been appointed Additional Director on 6th June, 2005. He has offered himself for appointment as Director liable to retire by rotation in the ensuing Annual General Meeting, the details of them are as given hereunder :

- (i) Mr. Gautam R. Ashra holds degree of Master of Commerce and has 24 years of experience in business. He is holding Directorships in Messrs. Kanji Money Changes (P) Ltd, IBS Forex (P) Ltd, Genteel Trading Co. (P) Ltd and Kanji Pitamber Forex (P) Ltd. He is not holding any membership in the committee of other public companies.
- (ii) Mr. Peter Vaz is a Bachelor of Commerce from Karnataka University. He has been associated with our group Companies for about 35 Years and was a Director of Matangi Dyes Stuff Industries in Thailand From 1980 to 1997. He was Executive Director – Marketing in IDI Europe Ltd from 1997 to 2001 and was Executive Director in Navinon AG. Switzerland from 2001 to 2004. His Business experience will be beneficial to the company. The Board recommends his appointment as Director in the ensuing Annual General Meeting He is not holding any membership in the committees of other public companies.

3. COMMITTEES OF THE BOARD**(a) Audit Committee****Composition**

The Audit Committee was constituted on 31st January, 2002, which comprises of three Directors who are Independent and Non Executive. The Chairman possesses knowledge of Finance and Accounts. The Financial Controller/Director Finance of the Company was the usual invitee at the Meeting and the Company Secretary acts as the Secretary to the Committee.

During the period from 1st July, 2003 to 30th September, 2004, Four Meetings of Audit Committee were held on 11th August 2003, 28th January 2004, 29th April 2004 and 29th July 2004.

The composition of the Committee, Meetings and Attendance of the Members in the meetings are given hereunder :

Name of the Director	Posititon	No. of Meeting Attended
Mr. P.S. Shingala	Chairman	2
Mr. G.R. Ashra	Member	3
Chairman from 29/4/2004		
Mr. V.M. Apte	Member	2
Mr. V.B. Trivedi	Member	1
(up to 16/9/2003)		

Functions :

The Audit Committee performs the functions as stipulated by Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai viz:

- To review the Company's financial reporting process and its financial statements.
- To review the accounting and financial policies and practices.
- To review Company's financial and risk management policies and ensure compliance with regulating guidelines.
- To review reports furnished by statutory auditors and ensure that suitable follow-up action is taken.
- To examine Accountancy and disclosure aspect of all significant transactions.

(b) Remuneration Committee**Composition**

The Committee of Remuneration is not mandatory under the Corporate Governance. However, the Remuneration Committee was constituted on 31st January, 2002. During the period from 1st July, 2003 to 30th September, 2004 one meeting was held on 16th April, 2004.



The composition of the Committee, Meetings and Attendance of the Members in the meetings are given hereunder:

Name of the Director	Posititon	No. of Meeting Attended
Mr. P.S. Shingala (up to 25/3/2004)	Chairman	Nil
Mr. V. M. Apte	Member	1
Mr. Sheepal Dalal	Member	1

All members of the Committee are Independent and Non-Executive Directors.

Remuneration Policy

The remuneration, perquisites and benefits payable to the Executive Director and Director Finance are as per approval given by the Shareholders in the General Meeting. Remuneration payable to Director Finance is also approved by Remuneration Committee. The role of the Remuneration Committee is to review the remuneration payable to Executive Director and Director Finance especially when the Company has inadequate profit or loss and also to see that the remuneration paid are in accordance with the provisions of the Schedule XIII of the Companies Act, 1956.

i) Details of Remuneration paid to Executive Director for the financial year ended 30th September, 2004, are as under :

Mr. U. S. Laxmipathy - Executive Director

(Rs. in lakhs)

Salary, contribution to provident and other funds,
perquisites as quantified under the Act.

12.83

NOTE: The term of Mr. U. S. Laxmipathy as Executive Director ended on 30th April, 2004.

ii) Details of Remuneration paid to Directors other than Executive Director for the financial year 1st July, 2003 to 30th September, 2004.

The Directors are paid Sitting fees of Rs.2,000/- for each Board Meeting attended. However, the Sitting fees payable to Directors were reduced from Rs.2000/- to Rs.101/- for the Board Meetings held subsequent to 30th July 2004. The members of Audit Committee are paid sitting fees of Rs.1,500/- for each Committee Meeting attended. However, the Sitting fees were reduced from Rs.1500/- to Rs.101/- for the Audit Committee Meeting held subsequent to 30th July 2004. The members of the Shareholders/Investors Grievance Committee are paid sitting fees of Rs.1,000/- for each committee meeting attended. However, the Sitting fees were reduced from Rs.1000/- to Rs.101/- for the Shareholders/Investors Grievance Committee Meeting held subsequent to 30th July 2004.

Name of the Director	Sitting Fees for Board Meeting (Rs.)	Sitting Fees for Committee Meeting (Rs.)	Total (Rs.)
Mr. Y. N. Mafatlal	2,101	2,000	4,101
Mr. A.Y. Mafatlal	14,101	Nil	14,101
Mr. P.S. Shingala	8,000	3,000	11,000
Mr. V.M. Apte	8,101	8,000	16,101
Mr. V.B. Trivedi	2,000	1,500	3,500
Mr. Shreepal Dalal	8,000	5,500	16,601
Mr. Gautam Ashra	12,101	4,500	16,601
Mr. Vishal Udani	4,101	Nil	4,101
Total	58,505	24,500	83,005