

46th Annual Report 2004-2005



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

Chennai
Mumbai

BOARD OF DIRECTORS

MR. ATULYA.Y. MAFATLAL
(Chairman)

MR. MILIND S. SOHONI

MR. PETER. VAZ

COMPANY SECRETARY

MR. VAIBHAV BAKHARE

CONTENTS

Notice	1	Cash Flow Statement	37
Directors' Report	3	Statement relating to Subsidiaries	38
Auditors' Certificate on Corporate Governance	11	Auditors' Report on Consolidated	
Financial Highlights	12	Financial Statements	39
Auditors' Report	13	Consolidated Balance Sheet	40
Balance Sheet	17	Consolidated Profit & Loss Account	41
Profit and Loss Account	18	Schedules to Consolidated Balance Sheet	42
Schedules to Accounts	19	Consolidated Cash Flow	54
		Annual Reports of Subsidiaries	55



NOTICE TO THE MEMBERS

NOTICE is hereby given that the FORTY-SIXTH ANNUAL GENERAL MEETING OF Members of Mafatlal Dyes & Chemicals Limited will be held at Coochbehar Hall, The Cricket Club of India Ltd., Dinshaw Vachha Road, Brabourne Stadium, Mumbai 400 020 on Thursday , the 28th September, 2006 at 9:00 a.m. to transact the following business:-

1. To receive, consider, approve and adopt the Balance Sheet as at 31st December 2005 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. Peter Vaz 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. Milind S. Sohani who was appointed as an Additional Director by the Board of Directors of the Company on 31st December, 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

V.S. Bakhare

Company Secretary

Registered Office:

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

Mumbai, Dated, 11th August, 2006

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 Register of Members and Share Transfer Books of the company will remain closed for the period of two days from 27th Sept., 2006 to 28th Sept., 2006 (both days inclusive).
- 4) 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.



- 5) The unclaimed dividends for the financial year ended on 31st March, 1996 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.
- 6) Pursuant to provision of Section 205C(2) of the Companies Act, 1956 amount of unpaid dividend for the Financial Year ended 31st March, 1998, 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, 1999 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. Milind S. Sohoni 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. Milind S. Sohoni is a Textile Graduate from Bombay University. He has been associated with textile industry for about 35 years and has worked at various operational levels, as Directors Operations with a pvt. Sector mill, and as General Manager with National Textile Corporation. His Business experience will be beneficial to the company. The Board recommends his appointment as Director in the ensuing Annual General Meeting.

Mr. Milind S. Sohoni 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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Worli Mumbai 400 018.

Mumbai, Dated, 11th August, 2006.

By Order of the Board

Vaibhav S. Bakhare
Company Secretary

Annual Report 2004-2005Directors' Report

The financial year of the Company has been closed on 31st December, 2005. Your Directors therefore present their Report together with the Audited Accounts for the financial year of fifteen months ended 31st December, 2005.

FINANCIAL RESULTS

	2004-2005 15 months (Rs. in Lakhs)	2003-2004 15 months (Rs. in Lakhs)
Profit/(Loss) before Depreciation and Tax	12.52	22.43
Less: Depreciation.....	10.65	18.79
Profit/(Loss) before Tax.....	1.87	3.64
Add : Excess Provision of Tax of earlier year	Nil	Nil
Profit/ (Loss)after Tax	1.87	3.64
Less : Provision for Tax	Nil	Nil
Profit / (Loss) after tax	1.87	3.64
Balance as per last Balance Sheet	(170.77)	(174.41)
	(168.90)	(170.77)

PERFORMANCE

The total turnover has declined from Rs.6.99 crores to Rs.2.73 crores thereby showing decline by 39% which was due to closure of Ahmedabad branch since it was not economically viable. However, the company has earned net profit of Rs. 1.87 Lakhs during the year under report as against loss of Rs. 3.64 Lakhs during the previous financial year ended 31st December, 2005. 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 Ahmedabad as it was 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 IDBI from whom it had availed loan facilities. The company has also settled the security deposit of one its Licenses. 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

Mr. Milind S. Sohoni has been appointed as Additional Directors on 31st December, 2005 and will hold that office upto ensuing Annual General Meeting. Your Directors recommend his appointment as Director liable to retire by rotation. Mr. Vishal Udani and Mr. V. M. Apte have retired from directorship w.e.f. 2nd May 2005 and 5th August, 2005 respectively.

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 report of the Corporate Governance Code along with a certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance as also the Management Discussion and Analysis Report, stipulated under Clause 49 of the Listing Agreements are annexed to this report.

AUDITORS

Messrs. M. S. Wani & Co., Chartered Accountants, retire as Statutory Auditors at the Conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Audit committee of the Board recommends the re-appointment of Messrs M.S. Wani & Co. as Auditors for the year 2006. Messrs M.S. Wani & Co. have confirmed their eligibility and willingness to continue to act as Auditors of the Company for the current year, if appointed

EMPLOYEES

Industrial relation with the employees at various levels continue to be cordial. There are no employees falling under provision 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. Mafatlal
CHAIRMAN

Mumbai, Dated : 11th August 2006

Annual Report 2004-2005

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 by way of diversification towards international trading in rubber bases & synthetic rubber products, metal bases and manufactured textile garments and negotiations towards these directions are under progress. Thereby the company seeks to pave its way into the markets of Western and Eastern European countries and some of the CIS countries. With this prospective restructuring of the business the management expects to reflect a significant improvement in the business the results of which will be reflected in the time to come.

Segment wise performance

Initially there were two income generating segments viz Rent and Trading. However currently the current income generating segment is Trading only.

The income from re-sale products has been affected, in the quarter ended September 2005, for the reasons of floods at the Company's godown at Bhiwandi. the company expects the trading volume to increase to a considerable level in near future.

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 14. 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 31st December, 2005, the Board of Directors comprises of Non-Executive Directors. The strength of the Board of Directors is Four of which three are Independent Directors.

During the period from 1st October, 2005 to 31st December, 2005, Seven Meetings of the Board of Directors were held on 22nd December, 2004, 22nd February, 2005, 12th May, 2005, 6th June 2005, 30th August, 2005, 22nd November 2005, 22nd November 2005, and 31st December 2005, 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 the Directors	FY 2004-05 Attendance at		As on 31st December, 2005		
			Board Meeting	Last AGM	No of other Director ships*	Committee positions in other public Companies	
						Member	Chairman
1.	Mr. Y. N. Mafatlal** (upto 07.01.2005)	Chairman Promoter Non- Executive	0	Yes	7	Nil	Nil
2.	Mr. Atulya Y. Mafatlal**	Chairman Promoter Non - Executive	7	Yes	6	Nil	Nil
3.	Mr. Gautam R. Ashra	Independent Non - Executive	7	Yes	Nil	Nil	Nil
4.	Mr. Peter Vaz	Independent Non - Executive	7	Yes	1	Nil	Nil
5.	Mr. Vishal Udani (12th May, 05)	Independent Non - Executive	3	No	Nil	Nil	Nil
6.	Mr. Milind S. Sohoni (Since 31-12-2005)	Independent Non - Executive	1	No	3	Nil	Nil

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

** Permanent Directors

Annual Report 2004-2005**Appointment/Re-appointment of Directors**

Mr. Peter Vaz has offered himself for re-appointment as Director in the ensuing Annual General Meeting. Mr. Milind S. Sohoni, has been appointed Additional Director on 31st December, 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. Peter Vaz is a Bachelor of Commerce from Karnataka University. He has huge experience in Dye Stuff Market with the global prospective. His business experience will be beneficial to the company. He is not holding any membership in the committees of other public companies.
- (ii) Mr. Milind S. Sohoni is a Graduate in Textile from Mumbai University having huge experience in Textile and allied industry. His Business experience will be beneficial to the company. 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 presently comprises of three Directors all of whom are Non Executive and the Company Secretary acts as the Secretary to the Committee

During the period from 1st October, 2004 to 31st December, 2005, Five Meetings of Audit Committee were held on 18th February, 2005, 26th May 2005, 18th August, 2005, 18th August, 2005, 31st October 2005 and 30th January, 2006

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

Name of the Director	Position	No. of Meetings Attended
Mr. Atulya Y. Mafatlal	Chairman	4
Mr. Peter Vaz*	Director	2
(From 18 th August, 2005)		
Mr. Gautam Ashra*	Director	4
Mr. V. M. Apte *	Director	2
(up to 5 th August, 2005)		

* Indicates Independent Directors.

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**

Remuneration Committee was constituted on 31st January, 2002 However during the period from 1st October, 2004 to 31st December 2005 no matter arose for the consideration of the committee and therefore no meeting were held during the said period.

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

Name of the Director	Position
Mr. Atulya Y. Mafatlal	Chairman
Mr. Peter Vaz	Member
Mr. Gautam Ashra	Member
Mr. V. M. Apte	Member
(up to 5 th August, 2005)	

**(c) Shareholders/Investors' Grievance Committee****Composition**

This Committee was constituted on 31st January, 2002. During the financial year 1st October, 2004 to 31st December 2005 five Meetings were held on 18th February 2005, 26th May 2005, 18th August 2005, 31st October, 2005 and 30th January, 2006.

The composition of the Committee, Meetings and Attendance of the Members in the meetings are as under :

Name of the Director	Posititon	No. of Meeting Attended
Mr. Atulya Y. Mafatlal	Chairman	5
Mr. Peter Vaz	Director	3
Mr. Gautam Ashra	Director	5
Mr. V. M. Apte (up to 5th Aug. 05)	Director	2

Mr. Vaibhav S. Bakhare Company Secretary acts as the Compliance Officer.

Functions

The Committee looks after Investors' Grievances such as non-receipt of Annual Report, dividend, Shares sent for transfer, split, consolidation etc.

Investors' Complaints

43 Complaints pertaining to non-receipt of Share Certificates sent for transfer, non –receipt of dividend warrants and Annual Report etc were received during the financial year under report, which have since been resolved.

There are no pending complaints for the financial year under report.

There were marginal delays in some cases in delivering Share Certificates to Investors within the stipulated period of one month from the date of lodgment of the registration of transfer on account of administrative procedure being followed for conversion of Shares sent for transfer from physical mode to Demat form.

4. GENERAL BODY MEETING

Location and time, where last three Annual General Meetings were held is given below :

Financial Year	AGM No.	Date	Location of the Meeting	Time	No. of Special Resolutions
2001-2002	43rd	28.11.2002	Patkar Hall, Churchgate, Mumbai.	11.30 a.m.	Nil
2002-2003	44th	25.03.2004	M.C. Ghia Hall, Bhogilal Hargovindas Bldg. 2 nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai- 400 001	9.30 a.m.	1
2003-2004	45th	30.06.2005	M. C. Ghia Hall Bhogilal Hargovindas Bldg. 2nd Floor 18/20, Kakhushru Dubash Marg, Mumbai- 400 001	9.00 a.m.	Nil

The Company does not propose to pass any Special Resolution through Postal Ballot in the ensuing Annual General Meeting.