

48th Annual Report 2007-2008

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Mafatlal Dyes & Chemicals Limited

Mafatlal Dyes & Chemicals Limited

REGISTERED OFFICE

53, D' cunha House,
1st Floor, Keshavrao Khade Marg (W).
Opp. Mahalaxmi Station(E),
Mumbai - 400 011.

REGISTRAR & TRANSFER AGENT

Sharepro Services

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

AUDITORS

Ponkshe Kulkarni & Co.

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

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Annual Report 2007-2008**NOTICE TO THE MEMBERS**

NOTICE is hereby given that the FORTY- EIGHTTH ANNUAL GENERAL MEETING OF Members of Mafatlal Dyes & Chemicals Limited will be held at Sangam Hall, Agarwal Bhavan, 100/c Marine Drive, Next to Indian Oil Petrol Pump, Mumbai - 400 002. On Tuesday, the 30th September, 2008 at 9:00 a.m. to transact the following business:-

1. To receive, consider, approve and adopt the Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the 12 months period ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Milind Sohoni who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

By Order of the Board
ATULYA Y. MAFATLAL
 CHAIRMAN

Registered Office:
 53, D' Cunha House,
 1st Floor, Keshavrao Khade Marg ((W),
 Opp. Mahalaxmi Station (E),
 Mumbai - 400 011.

Mumbai, Dated, 18th August, 2008.

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Notes:

- 1) **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.**
- 2) The Register of Members and Share Transfer Books of the Company will remain closed for the period of four days from 27th September, 2008 to 30th September 2008 (both days inclusive).
- 3) 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.
- 4) The unclaimed dividends for the financial year ended on 31st March, 1999 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 after the date of balancesheet. 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.

- 5) Pursuant to provision of Section 205 C (2) of the Companies Act, 1956 amount of unpaid dividend for the Financial Year ended 31st March, 2000, have been credited to Investors Education and Protection Fund (the IEPF) established by the Central Government under the Companies Act, 1956 after the date of balance sheet. It may be noted that since the unclaimed dividend is transferred to the IEPF, no claim shall lie with the Company in respect thereof.
- 6) Pursuant to Section 154, of the Act the Register of Members shall be closed on Tuesday 27th September, 2008 to Friday 30th September, 2008.

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Opp. Mahalaxmi Station (E),
Mumbai - 400 011

By Order of the Board

ATULYA Y. MAFATLAL
CHAIRMAN.

Mumbai, Dated, 18th August, 2008.

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Annual Report 2007-2008**Directors' Report**

The financial year of the Company has been closed on 31st March, 2008. Your Directors therefore present their Report together with the Audited Accounts for the financial year of Twelve Months ended 31st March, 2008.

FINANCIAL RESULTS

	2007-2008 12 months (Rs. in Lakhs)	2006-2007 15 months (Rs. in Lakhs)
Profit/(Loss) before Depreciation and Tax	(23.78)	(296.90)
Less: Depreciation	6.58	9.98
Profit/(Loss) before Tax	(30.36)	(306.88)
Add : Excess Provision of Tax of earlier year	Nil	Nil
Profit/ (Loss)after Tax	(30.36)	(306.88)
Less : Provision for Tax.....	Nil	Nil
Loss after tax	(30.36)	(306.88)
Balance as per last Balance Sheet	(475.78)	(168.90)
	(506.14)	(475.78)

PERFORMANCE

The total turnover during the reporting period had slightly increase from Rs.1.64 Crores (proportionate for twelve months to Rs. 1.73 Crores in twelve months thereby showing increase by around 5%.

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 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' 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 31st March, 2008.
- 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.

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. The company has taken efforts to appoint a company secretary however considering present pay structure we cannot afford to have full time company secretary, hence services of senior practicing Company secretary Mr. Rakesh Kapur are utilized.

AUDITORS

Messrs. Ponkshe Kulkarni & 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 Ponkshe Kulkarni & Co. as Auditors for the year 2008-09. Messrs Ponkshe Kulkarni & Co. have confirmed their eligibility and willingness to continue to act as Auditors of the Company for the current year, if appointed.

EMPLOYEES

Industrial relations with the employees at various levels continue to be cordial. 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 in 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, 18th August, 2008.

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CEO/CFO CERTIFICATION

The Chairman & MD (CEO) and CFO heading the finance function have certified to the Board that :

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
 - (i) These statements do not contain any materially untrue statements or omit any material facts or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) They are, to the best of their knowledge and belief, no transactions entered into by the company during the period which are fraudulent, illegal or violative of the company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls and they have evaluated the effectiveness of the internal control systems of the company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or

- operation of internal controls, if any of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit committee.
 - (i) significant changes in internal control during the year.
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (ii) instances of significant fraud of which they have become aware and the involvements therein, if any, of the management or an employee having a significant role in the company's internal control system.

Atulya. Y. Mafatlal
CHAIRMAN

Place : Mumbai

Dated : 18th August 2008.

**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 Vat Dyes, auxiliaries and certain speciality chemicals.

Opportunities, Threats, Risks and Outlook

Your Company expects to enhance its turnover by way of diversification towards hydroes, trading in metal bases, and manufactured textile garments and negotiations towards these directions are under progress. We are also trying to enter south-east market specially Orissa.

Segment wise performance

Currently there is only one income generating segment i.e. Trading.

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. Which is further reduced after date of balance sheet. This has helped to save the employee cost considerably.

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Annual Report 2007-2008**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 DIRECTORSComposition and Category

As of 31st March, 2008, the Board of Directors comprises of Non-Executive Directors. The strength of the Board of Directors is Three of which two are Independent Directors.

During the period from 1st April, 2007 to 31st March, 2008, Four Meetings of the Board of Directors were held on 30th April, 2007, 31st July, 2007, 31st October, 2007, 31st January, 2008. The Annual General Meeting was held on 27th December, 2007.

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 2007-08 Attendance at		As on 31st March, 2008		
			Board Meeting	Last AGM	No of other Director ships*	Committee positions in other public Companies	
						Member	Chairman
1.	Mr. Atulya Y.Mafatlal**	Chairman Promoter, Non- Executive	4	Yes	5	Nil	Nil
2.	Mr. Peter Vaz	Independent Non- Executive	4	Yes	3	Nil	Nil
3.	Mr. Milind S. Sohoni (Since 31.12.05)	Independent Non-Executive	4	No	3	Nil	Nil

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

** Permanent Directors

Appointment/Re-appointment of Directors

Messrs. Peter Vaz has offered himself for re-appointment as Director in the ensuing Annual General Meeting. Mr.Milind S. Sohoni, has been appointed Additional Directors on 28th September,2006 . He has offered himself for appointment as Director liable to retire by rotation in the next Annual General Meeting, the details of them are as given hereunder :



1. 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 Bombay 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 who Non Executive and the Company Secretary acts as the Secretary to the Committee.

During the period from 1st April, 2007 to 31st March, 2008, Four Meetings of Audit Committee were held on 30th April, 2007, 31st July, 2007, 31st October 2007, and 31st January, 2008.

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

Name of the Director	Posititon	No. of Meetings Attended
Mr. Atulya Y. Mafatlal	Chairman	4
Mr. Peter Vaz	Director	4
Mr. Milind S. Sohoni	Director	4

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 April, 2007 to 31st March, 2008 no matter arose for the consideration of the committee and therefore no meetings 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	Posititon
Mr. Atulya Y. Mafatlal	Chairman
Mr. Peter Vaz	Member
Mr. Milind S. Sohoni	Member