

MOTUL
 LUBRICANTS

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

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Motul Mafatlal Lubricants Limited

ANNUAL REPORT
1997-98

MOTUL MAFATLAL LUBRICANTS LIMITED

Registered Office : Stanrose House Annexe,
New Prabhadevi Road, Mumbai - 400 025.

ANNUAL REPORT 1997 - 98

BOARD OF DIRECTORS

Mr. Rasesh N. Mafatlal, *Chairman*

Mr. Ernst Zaugg

Mr. Russi Jal Taraporevala

Mr. Pradeep R. Mafatlal

Mr. Kersi J. Pardiwalla

Mr. Yves Junne

Mr. Jacques Epstein

Mr. Shishir K. Diwanji

BRANCH OFFICES

23, Community Centre
Basant Lok, Vasant Vihar
New Delhi - 110 057.

4A, Park Plaza
71, Park Street
Calcutta-700 016.

Bank of India Building
17, Errabalu Street
Chennai-600 001.

MANAGER

Mr. Ashwin Pandit

No. 15, 5th Cross
Kalasipalayam New Extn.
Bangalore-560 002.

COMPANY SECRETARY

Mr. Ketan Shah

SHARE DEPARTMENT

Mafatlal House, 5th Floor,
Backbay Reclamation,
Mumbai-400 020.

AUDITORS

C. C. Chokshi & Co.

LEGAL ADVISORS

Desai & Diwanji

BANKERS

Central Bank of India
Banque Nationale de Paris

Annual General Meeting

on Friday, 11th September, 1998 at
Walchand Hirachand Hall, 4th Floor,
Indian Merchants' Chamber Building,
IMC Marg, Churchgate, Mumbai 400 020
at 11 a.m.

MOTUL MAFATLAL LUBRICANTS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 4th Annual General Meeting of the Members of MOTUL MAFATLAL LUBRICANTS LIMITED will be held on Friday, 11th September, 1998 at 11.00 a.m. at Walchand Hirachand Hall, 4th Floor, Indian Merchants Chamber Building, IMC Marg, Churchgate, Mumbai-400 020, to transact the following business:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, Auditors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1998.
2. To appoint a Director in place of Mr. Russi Jal Taraporevala who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. P. R. Mafatlal who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s C. C. Chokshi & Co., Chartered Accountants retire and are eligible for reappointment.

SPECIAL BUSINESS :-

5. 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 of the Companies Act, 1956, (hereinafter referred to as the Act), the first sentence in Article 92.1 (b) of the Articles of Association of the Company be and it is hereby altered as under :

"The total number of Directors shall not be less than 3."

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

"RESOLVED THAT in accordance with Sections 198, 269, 388, Schedule XIII and other applicable provisions of the Act, (including any statutory re-enactment or modification thereof) and subject to such other approvals as may be necessary, consent of the Company be and it is hereby accorded to the appointment and remuneration of Mr. Ashwin Pandit as 'Manager' of the Company for a period of five years with effect from 15th June, 1998 on the following terms and conditions.

1. Salary : Rs.13,850/- per month with such annual increments upto 25% of the previous salary as the Board of Directors may in its absolute discretion decide from time to time

2. Perquisites : Usual benefits of Leave, Leave Travel Assistance, Provident Fund, Superannuation, Gratuity, Medical, Car, as per the Company's rules and regulations.

"RESOLVED FURTHER THAT in the event of inadequacy or absence of profits during any year of the tenure of Mr. Ashwin Pandit as 'Manager', he shall be paid the above remuneration as minimum remuneration subject to the limits of Schedule XIII of the Act as amended."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and it is hereby authorised and empowered within the aforesaid limits of remuneration to make any modifications, revisions, improvements in the terms of remuneration of the 'Manager' subject to the provisions of Schedule XIII of the Act, or any future amendments thereto or by way of any Governmental guidelines or instructions within the maximum permissible limit under the relevant law, rules, regulations, guidelines as may be in force and as may be promulgated or issued hereafter."

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 ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER UNLESS SUCH MEMBER IS A BODY CORPORATE PRESENT BY PROXY OR A DULY AUTHORISED REPRESENTATIVE IN WHICH CASE SUCH

MOTUL MAFATLAL LUBRICANTS LIMITED

PROXY OR REPRESENTATIVE MAY VOTE ON A SHOW OF HANDS AS IF HE WERE A MEMBER.. **2.** The instrument appointing a proxy affixed with proper stamp duty must be submitted at the Registered Office of the Company not later than 48 hours before the commencement of the meeting. Proxies shall not have any right to speak at the meeting.

3. Members are requested to bring with them the attendance slip and hand it over at the entrance of the meeting duly signed by them. **4.** As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of Annual Report to the meeting. **5.** The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday 1st September 1998 to Friday 11th September 1998 (both days inclusive). **6.** Members desirous of having any information regarding accounts are requested to address their queries to the Company Secretary at the Registered Office of the Company atleast 10 days before the date of the meeting in order to facilitate clarifications during the meeting. **7.** An explanatory statement pursuant to Section 173 (2) of the Act, is annexed and forms part of this notice.

ANNEXURE TO THE NOTICE**Explanatory Statement pursuant to Section 173 (2) of the Act.****Item No. 5**

The Article 92.1 (b) of the Articles of Association of the Company stipulates that the total number of Directors of the Company shall not be less than 9.

Section 252 of the Act provides for the constitution of Board of Directors. As per the said Section every public limited company shall have at least three Directors. As long as your Company has more than three Directors, it is not necessary to have the provision in the Articles requiring total number of more than three Directors.

Therefore it is proposed to alter the first sentence of the Article 92.1 (b) of the Articles of Association of the Company as mentioned in the aforesaid Resolution.

A copy of the Articles of Association of the Company is available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day.

None of the Directors is interested in or concerned in the above Resolution..

Item No. 6

Section 269 of the Act makes it mandatory for every public company having a paid up share capital of Rs.5 crores or more to appoint a Managing Director or a Wholetime Director or a Manager. Mr. Ashwin Pandit has been the Deputy General Manager - Marketing from 19th February, 1996. The Board of Directors considered it appropriate to appoint him as 'Manager' of the Company within the meaning of the Act. In compliance with Section 269 of the Act, the Board of Directors have appointed Mr. Ashwin Pandit as 'Manager' of the Company effective from 15th June, 1998 for a period of five years subject to approval of the members on the terms and conditions as set out in the aforesaid resolution.

Your Directors recommend passing of this resolution in order to comply with the provisions of the Act and to fill up the vacancy caused by resignation of Mr. Swatantra Kumar as President & Manager. None of the Directors of the Company is interested in or concerned directly or indirectly in the above resolution.

The documents related to the resolution/appointment will be available for inspection by members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m on any working day.

By Order of the Board of Directors
For MOTUL MAFATLAL LUBRICANTS LTD.

Dated : 15th June, 1998

Registered Office : Stanrose House Annexe,
New Prabhadevi Road, Mumbai-400 025.

KETAN SHAH
COMPANY SECRETARY

MOTUL MAFATLAL LUBRICANTS LIMITED**DIRECTORS' REPORT**

To the Shareholders of MOTUL MAFATLAL LUBRICANTS LTD.

Your Directors present the 4th Annual Report together with the Audited Statements of Account of the Company for the year ended 31st March, 1998,

Financial Results	(Rs. in Lac)	
	Current Year	Previous Period
Total Income	1593.80	2368.21
Profit/(Loss) before interest & depreciation	(95.64)	(253.30)
Interest	99.35	238.97
Depreciation	6.97	8.17
Profit/(Loss) for the year	(201.96)	(500.44)

Prospects and Performance

The most crucial issue facing the Company is the mounting losses. Alongwith all other players your Company is suffering losses because of unremunerative prices and extended credit to dealers/distributors. The entire situation is fluid and your management is taking steps to contain cash in the best possible manner. Moreover, fierce competition due to overcrowding of oil companies/brands in the lubricant industry as also general economic slowdown in the Country has adversely impacted the Company's business for the year ended 31st March, 1998. In such a situation your management has formulated action plans for inventory control, recovery of old dues, reorientation of marketing strategy etc.

The period ahead will call for tight disciplines in performance and your management is placing great emphasis on employee productivity and customer satisfaction through better product quality where fortunately your Company has a fine edge.

Your Directors are aware that the period ahead is difficult but assure you that no effort will be spared to protect shareholders' interest and at the same time enhance the potential of the Company.

Dividend

In view of the loss incurred, your Directors do not recommend any dividend for the year under review.

Directors

During the year, Dr. B. K. Barman resigned as Director. The Board places on record its appreciation of the valuable services rendered by Dr. Barman.

In accordance with the provisions of the Companies Act, 1956, Mr. Russi Jal Taraporevala and Mr. P. R. Mafatlal retire by rotation and are eligible for reappointment.

Statutory Information/Disclosures

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given in the Annexure to the Directors' Report.

MOTUL MAFATLAL LUBRICANTS LIMITED

Information of employees pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended forms part of this Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Annual Report is being sent to all shareholders of the Company excluding the statement of particulars of employees referred to hereinabove. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

Listing

The Company's securities are listed on The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 and The Stock Exchange, Ahmedabad, Kamdhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad 380 015. The annual listing fees has been paid to both the Exchanges.

Personnel

The employee relations throughout the year remained cordial. The Company has been able to bring about an appropriate work culture and higher standards of discipline. Your Directors take this opportunity to place on record their appreciation for the valuable contribution made by the employees at all levels.

Auditors' Report

The Directors have taken a note of the observations made by the Auditors in their Report and state that they are self-explanatory and does not call for any further explanation.

Auditors

M/s C.C.Chokshi & Co., Chartered Accountants, Mumbai hold the Office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a Certificate from them to the effect that their reappointment if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

Acknowledgements

The Directors gratefully acknowledge the valuable support extended by Collaborators and Shareholders and record their gratitude to the Bankers, Suppliers, Dealers and Distributors for their cooperation and encouragement.

On behalf of the Board of Directors

R.N.MAFATLAL

CHAIRMAN

Mumbai, 15th June, 1998.

MOTUL MAFATLAL LUBRICANTS LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1998.

A. Conservation of Energy

- | | | |
|-----|---|--|
| (a) | Energy Conservation Measures taken | : Thermac Fluid Heater has been installed at the manufacturing unit of Contract Blender, which is more efficient than conventional steam heating system. Inkjet printers have been introduced by which containers are coded for batch and packing details, which has helped to reduce rejection / scrapping of pre-printed containers. |
| (b) | Additional investments & proposals if any, being implemented for reduction of consumption of energy | : Installation of additional instruments like sophisticated level guages for better monitoring of oil levels at manufacturing unit of Contract Blender is being envisaged. |
| (c) | Impact of measures of (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. | : The impact of above measures can be assessed in the long run. |
| (d) | Total energy consumption and energy consumption per Unit of production as per Form A | : Not applicable to the Company |

B. Technology absorption
Research & Development (R & D) :

- | | | |
|-----|--|--|
| (1) | Specific areas in which R&D carried out by the Company | : Sophisticated testing equipments like Digital Brookefield Viscometer, Shear Stability Testing Rig are made available by the Contract Blender. |
| (2) | Benefits derived as a result of the above R&D | : This helps in standardisation and improvement in product quality. |
| (3) | Future Plan of action | : The Company has an access to the technology of Motul S.A. Newer synthetic lubricants will be introduced. |
| (4) | Expenditure on R & D | : Number of manhours have been spent by the Company's technical team towards R&D and therefore expenditure in money terms cannot be accurately quantified. |

Technology absorption, adaptation & innovation

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|-----|---|--|
| (1) | Efforts made towards above | : There is a continuous interaction with the Collaborators for monitoring of product quality which complies with all performance requirements as well as ecological factors. |
| (2) | Benefits derived as a result of above efforts | : Newer products like synthetic lubricants will be introduced which are meant for high performance level. |
| (3) | Technology | : The product know-how to produce lubricants of International Standards has been fully absorbed and the present range of products are based on this know-how. |

C. Foreign Exchange Earnings and Outgo

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|-----|---|---|
| (1) | Activities related to export and export plans | : Export plans will be chalked out. |
| (2) | Total foreign exchange used and earned | : Particulars regarding foreign exchange outgo appear in Schedule No. 16B(13H) forming part of the Profit and Loss Account. Foreign Exchange earnings : Nil |

On behalf of the Board of Directors
R.N.MAFATLAL
CHAIRMAN

Mumbai, 15th June, 1998.