

**Mafatlal Lubricants Limited**  
**ANNUAL REPORT**  
**1998-99**



## MAFATLAL LUBRICANTS LIMITED

**Registered Office :** Stanrose House Annexe, Ground Floor.  
New Prabhadevi Road, Mumbai - 400 025.  
Tel.: 4227096, 4309780, 4309782 Fax : 4227144  
E-mail : motul@bom2.vsnl.net.in

### ANNUAL REPORT 1998 - 99

#### BOARD OF DIRECTORS

Mr. Rasesh N. Mafatlal,  
*Chairman*  
Mr. Russi Jal Taraporevala  
Mr. Pradeep R. Mafatlal  
Mr. Kersi J. Pardiwalla  
Mr. Shishir K. Diwanji

#### MANAGER

Mr. Ashwin R. Pandit

#### COMPANY SECRETARY

Mr. Ketan H. Shah

#### AUDITORS

C. C. Chokshi & Co.

#### LEGAL ADVISORS

Desai & Diwanji

#### BANKERS

Central Bank of India  
Banque Nationale de Paris

#### BRANCH OFFICES

Property No. 60,  
Krishna Market,  
Kalkaji, New Delhi - 110 019.

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

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

#### SHARE DEPARTMENT

Mafatlal House, 5th Floor,  
Backbay Reclamation,  
Mumbai-400 020.  
Tel.: 2022516 Fax : 2022616

#### Annual General Meeting

on Wednesday, 28th July, 1999  
at Stanrose House Annexe,  
Ground Floor, New Prabhadevi Road,  
Mumbai 400 025 at 10.30 a.m.

**MAFATLAL LUBRICANTS LIMITED**

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**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 5th Annual General Meeting of the members of MAFATLAL LUBRICANTS LIMITED will be held on Wednesday, 28th July, 1999 at 10.30 a.m. at Stanrose House Annexe, Ground Floor, New Prabhadevi Road, Mumbai 400 025, to transact the following 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, 1999.
2. To appoint a Director in place of Mr. K.J. Pardiwalla who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. S.K. Diwanji 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.

**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.
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 or vote on a show of hands.
3. Members are requested to bring with them the attendance slip and hand it over at the entrance 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 Wednesday, 21st July 1999 to Wednesday, 28th July, 1999 (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 7 days before the date of the meeting in order to facilitate clarifications during the meeting..

Dated : 24th June, 1999

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

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

KETAN SHAH  
Company Secretary

**MAFATLAL LUBRICANTS LIMITED****DIRECTORS' REPORT**

To the Shareholders of MAFATLAL LUBRICANTS LTD.

Your Directors are pleased to present the 5th Annual Report together with the Audited Statements of Account of the Company for the year ended 31st March, 1999.

<b>Financial Results</b>	(Rs. in Lacs)	
	<b><u>Current Year</u></b>	<b><u>Previous Year</u></b>
Income from operations	1809.40	1455.88
Profit/(Loss) before interest & depreciation	48.66	(92.73)
Interest	86.17	102.26
Depreciation	13.08	6.97
Profit/(Loss) for the year	(50.59)	(201.96)

**Performance of the Company**

The income from operations grew by 24% to Rs.1809.40 lacs. The profit before interest and depreciation amounted to Rs. 48.66 lacs and there has been a reduction in net loss for the year by 75% as compared to previous year which was made possible through tighter control over various costs.

Even after four years of operations, your Company is able to withstand fiercely competitive environment in the lubricant industry. This was because it has been successful in establishing a significant market base as a High Quality Product Company and has established its presence over the years mainly on the basis of superior quality and consumer service through efficient distribution network. The lubricant market in India is impacted by sustained recession in the Indian economy since last two years and the expected uptrend has not yet occurred. The slower than expected growth in lubricant business has not affected the optimism of the Company as once the economy looks up, the turnover of the Company is expected to improve.

To augment more revenue the Company has started business of trading in textiles.

**Corporate Governance**

The Company is managed by the Board of Directors consisting of five members having extensive technical, commercial, financial and administrative acumen. The composition of the Board ensures better Corporate Governance encompassing accountability and transparency towards all shareholders, the government, creditors etc. For a regular review of the performance of the Company the Board met six times during the year. All decisions related to new investment, technology, financing and borrowing are considered by the Board of Directors.

**Dividend**

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

## **MAFATLAL LUBRICANTS LIMITED**

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### **Government Policy**

The Petroleum Sector has been delicensed by the Government of India during the year under review and now there is no need to have and renew industrial licence to manufacture automotive and industrial oils and greases.

The Company was not able to set up its own plant as was projected earlier due to increased competition leading to higher expenditure on promotion and distribution resulting in erosion of margins. In future, if it is economical, the Company may plan to have its own plant depending on the required volumes of production and sales.

### **Termination of Joint Venture**

The Company anticipated a shake-out in the lubricant market as it is impossible for so many players to co-exist in such a small and slow growth market. In order to consolidate the presence and performance of the Company in the highly competitive market, the Indian Promoter group viz. Stanrose Mafatlal have bought over the entire equity stake of 39.32% held by Motul SA, France in the Company thus becoming a single largest shareholder of the Company with 78.64% stake and as a result the Joint Venture with the French collaborator, Motul SA came to an end.

### **Access to the Technology of Motul SA**

The Company continues manufacturing and marketing of 'MOTUL' brand of lubricants in India under licence from Motul SA. Although the Joint Venture is terminated, the Technology Licence Agreement with the right to use Motul trade mark continues. Thus Motul SA would continue to extend their technical support to the Company covering existing product range and future new product launches under their trade mark.

### **Change of name of the Company**

Consequent to termination of Joint Venture Agreement, the name of the Company was changed from Motul Mafatlal Lubricants Ltd. to "Mafatlal Lubricants Ltd." with effect from 9th December, 1998 vide Fresh Certificate of Incorporation from Registrar of Companies, Maharashtra. The change of name has been taken on record by the Stock Exchange, Mumbai. The Company has despatched stickers to all shareholders effecting change of name to be affixed on Share Certificates.

### **Directors**

During the year, all representatives of Motul SA viz. Mr.E. Zaugg, Mr. Y. Junne and Mr.J. Epstein resigned as Directors. The Board places on record its appreciation of the valuable services rendered by them to the Company during difficult years.

In accordance with the provisions of the Companies Act, 1956, Mr.K.J. Pardiwalla and Mr. S.K. Diwanji retire by rotation and are eligible for reappointment.

### **Listing**

The Company's equity shares are listed on The Stock Exchange, Mumbai, Sir 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 for the year 1999-2000 have been paid to both the Exchanges.

**MAFATAL LUBRICANTS LIMITED****Year 2000**

There will not be any material adverse impact on the financial position of the Company while gearing up for the year 2000. The Company is fully equipped to carry out remedial measures for Y2K bug. Whether to replace the existing system by a new software or to rewrite, redevelop the entire system or to repair the existing system, will involve a reasonable expenditure. The Company will be able to meet the contingency in this regard.

**Conservation of Energy etc.**

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 is given in the Annexure to the Directors' Report.

**Manpower**

No information is given pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 1999, as during the year under review, there were no employees drawing gross remuneration of Rs. 6 lacs or more per year or Rs. 50,000/- or more per month.

Relations between the employees and the management remained cordial throughout the year under review. The Directors hereby place on record their appreciation for the efficient and devoted services rendered by the employees at all levels.

**Auditors and Auditors' Report**

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 as laid down under Section 224 (1-B) of the Companies Act, 1956.

The Directors have taken a note of the observations made by the Auditors in their Report. The concerned notes to accounts referred to in these observations are self-explanatory and do not call for further explanation.

**Acknowledgements**

Your Directors wish to place on record the support and co-operation received throughout the year from bankers, dealers, distributors and suppliers. Your Directors record their gratitude to the Company's esteemed shareholders for their continued support and encouragement.

On behalf of the Board of Directors

R.N.MAFATALAL  
CHAIRMAN

Mumbai, 24th June, 1999.