

**Motul Lubricants Limited**  
**ANNUAL REPORT**  
**1999-2000**



## 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 1999-2000

#### BOARD OF DIRECTORS

Mr. Rasesh N. Mafatlal,  
*Chairman*  
Mr. Russi Jal Taraporevala  
Mr. Pradeep R. Mafatlal  
Mr. Kersi J. Pardiwalla  
Mr. Shishir K. Diwanji  
Mr. Bharat N. Dave  
Mr. Surendra B. Shah

#### 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.

#### MANAGER

Mr. Ashwin R. Pandit

#### AUDITORS

C. C. Chokshi & Co.

#### LEGAL ADVISORS

Desai & Diwanji

#### BANKERS

Central Bank of India  
Banque Nationale de Paris

#### SHARE DEPARTMENT

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

#### Annual General Meeting

on Friday, 22nd December, 2000  
at Mafatlal Centre, 3rd Floor, Nariman  
Point, Mumbai 400 021 at 11.30 a.m.

**MAFATLAL LUBRICANTS LIMITED****NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 6th Annual General Meeting of the members of MAFATLAL LUBRICANTS LIMITED will be held on Friday, the 22nd December, 2000 at 11.30 a.m at Mafatlal Centre, 3rd Floor, Nariman Point, Mumbai 400 021, 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 18 months period ended 30th September, 2000.
2. To appoint a Director in place of Mr. R. N. Mafatlal who retires by rotation and being eligible offers himself for reappointment.
3. 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 :**

4. To consider and if thought fit, pass the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr. Surendra B. Shah who was appointed as an Additional Director of the Company by the Board of Directors of the Company with effect from 14th November, 2000 under Section 260 of the Companies Act, 1956, and who holds office upto the date of the forthcoming Annual General Meeting but who is eligible for re-appointment and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, liable to retire by rotation."
5. To consider and if thought fit, pass the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr. Bharat N. Dave who was appointed as an Additional Director of the Company by the Board of Directors of the Company with effect from 14th November, 2000 under Section 260 of the Companies Act, 1956, and who holds office upto the date of the forthcoming Annual General Meeting but who is eligible for re-appointment and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, liable to retire by rotation."
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, 310, 388 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (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 revision in remuneration of Mr. Ashwin R. Pandit, Manager, with effect from 1st April, 2000, as follows:-  
a) Salary: Rs. 22,430/- per month, with retrospective effect from 1st April, 2000 with liberty to the Board of Directors of the Company (the Board) to grant such increments as it may in its absolute discretion deem fit, provided that the salary does not exceed Rs. 75,000/- per month.

**MAFATLAL LUBRICANTS LIMITED**

b) Perquisites: Perquisites such as Furnished accommodation or House Rent Allowance, provision of gas, electricity, water and furnishings in respect of such accommodation, medical re-imbursement for self and family, club fees (excluding admission and life membership fees), leave benefits, leave travel concessions for self and family, personal accident insurance and such other perquisites and on such terms and conditions as the Board may in its absolute discretion determine from time to time, as per the rules and regulations of the Company. The monetary value of such perquisites to be determined in accordance with the Income Tax Rules 1962, and in the absence of such rules on the basis of the cost to the Company, such perquisites shall be subject to a ceiling of an amount in the aggregate equal to the annual salary, each year.

In the absence or inadequacy of profits in any year during his tenure as Manager, he shall be paid the aforesaid remuneration as minimum remuneration for the year subject to the limits laid down in Section II of Part II of the Companies Act, 1956.

"RESOLVED FURTHER THAT the Board of Directors shall have the liberty to alter and vary the terms and conditions of the above remuneration within the limits set out hereinabove, subject to the provisions of Schedule XIII of the Act.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary and desirable to give effect to the foregoing resolution.

**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 attend-ance 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 12.12.2000 to 15.12.2000 (both days inclusive).
6. Members desirous of having any information regarding accounts are requested to address their queries to the Manager at the Registered Office of the Company at least 7 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.

Dated : 14th November, 2000

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

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

K. J. PARDIWALLA  
Director

**MAFATLAL LUBRICANTS LIMITED****ANNEXURE TO THE NOTICE****Explanatory statement pursuant to the provisions of section 173(2) of the Companies Act, 1956****ITEM NOS. 4 & 5**

Mr. Surendra B. Shah and Mr. Bharat N. Dave were appointed as additional Directors of the Company by the Board of Directors with effect from 14<sup>th</sup> November, 2000 pursuant to Section 260 of the Companies Act, 1956, (Act). In terms of Section 260 of the Act, they hold office as Directors only upto the date of the ensuing Annual General Meeting. They are however eligible for re-appointment. As required by Section 257 of the Act, notice has been received from the members proposing each of their candidature for the office of Director, along with a deposit of Rs.500/- as prescribed under the said section.

The Board is of the opinion that the association of Mr. Surendra B. Shah and Mr. Bharat N. Dave as Directors of the Company would be of immense benefit to the Company.

Mr. Surendra B. Shah and Mr. Bharat N. Dave are interested in the resolutions as pertains to their respective appointment as Directors of the Company. None of the other Directors are concerned or interested in the above resolutions.

**ITEM NO. 6**

In compliance with the provisions of Section 269 of the Companies Act, 1956, the Board of Directors of the Company had appointed Mr. Ashwin R. Pandit as "Manager" of the Company with effect from 15<sup>th</sup> June, 1998 for a period of 5 years. Such appointment including the terms and conditions thereof was approved by the members of the Company at the 4<sup>th</sup> Annual General Meeting held on 11<sup>th</sup> September, 1998.

Having regard to Mr. Ashwin Pandit's contribution to the business operations and present levels of managerial remuneration in the industry, it is proposed to increase the remuneration to Mr. Pandit as Manager of the Company as mentioned in the resolution set out at Item No. 6 of the accompanying notice.

Your Directors recommend the resolution. None of the Directors are concerned or interested in the above resolution.

This Explanatory Statement together with resolution under serial No. 6 to the accompanying Notice is and should be treated as abstract under Section 302 of the Companies Act, 1956.

The documents related to the resolutions 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.

Dated : 14th November, 2000  
Registered Office :  
Stanrose House Annexe,  
New Prabhadevi Road,  
Mumbai-400 025.

By Order of the Board of Directors  
For MAFATLAL LUBRICANTS LTD.  
K. J. PARDIWALLA  
Director

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

To the Shareholders of MAFATLAL LUBRICANTS LTD.

Your Directors are pleased to present the 6th Annual Report together with the Audited Statements of Account of the Company for the 18 months period ended 30th September, 2000.

	(Rs. in Lacs)	
<b>Financial Results</b>	<b>Current Period</b>	<b>Previous Year</b>
	<u>April 99 - Sept. 00</u>	<u>April 98 - March 99</u>
Income from operations	1555.62	1724.64
Profit/(Loss) before interest & depreciation	96.10	48.66
Interest	86.71	86.17
Depreciation	19.35	13.08
Profit/(Loss) for the period/year	(9.96)	(50.59)

**Performance of the Company**

The income from operations was Rs. 1555.62 lacs. The profit before interest and depreciation amounted to Rs. 96.10 lacs and there has been a reduction in net loss for the period by 80% as compared to previous year.

Your Company has been able to show an increasingly improved performance in spite of a very competitive environment. This has been possible due to the diligence and effort of the sales force. Apart from this, this success could not have been achieved without the efficient support of the Head Office staff. The brand 'Motul' has also been very well established over the last six years of operations and is known for its high quality. Though the network is not spread throughout the country, the brand is very well recognised in areas where it is being presently sold. With the recession in the economy behind us and the sops suggested by the Finance Minister to boost growth of the automotive sector, lubricant business is expected to show an accelerated growth, which in turn would boost the Company's turnover in the future.

To augment its revenues the Company has continued doing business of trading in textiles.

**Corporate Governance**

The Company is managed by the Board of Directors consisting of seven 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 seven times during the period. All decisions related to new investment, technology, financing and borrowing etc. are considered by the Board of Directors.

**Dividend**

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

## **MAFATLAL LUBRICANTS LIMITED**

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### **Government Policy**

The Petroleum Sector has been delicensed by the Government of India 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.

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

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

### **Directors**

In accordance with the provisions of the Companies Act, 1956, Mr. R.N. Mafatlal retires by rotation and is eligible for reappointment. During the period Mr. Surendra B. Shah and Mr. Bharat N. Dave have been appointed as additional Directors of the Company with effect from 14th November, 2000. Pursuant to Section 260 of the Companies Act, 1956, they will hold the office upto the date of the 6th Annual General Meeting. Notices under Section 257 of the Companies Act 1956 have been received from the members proposing each of their candidature for the office of Director.

### **Listing**

The Company's equity shares are listed on The Stock Ex-change, 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 2000-2001 have been paid to both the Exchanges.

### **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.

### **Status of Y2K Compliance**

The Y2K transmission was smooth without any disruption to the operations of the Company.

### **Manpower**

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



## MAFATLAL LUBRICANTS LIMITED

### Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, 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 employee referred to hereinbefore. Any shareholder interested in obtaining a copy of the said statement may write to the Company.

### 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 period 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.MAFATLAL  
CHAIRMAN

Mumbai, 14th November, 2000

## 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 period ended 30th September, 2000.

### A. Conservation of Energy

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|---|---|
| (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. The blenders have been mounted on automatic electronic batch weighing systems for smoother and precise weighment and blending, thus saving blending time and rework resulting in conservation of energy. |
| (b) Additional investments & proposals if any, being implemented for reduction of consumption of energy | : Installation of additional instruments like sophisticated level gauges for better monitoring of oil levels at manufacturing unit of Contract Blender is in progress.  |