Annual Report 2001-2002





PROFILE

MetroChem began its operations in 1976 with small installed capacity of 100 tons per year and today its manufacturing capacity is in the range of 17,600 MT per year. MetroChem Industries Limited, a Govt. of India Recognised Trading House, (for its exports performance) is having manufacturing facilities at two locations, GIDC, Vatva, Ahmedabad and at Umraya, Vadodara.

MetroChem's commitment to quality and customer satisfaction has found a new expression by its obtaining ISO 9001 Certification. KPMG, Internationally renowned Quality Registrars, has recognised company's manufacturing facility at Vatva Unit, Ahmedabad, Kroma Labs and Corporate functions by awarding ISO 9001, its highest citation.

MetroChem, today enjoys a distinct leadership advantage in dyestuff and dye intermediates industry. The total sales turnover of the Company went up from Rs. 15 crore in 1986-87 to Rs. 140 crore in 2001-02. Two thirds of the Company's turnover comes from exports. Its products find acceptance by renowned multinational corporations and several other customers in over 30 countries, worldwide. The company is among the top exporters of dyestuff and intermediates from India for several years.

The company also has Strategic Alliance with Ciba Speciality Chemicals (Ciba), a leading worldwide supplier of textile dyes and chemicals. Recently, both the companies have extended their co-operation agreement. The strengthened co-operation will allow MetroChem to exploit the capacity of its' plants.

Research and Development and Quality Assurance facilities are the key success factors behind the company's excellence over the years. It has an integrated state-of-the-art R&D and QC facility - KROMA LABS, a division of MetroChem, which is established with investment of Rs. 6 crore. The lab is recognised as 'In-house R&D and QC Lab' by the Ministry of Science and Technology, Govt. of India.

In its endeavour to excel in the industry and to protect the environment, MCIL has taken due care for the preservation of nature by constructing state-of-the-art Effluent Treatment Plant which is designed to treat effluent in compliance with the statutory norms. The Effluent Treatment facilities have been set-up with investment of approx. Rs. 7 Crores and Rs. 15 Crores in Ahmedabad and Vadodara respectively. The plants at both the locations are equipped to perform Primary, Secondary and Tertiary treatment for Biodegradable Effluent and for other difficult degradable effluent, a ZERO EFFLUENT DISCHARGE System is created. The location at Umraya has an added advantage of having proximity to Effluent Disposal Channel for safe disposal of treated effluent, as per marine norms.

- The Register of Members and Share Transfer Books shall remain closed between 6th August, 2002 to 20th August, 2002 (both days inclusive).
- The equity dividends for the year 1994-95 remaining unpaid shall be transferred to the Investor Welfare Fund pursuant to the provisions of Section 205 (c) of the Companies Act, 1956 in the month of November 2002. Shareholders who have yet not encashed their Dividend warrants for the year 1994-95 should encash the warrants promptly.
- Members who hold the shares in dematerialised form are requested to bring their Client ID and DP for easier identification of attendance at the AGM.
- Members holding the shares in physical mode are requested to notify immediately for change of their address and bank particulars to the Company or its Share Transfer Agent.

In case their shares are held in dematerialised form then information should be passed on directly to their respective Depository Participant and not to the Company / Share Transfer Agent without any delay.

- Any request by demat holders for change of bank particulars after despatch of Dividend Warrant should be accompanied by copy of Client Master list showing the changed bank details.
- In view of the changes made by the Finance Bill, 2002, tax will be deducted at source at applicable rate from the Dividend paid by the Company exceeding Rs. 1000/- for shareholders. Therefor, who are individual and resident in India, are requested to submit Form 15G on or before 10-09-2002 if they expect their total income during current Financial year will be less than the minimum taxable amount for non deduction of tax at source.
- In case where tax has been deducted at source from the Dividend, the company is required to issue TDS certificate inter-alia quoting Permanent Account Number (PAN) of the shareholders. Under Section 139A(5A) of Income Tax Act, 1961 obligation is cast on the shareholder, receiving Dividend after TDS, to intimate his / her Permanent Account Number (PAN) / General Index Register (GIR) No. to the Company. Please notify the same to Company or R & T before 10th September, 2002.
- We, therefore, request you to kindly furnish your PAN / GIR No. to enable us to print the same on the TDS certificate to be issued to you. In case you are holding shares in dematerialised form, you are requested to furnish the said details to your Depository Participant (DP), immediately before Record Date of Dividend entitlement.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173 OF THE COMPANIES ACT, 1956.

ITEM NO. 6 & 7

Shri Sunil K. Kanojia and Shri Sudhir N. Doshi were appointed as Additional Directors by the Board of Directors on 15th September, 2001 and on 24th October, 2001 respectively to fill up the vacancy caused by the sad demise of Shri S. S. Bhandari and to strengthen the Board of Directors, till the conclusion of this Annual General Meeting.

Notices from shareholders, pursuant to the Provisions of Section 257 of the Companies Act, 1956 have been received alongwith a deposit amount of Rs. 500/- each for Shri Sunil K. Kanojia and Shri Sudhir N. Doshi to appoint them as Directors of the Company.

None of the Directors except Shri Sunil K. Kanojia and Shri Sudhir N. Doshi are Considered to be interested in the proposed resolutions.

The Board commends for the appointment of Shri Sunil K. Kanojia and Shri Sudhir N. Doshi as Directors of the

By the Order of the Board

	Ahmedabad June 26, 2002	K. N. NEVATIA Company Secretary
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ANNUAL REPORT 2001-2002

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the members of Metrochem Industries Limited will be held on Saturday, the 28th September, 2002, at 11.30 a.m. at the Registered Office of the Company at Village Umraya, Taluka Padra, Dist. Baroda to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Balance Sheet as at 31st March 2002, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2. To declare a dividend.
- 3. To appoint a Director in place of Shri Sandip M. Singhi who retires by rotation and being eligible, offers himself for reappointment.
- 4. To appoint a Director in place of Shri Anil M. Jain who retires by rotation and being eligible, offers himself for reappointment.
- 5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS: ORDINARY RESOLUTION

- 6. To consider and if thought fit, to pass, with or without modifications the following resolution as an Ordinary Resolution:
 - "RESOLVED THAT Shri Sunil K. Kanojia, an Additional Director of the Company, appointed on 15th September, 2001 and whose term of office expires at this Annual General Meeting as per the provisions of Section 260 of the Companies Act, 1956, in respect of whom a notice under section 257 of the Companies Act, 1956 has been received proposing Shri Sunil K. Kanojia as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
- 7. To consider and if thought fit, to pass, with or without modifications the following resolution as an Ordinary Resolution:
 - "RESOLVED THAT Shri Sudhir N. Doshi, an Additional Director of the Company, appointed on 24th October, 2001 and whose term of office expires at this Annual General Meeting as per the provisions of Section 260 of the Companies Act, 1956, in respect of whom a notice under section 257 of the Companies Act, 1956 has been received proposing Shri Sudhir N. Doshi as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By the Order of the Board

Ahmedabad June 26, 2002 K. N. NEVATIA Company Secretary

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 instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.]
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The Chairman shares...

Dear Share Holders,

Global events and local disturbances had a significant impact on the Indian economy and the industry in Gujarat.

Post 9/11 and 27/2, entrepreneurs have had to review, rethink and redefine their strategies for survival and growth.

The challenges posed by slack demand, increasing global competition, higher consumer expectations are being met with by better efficiency, optimum resource utilization and innovative management.

MetroChem has created its brand equity of Excellent Quality, Reliable Service and Customer Satisfaction. Sustaining these MetroChem brand features demands total dedication and commitment to all aspects in the Organization. MetroChem's approach has been to constantly upgrade its range and quality of products through intensive Research and Development.

Right from its inception, MetroChem has continuously strived to attain leadership though world- class product, quality & timely schedule with commitment and dedication. Today our products and services are well accepted in over thirty countries across the globe. MetroChem's endeavour for Product Innovation, Diversification and Improvement through in-house Research & Development. has been the hallmark of its triumph. This was equally reflected. with the successful revalidation of our ISO 9001 accredition by the international Quality Registrar. MetroChem's performance becomes altogether more significant in view of the prevailing unfriendly and volatile market condition.

And our effort doesn't end here. Company has re-focussed itself, initiating a series of cost saving & austerity measures to make our products more competitive in the Domestic and International Market. We hope the result will ensure profitable business operations to race ahead in this fierce global competition

Gautam M. Jain



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BOARD OF DIRECTORS

Gautam M. Jain Chairman & Managing Director

Anil M. Jain

Deputy Managing Director Sandeep M. Singhi Sunil K. Kanojia Sudhir N. Doshi

COMPANY SECRETARY

K. N. Nevatia

AUDITORS

Deepak Soni & Associates

Chartered Accountants

Ahmedabad

BANKERS

State Bank of India Indian Bank

Citi Bank

REGISTERED OFFICE

Village: Umraya

Taluka: Padra

District: Baroda-391 440, GUJARAT.

ADMINISTRATIVE OFFICE

505/506, "SURYARATH",

Near White House, Panchvati, Ellisbridge, Ahmedabad - 380 006.

CORPORATE OFFICE

508/509, "SHILP",

C. G. Road, Navrangpura,

Ahmedabad - 380 009.

WORKS

(i) Phase II, G.I.D.C., Vatva,

Ahmedabad - 382 445.

Village : Umraya, Taluka : Padra,

District: Baroda-391 440.

GUJARAT.

REGISTRARS & TRANSFER AGENT

Pinnacle Shares Registry Private Limited

Near Ashoka Mills,

Naroda Road, Ahmedabad-380 025.

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DIRECTORS REPORT

To, The Members.

Your Directors have pleasure in presenting their Fifteenth Annual Report together with the audited Statement of Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

		(Rs. in Lakh)
	Year Ended 31-03-2002	Year Ended 31-03-2001
Sales & Other Income	14,005.44	13,543.80
Profit Before Interest, Depreciation and Tax	2,045.68	2,024.35
Less: Interest	593.81	770.64
Depreciation	960.85	938.00
Profit Before Tax	491.02	315.71
Less: Provision for Tax	17.79	23.68
	473.23	292.03
Add: Excess provision of Income Tax for Earlier Years	2.80	
Profit After Tax	476.03	292.03
Appropriations:		
Interim Dividend on Pref. Shares		y 49 .49
Proposed Dividend on Pref. Shares		139.23
Proposed Dividend on Equity Shares	228.67	57.17
Tax on distributed profit		30.92
General Reserve	47.60	14.60
Balance Carried to Balance Sheet	199.76	0.62
	476.03	292.03

OPERATIONS

During the year under review, turnover and other receipts amounted to Rs. 14005.44 lakh (previous year Rs. 13,543.80 lakh). Net profit after tax was Rs. 476.03 lakh as against Rs. 292.03 lakh during the previous year. The exports turnover amounted to Rs. 9,019.67 lakh as compared to Rs. 9,214.96 lakh in the previous year showing an increase of 3.40% in total turnover and a decline of 2.16% in export turnover. The global demand recession coupled with the events of September 11, 2001 and its aftermath, adversely affected overall export performance.

DIVIDEND

The Board of Directors have recommended dividend @ 20% (taxable) on paid up equity share capital of the Company for the year ended 31st March 2002, subject to the approval by the shareholders, at the Annual General Meeting.

EXPANSION

The Company has installed one 20 TPH Lignite-cum Coal fired Boiler which was fully operational during year under review. A captive Power Plant to take care of the entire power requirements at the Umraya Plant is under installation and shall be fully operational shortly. Further expansion plans are under study and will be implemented after carefully observing the emerging Globalisation and WTO effects.

INSURANCE

The company has taken adequate insurance to cover the risks to its properties including Building, Plant & Machineries and stocks based on risk study.

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SAFETY, HEALTH & ENVIRONMENT

Your Company continued its dedicated and meticulous approach on safety awareness, including safety audits, providing health care to the employees, maintaining ecological balance in and around works and undertaking environment audits

FINANCE

The company undertook several efforts to reduce the interest cost such as enhanced utilization of export packing credits from banks. The company also converted a portion of the rupee working capital demand loan into foreign currency loans to take advantage of the lower overall costs of these loans including risk Cover. During the year, the company inducted Citibank in its consortium in place of IDBI Bank Ltd.

DEMATERIALISATION OF EQUITY SHARES

Your Company's Equity Shares are being compulsorily traded in DEMAT FORM from April 30, 2001 as per the SEBI Notification.

COST AUDIT

Your Company has appointed M/s. Kiran J. Mehta, Cost Accountants for the year 2002-2003 for the cost audit of the Company's cost records pursuant to an order of the Department of Company Affairs, Company Law Board, New Delhi.

SUBSIDIARY COMPANY

As required under section 212 of the Companies Act, 1956, the Audited Balance Sheet and Profit and Loss Account alongwith the Reports of Directors and Auditors of Metrochem Capital Trust Limited, subsidiary Company of the Company, are annexed hereto.

DIRECTORS

Shri Anil M. Jain and Shri Sandip M. Singhi, Directors of the Company, retire by rotation and being eligible, offer themselves for reappointment. Shri Rajendra M. Jain resigned from the Board due to preoccupations. Shri Sunil K. Kanojia and Shri Sudhir N. Doshi were appointed as additional directors to fill up vacancy and proposed to be appointed as Directors at the ensuing Annual General Meeting.

CORPORATE GOVERNANCE

Report on Corporate Governance is enclosed.

DIRECTORS RESPONSIBILITY STATEMENT

In compliance of Section 217 (2AA) as incorporated by the Companies (Amendment) Act, 2000 in the Companies Act, 1956, your Directors confirm that:

- a) The company has followed the applicable accounting standards in the preparation of the Annual Accounts and there had been no material departure.
- b) The directors had selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for the aforesaid period.
- c) The directors had taken proper and sufficient care 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 for preventing and detecting fraud and other irregularities.
- d) The directors have prepared the Annual Accounts on a going concern basis.

AUDITORS

M/s. Deepak Soni & Associates, Chartered Accountants, Ahmedabad, the Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. They have expressed willingness to serve, if reappointed.

Observations of the Auditors are self-explanatory.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The statement containing the necessary information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure and forms part of this Report.

PARTICULARS OF EMPLOYEES

There was no employee drawing salaries exceeding the limit stipulated under Section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975.

INDUSTRIAL RELATIONS

During the year under review the industrial relations remained harmonious and cordial. The Directors wish to place on record the unstinted efforts and dedicated services extended by the employees at all levels. With their support the Company looks forward to a brighter future.

ACKNOWLEDGMENT

The Directors extend their sincere thanks to the Bankers, Financial Institutions, Central and State Government authorities, Customers, Shareholders and all other who have been associated with the Company, for their co-operation, continued support and for the confidence reposed in the management of the Company.

For and on behalf of the Board

GAUTAM M. JAIN

Ahmedabad. 26th June, 2002 Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

Information as required Under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

The Company has made sustained efforts for energy savings. Effective measures have been taken to monitor generation and consumption of energy during the process of production. Certain equipments have been installed to ensure optimum utilisation of steam and power. Energy intensive open evaporators for zero effluent discharge were replaced by energy efficient multi effect cloud vaporators improved process controls and de-bottlenecking have harmonised Plant operations. The Company has rationalised use of electric motors and some old motors have been replaced by high efficiency motors. The Company has replaced certain existing light fittings by energy efficient lighting. The above measures have resulted in optimum utilisation of energy and reduction in cost of production and thereby making the products more cost competitive.

Total energy consumption and energy consumption per unit of production: Form A is Annexed.

B. TECHNOLOGY ABSORPTION

Form B is annexed

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports:

The Company has retained its position of leading player in the international market and achieved the status of Trading House. It has also explored certain new export markets.

b)	Foreign Exchange Earnings and Outgo:		(Rs. in Lakh)		
		2001-2002	2000-2001		
(i)	Earnings	9,019.67	9,214.96		
(ii)	Outgo	1,433.94	1,045.70	L	
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