

# 10th Annual Report 1996-97

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YE	/	/		/

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**Priya Dyes & Chemicals Limited**

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## 10th Annual Report

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### BOARD OF DIRECTORS

Shri. A. K. Bhuwania *Chairman*

Shri. Umeshkumar More

Shri. D. J. Kakalia

Shri. Ashish Bhuwania

Shri. R. Laxminarayan

Shri. N. Gopal

Shri. M. H. Dalal

### BANKERS

Indian Bank

Bank of India

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### AUDITORS

M/s. M. L. Bhuwania & Co.

Chartered Accountants

Mumbai

### REGISTERED OFFICE

Podar Chambers, 4th Floor,

109, S. A. Brelvi Road,

Fort, Mumbai - 400 001.

### 10TH ANNUAL GENERAL MEETING

Date : 29th September, 1997

Day : Monday

Time : 3.00 p.m.

Place : Bombay YMCA Seminar Room,  
Central Branch,  
12, N. Parekh Marg,  
Colaba, Mumbai - 400 039



## Priya Dyes & Chemicals Ltd.

### NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the members of PRIYA DYES & CHEMICALS LTD will be held at Bombay YMCA Seminar Room, Central Branch, 12, N. Parekh Marg, Colaba, Mumbai - 400 039 on Monday, 29th September, 1997 at 3.00 P.M. to transact the following business.

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and Profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Report.
2. To declare dividend.
3. To appoint a Director in place of Mr. M.H. Dalal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Umesh Kumar More who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

6. 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 and all other applicable provisions of the Companies Act, 1956 (including statutory modifications or amendment or re-enactment thereof) the Articles of Association of the Company do and are hereby altered in the manner and to the extent as follows:

- a) Following para be inserted immediately after the existing two paras of Article 3

"Notwithstanding anything contained in para one & two above or any other contrary provisions in these Articles, in the event it is permitted by law and subject to such limits, terms, conditions and consent as may be prescribed and laid down for this purpose, the Company shall have the power to buy back its own shares whether or not there is any consequent reduction in the Share Capital and that if to the extent permitted by law the Company shall also have the power to re-issue such shares so bought back, if so desirable."

- b) The following new Article be added as Article 48A.

"Subject to the provisions of the Act and all other applicable provisions of law, as may be in force at any time and from time to time the Company may issue shares, either equity or any other kind with non-voting rights and the resolution authorising such issue shall prescribe the terms and conditions of the issue."

- c) The following words "not exceeding Rs.250/-" be substituted in the existing Article 93 by the words "such sum as may be prescribed by the Act or by the rules framed thereunder by the Central Government from time to time."

7. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

"Resolved that subject, to all the applicable provisions of the Companies Act, 1956 including any statutory modifications or amendment thereto or re-enactment thereof, from time to time and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company ("Board"), the consent of the Company be and is hereby accorded to the Board to acquire/purchase any of its own Shares on such terms and conditions including price and upto such limits as may be prescribed by law or otherwise by the Board from time to time, either from the existing shareholders on proportionate basis and/or from the open market and/or through negotiation or other arrangement from specific Shareholder(s), provided however that purchase/acquisition of such own Equity Shares by the Company be not construed as reduction of Equity Share Capital which is subject to the provisions as stipulated in the Sections 100 to 104 and Section 402 of the Companies Act, 1956 for the time being in force".

"Resolved further that the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be necessary or expedient to give effect to this Resolution."

8. To consider, and if thought fit, to pass, with or without modification (s), the following resolution as an Ordinary Resolution :

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"Resolved that, in supersession of the resolution passed at the Annual General Meeting of the Company held on 13th July, 1994 and pursuant to section 293(1)(d) and other applicable provisions of the Companies Act 1956, the consent of the Company be and is hereby granted to the Board of Directors of the Company to borrow money for the purpose of business of the Company from time to time and on such terms and conditions as may be considered suitable by the Board of Directors upto a limit not exceeding in the aggregate Rs.100 crores (Rupees Hundred crores only), notwithstanding that the money to be borrowed together with the money already borrowed by the company (Apart from temporary loans obtained from the company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose."

9. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"Resolved that, the consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any of the Companies Act 1956, for mortgaging and/or creating a charge by the Board of Directors of the Company, whether paripassu with the existing charges or not of all the movable or immovable properties of the Company wherever situated, present or future to or in favour of any Banks or financial institutions to secure any amount borrowed from them or debentures together with interest due thereon upto a maximum limit not exceeding Rs.100 Crores (Rupees Hundred Crores only) on the terms and conditions as may be suitable to the Board of Directors and further that, the Board be and is hereby authorised to execute the documents for creation of such mortgage and/or charge with them."

10. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"Resolved that the Authorised Share capital of the Company be increased from Rs.3,50,00,000/- (Rupees Three crores fifty lacs only) divided into

35,00,000 Equity shares of Rs.10/- each to Rs.7,50,00,000/- (Rupees Seven Crores fifty lacs only) divided into 65,00,000 Equity Shares of Rs.10/- each and 10,00,000 unclassified shares of Rs.10/- each and that clause V of the Memorandum of Association of the Company be altered accordingly."

11. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

"Resolved that the Articles of Association of the Company be altered pursuant to Section 31 of the Companies Act, 1956, in the following manner :

For Article 5 in the Articles of Association of the Company the following Article be substituted.

The Authorised Share Capital of the Company is Rs.7,50,00,000/- (Rupees Seven crores fifty lacs) divided into 65,00,000 Equity shares of Rs.10/- each and 10,00,000 unclassified shares of Rs.10/- each with the rights, privileges and conditions attached thereto as provided by the Articles of the Company for the time being in force and to divide share in capital for the time being of the Company into several classes (being those specified in the Companies Act, 1956), and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being permitted by the said Act or provided by the Articles of Association of the company for the time being in force."

For and on behalf of the Board

**A.K. BHUWANIA**  
Chairman

Registered Office:  
Podar Chambers, 4th Floor,  
109, S.A. Brelvi Road,  
Fort, Mumbai-400 001.

Place : Mumbai  
Dated: 12th August, 1997



## Priya Dyes & Chemicals Ltd.

### 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 SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective, should be duly completed, stamped and signed, and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 26th September, 1997 to Monday, 29th September, 1997.
4. Dividend declared for the year if approved, by the members will be paid to the shareholders whose names appear in the Register of Members as on 29th September, 1997.
5. Members desirous of obtaining any information as regards Accounts and operations of the Company are requested to write to the Company atleast one week before the meeting, so that the information required can be made available at the meeting.
6. Intimation of change of address should reach the Company, at its registered office on or before 20th September, 1997 to enable the Company to give effect to such documents.

### Explanatory Statement u/s.173

Explanatory statement as required under section 173(2) of the Companies Act, 1956.

#### Item No.6

- a) Members are aware that the Central Government is considering making radical changes in the Companies Act, 1956 (the Act), and a new Bill is expected to be introduced in the Parliament in the near future. At present the Companies Act, 1956 restricts the purchase of shares by a company unless the same is done with a view to reducing its authorised share capital and completing the necessary formalities as prescribed in the Act. The Companies Bill, 1993 and the new Bill in lieu thereof is expected to provide for purchase of own shares by a company and the same is based on the provisions of the Company Law in the United Kingdom (U.K.).

As the existing Articles do not allow the Company

to purchase its own shares, it is proposed to add a new para to the existing Article 3 as set out in item No.6 of the accompanying Notice.

- b) It is expected that the forthcoming amendments in the Companies Act, 1956 will also permit issue of shares in the Company's share capital without voting rights. It is therefore necessary to add a new Article 48A so that the Company may avail of the permissive provisions regarding issue of non voting shares.
- c) The limit on payment of sitting fees to directors for each meeting of the Board of Directors or committee attended by them, has been undergoing revision from time to time. The Articles of Association of the Company still contains the old limits of Rs. 250/-. It is therefore proposed to accordingly alter the existing Article 93 in order to incorporate all future revisions in limits which may be announced by the Central Government from time to time.

The Board recommends passing of the Resolution as set out in item Nos.6 of the accompanying Notice.

None of the Directors of the Company is concerned or interested in the above resolution except in the resolution concerning amendment of Article 93, in which all Directors may be deemed to be interested.

#### Item No.7

At present the Companies Act, 1956 restricts the purchase of its own shares by a Company unless the same is done with a view to reduce its capital. Reduction of capital is subject to the provisions of Sections 100 to 104 and 402 of the Companies Act, 1956. Various representations have been made by Trade & Industry Associations and Companies to the Government requesting for an amendment to the Companies Act permitting the Companies to buy back its own shares. From the trend of discussions and reports on the subject, it is expected that an amendment/re-enactment to this effect, may be made in the forthcoming codification of the Companies Act, 1956 or amendments thereto. In that event, it will be advisable for your Company which sometimes has surplus funds, to buy back its own shares, when your directors believe your Company's shares to be undervalued. Furthermore, investment of surplus funds by the Company in its own shares will be preferable compared to investment in other securities. In case the Act is amended so as to allow the Company to buy back its own shares the company may wish to take immediate steps in this regard. The resolution



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proposed under Item No.7 of the Notice is recommended for approval of the members.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

### Item Nos. 8

Under Section 293 (1)(d) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the shareholders, borrow in excess of the aggregate of the Share Capital and Free Reserves of the Company. The Board of Directors of the Company were authorised to borrow money from time to time in excess of the aggregate of the paid up capital and free reserves of the Company, subject to a maximum limit of Rs.30 crores vide a resolution passed at the Annual General Meeting held on 13th July, 1994. The Board considers that the said limit of Rs. 30 crores is not sufficient to meet the present and future financial requirements of the Company. The Board recommends that the ordinary resolution set out in item no.8 be passed so that the Board may be empowered to borrow money as and when considered necessary however subject to a limit not exceeding Rs.100 crores.

The Board recommends passing of the ordinary resolution as set out in item no. 8 of the accompanying Notice.

None of the directors of the Company is concerned or interested in passing of the resolution.

### Item Nos. 9

Some of the borrowings of the Company may be required to be secured by an appropriate mortgage or charge. As the documents to be executed with the lenders may contain the power to sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the Company in certain events, it is necessary for the Members to pass the Ordinary resolution set out in Item 9 under Section 293(1)(a) of the Companies Act, 1956, before the creation of the mortgages or charges.

The Board recommends passing of the ordinary resolution as set out in item Nos. 9 of the accompanying Notice.

None of the Directors of the Company is concerned or interested in the passing of the resolutions.

### Item No.10 & 11

The paid up capital which at present stands at Rs.3,00,23,000/- has almost reached the authorised limit of Rs.3,50,00,000 laid down in the Memorandum and Articles of Association of the Company.

This resolution is sought as an enabling resolution in case the Board decides to issue fresh shares in future. The Memorandum and Articles of Association therefore have to be amended accordingly. The Board recommends the passing of the ordinary resolution as set out in item 10 and special resolution as set out in item 11 of the accompanying notice.

None of the Directors of the Company is concerned or interested in the passing of the resolution.

All the documents referred to in the Notice and Explanatory statement above are open for inspection at the registered office of the Company between 11 a.m. and 1 p.m. on all days, except Saturdays, Sundays and holidays, until the date of the Annual General Meeting or any adjournment or adjournments thereof.

For and on behalf of the Board

**A.K. BHUWANIA**  
Chairman

Registered Office:  
Podar Chambers, 4th Floor,  
109, S.A. Brelvi Road,  
Fort, Mumbai-400 001.

Place : Mumbai  
Dated: 12th August, 1997



## Priya Dyes & Chemicals Ltd.

### DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the Tenth Annual Report alongwith audited accounts for the financial year ended 31st March, 1997.

### FINANCIAL RESULTS

	(Rs. in Lakhs)	
	Year Ended 31.03.1997	Year Ended 31.03.1996
<b>Sales</b>		
Export	5273.17	3806.90
Local	4447.73	1403.61
	9720.90	5210.51
Other Income	4.46	8.19
	9725.36	5218.70
Profit before Tax	516.31	461.44
Less: Provision for taxation	48.00	10.00
	468.31	451.44
Add: Balance brought forward	167.66	91.27
Profit available for appropriation	635.97	542.71
<b>APPROPRIATIONS</b>		
Proposed Dividend	60.05	75.05
Corporate Dividend tax	6.00	—
General Reserve	300.00	300.00
Balance carried to		
Balance Sheet	269.92	167.66
	635.97	542.71

Results for the year bear testimony to the growing basic strengths of the Company.

### DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.2 per share on 30,02,300 Equity shares of Rs.10/-. The dividend will absorb a sum of Rs.66.05 Lakhs (including tax on dividend).

### OPERATIONS

The working of the Company for the year 1996-97 was satisfactory. During the year under review, the turnover of your company increased from Rs. 5210.51 lakhs to Rs. 9720.90 lakhs showing increase of 86.56% over previous year. Profit before tax amounted to Rs. 516.31 lakhs as compared to Rs.461.44 lakhs for the previous year showing increase of 11.89%. Your Directors are hopeful for better results of the Company for the current year.

### DIRECTORS

Shri D.G. Piramal, a director of the Company resigned from the Board with effect from 17th January 1997. The

Board places on record its appreciation for the services rendered by him during his association with the Company.

Shri M.H. Dalal and Shri Umeshkumar More, Directors retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

### AUDITORS

M/s. M.L. Bhuwania & Co., are eligible for reappointment as the Auditors for the current year to hold office from the conclusion of the ensuing Annual General Meeting to the conclusion of the next Annual General Meeting. The members are requested to consider their reappointment.

### PARTICULARS OF ENERGY CONSERVATION & FOREIGN EXCHANGE EARNING AND OUT GO ETC.:

Information as per 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 and forming part of the Directors' Report for the year ended 31st March, 1997 is annexed hereto.

### PARTICULARS OF EMPLOYEES

The information required under section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 forming part of this Report is annexed hereto.

### STATEMENT REQUIRED UNDER CLAUSE 43 OF THE LISTING AGREEMENT

The comparative statement against projections given in Public Issue for equity shares is as below :-

	(Rs. in lakhs)	
	Projected Statement for 1996-97	Actual Statement for 1996-97
Sales & other Income	6500.00	9720.90
Profit after tax	700.00	468.31
EPS (Rs.)	23.33	15.60

The Company was not able to achieve the projected profit after tax due to loss on sale of investment and increase in the cost of interest.

### APPRECIATION

The Directors wish to express their appreciation to all the employees for their contribution to the performance of the Company and would also like to place on record their gratitude to the company's bankers for their continuous support.

For and on behalf of the Board

**A.K. BHUWANIA**  
Chairman

Place : Mumbai  
Dated: 12th August, 1997