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47<sup>th</sup>

ANNUAL  
REPORT  
1997-98



SUDARSHAN CHEMICAL INDUSTRIES LIMITED



# SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Registered Office : 162 Wellesley Road, Pune 411 001

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE 47TH ANNUAL GENERAL MEETING of the Company will be held on Thursday the 24th day of September 1998 at 10.00 A.M. at Pudumjee Hall, Mahratta Chamber of Commerce, Industries & Agriculture, Tilak Road, Pune 411 002 to transact the following business :-

### ORDINARY BUSINESS

1. To consider and adopt the Audited Profit & Loss Account for the year ended on 31st March 1998, the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors Report thereon.
2. To declare dividend for the year ended on 31st March 1998.
3. To appoint a Director in place of Dr. N.A. Kalyani who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr.S.N.Inamdar who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. D.N.Damania who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government and such other approvals as may be required, consent be and is hereby accorded to the increase in remuneration payable to Mr. Rajesh B. Rathi, Sr. Manager, Business Development, Pigments w.e.f. 1st April 1998 on the terms and conditions as specified in the Letter of Revision in Remuneration dated 27/5/1998 submitted to this meeting and signed by the Chairman for the purpose of identification.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter or vary the terms of appointment of the appointee as it may, at its discretion, deem fit from time to time, so as not to exceed the limits specified in the Companies Act, 1956 (including any statutory modification or reenactment thereof for the time being in force) or any amendments made thereto from time to time.

### NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY FORM DULY COMPLETED MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (b) The Explanatory Statement as required under Section 173 of the Companies Act, 1956 for the Special Business mentioned in this notice is given on the reverse.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from 16th September 1998 to 24th September 1998 (both days inclusive).
- (d) **The Dividend, if declared, will be paid to those members whose names appear in the Register of Members on 24th September 1998. Members desirous of incorporating their Bank Account Nos. on their Dividend Warrants are requested to intimate the Bank Account details in the letter sent with the Annual Report.**
- (e) Pursuant to Section 205A (5) of the Companies Act, 1956 all unclaimed dividends for the Accounting Year ended on 30th June 1994 have been transferred to the General Revenue Account of the Central Government. Members are requested to claim the same from the Registrar of Companies, Pune, Maharashtra.

**SUDARSHAN CHEMICAL INDUSTRIES LIMITED**

- (f) It may be in your interest to hold securities in joint names.
- (g) Members holding shares in different folios may approach the Company for consolidation of ledger folios into one.
- (h) Members are requested to notify immediately any change in their addresses.
- (i) Members/Proxies are requested to bring their copies of the Annual Report as extra copies of the Annual Report will not be available at the time of the Annual General Meeting.
- (j) Members desirous of getting any information about the accounts of the Company are requested to address their queries to the Vice President & Secretary of the Company atleast seven days before the date of the meeting, so that the information required can be made readily available at the meeting, to the best extent possible.

By order of the Board of Directors  
For SUDARSHAN CHEMICAL INDUSTRIES LIMITED

N.J.RATHI  
VICE PRESIDENT & SECRETARY

Pune, 30th July 1998

## **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956**

In conformity with the provisions of Section 173 of the Companies Act, 1956 the following Explanatory Statement sets out all material facts relating to Special Business mentioned in the notice dated 30th July 1998 and should be taken as forming part of the notice.

### **Item No.7 :**

The Board of Directors in its meeting held on 27th May 1998 approved the revised remuneration payable to Mr. Rajesh B.Rathi, Sr.Manager, Business Development, Pigments. Mr. Rajesh B. Rathi is entitled to a basic salary of Rs.12,360/- p.m. and other allowances and perquisites as are applicable to employees in the equivalent grade, more particularly mentioned in the Letter of Revision in Remuneration.

Mr. Rajesh B. Rathi is B.E. (Mech. Engg.), B.S. (Chem. Engg.), (Ohio State) and M.B.A. (Pittsburgh University), USA and is incharge of Pigment Technical Services, besides promoting and exploring new markets for Pigments. The cumulative effect of the revision in remuneration exceeds Rs. 20,000/- p.m. and requires prior consent of the members in General Meeting and approval of the Central Government in accordance with the provisions of Section 314(1B) of the Companies Act, 1956. The Board recommends the resolution at item No.7 of the Notice for the approval of members.

The Letter of Revision in Remuneration is available for inspection at the Registered Office of the Company on any working day during usual business hours, upto the date of the Annual General Meeting.

Mr. B.J.Rathi, Wholtime Director is related to Mr. Rajesh B.Rathi and is accordingly interested in the passing of the resolution. No other Director is in any way concerned or interested in the passing of the resolution.

By order of the Board of Directors  
For SUDARSHAN CHEMICAL INDUSTRIES LIMITED

N.J.RATHI  
VICE PRESIDENT & SECRETARY

Pune, 30th July 1998



# SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Regd. Office : 162 Wellesley Road, Pune 411 001

## STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED ON 31ST MARCH, 1998

Sr. No.	Name & Age (Years)	Designation/ Nature of Duties	Remuneration Gross Rs.      Net Rs.		Qualification & Experience (Years)	Date of Commencement of Service	Last Employment Held Before Joining the Company
A. Employed throughout the year :							
1.	Shri.A.G.Shingore (50)	General Manager (Production 7)	502630	420190	B.Sc.(Tech) (24)	14-06-1974	—
2.	Shri.A.B.Shah (40)	Sr.Manager (Personnel)	328600	292287	B.Com., M.S.W. (17)	10-10-1981	Peters Engg. Co. Pvt. Ltd.
* 3.	Shri.B.J.Rathi (70)	Wholetime Director	1017741	804741	B.E. (43)	01-10-1956	—
4.	Shri.B.K.Sogani (46)	General Manager (Production 3)	495361	426406	B.Tech (Chem) (25)	20-07-1973	—
* 5.	Shri.K.L.Rathi (60)	Wholetime Director	929620	744620	B.Sc., B.Sc.(Tech) M.A.(Chem.) (Columbia) (35)	01-01-1964	—
6.	Shri.K.D.Inamdar (47)	General Manager (TQM)	456346	376546	M.Sc.(Chem) (25)	19-10-1973	—
7.	Shri.K.R.Ambekar (47)	General Manager (P.E.Environ. & Safety)	445326	372026	B.E. (Chem) (25)	06-10-1976	M.F.Bafna Polyset Corpn.
8.	Dr.M.M.Oka (47)	General Manager (MIS)	404391	324241	B.Sc., MBA, Ph.D., DCM (26)	12-01-1983	Kirloskar Consultants
9.	Shri.N.J.Rathi (63)	Vice President (Pesticides Marketing) & Secretary	446072	382572	M.Com. M.B.A. (USA) (38)	01-06-1972	Rathi Brothers
*10.	Shri.P.R.Rathi (45)	Wholetime Director	861565	693565	S.M.(M.I.T.) M.B.A.(Columbia) (21)	01-04-1976	—
*11.	Dr.R.J.Rathi (74)	Chairman & Managing Director	1371780	1058930	M.Sc.(Chem.Engg.) Ph.D. (Ohio) (48)	01-08-1959	Amar Dye Chem Ltd.
12.	Shri.R.Satyanarayan (45)	General Manager (Production & R&D)	371137	315537	B.Sc.(Tech) (21)	16 -08-1976	—
13.	Shri.R.M.Takalkar (51)	Sr.Manager (HRD)	328860	284010	B.A., MPM (28)	08-01-1992	Indian Seamless Metal Tubes Ltd.

Sr. No.	Name & Age (Years)	Designation/ Nature of Duties	Remuneration		Qualification & Experience (Years)	Date of Commencement of Service	Last Employment Held Before Joining the Company
			Gross Rs.	Net Rs.			
14.	Shri.S.N.Godbole (51)	General Manager (Engineering)	467946	390946	B.E. (Mech) (28)	12-10-1971	Mather Greaves Ltd.
15.	Shri.S.V.Bhomkar (42)	Manager (Production 5 & 6)	317392	284911	B.Sc.(Tech) (18)	07-09-1980	—
16.	Shri.S.G.Marathe (59)	Sr.Manager (Personnel)	315937	276537	B.A., B.Com., DIP SSA(TISS) (38)	15-05-1991	A.B.C.Ltd.
17.	Shri.Vasant R.Rathi (56)	Resident Director Roha	570490	470490	B.Sc. (37)	01-01-1962	—
18.	Shri.Vijay R.Rathi (49)	General Manager (Materials)	423099	369099	M.Sc. (24)	01-01-1975	—
19.	Shri. V. K. Maheshwari (40)	Sr. Manager (Plant Engg.)	372286	327299	B.Tech. (Mech) (19)	07-10-1978	—
B. Employed for part of the year :							
1.	Shri.U.B.Philar (42)	General Manager (Marketing)	431021	372721	B.Sc.(Agri), PGDM(IIMA) (18)	25-04-1997	E.I.D. Parry (India) Ltd.
2.	Shri.V.Vedamanickam (49)	Sr.Manager (Foreign Trade)	96416	88366	M.A. (20)	09-08-1977	—

## NOTES :

- The gross remuneration as above, includes Salary, Company's contribution to Provident Fund and Superannuation Scheme, Holiday Travel Benefits, Medical, House Rent Allowance/Rent Free Accommodation etc. and value of perquisites in respect of car facility as applicable, which is calculated in accordance with the provisions of the Income-tax Act, 1961, and the rules made thereunder.
- Dr.R.J.Rathi and Shri B.J.Rathi are related to each other. Shri N.J.Rathi is a relative of Dr.R.J.Rathi and Shri B.J.Rathi. Shri P.R.Rathi is a relative of Dr.R.J.Rathi.
- \* The conditions of employment are contractual.
- Other terms and conditions are as per the rules of the Company.

# SUDARSHAN CHEMICAL INDUSTRIES LIMITED

## FORTY-SEVENTH ANNUAL REPORT 1997-98

### BOARD OF DIRECTORS

Dr. Ramwilas Jagannath Rathi	Chairman & Managing Director
Mr. Yoshiyuki Yamada	
Alternate - Mr. Hirohito Ando	
Mr. Takeshi Kumagai	
Alternate - Mr. Kenshi Nakagawa	
Mr. Shigeru Enomori	
Alternate - Mr. Takashi Miyashita	
Mr. Yasumichi Kawamura	
Alternate - Mr. Eiji Nakajima	
Mr. Vasant Ganpat Rajadhyaksha	
Dr. Neelkanth Annappa Kalyani	
Mr. Bansibhai Sunderlal Mehta	
Mr. Pralhad Parsram Chhabria	
Mr. Dara Nadirshaw Damania	
Mr. Shrikrishna Narhar Inamdar	
Mrs. Subramanian Mahalakshmi	Nominee of ICICI
Mr. Balkrishna Jagannath Rathi	Wholetime Director
Mr. Kishor Laxminarayan Rathi	Wholetime Director
Mr. Pradeep Ramwilas Rathi	Wholetime Director

### VICE PRESIDENT & SECRETARY

Mr. Narayandas Jagannath Rathi

### BANKERS

Bank of Maharashtra  
State Bank of India  
Bank of Baroda  
The Sakura Bank Ltd.

### AUDITORS

M/s. B. K. Khare & Company  
Chartered Accountants

### REGISTERED OFFICE

162 Wellesley Road  
Pune 411 001 (India)

Phone : (0212) 627334  
Gram : RANGSUNDAR, PUNE  
Telex : 0145-7210 RATI IN Pune  
Fax : (0212) 625900

**SUDARSHAN CHEMICAL INDUSTRIES LIMITED****DIRECTORS' REPORT TO THE SHAREHOLDERS : 1997-98**

Your Directors have pleasure in presenting their 47th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March 1998.

**1. FINANCIAL HIGHLIGHTS :**

	<b>1997-98</b> <b>(Rupees in million)</b>	1996-97 (Rupees in million)
Gross Sales and Other Income	<b>2339.62</b>	2150.32
Gross Profit	<b>207.10</b>	194.98
Less: Depreciation	<b>112.15</b>	123.18
Profit before Tax	<b>94.95</b>	71.80
Less: Provision for Taxation	<b>32.50</b>	24.00
Profit after Tax	<b>62.45</b>	47.80
Add :		
(i) Surplus in Profit & Loss Account as per last Balance Sheet	<b>78.11</b>	71.59
(ii) Transferred from Investment Allowance (utilised) Reserve	<b>6.80</b>	7.60
Net Profit available for appropriation	<b>147.36</b>	126.99
Appropriations		
(i) Proposed Dividend @ 30% (Previous year @ 25%)	<b>20.77</b>	17.16
(ii) Income Tax on proposed dividend	<b>2.07</b>	1.72
(iii) General Reserve	<b>30.00</b>	30.00
(iv) Debenture Redemption Reserve	<b>25.00</b>	—
	<b>77.84</b>	48.88
Balance to be carried forward	<b>69.52</b>	78.11

**2. THE YEAR IN RETROSPECT :****(A) Sales :**

The year 1997-98 witnessed slowdown in economic growth rate. The Company despite recessionary conditions has posted better results for the year under review. The Gross Revenue for the year amounted to Rs. 2340 million as against Rs. 2150 million for the previous year registering a growth of 9%. The Net Profit after tax for the year under review has also risen appreciably from Rs.47.80 million to Rs. 62.45 million reflecting a growth of 31% in profit.

Better performance of the Company is due to several cost reduction measures adopted at all levels.

**(B) Exports :**

The continued focus on Exports by the Company has resulted in commendable growth of 26%. Exports for the year ended on 31st March 1998 amounted to Rs. 665 million as compared to Rs. 528 million for the previous year.

Your Company has identified strategic measures to strengthen the export base further. However, the post sanctions scenario, the economic and financial turmoil in some of the countries in the Far East and the devaluation of some of the relevant currencies may affect rupee realization and trigger off unhealthy competition on the export front.

**3. DIVIDEND :**

Your Directors are pleased to recommend higher Annual Dividend at 30%. This entails an outflow of Rs. 20.77 million. In addition the Company will bear 10% income tax on the proposed dividend.

**4. DIRECTORS :**

Dr. N.A. Kalyani, Mr. S.N. Inamdar and Mr. D.N. Damania, Directors of the Company are due to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The Industrial Credit & Investment Corporation of India Ltd. has nominated Mrs.S. Mahalakshmi as a Director in place of Mr. Girish S. Mehta. Your Directors place on



## SUDARSHAN CHEMICAL INDUSTRIES LIMITED

record their appreciation of the guidance extended by Mr. Girish S. Mehta during his tenure in office. We are sure, Mrs. Mahalakshmi's guidance will be useful to the Company in future.

The nomination of Mr. T. Takahashi on the Board of the Company was withdrawn by Dainippon Ink & Chemicals Inc., Japan. The Board places on record its appreciation of the guidance given by Mr. T. Takahashi during his tenure as Director of the Company. Mr. Y. Yamada, Alternate to Mr. T. Takahashi has been nominated as Director in his place. Mr. Yamada is an old friend of Sudarshan and we welcome him to the Board.

#### 5. COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 :

Information in accordance with Section 217(1) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure and forms part of this Report.

#### 6. TRAINING AND INDUSTRIAL RELATIONS :

Development of Human Resources has always been high on the Agenda of the Company. Training programmes have been fine tuned so as to equip the employees with requisite skills and knowledge so as to face the challenges, both present and future.

The Board records its appreciation of the commitment and support of employees at all levels.

Particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956 are annexed and forms an integral part of this Report.

#### 7. FIXED DEPOSITS :

During the year under review, the Company accepted deposits amounting to Rs. 14.41 million from the public. The total amount of deposits at the end of March 1998 stood at Rs. 43.84 million.

Out of the deposits amounting to Rs. 0.69 million from 126 Depositors, which fell due for repayment but were unclaimed before 31st March 1998, an amount of Rs. 0.34 million was subsequently renewed/claimed by the Depositholders. Balance amount of Rs. 0.35 million from 70 Depositors remain unclaimed.

#### 8. AUDITORS :

M/s. B.K.Khare & Co., Auditors of the Company are due to retire at the ensuing Annual General Meeting. Members are requested to reappoint them and to fix their remuneration.

#### 9. SAFETY AND QUALITY :

It has always been the endeavour of the Company to accord topmost priority to safety aspects. Towards this objective, continuous review of all safety measures are undertaken with a view to provide a safe and healthy environment. We are glad to inform you that our Pune Factory has won the "First Best Safety Performance Award" in Industrial Safety Competition - 1997 for the third time continuously in a row.

Eversince the introduction of Quality Concept more than a decade ago, it has been a bee hive of Quality Activities. Two Quality Circles from Roha Factory have the rare distinction of bagging first prizes in different fields continuously for the last four years. Clearly "Quality is not static" but is a continuous process aimed at ensuring sustained product quality.

#### 10. OUTLOOK FOR THE FUTURE :

There has not been a single sector perhaps barring the Software Industry which is not reeling under recession. The sanctions and the Asian crisis have compounded the problem further.

However, the inherent strengths of a Company are usually evident during difficult times. Your Company is fully geared up to confront the difficult situation ahead. In furtherance of this objective, the Company is focussing on economy at all level of operations and at the same time emphasising on product quality and total customer satisfaction. This, alongwith other planned measures and a favourable economic situation, should help the Company post better result.

It is good news to know that the Meteorological Department has predicted good Monsoon during this year. The last many years despite a good prediction have seen the Monsoon behave erratically affecting Pesticides sales. It is hoped that the Monsoon will be widespread this year and will boost Pesticides sales.

#### 11. APPRECIATION :

Your Directors acknowledge with thanks the valuable technical assistance and guidance of Dainippon Ink & Chemicals Inc., Japan in the working of the Company.

Your Directors also acknowledge with thanks the co-operation and the assistance given by Bank of Maharashtra, State Bank of India, Bank of Baroda, EXIM Bank, The Sakura Bank Ltd., Financial Institutions viz. ICICI, GIC, NIC, OIC, NIA, UII, LIC, UTI and Army Group Insurance Fund.

For and on behalf of the Board of Directors  
For SUDARSHAN CHEMICAL INDUSTRIES LIMITED

Pune, 30th July 1998

DR.R.J.RATHI  
CHAIRMAN