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27th Annual Report
1997-98



SWASTIK Surfactants Limited

Board of Directors

C M Shah

D C Shroff

D D Trivedi

K L Dalal

M A Chatterjee

M Prabhakar

N S Parulekar

P S Kothari

R K Mathur

R M Bhandari



Auditors

Sorab S Engineer & Co.
Chartered Accountants

Registered Office
374/375 Kalol 389 330 Dist. Panchmahals Gujarat

SWASTIK Surfactants Limited

2.

NOTICE

Notice is hereby given that the 27th Annual General Meeting of the Company will be held at the registered office of the Company at 374/375, Kalol 389330, Dist Panchmahals, Gujarat on Friday, 25th September, 1998 at 11.30 a.m. to transact the following business :

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Balance Sheet as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date together with the Directors' and Auditor's Reports thereon.
- 2 To appoint a Director in place of Mr R M Bhandari who retires by rotation and is eligible for reappointment.
- 3 To appoint a Director in place of Mr K L Dalal who retires by rotation and is eligible for reappointment.
- 4 To appoint a Director in place of Ms P S Kothari who retires by rotation and is eligible for reappointment.
- 5 To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

- 6 To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 387, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment of Mr A M Thaker as the Manager of the Company for a period of five years with effect from 01.06.98 on the following remuneration and terms and conditions :

REMUNERATION

- a Salary of Rs 10200 per month in the Grade of 8000-500-10200-600-12600-650-15200-700-18000 with authority to the Board of Directors to sanction additional increments within the grade.
- b Gratuity payable as per the Payment of Gratuity Act, 1972 at a rate not exceeding half a month's salary for each completed year of service.
- c Reimbursement of expenses of telephone facility at residence subject to a maximum of Rs 1000 per month (not to be considered as perquisite). Personal long distance calls shall be billed by the Company to the Manager.

OTHER TERMS

The Manager shall be entitled to fully paid leave as per the rules of the Company as applicable to the other executives of the Company.

In the event of absence or inadequacy of profits in any financial year of the Company the above remuneration shall be paid to the Manager as minimum remuneration subject to the ceiling limit laid down in Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to further increase, augment, enlarge, vary and modify the said remuneration payable including the monetary value thereof upto the limits prescribed in this behalf in Schedule XIII of the Companies Act, 1956 or enactment thereof as may be in force from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be considered desirable or expedient to give effect to the aforesaid 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 AND A PROXY NEED NOT BE A MEMBER.
- 2 The explanatory statement pursuant to Section 173(2) of the Companies Act , 1956 in respect of the Special business at Item No 6 is annexed hereto.
- 3 The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 16th September 1998 to Friday, 25th September 1998 (both days inclusive).

Registered Office
374/375, Kalol 389330
Dist Panchmahals
Gujarat

By Order Of the Board

28th July 1998

Alpa M Jhaveri
Company Secretary

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No 6

Mr L M Lalka resigned as Manager of the Company with effect from 31.05.98. Mr A M Thaker has been appointed as the Manager of the Company at the Meeting of the Board of Directors of the Company held on 28.5.98 for a period of 5 years with effect from 01.06.98 on the remuneration and other terms mentioned in the resolution at item no 6 of the accompanying notice. subject to the approval of the members in General Meeting.

The approval of the members is therefore sought for the appointment of Mr A M Thaker as the Manager of the Company on remuneration and terms and conditions stipulated in the said Resolution.

None of the Directors of the Company is interested in the said resolution. The Board recommends the approval of the same in the interest of the Company.

Registered Office
374/375, Kalol 389330
Dist Panchmahals
Gujarat

By Order Of the Board

28th July 1998

Alpa M Jhaveri
Company Secretary

DIRECTORS' REPORT

The Members

Your Directors are pleased to present their Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1998.

Financial Results

	31.03.98	31.03.97
	Rs lacs	Rs lacs
Sales	2128.91	2001.58
Operating Profit	43.99	273.90
Labour Rationalisation		55.41
Other Income	183.56	12.78
Profit before Interest & Depreciation	227.55	231.27
Interest	49.43	43.88
Profit before Depreciation	178.12	187.39
Depreciation for the year	68.72	68.10
Net Profit	109.40	119.29
Provision for Doubtful Debts	85.58	40.00
Net Profit	23.82	79.29
Accumulated Losses b/fd	494.72	574.01
Net Loss carried to Balance Sheet	470.90	494.72

Operations

The turnover of the Company recorded a rise of Rs 127.33 Lacs. In spite of rise in turnover the operating margins had reduced for the following reasons (i) In order to spend more on building Brand Equity a higher sum of Rs 243.38 Lacs had been spent on Advertisement & publicity as compared to Rs 191.60 Lacs in the previous year, (ii) due to the change in Government policy for levying of excise duty on Detergents & Hair oils on MRP basis and (iii) also due to rise in distribution expenses as during the year the Company had introduced its low value products like Sway Powder, Swastik Powder on which the distribution costs was higher. Other income includes one time write back/off balances of Rs 175.78 Lacs. The Company got the Woolmark License for its Genteel Product. The Company is planning to launch Shikakai Shampoo & Detmatic Detergent Powder in the current year.

Auditor's Remarks

The observations in the Auditor's Report together with the notes forming part of accounts at appropriate places are self explanatory.

Despite the repeated requests and efforts made by the Company to recover the fixed assets records from the previous management, the Company's efforts have not been fruitful. Therefore Physical verification was not carried out. However the Company has prepared the list of Fixed Assets for its Kandla, Ankleshwar & Kalol units on the basis of available data whereas for Ambernath & Vapi units of the Company it is still under preparation.

Steps are being taken to set up an Internal Audit system and obtain confirmations from various authorities referred to in the report.

BIFR

At the last meeting of BIFR, ICICI (Operating Agency) had been asked to formulate a Scheme taking into account the legal issues under consideration.

SWASTIK Surfactants Limited

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Information under Section 217 (1) (e) of the Companies Act, 1956.

The Company continues its efforts to improve methods of energy conservation & utilisation. The foreign exchange earnings was Nil and outgo was Rs 358300 during the year.

Particulars of Employees

Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended 31st March, 1998 is as under.

Name	Age	Designation	Gross Remuneration	Qualifications	Total Experience	Date of joining	Last employment held. Designation period for which post held
★J John	49yrs	General Manager Mktg	Rs 282283	BA, MBA	26yrs	01.04.97	Texmaco, Jakarta. Sr. Vice President (mktg) 2 yrs
★RY Gotey	42yrs	General Mgr	Rs 63638	B Tech	20yrs	01.09.97	Midco Mktg & Investment Ltd. General Mgr 1 yr, 2mths

Notes :

Gross remuneration includes salary, allowances, value of perquisites and Company's contribution to Provident fund. In addition to the above remuneration, employees are entitled to gratuity in accordance with the Company's rules.

★against a name indicates that the employee was in service only for part of the year.

Directors

Mr R M Bhandari, Mr K L Dalal and Ms P S Kothari would retire by rotation at the forthcoming Annual General Meeting and are eligible for reappointment.

Auditors

M/s Sorab S Engineer & Co., the present Auditors would retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment. You are requested to appoint the Auditors and fix their remuneration.

For and on behalf of the Board

D C SHROFF
M A CHATTERJEE
P S KOTHARI
Directors

Mumbai
28th July, 1998