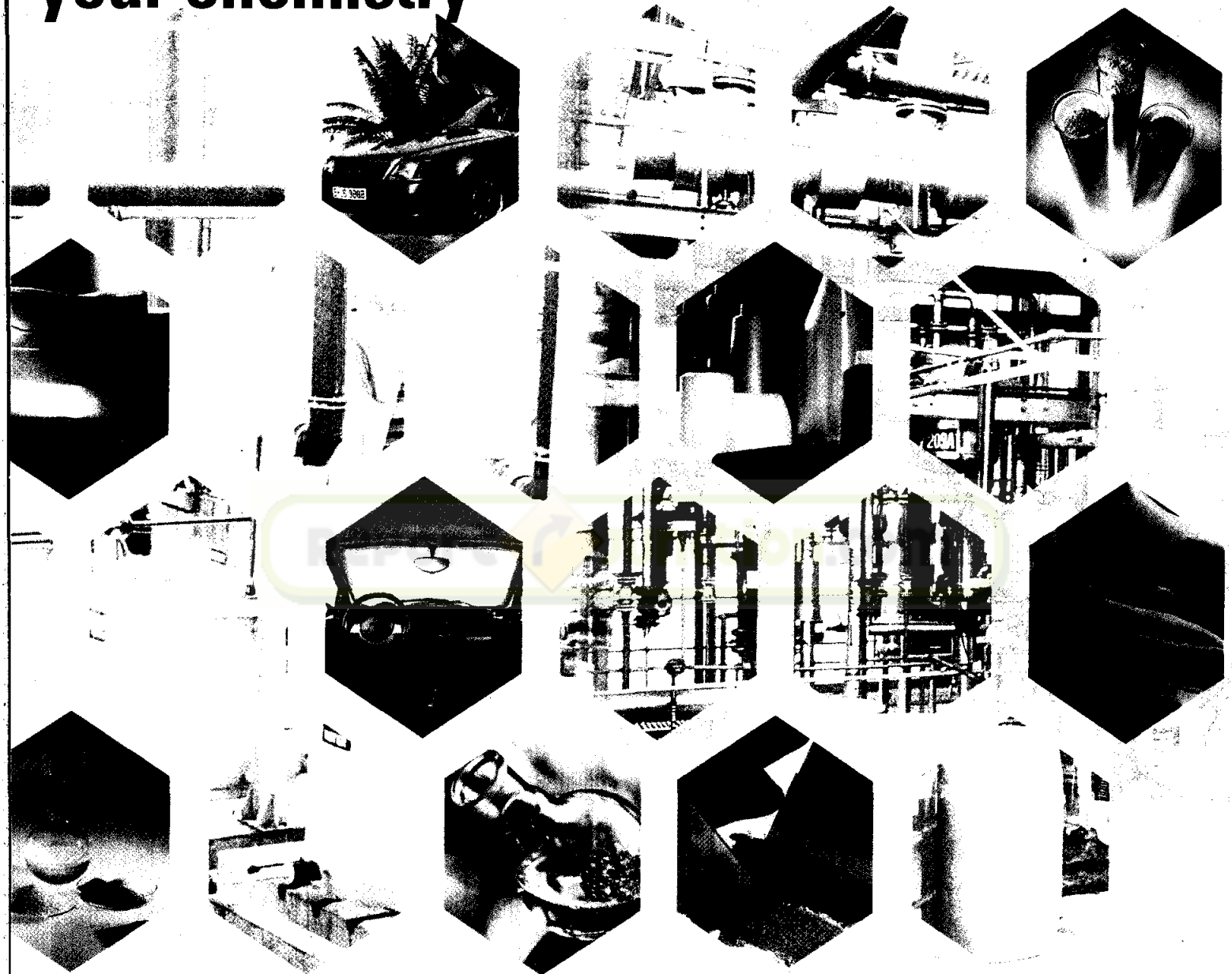


# Clariant

# Exactly your chemistry



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**COLOUR-CHEM LIMITED**

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**DIRECTORS**

Dr U Cuntze (Chairman)  
Mr R A Shah  
Mr K R V Subrahmanian  
Mr H K Bilpodiwala  
Dr R Handte (upto 24<sup>th</sup> May, 2001)  
Mr K J Bharucha (Vice-Chairman & Managing Director)  
Dr G Hencken (with effect from 24<sup>th</sup> May, 2001)  
Dr R Sergio  
Dr U Kuerschner (upto 31<sup>st</sup> December, 2000)  
Mr P R Rastogi  
  
Mr V Ramanujam  
(General Manager - Legal & Company Secretary)

**EXECUTIVE COMMITTEE**

Mr K J Bharucha  
Dr R Sergio  
Dr G G Patkar  
Mr M Thomas  
Mr S C Sachdev  
Mr P V Kalawar  
Mr C N Bharucha  
Dr S Siddhan

**AUDITORS**

A F Ferguson & Co., Chartered Accountants

**SOLICITORS**

Carwford Bayley & Co.,

**BANKERS**

State Bank of India  
Bank of America N.T. & S.A.  
Citibank N.A.  
Deutsche Bank  
The Hongkong & Shanghai Banking Corpn Ltd.  
HDFC Bank Ltd.

**REGISTERED OFFICE**

Ravindra Annexe  
194, Churchgate Reclamation  
Mumbai 400 020

**THANE WORKS**

Mumbai-Agra Road  
Balkum Village  
Thane 400 608

**ROHA WORKS**

113/114 MIDC Industrial Estate  
A.V.P.O. Dhatav, Taluka-Roha  
District - Raigad 402 116

NOTICE is hereby given that the FORTY-FOURTH ANNUAL GENERAL MEETING of COLOUR-CHEM LIMITED will be held at the Patkar Hall, S.N.D.T. University, 1, Nathibai Thackersey Road, Mumbai - 400020 on Thursday, 26<sup>th</sup> July, 2001 at 4.00 p.m. to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2001, the Balance Sheet as at that date and to consider the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. H.K. Bilpodiwala who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of the forty-fourth Annual General Meeting until the conclusion of the forty-fifth Annual General Meeting at a remuneration to be decided by the Board of Directors.

#### SPECIAL BUSINESS

5. To appoint a Director in place of Dr. U. Cuntze who was appointed as a Director of the Company with effect from 29<sup>th</sup> July, 1999 in the casual vacancy caused by the resignation of Mr. J. Mahler and who holds office in terms of the provisions of Section 262 of the Companies Act, 1956 and Article 114 of the Articles of Association of the Company upto the date of the forthcoming annual general meeting and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956 from a shareholder of the Company intimating his intention to propose Dr. U. Cuntze as a candidate for the office of Director.
6. To appoint a Director in place of Dr. G. Hencken who was appointed as an Additional Director of the Company with effect from 24<sup>th</sup> May, 2001 and who holds office in terms of the provisions of Section 260 of the Companies Act, 1956 and Article 113 of the Articles of Association of the Company up to the date of the forthcoming annual general meeting and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956 from a shareholder of the Company intimating his intention to propose Dr. G. Hencken as a candidate for the office of Director.
7. To consider and, if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:

"RESOLVED that subject to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the 'Act') the Company hereby approves the re-appointment of Dr. R. Sergio as Wholtime Director of the Company designated as Marketing Director for a period of two years from 1<sup>st</sup> April, 2001 upon the terms and conditions including remuneration, benefits and perquisites payable or extended to

him as set out in the draft agreement submitted to this meeting (which for the purpose of identification is initialled by the Chairman of the meeting thereof) which agreement is hereby specifically sanctioned with liberty to the Board of Directors of the Company (the "Board") to alter and vary the terms and conditions of the appointment and/or agreement in such manner as may be agreed to between the Board and Dr. R. Sergio; and

RESOLVED FURTHER that the Board be and is hereby specifically authorised to grant, from time to time, suitable increment(s) as it deems fit, to the salary payable to Dr. R. Sergio (exclusive of commission, benefits and perquisites payable or extended to him) during the present tenure of his office subject to a maximum salary of Rs.1.50 lakhs (Rupees one lakh fifty thousand only) per month; and

RESOLVED FURTHER that in the event of loss or inadequacy of profits in any financial year during the term of service of Dr. R. Sergio as Marketing Director of the Company, Dr. R. Sergio shall in respect of such financial year, be paid such remuneration by way of salary, benefits and perquisites as the Board may deem fit, within the limits prescribed in Section II of Part II of Schedule XIII to the Act; and

RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to execute all such documents and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient and proper."

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

"RESOLVED that pursuant to the provisions of Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby accorded to M/s. Sharp & Tannan, Chartered Accountants, Mumbai, holding and continuing to hold an office or place of profit under the Company, pursuant to their appointment by the Board of Directors (The "Board") as Tax Auditors of the Company in terms of the applicable provisions of the Income-tax Act, 1961, for five accounting years commencing from the accounting year 2001-2002 at a remuneration to be mutually agreed upon between them and the Board but not exceeding Rs.2,40,000/- per accounting year, excluding service tax and reimbursement of actual travelling and out-of-pocket expenses incurred by them for carrying out the said audit."

#### NOTES:

- a) The relative explanatory statements, pursuant to Section 173 of the Companies Act, 1956, in respect of the special business under Item Nos. 5 to 8 set out above are hereto annexed.
- b) 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.

**Notice (Contd.)**

- c) The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 12<sup>th</sup> July, 2001 to Thursday, 26<sup>th</sup> July, 2001 (both days inclusive).
- d) The dividend on shares as recommended by the Board of Directors, if declared at the meeting, will be payable to those members whose names appear
- (i) as members in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company or its Registrars on or before 11<sup>th</sup> July, 2001 and
  - (ii) as Beneficial Owners as at the end of the business on 11<sup>th</sup> July, 2001, as per the list to be furnished by National Securities Depository Limited and/or Central Depository Services (India) Limited in respect of the shares held in electronic form.

Members are requested to notify immediately any change in their address.

- e) In accordance with the provisions of Section 205A of the Companies Act, 1956, the Company has, from time to time, transferred the unclaimed dividends relating to the years upto and including 1994-95 to the General Revenue Account of the Central Government. Members who have a valid claim to any amount being the dividend unclaimed by them, pertaining to the period upto and including 1994-95, may claim the same from the Registrar of Companies, Maharashtra, in the prescribed manner.

In terms of Section 205A (5) of the Companies Act, 1956 introduced with effect from 31<sup>st</sup> October, 1998, dividends remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid/unclaimed dividend account of the Company shall be transferred by the Company to the Fund to be established by the Central Government pursuant to sub-section (1) of Section 205C of the Companies Act, 1956. Individual intimation has been given, from time to time, to those members whose claim for payment of unclaimed dividend still lies against the Company and such members are requested to seek an early settlement of such claims. Members may please note that no claim of the transferred unclaimed/unpaid dividend shall lie against the Fund or the Company upon transfer of the amounts to the Fund.

By Order of the Board of Directors,

V. RAMANUJAM  
General Manager - Legal & Company Secretary

Mumbai, 24<sup>th</sup> May, 2001

**Registered Office:**  
Ravindra Annexe  
194, Churchgate Reclamation  
Mumbai - 400020.

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## Notice (contd.)

### Explanatory Statements

As required by Section 173 of the Companies Act, 1956, (the "Act"), the following explanatory statements set out all the material facts relating to Item Nos. 5 to 8 of the accompanying Notice dated 24<sup>th</sup> May, 2001.

#### Item No. 5

Dr. Ulrich Cuntze was appointed a Director of the Company with effect from 29<sup>th</sup> July, 1999 in the casual vacancy caused by the resignation of Mr. J. Mahler. In terms of Section 262 of the Act, and Article 114 of the Articles of Association of the Company, Dr. Cuntze holds office up to the date of the forthcoming Annual General Meeting. Dr. Cuntze is the Chairman of the Board of Directors of your Company. The Company has received a notice in writing pursuant to Section 257 of the Act, from a shareholder of the Company proposing the candidature of Dr. Cuntze for the office of Director. The Board recommends his appointment as Director.

Dr. Cuntze may be deemed to be concerned or interested in this resolution.

#### Item No. 6

Dr. Gunther Hencken was appointed as an Additional Director of the Company with effect from 24<sup>th</sup> May, 2001. In terms of Section 260 of the Act, and Article 113 of the Articles of Association of the Company, Dr. Hencken holds office up to the date of the forthcoming Annual General Meeting. Dr. Hencken is the Head of the Pigments & Additives Division of Clariant Limited. The Company has received a notice in writing pursuant to Section 257 of the Act, from a shareholder of the Company, proposing the candidature of Dr. Hencken for the office of Director. The Board recommends his appointment as Director.

Dr. Hencken may be deemed to be concerned or interested in this resolution.

#### Item No. 7

Dr. R. Sergio was appointed as Marketing Director of the Company initially for a period of four years from 1<sup>st</sup> April, 1993. He was reappointed for two terms of two years each upto 31<sup>st</sup> March, 2001 with the approval of the members. Dr. Sergio is the Head of the business units comprising of Textile Chemicals, Leather Chemicals, Cellulose Ethers & Polymerisates and Functional Chemicals of the Company. Dr. Sergio has contributed immensely towards improving the Company's marketing and business activities in respect of these business units. The Board of Directors of your Company (the "Board") has decided to reappoint Dr. Sergio as the Marketing Director, in the whole-time employment of the Company for a further period of two years from 1<sup>st</sup> April, 2001 on the following terms of remuneration, benefits and perquisites:

##### 1. Salary:

Rs.1,10,000/- (Rupees one lakh ten thousand only) per month, which may be increased by the Board from time to time, in accordance with the agreement to be entered into between the Company and Dr. Sergio, subject to a maximum salary of Rs.1,50,000/- (Rupees one lakh fifty thousand only) per month.

Salary will be subject to the deduction of Indian income-tax at the applicable rates.

##### 2. Commission:

At 1% (one per cent) per annum of the net profits of the Company for each financial year or part thereof computed in the manner laid down under Section 309(5) of the Companies Act, 1956, subject, however, to a maximum of 50% (fifty per cent) of the annual salary paid or payable to Dr. R. Sergio during the relevant year.

##### 3. Perquisites

###### i) Housing:

Suitable residential accommodation, free of cost with all facilities, amenities and services (including gas, electricity, water and furnishings). In case he does not opt for Company provided accommodation at any time, he shall be paid house rent allowance of a sum not exceeding 60% of his salary. The expenditure incurred by the Company on gas, electricity, water and furnishings provided to him shall be evaluated as per the Income-tax Rules, 1962.

###### ii) Medical Reimbursement:

Reimbursement of medical expenses incurred by Dr. Sergio for self and family, in accordance with the rules and regulations of the Company as may be in force from time to time.

###### iii) Leave and Leave Travel Concession:

Leave period of six weeks on full pay and allowances, for every twelve months of service subject to the condition that the leave accumulated but not availed of will not be allowed to be encashed. The Company will bear the full cost of leave passage for Dr. R. Sergio and his family once in a year to any destination in India. In case it is proposed that the leave be spent abroad, the Company will bear the full cost of air passage by club class for Dr. Sergio and his family once in a year not exceeding the cost of return passage to his home country.

###### iv) Club Fees:

Dr. Sergio shall be entitled to the reimbursement of fees of any two clubs in India, including admission or entrance fees and monthly or annual subscriptions.

###### v) Personal Accident Insurance:

The Company shall pay an annual premium of a sum not exceeding Rs.7,000/- to a personal accident insurance policy for Dr. Sergio.

###### vi) Reimbursement of expenses for returning to home country:

Dr. Sergio will be entitled to reimbursement of expenses incurred by him for self and family for returning to his home country after completion of his tenure of office including actual expenses incurred on travel and on packing,

forwarding, loading/unloading as well as freight, insurance etc. in connection with the moving of his personal effects.

**vii) Car, Driver & Telephone:**

The Company will provide Dr. Sergio with a car and driver and a telephone at his residence for use on Company's business. Use of car for private purposes and personal long distance calls on the telephone shall be billed by the Company to Dr. Sergio.

In case the Company is not able to provide a driver to Dr. Sergio, the expenses for engaging a driver will be reimbursed to him as per the Company's rules.

**4. Entertainment Expenses:**

The Company shall reimburse entertainment expenses actually and properly incurred by Dr. Sergio in the course of the business of the Company subject to such annual limits as may be fixed by the Board.

**5. Limits on Remuneration:**

The remuneration as specified above shall be subject to the overall limits as specified in Sections 198, 269, 309 and other applicable provisions of the Act, read with Schedule XI I to the Act.

**6. Minimum Remuneration:**

In the event of the Company incurring a loss or having inadequate profits in any financial year, the remuneration, benefits and perquisites payable or extended to Dr. Sergio shall be in accordance with the provisions of Section II of Part II of Schedule XIII to the Act, as may be in force from time to time.

**7. Termination:**

The agreement to be entered into by the Company with Dr. Sergio may be terminated by either party by giving to the other party six months' notice of such termination.

**8. Sitting Fees:**

Dr. Sergio shall not be paid sitting fees for attending the meetings of the Board.

The aforesaid remuneration, benefits and perquisites payable or extended to Dr. Sergio may be increased by the Board from time to time within the maximum limits prescribed in Schedule XIII to the Act, in force at that relevant time.

The Directors are of the view that Dr. Sergio's knowledge and experience will be of immense value to the Company. The Board, therefore, recommends the acceptance of the Resolution set out in the Notice convening the Meeting.

This foregoing may be treated as an abstract of the draft agreement for the appointment of Dr. Sergio as a Marketing Director in the whole-time employment of the Company as required under Section 302 of the Act.

A copy of the draft agreement between the Company and Dr. R. Sergio is available for inspection by the members of the Company at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day.

Dr. R. Sergio may be deemed to be concerned or interested in the Resolution set out in item No. 7 of the Notice convening the Meeting.

**Item No. 8**

At the Thirty-Ninth Annual General Meeting of the Company held on 19<sup>th</sup> September, 1996, the Company had accorded its approval to M/s. Sharp & Tannan, Chartered Accountants, Mumbai holding and continuing to hold office or place of profit in the Company for a period of five years commencing from the accounting year 1996-97, pursuant to their appointment as Tax Auditors of the Company in accordance with the provisions of Section 44AB of the Income-tax Act, 1961. The aforesaid period expired at the end of the accounting year 2000-2001.

M/s. Sharp & Tannan is a well-known firm of Chartered Accountants and it is proposed to continue its appointment for a further period of five accounting years commencing from the accounting year 2001-2002.

Mr. H.K. Bilpodiwala, a Director of the Company is a partner of M/s. Sharp & Tannan. Although the appointment of M/s. Sharp & Tannan as aforesaid, does not attract the provisions of Section 314(1) of the Companies Act, 1956, the consent of the members is being sought for continuing their appointment, by way of abundant caution.

Mr. H.K. Bilpodiwala as a partner of M/s. Sharp & Tannan may be deemed to be concerned or interested in Resolution set out in item No.8 of the Notice.

By Order of the Board of Directors,

V. RAMANUJAM  
General Manager - Legal & Company Secretary

Mumbai, 24<sup>th</sup> May, 2001

**Registered Office:**

Ravindra Annexe  
194, Churchgate Reclamation  
Mumbai - 400020.

## Directors' Report to the Members

Directors present herewith their Forty-fourth Annual Report and the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2001.

### FINANCIAL RESULTS

2. The financial results are indicated below in brief:

	<b>2000-2001</b>	Previous Year
	<b>Rupees lakhs</b>	Rupees lakhs
The pre-tax profit for the year, after providing Rs.1220.36 lakhs (previous year - Rs.1202.46 lakhs) for Depreciation amounts to	<b>1,147.82</b>	2,815.02
After deducting provision for income-tax and adding/(deducting) (a) excess/(short) provision for taxation in respect of previous years (b) balance brought forward from the previous year	<b>250.00</b>	700.00
	<b>(30.01)</b>	(13.60)
	<b>1,311.33</b>	550.46
the amount available for disposal is	<b>2,179.14</b>	2,651.88
The Directors have made the following appropriations therefrom:		
(a) General Reserve	<b>100.00</b>	500.00
(b) Interim Dividend	—	757.25
(c) Final Dividend	<b>466.00</b>	—
(d) Tax on Interim Dividend	—	83.30
(e) Tax on Final Dividend leaving a balance to be carried forward of	<b>47.53</b>	—
	<b>1,565.61</b>	1,311.33
	<b>2,179.14</b>	2,651.88

### DIVIDEND

3. The Board of Directors has recommended a dividend of Rs.4/-per equity share of face value of Rs.10/- each for the year ended 31<sup>st</sup> March, 2001 (previous year - Rs.65/- per share of face value of Rs.100/- each as interim dividend).

### ACCOUNTS AND FINANCE

#### Term Loans

4. During the year, the Company repaid a sum of Rs.21.20 lakhs to the Industrial Development Bank of India, being a part of the IBRD line of credit availed of by the Company.

5. The Company also repaid during the year Rs.1166.13 lakhs equivalent to US \$ 2.50 million to ANZ Bank, Frankfurt being the first instalment of the Foreign Currency Term Loan of US \$ 7.50 million availed of by the Company.

### Commercial Paper

6. The Company revived its Commercial Paper programme of Rs.2,000 lakhs during the year under review. The Credit Rating and Information Services of India Limited (CRISIL) had issued the highest rating (P1+) to this programme. The Commercial Paper outstanding as at 31<sup>st</sup> March, 2001 was Rs.1,500 lakhs.

### Sales Tax Deferred Loan

7. During the year, the Company has received an Eligibility Certificate from the State Industrial and Investment Corporation of Maharashtra Limited (SICOM) under the sales tax incentive scheme of the Government of Maharashtra in respect of its investment in fixed assets at Roha. Under this scheme, the Company has been allowed to defer the payment of sales tax liability to the extent of Rs.427 lakhs for a period of ten years. The sales tax liability is repayable in five equal instalments after completion of the ten-year period. During the year under review, the Company has availed of credit under this scheme amounting to Rs. 4.48 lakhs

### Capitalisation of Financial Costs

8. From the current year, borrowing costs relating to acquisition of fixed assets are capitalised as required by Accounting Standard 16 issued by the Institute of Chartered Accountants of India instead of being charged to the profit and loss account, as hitherto.

### Fixed Deposits

9. As at 31<sup>st</sup> March, 2001, an aggregate of Rs.21.44 lakhs representing 248 deposits which had matured during the year remained unpaid pending instructions from the depositors concerned. Since that date, 68 deposits of an aggregate amount of Rs. 5.02 lakhs have been repaid.

### OPERATIONS

#### Turnover

10. The turnover of the Company during the year (including excise duty) amounted to Rs.34,413 lakhs. Sales net of excise duty, marginally increased to Rs.31,313 lakhs compared to the previous year's figure of Rs.29,505 lakhs. Your Company has achieved an export turnover of Rs.8,921 lakhs as against Rs.6,609 lakhs in the previous year resulting in an increase of 35%.



### Life Science & Electronic Chemicals

11. The demand for the Company's key product Monomethyl Acetoacetamide (MMA) is derived from the requirement of the end product, Monocrotophos. During the year under review, Monocrotophos market was under severe pressure and as a result, MMA demand also suffered. The situation was further aggravated due to the sharp rise in the price of acetic acid, the key raw material for MMA. This had a major impact on the Division's performance and the net sales of the Division declined steeply.

12. The Company continued to work on value added new intermediates for Clariant and also for the domestic market. The Company is also endeavouring to reach global markets for its products and to enlarge its customer base in different market segments.

### Pigments & Additives

13. The overall growth for this Division in the year under review was about 15% in the domestic market and 73% in the overseas market as compared to the previous year. However, in the last quarter of 2000-2001, the global economic slow-down affected the performance.

14. In view of the highly competitive nature of the business, the cost escalation had to be absorbed by the Company and could not be passed on to the customers. The focus was to capture higher market share, reduce costs and improve capacity utilisation. This has resulted in increase in market share particularly in the field of viscose colouration and high performance pigments.

15. The Additives business was placed on a firm footing during the year. Polymer additives and light stabilisers have been firmly established with major polymer producers and masterbatch converters in the country. A number of projects have been initiated at the Plastic Application Research Centres of the major polymer producers to add value to the product for the end user.

### Textile, Leather & Paper Chemicals

16. In spite of adverse market conditions during the year under review, the Division successfully increased its sales by approximately 17%. The increase was due to the successful introduction of new products developed in-house for the textile and leather industry.

### Business Unit - Textile Chemicals

17. The textile chemicals business registered an increase of 29% in sales during 2000-2001. During the year, the Company was able to expand its market for binders for printing and

auxiliaries for polyester dyeing and printing.

### Business Unit - Leather

18. During the year under review, with the introduction of new locally developed syntans and fat liquors, your Company was able to increase its local sales appreciably by 15%.

### Cellulose Ethers & Polymerisates

19. The Cellulose Ethers and Polymerisates Division introduced eco-friendly laminating adhesives and also emulsions and cellulose ethers for the paint industry.

### Functional Chemicals

20. The Functional Chemicals Division started business mainly with emulsifiers for the crop protection industry and softeners for the detergent industry during the year under review. The Division also entered into a toll manufacturing agreement for ethoxylation. The functional chemicals business started in a small way by your Company, is expected to grow substantially in the years to come.

### Foreign Exchange Earnings and Outgo

21. The foreign exchange earnings of the Company amounted to Rs.9,660 lakhs (previous year - Rs.7,153 lakhs). The net foreign exchange earnings of the Company after deducting outflow on all accounts, amounted to Rs.6,886 lakhs against Rs.4,719 lakhs in the previous year.

### Profitability

22. The unrelenting rise in oil prices had a spiralling effect on the prices of key raw materials. As the Company was unable to enhance the selling prices of its products commensurately in the highly competitive market place, the cost increases had to be absorbed by the Company resulting in a significant fall in profits. The operational profit for the year under review before taxation was lower by 59% at Rs.1,148 lakhs (previous year Rs.2,815 lakhs).

### Capital Expenditure Projects

23. During the year under review the Company incurred an aggregate capital expenditure of Rs.1,056 lakhs.

### Safety and Ecology

#### Environmental Protection, Safety and Health (ESH)

24. The safety of the employees and preservation of the surroundings and the environment is of prime concern of your Company. It is ensured by adopting the Clariant's guidelines on a continuous basis and by having strict maintenance schedules. Emission into the atmosphere, management of solid and liquid wastes, warehousing and

products are the critical areas which your Company is concentrating upon for environment protection. On-going awareness and training programmes under the ESH services for all employees has yielded improved results in the areas of process safety, health and industrial hygiene.

25. Your Company has installed an incinerator to dispose of non-biodegradable organic wastes in a scientific and environment friendly manner at its Roha Works. Further, your Company is also taking active part in setting up a common effluent treatment plant at MIDC Industrial Area at Roha to comply with the Maharashtra Pollution Control Board standards.

#### **Emergency Management Network**

26. Both the factories at Thane and Roha have well equipped Emergency Management set-ups, which are capable of handling any emergency at short notice. Both the Local Emergency Management set-ups at these factories are connected through the Country Emergency Management of the group with the Global Emergency Management in Europe.

#### **Engineering**

27. Your Company continues to hire selected energy plants and outsource a few other utilities which helps to contain costs in spite of hikes in the price of fuels, power and water. In addition to the above, the energy costs are monitored and wastage minimised which helps in controlling costs.

#### **Subsidiary Companies**

28. Pursuant to the requirements of Section 212 of the Companies Act, 1956, the annual reports and accounts of the Company's subsidiaries, viz., Vanavil Dyes and Chemicals Limited (Vanavil) and Kundalika Investments Limited (Kundalika) for the year ended 31<sup>st</sup> March, 2001 are annexed together with statements showing the extent of the Company's interest therein.

29. Vanavil has reported a turnover of Rs.6,448 lakhs during 2000-2001 against Rs. 6,681 lakhs in the previous year. The pre-tax profit of the Company for the year amounted to Rs.558 lakhs (previous year – Rs.527 lakhs). The Board of Directors of Vanavil has recommended a dividend of 40% for the year (previous year - 40%).

30. The gross income and the pre-tax profit of Kundalika for the year ended 31<sup>st</sup> March, 2001 amounted to Rs.105 lakhs (previous year- Rs.83 lakhs) and Rs.48 lakhs (previous year Rs.52 lakhs) respectively. With the provision of Rs.11.75 lakhs for income-tax (previous year – Rs. 19.90 lakhs) the profit after

tax amounted to Rs. 36 lakhs as against Rs. 32 lakhs last year. Kundalika has increased its dividend to 80% for the year (previous year - 40%).

#### **Information Technology**

##### **Enterprise Resource Planning (ERP)**

31. Your Company has been using SAP R/3 as its ERP for the last six years at its various operative locations. During the year, the Material Requirement Planning (MRP) module was implemented in SAP R/3.

32. The Company is currently in the process of upgrading the existing SAP system to the latest version so as to optimise business benefits and be prepared for future e-Business initiatives.

#### **Website**

33. The Company launched its Website <http://www.colour-chem.com> on 8<sup>th</sup> March, 2000. The website provides a repository of information about the Company, its products, applications and markets. The website is user friendly and easy to navigate and offers opportunities for customers and others to submit business and other enquiries to the concerned contact persons in the Company. The website was awarded a Certificate of Merit by the Association of Business Communicators of India (ABCI) at its annual awards function in November, 2000.

#### **e-Business**

34. Your Company has formed various project teams to study and evaluate the e-Business opportunities that can be availed of by your Company.

35. The Company is presently examining the opportunities for implementing a system that allows on-line transactions by its key customers and stockists.

#### **Clariant International AG**

36. The 58,37,080 equity shares of Rs.10/- each, constituting 50.1% of the paid-up share capital of your Company held by Hoechst AG, Germany were transferred to EBITO Chemiebetteilungen AG, Switzerland (a subsidiary of Clariant International AG, Switzerland) in October, 2000.

#### **DyStar India Limited**

37. The Toll Manufacturing Agreement with DyStar India Limited which commenced with effect from 1<sup>st</sup> September, 1997 is in force and is operating satisfactorily.

#### **Human Resources**

38. Industrial relations at the Company's factories and other