

Vanavil Dyes and Chemicals Limited

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TWENTIETH ANNUAL REPORT AND ACCOUNTS 1996-97



Vanavil Dyes and Chemicals Limited

Registered Office :
Kudikadu, Cuddalore 607 005.

ATTENDANCE SLIP

Please complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 20th ANNUAL GENERAL MEETING of the Company held on Thursday, 21 August, 1997 at 12.00 noon at Kudikadu, Cuddalore 607 005.

NAME OF THE MEMBER(S)	:
FOLIO NO.	:
SIGNATURE OF THE MEMBER(S) OR PROXY	:

PLEASE CUT HERE AND BRING THE ATTENDANCE SLIP TO THE MEETING.

Vanavil Dyes and Chemicals Limited

Registered Office :
Kudikadu, Cuddalore 607 005.

PROXY FORM

I/We _____
of _____ being a member/members of Vanavil
Dyes and Chemicals Limited hereby appoint _____
of _____ or failing him _____
of _____ as my/our Proxy in my/our absence to attend and vote for me/us on
my/our behalf at the Twentieth Annual General Meeting of the Company to be held on Thursday,
21 August, 1997 and at any adjournment thereof.
As WITNESS my/our hand/hands this _____ day of _____ 1997.

Signature

Revenue
Stamp

FOLIO NO :

Note : The proxy form duly signed must be deposited at the Registered Office of the Company at least 48 hours before the time fixed for holding the meeting. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.



Vanavil Dyes and Chemicals Limited

DIRECTORS

Mr. K.J. Bharucha (*Chairman*)
Dr. P.V. Subramaniam (*Managing Director*)
Dr. G.S. Laddha
Dr. T.R. Govindachari
Dr. M. Santappa
Mr. T.P. Jagannathan
Dr. W. Brodt
Dr. R. Sergio
Dr. S. Kalyanaraman (*Director Operations*)
Mr. R.P. Srivastava (*Director Commercial*)

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants

BANKERS

Punjab National Bank
Citibank N.A.

REGISTERED OFFICE AND FACTORY

Kudikadu
Cuddalore 607 005.

SALES OFFICES

Ahmedabad

H. K. House, 2nd Floor,
Ashram Road,
Ahmedabad 380 009.

Delhi

6, S.S.I., G.T. Karnal Road,
Delhi 110 033.

Chennai

Karumuttu Centre, III Floor,
498, Anna Salai, Nandanam,
Chennai 600 035.

Mumbai

Ravindra Annexe
194, Churchgate Reclamation
Mumbai 400 020.

Tirupur

37, Kumaran Road,
Ennar Towers, Binny Compound,
Tirupur 638 601.

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MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT TO THE GENERAL MEETING

Notice

NOTICE is hereby given that the TWENTIETH ANNUAL GENERAL MEETING of VANAVIL DYES AND CHEMICALS LIMITED will be held at the Registered Office of the Company at Kudikadu, Cuddalore 607 005 on Thursday, 21 August, 1997 at 12.00 noon to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31 March, 1997, the Balance Sheet as at that date and to consider the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Dr. M. Santappa who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of the Twentieth Annual General Meeting until the conclusion of the Twenty-first Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors.

SPECIAL BUSINESS

5. To appoint a Director in place of Dr. R. Sergio who was appointed as a Director of the Company with effect from 17 June, 1996 in the casual vacancy caused by the resignation of Dr. K. Narayanan and who holds office in terms of the provisions of Section 262 of the Companies Act, 1956 and Article 111 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 under Section 257 of the Companies Act, 1956 from a shareholder intimating his intention to propose Dr. R. Sergio as a candidate for the office of a Director.
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 Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 and Article 63

of the Articles of Association of the Company and in supersession of the earlier resolution passed in this behalf at the Annual General Meeting of the Company held on 26 August, 1995, consent of the Company be and is hereby accorded and the Board of Directors of the Company be and is hereby authorised from time to time to borrow monies upon such terms and conditions and with or without security as the Board of Directors may think fit for the purpose of the Company's business notwithstanding that the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, so that the total amount of monies to be so borrowed, together with monies already borrowed (apart from the temporary loans obtained from the Company's bankers in ordinary course of business) shall not exceed Rupees twenty-five crores at any time.”

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to take all such steps and do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.”

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

“RESOLVED that the Company hereby accords its approval and consent under Sections 198, 309, 310 and Schedule XIII and all other applicable provisions of the Companies Act, 1956 to the following modifications to the terms of remuneration payable to Dr. P. V. Subramaniam, Managing Director of the Company, which modifications are in accordance with and within the limits prescribed in Schedule XIII to the Companies Act, 1956 and which are effective from 1 April, 1996 as approved by the Board of Directors of the Company at its meetings held on 17 June, 1996 and 13 June, 1997:

Notice (contd.)

Salary:

- (i) Rs. 50,000/- (Rupees fifty thousand only) per month with effect from 1 April, 1996 to 31 March, 1997 and
- (ii) Rs. 65,000/- (Rupees sixty five thousand only) per month from 1 April, 1997 to 30 June, 1998.

Commission:

- (i) On the net profits of the Company at 50% of the annual salary subject to the overall ceilings laid down in Sections 198 and 309 and Schedule XIII to the Companies Act, 1956;
- (ii) The commission payable as aforesaid shall also be treated as salary for the purposes of contributions to Provident Fund/Gratuity/Superannuation Schemes of the Company and be accordingly reckoned with.

"RESOLVED FURTHER that all the other terms and conditions of appointment of Dr. P. V. Subramaniam as the Managing Director of the Company as approved by the Company at its Annual General Meeting held on 27 August, 1994 and as recorded in the agreement dated 28 September, 1994 between Dr. Subramaniam and the Company shall continue to remain in force unaltered."

"RESOLVED ALSO that the Board of Directors be and is hereby authorised to execute such documents as may be necessary to give effect to the foregoing."

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

"RESOLVED that pursuant to Sections 198, 309, 310 and Schedule XIII and all other applicable provisions of the Companies Act, 1956 and in partial modification of the earlier resolution passed at the Annual General Meeting held on 23 August, 1996 in this regard, the Board of Directors of the Company be and is hereby specifically authorised to grant with effect 1 April, 1997 and thereafter from time to time, suitable increment(s) as it deems fit, to the salary payable to Dr. S. Kalyanaraman,

Director - Operations of the Company (exclusive of commission, benefits and perquisites payable or extended to him) during the present tenure of his office within an overall ceiling of Rs. 40,000/- (Rupees forty thousand only) per month, all the other terms and conditions of his appointment continuing to remain the same as have been approved by the Company as aforesaid."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to execute such documents as may be necessary to give effect to the foregoing."

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

"RESOLVED that pursuant to Sections 198, 309, 310 and Schedule XIII and all other applicable provisions of the Companies Act, 1956 and in partial modification of the earlier resolution passed at the Annual General Meeting held on 23 August, 1996 in this regard, the Board of Directors of the Company be and is hereby specifically authorised to grant with effect from 1 April, 1997 and thereafter from time to time, suitable increment(s) as it deems fit, to the salary payable to Mr. R. P. Srivastava, Director - Commercial of the Company (exclusive of commission, benefits and perquisites payable or extended to him) during the present tenure of his office within an overall ceiling of Rs. 40,000/- (Rupees forty thousand only) per month, all the other terms and conditions of his appointment continuing to remain the same as have been approved by the Company as aforesaid."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to execute such documents as may be necessary to give effect to the foregoing."

NOTES:

- (a) The relative explanatory statements pursuant to Section 173 of the Companies Act, 1956 in respect of item Nos. 5 to 9 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.
- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 6 August, 1997 to Thursday, 21 August, 1997 (both days inclusive.)
- (d) If the dividend on shares as recommended by the Board of Directors is declared at the Meeting, payment thereof will be made on or after 26 September, 1997 to those members whose names appear on the Company's Register of Members as on 21 August, 1997. 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

transferred unclaimed dividends relating to the years upto and including 1992-93 amounting to Rs. 1,08,399/- to the General Revenue Account of the Central Government. Members who have a valid claim to any amount, being dividend unclaimed by them, referred to above, may claim the same from the Registrar of Companies, Chennai, in the prescribed manner. Individual intimation has been given 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.

By Order of the Board of Directors,

Dr. P. V. Subramaniam
Managing Director

Chennai, 13 June, 1997.

Explanatory Statements

As required by Section 173 of the Companies Act, 1956, the following explanatory statements set out all the material facts relating to item Nos. 5 to 9 of the accompanying Notice dated 13 June, 1997.

Item No. 5

Dr. R. Sergio was appointed a Director of the Company on 17 June, 1996 in the casual vacancy caused by the resignation of Dr. K. Narayanan. In terms of Section 262 of the Companies Act, 1956, Dr. Sergio holds office upto the date of the forthcoming Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a shareholder proposing the candidature of Dr. Sergio for the office of the Director. The Board recommends his appointment as a Director.

Dr. R. Sergio may be deemed to be concerned or interested in the passing of this resolution.

Item No. 6

Under Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the Company in General Meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.

At the Annual General Meeting of the Company held on 26 August, 1995 the members had authorised the Board of Directors to borrow moneys upto a limit of Rupees fifteen crores. To cope with the increase in the volume of the Company's business and to finance the ongoing projects for expansion/modernisation, which are under consideration, it has become necessary to raise the aforesaid limit. Having regard to all the relevant factors, the Board of Directors considers it expedient to recommend increasing the limit to Rupees twenty-five crores for the aforesaid purposes.

The consent of the members under Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 is, therefore, sought to enable the Board of Directors to borrow moneys, as and when required, upto a limit of Rupees twenty-five crores (apart from

temporary loans obtained from the Company's bankers in the ordinary course of business) in supersession of the earlier resolution passed in this behalf on 26 August, 1995.

None of the Directors of the Company is concerned or interested in this Resolution.

Item No. 7

At the Annual General Meeting of the Company held on 27 August, 1994, the members had approved the appointment of Dr. P. V. Subramaniam as the Managing Director of the Company for a period of four years from 1 July, 1994 to 30 June, 1998. While according their approval to the terms and conditions of the said appointment, the members had specifically authorised the Board of Directors to increase the remuneration, benefits and perquisites payable or extended to Dr. Subramaniam from time to time within the limits prescribed in Schedule XIII to the Companies Act, 1956.

Accordingly, having regard to envisaged growth of the Company and the functions and increasing responsibilities of the Managing Director, the Board of Directors had, at its meetings held on 17 June, 1996 and 13 June, 1997 modified the terms of remuneration payable to Dr. Subramaniam as set out in the resolution with effect from 1 April, 1996.

The approval of the members is now being sought to the modifications to the terms of remuneration as sanctioned by the Board and as detailed in the resolution under item No. 7 of the Notice. Although the said modifications have been approved by the Board of Directors pursuant to the authority granted to the Board by the members at the Annual General Meeting held on 27 August, 1994, for the sake of good order and in deference to the Central Government's clarification that specific approval of the members should be obtained by the companies for any increase in the remuneration, benefits and perquisites payable or extended to the companies' managerial personnel, notwithstanding the blanket authorisation given by the members at a general meeting to the Board of Directors.

In the circumstances, the Board commends the said resolution for approval by the members.