

Vanavil Dyes and Chemicals Limited

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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
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TWENTY-FIRST ANNUAL REPORT AND ACCOUNTS 1997 - 98



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 21st ANNUAL GENERAL MEETING of the Company held on Friday, 14 August, 1998 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 Twenty-First Annual General Meeting of the Company to be held on Friday,
14 August, 1998 and at any adjournment thereof.
As WITNESS my/our hand/hands this _____ day of _____ 1998.

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 — upto 30 June 1998*)
Dr. G.S. Laddha
Dr. T.R. Govindachari
Dr. M. Santappa
Mr. T.P. Jagannathan (*Managing Director — from 1 July 1998*)
Dr. R. Sergio
Dr. U. Kuerschner
Dr. K. D. Baumgart
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.

Chennai

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

Delhi

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

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 TWENTY-FIRST 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 Friday, 14 August, 1998 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, 1998, 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. G. S. Laddha who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of the Twenty-first Annual General Meeting until the conclusion of the Twenty-second 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. U. Kuerschner who was appointed as a Director of the Company with effect from 21 August, 1997 in the casual vacancy caused by the resignation of Dr. W. Brodt 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. U. Kuerschner as a candidate for the office of a Director.
6. To appoint a Director in place of Dr. K. D. Baumgart, who was appointed as an Additional Director of the Company with effect from 1 September, 1997 and who holds office in terms of the provisions of Section 260 of the Companies Act, 1956 and Article

110 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. K. D. Baumgart as a candidate for the office of a Director.

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

“RESOLVED that subject to Sections 198, 309, 310 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the salary payable to Dr. P. V. Subramaniam, Managing Director of the Company be increased from Rs. 65,000/- per month to Rs. 80,000/- (Rupees eighty thousand only) per month for the period 1 April, 1998 to 30 June, 1998, all the other terms and conditions of his appointment remaining the same as hitherto.”

“RESOLVED FURTHER that for the purpose of giving effect to this resolution the Board of Directors of the Company be and is hereby authorised 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 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 Company hereby approves the appointment of Mr. T. P. Jagannathan as the Managing Director of the Company for a period of three years from 1 July, 1998 upon the terms and conditions and 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 thereof) which agreement is hereby specifically sanctioned with liberty to the Directors

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 of Directors of the Company and Mr. Jagannathan."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby specifically authorised to grant, from time to time, suitable increment(s) as it deems fit, to the salary payable to Mr. Jagannathan (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. 1,00,000/- (Rupees one lakh only) per month."

"RESOLVED FURTHER that in the event of loss or inadequacy of profits in any financial year during the term of service of Mr. T. P. Jagannathan as Managing Director of the Company, Mr. Jagannathan shall, in respect of such financial year, be paid such remuneration by way of salary, benefits and perquisites as the Board of Directors may deem fit, within the limits prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956."

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

NOTES:

(a) The relative explanatory statements pursuant to Section 173 of the Companies Act, 1956 in respect of 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.

(c) The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 30 July, 1998 to Friday, 14 August, 1998 (both days inclusive.)

(d) The dividend on shares as recommended by the Board of Directors, if declared at the meeting, will be payable on or after 21 September, 1998 to those members whose names appear on the Company's Register of Members as on 14 August, 1998. 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 1993-94 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,

K. RAMJI

General Manager (Finance) & Secretary

Chennai, 12 June, 1998.

Explanatory Statements

(Pursuant to Section 173 of the Companies Act, 1956)

Item No. 5

Dr. U. Kuerschner was appointed as a Director of the Company on 21 August, 1997 by the Board of Directors of the Company in the casual vacancy caused by the resignation of Dr. W. Brodt. Pursuant to Section 262 of the Companies Act, 1956 and Article 111 of the Articles of Association of the Company, Dr. Kuerschner holds office upto the date of the forthcoming Annual General Meeting and is eligible for appointment at the 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. Kuerschner for the office of the Director. The Board recommends his appointment as Director.

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

Item No. 6

Dr. K. D. Baumgart was appointed as an Additional Director of the Company on 1 September, 1997 by the Board of Directors of the Company. In terms of Section 260 of the Companies Act, 1956 and Article 110 of the Articles of Association of the Company, Dr. Baumgart holds office upto the date of the forthcoming Annual General Meeting and is eligible for appointment at the meeting. The Company has received a notice in writing from a shareholder proposing the candidature of Dr. Baumgart for the office of the Director. The Board recommends his appointment as Director.

Item No. 7

Dr. P. V. Subramaniam was appointed as the Managing Director of the Company for a period of four years from 1 July, 1994. Pursuant to the authorisation by the members at the Annual General Meeting held on 27 August, 1994, the Board of Directors has been revising the salary payable to Dr. Subramaniam considering the growth of the Company and the functions and increased responsibilities of the Managing Director. Necessary approval of the members was obtained at the Annual General Meeting held on 21 August 1997, inter alia, for the payment of a salary of Rs. 65,000/- per month for the period from 1 April, 1997 to 30 June, 1998.

Dr. Subramaniam will be retiring from the services of the Company as Managing Director on 30 June, 1998. Considering the growth in turnover and diversification of the Company during his tenure as Managing Director, the Board of Directors of the Company considered it necessary to increase his salary from Rs. 65,000/- to Rs. 80,000/- per month for the period 1 April, 1998 to 30 June, 1998. Notwithstanding the blanket authorisation given by the members at the annual general meeting held on 27 August, 1994, in deference to the Central Government's clarification in this regard, the approval of the members is now being sought to the increase in the salary sanctioned to Dr. Subramaniam.

The Board commends the said resolution for approval by the members.

The said resolution read with the relevant explanatory statement may be regarded as an abstract of the variations of the terms of appointment of Dr. P. V. Subramaniam pursuant to Section 302 of the Companies Act, 1956.

Dr. P. V. Subramaniam may be deemed to be concerned or interested in this resolution.

Item Nos. 8

Mr. T. P. Jagannathan was appointed as the Managing Director of the Company for a period of three years with effect from 1 July, 1998 by the Board of Directors at its meeting held on 12 June, 1998. Mr. Jagannathan, who is already a Director of the Company, will take over the responsibilities of Dr. P. V. Subramaniam who retires from the services of the Company on 30 June, 1998.

Mr. Jagannathan who holds a Masters degree in Engineering from Madras University joined Colour-Chem Limited in 1971 and has held various senior positions. Presently he is Director— Engineering and a member of the Executive Committee of Colour-Chem Limited.

The terms of remuneration, benefits and perquisites payable or extended to Mr. Jagannathan covering his appointment as Managing Director of the Company for the period of three years from 1 July, 1998 are as under:

1. Salary:

Rs. 50,000/- (Rupees Fifty thousand only) per month, which may be increased by the Board of Directors from time to time, subject to a maximum salary of Rs. 1,00,000/- per month (Rupees one lakh only). Salary will be subject to the deduction of Indian Income-tax at the applicable rates.

2. Commission:

- (i) 1% (one per cent) of the annual 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% of the annual salary paid or payable to Mr. Jagannathan during the relevant year.
- (ii) The Commission payable as aforesaid shall also be treated as salary for the purpose of Contribution to Provident Fund/Superannuation Schemes of the Company and for payment of Gratuity.

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 Company shall arrange to furnish the residential accommodation of Mr. Jagannathan (either company provided or his own arrangement) and the expenditure incurred by the Company on such furnishings, gas, electricity and water provided to him shall be evaluated as per the Income tax Rules, 1962.

ii) Medical Reimbursement:

Reimbursement of medical expenses incurred by Mr. Jagannathan for himself and his family, in accordance with the rules and regulations of

the Company as may be in force from time to time.

iii) Leave Travel Concession:

Mr. Jagannathan shall be entitled to the payment of leave travel concession for himself and his family once in a year, in accordance with the rules of the Company.

iv) Club Fees:

Mr. Jagannathan 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. 4,000/- for Mr. Jagannathan towards his personal accident insurance policy.

4. Benefits and facilities:**i) Leave:**

Mr. Jagannathan shall be entitled to leave as per the rules of the Company. Encashment of unutilised leave shall not be considered as a perquisite for purposes of the ceiling on remuneration prescribed in the Companies Act, 1956.

ii) Provident Fund, Superannuation and Group Insurance Schemes:

Mr. Jagannathan shall be eligible for the benefits under the Company's Provident Fund, Superannuation and Group Insurance Schemes in accordance with the Company's practices and rules in force from time to time.

iii) Gratuity:

Mr. Jagannathan shall be eligible for the benefit of gratuity equivalent to one month's salary for each year of service. "Salary" for the purpose of this clause is as defined in 2(ii) above.