

# **Vanavil Dyes and Chemicals Limited**

## **TWENTY-FOURTH ANNUAL REPORT AND ACCOUNTS 2 0 0 0 - 2 0 0 1**

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**Members are requested to bring their copies of the Annual Report to the General Meeting**

## Vanavil Dyes and Chemicals Limited

### DIRECTORS

Mr. K. J. Bharucha (Chairman)  
Mr. T. P. Jagannathan (Managing Director)  
Dr. G. S. Laddha  
Dr. M. Santappa  
Mr. R. Ramakrishnan  
Dr. G. G. Patkar  
Dr. U. Cuntze  
Dr. S. Kalyanaraman (Director-Operations)  
Mr. R. P. Srivastava (Director-Commercial)

Mr. K. Ramji  
General Manager (Finance) & Secretary

### 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,  
634, 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

S.129, College Road,  
Postal Colony,  
Avarangadu Thottam,  
Thottipalayam,  
Tirupur - 641 602.

## Notice

NOTICE is hereby given that the TWENTY-FOURTH 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, 20<sup>th</sup> July, 2001 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<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 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-fourth Annual General Meeting until the conclusion of the twenty-fifth 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. G. G. Patkar, who was appointed as a Director of the Company with effect from 25<sup>th</sup> May, 1999 in the casual vacancy caused by the resignation of Dr. K. D. Baumgart 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. G. G. Patkar as a candidate for the office of a Director.
6. To appoint a Director in place of Mr. R. Ramakrishnan, who was appointed as a Director of the Company with effect from 26<sup>th</sup> March, 2001 in the casual vacancy caused by the resignation of Dr. T. R. Govindachari 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 Mr. R. Ramakrishnan 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 the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII to the Companies Act, 1956, the Company hereby approves the re-appointment of Mr. T. P. Jagannathan as Managing Director of the Company for a period of one year from 1<sup>st</sup> July, 2001 upon the terms and conditions and on such 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 initialed by the Chairman of the meeting 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. T. P. 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.1,20,000/- (Rupees one lakh twenty thousand 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. T. P. 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 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."

### 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 7 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 Tuesday, 3<sup>rd</sup> July, 2001 to Friday, 20<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 on or after 16<sup>th</sup> August, 2001 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 on or before 2<sup>nd</sup> July, 2001 and
  - (ii) as Beneficial Owners as at the end of the business on 2<sup>nd</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 1995-96 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 1995-96, may claim the same from the Registrar of Companies, Chennai, 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. Members are requested to seek early settlement of claim for payment of unpaid dividend. 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,

Chennai,  
18<sup>th</sup> May, 2001.

K. RAMJI  
General Manager (Finance) & Secretary

## Explanatory Statements

### Explanatory Statements

As required by Section 173 of the Companies Act, 1956, the following explanatory statements set out the material facts relating to item Nos.5 to 7 of the accompanying Notice dated 18<sup>th</sup> May, 2001.

#### Item No.5

Dr. G. G. Patkar was appointed as a Director of the Company on 25<sup>th</sup> May, 1999 by the Board of Directors of the Company in the casual vacancy caused by the resignation of Dr. K. D. Baumgart. Dr. Patkar is the Vice-President and Head of Pigments & Additives Division of Colour-Chem Limited. In terms of Section 262 of the Companies Act, 1956 and Article 111 of the Articles of Association of the Company, Dr. Patkar 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. G. G. Patkar for the office of the Director. The Board commends his appointment as a Director of the Company.

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

#### Item No.6

Mr. R. Ramakrishnan was appointed as a Director of the Company on 26<sup>th</sup> March, 2001 by the Board of Directors of the Company in the casual vacancy caused by the resignation of Dr. T. R. Govindachari. Mr. Ramakrishnan is an industrialist and a businessman having experience of more than three decades. In terms of Section 262 of the Companies Act, 1956 and Article 111 of the Articles of Association of the Company, Mr. Ramakrishnan 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 Mr. R. Ramakrishnan for the office of the Director. The Board commends his appointment as a Director of the Company.

Mr. Ramakrishnan may be deemed to be concerned or interested in this resolution.

#### Item No.7

Mr. T. P. Jagannathan was appointed as the Managing Director of the Company initially for a period of three years from 1<sup>st</sup> July, 1998. The Board of Directors of the Company has re-appointed Mr. T. P. Jagannathan as the Managing Director for a further period of one year from 1<sup>st</sup> July, 2001 at its meeting held on 18<sup>th</sup> May, 2001 subject to the approval of the members at the forthcoming Annual General Meeting on the following terms of remuneration, benefits and perquisites:

#### Remuneration:

##### 1. Salary:

Rs.83,500/- (Rupees eighty three thousand five hundred only) per month, which may be increased by the Board of Directors from time to time, subject to a maximum salary of Rs.1,20,000/- (Rupees one lakh twenty thousand only). Salary will be subject to 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 Scheme 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 self and 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 self and 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 the premium of a sum not exceeding Rs.4,000/- per annum 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 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.

#### iv) Car and Telephone

The Company shall provide 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

telephone shall be billed by the Company to Mr. Jagannathan.

**v) Reimbursement of expenses for returning to hometown**

Mr. Jagannathan will be entitled to reimbursement of actual expenses incurred on packing, forwarding, loading or unloading as well as freight, insurance, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects and on travel for self and family after completion of his tenure of office for returning to his hometown.

**5. Entertainment Expenses**

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

**6. Limits on Remuneration**

The remuneration as specified above shall be subject to the overall limits specified in Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956.

**7. 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 to Mr. Jagannathan shall be in accordance with the provisions of Schedule XIII to the Companies Act, 1956 as may be in force from time to time.

**8. Termination**

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

**9. Vacation of Office**

If at any time during the tenure of his appointment as the Managing Director of the Company, Mr. Jagannathan ceases to be in the employment of the Company for any cause whatsoever, he shall also cease to be a Director of the Company and simultaneously this agreement shall stand terminated.

**10. Sitting Fees**

Mr. Jagannathan shall not be paid sitting fees for attending the meetings of the Board of Directors/Committees of the Company.

The foregoing may be treated as an abstract of the draft agreement for the appointment of Mr. Jagannathan as the Managing Director of the Company as required under Section 302 of the Companies Act, 1956.

A copy of the draft agreement proposed to be entered into with Mr. T. P. Jagannathan by the Company is available at the Registered Office of the Company for inspection by the members between 11.00 a.m. and 1.00 p.m. on any working day.

Mr. T. P. Jagannathan may be deemed to be concerned or interested in the Resolution set out in item No.7 of the Notice concerning his appointment.

By Order of the Board of Directors,

Chennai,  
18<sup>th</sup> May, 2001.

K. RAMJI  
General Manager (Finance) & Secretary





## Directors' Report to the Members

The Directors have pleasure in presenting herewith their Twenty-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 of the Company are summarised below:

	2000-2001 Rupees lakhs	Previous Year Rupees lakhs
The pre-tax profit for the year, after providing Rs.252.87 lakhs (previous year – Rs.229.42 lakhs) for Depreciation, amounts to	558.13	527.00
After deducting provision for taxation	110.00	100.00
and adding		
balance brought forward from the previous year	219.98	261.95
the amount available for disposal is	668.11	688.95
The Directors have made the following appropriations therefrom:		
(a) General Reserve	200.00	250.00
(b) Dividend		
(i) Interim	–	197.27
(ii) Final	197.27	–
(c) Tax on dividend		
(i) Interim	–	21.70
(ii) Final	20.12	–
	417.39	468.97
leaving a balance to be carried forward of	250.72	219.98
	668.11	688.95

### DIVIDEND

3. The Directors recommend the payment of a dividend of Rs.4.00 per equity share to the shareholders of the Company, for the financial year 2000-2001 (previous year - Rs.4.00 per share as interim dividend).

### ACCOUNTS AND FINANCE

#### Working Capital

4. The Company managed its working capital requirements within the sanctioned limits.

#### Term Loans

5. The Company obtained a term loan of Rs.800 lakhs from Hongkong & Shanghai Banking Corporation Ltd. for its capital expenditure requirements and for repayment of a Foreign Currency Term Loan of US\$ 2 million. The said loan has been repaid during the year.

### OPERATIONS

#### Sales

6. The total turnover of the Company (inclusive of excise duty) during the year amounted to Rs.6,448 lakhs (previous year - Rs.6,681 lakhs). The export sales during the year amounted to Rs.3,609 lakhs compared to Rs.2,260 lakhs during the corresponding period of the previous year registering an increase of around 60%.

#### Production

7. Your Company produced 1,916 tonnes of fine chemicals, intermediates and organic pigments during the year under review as compared to 1,338 tonnes in the year 1999-2000. There has been a significant increase in the production of intermediates and blue pigments during the year.

#### Foreign Exchange Earnings and Outgo

8. The foreign exchange earnings of the Company during the year amounted to Rs.3,610 lakhs (previous year - Rs.2,260 lakhs). With imports accounting for Rs.609 lakhs (previous year - Rs.508 lakhs), and after deducting outflows on other accounts, the net foreign exchange earnings of your Company amounted to Rs.2,987 lakhs (previous year - Rs.1,743 lakhs).

#### Profitability

9. The production of manufactured products as also sales, both in the local and export markets, increased significantly, resulting in higher profitability. Your Company has ceased dealing in certain traded products and has concentrated on enhancing its manufacturing activity.

#### Capital Expenditure Projects

10. The total capital expenditure during the year under

review amounted to Rs.780 lakhs. Installation of automated systems, equipment and some changes in processes during the year resulted in more cost effective utilisation of capacities in the blue and intermediate plants.

11. Further upgradation and modernisation of environmental protection facilities were carried out using continuous solvent distillation facilities with better cooling resulting in prevention of air pollution.

### **Safety and Ecology**

12. Your Company continues to train and educate all its employees as part of the process of upgrading the safety and health standards throughout its operation.

13. From the year 2001, your Company has introduced the Continuous Improvement Process (CIP) for its manufacturing operations. Improvements in the manufacturing techniques are being made based on experiences shared by Clariant International Limited. This is an ongoing improvement programme, where employees' suggestions at all levels are also discussed and action plans implemented for improving the process and minimising the waste wherever feasible.

### **Quality Assurance and Systems**

14. Your Company qualified once again for ISO 9002 certification for its manufacturing operations after a successful surveillance audit.

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

15. An integrated Business Application system covering the entire supply chain has been implemented in the Company during the year.

### **Depositories**

16. The Securities and Exchange Board of India (SEBI) has included the equity shares of your Company in the list of compulsory dematerialised trading on the Stock Exchanges for all categories of investors with effect from 28<sup>th</sup> August, 2000. In view of this, your Company has made arrangements to provide the facility of dematerialisation of shares to its investors/shareholders with M/s. Cameo Corporate Services Ltd., Chennai.

### **Responsibility Statement**

17. To the best of their knowledge and belief and according to the confirmation and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956.

- (i) that in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2001, the applicable accounting standards have been followed along with proper explanations in case of material departures.
- (ii) that such accounting policies as mentioned in Note 1 of Schedule 19 of the Annual Accounts have been applied consistently and judgement and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2001 and of the profit of the Company for that period;
- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities;
- (iv) that the annual accounts for the year ended 31<sup>st</sup> March, 2001 have been prepared on a going concern basis.

### **Corporate Governance**

18. Requirement of clause 49 of the Listing Agreement will have to be complied with by the Company within the Financial Year 2001-2002, but not later than 31<sup>st</sup> March, 2002. Your Company has been complying with the Corporate Governance to the extent and in the manner set out in Annexure to this report.

### **Management Discussion and Analysis**

19. The paragraphs 6 to 9 under the head "Operations" has discussed and analysed the Company's operating performance. The remaining particulars as required by clause 49 of the Listing Agreement will be given in the report for the year 2001-2002.

### **Employees**

20. The Industrial relations at the Company's factory and other establishments continued to remain cordial during the year.

21. The statement giving particulars of employees, as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forms part of this report. However, as per the provision of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and the statement of accounts are being sent to all shareholders excluding the above statement. Any shareholder interested in obtaining a copy of this statement may write to the Company Secretary at the Registered Office of the Company.



**Directors**

22. Your Board of Directors at its meeting held on 18<sup>th</sup> May, 2001 has re-appointed Mr. T. P. Jagannathan as Managing Director for a period of one year from 1<sup>st</sup> July, 2001 subject to the approval of the members of the Company at the forthcoming Annual General Meeting. The members' attention in this regard is invited to item No. 7 of the Notice and to its relative Explanatory Statement.

23. Dr. R. Sergio and Dr. U. Kuerschner have resigned from the Board with effect from 20<sup>th</sup> October, 2000. Your Directors place on record the appreciation of the services rendered by Dr. R. Sergio and Dr. U. Kuerschner during their tenure as Directors.

24. Dr. G. G. Patkar who was appointed in the casual vacancy caused by the resignation of Dr. K. D. Baumgart will hold office up to the date of the Annual General Meeting and is eligible for appointment. Your Directors recommend his appointment as a Director of the Company.

25. Dr. T. R. Govindachari, who was appointed as a Director of your company on 22<sup>nd</sup> June, 1984 has resigned with effect from 26<sup>th</sup> March, 2001. Your Directors place on record their appreciation of the invaluable services rendered by Dr. Govindachari during his long association with the company. Your Directors appointed Mr. R. Ramakrishnan, an industrialist as a Director with effect from 26<sup>th</sup> March, 2001 in the casual vacancy caused by the resignation of Dr. Govindachari. Mr. Ramakrishnan will hold office upto the date of the forthcoming Annual General Meeting and is eligible for appointment. Your Directors recommend his appointment as a Director of the Company.

26. In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Dr. G. S. Laddha is due to retire at

the forthcoming Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

**Auditors**

27. M/s A. F. Ferguson & Co., are eligible for re-appointment and have furnished a certificate to the effect that their re-appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956. Members are requested to appoint the Auditors for the current year at a remuneration to be decided by the Board of Directors of the Company.

**General**

28. Statements giving particulars relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under the Companies (Disclosure of Particulars in the Board of Directors' Report) Rules, 1988 are annexed.

**Acknowledgement**

29. Your Directors acknowledge the valuable support and co-operation that the Company received from Colour-Chem Limited, Clariant International Limited, the Company's bankers, statutory authorities and all the other establishments connected with the business of the Company.

30. Your Directors place on record their appreciation of the valuable contributions made by the Company's employees at all levels during the year.

For and on behalf of the Board of Directors,

Chennai  
18<sup>th</sup> May, 2001

K. J. BHARUCHA  
Chairman

## Annexure to the Directors' Report

### CORPORATE GOVERNANCE (Limited Disclosures)

In terms of the Schedule of Implementation of Clause 49 of the Listing Agreement on Corporate Governance, your Company has to comply with the same within the financial year 2001-2002 but not later than 31<sup>st</sup> March, 2002. The Company has been complying with the requirements of the said clause to the extent and in the manner stated hereunder:

#### A. Company's philosophy on code of governance

Our corporate governance policies recognise the accountability of the Board and the importance of the decisions made by the Board on the stakeholders of the company including the investors and employees. The corporate policy recognises the need for adding value to the shareholders, who are the ultimate beneficiaries of the economic activities of the company. Several steps have been taken including the setting up of sub-committees of the Board, which mainly consists of non-executive directors to oversee the critical functions of the company.

#### B. Board of Directors

The Board comprises of Executive and Non-executive Directors. The present strength of the Board is nine Directors. The Managing Director, Director (Operations) and Director (Commercial) are the whole-time Directors, the remaining six being Non-executive Directors, of which three are Independent Directors. Mr. K. J. Bharucha, Vice-Chairman & Managing Director of Colour-Chem Limited is the non-executive Chairman of the Board of Directors.

#### C. Remuneration of Directors

(Includes salary, contribution to provident and other funds, perquisites and commission in respect of the Executive Directors)

Managing Director:	: Rs.22,60,644.00
Director (Operations)	: Rs.14,56,679.00
Director (Commercial)	: Rs.14,85,249.00
Non-executive Directors	
Sitting Fees	: Rs. 75,000.00

(Please refer to Note 4 of Schedule 19 to the Accounts)

The Managing Director has a service contract of three years with a notice period of six months by either party.

The Director (Operations) has a service contract of one year with a notice period of six months by either party. The Director (Commercial) has a service contract of three years with a notice period of six months by either party.

No severance compensation is payable in any of the above contracts.

The Company has no Stock Option Scheme for any of its Directors.

#### D. The Board meets atleast five times in a year and the gap between any two meetings is not more than three months.

During the year 2000-2001, six meetings were held on 22.5.2000, 21.7.2000, 18.8.2000, 20.10.2000, 19.1.2001 and 26.3.2001. The attendance of the Directors at these Board Meetings (BM) and Annual General Meeting held on 18.8.2000 (AGM) was as follows:

Name of the Director	BM (6)	AGM (1)	Remarks
1. Mr. K. J. Bharucha	6	Yes	
2. Mr. T. P. Jagannathan	6	Yes	
3. Dr. G. G. Patkar	6	Yes	
4. Dr. U. Cuntze	-	No	
5. Dr. G. S. Laddha	6	Yes	
6. Dr. M. Santappa	6	Yes	
7. Mr. R. Ramakrishnan	1	N.A.	Appointed on 26 <sup>th</sup> March 2001
8. Dr. S. Kalyanaraman	6	Yes	
9. Mr. R. P. Srivastava	6	Yes	
10. Dr. R. Sergio	3	No	Resigned w.e.f. 20 <sup>th</sup> October 2000
11. Dr. U. Kuerschner	2	No	Resigned w.e.f. 20 <sup>th</sup> October 2000
12. Dr. T. R. Govindachari	-	No	Resigned w.e.f. 26 <sup>th</sup> March 2001