

Vanavil Dyes and Chemicals Limited

TWENTY-FIFTH ANNUAL REPORT AND ACCOUNTS 2 0 0 1 - 2 0 0 2

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

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
Mr.P. Lindner
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.

Kolkata

II Floor, Rawdon Chambers,
11A, Rawdon Street,
Kolkata - 700 017.

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-FIFTH ANNUAL GENERAL MEETING** of **VANAVIL DYES AND CHEMICALS LIMITED** will be held at the Registered Office of the Company at Kudikadu, Cuddalore 607005 on Friday, 19th July, 2002 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 31st March, 2002, 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.M.Santappa who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr.G.G.Patkar who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of the twenty-fifth Annual General Meeting until the conclusion of the twenty-sixth Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors.

SPECIAL BUSINESS

6. To appoint a Director in place of Mr.P.Lindner, who was appointed as a Director of the Company with effect from 19th October, 2001 in the casual vacancy caused by the resignation of Dr.U.Cuntze 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.P.Lindner 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 1st July, 2002 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 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 Mr.Jagannathan."

"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 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.1,25,000/- (Rupees one lakh and twenty five thousand only) per month."

"RESOLVED FURTHER that in the event of loss or inadequacy of profits in any financial year during the tenure of Mr.T.P. Jagannathan as Managing Director of the Company, Mr.Jagannathan shall, in respect of such financial year, be paid such remuneration recommended by the Remuneration Committee of the Company subject to the amended provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956 as may be in force at that relevant time."

"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, with or without modification, the following resolution, as a Special Resolution:

"RESOLVED that pursuant to the amended provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956 as notified in GSR 36(E) dated 16th January, 2002 by the Department of Company Affairs, Government of India and the recommendations of the Remuneration Committee of Directors of the Company, Mr. T.P. Jagannathan, Managing Director, Dr. S. Kalyanaraman, Director – Operations and Mr. R.P. Srivastava, Director – Commercial of the Company each be paid remuneration by way of salary, ex-gratia payment, perquisites and benefits within the overall ceiling of a sum of Rs.3,00,000/- (Rupees three lakhs only) per month or Rs.36,00,000/- (Rupees thirty six lakhs only) per annum for the financial year 2001-2002"

"RESOLVED FURTHER that any ex-gratia payment made to Mr. T. P. Jagannathan, Dr. S. Kalyanaraman and Mr. R. P. Srivastava be treated as salary for the purpose of contribution to Provident Fund/ Superannuation schemes of the Company and for payment of gratuity."

"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 execute with Mr. T.P. Jagannathan, Dr. S. Kalyanaraman and Mr. R.P. Srivastava such supplemental agreements and all such other documents and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient and proper."

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

"RESOLVED that in the event of loss or inadequacy of Profits in any financial year during the tenure of Mr. T.P. Jagannathan, Managing Director and Mr. R.P. Srivastava, Director – Commercial of the Company, such remuneration by way of salary, ex-gratia payment, perquisites and benefits be paid to them within the overall ceiling laid down in Section II of Part II of Schedule XIII to the Companies Act, 1956 as notified in GSR 36(E) dated 16th January 2002 by the Department of Company Affairs, Government of India (as applicable to the Company), subject to any amendment which may be made in the future and as per the recommendations of the Remuneration Committee of Directors of the Company thereof."

NOTES:

- (a) The relative explanatory statements, pursuant to Section 173 of the Companies Act, 1956, in respect of the special business to be transacted under item nos. 6 to 9 set out above are annexed hereto.
- (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 OF THE COMPANY.**
- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 4th July, 2002 to Friday, 19th July, 2002 (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 26th July, 2002 to those members whose names appear
- (ii) 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 3rd July, 2002 and
- (iii) as Beneficial Owners as at the end of the business on 3rd July, 2002, as per the list to be furnished by National Securities Depository Limited and 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) As per the provisions of the Income Tax Act, 1961 as amended by the Finance Act, 2002, tax @ 10.5% is required to be deducted at source if the gross amount of dividend payable to a Resident individual shareholder during the financial year exceeds Rs.1,000/-.

Resident individual shareholders who are likely to receive dividend amount more than Rs.1,000/- from the Company during a financial year and their total estimated income from dividend and sources as provided in Section 197 A (1B) of the Income tax Act during such financial year is not likely to exceed Rs.50,000/- can claim gross dividend without deduction of tax at source by submitting a declaration in Form 15G (in duplicate) with the Company on or before 5th July, 2002. Please note that it would not be possible for the Company to act upon 15G declarations received thereafter.

- (f) 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 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, 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 Investors Education & Protection Fund 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 from the Company. 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,
13th May, 2002.

K. RAMJI
General Manager (Finance) & Secretary

Explanatory Statement

As required by Section 173 of the Companies Act, 1956, the following explanatory statement set out the material facts relating to item nos.6 to 9 of the accompanying Notice dated 13th May, 2002.

Item no. 6

Mr.P.Lindner was appointed as a Director of the Company on 19th October, 2001 by the Board of Directors of the Company in the casual vacancy caused by the resignation of Dr.U.Cuntze. Mr. Lindner is the Head of Emerging Markets in Clariant International Limited. In terms of Section 262 of the Companies Act, 1956 and Article 111 of the Articles of Association of the Company, Mr.Lindner 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.P.Lindner for the office of the Director. The Board commends his appointment as a Director of the Company.

Mr.P. Lindner 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 1st July, 1998 and was re-appointed for a further period of one year as the Managing Director from 1st July, 2001.

The Board of Directors of the Company, at its meeting held on 13th May, 2002, has re-appointed Mr. Jagannathan as Managing Director of the Company for a further period of one year from 1st July, 2002 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.1,25,000/- (Rupees one lakh and twenty five 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 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 (also in case House Rent Allowance is paid and arrangement made by him).

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.

All the perquisites provided to Mr. Jagannathan shall be subject to income-tax evaluated as per the applicable rules in respect of each such perquisite.

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. Ex-gratia payment, if any, made to Mr. Jagannathan in any financial year shall also be included within the definition of "Salary".

iv) **Car and Telephone**

The Company shall provide Mr. Jagannathan with a car and driver and a telephone at his residence for use on Company's business which will not be considered as perquisites. Use of car for private purposes, however will be treated as perquisite and valued as per income-tax rules and shall be subject to deduction of income-tax at source. 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 travel for self and family and 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 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 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, ex-gratia, perquisites and benefits as recommended by the

Remuneration Committee of the Company subject to the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956 as may be in force at that relevant time."

The ex-gratia payment, if any, being made to Mr. Jagannathan shall also be treated as salary for the purpose of contribution to Provident Fund/ Superannuation schemes of the Company and for payment of gratuity.

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.

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.

The explanatory statement is and should be treated as an abstract of the terms and conditions of appointment of Mr.T.P. Jagannathan pursuant to Section 302 of the Companies Act, 1956.

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

Item No. 8

Your Company is a manufacturer and supplier of specialty chemicals. The products manufactured by the Company include pigments and pigment intermediates. Synthetic organic pigments manufactured by the company are used as colorants in end applications such as paints, printing inks, plastics etc. Intermediates produced by the Company are raw materials for the manufacture of other pigments.

The financial performance of the Company is given in the Management Discussions & Analysis which forms part of the Directors' Report. During the year the

Company earned Rs.2422 lakhs in foreign exchange. After deducting the imports and on other accounts, the net foreign exchange earnings amounted to Rs.1807 lakhs.

As can be seen from the annual accounts for the year 2001-2002, the Company's turnover was affected due to lower local sales as well as exports, resulting in a low profit for the year. The inadequate profit earned by the Company does not allow the payment of commission to the Managing Director and two Whole-time Directors pursuant to the terms of appointment approved by the shareholders. Though the profits are low, the Managing Director and the Whole-time Directors had put in all efforts to improve the profitability. In view of this, the Remuneration Committee of the Directors of the Company has resolved to pay the remuneration to Mr. T.P. Jagannathan, Managing Director, Dr. S. Kalyanaraman, Director-Operations and Mr. R.P. Srivastava, Director-Commercial of the Company as per the norms laid down in paragraph 1(B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 as amended by notification No. GSR 36(E) dated 16th January 2002 from Department of Company Affairs, Government of India.

Your Company hopes to optimise the capacity utilisation and the business is expected to pick-up from the second quarter of the current financial year and gain momentum during the rest of the year.

Mr. Jagannathan holds a Masters degree in Engineering from Madras University and he joined Colour-Chem in 1971. He was the Executive Committee Member of Colour-Chem Limited prior to taking up the assignment of Managing Director of Vanavil Dyes and Chemicals Limited in July 1998. Mr. R.P. Srivastava is in charge of the Commercial Division of the Company.

Various disclosures required to be made under Section IV of paragraph 1(B) of section II of Part II of Schedule

XIII of the Companies Act, 1956 as amended by the notification No. GSR 36(E) dated 16th January, 2002 are available in the annexure containing the Corporate Governance compliance in this Report.

Mr. T.P. Jagannathan, Dr. S. Kalyanaraman and Mr. R.P. Srivastava may be deemed to be concerned or interested in the resolution at item No. 8 of the Notice.

Item No. 9

The present tenure of Mr. T.P. Jagannathan as Managing Director is upto 30th June, 2002. Mr. R.P. Srivastava's appointment as Whole-time Director designated as Director – Commercial is valid till 31st August, 2003. The Remuneration Committee of Directors of the Company has resolved that in the event the Company has no profits or its profits are inadequate, Mr. Jagannathan and Mr. Srivastava be paid remuneration within the limits provided in paragraph 1(B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 as may be in force at that relevant time, during the tenure of their current appointment.

While the Company is optimistic to improve the profitability in the financial years 2002-2003 and 2003-2004, as a matter of abundant caution, the resolution at Item No. 9 is placed before the Members seeking their approval for the same.

Mr. T.P. Jagannathan and Mr. R.P. Srivastava may be deemed to be concerned or interested in the resolution at item No. 9 of the Notice.

By Order of the Board of Directors,

Chennai,

K. RAMJI

13th May, 2002.

General Manager (Finance) & Secretary

Directors' Report to the Members

The Directors present herewith their Twenty-Fifth Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2002.

FINANCIAL RESULTS

2. The financial results of the Company are summarised below:

	2001-2002 Rupees lakhs	Previous Year Rupees lakhs
The pre-tax profit for the year, after providing Rs.306.01 lakhs (previous year – Rs.252.87 lakhs) for Depreciation, amounts to	159.57	558.13
After deducting provision for taxation		
Current Year Tax	21.09	110.00
Deferred Tax	3.91	—
and adding		
balance brought forward from the previous year	250.72	219.98
the amount available for disposal is	385.29	668.11
The Directors have made the following appropriations therefrom:		
(a) General Reserve	25.00	200.00
(b) Proposed Dividend	98.63	197.27
(c) Tax on Dividend	—	20.12
	123.63	417.39
leaving a balance to be carried forward of	261.66	250.72
	385.29	668.11

DIVIDEND

3. The Directors recommend a dividend of Rs.2/- per equity share (i.e., @ 20%) subject to deduction of tax for the year ended 31st March, 2002 (previous year Rs.4/- per share i.e., 40%)

ACCOUNTS AND FINANCE

Working Capital

4. In spite of tight situation in the working capital front, the Company managed it within the sanctioned limits.

Term Loans

5. The Company had obtained a Term Loan of Rs.800 lakhs from Hongkong & Shanghai Banking Corporation Ltd. (HSBC) in May 2000. As per the repayment terms, the Company has repaid during the year Rs.300 lakhs in three quarterly instalments of Rs.100 lakhs each.

OPERATIONS

Sales

6. The total turnover of the Company (inclusive of excise duty) during the year amounted to Rs.4418 lakhs as compared to Rs.6448 lakhs during the previous year. The export sales during the period amounted to Rs.2422 lakhs (previous year – Rs.3609 lakhs). The exports were lower by around Rs.12 crores mainly on account of poor offtake of pigments. This was due to slow down of the economies in the U.S.A. and Europe.

Production

7. During the year under review, your Company produced 1618 tonnes of organic pigments and intermediates as compared to 1916 tonnes during the year 2000-01. The lower production was mainly in Blue Pigments.

Foreign Exchange Earnings and Outgo

8. The foreign exchange earnings of the Company during the year amounted to Rs.2422 lakhs (previous year – Rs.3610 lakhs). With imports accounting for Rs.595 lakhs (previous year – Rs.609 lakhs), and after deducting outflows on other accounts, the net foreign exchange earnings of your Company during the year amounted to Rs.1807 lakhs (previous year – Rs.2987 lakhs).

Profitability

9. Due to slackness in demand for Blue Pigments and also due to no offtake of an Intermediate, the sales in the export market was low. This has resulted in lower profitability.

Capital Expenditure/Projects

10. During the year additional investments were made for upgradation of process technology in the plants. The total capital expenditure during the year under review amounted to Rs.188 Lakhs.

11. Further, upgradation and modernisation of environmental protection facilities such as, Waste

Direcotrs' Report to the Members

Water Treatment Plant and Incinerator are being carried out. These projects are expected to be completed and become operational by May/June 2002.

Safety and Ecology

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

13. As already stated in the last year, your Company has also adopted the standards on Environment, Safety and Health Administration (ESHA) as recommended by Clariant International Limited. Effective from the year 2001, your company has also introduced Continuous Improvement Process (CIP) techniques for its manufacturing operations based on experiences in Colour-Chem Ltd. This is a continuous ongoing programme at all levels for improving the processes. This has resulted in better house keeping and work practices leading to cost effective operations.

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. The Integrated Business Application system implemented during the previous year is working satisfactorily.

Depositories

16. The equity shares of your Company have been already included in the compulsory dematerialisation list of the stock exchange. Investors/shareholders are requested to make use of the facility provided by the Company for dematerialisation of shares for which arrangements have been made 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 31st March, 2002, the applicable accounting standards have been

followed alongwith 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 judgements 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 31st March, 2002 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 31st March, 2002 have been prepared on a going concern basis.

Management's Discussion and Analysis

18. The particulars as required by clause 49 of the Listing Agreement is provided in the Annexure to this report.

Corporate Governance

19. Your Company has been complying with the requirements of clause 49 of the Listing Agreement dealing with Corporate Governance and the details are set out in the Annexure to this report.

Employees

20. The Industrial relations at the Company's factory and other establishments continued to remain cordial during the year. On the expiry of settlement with the Vanavil Employees' Union on 31st December, 2001, the unions have submitted a Charter of Demands seeking revision of the terms and service conditions applicable to the unionised category of employees. The negotiations on the Charter of Demands which commenced in a spirit of mutual trust are presently in progress.

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