

Citurgia Biochemicals Limited

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CS	<input type="checkbox"/>	DPY	<input checked="" type="checkbox"/>
RO	<input type="checkbox"/>	DIV	<input type="checkbox"/>
TRA	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
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*Annual Report And Accounts
1996-97*



CITURGIA BIOCHEMICALS LIMITED

TWENTYSECOND ANNUAL REPORT AND ACCOUNTS 1996-97

DIRECTORS

Mr. Nusli N. Wadia, Chairman
Dr. H. C. Bijawat, Vice-Chairman
Mr. A. M. Stankiewicz
Mr. Shrenik K. Lalbhai
Mr. G. P. Advani
Mr. A. K. Hirjee
Dr. H. E. Eduljee
Mr. R. N. Sethna
Mr. P. R. Vakil
Mr. Jeh N. Wadia
Mr. H. C. Pandya (Wholetime Director)
Mr. K. M. Doongaji (Nominee Director)

SECRETARY & FINANCIAL CONTROLLER

Mr. K. Srinivasan

VICE PRESIDENT — TECHNICAL

Mr. D. R. Kanitkar

BANKERS

Union Bank of India
Oriental Bank of Commerce
ANZ Grindlays Bank p.l.c.

SOLICITORS

Crawford Bayley & Co.

AUDITORS

S. B. Billimoria & Co.
Nanubhai & Co.

REGISTERED OFFICE

Neville House, J. N. Heredia Marg, Ballard Estate,
Mumbai 400 001.

FACTORIES

GIDC, Pandesara, Surat, Gujarat.
Rishikesh, U.P.

CITURGIA BIOCHEMICALS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN that the TWENTYSECOND ANNUAL GENERAL MEETING of CITURGIA BIOCHEMICALS LIMITED will be held at Tejpal Auditorium, August Kranti Maidan, Gowalia Tank, Mumbai 400 007, on Wednesday, 30th July, 1997 at 3.30 p.m., to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1997, and the Profit & Loss Account of the Company for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Dr. H. C. Bijawat, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Shrenik K. Lalbhai, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. H. C. Pandya, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

7. To appoint a Director in place of Mr. Jehangir N. Wadia, who was appointed as an Additional Director of the Company under Article 115 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and, being eligible, offers himself for re-appointment and in respect of whom a Notice in writing has been received by the Company under Section 257 of the Companies Act, 1956, from a Member, proposing his candidature for the office of a Director.

By order of the Board of Directors

K. SRINIVASAN
Secretary & Financial Controller

Registered Office:
Neville House,
J. N. Heredia Marg,
Ballard Estate,
Mumbai 400 001.
21st May, 1997

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
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ANNUAL REPORT 1996-97

2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the business at item No. 7 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 8th July, 1997 to Tuesday, 22nd July, 1997 (both days inclusive).
4. Dividend, if any, that may be declared at the meeting, will be paid on or after 31st July, 1997, to those members whose names appear in the Register of Members on 22nd July, 1997.
5. The unclaimed dividends upto the Company's financial year ended 31st March, 1993 (paid to the Shareholders on 11th August, 1993) have been transferred to the General Revenue Account of the Central Government pursuant to sub-section (5) of Section 205A of the Companies Act, 1956. The concerned shareholders who have not claimed the above dividends have been accordingly informed separately.
6. Members are requested to intimate immediately, any change in their addresses.



CITURGIA BIOCHEMICALS LIMITED

ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173 of the Companies Act, 1956.

ITEM NO. 7

Mr. Jehangir N. Wadia was appointed as an Additional Director on the Board of the Company, with effect from 12th March, 1997. Pursuant to Section 260 of the Companies Act, 1956, read with Article 115 of the Articles of Association of the Company, Mr. Jehangir N. Wadia holds office upto the date of this Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a Member, proposing Mr. Jehangir N. Wadia as a candidate for the office of a Director, along with a deposit of Rs. 500/-, which will be refunded to such Member, if Mr. Jehangir N. Wadia is elected as a Director.

Mr. Jehangir N. Wadia is young, dynamic and enterprising. The Board is confident that Mr. Jehangir N. Wadia will continue to maintain the high business standards and principles set by Late Mr. Neville N. Wadia, the Founder Chairman of the Company and recommends the appointment of Mr. Jehangir N. Wadia as a Director on the Board of the Company.

Mr. Jehangir N. Wadia is interested in this Resolution since it relates to his own appointment. Mr. Nusli N. Wadia may also be deemed to be interested in this Resolution since it relates to the appointment of his son.

By order of the Board of Directors

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K. SRINIVASAN

Secretary & Financial Controller

Registered Office:

Neville House,
J. N. Heredia Marg,
Ballard Estate,
Mumbai 400 001.

21st May, 1997

ANNUAL REPORT 1996-97

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting the audited Balance Sheet and Profit & Loss Account together with their Report for the year ended 31st March, 1997:

FINANCIAL RESULTS:

	1996-97 Rs. in lacs	1995-96 Rs. in lacs
GROSS PROFIT	855.48	675.14
Less: Depreciation	175.70	158.72
Directors' Commission	21.45	13.08
OPERATING PROFIT	658.33	503.34
Less: Deferred Revenue Expenditure-Voluntary		
Retirement Scheme Payment	85.97	52.02
Taxation	175.00	155.00
NET PROFIT FOR THE YEAR	397.36	296.32
Add: Taxation in respect of earlier years	5.47	2.61
	402.83	298.93
Add: Balance in the Profit & Loss Account for the previous year	667.24	583.03
PROFIT AVAILABLE FOR APPROPRIATION	1070.07	881.96
Appropriations to :		
Transfer to General Reserve Account	40.00	30.00
Debenture Redemption Reserve	41.25	49.47
Proposed Dividend	135.25	135.25
Corporate Dividend Tax	13.53	—
Balance carried forward to next year	840.04	667.24
	1070.07	881.96

PROFIT AND DIVIDEND

The Company has achieved an operating profit of Rs. 658.33 lacs and a net profit of Rs. 397.36 lacs. The Directors have recommended a Dividend at the rate of Rs. 4.00 per share for the year ended 31st March, 1997, which will absorb Rs. 135.25 lacs.

PRODUCTION AND SALES

Citric Acid

Production at 6,131 M.T. was 98% of the plant capacity. Sales amounted to 6,229 M.T. as against 7,401 M.T. in the previous year. Higher sales last year were achieved due to a substantial depletion of inventory.

Sales and margins could be maintained at a satisfactory level during the first half of the year. However, from the third quarter there was a progressive erosion of margins due to a sharp escalation in the price of molasses and power tariff which are the major components of production cost. The price of molasses rose from Rs. 140/- per M.T. ex-sugar factory to Rs. 775/- per M.T. by January 1997 and has reached Rs. 1,400/- per M.T. by April 1997. Likewise the cost of power increased from Rs. 3.20 to Rs. 4.20 per unit. These cost increases

CITURGIA BIOCHEMICALS LIMITED

coincided with dumping of citric acid from China in the Indian market. This was further compounded by the lowering of import duty on Citric Acid from 40% to 30%. The profitability in the second half therefore came under severe pressure which is continuing.

Calcium Carbonate

Production rose to 38,262 M.T., recording a 12% rise over the previous year. This enabled sales to reach a record level of 36,578 M.T. Vigorous efforts have been made to increase exports of premium grades of calcium carbonate as a result of which exports reached 1,801 M.T., as against 451 M.T. in the previous year.

MODERNISATION/EXPANSION

Citric Acid

In order to reduce fermentation cost through better yield, improved strains of citric acid have been developed in the R&D laboratory and are being introduced in the plant for commercial production.

Calcium Carbonate

The existing product-mix is being progressively reoriented towards making premium and export grades. Equipment is also being added to debottleneck the plant and achieve higher production.

FINANCE AND ACCOUNTS

The repayment of Term Loans has been in accordance with the repayment schedule agreed to with the Financial Institutions.

The Company holds a 'P1 + ' rating for Commercial Paper, which indicates a very strong degree of safety with regard to timely payment of the instrument. No commercial paper programme was conducted during the year.

During the year, the Company had paid the first instalment of 33.3% on part redemption of 3,00,000 – 14% Secured Non-convertible Redeemable Debentures and 1,95,000 – 16.5% Secured Non-convertible Redeemable Debentures, of the face value of Rs. 100 each, aggregating Rs. 495 lacs, which were issued to the financial/investment institutions on a private placement basis.

The Company had, during the year, also redeemed 1,15,000 – 14% Secured Non-convertible Redeemable Debentures of the face value of Rs. 100 each, aggregating Rs. 115 lacs, which had been issued to the Army Group Insurance Funds, on a private placement basis.

FIXED DEPOSITS

Out of the fixed deposits totalling to Rs. 348.97 lacs as at 31st March, 1997, deposits amounting to Rs. 4.31 lacs which matured, have not been claimed by the depositors on the said date. Since then, except 3 deposits of the value of Rs. 0.20 lacs, all other deposits are still unclaimed.

SAFETY AND ENVIRONMENT

The Company continued to maintain a good safety record. Necessary equipment has been installed at both the Company's plants for protection of air, water and soil pollution to meet the requirements of State Pollution Control Boards.

INSURANCE

All the properties of the Company, including buildings, plant and machinery, stores and stocks and materials in transit have been adequately insured.

ANNUAL REPORT 1996-97**PERSONNEL**

Industrial relations have been cordial. During the year, the Company had introduced Voluntary Retirement Schemes for its employees at the Surat and Rishikesh factories. In all 43 employees opted for the Scheme.

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, which forms part of this Report, is not annexed hereto. However, any Shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

The Directors wish to record their appreciation of the efforts and contributions made by all employees.

DIRECTORS

In view of the unfortunate demise of the Founder Chairman, Mr. Neville N. Wadia last year, the Directors appointed Mr. Nusli N. Wadia as the Chairman of the Board of Directors of the Company and Dr. H. C. Bijawat as the Vice-Chairman of the Board of Directors of the Company, with effect from 18th September, 1996. The office of the Alternate Director to Late Mr. Neville N. Wadia, which was held by Mr. J. K. S. Nicholson since 1985, also ceased to exist, effective 31st July, 1996. The Directors wish to place on record, their sincere appreciation of the rich contribution made by Mr. J. K. S. Nicholson during his long association with the Company as an Alternate Director.

The Industrial Credit & Investment Corp. of India Ltd. (ICICI) had, during the year, withdrawn the nomination of Mr. J. Jayaraman from the Board of the Company and appointed Mr. K. M. Doongaji as their Nominee Director on the Company's Board. The appointment of Mr. K. M. Doongaji was effective 23rd May, 1996. The Directors wish to place on record, their sincere appreciation of the kind support and co-operation received from Mr. J. Jayaraman during his association as a Nominee Director of ICICI on the Board of the Company.

Mr. Jehangir N. Wadia was appointed as an Additional Director on the Board of Directors of the Company, with effect from 12th March, 1997. Pursuant to Section 260 of the Companies Act, 1956, Mr. Jehangir N. Wadia holds office upto the date of the forthcoming Annual General Meeting and is eligible for re-appointment. As required by Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member, signifying his intention to propose Mr. Jehangir N. Wadia as a candidate for the office of Director.

Dr. H. C. Bijawat, Mr. Shrenik K. Lalbhai and Mr. H. C. Pandya, retire by rotation and offer themselves for re-appointment.

AUDITORS

Messrs S. B. Billimoria & Co., Chartered Accountants and Messrs Nanubhai & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the Accounts of the Subsidiary Companies are annexed.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the annexure to this Report.

On behalf of the Board

NUSLI N. WADIA
Chairman

Mumbai, 21st May, 1997.

CITURGIA BIOCHEMICALS LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

(A) CONSERVATION OF ENERGY:

(a) Measures taken:

At the Citric Acid Division, the power usage has been reduced by installing variable speed drives on compressors, automatic shut-off on cooling tower pumps, use of higher efficiency electric motors and lighting power saving devices.

At the Calcium Carbonate Division, vapour absorption chiller has been installed to replace mechanical refrigeration system to reduce the power usage.

(b) Additional Investments & Proposals:

At the Citric Acid Division, compressor aftercoolers will be replaced to reduce power consumption and in the boiler house, gas analysis instruments will be installed to reduce fuel usage.

(c) Impact of measures at (a) and (b):

The proposed measures will reduce power and fuel usage at both, Citric Acid and Calcium Carbonate Divisions.

(d) Total energy consumption and energy consumption per unit of production:

FORM A

A. Power and Fuel Consumption:

		Citric Acid Division		Calcium Carbonate Division	
		1996-97	1995-96	1996-97	1995-96
1.	Electricity:				
(a)	Purchased:				
	Units '000 KWH	22,436	23,244	7,707	7,655
	Total amount Rs./lacs	799	651	256	230
	Rate/Unit Rupees	3.56	2.80	3.32	3.01
(b)	Own Generation:				
(i)	Through Diesel Generator:				
	Unit '000 KWH	2,064	1,573	1,193	534
	Units per ltr. of Diesel Oil for DG Set KWH	2.86	2.92	3.34	3.16
	Cost/Unit Rupees	3.06	2.74	2.52	2.46
(ii)	Through Steam Turbine Generator	NIL	NIL	NIL	NIL