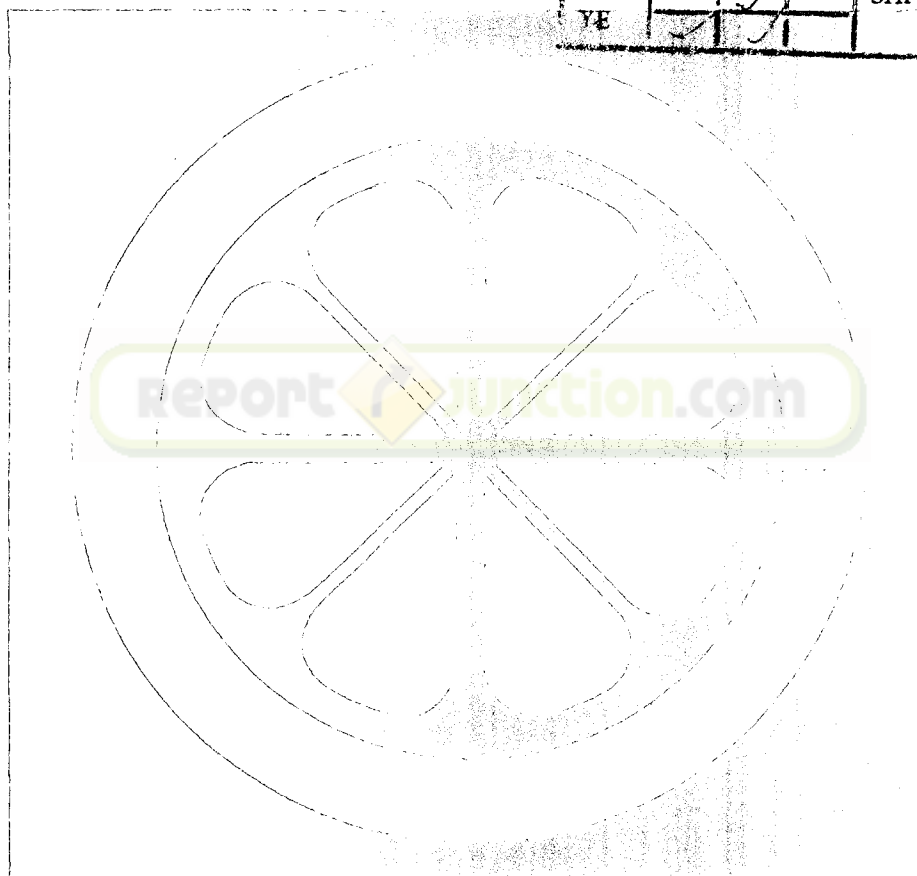


# Citurgia Biochemicals Limited

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			



*Annual Report And Accounts  
1997-98*



## CITURGIA BIOCHEMICALS LIMITED

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### TWENTYTHIRD ANNUAL REPORT AND ACCOUNTS 1997-98

#### 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)

#### GENERAL MANAGER — FINANCE & SECRETARY

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

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### NOTICE

NOTICE IS HEREBY GIVEN that the TWENTYTHIRD ANNUAL GENERAL MEETING of CITURGIA BIOCHEMICALS LIMITED will be held at Patkar Hall, 1, Nathibai Thackersey Road, New Marine Lines, Mumbai 400 020 on Thursday, 30th July, 1998 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, 1998, 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 Mr. Nusli N. Wadia, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. K. Hirjee, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. G. P. Advani, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. R. N. Sethna, who retires by rotation, and being eligible, offers himself for re-appointment.
7. 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:

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 provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, so long as the Company has a Managing Director and/or Wholetime Director, such sum by way of Commission not exceeding in the aggregate 1% per annum of the net profits of the Company, computed in the manner laid down in Section 198 of the said Act, for each of the five financial years of the Company commencing from 1st April, 1998, be paid to and distributed amongst the Directors of the Company (excluding the Managing Director and/or Wholetime Director) or some or any of them, as may be determined by the Board, the proportion and manner of such payment and distribution to be as the Board may, from time to time, decide.

RESOLVED FURTHER THAT if at any time during the aforesaid period of five financial years commencing from 1st April, 1998, the Company has neither a Managing Director nor a Wholetime Director, such sum by way of Commission not exceeding in the aggregate 3% per annum of the net profits of the Company, computed in the manner laid down in the said Section 198, be paid to and distributed amongst the

## ANNUAL REPORT 1997-98

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Directors of the Company or some or any of them, as may be determined by the Board, for the then residue unexpired of the aforesaid period of five years, the proportion and manner of such payment and distribution to be as the Board may, from time to time, decide."

By Order of the Board of Directors

K. SRINIVASAN

*General Manager — Finance & Secretary*

*Registered Office:*

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

*9th June, 1998*

### 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.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the business at item No. 8 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 23rd July, 1998 to Thursday, 30th July, 1998 (both days inclusive).
4. Dividend, if any, that may be declared at the meeting, will be paid on or after 31st July, 1998 to those members whose names appear in the Register of Members on 30th July, 1998.
5. The unclaimed dividends upto the Company's financial year ended 31st March, 1994 (paid to the Shareholders on 8th August, 1994) have been transferred to the General Revenue Account of the Central Government pursuant to sub-section (5) of Section 205(A) 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

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### ANNEXURE TO THE NOTICE

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

##### ITEM NO. 8

At the Annual General Meeting of the Company held on 10th August, 1993, the Members had, by a Special Resolution, authorised the Board to pay Commission to its Directors in conformity with the provisions of Section 309(4) of the Companies Act, 1956, whereby, so long as the Company had a Managing Director/ Wholetime Director, the Commission payable by the Company to all or any of its Directors (excluding the Managing/Wholetime Director) was not to exceed 1% per annum of the net profits of the Company, computed in the manner laid down in Section 198 of the said Act, for a period of five financial years commencing from 1st April, 1993, and should there be no Managing Director/Wholetime Director at any time during the said period of five financial years commencing from 1st April, 1993, such Commission was not to exceed 3% per annum of the net profits of the Company.

The aforesaid Special Resolution has ceased to be in force on 31st March, 1998. The Board proposes to seek the approval of the Members afresh, by a Special Resolution, to the payment of Commission to Directors in the manner and to the extent set out in the text thereof for a period of five financial years commencing from 1st April, 1998.

This Resolution is being proposed as a Special Resolution, having regard to Section 309(4) of the Companies Act, 1956.

All the Directors of the Company excluding Mr. H. C. Pandya, Wholetime Director of the Company, may be deemed to be interested in the Special Resolution, since it relates to remuneration which may become payable to them.

By Order of the Board of Directors

K. SRINIVASAN

General Manager — Finance & Secretary

*Registered Office:*

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

9th June, 1998

## ANNUAL REPORT 1997-98

## DIRECTORS' REPORT TO THE MEMBERS

The Directors present the audited Balance Sheet and Profit & Loss Account together with their Report for the year ended 31st March, 1998:

## FINANCIAL RESULTS:

	1997-98 Rs. In lacs	1996-97 Rs. in lacs
GROSS PROFIT	211.85	855.48
Less: Depreciation	202.78	175.70
Directors' Commission	—	21.45
OPERATING PROFIT	9.07	658.33
Less: Extraordinary Expenses — Deferred Revenue Expenditure written off — Voluntary Retirement Scheme Payment	85.97	85.97
Taxation	—	175.00
NET (LOSS)/PROFIT FOR THE YEAR	(76.90)	397.36
(Less)/Add: Taxation in respect of earlier years	(0.13)	5.47
	(77.03)	402.83
Add: Balance in the Profit & Loss Account for the previous year	840.04	667.24
PROFIT AVAILABLE FOR APPROPRIATION	763.01	1070.07
Appropriations to :		
Transfer to General Reserve Account	—	40.00
Debenture Redemption Reserve	41.25	41.25
Proposed Dividend	50.72	135.25
Corporate Dividend Tax	5.07	13.53
Balance carried forward to next year	665.97	840.04
	763.01	1070.07

## PROFIT AND DIVIDEND

The Company has achieved an operating profit of Rs. 9.07 lacs and incurred a net loss of Rs. 76.90 lacs, after charging the deferred revenue expenditure for Voluntary Retirement Scheme (VRS) payment, due to adverse conditions which are reported later in this report. Despite the year being a very difficult one for the Citric Acid business and the financial results of the Company being substantially lower than the previous year, the Board of Directors of the Company have recommended a dividend at the rate of Rs. 1.50 per share for the year ended 31st March, 1998, which will absorb Rs. 50.72 lacs.

## CITURGIA BIOCHEMICALS LIMITED

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### PRODUCTION AND SALES

#### Citric Acid

As you are well aware, the Citric Acid business has been very greatly affected for the past few years due to dumping from China. In 1997-98, the imports of Citric Acid from China rose to nearly 5,000 M.T., which is about 40% of the country's demand. To counter the dumping, the Company initially gave discounts but later had to drastically reduce the price which was non-remunerative. Even then, the sales did not pick-up as the prices were still substantially more than the dumped prices. The inventory of finished products went up to equivalent of nearly three months' production. The Company was, therefore, forced to shut-down the plant during the last quarter (from 16th December, 1997 to 29th March, 1998) and lay-off the workers.

On the other hand, input costs such as Molasses, power and water went up considerably. The average cost of Molasses went up from Rs. 520 per M.T. in the previous year to Rs. 2,208 per M.T. The average cost of power from Gujarat Electricity Board went up from Rs. 3.56 per unit in the previous year to Rs. 4.34 per unit. Gujarat Industrial Development Corporation (GIDC) raised the water rate from Rs. 10.52 per cubic metre in the previous year to Rs.14.50 per cubic metre. The rate has since been raised to Rs. 22.50 per cubic metre in April 1998.

Massive dumping of Citric Acid from China resulting in non-remunerative realization and increase in major input costs had an adverse effect on Citric Acid operations and is reflected in the sharp decline in the operating profit of the Company.

The production was lower by 28% at 4,382 M.T. as against 6,131 M.T. last year. The sales were 4,111 M.T. as against 6,228 M.T. in the previous year.

In response to the representation made by the Company to the Government of India for levying anti-dumping duty on imports of Citric Acid from China, the Government has issued a notification, thereby initiating investigations in this matter.

#### Calcium Carbonate

The Calcium Carbonate operations have been growing for the past two years. The production, including outsourcing, was higher by 9% at 41,851 M.T. as against 38,262 M.T. last year. The sales too were higher by 15% at 42,107 M.T. as against 36,578 M.T. in the previous year. During the year, the exports increased by 76%, from 1,801 M.T. to 3,167 M.T.

The Company plans to further increase outsourcing of products during the next financial year. This division will continue to contribute to the profitability of the Company.

#### ISO CERTIFICATION

The Citric Acid Plant at Surat and the Calcium Carbonate Plant at Rishikesh have received ISO-9002 Certification in July 1997 and May 1998, respectively.

#### MODERNISATION/EXPANSION

At the Calcium Carbonate Plant at Rishikesh, plant capacity was debottlenecked by 5,000 TPA, by replacing one old lime kiln and one attriter dryer with a new shaft kiln and ring dryer.

#### FINANCE AND ACCOUNTS

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

During the year, the Company had repaid the second instalment of Rs. 165 lacs, being 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. 33.33 each, which were issued to the financial/investment institutions on a private placement basis.



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**FIXED DEPOSITS**

Out of the fixed deposits totalling to Rs. 375.47 lacs as at 31st March, 1998, deposits amounting to Rs. 5.49 lacs which matured, have not been claimed by the depositors on the said date. Since then, except 22 deposits of the value of Rs. 2.07 lacs, all other deposits are still unclaimed.

**SAFETY AND ENVIRONMENT**

The Company continued to maintain a good safety record. Necessary equipment have been installed at both the plants to meet the requirements of State Pollution Control Boards. The Company has valid consent for discharge of effluents at both the plants.

**INSURANCE**

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

**PERSONNEL**

Industrial Relations have been cordial. The Company has signed a Memorandum of Settlement with the non-management staff at its Head Office, which is valid for a period of three and a half years.

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**

Mr. Nusli N. Wadia, Mr. A. K. Hirjee, Mr. G. P. Advani and Mr. R. N. Sethna 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, 9th June, 1998

## 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:

In the Citric Acid Plant, efficient screw compressors were ordered to replace inefficient reciprocating compressors. Compressor after-coolers were replaced.

In the Calcium Carbonate Plant, old kerosene fired attriter dryer was replaced by fuel oil-fired ring dryer. Also, a more fuel-efficient kiln was installed to replace one old vertical shaft kiln. A programme for down-sizing electric motors was completed.

## (b) Additional Investments &amp; Proposals:

The Company is always looking at proposals to review the energy costs at both the plants.

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

In the Citric Acid Plant, power usage per ton of Citric Acid would be reduced.

In the Calcium Carbonate Plant, fuel and power cost will be reduced.

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

## FORM A

## A. Power and Fuel Consumption:

		Citric Acid Division		Calcium Carbonate Division	
		1997-98	1996-97	1997-98	1996-97
1.	<b>Electricity:</b>				
(a)	<b>Purchased:</b>				
	Units '000 KWH	17,120	22,436	8,268	7,707
	Total amount Rs./lacs	742	799	319	256
	Rate/Unit Rupees	4.34	3.56	3.86	3.32
(b)	<b>Own Generation:</b>				
(i)	Through Diesel Generator:				
	Unit '000 KWH	799	2,064	780	1,193
	Units per ltr. of Diesel Oil for DG Set KWH	2.59	2.86	2.96	3.34
	Cost/Unit Rupees	3.60	3.06	3.12	2.52
(ii)	Through Steam Turbine Generator	NIL	NIL	NIL	NIL