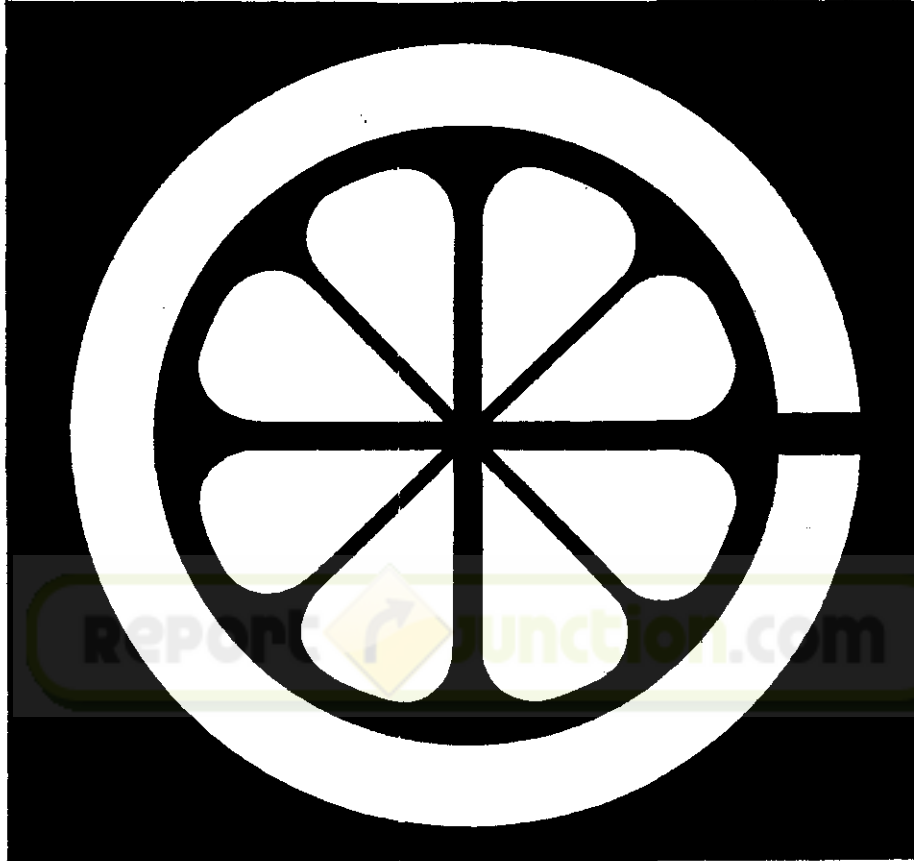


# Citurgia Biochemicals Limited



*Annual Report And Accounts  
1998-99*



**CITURGIA BIOCHEMICALS LIMITED**

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**TWENTYFOURTH  
ANNUAL REPORT  
AND ACCOUNTS  
1998-99**

**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

**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 TWENTYFOURTH ANNUAL GENERAL MEETING of CITURGIA BIOCHEMICALS LIMITED will be held at Patkar Hall, 1, Nathibai Thackersey Road, New Marine Lines, Mumbai 400 020 on Wednesday, 4th August, 1999 at 3.30 p.m., to transact the following business:

**ORDINARY BUSSINESS:**

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1999, 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. A. M. Stankiewicz, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. H. E. Eduljee, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. P. R. Vakil, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Shrenik K. Lalbhai, 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 an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule XIII thereof, the Company hereby approves the appointment of and remuneration payable to Mr. H. C. Pandya, who has been re-appointed by the Board of Directors as a Wholetime Director of the Company for a period of five years with effect from 29th June, 1999, on the terms and conditions set out in the draft Agreement between the Company and Mr. H. C. Pandya, placed before this Meeting and initialled by the Chairman, for the purpose of identification.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorised to vary, increase or enhance the scope of remuneration and perquisites payable to Mr. H. C. Pandya, to the extent to which such remuneration and perquisites may be varied, increased or enhanced, within the limits specified in Schedule XIII of the Companies Act, 1956, as existing or as amended, modified or re-enacted from time to time by the Government of India and in accordance with any other provision of the Companies Act, 1956, relating to managerial remuneration and the aforesaid Agreement with Mr. H. C. Pandya be suitably amended, to give effect to the same.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may in their absolute discretion, deem necessary, expedient, usual and proper."



## ANNUAL REPORT 1998-99

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

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company ("the Articles") be and are hereby amended and altered in the manner and to the extent as set out below:

- A. In Article 2 of the Articles, the following interpretations shall be added at appropriate places:

*Beneficial Owner*

"Beneficial Owner" means a person whose name is recorded as such with a depository;

*SEBI Board*

"SEBI Board" means the Securities and Exchange Board of India;

*Bye-laws*

"Bye-laws" means bye-laws made by a depository under Section 26 of the Depositories Act, 1996;

*Depositories Act*

"Depositories Act" means the Depositories Act, 1996, including any statutory modification or re-enactment thereof for the time being in force;

*Depository*

"Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section 1(A) of Section 12 of the Securities and Exchange Board of India Act, 1992;

*Records*

"Records" include the records relating to the Company maintained in the form of books or registers or stored on a computer or on diskettes or floppies or in such other form as may be determined by the Regulations;

*Regulations*

"Regulations" means the regulations made by the SEBI Board;

*Security*

"Security" means and includes Shares, Debentures and such other security as may be specified by the SEBI Board from time to time.

- B. (i) In Article 2 of the Articles, the interpretation of "Member" shall be substituted by the following interpretation:-

"Member" means the duly registered holder, from time to time, of the shares of the Company and shall include the Beneficial Owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

- (ii) Article 11 of the Articles shall be substituted by the following Article:

"The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act and the Depositories Act, with details of shares held in material and dematerialised forms, in any media (including electronic media) as may be



## CITURGIA BIOCHEMICALS LIMITED

permitted by law. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, shall be deemed to be the Register and Index of Members holding shares in a dematerialised form, for the purposes of the Act. The Company shall be entitled to keep in any state or country outside India, a branch register of members resident in that state or country."

- (iii) In Article 19(a) of the Articles of Association, the following proviso shall be inserted:  
"Provided however that no share certificate(s) shall be issued for shares held by a Depository."
- (iv) Article 52 of the Articles shall be substituted by the following Article:  
"The Company shall maintain a 'Register of Transfers' and therein shall be fairly and distinctly entered, particulars of every transfer or transmission of any share held in the material form."
- C. The following Article shall be inserted as Article 65A of the Articles, after Article 65:
  - (i) *Dematerialisation of securities*  
"65A (i) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities and/or offer fresh securities for subscription in a dematerialised form pursuant to the Depositories Act and the rules framed thereunder. Additionally, on the investor exercising an option to hold his/her securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise his/her securities, in which event, the rights and obligations of the parties concerned shall be governed by the Depositories Act."
  - (ii) *Option to receive security certificates or hold securities with a depository*  
"Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository. Where a person opts to hold securities with a depository, the Company shall intimate to such depository, the details of allotment of the securities, and on receipt of such information, the depository shall enter in its records, the name of the allottee as the beneficial owner of those securities."
  - (iii) *Securities in depositories to be in fungible form*  
"All securities held by a depository shall be dematerialised and shall be in a fungible form."  
Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owner."
  - (iv) *Distinctive numbers of securities held by a Depository*  
"Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to Securities held with a Depository."
  - (v) *Transfer and transmission of securities*  
"Notwithstanding anything contained in the Act or these Articles, in the case of transfer or transmission of securities, where the Company has not issued any certificates and where such securities are being held in an electronic and fungible form with a Depository, the provisions of the Depositories Act shall apply."
  - (vi) *Rights of Depositories and Beneficial Owners*  
"(1) Notwithstanding anything to the contrary contained in the Articles or in any other law for the time being in force, a depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of a security on behalf of a beneficial owner."



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- (2) Save as otherwise provided in clause (1) above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.
- (3) Every person holding equity share capital of the Company and whose name is entered as beneficial owner in the records of the depository, shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and shall be subject to all the liabilities in respect of his securities held by a depository."

(vii) *Option to opt out in respect of any security*

"If a beneficial owner seeks to opt out of a depository in respect of any security, he shall inform the depository accordingly.

The depository shall, on receipt of such intimation, make appropriate entries in its records and shall inform the Company.

The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the beneficial owner or the transferee, as the case may be."

(viii) *Register and Index of beneficial owners*

"The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members for the purposes of the Act."

(ix) *Beneficial owner deemed to be absolute owner*

"Except by an order of a Court of competent jurisdiction or if required by law, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of securities in the records of depository as the absolute owner thereof and accordingly the Company shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest of any other person in any security or (except as expressly provided by these Articles) any right in respect of a security other than an absolute right thereto, on the part of any other person whether or not it shall have express or implied notice thereof."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient, usual and proper."

By Order of the Board

K. SRINIVASAN  
General Manager — Finance & Secretary

*Registered Office:*  
Neville House,  
J. N. Heredia Marg,  
Ballard Estate,  
Mumbai 400 001.

26th May, 1999



## CITURGIA BIOCHEMICALS LIMITED

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### 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 items No. 8 and 9 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 14th July, 1999 to Wednesday, 28th July, 1999 (both days inclusive).
4. Dividend, if any, that may be declared at the meeting, will be paid on or after 5th August, 1999 to those members whose names appear in the Register of Members on 28th July, 1999.
5. Members are requested to intimate immediately, any change in their addresses.
6. In terms of Section 205-C introduced by the Companies (Amendment) Act, 1999, read with Section 205-A of the Companies Act, 1956, as amended, the amount of dividend remaining unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund. Members who have so far not encashed their Dividend Warrants for the financial year ended 31st March, 1995 or any subsequent year, are advised to submit their claim to the Company immediately, quoting their folio numbers. The concerned shareholders who have not claimed their dividend for the financial year ended 31st March, 1995 have been informed separately.





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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 5th August, 1994, the Members had, by an Ordinary Resolution, approved the appointment of Mr. H.C. Pandya as a Wholetime Director of the Company for a period of five years from 29th June, 1994 i.e. upto 28th June, 1999 and the remuneration payable to him. Subsequently, at the next Annual General Meeting of the Company held on 26th September, 1995, the Members had, by an Ordinary Resolution, approved of an increase in the remuneration payable to Mr. H.C. Pandya, with effect from 1st January, 1995.

The Board of Directors of the Company (hereinafter referred to as 'the Board'), have, at its Meeting held on 26th May, 1999, re-appointed Mr. H.C. Pandya as the Wholetime Director of the Company for a further period of five years, with effect from 29th June, 1999, subject to the approval of the Members at the ensuing Annual General Meeting, upon the terms and conditions set out in the draft Agreement to be entered between the Company and Mr. H.C. Pandya, referred to in the text of the Resolution at item No. 8 of this Notice. Mr. Pandya's remuneration will be determined by the Board, from time to time, within the overall limits stated in Schedule XIII of the Companies Act, 1956 (hereinafter referred to as 'the Act') existing or as amended, modified or re-enacted from time to time by the Government of India.

The material terms of the draft Agreement referred to in the Resolution at item No. 8 are as follows:-

1. The re-appointment of Mr. H.C. Pandya as Wholetime Director of the Company shall be for a period of five years commencing from 29th June, 1999. Where, during the term of appointment of Mr. H.C. Pandya as Wholetime Director of the Company, Mr. Pandya retires by rotation and is subsequently re-appointed as a Director, the time lag between retirement and subsequent re-appointment shall not be considered as a break in the service of Mr. Pandya as Wholetime Director and will not affect the terms of appointment of or remuneration payable to Mr. Pandya.
2. Mr. H.C. Pandya shall carry out such functions, exercise such powers and perform such duties as the Board shall, from time to time, in its absolute discretion determine and entrust to him. Subject to the superintendence, control and direction of the Board, Mr. H.C. Pandya shall have the general control of the business of the Company and be vested with the management and day-to-day affairs of the Company.
3. Mr. H.C. Pandya shall devote his time and attention to the business of the Company and shall exert his best endeavours to promote its interests and welfare and undertake travelling in and outside India, as may be necessary, in the interests of the Company's business or as may be required or directed by the Board.
4. Mr. H.C. Pandya shall be entitled to the following emoluments, benefits and perquisites, subject to the limits laid down under Schedule XIII of the Act:-
  - i. Salary: Rs. 40,000/- (Rupees Forty Thousand only) per month or such other sums not exceeding Rs. 80,000/- (Rupees Eighty Thousand per month) as may be determined by the Board from time to time.
  - ii. A minimum commission of 50% of his annual salary, within the ceiling prescribed under Section 309 read with Section 198 of the Act. Payment of any commission beyond 50% of his annual salary but within the ceiling as aforesaid, shall be at the sole discretion of the Board.



**CITURGIA BIOCHEMICALS LIMITED**

PROVIDED HOWEVER subject always to the limits contained in Sections 198 and 309 of the Act, the Company may, at its sole discretion, pay by way of salary, allowances, commission on profits and/or bonus, as may be determined by the Board from time to time, which shall not exceed a maximum limit of Rs. 22 lacs per annum.

- iii. In addition to the above remuneration, Mr. H.C. Pandya shall also be entitled to perquisites such as furnished accommodation, gas, electricity, water, furnishings, medical reimbursement, leave travel concession for self and family, club fees, medical insurance and other benefits and amenities in accordance with the Rules of the Company, the monetary value of such perquisites being restricted to Rs. 12 lacs per annum.

For the purpose of computing the aforesaid ceiling, perquisites to be valued as per the Income Tax Rules, 1962, wherever applicable. Provision for use of Company's Car for official duties and telephone at residence (including payment for local calls, long distance official calls) shall not be included in the computation of perquisites for the purpose of computing the aforesaid ceiling.

Contribution to Provident Fund, Superannuation Fund or Annuity Fund shall not exceed 27% of the remuneration and shall not be included in the computation of the ceiling on the remuneration payable as aforesaid.

- iv. Where in any financial year, during the currency of tenure of Mr. H.C. Pandya as Wholetime Director, the Company has no profits or its profits are inadequate, Mr. H.C. Pandya shall be entitled to all the remuneration by way of salary and perquisites not exceeding the aforesaid limits or the ceiling limit of Rs. 10,50,000 per annum or Rs. 87,500 per month, in terms of Section II of Part II of Schedule XIII to the Act, apart from:
  - i. contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - ii. gratuity payable at the rate not exceeding half a month's salary for each completed year of service, and
  - iii. encashment of leave at the end of the tenure.
- v. The total remuneration, including perquisites and contribution to Provident Fund and Superannuation Fund, shall not exceed 5% for one such Wholetime Director and if there is more than one such Wholetime Director, 10% of all of them together, of the net profits, calculated in accordance with Section 198 and Section 309 of the Act.
- vi. The Board may, at its discretion, pay to Mr. H.C. Pandya, lower remuneration than the maximum remuneration specified and revise such remuneration from time to time, within the maximum limits specified therein.
5. The Rules of the Company, as are applicable to other Senior Executives of the Company, shall also apply to Mr. H.C. Pandya.
6. Mr. H.C. Pandya shall not be paid any fees for attending meetings of the Board or of any Committee thereof.
7. Mr. H.C. Pandya shall not become interested or otherwise concerned directly or through his wife and/or minor children, in any selling agency of the Company, without the prior approval of the Central Government.
8. Mr. H.C. Pandya shall be entitled to reimbursement of all expenses including travelling, entertainment and other out-of-pocket expenses incurred by him in connection with or relating to the business of the Company.



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9. The appointment may be terminated by the Company or by Mr. H.C. Pandya by giving not less than three calendar months' prior notice in writing, provided that, the Company shall be entitled to terminate Mr. H.C. Pandya's appointment at any time, by payment to him of three months' salary in lieu of such notice.
10. Mr. H.C. Pandya shall not have the power to make calls on members in respect of moneys unpaid on shares and to issue debentures.
11. Mr. H.C. Pandya shall not, during the continuance of his employment or any time thereafter, divulge or disclose to any person or make any use, whatsoever, of any information or knowledge, obtained by him during his employment, as to the business or affairs of the Company or any trade secrets or secret processes of the Company.
12. Mr. H.C. Pandya's appointment shall be determined forthwith, if he commits a breach of any of the aforesaid terms or if he is guilty of misconduct or becomes insolvent or ceases to be a Director of the Company.

The Board considers the aforesaid remuneration to be commensurate with the duties and responsibilities of the Wholtime Director of the Company and therefore, recommends the Resolution at item No. 8 of the Notice.

The approval of the members is, therefore, being sought under the provisions of the Act, to the re-appointment of Mr. H.C. Pandya as a Wholtime Director of the Company for a period of five years from 29th June, 1999 and for the payment to him, of the remuneration as stated above, subject to the aforesaid ceiling on remuneration.

A copy of the draft Agreement referred to above, will be available for inspection by the members at the registered office of the Company between 10.30 a.m. and 12.30 p.m. on any working day, except Saturday.

Mr. H.C. Pandya is interested in the Resolution at item No. 8 of the Notice, since it relates to him.

**ITEM NO. 9**

Consequent to the passing of the Depositories Act, 1996, and the introduction of the system of Depositories ('the System'), certain provisions of the Companies Act, 1956 and of the Securities Contracts (Regulation) Act, 1956 relating to the issue, holding, transfer and transmission of shares and other securities have been amended to facilitate the implementation of the System.

Although the Company does not immediately propose to implement the System, the Company finds it essential to make necessary modifications in its Articles of Association in terms of the Special Resolution at item No. 9 of the Notice and pass an enabling resolution so that the System can be put into effect as and when considered necessary by the Board of Directors of the Company. The Directors commend the Special Resolution at item No. 9 of the Notice for acceptance by the Members.

None of the Directors of the Company are concerned or interested in this Resolution.

By Order of the Board

K. SRINIVASAN

General Manager — Finance & Secretary

Registered Office:

Neville House,  
J. N. Heredia Marg,  
Ballard Estate,  
Mumbai 400 001.  
26th May, 1999.