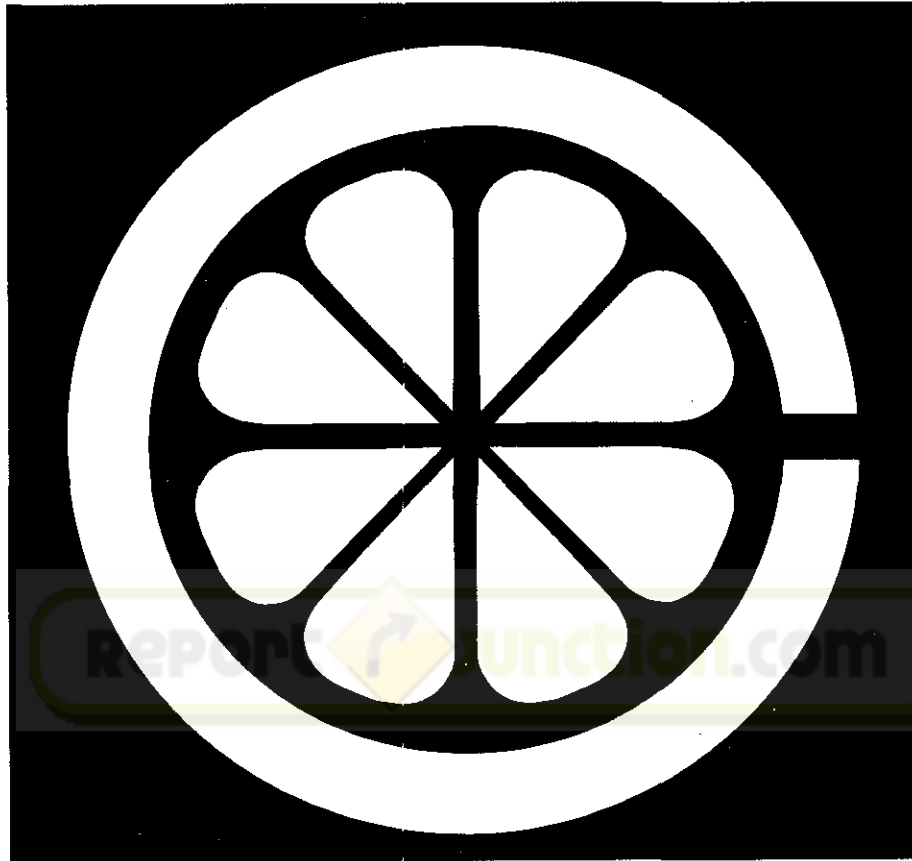


Citurgia Biochemicals Limited



*Annual Report And Accounts
1999-2000*

CITURGIA BIOCHEMICALS LIMITED

**TWENTY-FIFTH
ANNUAL REPORT
AND ACCOUNTS
1999-2000**

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. Jehangir N. Wadia
Mr. P. V. Kuppuswamy
Mr. H. C. Pandya (Wholetime Director)
Mr. K. M. Doongaji (Nominee Director)

VICE PRESIDENT — TECHNICAL

Mr. D. R. Kanitkar

FINANCIAL CONTROLLER

Mr. Shirish S. Shah

BANKERS

Union Bank of India
Oriental Bank of Commerce

REGISTRARS & TRANSFER AGENTS

SHAREPRO SERVICES

Satam Industrial Estate,
Cardinal Gracious Road,
Above Bank of Baroda,
Chakala, Andheri (E),
Mumbai 400 099.
Tel. Nos : 821 5168/820 2114/820 2108
Fax No. : 8375646

Additional Service Centre:
912, Raheja Centre,
Nariman Point,
Mumbai 400 021.

Tel. Nos : 288 1568/288 1569/
288 4527/282 5163
Fax No. : 282 5484

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 TWENTY-FIFTH 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, 3rd August, 2000 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, 2000, 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. H.C. Pandya, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Jehangir N. Wadia, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. G.P. Advani, a Director, liable to retire by rotation, who does not seek re-election, is, therefore, not re-appointed a Director of the Company.

RESOLVED FURTHER THAT the vacancy on the Board of Directors of the Company so created, be not filled."

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 appoint a Director in place of Mr. P.V. Kuppuswamy, 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.

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9. 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 163 of the Companies Act, 1956 ('the Act') the consent of the shareholders be and is hereby granted to the Company to maintain the Register of Members, Index of Members and copies of all Annual Returns prepared under Section 159 of the Act together with copies of the certificates and documents required to be annexed thereto under Section 161 of the Act, or any one or more of them ('the statutory records') at the office of M/s. Sharepro Services situate at Satam Industrial Estate, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (East), Mumbai 400 099.

RESOLVED FURTHER THAT the statutory records be kept open for inspection at the office of M/s. Sharepro Services at Satam Industrial Estate, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (East), Mumbai 400 099 by the persons entitled thereto, in the manner provided under Section 163(2) of the Companies Act, 1956 between 11.00 a.m. and 1.00 p.m. on any working day (other than Saturdays and Sundays) unless they are closed under the provisions of the Act or the Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of 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 to give effect to the above resolution."

By Order of the Board of Directors

H. C. PANDYA
Wholetime Director

Registered Office:

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

29th May, 2000.

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. 6, 8 and 9 of the Notice is annexed hereto.

CITURGIA BIOCHEMICALS LIMITED

3. The Company has appointed M/s. Sharepro Services, Mumbai, as Registrars and Share Transfer Agents. Accordingly, Members will be fully serviced by M/s. Sharepro Services at their offices at Satam Industrial Estate, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (East), Mumbai 400 099 and/or at 912, Raheja Centre, Nariman Point, Mumbai 400 021.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 18th July, 2000 to Thursday, 3rd August, 2000 (both days inclusive).
5. Dividend, if any, that may be declared at the meeting, will be paid on or after 7th August, 2000 to those members whose names appear in the Register of Members on 3rd August, 2000.
6. Members are requested to intimate immediately, any change in their addresses, to M/s. Sharepro Services, at any of their addresses given above.
7. 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 M/s. Sharepro Services, immediately, quoting their folio numbers.



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ANNEXURE TO THE NOTICE**Explanatory Statement under Section 173 of the Companies Act, 1956.****ITEM NO. 6**

In accordance with the provisions of Section 256 of the Companies Act, 1956 and the Company's Articles of Association, Mr. G. P. Advani retires by rotation and does not seek re-election. The Board is of the view that the place of Mr. G. P. Advani on the Board of Directors of the Company be not filled at present.

ITEM NO. 8

Mr. P.V. Kuppuswamy was appointed as an Additional Director on the Board of the Company, with effect from 25th January, 2000. Pursuant to Section 260 of the Companies Act, 1956, read with Article 115 of the Articles of Association of the Company. Mr. P. V. Kuppuswamy 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. P.V. Kuppuswamy 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. P. V. Kuppuswamy is elected as a Director.

The Board recommends the appointment of Mr. P.V. Kuppuswamy as a Director on the Board of the Company.

Mr. P.V. Kuppuswamy is interested in this Resolution, since it relates to his own appointment.

ITEM NO. 9

Effective 3rd May, 2000, the Company has appointed M/s. Sharepro Services as the Registrars and Share Transfer Agents of the Company to carry out all activities relating to transfer and transmission of shares. Consequently, it has become necessary to shift all the statutory records required to be maintained by the Company under Section 163 of the Companies Act, 1956 ('the Act') referred to in item No. 9 of the Notice, to the premises of M/s. Sharepro Services at their office situate at Satam Industrial Estate, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (East), Mumbai 400 099.

The approval of the shareholders by a Special Resolution is being sought pursuant to the provisions of Section 163 of the Act for the shifting of the statutory records to the premises of M/s. Sharepro Services at Satam Industrial Estate, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (East), Mumbai 400 099.

None of the Directors is interested in the Resolution, except as members of the Company.

By Order of the Board of Directors

H. C. PANDYA
Wholtime Director

Registered Office:

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

29th May, 2000.

CITURGIA BIOCHEMICALS LIMITED**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, 2000:

FINANCIAL RESULTS:

	For the year ended 31st March, 2000 Rs. in lac	For the year ended 31st March, 1999 Rs. in lac
GROSS TURNOVER	7,727.85	8,194.39
Other Income	335.34	105.46
Profit before Interest & Depreciation	1,229.38	866.15
Interest	463.88	487.53
Profit before Depreciation	765.50	378.62
Depreciation	254.98	233.00
PROFIT BEFORE EXTRAORDINARY EXPENSES AND TAX	510.52	145.62
Extraordinary Expenses — Deferred Revenue Expenditure written off — Voluntary Retirement Scheme payments	46.80	59.83
Tax	84.59	11.00
PROFIT AFTER TAX	379.13	74.79
Add: Balance in Profit and Loss Account of Previous Year	680.46	665.97
SURPLUS AVAILABLE FOR APPROPRIATIONS	1,059.59	740.76
Appropriations to:		
Proposed Dividend	84.53	50.72
Corporate Dividend Tax	18.60	5.58
General Reserve	38.00	4.00
Balance carried forward to next year	918.46	680.46

PROFIT AND DIVIDEND

The Company has achieved a Profit after Tax of Rs. 379.13 lac as against a profit of Rs. 74.79 lac last year, after charging the deferred revenue expenditure for Voluntary Retirement Scheme (VRS) payment.

The Board of Directors of the Company have recommended a dividend of Rs. 2.50 per Equity Share of Rs. 10/- each for the year ended 31st March, 2000, which will absorb Rs. 103.13 lac, including Corporate Dividend Tax of Rs. 18.60 lac.

ANNUAL REPORT 1999-2000**PRODUCTION AND SALES****Citric Acid**

The production at 6,112 MT was the highest ever and is more than 10% over last year's production of 5,526 MT. Compared to last year's sales of 5,876 MT, the sales this year at 5,682 MT were marginally lower by 194 MT. The lower sales were on account of heavy imports of Chinese product in the beginning of the year. The Company, however, was able to maintain its prices. The Company expects to achieve higher sales in the current year.

Power is one of the major cost elements in the production of Citric Acid and its cost is steadily going up. The average cost of power from Gujarat Electricity Board went up from Rs. 4.64 per unit in 1998-99 to Rs. 5.01 per unit in 1999-2000. Because of this trend which would continue in future, the Company, in order to contain this cost, is going ahead with a gas-based co-generation plant, which is expected to be commissioned by the end of September, 2000. This will reduce the power cost significantly and improve the profitability.

Price of Molasses increased to Rs. 800 per MT due to exports out of the country and increased demand in neighbouring States.

Continuous efforts to reduce the cost of production have helped to improve the profitability of Citric Acid operations.

The R&D Center at Surat got approval from the Ministry of Science and Technology.

Calcium Carbonate

Conditions similar to last year, such as lower off-take by the toothpaste industry, lower orders for PVC pipes from the irrigation departments of the various state governments and general recessionary conditions, affected the sales of Calcium Carbonate. The sales were 36,359 MT as against 40,244 MT in the previous year. The exports during the year were lower at 1,285 MT valued at Rs.133 lac as against 1,990 MT valued at Rs. 250 lac last year.

Production was accordingly curtailed and was slightly lower than last year, at 36,638 MT as against 37,656 MT (excluding outsourced). The Company had not outsourced any quantities during the year under review.

New value added products are being tested in the user-industries and the Company expects to commercialize the same at the earliest opportunity. This is expected to improve the profitability of the Calcium Carbonate operations.

MODERNIZATION/EXPANSION

The Company has placed an order for a 3.872 MW gas-based co-generation plant for its Citric Acid factory on M/s. Cogen India Engineering Pvt. Ltd. The plant is expected to go on stream by the end of September 2000.

FINANCE AND ACCOUNTS

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

The term loan of Rs. 300 lac availed from ICICI was fully repaid by the Company.

CRISIL had assigned a 'P1' rating to the Company, for its Commercial Paper issue, indicating that the degree of safety with regard to the timely payment on the instrument is very strong. During the year under review, the Company had issued Commercial Papers of Rs. 800 lac which were rolled over. No Commercial Papers were outstanding as at 31st March, 2000.

Out of the total cash credit facility of Rs.1300 lac available to the Company from its consortium of banks, the Working Capital Demand Loan facility to the extent of Rs.1203 lac was converted into Foreign Currency Loan facility.

CITURGIA BIOCHEMICALS LIMITED

The Company availed of a short-term loan of Rs. 200 lac from Industrial Investment Bank of India Ltd. (IIBI) for a period of three months.

FIXED DEPOSITS

Out of the fixed deposits totalling to Rs. 317.89 lac as at 31st March, 2000, deposits amounting to Rs. 6.03 lac which matured, have not been claimed by the depositors on the said date. Since then, except 4 deposits of the value of Rs. 0.35 lac, 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.

Y2K COMPLIANCE

The Company did not face any disruptions on account of the Y2K bug, and completed a smooth transition into the new millennium.

PERSONNEL

Industrial Relations have been cordial. During the year, the Company had implemented Voluntary Retirement Schemes for its employees at Surat and Rishikesh. 25 employees opted for Voluntary Retirement under the Scheme. The Company has signed a Wage Settlement Agreement with the Union at Surat Plant.

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 herewith. However, any Shareholder interested in obtaining such particulars may write to the Company at the Registered Office.

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

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Dr. H. C. Bijawat, Mr. H. C. Pandya and Mr. Jehangir N. Wadia retire by rotation and are eligible for re-appointment.

Mr. G.P. Advani, a Director of the Company since 1983, also retires by rotation at the forthcoming Annual General Meeting. He has expressed his desire not to seek re-election. The Directors place on record, their appreciation of the valuable contribution made by Mr. Advani during his long association with the Company. The Directors are of the view that the place of Mr. Advani on the Board of Directors of the Company be not filled at present.

Mr. P.V. Kuppaswamy was appointed as an Additional Director on the Board of Directors of the Company, with effect from 25th January, 2000. Pursuant to Section 260 of the Companies Act, 1956, Mr. Kuppaswamy 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. P.V. Kuppaswamy as a candidate for the office of a Director.

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.

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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 of Directors

NUSLI N. WADIA
Chairman

Mumbai, 29th May, 2000.

