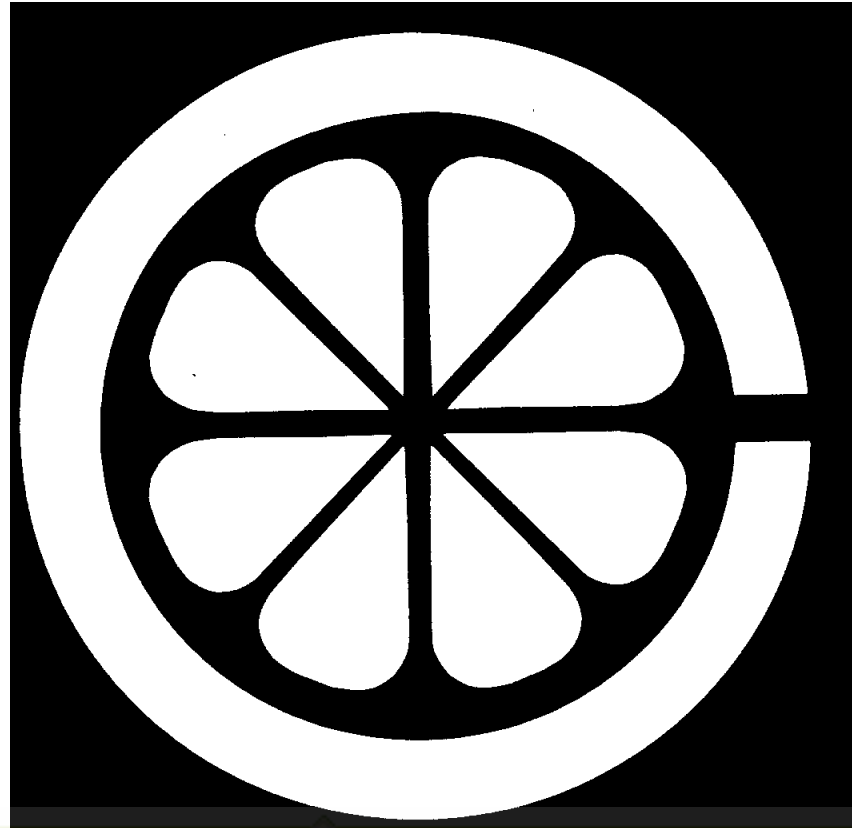


# Citurgia Biochemicals Limited



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*Annual Report And Accounts  
2001-2002*

**CITURGIA BIOCHEMICALS LIMITED**

**TWENTY-SEVENTH  
ANNUAL REPORT  
AND ACCOUNTS  
2001-2002**

**DIRECTORS**

Mr. Nusli N. Wadia, Chairman  
Mr. P. V. Kuppuswamy, Vice-Chairman  
Dr. H. C. Bijawat  
Mr. A. M. Stankiewicz  
Mr. A. K. Hirjee  
Dr. H. E. Eduljee  
Mr. R. N. Sethna  
Mr. P. R. Vakil  
Mr. Jehangir N. Wadia  
Mr. R. Swaminathan (Executive Director)  
Mr. S. T. Deware (Nominee Director)

**FINANCIAL CONTROLLER**

Mr. Shirish S. Shah

**COMPANY SECRETARY**

Mr. Mehul R. Shah

**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, Uttaranchal

**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

## CITURGIA BIOCHEMICALS LIMITED

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### NOTICE

NOTICE IS HEREBY GIVEN that the TWENTYSEVENTH ANNUAL GENERAL MEETING of CITURGIA BIOCHEMICALS LIMITED will be held at Patkar Hall, 1, Nathibai Thackersey Road, New Marine Lines, Mumbai 400 020 on Tuesday, 30th July, 2002 at 4.00 p.m. to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2002, 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 appoint a Director in place of Dr. H. E. Eduljee, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. P. R. Vakil, who retires by rotation, and being eligible, offers himself for re-appointment.
4. 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:

5. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. A. M. Stankiewicz, a Director, liable to retire by rotation, who does not seek re-election, is therefore, not re-appointed as a Director of the Company.

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

By Order of the Board of Directors

MEHUL R. SHAH  
Company Secretary

#### Registered Office:

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

29th May, 2002

**ANNUAL REPORT 2001-2002****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. The instrument appointing proxy should be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special business under item no. 5 of the Notice, is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 23rd July, 2002 to Tuesday, 30th July, 2002 (both days inclusive).
4. Members are requested to intimate immediately, any change in their addresses, to the Company's Registrars and Share Transfer Agents, M/s. Sharepro Services, at their offices at Satam Industrial Estate, Cardinal Gracious Road, above Bank of Baroda, Chakala, Andheri (East), Mumbai 400 099 or at 912, Raheja Centre, Nariman Point, Mumbai 400 021.
5. The unclaimed dividends for the year ended 31st March, 1994 and previous years, declared by the Company, have been transferred to the general revenue account of the Central Government, in terms of Section 205(A) of the Companies Act, 1956. Those Members who have not encashed their dividend warrants for the aforesaid years, are requested to claim the amounts from the Registrar of Companies, Maharashtra.
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 immediately to M/s. Sharepro Services, at any of their addresses given above, quoting their folio numbers. IT MAY ALSO PLEASE BE NOTED THAT ONCE THE UNCLAIMED DIVIDEND IS TRANSFERRED TO THE INVESTOR EDUCATION AND PROTECTION FUND, AS ABOVE, NO CLAIM SHALL LIE AGAINST THE INVESTOR EDUCATION AND PROTECTION FUND OR THE COMPANY IN RESPECT OF THE INDIVIDUAL AMOUNTS WHICH WERE UNCLAIMED AND UNPAID FOR A PERIOD OF SEVEN YEARS FROM THE DATE THEY FIRST BECAME DUE FOR PAYMENT AND NO PAYMENT SHALL BE MADE IN RESPECT OF ANY SUCH CLAIMS.
7. In terms of Section 109A of the Companies Act, 1956, every holder of shares/debentures in a Company, may at any time, nominate in the prescribed manner, a person to whom his/her shares/debentures in the Company shall vest, in the event of his/her death. Members who wish to avail of this facility, may fill the prescribed Form No. 2B and forward the same to M/s. Sharepro Services, at any of their addresses given above. The prescribed Form No. 2B can be obtained from the Company or from M/s. Sharepro Services, at any of their addresses given above.
8. As required in terms of paragraph VI(A) of clause 49 of the Listing Agreement, the details of the Directors appointed, nominated and Directors retiring by rotation and eligible for reappointment are furnished below:

**Dr. H. E. Eduljee:**

Dr. H. E. Eduljee, 87, is holding qualifications of Ph.D., D.I.C., and M. I. CHEM. E. Dr. Eduljee has a vast experience of 7 years research in Chemistry and Chemical Engineering. He is also having an opulent experience over 35 years in designing, operating and managing a wide variety of chemical plants.

Outside Directorship: Director on the Board of Dai-Ichi Karkaria Ltd.

Committee Membership: Nil.

**CITURGIA BIOCHEMICALS LIMITED****Mr. P. R. Vakil:**

Mr. P. R. Vakil, 79, is a Senior Advocate in active practice for over 55 years. He is a B.A. (Honours), LL.B. from University of Bombay and has also passed the Advocate (O.S.) examination held by Bombay High Court to be eligible to appear on the original side of the High Court.

In 1976, he was placed on the roll of Senior Advocates and has since been appearing as Senior Advocate in the Supreme Court, the Bombay High Court and other High Courts in India. His expertise is mainly on the practices on the criminal side and has been engaged as legal adviser and special public prosecutor by the Government of Maharashtra and C.B.I. as well as by several companies of repute. He was also part time professor in the Government Law College and also honorary lecturer for Master of Laws.

Outside Directorship: Nil.

Committee Membership: Audit Committee of the Company's Board.

**Mr. S. T. Devare:**

Mr. S. T. Devare, 61, Nominee Director of ICICI on the Company's Board, is a B.Sc. (Honours) with distinction from Bombay University. Currently he is a Member of the National Security Advisory Board and Visiting Professor at the Jawaharlal Nehru University, New Delhi. He was a member of the Indian Foreign Service from 1964 to 2001. He was Secretary, Ministry of External Affairs, Govt. of India, from 1998 to 2001. He was a member of the Indian delegation to the WTO Ministerial Conferences at Geneva and Seattle in 1998 and 1999. He has been a leader of the official-level Indian delegations to several conferences/meetings regarding political and security related issues of the countries of the Asia-Pacific and Sub-Sahara Africa. He had been an Ambassador of India to Republic of Korea (September 1985 to June 1989), Counsel General of India to Frankfurt, Germany (June 1989 to July 1992), Ambassador of India to Ukraine (August 1992 to August 1994) and Ambassador of India to Indonesia (September 1994 to January 1998).

Outside Directorship: Global Procurement Consultants Ltd.

KPL International Ltd.

Shamken Spinners Ltd.

Committee Membership: Remuneration Committee of the Company's Board.

**ANNEXURE TO THE NOTICE****Explanatory Statement under Section 173 of the Companies Act, 1956.****Item No. 5:**

In accordance with the provisions of the section 256 of the Companies Act, 1956, read with Company's Articles of Association, Mr. A. M. Stankiewicz, a Director, liable to retire by rotation, does not seek re-election on account of his ill health. The Board is of the view that office of Mr. A. M. Stankiewicz on the Board of Directors of the Company be not filled at present.

The Directors recommend the Ordinary Resolution at Item no.5 of the Notice for approval by the Members. None of the Directors other than Mr. A. M. Stankiewicz may be considered to be concerned or interested in the said Resolution.

Registered Office:  
Neville House,  
J. N. Heredia Marg,  
Ballard Estate,  
Mumbai 400 001.  
29th May, 2002

By Order of the Board of Directors

MEHUL R. SHAH  
Company Secretary

**ANNUAL REPORT 2001-2002****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, 2002:

**FINANCIAL RESULTS:**

	<b>For the year ended 31st March, 2002 Rs. in lac</b>	<b>For the year ended 31st March, 2001 Rs. in lac</b>
GROSS TURNOVER	<b>6,937.57</b>	7,852.95
Other Income	<b>186.67</b>	176.13
Profit before Interest & Depreciation	<b>547.21</b>	978.70
Interest	<b>550.98</b>	541.14
(Loss)/Profit before Depreciation	<b>(3.77)</b>	437.56
Depreciation	<b>365.19</b>	289.15
(LOSS)/PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	<b>(368.96)</b>	148.41
Extraordinary items:		
— Profit/(Loss) on sale of fixed assets	<b>179.33</b>	(1.12)
— Deferred Revenue Expenditure written off Voluntary Retirement Scheme	<b>(47.00)</b>	(46.80)
Taxation:		
Current year's Income Tax	—	(8.05)
Current year's Deferred Tax	<b>(68.35)</b>	—
Current year's Wealth Tax	<b>(0.55)</b>	(0.55)
(LOSS)/PROFIT AFTER TAX	<b>(305.53)</b>	91.89
Add: Balance in Profit and Loss Account of Previous Year	<b>949.46</b>	918.46
<b>SURPLUS AVAILABLE FOR APPROPRIATIONS</b>	<b>643.93</b>	1,010.35
Appropriations to:		
Proposed Dividend	—	50.72
Corporate Dividend Tax	—	5.17
General Reserve	—	5.00
Balance carried forward to next year	<b>643.93</b>	949.46

**COMPANY RESULTS AND DIVIDEND:**

The Company has incurred a loss after tax of Rs.305.53 lac (including Rs.179.47 lac gain on sale of immovable property and Rs.68.35 lac on account of Deferred Tax Liability) against a profit of Rs. 91.89 lac last year, after charging the deferred revenue expenditure for Voluntary Retirement Scheme (VRS).

In view of the loss incurred, the Directors do not recommend any dividend.

**CITURGIA BIOCHEMICALS LIMITED**

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**PRODUCTION AND SALES:****Citric Acid:**

The production at 5,621 MT was lower than the production of 6,162 MT last year. The sales were lower by nearly 12% at 5,243 MT compared to 5,948 MT in the previous year because of cheaper imports and domestic competition.

Due to lower production and large scale exports out of the state and the country, the price of Molasses in Gujarat went up to around Rs. 1,925/- per MT from last year's high of Rs. 1,500/- per MT. The price is expected to increase substantially in the coming year until the start of the new crushing season in November.

Imports of Citric Acid in the country arrived from Indonesia and Thailand. Citric Acid has also been brought into the country from Singapore, Taiwan, Korea and Malaysia, which do not produce Citric Acid. The Company has applied for an antidumping duty on imports from Indonesia & Thailand.

**Calcium Carbonate:**

Continued sluggishness in the demand for Calcium Carbonate in major industries such as PVC pipes and toothpaste and excess domestic capacity, resulted in lower sales at 31,632 MT compared to 34,842 MT in the previous year. Production was, therefore, curtailed to 31,983 MT compared to 33,584 MT in the previous year. The exports during the year were 2,391 MT valued at Rs. 241 lac as against 2,790 MT valued at Rs. 282 lac in the previous year.

Continuous improvements in the plant and the commissioning of the Fluidized Bed Combustion (FBC) coal-fired boiler, have helped in reducing the cost of production. Further reductions are expected in the coming year.

**MODERNIZATION AND EXPANSION:**

The Company has converted its coal-fired boiler into a Fluidized Bed Combustion (FBC) coal-fired boiler, resulting in improved efficiency and reduced fuel cost at the Calcium Carbonate plant at Rishikesh.

**FINANCE AND ACCOUNTS:**

The repayment of term loans to the financial institutions has been deferred in view of discussions on reschedulement.

The cash credit facility to the extent of Rs. 1,292 lac, which was converted into FCNR(B) loan, was rolled over during the year.

The consortium of Banks have maintained their cash credit facility at Rs. 1,400 lac.

**FIXED DEPOSITS:**

Out of the fixed deposits totalling to Rs. 609.46 lac as at 31st March, 2002, deposits amounting to Rs. 5.65 lacs which matured, have not been claimed by the depositors on the said date. Since then, except 13 deposits of the value of Rs. 0.78 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.

**DEPOSITORY SYSTEM:**

Compulsory trading of the Company's Equity shares in dematerialised form has been made mandatory by the Securities & Exchange Board of India (SEBI) with effect from 25th September, 2000. In line with this, your Company has entered into a tripartite agreement with Central Depository Services (India) Limited, National Securities Depository Ltd. and M/s. Sharepro Services, Registrars for Depository system. Shareholders can avail of the facility for dematerialisation of securities for safe and efficient dealings in securities of the Company.

**DIRECTORS:**

Mr. A. M. Stankiewicz, Director of the Company since its incorporation, retires by rotation at the forthcoming Annual General Meeting. He has expressed his desire not to seek re-election on account of his ill health. The Directors place on record their appreciation of the valuable contribution made by Mr. A. M. Stankiewicz during his long association with the Company. The Directors are of the view that the vacancy on the Board of Directors of the Company, so created, be not filled at present.

Mr. H. C. Pandya, Wholetime Director of the Company, had requested the Board of Directors for early retirement from the services of the Company, which was acceded by the Board in the Board Meeting held on 25th July, 2001, after the conclusion of the 26th Annual General Meeting. Consequent to Mr. H. C. Pandya ceasing to hold the office of Wholetime Director, he also ceased to hold the office of a Director on the Board.

In the same Board Meeting held on 25th July, 2001, after the conclusion of the 26th Annual General Meeting, Mr. H. C. Pandya was appointed as an Additional Director on the Board of the Company under Section 260 of the Companies Act, 1956 and Article 115 of the Articles of Association of the Company. Due to some other pre-occupations, Mr. H. C. Pandya resigned from the Board of the Company, which was duly acceded by the Board in their meeting held on 29th May, 2002.

ICICI Ltd. had, during the year, withdrawn the nomination of Mr. K. M. Doongaji from the Board of the Company and appointed Smt. Sandhya Gadkari Sharma as their Nominee Director on the Company's Board. The appointment of Smt. Sandhya Gadkari Sharma was effective from 31st October, 2001. The said nomination of Smt. Sandhya Gadkari Sharma was withdrawn by ICICI Ltd. vide their intimation dated 24th January, 2002 and ICICI Ltd. has nominated Shri S.T. Devare (formerly Secretary, Ministry of External Affairs, Govt. of India) in place of Smt. Sandhya Gadkari Sharma with effect from 24th January, 2002. The Directors wish to place on record, their sincere appreciation of the support and co-operation received from Mr. K. M. Doongaji during his association as a Nominee Director of ICICI Ltd. on the Board of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Dr. H. E. Eduljee and Mr.P.R. Vakil, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment. Mr. A. M. Stankiewicz, a Director, liable to retire by rotation, does not seek re-election, in view of his ill health.

**DIRECTORS' RESPONSIBILITY STATEMENT U.S. 217(2AA):**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2002 and of the loss of the Company for the year ended 31st March, 2002;
- iii. they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies



**CITURGIA BIOCHEMICALS LIMITED**

Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. they have prepared the annual accounts on a going-concern basis.

**CORPORATE GOVERNANCE:**

Pursuant to clause 49 to the Listing Agreement, the mandatory requirements relating to Corporate Governance were to be complied with by your Company by 31st March, 2002. Accordingly your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance in terms of Clause 49 to the Listing Agreements with the Stock Exchanges, are complied with.

A separate report on Corporate Governance is being incorporated as a part of the Annual Report along with a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance which is annexed to the Directors' Report.

**CONSOLIDATED FINANCIAL STATEMENTS:**

As required by Accounting Standard (AS) 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India, the audited Consolidated Financial Statements are annexed.

**PERSONNEL:**

Relations with the employees remained cordial in general throughout the year. The Company has signed a Wage Settlement Agreement with the Union at Rishikesh plant, which is valid upto 31.03.2004.

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 annexed herewith.

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

**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, FOREIGN EXCHANGE EARNINGS AND OUTGO 217(1)(E):**

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.



For and on behalf of the Board of Directors

Nusli N. Wadia

Chairman

Mumbai, May 29, 2002

## ANNUAL REPORT 2001-2002

## 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 Calcium Carbonate plant, a fuel-efficient, Fluidized Bed Combustion (FBC) boiler was commissioned.

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

—

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

At the Calcium Carbonate plant, cost of steam has 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	
		2001-02	2000-01	2001-02	2000-01
1.	<b>Electricity:</b>				
(a)	<b>Purchased:</b>				
	Units '000 KWH	2,405	15,492	7,288	6,505
	Total amount Rs./lac	*221	870	389	326
	Rate/Unit Rupees	9.18	5.62	5.33	5.01
(b)	<b>Own Generation:</b>				
(i)	Through Diesel Generator:				
	Units '000 KWH	24	1,698	469	921
	Units per ltr. of Diesel Oil for DG Set KWH	2.55	2.69	3.20	3.20
	Cost/Unit Rupees	7.94	7.21	5.68	4.82
(ii)	Through Gas Engine:				
	Co-generation Plant '000 KWH	21,153	8,700	NIL	NIL
	Units per SM <sup>3</sup> of Gas KWH	3.41	3.62	NIL	NIL
	Cost/Unit Rupees	2.82	2.40	NIL	NIL
2.	<b>Coal:</b>				
	Quantity M.T.	8,284	11,801	4,043	NIL
	Total Amount Rs./lac	165	231	104	NIL
	Average rate Rupees	1,994	1,959	2,572	NIL

\*Inclusive of contract demand charges, to be a stand-by source of power.