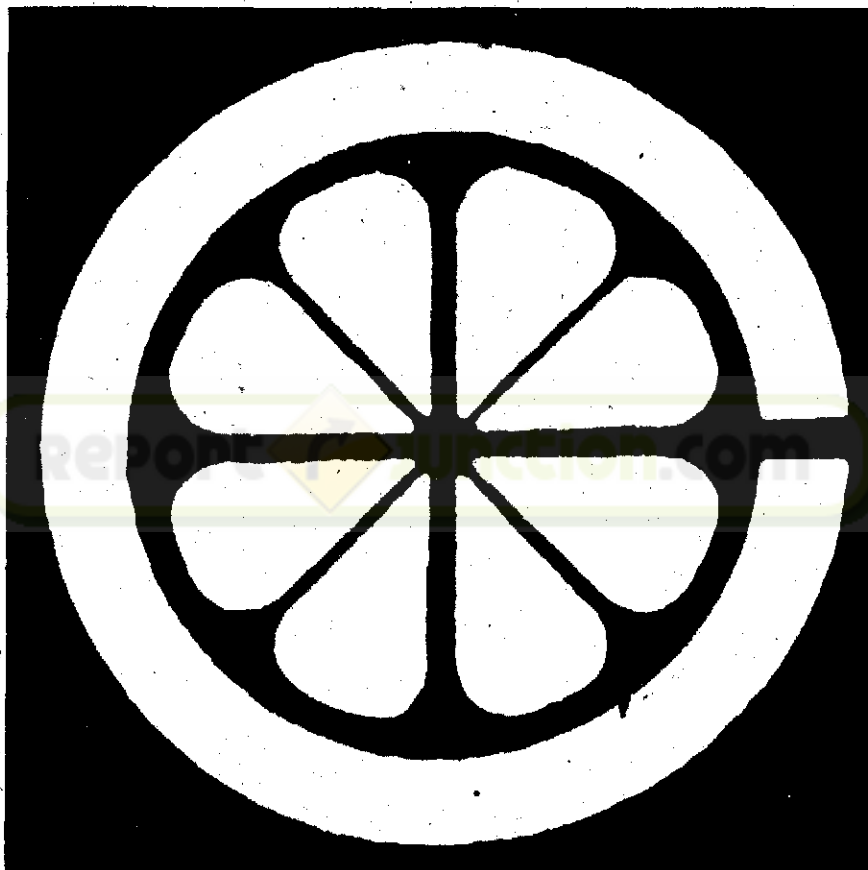


# **Citurgia Biochemicals Limited**



**Annual Report And Accounts  
2003-2004**

## ANNUAL REPORT 2003-2004

### TWENTY NINTH ANNUAL REPORT AND ACCOUNTS 2003-2004

#### DIRECTORS

Mr. P. V. Kuppaswamy, Chairman  
Mr. A. K. Hirjee  
Dr. H. E. Eduljee  
Mr. R. N. Sethna  
Mr. P. R. Vakil  
Mr. Jehangir N. Wadia  
Mr. S. R. Lohokare (Wholetime Director)

#### BANKERS

Union Bank of India  
Oriental Bank of Commerce

#### SOLICITORS

Crawford Bayley & Co.

#### REGISTRAR & TRANSFER AGENTS

##### SHAREPRO SERVICES

Satam Industrial Estate,  
Cardinal Gracious Road,  
Above Bank of Baroda,  
Chakala, Andheri (E),  
Mumbai 400 099.  
Tel. Nos. 2821 5168/2820 2114/2820 2108  
Fax No. : 28375646

##### Additional Service Centre:

912, Raheja Centre,  
Nariman Point,  
Mumbai 400 021.  
Tel. Nos. : 2288 1568 / 2288 1569 /  
2288 4527 / 2282 5163  
Fax : 2282 5484

#### AUDITORS

Nanubhai & Co.  
Chartered Accountants

#### REGISTERED OFFICE

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

#### FACTORIES

GIDC, Pandesara, Surat, Gujarat.  
Rishikesh, Uttaranchal.

**CITURGIA BIOCHEMICALS LIMITED****NOTICE**

NOTICE is hereby given that the TWENTY-NINTH Annual General Meeting of CITURGIA BIOCHEMICALS LIMITED will be held at M.C. Ghia Hall, Bhogilal Hargovinddas Building, 2<sup>nd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Behind Prince of Wales Museum, Kalaghoda, Mumbai: 400001 on **Wednesday, 1<sup>st</sup> September, 2004 at 3.00 p.m.** to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the Balance Sheet of the Company as at 31<sup>st</sup> March, 2004 and the Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.P.V. Kuppuswamy who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr.A.K. Hirjee who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Messrs Nanubhai & Co., Chartered Accountants, as Auditors 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.

**NOTES:**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- (b) The Register of Members and the Share Transfer Books of the Company will be closed from Wednesday, 25<sup>th</sup> August, 2004 to Wednesday, 1<sup>st</sup> September, 2004, both days inclusive.
- (c) Members are requested to notify immediately any change of address:
  - (i) to their Depository Participants (DPs) in respect of their electronic share accounts, and
  - (ii) to the Company's Registrars & Share Transfer Agents, M/s.Sharepro Services (R & TA), at Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099, or at 912 Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021, in respect of their physical share folios, if any, quoting their folio numbers.
- (d) The unclaimed dividends for the financial year ended 31<sup>st</sup> March, 1994 and preceding years declared by the Company have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956 (the Act). Members who have not encashed their Dividend Warrants for the aforesaid years are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai.

Dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account of a company is required to be transferred to the Investor Education and Protection Fund (IEPF) in terms of Section 205C of the Act. Accordingly, the unclaimed dividends for the financial year ended on 31<sup>st</sup> March, 1995 and 31<sup>st</sup> March, 1996 have been transferred to IEPF. Last dates for claiming unpaid dividends for the financial years commencing from the financial year ended 31<sup>st</sup> March 1997 are given in the table below:

Financial Year	Date of Declaration of Dividend	Last date for claiming Unpaid dividend
1996-1997	30-Jul-97	29-Jul-04
1997-1998	30-Jul-98	29-Jul-05
1998-1999	4-Aug-99	3-Aug-06
1999-2000	3-Aug-00	2-Aug-07
2000-2001	25-Jul-01	24-Jul-08

Members who have so far not encashed the Dividend Warrants for the above years are advised to submit their claim to the Company's R & TA at either of the aforesaid addresses immediately quoting their folio numbers/DP ID & Client ID.

- (e) Members may avail themselves of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the prescribed form (Form No. 2B) a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the Company's Registered office or from its R & TA at either of the aforesaid addresses.
- (f) Members/ Proxies should bring the Attendance Slip, sent herein, duly filled in, for attending the Meeting.
- (g) Members are requested to bring their copy of the Annual Report to the Meeting.
- (h) As required in terms of Paragraph VI(A) of Clause 49 of the Listing Agreement, details of Directors appointed/ Directors retiring by rotation and eligible for re-appointment are furnished below:

**1. Mr.P.V. Kuppuswamy:**

Mr. P.V. Kuppuswamy, 60, is a B.Sc. (Chem.), and B.Sc. (Chem.Engg.) with Post Graduate Diploma of Indian Institute of Petroleum (Petroleum Refining & Petrochemicals) and has been with The Bombay Dyeing & Manufacturing Co. Ltd. for over 25 years in various Management positions involving Project Implementation, Manufacturing, Commercial,

**ANNUAL REPORT 2003-2004**

Marketing and Total Business Management, besides having previous experience of over 11 years in large Petrochemical Complex in functions relating to Technical Services, Production and Projects. Since August 1994, he has been on the Board of The Bombay Dyeing & Manufacturing Co. Ltd. with Executive responsibilities.

He joined the Board of Citurgia Biochemicals Limited in January 2000 and is the Chairman effective August 26, 2002.

**Outside Directorship:**

The Bombay Dyeing & Manufacturing Co. Ltd. (Joint Managing Director), National Peroxide Ltd. (Chairman), Macrofil Investments Ltd. and 1 Private Limited Company.

**Committee Membership:**

- Citurgia Biochemicals Ltd. [Audit Committee, Remuneration Committee and Share Transfer & Shareholders'/Investors' Grievance Committee (Chairman)].
- National Peroxide Ltd. [Audit Committee, Remuneration Committee and Share Transfer & Shareholders'/Investors' Grievance Committee].

**2. Mr. A.K. Hirjee**

Mr. A.K. Hirjee, 65, is B.A. (Hons), Barrister-at-Law, SLOAN Fellow of London Business School. He was inducted on the Company's Board in September 1983. He has 41 years of experience in different areas of Business Management and his expertise extends to finance, banking, legal, commercial, industrial and general administration. Mr. Hirjee has been actively associated with leading Charitable Institutions.

**Outside Directorship :**

The Bombay Burmah Trading Corporation Ltd. (Vice Chairman), The Bombay Dyeing & Manufacturing Co. Ltd., Gherzi Eastern Ltd., Atlas Copco (India) Ltd. (Chairman), Nowrosjee Wadia & Sons Ltd., Wadia BSN India Ltd., Britannia Industries Ltd., HDFC Trustee Co. Ltd. (Chairman), National Peroxide Ltd. and 8 Foreign Companies (Chairman of 1) and 1 Private Limited Company.

**Committee Membership:**

- The Bombay Burmah Trading Corporation Ltd. [Audit Committee, Remuneration Committee],
- Atlas Copco (India) Ltd. [Audit Committee (Chairman), Remuneration Committee (Chairman), Share Transfer & Shareholders'/Investors' Grievance Committee].
- Britannia Industries Ltd. [Share Transfer & Shareholders'/Investors' Grievance Committee],
- The Bombay Dyeing & Mfg. Co. Ltd. [Share Transfer & Shareholders'/Investors' Grievance Committee, Remuneration Committee],-
- National Peroxide Ltd. [Audit Committee],
- HDFC Trustee Company Ltd. [Audit Committee (Chairman)].

By Order of the Board of Directors  
For CITURGIA BIOCHEMICALS LIMITED

**S. R. LOHOKARE**  
Wholetime Director

Mumbai, 29<sup>th</sup> June, 2004

**Registered Office :**

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

## CITURGIA BIOCHEMICALS LIMITED

### DIRECTORS' REPORT TO THE MEMBERS

The Directors present the audited Balance Sheet and Profit & Loss Account together with their Report thereon for the financial year ended 31<sup>st</sup> March, 2004:

#### Financial Results

	For the year ended 31 <sup>st</sup> March, 2004 Rs. in lacs	For the year ended 31 <sup>st</sup> March, 2003 Rs. in lacs
GROSS TURNOVER	181.58	4481.35
Other Income	20.64	195.14
(Loss) before Interest & Depreciation	(838.72)	(799.26)
Interest	127.71	573.18
(Loss) before Depreciation	(966.43)	(1372.44)
Depreciation	363.08	371.03
(LOSS) BEFORE TAXATION	(1329.51)	(1743.47)
ADD: Terminal adjustments of fixed assets:	(993.75)	---
LESS: Provision for interest written back:	201.71	---
	(2121.55)	(1743.47)
TAXATION		
Current year's Deferred Tax	---	(45.86)
Current year's Wealth Tax	---	(0.07)
(LOSS) AFTER TAXATION	(2121.55)	(1789.40)
Add: Balance in Profit and Loss Account of Previous Year	(418.17)	643.93
Income Tax provision of earlier years written back	34.94	---
Balance Transferred on Amalgamation	---	183.84
Transfer from General Reserve	---	540.89
Accumulated Lease Equalization in respect of earlier years	---	2.57
(LOSS) AVAILABLE FOR APPROPRIATIONS	(2504.78)	(418.17)
Appropriations to:		
Proposed Dividend	---	---
Corporate Dividend Tax	---	---
General Reserve	---	---
Balance carried forward to next year	(2504.78)	(418.17)

#### Working Results

The Company has incurred, during the financial year under report, a loss after tax of Rs.2121.55 lacs (including an amount of Rs.993.75 lacs towards terminal adjustment of fixed assets, Rs.38.29 lacs gain on sale of investments) against a loss after

tax of Rs.1789.40 lacs (including Rs.136.31 lacs gain on sale of immovable property, Rs.17.36 lacs gain on sale of investments and Rs.45.86 lacs on account of Deferred Tax Liability) in the previous year.

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

#### Operations:

##### Citric Acid Division

The production was nil as compared to the production of 3,328 MT during the previous year. The sales were at 101 MT as against 4,292 MT in the previous year. The exports during the year were nil as against 5 MT valued at Rs.3.11 lacs in the previous year.

The Company suspended operations of the Citric Acid Division from March 2003 due to erosion of its market share and fall in domestic prices leading to substantial losses in the financial year 2002-03 as reported earlier. The domestic market situation remains unchanged. In fact there is a further reduction in customs duty from 25% to 20% and elimination of Special Additional Duty of Customs (SAD) from January, 2004. The prices are, therefore, expected to reduce further. As a result, the Company is not very optimistic about revival of this business.

Since the Company did not see any future in the business, it moved an Ordinary Resolution on 6<sup>th</sup> October, 2003, under Section 293(1)(a) of the Companies Act, 1956, for dealing with and/or disposal of Company's Citric Acid Division located at Surat and/or Calcium Carbonate Division located at Rishikesh and more specifically described in the said Ordinary Resolution and explanatory statement thereto, which was passed by the shareholders by way of Postal Ballot voting process with requisite majority.

The Company, in accordance with the said Resolution and in consultation with financial institutions & bankers, released an advertisement in the newspapers to dispose off the assets of the Company and settle the dues of workmen, financial institutions and bankers.

The Company received expressions of interest / proposals from various interested bidders for buying over the assets of the said Citric Acid Division located at Surat.

After evaluating the various offers received from the parties, the Company has finalised the said sale and the price consideration, which has been received after the close of the financial year, has been applied to settle some of the liabilities of the Company including the secured loans, workmen's dues at Citric Acid division and other statutory dues. In accordance with Accounting Standard 4 (AS-4), terminal adjustment of Rs.993.75 lacs has been made towards write down of value of the fixed assets.

##### Calcium Carbonate Division

The production was nil as compared to the production of 23,263 MT during the previous year. The sales were 2,050 MT as against 24,327 MT in the previous year. The exports during the year were nil as against 387 MT valued at Rs.38.20 lacs in the previous year.

The Company suspended the operations of the Calcium Carbonate Division from March 2003 due to over-supply position of the market resulting in lower sales and severe pressure in price as reported earlier. The Company is not very optimistic about the future of this business as the market situation continued to remain unchanged with uncertainty of



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any improvement in future. In response to the advertisement released in the newspapers, pursuant to the said Resolution and discussions with the financial institutions and bankers, the Company received some inquiries for the purchase of fixed assets of Rishikesh works. As of present, since no settlement has been arrived at with the workmen of the Rishikesh works, it has not been possible to finalise any deal for sale of the assets of the said division.

Permission was sought from the Uttaranchal Government to sell the land at Rishikesh, which had been acquired by the then Uttar Pradesh Government in 1961 under the Land Acquisition Act on behalf of the Company for setting up the factory. The Government has not responded favourably to the same.

The Company is considering various options in respect of this division.

#### Finance and Accounts

Due to sustained operating losses in the Calcium Carbonate Division since 1999, coupled with operating losses in the Citric Acid Division of the Company during the previous financial year and in the absence of additional working capital funds, the Company's manufacturing operations at Rishikesh continued to be suspended since March 2003 till date. The Company's cash flow was, therefore, under severe strain as there was no inflow of funds during the year other than due to sale of small quantities of finished product/s.

Regarding the auditors' remarks in their report in para (4)(vi) and (viii), appropriate explanation has been furnished in Note No.2 in Schedule 'O' forming part of the accounts.

#### Industrial Relations

##### Citric Acid Division

After prolonged negotiations, the Management successfully finalised with the Labour Union a settlement for voluntary separation with the assistance of Deputy Commissioner of Labour. The workforce except one at the said Citric Acid Division applied for voluntary separation and were relieved from their services. As agreed, the dues of the workmen have been fully settled from the sale proceeds of the assets of the said Citric Acid Division. The Directors place on record their appreciation for the constructive approach of the Labour Union and assistance rendered by the Deputy Commissioner of Labour and other officials of the Labour Department in arriving at a peaceful and amicable settlement.

##### Calcium Carbonate Division

The Company was constrained to declare a lock out at Rishikesh works with effect from 29<sup>th</sup> September, 2003 owing to apprehended threat, violence and danger to the safety of the properties of the plant arising from gherao of the Works Manager by the workmen on numerous occasions. The lockout declared at Rishikesh continues to be in force till date.

Under the aegis of the Additional Commissioner of Labour, Uttaranchal, several rounds of negotiations have been held with Sturdia Chemical Employees' Union. However, no settlement has been arrived at, to date.

#### Status on BIFR

After registration of the Company's reference by the Hon'ble Board for Industrial & Financial Reconstruction (BIFR) in May 2003, no hearing has taken place to date. Pending a hearing of the reference, the accounts have been prepared on a going concern basis as explained in Note No.1 of Schedule "O" forming part of the Accounts. This also may be treated as an

explanation to the auditors' remarks in their report in para (4)(vi) and (viii).

#### Fixed Deposits

All the fixed deposits have been repaid. However, despite several reminders, deposits from 6 depositors aggregating to Rs. 50,000/- have remained unclaimed as on date of the report, which have been kept in a separate bank account for the purpose of repaying to the depositors upon receiving claims from them or to be transferred to the Investors' Education & Protection Fund on due dates.

#### Insurance

The Company's manufacturing operations at Surat and Rishikesh continued to be suspended during the financial year 2003-2004. Due to paucity of funds, the Company has not renewed the insurance policies with respect to the properties of the Company. Adequate security arrangements have been made.

#### Depository System

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

#### Directors

Dr. H.C. Bijawat resigned as a Director from the Board of Directors of the Company with effect from 18<sup>th</sup> June, 2004 due to health reasons. The Directors, while accepting the resignation, have placed on record, their sincere gratitude for the valuable contribution of Dr. Bijawat during his long association with the Company.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. P.V. Kuppaswamy and Mr. A.K. Hirjee, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

#### Directors' Responsibility Statement under Section 217(2AA) of the Companies Act, 1956

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 along with proper explanation relating to material departure;
- ii. they have, in selection of the accounting policies, consulted the statutory auditors 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 at the end of the financial year and of the loss of the Company for that period;
- 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 Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going-concern-basis.

## CITURGIA BIOCHEMICALS LIMITED

### Corporate Governance

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.

### Personnel

The Company has no employees covered under Section 217(2A) of the Companies Act, 1956.

### Auditors

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

### Subsidiary Companies

Himgiri Trading & Agencies Ltd. (Himgiri) and Sodality Investments Ltd. (Sodality) the wholly-owned subsidiaries of the Company, had not been carrying on any business activity for many years. Since the paid-up share capital of Himgiri and Sodality was only Rupees One lac each, in terms of Section 3(4) read with Section 3(5) of the Companies Act, 1956 (the Act), both the subsidiaries of the Company would be deemed to be defunct within the meaning of section 560 of the Act with effect from 13th December, 2002 and the Registrar of Companies (ROC) was required to strike off their names from the register.

Accordingly, Himgiri and Sodality had made application, in September 2003, for striking off the names of the said companies being defunct companies, after due compliance with all the requisite requirements under the Simplified Exit Scheme (SES) introduced by the Department of Company Affairs, which provided for simplified procedures to be adopted by such company as well as the ROC in that regard.

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo under Section 217(1)(e) of the Companies Act, 1956

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

P.V. KUPPUSWAMY  
Chairman

Mumbai, 29<sup>th</sup> June, 2004

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

## ANNUAL REPORT 2003-2004

## 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: Nil-
- (b) Additional Investments & Proposals: Nil-
- (c) Impact of measures at (a) and (b): Not Applicable-
- (d) Total energy consumption and energy consumption per unit of production:

## FORM A

## A. Power and Fuel Consumption:

		Citric Acid Division		Calcium Carbonate Division	
		2003-04	2002-03	2003-04	2002-03
1.	<b>Electricity:</b>				
(a)	<b>Purchased:</b>				
	Units	'000 KWH	NIL	2,455	NIL
	Total amount	Rs./lac	NIL	*215	NIL
	Rate/Unit	Rupees	NIL	8.77	NIL
	*Inclusive of contract demand charges, to be a stand-by source of power.				
(b)	<b>Own Generation:</b>				
(i)	<b>Through Diesel Generator:</b>	'000 KWH	NIL	20	NIL
	Units per ltr. of Diesel Oil for DG Set	KWH	NIL	2.68	NIL
	Cost/Unit	Rupees	NIL	7.89	NIL
(ii)	<b>Through Gas Engine:</b>				
	Co-generation Plant	'000 KWH	NIL	14,690	NIL
	Units per SM <sup>3</sup> of Gas	KWH	NIL	3.09	NIL
	Cost/Unit	Rupees	NIL	3.05	NIL
2.	<b>Coal :</b>				
	Quantity	M.T.	NIL	6,319	NIL
	Total Amount	Rs./lac	NIL	141	NIL
	Average rate	Rupees	NIL	2,229	NIL
3.	<b>Furnace Oil / Residual Furnace Oil :</b>				
	Quantity	K.Ltrs.	NIL	122	NIL
	Total Amount	Rs./lac	NIL	12	NIL
	Average rate	Rupees	NIL	10,161	NIL
4.	<b>Others:</b>				
(a)	<b>Pearl Coke:</b>				
	Quantity	M.T.	NIL	NIL	NIL
	Total Amount	Rs./lac	NIL	NIL	NIL
	Average rate	Rupees	NIL	NIL	NIL
(b)	<b>Charcoal :</b>				
	Quantity	M.T.	NIL	NIL	NIL
	Total Amount	Rs./lac	NIL	NIL	NIL
	Average rate	Rupees	NIL	NIL	NIL
(c)	<b>Kerosene Oil :</b>				
	Quantity	K.Ltrs.	NIL	NIL	NIL
	Total Amount	Rs./lac	NIL	NIL	NIL
	Average rate	Rupees	NIL	NIL	NIL
(d)	<b>Natural Gas:</b>				
	Quantity	000SM <sup>3</sup>	NIL	4,755	NIL
	Total Amount	Rs./lac	NIL	418	NIL
	Average rate	Rupees	NIL	8.79	NIL



**CITURGIA BIOCHEMICALS LIMITED****B. Consumption per unit of production:**

		Citric Acid Division		Calcium Carbonate Division	
		2003-04	2002-03	2003-04	2002-03
Electricity	KWH/MT	NIL	5,212	NIL	273
Coal	MT/MT	NIL	1.90	NIL	0.38
Furnace Oil/ Residual Furnace Oil	KL/MT	NIL	0.03	NIL	0.001
Coke	MT/MT	NIL	NIL	NIL	0.04
Charcoal	MT/MT	NIL	NIL	NIL	0.25
Biogas	M3/MT	NIL	496	NIL	NIL
Kerosene Oil	KL/MT	NIL	NIL	NIL	0.08
Natural Gas	SM <sup>3</sup> /MT	NIL	1,429	NIL	NIL

**(B) TECHNOLOGY ABSORPTION:****FORM B**

**Note:** The Company's manufacturing operations both at Surat and Rishikesh plants continued to be suspended since March 2003 till date. Other relevant information has been given in the Directors' Report, under the head 'Operations' and 'Industrial Relations'.

**A. Research and Development (R&D):**

- Specific areas in which R&D carried out by the Company: Nil-
- Benefits derived as a result of above R&D: Nil-
- Future plan of Action: Nil-
- Expenditure on R&D:

	Rs.in lac	
	2003-04	2002-03
(a) Capital	NIL	NIL
(b) Recurring	NIL	NIL
(c) Total	NIL	NIL
(d) Total R&D expenditure as a Percentage of total turnover	NIL	NIL

**B. Technology Absorption, Adaptation and Innovation: Nil****(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:****(a) Activities Relating to Exports:**

There was no exports during the year under review.

**(b) Total Foreign Exchange used and earned:**

	Rs.in lac 2003-04	Rs.in lac 2002-03
Used (including raw materials, spare parts, capital goods and other expenditure)	Nil	19.76
Earned	Nil	41.31

On behalf of the Board of Directors

**P. V. KUPPUSWAMY**  
Chairman

Mumbai, 29<sup>th</sup> June, 2004.

**ANNUAL REPORT 2003-2004****MANAGEMENT DISCUSSIONS AND ANALYSIS****CITRIC ACID BUSINESS****INDUSTRY STRUCTURE AND DEVELOPMENTS**

The suspension of operation of Citric Acid business by the Company, in March 2003, had no impact in the domestic market, as the requirements were met by available domestic capacity and imports. Further, during the year 2003-04, the customs duty on Citric Acid was reduced from 25% to 20% and Special Additional Duty of Customs (SAD) eliminated. Anti-dumping duties levied on imports from China also came to an end during the year.

**OUTLOOK**

Due to the bleak future for the business in the above circumstances, the Company decided to exit the business and found buyers for the assets of the Surat Plant. Full payment has been received out of the said sale and liabilities towards secured creditors, workmen and statutory bodies are either settled or being settled.

**CALCIUM CARBONATE BUSINESS****INDUSTRY STRUCTURE AND DEVELOPMENTS**

Due to excess / surplus market capacities and operational disadvantages, the Calcium Carbonate Plant operation remained suspended during the year.

**OUTLOOK**

The business outlook remains bleak and the Company is exploring the possibility of working out various alternatives including one for disposal of the business.

**GENERAL****SEGMENT-WISE PERFORMANCE**

Segment-wise performance together with discussion on financial performance with respect to operational performance has been dealt with in the Directors' Report which should be treated as forming part of this Management Discussion and Analysis.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company's manufacturing operations both at Surat and Rishikesh plants continued to be suspended since March 2003 till date. In view of the same, the Company has not conducted

internal audit for the year under report. Nevertheless, the Company has an Audit Committee of the Board of Directors which meets regularly to review, inter alia, the adequacy of required internal controls to safeguard the assets of the Company and other applicable findings on the various segments of the business, in line with the terms of reference.

**MATERIAL DEVELOPMENT IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED.**

Material development in human resources/ industrial relations front has been dealt with in the Directors' Report, under the head 'Operations' and 'Industrial Relations', which should be treated as forming part of this Management Discussion and Analysis. As at 31st March, 2004, the employee strength (on permanent rolls) of the Company was 255.

**CAUTIONARY STATEMENT**

*Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on these forward looking statements that speak only as of their dates.*

On behalf of the Board of Directors

**P. V. KUPPUSWAMY**  
Chairman

Mumbai, 29th June, 2004