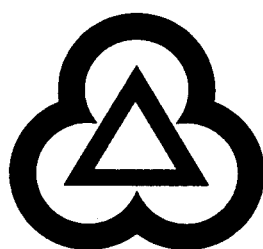


Kamar Chemicals & Industries Ltd.



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Twentieth Annual Report
2001 - 2002



Kamar Chemicals & Industries Limited

TCP Sapthagiri Bhavan, II Floor, 4 (Old No.10), Karpagambal Nagar, Mylapore, Chennai – 600 004

BOARD OF DIRECTORS

Shri **SYED MEERAN**
Smt **NISHAT MEERAN**
Shri **R VENKATRAMAN**
Dr **R C K GUPTA**

BANKERS

CANARA BANK
154 Thambu Chetty Street
Chennai – 600 001

AUDITORS

M/s. NATRAJ ASSOCIATES
Chartered Accountants
264-B T T K Road, Alwarpet
Chennai – 600 004

REGISTERED OFFICE

T C P Sapthagiri Bhavan
II Floor
4 (Old No.10) Karpagambal Nagar
Mylapore
Chennai – 600 004

FACTORY

No.56-A SIPCOT
Industrial Complex
Ranipet – 632 403
North Arcot District
Tamil Nadu

**Listed at Chennai, Mumbai &
Ahmedabad Stock Exchanges**

Kamar Chemicals & Industries Ltd.

NOTICE FOR THE TWENTIETH ANNUAL GENERAL MEETING OF THE MEMBERS OF KAMAR CHEMICALS & INDUSTRIES LIMITED

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of the Company will be held on Monday the 30th September, 2002 at Narada Gana Sabha Trust (Sathguru Gnanananda Hall), 314 (Old No.254) T T K Road, Chennai – 600 018 at 2.30 PM to transact the following business: -

ORDINARY BUSINESS

1. To receive and consider and adopt the audited Balance Sheet of the Company as at 31.03.2002 the Profit & Loss Account for the year ended 31.03.2002 together with the Report of the Directors and Auditors thereon.
2. To elect a Director in place of Dr RCK Gupta who retires by rotation and being eligible, offers himself for reelection as a Director.
3. To appoint the Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider and if deem fit to pass with or without modification the following resolution as a **Special Resolution**.

RESOLVED THAT pursuant to provisions of section 31 and all other applicable provisions of the Companies Act 1956 the Articles of Association of the Company are hereby altered as follows: -

1. Article 2 of the Articles of Association shall be altered to include the following definition at appropriate places:

"Beneficial Owner" shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

Depositories Act, 1996 shall include any statutory modification or re-enactment thereof.

"Depository" shall mean a Depository as defined in Clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.

"Registered Owner" means a Depository whose name is entered as such in the records of the Company.

"Security" means such security as may be specified by the Securities and Exchange Board of India from time to time.

"Member" means the duly registered holder from time to time of the shares of the company and includes the beneficial owner as defined in Depositories Act, 1996.

"SEBI" means Securities and Exchange Board of India"

2. Under the heading **SHARE AND CERTIFICATES**, after Article 17 of the Articles of Association of the Company, a new Article 17(A) for Dematerialisation of Securities shall be inserted.

- 17(A) (a) **Dematerialisation of Securities** – The Company shall be entitled to dematerialize its existing shares, debentures, and other securities, held in the Depository and/or offer its fresh shares and debentures and other securities in a dematerialized form pursuant to the Depositories Act, 1996 and the rules if any framed there under.
- (b) **Options for Investors** - Every person subscribing to securities offered by the Company, and every Member or Debenture holder shall have the option to either hold the Securities in the form of security certificate or to hold the securities with a Depository when permitted. Where any holder of securities surrenders his certificate of securities held in the company in accordance with Section 6 of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 the company shall cancel the certificate and substitute in its records the name of the relevant Depository

and inform the Depository accordingly. The Company shall maintain a record of certificates of securities that have been so dematerialised and destroyed. Such persons who hold their securities with a Depository can at any time opt out of the Depository, if permitted by law, and the Company shall in such manner and within such time as prescribed by law issue to such person the requisite certificates of securities.

If a person opts to hold his security with a depository, the company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

- (c) Securities in depositories to be in fungible form All securities held by a depository shall be dematerialized and shall be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of these securities held by it on behalf of the beneficial owners.

(d) Rights of Depositories and Beneficial Owners

- i. Notwithstanding anything to the contrary contained in the Act of this Article, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owners.
- ii. Save as otherwise provided in (i) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- iii. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

3. Under the heading TRANSFER OF SHARES after Article 45 of the Articles of Association on of the Company, a new Article 45(A) for Service of Documents etc., with respect to Dematerialisation of Securities and a new Article 45(B) for Nomination of Shares shall be inserted.

- 45(A) (1) Service of documents Notwithstanding anything in the Act or this Article to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppy of discs.
- (2) Transfer of Securities Nothing containing in Section 108 of the Act shall apply to transfer of securities effected by transferor and transferee both of whom are entered as beneficial owners in records of a depository.
- (3) Register and Index of Beneficial Owners For the purpose of this Article, Register and Index of Members or debenture holders shall be deemed to include the Register and Index of Beneficial Owners maintained under Depositories Act, 1996 by Depository in respect of Securities issued by the company.
- 45(B) Nomination Notwithstanding anything contained in any other clause or clauses of the Articles of Association of the company, a holder or joint holders of shares or debentures may nominate in accordance with the provisions of Sec 109A of the Companies Act, 1956 and in the manner prescribed there under a person to whom all the rights in the shares or debentures of the company, shall in the event of such holder(s) the nomination so made shall be dealt with company in accordance with the provisions of Section 109B of the Companies Act, 1956

By order of the Board,

Place : Chennai – 4
Date : 28.08.2002

SYED MEERAN
Director

Kamar Chemicals & Industries Ltd.

NOTES

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The proxy form duly stamped and executed should be deposited at the Registered Office of the Company atleast 48 hours before the time for the commencement of the meeting.
- 2) Members are requested to notify any change in their address to the Registered Office of the Company quoting their Folio Nos.
- 3) Register of members and Share Transfer books of the company will remain closed from 24th day of September 2002 to 30th day of September 2002 (Both days inclusive)
- 4) Pursuant to Section 205(A) of the Companies Act, 1956 unclaimed dividends for the financial year ended 31.03.94 and 31.03.95 have been transferred to the General Revenue Account of the Central Government within the prescribed time as per details given below:-

Year	% of Dividend	No. of equity Shares	No. of Holders	Amount	Date of Transfer
31.03.95	22%	15359	93	33517	12.10.98
31.03.94	20%	13355	70	26610	21.11.97

Members who have not claimed or collected their dividend for the said financial years may claim their dividend from the Registrar of Companies (Tamil Nadu), Shastri Bhavan, Block No.6 II Floor, 26 Haddows Road, Chennai – 600 006 by submitting an application in the prescribed form.

- 5) Shareholders are hereby informed that the amendment of the Act with effect from 31.10.1998 the Company will be obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ("the Fund") established by the Central Government. In accordance with Section 205C of the Act, no claim shall be made against the Company or Fund in respect of individual amounts of dividends remaining unclaimed and for a period seven years from the dates they became first due for payment and no payment shall be made in respect of any such claims.
- 6) The unclaimed dividend for the following financial years will be transferred to the investor and Protection Fund

Financial Year ended	Period of Transfer
31.03.96	Jan 2003
31.03.97	Nov 2003
- 7) Members are requested to bring to the meeting of the Annual Report now being sent to them, as additional copies may not be available at the venue in sufficient quantity.

EXPLANATORY STATEMENT**PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM No.4**

As per Companies (Amendment) Act, 1998 and Depositories Act 1996, it is proposed introduce a new article in the Article of Association of the Company to provide for dematerialisation of shares and nomination facilities in accordance with the newly enacted provision of the above acts.

Your Directors recommend the Resolution for approval.

None of the Directors of the Company is interested or concerned in the resolution.

INSPECTION OF DOCUMENTS

The Memorandum and Articles of Association of the Company is available for inspection at the Registered Office of the Company on any working day between 11 a.m. and 1.00 p.m. prior to the meeting.

REPORT OF THE DIRECTORS

Your directors present their Twentieth Annual Report with the audited statements of accounts for the year ended 31st March 2002.

FINANCIAL RESULTS

The results for the period under review as compared to the previous years are as follows:-

	Year ended 31.03.2002	(Rs.in Lakhs) Eighteen months ended 31.03.2001
Profit/(loss) after Depreciation but before tax	(169.34)	(167.64)
Provision for taxation	--	--
Profit/(Loss) after tax	(169.34)	(167.64)
Profit/(Loss) brought forward from last year	(112.54)	(2.23)
Dividend on Redeemable Cumulative		
Preference Shares (including dividend tax)	--	0.22
Amount transferred from Reserve	32.15	57.55
Balance Carried to Balance Sheet	(249.73)	(112.54)

OPERATIONS

The sales for the year ended 31.03.2002 amounted to Rs.575.45 lakhs as against Rs.1086.62 lakhs for the period of eighteen months ended 31.03.2001. Consequent to the general recession prevailing in the economy and significant fall in prices, the profitability of the company was affected adversely

Comparative production figures for the year ended 31.03.2002 and for the period of eighteen months ended 31.03.2001 are given below:

	Year ended 31.03.2002	(Qty in Mts) Eighteen months ended 31.03.2001
Sulphuric Acid	21,453	37,651
Oleum	3,720	5,992
Alum	6,075	12,261
Beta Naphthol	—	44
Others	1,519	235

PROJECT STATUS

The company has developed a new range of co-products viz., Sodium Sulphite, Sodium formate and Sodium Thiosulphate, which has enough market potential, and the market for the same is improving considerably.

DIVIDEND

In view of the losses the Directors could not recommend any Dividend

FIXED DEPOSIT

Your Company has not accepted Fixed Deposits, during the period under review

DIRECTORS

Dr RCK Gupta retire by rotation at this Annual General Meeting and being eligible offer himself for reappointment
Shri C N Gangadaran has resigned from the Directorship of the Company during the year and the Board places on record the valuable services rendered by him during his tenure as a Director of the Company.

Kamar Chemicals & Industries Ltd.

AUDITORS

M/s. Natraj Associates, Chartered Accountants, Chennai – 600 018 retire at this Annual General Meeting and are eligible for reappointment.

CONSERVATION OF ENERGY

Particulars Under Section 217(1)(e) of the Companies Act, 1956 is annexed.

PERSONNEL

Industrial relations remained congenial during the current year too. The Directors thank the employees for their contribution to the progress of the Company. The Company has entered into an agreement with the union for settlement of wages for three years.

Details required under Section 217(2A) of the Companies Act, 1956 (read with Companies particulars of Employees Rules 1975) regarding particulars of Employees has not been given as no employee was in receipt of remuneration in excess of prescribed limits.

DIRECTORS RESPONSIBILITY STATEMENT

As required under section 217 (2AA) of the Companies Act, 1956 the directors hereby confirm that:

1. In the preparation of the accounts for the year-ended 31.03.2002, the applicable accounting standards had been followed along with proper explanation relating to material departures:
2. The directors had such accounting policies and applied them consistently and made judgments 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 ended 31.03.2002 and of the loss of the company for that period
3. The directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding of assets of the company and for preventing and detecting fraud and other irregularities:
4. The directors had prepared the annual accounts on a going concerns basis

CORPORATE GOVERNANCE

The Securities and exchange board of India has advised compliance of corporate Governance by all the listed companies. As per the schedule of implementation it is applicable to your company from the financial year 02- 03

ACKNOWLEDGEMENT

Your Company and its Directors wish to sincerely thank various departments of the Central and state Governments for their excellent support and Co-operation. Your Directors are also grateful to SIPCOT, Canara Bank, other Institutions for all assistance rendered by them from time to time.

Your Directors also sincerely thank the Shareholders for their continued support and co-operation especially during the difficult period.

By order of the Board,

Place : Chennai – 4
Date : 28.08.2002

SYED MEERAN
Director

NISHAT MEERAN
Director

ANNEXURE TO THE DIRECTORS REPORT

Information Under Section 217(1)(e) of the Companies Act 1956, read with Companies (Disclosure of particulars in the Report of Boards of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31.03.2002

1. CONSERVATION OF ENERGY

Total energy consumption and energy consumption per unit of production as prescribed in Form-A are given below.

	Year ended 31.03.2002	Eighteen months ended 31.03.2001
A. POWER AND FUEL CONSUMPTION		
I. ELECTRICITY		
a. Purchases – Unit (KWH)	20,23,205	30,40,826
Total Amount (Rs.)	74,90,769	1,12,73,169
Rate/Unit (Rs.)	3.72	3.71
b. Own Generation		
1. Through Diesel Generator		
310 KVA Unit (KWH)	34,814	89,348
Unit per liter of Diesel Oil	3.22	3.04
Cost of Diesel per KWH (Rs.)	5.64	5.97
2. Through Steam Turbine/Generator units		
Unit per liter of Diesel Oil	—	—
Oil/Gas	—	—
Cost per unit	—	—
II. COAL		
Quantity (Units)	—	—
Total Cost (Rs.)	—	—
Average Rate (Rs.)	—	—
III. FURNACE OIL		
Quantity (Units)	—	—
Total Cost (Rs.)	—	—
Average Rate (Rs.)	—	—
IV. OTHER INTERNAL GENERATION		
Quantity (Units)	—	—
Total Cost (Rs.)	—	—
Average Rate (Rs.)	—	—
B. CONSUMPTION PER UNIT OF PRODUCTION (UNITS PER MT)		
Products:		
Sulphuric Acid & Oleum, Alum, and other co products		
Electricity (KWH)	61.74	55.25