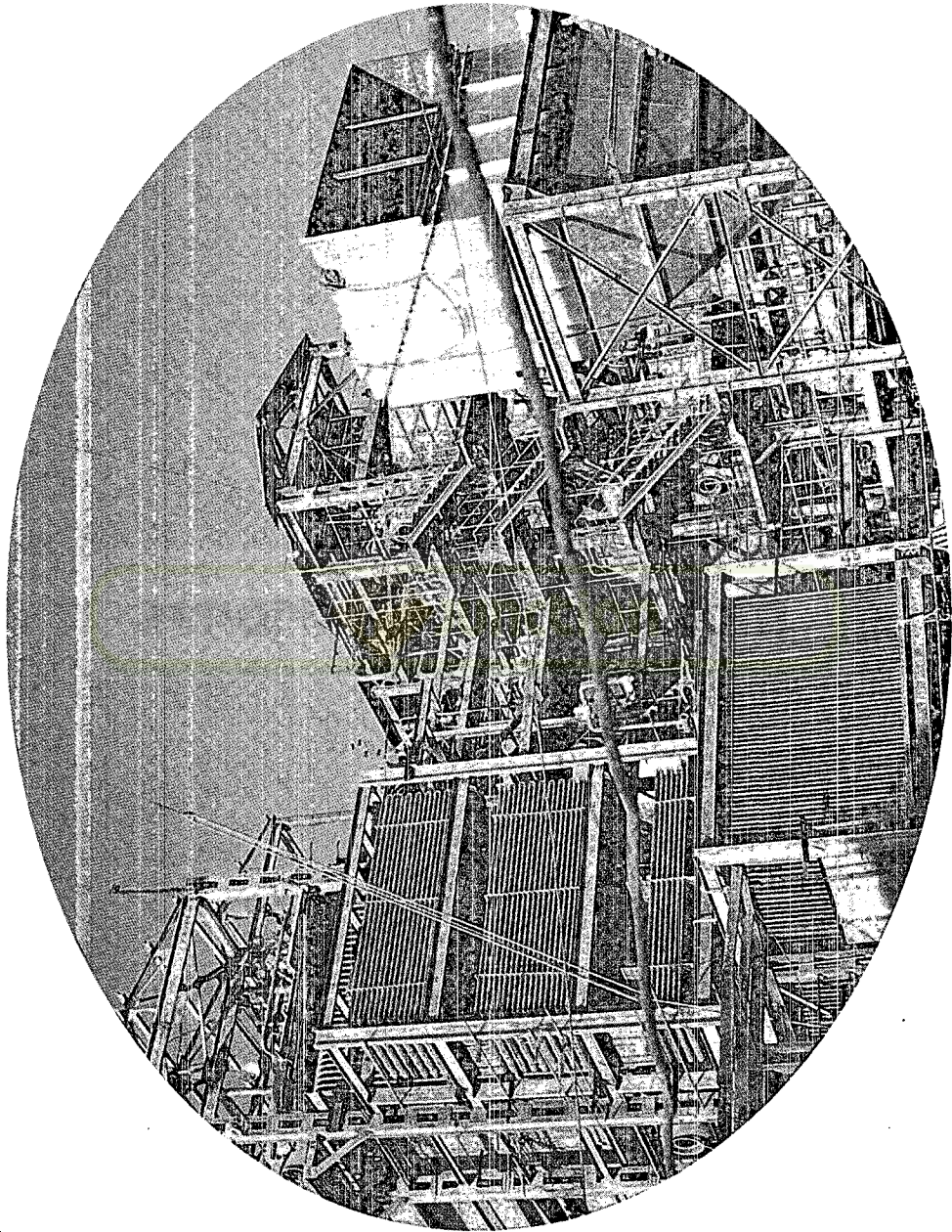


## KOTHARI SUGARS AND CHEMICALS LIMITED

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CS	<input checked="" type="checkbox"/>		DPY	NA
PO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TAA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

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COGENERATION PLANT - KATTUR

## KOTHARI SUGARS AND CHEMICALS LIMITED

### 36th Annual Report 1996-97

#### BOARD OF DIRECTORS

**B.H. KOTHARI**

*Chairman & Managing Director*

**Dr. P. MARUTHAI PILLAI**

**Dr. BANSI DHAR**

**A.K. SIVARAMAKRISHNAN**

**M.SREENIVASA RAO**

**N.SANKAR**

*(upto 19.11.1996)*

**A.J.V. JAYACHANDAR**

*(Nominee- ICICI)*

**P.S. GOPALAKRISHNAN**

**S.C. JOSHI**

*(Nominee-LIC)*

**K.R.V. SUBRAHMANIAN**

**PRANAB KUMAR RUDRA**

**P.S. MANI SUNDARAM**

**D.J. BALAJI RAO**

**R. SUBRAMANIAN**

**G. SUNDARAM**

**STATE BANK OF INDIA**

**CORPORATION BANK**

**BANK OF BARODA**

**STATE BANK OF TRAVANCORE**

**M/s. FRASER & ROSS**

*Chartered Accountants, Chennai*

**M/s. VENKAT ASSOCIATES**

*Chartered Accountants, Chennai*

#### CHIEF EXECUTIVE

#### COMPANY SECRETARY

#### BANKERS

#### AUDITORS

#### INTERNAL AUDITORS



## 36th ANNUAL REPORT 1996-97

### KOTHARI SUGARS AND CHEMICALS LIMITED

#### REGISTERED OFFICE & SHARE DEPARTMENT

"Kothari Buildings"  
115, Mahatma Gandhi Salai  
Chennai - 600 034.  
Phone : 8274901, 8274892, 8234611,  
8234612, 8234613, 8234614, 8276036

#### FACTORIES AT

##### KATTUR

Kattur Railway Station  
Lalgudi,  
Trichy Dist - 621 601.  
Tamil Nadu.

##### KARAIKAL

Vanjoor,  
Karaikal - 611 002.  
Pondicherry

##### MANALI

Sathangadu Village  
Tiruvotturiyur Ponneri High Road,  
Manali, Chennai - 600 068.  
Tamil Nadu.

##### SANGA REDDY

Turakalakhanpur  
Sanga Reddy - Narasapur Highway  
Hathnoora Mandal  
Medak District - 502 296  
Andhra Pradesh

#### OFFICES AT

##### MUMBAI

French Bank Buildings  
62, Homji Street  
Fort, Mumbai - 400 001  
Phone : 2662008, 2661482

##### CALCUTTA

Azingunj House  
Premises No. 7  
Camac Street, Block No.8  
Calcutta - 700 017.  
Phone : 2425555, 2424632

##### BANGALORE

32, Langford Road,  
Bangalore - 560 025.  
Phone : 2275466

##### MARKETING DIVISION

208/209, Kamanwala Chambers  
Udyog Mandir Premises  
Mogul Lane, Mahim (west)  
Mumbai - 400 016  
Phone : 4468382, 4468150, 4463062

##### NEW DELHI

Meridien Commercial Tower  
512, "West Tower Block"  
5th Floor, Windsor Place  
Janpath, New Delhi 110 001.  
Phone : 3755406, 3329500



## KOTHARI SUGARS AND CHEMICALS LIMITED



## FINANCIAL HIGHLIGHTS

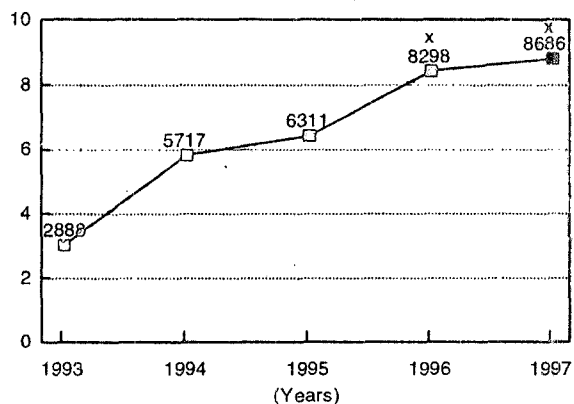
(Rs. in lakhs)

Description	1986-87	1987-88	1988-89	1989-91 (16 months)	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
1. Sales	1873	1444	2280	3310	5085	7038	7964	12851	13145	12388
2. Profit Before Depreciation & Interest	116	162	423	714	957	1768	2250	2032	2686	2954
3. Interest	25	12	53	314	400	903	851	716	998	1283
4. Depreciation	29	31	50	217	215	437	373	432	520	616
5. Net Profit	62	119	320	183	342	428	1026	884	1168	1040
6. Share Capital Paid-up	160	160	437	437	437	979	1467	1491	2841	2791 @
7. Reserves	237	310	549	645	905	1909	4308	4865	5526	6002
8. Net Worth	397	470	986	1041	1342	2888	5717	6311	8298	8686
9. Gross Block	569	820	2926	3426	6116	6726	8702	12221	18458	22551
10. Dividend (Percentage)	15	17	20	20	20	20	25	25	25	22 **
11. Dividend (Amount)	24	27	51	87	87	156	321	370	372	328
12. Earnings Per Share (in Rs.)	3.88	7.34	12.52	3.16*	7.87	5.57	7.99	5.91	6.92	5.61

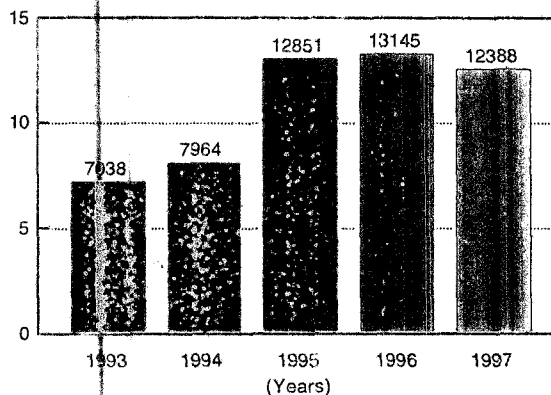
@ Including preference shares of Rs.1300 lakhs.

\*\* Subject to approval by the shareholders.

\* Annualised.

NET WORTH  
(Rs. in Lakhs)

x includes preference share capital

TURNOVER  
(Rs. in Lakhs)



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### NOTICE TO THE MEMBERS

Notice is hereby given that the 36th Annual General Meeting of the Members of Kothari Sugars and Chemicals Limited will be held as scheduled below :

Date : Monday, 29th September 1997

Time : 4.00 p.m.

Place : T.T.K. Hall (Main Hall), The Music Academy, 306, T.T.K. Road, Chennai - 600 014.

The Agenda for the meeting will be as follows :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 1997, and the Balance sheet as at that date and the Cash Flow Statement for the year ended 31st March, 1997, together with the reports of the Directors and Auditors thereon.
2. To declare a dividend on the Equity Shares of the Company and to declare final dividend on the Preference Shares for the year ended 31st March, 1997.
3. To appoint a Director in the place of Dr. P. Maruthai Pillai who retires by rotation and being eligible he offers himself for re-appointment.
4. To appoint a Director in the place of Dr. Bansi Dhar who retires by rotation and being eligible he offers himself for re-appointment.
5. To appoint a Director in the place of Mr. M. Sreenivasa Rao who retires by rotation and being eligible he offers himself for re-appointment.
6. To consider and if thought fit, to pass with or without modification(s) the following Resolution as a SPECIAL RESOLUTION.

"RESOLVED THAT in accordance with the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. Fraser & Ross, the retiring auditors be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Meeting upto the conclusion of the next Annual General Meeting on a remuneration of Rs.1,25,000/- in addition to all travelling and out-of-pocket expenses."

### SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT Shri.D.J.Balaji Rao be and is hereby appointed as a Director of the Company with effect from the date of the 36th Annual General Meeting and he be liable to retire by rotation."

8. To consider and if thought fit to pass with or without modification, the following resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956,

- A. To mortgage and/or charge by the Board of Directors of the Company of all the immoveable and moveable properties of the Company wheresover situate, present and future, and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of

1. Industrial Credit and Investment Corporation of India Ltd. (ICICI), to secure
  - a. Rupee Term Loan of Rs.300 lacs sanctioned under PFPS;
  - b. Rupee Term Loan of Rs.1500 lacs (as reduced) ;
  - c. Rupee Term Loan of Rs.355 lacs (as reduced)

**KOTHARI SUGARS AND CHEMICALS LIMITED**

- d. Rupee Term Loan of Rs.500 lacs in various foreign currencies not exceeding US \$ 13,93,534;
- e. Rupee Term Loan of Rs.145 lacs in various foreign currencies not exceeding US \$ 404,125;
- 2. Industrial Development Bank of India Ltd. (IDBI), to secure
  - a. Rupee Term Loan of Rs.600 lacs sanctioned under PFPS;
  - b. Rupee Term Loan of Rs.1200 lacs sanctioned under PFPS;
  - c. Rupee Term Loan of Rs.630 lacs;
  - d. Rupee Term Loan of Rs.500 lacs;
  - e. Rupee Term Loan of Rs.300 lacs;
- 3. Industrial Finance Corporation of India Ltd. (IFCI), to secure
  - a. Rupee Term Loan of Rs.300 lacs sanctioned under PFPS;
  - b. Rupee Term Loan of Rs.1500 lacs
- 4. Life Insurance Corporation of India (LIC), to secure
  - a. Rupee Term Loan of Rs.700 lacs sanctioned under PFPS
- 5. State Bank of India (SBI), to secure
  - a. Rupee Term Loan of Rs.200 lacs sanctioned under PFPS
- 6. Industrial Credit and Investment Corporation of India Ltd. (ICICI) acting as the Agent and Trustees for the debentureholders (The Trustees), to secure
  - a. 2,16,850 nos. Part-B Non-convertible Debentures of Rs.100/- each and
  - b. 6,00,000 nos. 19.5% Secured Redeemable Non-convertible Debentures of Rs.100/- each,

together with interest at the agreed rates, additional interest, liquidated damages, premium on repayment, costs, charges, expenses and all other moneys payable by the Company to ICICI, IDBI, IFCI, SBI, LIC & The Trustees in terms of their Loan Agreement(s) entered into by the Company, in respect of the said Term Loans and

- B. To the Board of Directors of the Company agreeing with the said ICICI, IDBI, IFCI, SBI, LIC & The Trustees in terms of their Loan Agreement(s) to reserve a right to take over the management of the business and concern of the Company in certain events as stated in the respective loan documents."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with ICICI, IDBI, IFCI, SBI, LIC & The Trustees the documents for creating aforesaid mortgage and/or charge and for reserving the aforesaid right and to do all such acts and things as may be necessary for giving effect to the above resolution."

By Order of the Board  
for Kothari Sugars and Chemicals Limited

**B.H. KOTHARI**  
Chairman and Managing Director

Place : Chennai  
Date : 27th June 1997.





## 36th ANNUAL REPORT 1996-97

### NOTES

1. A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and the proxy need not be a member of the company. The proxy shall not be entitled to vote except on a poll. Proxies should be lodged with the company at any time not less than 48 hours before the time fixed for the meeting.
2. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special businesses under Items 7 & 8 as set out above is annexed hereto.
3. The Board of Directors have recommended a dividend of 22% (Tax free) on the Equity Shares, for the year ended 31st March 1997.
4. If the dividend on the shares as recommended by the Board of Directors is declared at the meeting, the same will be paid to those members whose names appear on the Register of Members of the Company as on 23.07.1997.
5. The Board of Directors in their meeting held on 24.03.1997 has approved payment of dividend on Preference shares as Interim Dividend as per the terms of the issue. As dividend already paid is to be treated as full for the period upto 31.03.1997, the final dividend on preference shares will be nil.
6. Members are hereby informed that all unpaid/unclaimed Dividends for and upto the period ended 31.03.1993 have been transferred to the General Reserve Account of the Central Government. Members who have not encashed the dividend for the said period are requested to claim the amount from the Registrar of Companies, Tamil Nadu, Chennai 600 006.

### ANNEXURE TO THE NOTICE

#### Statement in respect of item No.6

Section 224A of the Companies Act, 1956, provides that in the case of a Company in which not less than 25% of the Subscribed Share Capital is held by public institutions or any Government or Nationalised Bank or other financial institutions referred to therein, the appointment or re-appointment of the Auditors shall be made by a Special Resolution. As more than 25% of the Subscribed Share Capital of this company is held by the Categories of bodies corporate mentioned in that Section, the Resolution for the appointment of the Auditors and fixing of their remuneration is proposed as the Special Resolution as set out in Item No.6 above.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### Statement in respect of Item No.7

Mr.D.J. Balaji Rao joined the Board of the company on 27th June, 1997 as an Additional Director and as per the provisions of section 260 of the Companies Act, 1956 holds office as a Director upto the date of this Annual General Meeting. Company has received Notice from few members along with deposit of Rs.500, signifying their intention to propose Mr. D.J. Balaji Rao as a Director. He is eligible for appointment and hence a resolution is submitted to the members for their approval.

#### Interest of Directors

None other Directors of the Company are interested in the resolution.



## KOTHARI SUGARS AND CHEMICALS LIMITED



### Statement in respect of Item No.8

1. The Company has been borrowing moneys under Project Finance Participation Scheme, from the
  - a. Industrial Credit and Investment Corporation of India (ICICI),
  - b. Industrial Development Bank of India (IDBI),
  - c. Industrial Finance Corporation of India (IFCI),
  - d. Life Insurance Corporation of India (LIC).ICICI acting for itself and as agent of IDBI, IFCI and LIC.
2. The Company has also borrowed from State Bank of India, under Project Finance Participation Scheme.
3. The Company has also issued,
  - a. 2,16,850 nos. Part-B Non-Convertible Debentures of Rs.100/- each and
  - b. 6,00,000 nos. 19.5% Secured Redeemable Non-Convertible Debentures of Rs.100/- each,ICICI is acting as the Agent & Trustees for the said Debentures holders (The Trustees).

As per the terms and conditions of their respective loan agreements the Company is required to pass Resolution at the general meeting in terms of Section 293(1) (a), for disposal of Company's assets subject to the terms and conditions stipulated in the agreements. Since the mortgaging by the Company of its immoveable and moveable properties in favour of the Financial Institutions may be regarded as disposal of the company's properties, it is necessary for the members to pass a resolution u/s 293(1) (a) of the Companies Act, 1956. Accordingly a resolution as mentioned in Item No.8 is submitted to the members for their approval.

No other Director is interested except Mr. A.J.V. Jayachandrar, ICICI nominee and Mr.S.C.Joshi, LIC nominee, who may be deemed to be interested to the extent of financial assistance provided by ICICI and LIC to the Company.

By order of the Board  
for Kothari Sugars and Chemicals Limited

**B.H.KOTHARI**  
Chairman and Managing Director

Place : Chennai

Date : 27th June 1997.





## 36th ANNUAL REPORT 1996-97

### REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors have pleasure in presenting the 36th Annual Report on the working of the Company alongwith the audited Balance Sheet, Profit and Loss Account and Cash Flow Statement for the year ended 31st March 1997.

	Year ended 31st March 1997 Rs. in lakhs	Year ended 31st March 1996 Rs. in lakhs
Profit before Interest and Depreciation	2953.94	2685.77
Interest	1283.11	997.80
Depreciation	615.52	519.51
Profit before Taxation	1055.31	1168.46
Provision for Wealth Tax	0.51	--
Provision for Taxation (MAT)	15.00	
Profit after Taxation	1039.80	1168.46
Add : Balance brought forward from previous year	278.62	236.38
Excess provision relating to earlier year written back	0.76	2.45
Amount available for Appropriations :	1319.18	1407.29
<b>Appropriations</b>		
Transfer to General Reserve	120.00	120.00
Transfer to Debentures Redemption Reserve	96.69	21.68
Transfer to Investment Allowance Reserve	--	27.60
Transfer to Preference Share Capital Redemption Reserve	250.00	450.00
Dividend paid on Preference Shares (subject to tax)	204.86	136.96
Proposed Dividend on Equity Shares 22% (25%)	327.74	372.43
Corporate Tax thereon	32.77	--
Balance carried to Balance Sheet	287.12	278.62
<b>Dividend</b>		

Your Directors recommended 25% of Dividend on Equity Capital for the year 1995-96 and same was approved by the Shareholder and was paid accordingly.

In the Board Meeting held on 27.06.1997, your Directors carefully considered the performance of the Company as a whole and also the individual performance of the divisions. Though the Petrochemicals division was doing better than the previous year, the Nitric Acid plant at Sangareddy and the Sugar division at Kattur did not perform on the expected lines. Your Directors further felt that sufficient reserves have to be built in for funding future expansion and diversification. Therefore, your Directors felt that dividend @ 22% (tax free) on the Equity Share Capital was reasonable for the year 1996-97 considering the performance of the Company during the year and also with a view conserve funds for future expansion.