



ANNUAL REPORT 1996 - 97

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KERALA CHEMICALS & PROTEINS LTD.



Board of Directors : **K. Vijayachandran,**
Chairman

S. Sankaranarayanan,
Managing Director

T. Kondo

T. Wakasa,
Technical Director

K. Uchida

Revi Karuna Karan
A. K. Nair

K. Ramakrishnan

Secretary &
Sr. Gen. Manager (Fin) : **Koshy Mathew**

Auditors : **Varma and Varma,**
Ernakulam

Bankers : **State Bank of India**
State Bank of Travancore
Indian Bank
South Indian Bank Ltd.

Legal Advisor : **M. Pathrose Mathai,**
Advocate, Ernakulam.

Registered Office : **Post Bag No. 4262,**
XXVII/972, Panampilly Nagar,
Ernakulam, Kochi - 682 036

Factory : **Kathikudam P. O.**
(Via) Koratty,
Trichur District - 680 308

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FINANCIAL HIGHLIGHTS (12 Years)

	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
					(18 m)								
Total Income	483.70	551.01	620.98	1225.87	1082.53	1216.95	1757.39	2485.54	2978.75	2820.84	2904.62	4390.99	
Sales	450.28	501.87	613.27	1182.32	1026.39	1086.39	1618.88	2290.32	2705.67	2669.70	2424.70	3774.30	
Exports	358.36	421.73	530.82	1086.21	917.76	1022.23	1444.25	2002.92	2387.74	2297.54	1842.55	2733.84	
Pre-tax Profit	41.31	45.54	66.24	228.28	220.51	232.17	552.71	635.06	752.07	747.86	1100.37	865.49	
Profit after tax	31.32	36.75	55.24	213.28	203.51	226.17	526.14	587.56	680.03	691.84	874.25	688.49	
Earnings per share (Rs.)	2.24	2.63	3.95	15.23	14.54	16.16	37.58	27.98	32.34	32.38	41.63	32.79	
Dividend per share (Rs.)	1.50	1.00	1.50	3.75	3.00	3.50	5.00	5.00	5.00	5.00	6.00	4.50	
Reserves & Retained Earnings	176.78	201.54	235.78	396.55	558.06	735.23	1191.37	1603.93	2178.97	2765.81	3514.06	4098.60	
Share Capital	140.00	140.00	140.00	140.00	140.00	140.00	140.00	210.00	210.00	210.00	210.00	210.00	
Shareholders' Funds	316.78	341.54	375.78	536.55	698.06	875.23	1331.37	1813.93	2388.97	2975.81	3724.06	4308.60	
Return on Equity(%)	9.89	10.76	14.70	39.75	29.15	25.84	39.52	32.39	28.47	23.25	23.48	15.98	
Book Value/share(Rs.)	22.63	24.40	26.84	38.33	49.86	62.52	95.10	86.38	113.76	141.71	177.34	205.17	
Gross Block	305.76	322.86	342.67	420.78	430.14	472.71	486.28	882.78	903.94	966.50	1019.50	1235.61	
Net Block	129.53	124.84	121.38	167.01	158.02	178.44	169.80	498.76	450.75	455.22	451.23	575.60	

(Rs.in Lakhs)



NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting of Kerala Chemicals & Proteins Limited will be held on Wednesday, the 23rd July 1997 at 10.00 a.m. at Hotel Avenue Regent, M.G. Road, Kochi - 682 016 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March, 1997 and Profit & Loss Account for the year ended on that date and the Auditors' Report thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Revi Karuna Karan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this connection to pass, with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Sec. 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. Varma & Varma, Chartered Accountants, Ernakulam, Cochin-682 016, be and are hereby re-appointed Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on a remuneration that may be fixed in this behalf by the Board of Directors".

Note: Since not less than 25% of the subscribed share capital of the Company is collectively held by Public Financial Institutions and a State Government Company, the re-appointment of Auditors is being proposed as a Special Resolution in accordance with Section 224A of the Companies Act, 1956.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modifications, the following resolution as an ordinary Resolution

"RESOLVED THAT pursuant to the Provi-

sions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions of the Companies Act, 1956, the approval of the Company be and is hereby accorded for the re-appointment of Shri S. Sankaranarayanan as Managing Director of the Company under Article 127 (1) of the Articles of Association of the Company for a period of one year from 01.04.97 on terms and conditions set out in the agreement of re-appointment and detailed in the explanatory statement to this notice".

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

"RESOLVED THAT pursuant to the Provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions of the Companies Act, 1956, the approval of the Company be and is hereby accorded for the re-appointment of Mr. T. Wakasa as Technical Director of the Company under Article 127 (1) of the Articles of Association of the Company for a period of one year from 01.09.97 on terms and conditions set out in the agreement of re-appointment and detailed in the explanatory statement to this notice".

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution

"RESOLVED THAT pursuant to Section 16 and Sec.94 and other applicable provisions, if any, of the Companies Act, 1956, the authorised Share Capital of the Company be increased to Rs.10 Crores (Rupees Ten Crores) from the existing Rs.3 crores (Rupees Three Crores) by creation of 70 Lakhs (Seventy Lakhs) equity shares of Rs.10/- each and accordingly the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following :

V. The Authorised Share Capital of the Company is Rupees Ten Crores divided into one Crore equity shares of Rs.10/- (Rupees Ten) each, with power to increase or reduce the capital in accordance with the provisions of the Com-



panies Act, 1956, and the shares forming the capital for the time being may be sub-divided, converted, cancelled or divided into such classes and be held upon such terms as may be prescribed by the Articles of Association and regulations of the Company for the time being or otherwise".

8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Article 3 of the Articles of Association of the Company be substituted by the following :

Article 3 : The Authorised Share Capital of the Company is Rs.10,00,00,000/- (Rupees Ten Crores) divided into 1 crore (One crore) Equity shares of Rs. Ten each".

9. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"RESOLVED

- (a) That subject to such approvals/consent of appropriate authorities as may be required and pursuant to the provisions of the Articles of Association of the Company a sum of Rs.210 lakhs (Rupees Two Hundred Ten lakhs only) from the credit of General Reserve representing undistributed profits of the Company as per the audited Accounts for the financial year ended 31st March, 1997, be capitalised and accordingly the Board of Directors of the Company (hereinafter called the Board) be and are hereby authorised and directed to appropriate the said sum of Rs.210 lakhs to and amongst the members of the Company whose names shall appear on its Register of Members on such date (hereinafter called record date) as may hereafter be determined by the Board in proportion to the equity shares held by them respectively in the Company as on the record date and to apply the said sum of Rs.210 lakhs in paying up

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in full 21 lakh shares of the unissued equity shares of the Company of Rs.10/- each at par, such shares (hereinafter referred to as the "Bonus Shares") be allotted, distributed and credited as fully paid up to and amongst such members in the proportion of one such bonus share for every existing one equity share held by them respectively as on the record date and that the Bonus Shares so distributed shall, for all purposes be treated as an increase in the nominal amount in the capital of the Company held by each such member and not as income.

- (b) That such Bonus Shares so allotted shall always be subject to the terms and conditions contained in the Memorandum and Articles of Association of the Company.
- (c) That the Bonus Shares so allotted pursuant to this resolution shall rank in all respects *pari passu* with the existing fully paid equity shares of the Company save and except that they shall not participate in any dividend in respect of any financial year upto and including 31st March, 1997.
- (d) That no Letter of Allotment shall be issued but the Certificate(s) in respect of the Bonus Shares shall be issued within six weeks from the record date.
- (e) That the issue and allotment of the Bonus Shares in favour of non-resident members of the Company in accordance with para (a) above be subject to the approval of the Reserve Bank of India where applicable.
- (f) That for the purposes of giving effect to this resolution, the Board be and is hereby authorised to take such steps and actions and in addition to the powers conferred on them by Article 158 of the Articles of Association give such directions as they may in their absolute discretion deem necessary to settle any question that may arise in regard to the issue, allotment and distribution of the Bonus Shares as they



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may think fit, and that the Board be and is hereby further empowered to accept on behalf of the Company, modifications, if any, relating to the issue of Bonus Shares which may be approved by the appropriate authorities and which the Board in their absolute discretion may think fit and proper."

By Order of the Board,

KOSHY MATHEW
Sr.Gen.Manager (Fin.)
& Secretary.

Kochi - 36,
23.05.97

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on a poll on his behalf and the proxy need not be a member. The proxy forms duly completed, stamped and signed must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 8th July, 1997 to 23rd July, 1997 both days inclusive.
3. The dividend, if declared at this meeting will be paid on or after 15th August 1997, to those
- shareholders whose names appear on the Register of Members as on 23rd July 1997. A/c. Payee Dividend Warrants will be posted within the statutory time limit to the address of such members or their mandatees as registered with the Company. No tax will be deducted at source in accordance with the provisions of Finance Act, 1997.
4. Members are requested to notify immediately of any change in their address to the Secretarial Department of the Company at the Registered Office.
5. In terms of Section 205A(5) of the Companies Act, 1956, all dividend declared for and upto the financial year ended 31st March 1993 which remained unpaid/unclaimed, have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the aforesaid year are requested to claim such dividends from the Registrar of Companies, Kerala, Ernakulam, Kochi-682 011.
6. Members are requested to notify the Company immediately of their Bank Account Number and name of Bank and Branch, if not informed earlier, so that the Dividend Warrants can be drawn indicating Account Number therein, in order to avoid possible fraud.



ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Sec.173(2) of the Companies Act, 1956.

Item No.5

Shri S. Sankaranarayanan, nominated by KSIDC under Article 127 of the Articles of Association of the Company, was appointed Managing Director of the Company for a period of 3 years with effect from 01.04.92 which was extended for a further period of two years from 01.04.95. In exercise of their rights under the said Article 127, the KSIDC have proposed re-appointment of Shri Sankaranarayanan for a further period of one year. Considering the excellent performance of the Company under his leadership, the Gelatine project and other proposals on hand and other relevant factors, the Board at its meeting held on 10th March 1997 decided to extend the term of Shri S. Sankaranarayanan, Managing Director for a further period of one year with effect from 01.04.97 on the following terms subject to the approval of the Company in general meeting. Pursuant to the provisions of Section 302 of the Companies Act, 1956, members have already been informed vide circular dated 04.04.1997 of the Board's decision in regard to the reappointment and payment of remuneration to Shri S. Sankaranarayanan. The terms of reappointment which are in conformity with the provisions of Schedule XIII of the Companies Act are as under :

1. Salary : Rs.35,000/- per month
2. Housing : (a) He will be eligible for company hired accommodation subject to a ceiling of 50% of the Salary over and above 10% payable by him, or ;
(b) If the accommodation is owned by the Company a deduction @ 10% shall be made from his salary, or ;
(c) If the Company does not provide accommodation, he will be given House Rent Allowance @ 50% of his Salary.

The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per Income Tax Rules, 1962 and shall be subject to a ceiling of 10% of the Salary.

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3. Medical Benefits : Expenses actually incurred for self and family subject to a ceiling of one month's salary in a year or 3 month's salary in the block of three years.
4. Personal Accident Insurance : The annual premium not to exceed Rs.4,000/- to the Company.
5. Leave Travel concession : Return passage for self and family once in a year by business class to any place in India.
6. Car : Free use of company car with driver for official and personal use. Use of car for personal purpose will be billed for.
7. Telephone: Free telephone facility at the residence.
8. Leave and Leave encashment : On full pay and allowances not exceeding 30 days for every year of service. Leave accumulated and unavailed, if any, at the end of his tenure as Managing Director will be allowed to be encashed on the basis of last pay drawn.
9. Club Membership : Membership fee of any two clubs will be reimbursed. No admission or life membership fees will be paid.
10. Entertainment Expenses : Entertainment expenses actually incurred in the course of the business of the Company will be reimbursed subject to the limits fixed by the Board.
11. Company's contribution to Provident Fund: At the rates as per Company Rules.
12. Gratuity : At the rate of half month's salary at the last drawn rate for each completed year of service.
13. Minimum Remuneration : In the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid remuneration by way of salary and perquisites as specified above.
14. The Company shall have the right to terminate the term of office of the Managing Director at any time by giving notice of not less than 3 months in writing or 3 months salary and allowances in lieu thereof. The Managing Director shall also have the right to relinquish his office at any time before the expiry of his term by giving notice of not less than 3 months.



Except Shri Sankaranarayanan, no other Director is concerned or interested in this resolution.

Item No.6

In terms of the Joint Venture Agreement among the promoters of the Company and Article 127 of the Articles of Association of the Company, the foreign collaborators have the right to appoint the Wholetime Technical Director. In exercise of this power, they have proposed to the Company to reappoint Mr. Takayoshi Wakasa for a further period of 1 (one) year from 01.09.97. The Board at its meeting held on March 10, 1997 accepted the nomination and re-appointed Mr. T. Wakasa as Wholetime Technical Director of the Company for a further period of one year from 1st September 1997 subject to approval of the bodies as may be required on the following terms and conditions.

1. Salary : Rs.30,000/- per month.
2. Housing : Mr. T.Wakasa will be provided with a Company owned accommodation for which 10% of the salary shall be deducted by the Company. The Expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per Income Tax Rules and shall be subject to a ceiling of 10% of the Salary.
3. Medical Benefit : Expenses actually incurred for self and family subject to the ceiling of one month's salary in an year.
4. Personal Accident Insurance : The annual premium not to exceed Rs.4,000/- to the Company.
5. Leave Travel Concession : Return passage for self and family once in an year by business class to home town in Japan.
6. Holiday passage for children studying outside India : Return holiday passage once in an year by economy class to children from their place of study abroad to India and back.
7. Passage : Reimbursement of expenses incurred for returning to home country on completion of tenure viz. travel by business class for self and family, packing, forwarding, loading/unloading, freight, insurance, customs duty, clearing expenses at port of

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disembarkation, local transportation charges to residence and installation expenses.

8. Car : Free use of company car with driver for official and personal use. Use of car for personal purpose will be billed for.
9. Telephone : Free telephone facility at the residence
10. Leave and Leave encashment : On full pay and allowances not exceeding 30 days for every year of service. Unavailed Leave, if any, at the end of the tenure will be allowed to be encashed.
11. Club Membership : Membership fee of any two clubs will be reimbursed.
12. Entertainment Expenses : Entertainment expenses actually incurred in the course of the business of the Company will be reimbursed subject to the limits fixed by the Board.

Except Mr. Takayoshi Wakasa, no other Director is concerned or interested in this resolution.

Item No.7

The present Authorised Equity Share Capital of the Company is Rs.3 crores divided into Thirty Lakhs equity shares of Rs. 10/- each. The present subscribed and paid-up capital is Rs.2.10 crores. With the proposed issue of bonus shares (vide item No.9 of Special Business) and the plans to issue further shares in future to part finance the Gelatine Project it would be necessary to suitably enhance the Authorised Share Capital. Hence it is proposed to increase the Authorised Capital to Rs. 10 crores comprising one crore equity shares of Rs.10/- each and amend Clause V of the Memorandum of Association accordingly.

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

Item No.8

Consequential to the amendment to the Memorandum of Association, Article 3 of the Articles of Association also has to be amended and hence this resolution.

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



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Item No.9

Your Company has been operating successfully for the past 18 years and has been paying dividends. The first issue of bonus shares was in 1992 in the ratio of 1:2. The Company has accumulated reserves to the extent of Rs.4098.60 Lakhs as on 31.03.97. Your Directors feel that the members of the Company should be given the benefits of the reserves built up over the years. Taking into account all relevant factors the Directors have pleasure in proposing a further issue of bonus shares in the ratio of 1:1 by increasing the subscribed and paid up capital of the Company from Rs.210 Lakhs to Rs.420 lakhs by capitalising a sum of Rs.210 Lakhs from the reserves as at 31st March '97 to be applied in paying up in full at par 21 lakhs equity shares of Rs.10/- each. Such shares shall be distributed as fully paid up bonus shares to and amongst the members of the Company in such manner and as on such date and subject to such conditions as are detailed in the body of the resolution.

After receipt of necessary permission and approvals in this behalf the bonus shares will be allotted in the proportion mentioned in the resolution to such members of the Company whose names stand registered in the Register of Members of the Company on the record date which will be duly notified. Requisite applications will also be made to the Stock Exchanges where the existing shares are listed for permission to deal in such bonus shares. Your approval is sought for the resolution.

Shri K.Vijayachandran, Chairman, Shri A.K. Nair, Director and Mr. T. Kondo, Director may be deemed to be concerned or interested in the resolution to the extent of the respective share holding of the corporations of which they are also Chairman / Executive Director / President. No other Director is concerned or interested in the resolution.

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