



RAJSHREE SUGARS AND CHEMICALS LIMITED

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

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11th
Annual Report
1996 - 97



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RAJSHREE SUGARS & CHEMICALS LIMITED

Chairman & Managing Director

Smt. RAJSHREE PATHY

Board of Directors

Shri SURESH T. KILACHAND
Shri J.A. RAJ MOHAMMED
Dr. V. GENGUSWAMY
Dr. P. SURULINARAYANASAMY
Shri R. RATNAM
Shri G.R. KARTHIKEYAN
Shri S.Y. KALYANASUNDARAM
ICICI Nominee
Shri MYDUR ANAND
Smt. JAISHREE VARADARAJ
Smt. RAJINI RANGANATHAN

Registered Office

1168, Avanashi Road
Coimbatore - 641 037

Factory

Varadaraj Nagar
Varadaraj Nagar P.O.
Pin 625 603
Periyakulam Taluk
Theni District

Company Secretary

Shri S. RAGHURAMAN

Bankers

State Bank of India
State Bank of Travancore
State Bank of Mysore

Auditors

M/s. SRIKISHEN & Co.
11, Street No. 1
Seth Narayandas Layout
Coimbatore 641 012



NOTICE TO THE MEMBERS

Notice is hereby given that the 11th Annual General Meeting of the Members of **Rajshree Sugars & Chemicals Limited** will be held on Friday, the 26th September, 1997 at 2.30 P.M. at Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037, to transact the following business :

AGENDA

ORDINARY BUSINESS

1. To consider, approve and adopt the Profit & Loss Account for the year ended 31st March, 1997, the Balance Sheet as on that date, the report of the Board of Directors and the report of the Auditors.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in the place of Shri R. Ratnam, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Shri Mydur Anand who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in the place of Shri G.R. Karthikeyan who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification, the following resolutions as ordinary resolutions, pursuant to Section 293 (1)(a) and other relevant provisions of the Companies Act, 1956.

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 mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future, and the possession of the assets of the company in certain events to or in favour of The Industrial Credit and Investment Corporation of India Limited (ICICI) to secure rupee term loan not exceeding Rs. 2500 Lakhs (Rupees Two thousand five hundred lakhs only) agreed to be lent

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and advanced by ICICI to the Company together with interest at the respective agreed rates, additional interest, liquidated damages, commitment charge, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to ICICI in terms of the loan agreement/heads of agreement / hypothecation agreements / trustees agreements / letters of sanction / memorandum of terms and conditions, entered into/to be entered into by the Company, in respect of the said term loan and

- b) to the Board of Directors of the company agreeing with ICICI in terms of the loan agreement/ heads of agreement/hypothecation agreements/trustees agreements/letters of sanction/ memorandum of terms conditions to reserve a right to take over the management of the business and concern of the Company in certain events.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with ICICI 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 resolutions “.

8. To consider and if thought fit to pass with or without modification, the following resolution as special resolution pursuant to Sections 198, 269 and 309 read with Schedule XIII, and other relevant provisions of the Companies Act, 1956.

RESOLVED that in accordance with the provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, Mrs. Rajini, R. be and is hereby appointed as a Whole Time Director of the Company for a period of 5 years with effect from 01.04.1997 upon the terms and conditions set out below :

Remuneration :

1. Salary : Rs. 40,000/- per month.
2. Perquisites : In addition to the salary, the Whole Time Director shall also be entitled to the following :
 - a. Company's contribution to Provident Fund and Superannuation fund as per the rules of the Company to the extent these, either singly or together are not taxable under the Income Tax Act, 1961.
 - b. Gratuity not exceeding 1/2 month's salary for each completed year of service.
 - c. Encashment of earned leave at the end of tenure.

Provision of a company's car with driver for use on Company's business and telephone facility at her residence which will not be considered as perquisites. However, personal long distance calls on telephone and use of the car for private purpose shall be billed by the Company to Whole Time Director.



The minimum remuneration and perquisites to be paid in the event of loss or inadequacy of profit, in any financial year during the tenure of office, shall be the remuneration as mentioned above subject to such ceiling which may be fixed from time to time as per Schedule XIII of the Companies Act, 1956.

By order of the Board

Place : Coimbatore
Date : 30.07.1997

S. RAGHURAMAN
Company Secretary

NOTE

1. The Register of Members of the Company will remain closed from 3rd September, 1997 to 26th September, 1997 (both days inclusive).
2. Dividend as approved at the Annual General Meeting will be paid to the eligible shareholders on or after October 15, 1997.
3. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member.
4. Members are requested to intimate the change of address, if any, immediately to the Registrars and Transfer Agents of the Company whose address is given below :

Sree Krishna Data Centre

Post Box No. 2979, 11, Street No.1
Seth Narayandas Layout
Coimbatore - 641 012

5. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
6. Shareholders who have not paid the allotment money with interest will note that the Dividend will be adjusted against the allotment money with interest.

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ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173 of the Companies Act, 1956.

ITEM 7 OF THE AGENDA

The Company had earlier passed resolutions pursuant to Section 293 (1) (a) of the Companies Act, 1956 authorising the Board of Directors to secure the Term Loan of Rs. 1940 Lakhs from Financial Institutions and Banks and Term Loan of Rs. 850 Lakhs from IREDA by creation of Joint Equitable Mortgage on pari-passu basis. The Company has obtained sanction from ICICI for a Term Loan of Rs. 2500 Lakhs and availed a portion of the loan to meet the part of on-going capital expenditure of the company. The Term Loan is to be secured by first charge on the immoveable properties of the company. Sec. 293 (1) (a) of the Companies Act, 1956 provides inter-alia that consent of the company in the general meeting is required for creation of charge over the properties of the company. The consent of the members of the company is therefore being sought.

Your Directors commend the resolution for your approval.

Interest of Directors

None of the Directors is deemed to be interested.

ITEM 8 OF THE AGENDA :

At present, Mrs. Rajshree Pathy, as Chairman and Managing Director, is attending to the day to day affairs of the Company. In view of the various projects on hand and also on various work of the Company connected with the State and Central Government, it becomes necessary for her to be away from Headquarters often. It is, therefore, felt necessary that for the volume of activities involved and taking into consideration, the fact that two factories are in different locations, a Whole Time Director to support and supplement the Managing Director is necessary. It is, therefore, proposed to appoint Mrs. Rajini, R. as a Whole Time Director of the Company for a period of 5 years with effect from 01.04.1997

The proposed resolution under Item No.8 and this explanatory statement may be treated as abstract of the terms and conditions of appointment of Mrs. Rajini, R. as Whole Time Director for the purpose of Section 302 of the Companies Act, 1956.

The Board of Directors have, vide a resolution passed at their meeting on July 30, 1997 appointed the Whole Time Director for a period of 5 years with effect from April 01, 1997.

Your Directors commend the resolution for your approval.

Interest of Directors

Mrs. Rajini, R. is interested in the resolution.

By order of the Board

Place : Coimbatore
Date : 30.07.1997

S. RAGHURAMAN
Company Secretary



DIRECTORS' REPORT TO SHAREHOLDERS

Ladies & Gentlemen,

Your Directors have pleasure in presenting the 11th Annual Report with the audited financial statements on the working and affairs of the Company for the year ended 31st March, 1997.

FINANCIAL HIGHLIGHTS

	1996-97	1995-96
	Rs. Lakhs	
Total Income	8,439.17	10,023.51
Profit before Interest and Depreciation	1,623.27	2,802.50
Less : Interest Charges	603.37	397.20
Cash Profit	1,019.90	2,405.30
Less : Depreciation	256.19	178.64
Profit before Tax	763.71	2,226.66
Surplus brought forward	110.03	174.45
Excess Provision Reversed	—	0.72
Available for appropriation	873.74	2,401.83

Appropriations :

i)	Provision for Tax	—	204.00
ii)	Proposed Dividend	340.33	441.72
	Percentage of Dividend	15 %	20 %
iii)	General Reserve	300.00	1,646.08
iv)	Total appropriations	640.33	2,291.80
v)	Surplus carried over	233.41	110.03

No provision has been made for Minimum Alternate Tax payable and the tax paid has been treated as Advance Income Tax.

DIVIDEND

Your Directors are happy to recommend a Dividend of 15% on the Equity Capital of Rs. 2,269.17 Lakhs for the year ended 31st March, 1997 which if approved by the shareholders in the ensuing Annual General Meeting will absorb a sum of Rs. 340.33 Lakhs.

OPERATIONS

SUGAR DIVISION :

The highlights of operations during the year compared with the immediately preceding financial year are as under :

Particulars	1996-97	1995-96
No. of Crushing Days.	257	299
Cane Crushed (Ton)	6,42,366	7,99,020
Sugar Produced - Nett (Ton)	62,940	82,569
Sugar Bagged (Ton)	62,945	82,782
Average Recovery (%)	9.80	10.33

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Cane Development :

Your Company's continued efforts to expand and develop the Cane Potential in the command area and adoption of various scientific methods to improve the per acre yield of cane, is expected to bear fruitful results in the future.

DISTILLERY DIVISION

The highlights of operation with corresponding figures for the previous year are given below :

<u>Particulars</u>	<u>1996-97</u>	<u>1995-96</u>
Number of days of operation	209	217
Raw Matl-Molasses consumed (Tons)	25,274	26,152
Alcohol produced (Ltrs)	62,93,856	62,57,793
Yield per ton (Ltrs)	249	239

CO-GENERATION OF POWER :

The first phase of Co-Generation system commissioned last year continued to operate at full capacity. The second phase of the co-generation system was commissioned on 29.03.1997. During 1996-97, 67,62,800 KWH of power was exported to the State Grid apart from the captive consumption of the Sugar & Distillery Divisions.

PROPERTY DEVELOPMENT :

The Company has acquired land and other properties in a few more places. While some of the Properties have been transferred in the name of the company, others are in the process of being transferred. The Company has received a few offers for purchase of some of these properties, but so far no sale has been effected. Sales are proposed to be effected during the year 1997-98.

OVERSEAS VENTURES :

The Government of Vietnam has issued an Investment Licence to establish a 2500 TCD Sugar Factory in Tra Vinh province in the Mekong Delta. The site for the proposed sugar factory has been identified by a team of experts and negotiations are on with the provincial authorities for obtaining the land on long lease. We are now proceeding to complete various procedural and statutory requirements with both the Government of Vietnam and the Government of India.

TEXTILE DIVISION :

As decided by the Board at its Meeting held on 22nd May 1997, the Company has acquired Assets relating to the Textile Mill from Rajshree Spinning Mills Limited for an aggregate consideration of Rs. 1,972.50 Lakhs funded partly by loan from The Industrial Credit and Investment Corporation of India Limited (ICICI) and partly out of internal sources.

The said unit already engaged in export of yarn with adequate orders in hand is expected to contribute positively to the bottom line during the current year. **RAJSHREE** Brand of Cotton Yarn fetches a premium price in the international market and the Company has opted to continue the same Brand name.

FIXED DEPOSITS :

Out of the fixed deposits held with the Company, two deposits amounting to Rs. 7,000/- matured during the year. These deposits have not been repaid/renewed for want of instructions from the depositors concerned.