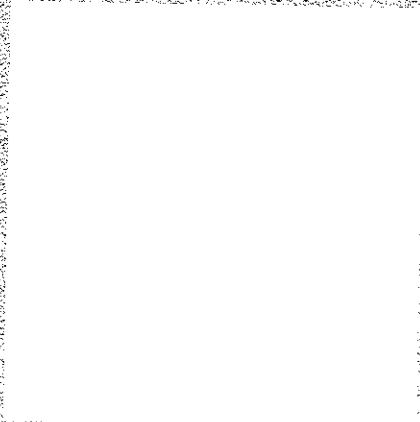


Rajshree Sugars & Chemicals Limited



**14 th Annual Report
1999-2000**



RAJSHREE SUGARS & CHEMICALS LIMITED

BOARD OF DIRECTORS

Smt. RAJSHREE PATHY
Chairman and Managing Director

Shri. SURESH T. KILACHAND

Shri. J.A. RAJ MOHAMMED

Dr. V. GENGUSWAMY

Dr. P. SURULINARAYANASAMY

Shri G.R. KARTHIKEYAN

Shri S. KISHORE - ICICI Nominee

Shri MYDUR ANAND

Smt. JAISHREE VARADARAJ

Smt. RAJINI VARADARAJAN

Wholetime Director

**General Manager (Finance) &
Company Secretary**

Shri. P.K. Viswanathan

AUDITORS

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

Registered Office :

"The Uffizi"
338, Avanashi Road,
Peelamedu,
Coimbatore - 641 004.

FACTORY

Sugar & Distillery Division

Varadaraj Nager P.O
PIN 625 562
Periakulam Taluk
Theni District

Textile Division :

6/7 A, Velankurichi Road
Peelamedu
Coimbatore - 641 004

BANKERS

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

RAJSHREE SUGARS & CHEMICALS LIMITED

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NOTICE TO THE MEMBERS

Notice is hereby given that the 14th Annual General Meeting of the Members of Rajshree Sugars & Chemicals Limited will be held on Friday, the 8th day of September 2000 at 3.00 PM at Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore 641 037 to transact the following business:

AGENDA

ORDINARY BUSINESS

- 01 To consider, approve and adopt the Profit & Loss Account for the year ended 31st March 2000, the Balance Sheet as on that date, the report of the Board of Directors and the report of the Auditors.
- 02 To appoint a Director in the place of Shri JA Raj Mohammed who retires by rotation and being eligible offers himself for re-appointment.
- 03 To appoint a Director in the place of Dr P Surulinarayanasami who retires by rotation and being eligible offers himself for re-appointment.
- 04 To appoint a Director in the place of Shri GR Karthikeyan who retires by rotation and being eligible offers himself for re-appointment.
- 05 To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.
- 06 To declare a dividend.

SPECIAL BUSINESS:

- 07 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 other applicable provisions of the Companies Act, 1956 and the provisions of other statutes as applicable, the Articles of Association of the Company be and are hereby amended, altered and/or substituted in the manner and to the extent as is set out herein below:

A. In Article 1 of the Articles of Association the following definitions be added after clause (f)

- g) "Beneficial Owner" shall mean beneficial owner as defined in clause (a) of sub section (1) of section 2 of the Depositories Act, 1996.
- h) "Depositories Act" means the Depositories Act, 1996, including any statutory modification or reenactment thereof for the time being in force.
- i) "Depository" shall mean a Depository as defined under clause (e) of sub section (1) of Section 2 of the Depositories Act, 1996.
- j) "Member" means the duly registered holder from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and the beneficial owner(s) as defined in clause (a) of sub section (1) of Section 2 of the Depositories Act, 1996.

B. Following new article be inserted after existing article 4.

RAJSHREE SUGARS & CHEMICALS LIMITED**DEPOSITORY SYSTEM**

- 04 A a) The company shall be entitled to dematerialise its existing shares and other securities, rematerialise its shares and other securities held in the depositories and/or offer fresh shares and other securities in a dematerialised form pursuant to the Depositories Act 1996 and the rules framed thereunder, if any.
- b) *The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.*
- c) Every person subscribing to shares offered by the Company shall have the option to receive share certificate, or to hold the shares with a Depository. Such a person who is the Beneficial Owner of shares can at any time opt out of a Depository, if permitted by the law, in respect of any shares in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required Certificate of shares.
- If a person opts to hold his shares with a Depository, the Company shall intimate such Depository the details of allotment of the shares, and on receipt of the information, the depository shall enter in its record the name of allottee as the Beneficial owner of the shares
- d) All shares held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the shares held by it on behalf of "the Beneficial Owners".
- e) (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of shares on behalf of the Beneficial Owner.
- (ii) Every person holding shares of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of shares shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his shares which are held by a Depository.
- f) Notwithstanding anything in the Act or these Articles to the contrary, where shares 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 floppies or discs.
- g) Nothing contained in Section 108 of the Companies Act, 1956 or these articles shall apply to a transfer of shares effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
- h) Notwithstanding anything in the Act or these Articles, where shares are dealt with by a Depository, the Company shall intimate the details thereof to the Depository, immediately on allotment of such shares.
- i) Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any two or more persons or the survivor or survivors of them.

- j) The Company shall cause to be kept a Register and index of Members in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media.
- k) The Company shall keep a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share and debenture held in material form.
- l) In the case of transfer or transmission of shares, where the Company has not issued certificates and where such shares are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.
- m) A depository as a registered owner shall not have any voting rights in respect of shares and securities held by it in dematerialised form. However, the beneficial owner as per the Register of Beneficial Owner maintained by a Depository shall be entitled to such rights in respect of shares held by him in the Depository. Any reference to the member or joint members in Article 98 to 110 shall include a reference to Beneficial Owner or Joint Beneficial Owners in respect of "the shares held in a Depository".

NOMINATION

- 04B a) Subject to Provisions of section 109 A and 109 B of the Companies Act, 1956, every holder or joint holder of shares or debentures may at any time nominate a person to whom his/ their shares or debentures shall vest in the event of death and such nominee may either register him as the holder of the share or debenture, as the case may be or make such transfer of such shares or debentures as the deceased shareholders or debenture holders could have made.
- b) Notwithstanding anything contained in Table A of the Companies Act, 1956 on the death of a member where he was a sole holder, if the member has filed a nomination in the prescribed form, the nominee shall be the only person recognised by the company as having any title to his interest in the shares.

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

"RESOLVED that in part modification of the earlier resolution passed in the 12th Annual General Meeting held on 28th August 1998 and pursuant to the provisions of sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act 1956 and Schedule XIII as amended, including any statutory modification or enactment thereof; in the event of absence of profits or inadequacy of profits in any one year, the remuneration payable to the Managing Director be as under: (a) Salary : Rs.1,50,000/- (Rupees one lakh fifty thousand only) per month during the remainder period of her present appointment from 1.4.2000 to 15.3.2004; (b) Perquisites: Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; Gratuity payable at a rate not exceeding half a month's salary for each completed year of service".

By Order of the Board

PK VISWANATHAN

**General Manager (Finance) &
Company Secretary**

Place : Coimbatore
Date : 28th June 2000

RAJSHREE SUGARS & CHEMICALS LIMITED**NOTE**

- 01 The Register of Members of the Company will remain closed from 17th August 2000 to 8th September 2000 (both days inclusive).
- 02 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/herself and the Proxy need not be a Member.
- 03 Members are requested to intimate the change of address, if any, immediately to the Registrars and Transfer Agents of the Company, M/s S.K.D.C. Consultants Limited, Post Box No.2979, Street No.1, Seth Narayandas Layout, Coimbatore 641 012.
- 04 Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
- 05 The Company's equity shares are listed in the following stock exchanges at present. However, the company has taken steps to delist the shares from Delhi and Ahmedabad Stock Exchanges as approved by the shareholders at the Extraordinary General Meeting held on 12th May 2000.
1. Madras Stock Exchange Limited
Exchange Building
11 Second Line Beach
Chennai 600 001.
 2. National Stock Exchange Limited
Trade World
Senapati Bapat Marg
Lower Parel
Mumbai 400 013.
 3. The Stock Exchange Mumbai
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001.
 4. Ahmedabad Stock Exchange Limited
Kamadhenu Complex
Opp. Sahajanand College
Panjarapole
Ahmedabad 380 015.
 5. The Delhi Stock Exchange Association Ltd
West Plaza, Indira Gandhi Stadium
Indiraprastha
New Delhi 110 002.

The Company has paid the annual listing fees for the period 2000-01 in respect of the above stock exchanges.



- 06 The dividend declared for the year ended 31st March 1995 which remained unclaimed has been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956.

Consequent upon an amendment to Section 205A of the Companies Act, 1956 and introduction of new section 205C by the Companies (Amendment) Ordinance 1999, the amount of dividend remaining unclaimed / unpaid for a period of seven years shall be transferred to the Investor Education and Protection Fund.

Members who have not encashed the dividend warrant(s) so far, for the financial year ended 31st March 1996 and/or any subsequent dividend payment are requested to make their claim to the Company at "The Uffizi", 338 Avanashi Road, Peelamedu, Coimbatore 641 004.

Members who have not encashed the dividend warrant for the earlier years prior to the year ended 31st March 1996 are requested to claim the same by submitting an application in Form No.II as prescribed under Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, to the Registrar of Companies (Tamilnadu), Bank of Baroda Buildings, State Bank Road, Coimbatore 641 018.

07. As per SEBI circular dated 29.5.2000, the equity shares of the company are to be dematerialised for trading by all investors with effect from 27th November 2000. Arrangements are being made for admitting the shares into National Securities Depository Limited and Central Depository Services (India) Limited.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.7

Some of the provisions of the Companies Act, 1956, have been amended to facilitate the introduction of Depository System consequent to the passing of the Depositories Act, 1996.

The new automated system of holding and trading in the shares of the Company, side by side with the paper based system will necessitate certain alterations in the Articles of Association of the Company, especially in matters such as Register of Members to cover the Beneficial Owners as per the records of the Depository, fungibility of the shares held by Depository, transfer of shares held by Depository, etc. Appropriate alterations as set out in the Special Resolution in the notice are, accordingly, proposed for the approval of the shareholders.

It may be clarified that while additional facility as above could be provided within the new legal framework, shareholders would be given an option to join this system. The existing provisions in respect of the shares held in the form of paper scrips will continue without any change.

Likewise the provisions of Companies Act, 1956 have been amended to provide for nomination by the shareholders. The nomination will enable smooth inheritance of the shares by the nominee without any procedural difficulties. Such nomination facility is also available for dematerialised shares. For enabling nomination a new clause needs to be added to the Articles of Association of the Company.

It is, therefore, proposed to alter the Articles of Association of the Company, in certain respects, so that they conform to the amended provisions of the Companies Act, 1956 and the Depositories Act, 1996.

The Board recommends the passing of the Special Resolution.

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

RAJSHREE SUGARS & CHEMICALS LIMITED**ITEM NO.8**

The Managing Director of the Company, Smt. Rajshree Pathy was reappointed at the 12th Annual General Meeting held on 28th August 1998 for a period of 5 years with effect from 16.3.1999. The remuneration payable to the Managing Director was then fixed at 5% of the net profits calculated as per the provisions of section 349 and 350 of the Companies Act, 1956. The earlier resolution also provided for payment of salary of Rs.87,500/- (Rupees eighty seven thousand five hundred only) per month in the event of absence or inadequacy of profits based on the extent provisions of Schedule XIII to the Companies Act, 1956.

Considering the onerous duties and additional responsibilities that the Managing Director has to discharge in the day to day administration of the business and affairs of the company in the present context when the company is restructuring its activities, the Board decided that the Managing Director should be adequately compensated and accordingly the salary be refixed at Rs.1,50,000/- (Rupees one lakh fifty thousand only) per month in the form of minimum remuneration, in the event of absence or inadequacy of profit in any year during the remaining period of her present term of appointment from 1.4.2000 to 15.3.2004.

The Government also has recently increased the limits of salary under Schedule XIII to the Companies Act, 1956 and the proposed increase is within the limits specified therein.

The proposed resolution under item No.8 and this explanatory statement may be treated as abstract of the terms and conditions of revision in the remuneration of Smt. Rajshree Pathy, Managing Director.

Your directors commend the resolution for your approval.

Smt. Rajshree Pathy and Smt. Jaishree Varadaraj, Directors of the Company are interested in the resolution.

By Order of the Board

PK VISWANATHAN
General Manager (Finance) &
Company Secretary

Place : Coimbatore
Date : 28th June 2000

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DIRECTORS' REPORT TO SHAREHOLDERS

Ladies and Gentlemen

Your Directors have pleasure in presenting the 14th Annual Report with the audited financial statements on the working and affairs of the Company for the year ended 31st March 2000.

FINANCIAL HIGHLIGHTS	1999-2000	1998-99
	Rs.	Rs.
Total Income	1,196,805,711	1,040,887,208
Profit before interest and Depreciation	211,856,717	90,165,941
Less: Interest Charges	110,388,822	107,851,764
Cash Profit / (Loss)	101,467,895	(17,685,823)
Less: Depreciation	40,350,188	38,311,573
Profit / (Loss) before Tax	61,117,707	(55,997,396)
Add: Surplus brought forward	—	488,786
Excess Provision Reversed	—	—
Income Tax of Prior Year	—	(39,118,733)
Profit / (Loss) before Appropriation	61,117,707	(94,627,343)
Transfer from General Reserve	22,500,000	—
Total	83,617,707	(94,627,343)

Appropriations:

i) Vietnam Project Expenses	8,240,489	—
ii) Income Tax of Prior Year	640,356	—
iii) Proposed Dividend	18,151,952	—
Provision for Dividend Tax	3,993,429	—
Total	31,026,226	—
iv) (Deficit) brought forward	(94,627,343)	—
v) (Deficit) Carried over	(42,035,862)	(94,627,343)

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.0.80 per share.

OPERATIONS

a) SUGAR

During the year under review, the factory has crushed an all time high sugarcane of 900,617 tons as against 742,298 tons during the previous year. The average recovery of sugar also recorded a high of 10.25% due to the favourable climatic conditions and use of new variety of sugarcane.

b) DISTILLERY

Even though the Distillery worked for almost same number of days as in last year, because of the accumulation of spentwash, the alcohol production had to be controlled and hence the quantity of alcohol produced was lower at 4,878,285 B.Lts as against 6,781,766 B.Lts during the last year.