

# **41st ANNUAL REPORT**

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**2001-2003**

Report **(18 Months)** Junction.com



**Siel Limited**



## **BOARD OF DIRECTORS**

Mr. Ahooja R.K.  
Mr. Bhalla P.K.  
Mr. Mehra A.K.  
Prof. Mohan Dinesh  
Mr. Shriram Krishna  
Mr. Singh K.P.  
Mr. Vishwanathan N.S.

- *UTI Nominee*
- *Whole Time Director & Company Secretary*
- *Whole Time Director*
  
- *Chairman*
- *Whole Time Director*
- *IFCI Nominee*

## **BANKERS**

Punjab National Bank  
State Bank of India  
State Bank of Hyderabad

## **AUDITORS**

A.F. Ferguson & Co.  
Scindia House,  
New Delhi - 110001

## **REGISTERED OFFICE**

15, Shivaji Marg,  
New Delhi - 110015



## NOTICE

Notice is hereby given that the 41<sup>st</sup> Annual General Meeting of the members of Siel Limited will be held as scheduled below :

Day : Monday

Date : 29.9.2003

Time : 10.00 A.M.

Place : 15, Shivaji Marg, New Delhi-110 015

To transact the following business :

### ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2003 (18 months) and the Profit and Loss Account of the Company for the period ended on that date together with the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P.K. Bhalla, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. A.K. Mehra, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration. M/s. A.F. Ferguson & Co., Chartered Accountants are the retiring Auditors.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:  
 "Resolved that pursuant to section 163 and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as "Act"), approval be and is hereby accorded to shift and keep the Registers and Indices of Members and Debenture holders at the Office of M/s Mas Services Private Limited at AB-4, Safdarjung Enclave, New Delhi – 110029, who are the Registrar & Share Transfer Agent instead of being kept at the Registered Office of the Company and that the foregoing registers, certificates and documents be kept open for inspection at that place between 11.00 a.m. and 1.00 p.m. on all working days other than Saturdays and Sundays and holidays, except during such periods when the same are closed under law."
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 applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement with Stock Exchanges and the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, or any amendment or modification thereof, and subject to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed by any Authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the Company or any person(s) authorised by the Board, consent be and is hereby accorded to delist the Equity Shares of the Company from the Stock Exchanges at Hyderabad and Calcutta."

# Siel Limited

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## NOTICE (Contd.)

Resolved further that the Board of Directors of the Company be and is hereby authorised to seek voluntary delisting and to take all necessary steps in this regard as it may in its absolute discretion deem necessary and to settle any question, difficulties, doubts that may arise in regard to delisting of the existing shares, and to execute all such deeds, documents, writings as may be necessary or expedient and for this purpose to delegate the authority to any one of the Directors of the Company or the Company Secretary or any persons to do various acts, deeds and things required to be done in this behalf."

By Order of the Board of Directors  
For **Siel Limited**

(P.K. BHALLA)

WHOLE TIME DIRECTOR &  
COMPANY SECRETARY

Place: New Delhi

Dated: 30.8.2003

## 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 OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THEN FORTY-EIGHT HOURS BEFORE THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.**
2. The information as required to be provided under the Listing Agreement entered into with various Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed and the Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Resolution under Item No. 5 and 6 as set out above are annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed on 29.9.2003.
4. In compliance of SEBI requirements, with effect from 30.4.2003, M/s Mas Services Private Limited have been appointed the Share Transfer Agent of the Company, who handle share transfer work in Physical as well as in Electronic Form and other related activities at the following address :  

M/s Mas Services Pvt. Ltd.  
AB-4, Safdarjung Enclave,  
New Delhi-110 029  
Phone No. : 26104142  
Fax No. : 26181081
5. Members are requested to notify immediately any change in their addresses to M/s Mas Services Pvt. Ltd. quoting their folio numbers/DP ID/Client ID etc.
6. Members who have not yet returned their undivided DCM Limited's share certificate(s) to DCM Limited may do so promptly to enable the Company to dispatch the new share certificate(s) to members.
7. Documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days (Monday to Friday) between 11.00 A.M. and 1.00 P.M. upto the date of Annual General Meeting and will also be available for inspection at the meeting.
8. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
9. Shareholders seeking any information with regard to accounts are requested to write to the Company at least



## NOTICE (Contd.)

ten days in advance so as to enable the Company to keep the information ready.

10. Pursuant to provisions of Section 205A of the Companies Act, 1956 the amount of dividend which remains unpaid or unclaimed for a period of 7 years from the date of transfer to unpaid dividend account of the Company would be transferred to the Investor Education and Protection Fund, constituted by the Central Government and the shareholders would not be able to claim any amount of dividend so transferred to the fund. As such, shareholders who have not yet encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividends declared by the Company for the Financial Year 1996-97.

In respect of the unclaimed dividends upto financial year 1994-1995, already transferred by the Company to the General Revenue Account of the Central Government, shareholders may claim the same by writing to the Registrar of Companies, NCT of Delhi & Haryana, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi - 110003. In case any assistance is required, please write to the Company, at its Registered Office.

11. In terms of Section 109 (A) of the Companies Act, 1956 the Shareholder/Debentureholder of the Company may nominate a person to whom the shares or debentures held by him shall vest in the event of death.

In case you wish to avail the nomination facility in respect of shares/debentures held by you, please write to the Company to obtain the nomination form.

12. The equity shares of the Company have been notified for compulsory trading in demat form by all investors from 27th November, 2000 and are available for trading in demat form both on National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Shareholders are requested to avail this facility and get their shareholding converted into dematerialised form by sending the Dematerialisation Request Form (DRF) along with the share certificates through their Depository Participant (DP) at the following address:

M/s Mas Services Pvt. Ltd.  
AB-4, Safdarjung Enclave,  
New Delhi - 110 029  
Phone No: 26104142  
Fax No. : 26181081

## INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

As required under the Listing Agreement, the particulars of Directors who are proposed to be appointed/reappointed are as given below :

- |                              |   |  |
|------------------------------|---|--|
| 1. <b>Name</b>               | : | Mr. P.K. Bhalla  |
| <b>Age</b>                   | : | 51 years   |
| <b>Qualifications</b>        | : | B.Sc., LLB, FCS  |
| <b>Expertise</b>             | : | Mr. P.K. Bhalla has been in the profession for more than 25 years and has been actively associated with the management of the businesses of the Company. His professional contributions in the areas of Legal and Secretarial practices have been of significant value and will be beneficial for the Company. |
| <b>Outside Directorships</b> | : | Siel Tizit Private Limited   |

# Siel Limited

## NOTICE (Contd.)

<b>Membership/Chairmanship of the Board Committees of the Company</b>	:	- Business Review Committee	- Chairman
		Jay Engineering Works Ltd.	
	:	- Legal Sub-Committee	- Chairman
	:	- Allotment of Equity Shares on Preferential basis and also NCDs/RCCPS to FIs/Banks	- Member
	:	- Audit Sub-Committee	- Member
	:	- Corporate Debt restructuring Committee	- Member
	:	- Divestment Committee	- Member
<b>2. Name</b>	:	Mr. A.K. Mehra	
<b>Age</b>	:	54 years	
<b>Qualifications</b>	:	M.Sc. (Chemical Engineering)	
<b>Expertise</b>	:	Mr. A.K. Mehra is a Master of Chemical Engineering from Illinois Institute of Technology, Chicago (USA) and has been associated with the Chemical business of the Company for last more than 25 years. Mr. A.K. Mehra has made significant contributions in the growth of Chemical business of the Company and lead the establishment of the Company's relocated Chemical Complex at Rajpura, Punjab. Mr. Mehra is presently incharge of all manufacturing operations of the Company.	
<b>Outside Directorships</b>	:	Siel Industrial Estate Ltd.	
<b>Membership/Chairmanship of the Board Committees of the Company</b>	:	- Business Review Committee	- Member
		Jay Engineering Works Ltd.	
	:	- Legal Sub-Committee	- Member
	:	- Divestment Committee	- Member
	:	- Allotment of Equity Shares on Preferential basis and also NCDs/RCCPS to FIs/Banks	- Member
	:	- Shareholders/Investors	- Member
	:	Grievance/Share Transfers/ Banking Committee	

### Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956

#### ITEM NO.5

In compliance with the directives of SEBI, the Company had appointed M/s Mas Services Private Limited, the Registrar and Share Transfer Agent with effect from 30.4.2003 to handle the entire job i.e. both electronic and physical of the Company's share registry. It is now proposed to shift Registers and Indices of Members and Debenture holders to the office of M/s Mas Services Private Limited at AB-4, Safdarjung Enclave, New Delhi – 110029.

Approval of members by way of a special resolution is sought in terms of Section 163 of the Companies Act, 1956.

An advance copy of the proposed special resolution will be delivered to the Registrar of Companies, NCT of Delhi and Haryana, New Delhi.



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**NOTICE (Contd.)**

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None of the Directors of the Company is interested in this special Resolution.

**ITEM NO.6**

The Equity Shares of the Company are presently listed on the following Stock Exchanges in India:

- a) The Delhi Stock Exchange Association Ltd., Delhi (Regional)
- b) The Stock Exchange, Mumbai
- c) The Calcutta Stock Exchange Association Ltd., Calcutta
- d) The Hyderabad Stock Exchange Ltd., Hyderabad

For the last few years, the trading volume of the Company's equity shares, which are required to be compulsorily traded in the dematerialized form, at Calcutta & Hyderabad Stock Exchanges are very low and in some cases there is practically no trading at all for many years. Continued listing on such stock exchanges neither serves the interest of the members/investors nor that of the Company. This situation also does not justify payment of considerable amount by way of listing fee and other expenses, the Company is incurring.

Recently, SEBI has promulgated the Securities & Exchange Board of India (Delisting of Securities) Guidelines, 2003, which permit the listed Companies to delist voluntarily their securities from the stock exchanges, including the regional stock exchange.

The Board of Directors of the Company in its meeting held on 30.8.2003, accordingly recommended for the approval of the Members by way of Special Resolution, the proposal to voluntarily delist the Company's equity shares from the Stock Exchanges at Calcutta & Hyderabad. The Company's shares will however continue to be listed on the Delhi & Mumbai Stock Exchanges.

None of the Directors of the Company is interested in this Special Resolution.

By Order of the Board of Directors  
For **Siel Limited**

**Place: New Delhi**  
**Dated: 30.8.2003**

**(P.K. BHALLA)**  
WHOLE TIME DIRECTOR &  
COMPANY SECRETARY

# Siel Limited

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 41st Annual Report along with Audited Accounts of the Company for the 18 months period ended March 31, 2003.

The Scheme of Arrangement (the Scheme) approved by the shareholders and creditors for financial and business restructuring of your Company has been approved by the Hon'ble High Court of Delhi vide its Order pronounced in the Court on 26th August 2003 with a modification that your Company would be required to pay an additional amount of Rs.3 crores to UTI at any time during the currency of the period of the Scheme. After the certified copy of the order is received by the Company, the Company will take such steps as are necessary to give full effect to the scheme of arrangement.

As per the extension Orders of the Registrar of Companies, the Annual General Meeting of your Company had to be held on or before 29th September 2003. Since, the Order of Hon'ble High Court sanctioning the Scheme was pronounced only on 26th August 2003 and the formal Order has still not been received to effectuate the Scheme, the accounts in your hand do not contain the effect of the Scheme of Arrangement.

However, on effectuation of the Scheme, the Sugar business of your Company will stand vested in a separate Company namely Siel Sugar Limited in which existing shareholders of Siel Limited will be issued three fully paid up equity shares of Rs.10/- each for every four fully paid up equity shares of Rs.10/- each held in your Company. Your Company will also issue one new fully paid up equity share of Rs.10/- for every four equity shares held in your Company. This has the effect of

reducing the equity capital in your Company, but at the same time raising equity capital in the new Sugar Company by an exact equivalent amount, thereby ensuring no diminution in value for each shareholder.

The non-operating assets like Surplus Land at Najafgarh Road and some investments held by your Company in other companies will be vested in self liquidating Special Purpose Vehicle Companies and disposed off according to the Scheme to pay down the debts of the Financial Institutions.

On effectuation of the Scheme, there will be two distinctly focussed business groups namely Sugar, and Chlor-Caustic with Edible oils, which will be protected from the risks and liabilities of each other and with sustainable debt burden on each of the businesses. The assets and liabilities attributable to the new Sugar Company will be transferred

with effect from 1.10.2002 as per the Scheme of Arrangement, but the accounts prepared are of undivided Siel Limited. The accounts of the two separated Companies were not possible to be presented because the Orders of Hon'ble High Court on the Scheme was pronounced only on 26.8.2003 but will be presented to you at the earliest opportunity.

### DIVIDEND

In the absence of any divisible profits, your Directors regret their inability to recommend any dividend for the period ended March 31, 2003.

### OPERATIONS

A review of operations of the major businesses of your Company, for the 18 months period ended March 31, 2003 is as under:

### FINANCIAL RESULTS

	(Rs.Lacs)	
	18 Months Period Ended March 2003	Year Ended 30.9.2001
Operating profit/(loss)	(3832)	817
Add : Profit on sale of long term trade investment	-	1160
Less : Provision for diminution in the value of long term investment	2122	-
: Expenditure incurred on Vanaspati project written off	1085	-
Gross profit/(loss) before depreciation and tax	(7039)	1977
Less : Depreciation	3178	2152
Profit/(loss) before tax	(10217)	(175)
Less : Provision for tax	-	17
Profit/(loss) after tax	(10217)	(192)



## DIRECTORS' REPORT (Contd)

### Sugar

The period under review includes the whole season of 2001-02 and part of season 2002-03 (upto end March'03).

Owing to the higher quality of Mawana Sugar and Titawi Sugar, we are preferred suppliers to several of the best and largest institutions such as Coca Cola, Pepsi Cola, Heinz, Nestle, Dabur, Ranbaxy etc. Furthermore our brand "MAWANA" is the leading brand sold in retail pack sizes (1 kg, 5 kg).

MSW has also been awarded ISO 9001:2000 certificate for the Manufacture and Supply of Plantation white sugar in different packaging. The quality of sugar produced during the season was very good, fetching premiums over our competitors. MSW has also produced export quality sugar and exported 2.43 lac Qtls. of Sugar. Mawana and Titawi are continuously working for development of community welfare programmes in villages for building better and permanent relationships with the farmers. In the cane

development area MSW has initiated a Tissue Culture Lab for propagating good quality seed.

Company's focus on Institutional customers has helped in maintaining a quality image and market leadership. With the help of additional releases and exports, both MSW and TSC were able to clear the sugarcane price arrears within the prescribed time, during the season 2002-03, resulting in our payment position to farmers being among the best in the industry in U.P.

Sl. No.	Items	Unit	Season			
			2001 - 2002 (Oct. 1, 01 - Sept. 30, 02)		2002 - 2003 (Oct. 1, 02 - March 31, 03)	
			MSW	TSC	MSW	TSC
1.	Crush	MT	1534493	885276.74	1049330	603490.00
2.	Losses	% Cane	2.03	1.90	2.00	1.90
3.	Recovery	% Cane	10.14	10.65	10.21	10.40
4.	Production	MT	155536	94155.80	107123	62755.80
5.	Cane Price					
	(i) SAP - Early Variety	Rs./Qtl.	100.00	100.00	-	-
	- General	Rs./Qtl.	95.00	95.00	-	-
	(ii) Original SMP	Rs./Qtl.	78.11	81.03	77.42	81.22
	Contested SMP	Rs./Qtl.	-	-	83.44	87.54
6.	Inventory					
	- Sugar	MT	71917.40	38380.20	84131.00	53497.40
	- Molasses	MT	9241.29	3560.06	25446.30	9511.15
7.	Export (Sales)	MT	61.70	5993.10	12600.00	-
8.	Cane Arrears to Farmers					
	- Original SMP	Rs./Lac	- Nil -	-	893.91	548.34
	- Contested SMP	Rs./Lac	- Nil -	-	1530.83	930.83

Noté1: For many years, the industry has been forced to pay for cane on the basis of State Advised Price (SAP) which is at succeeding higher levels year after year. The whole industry has taken a stance that only a Statutory Minimum Price (SMP) is payable, together with relevant taxes, and your Company is also following this formula.

2: An additional Rs 5.00 per quintal (total cost about Rs. 6.00 per quintal) was announced by the government of India. The industry has legally contested this and the matter is sub-judice.

# Siel Limited

## DIRECTORS' REPORT (Contd)

### Chlor-Alkali

The Chlor-Alkali industry continued to be under pressure on account of surplus capacity and marginal growth in demand at about 3% per annum. The increased demand of Chlorine offsets the negative impact of lower Caustic Soda prices and vice versa, thereby keeping the selling price of the Electro Chemical Unit (ECU) stable.

During the period under review, cell liquor production was maintained at an average of 180 MT/day.

Steps were taken for de-bottlenecking capacity stabilization of the plant.

The Company has filed an appeal in the Punjab & Haryana High Court challenging the order of the Punjab State Electricity Regulatory Commission (PSERC) whereby PSERC has announced a tariff hike of 8% (annualised 12%) effective August 2002. PSERC has again hiked the power tariff by about 6% with effect from 1st May, 2003 without waiting for the outcome of the Appeal filed by Company. An appeal has also been filed against the second increase and has been admitted by the court.

### Edible Oils

The Edible Oils sales operations are being continued on third party manufacturing. The market conditions for Vanaspati industry still continues to be depressing in view of heavy oils imports. Third party operations help in maintaining cost at lower level and reducing losses to reach a breakeven situation.

### LAND AT DELHI

The disposal of the land at Najafgarh

Road in Delhi is being coordinated in accordance with the financial restructuring of the Company agreed to by the Corporate Debt Restructuring Cell and the Scheme of Arrangement approved by the Hon'ble High Court of Delhi.

### JOINT VENTURES

**Siel TIZIT LIMITED (STL).** During the financial year ended February 2003, STL has, for the first time, earned a cash profit of Rs.1.03 crores. The sales turnover of STL increased by about 26% over the previous year from Rs.11.93 crores to Rs.15.06 crores.

**SIETAL LIMITED.** The investment in this Company was earmarked for disposal in the Scheme to pay down the debts of the Company. Accordingly, your Company has, after necessary permission from Reserve Bank of India, disposed of the equity investment in this Company for a sum of Rs.11.15 crores. Out of the amount received from this transaction, a sum of Rs.5.50 crores has been paid to EXIM Bank in terms of the Scheme and the balance is kept in a "No Lien Account" to be used as per the terms of the Scheme.

**DAIKIN SHRIRAM AIRCONDITIONING PVT. LTD. (DSAPL).** During the year ended March 31, 2003, DSAPL achieved turnover of Rs.84.64 Crores (previous year Rs.67.91 crores). DSAPL incurred a net loss of Rs.8.05 crores during the year. This investment is to be transferred to Siel Holdings Limited as per the Scheme.

### SUBSIDIARY COMPANIES

During the period under review, the Company has incorporated Siel Sugar Limited and Shivajimarg Properties

Limited as its Subsidiaries. Siel Holdings Limited is a subsidiary of Siel Sugar Limited. These Companies have been incorporated with a view to achieving the business restructuring of the Company in terms of the Scheme.

### Jay Engineering Works Ltd. (JEW)

The revised rehabilitation Scheme of Jay Engineering Works Ltd. (JEW), a subsidiary of the Company, has been approved by BIFR. Pursuant to the approval of revised Scheme, JEW has sold its surplus land in Kolkata and used part of the proceeds thereof to pay off the Secured Creditors, Banks and for a VRS to the workers. As a consequence of these actions, the net worth of JEW has substantially improved and, because of a reduced interest burden and personnel cost, its profitability shall improve substantially. With this, your Directors feel that the prospects of your Company's investment in JEW have improved.

A statement pursuant to Section 212 of the Companies Act, 1956, is attached to the Accounts.

The Audited statements of accounts along with Report of Board of Directors and Auditors Report thereon of the subsidiary Companies are annexed.

### CONSOLIDATED FINANCIAL STATEMENT

In accordance with the accounting standard (AS-21) on consolidated financial statements, the consolidated financial statements are attached, which form part of the Annual Report and Accounts.