

# **43rd ANNUAL REPORT**

**2004-2005**



**BOARD OF DIRECTORS**

Mr. Ahooja R.K.	-	<i>UTI Nominee</i>
Mr. Bhalla P.K.		
Mr. Lahiri Subrata	-	<i>IFCI Nominee</i>
Mr. Mehra A.K.		
Prof. Mohan Dinesh		
Mr. Shriram Siddharth	-	<i>Chairman and Managing Director</i>
Mr. Singh K.P.	-	<i>Whole-time Director</i>

**COMPANY SECRETARY**

Mr. Jain Sushil

**AUDITORS**

A.F. Ferguson & Co.  
Scindia House,  
New Delhi - 110 001

**BANKERS**

Punjab National Bank  
State Bank of Hyderabad

**REGISTERED OFFICE**

5th Floor, Kirti Mahal,  
19, Rajendra Place,  
New Delhi-110 008

**WORKS**

Siel Chemical Complex  
Charatrapur, Vill. Khadauli/Sardargarh  
P.O.Box. No. 52, Rajpura, Distt. Patiala  
Punjab - 140401

**REGISTRAR & SHARE TRANSFER AGENT**

Mas Services Private Ltd.  
AB-4, Safdarjung Enclave,  
New Delhi-110029  
Phone : 011-26104142, Fax : 26181081  
E-Mail: masserv@giasdl01.vsnl.net.in



## NOTICE

Notice is hereby given that the 43<sup>rd</sup> Annual General Meeting of the members of Siel Limited will be held as scheduled below:

Day : Friday  
 Date : 22.07.2005  
 Time : 10.30 A.M.  
 Place : 15, Shivaji Marg  
 New Delhi - 110015

to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2005 and the Profit and Loss Account of the Company for the financial year 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 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 Delhi, Hyderabad and Kolkata.

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

Place : New Delhi  
 Dated : May 26, 2005

(SUSHIL JAIN)  
 COMPANY SECRETARY

# Siel Limited

## NOTICE (Contd.)

### 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 THAN 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 are enclosed hereto.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 19.07.2005 to 22.07.2005 (both days inclusive).

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

10. Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, the amount of dividend for the Financial Year 1996-97, which remained unpaid or unclaimed for a period of 7 years from the date of transfer to unpaid dividend account of the Company has been transferred to the Investor Education and Protection Fund, established by the Central Government. Shareholders are requested to note that no claim lie against the Company or the said Fund in respect of the dividend so transferred to the Fund and no payment shall be made in respect of any such claim.

In respect of the unclaimed dividends upto financial year 1995-1996, 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 of the Company may nominate a person to whom the shares held by him shall vest in the event of death.

In case any member wishes to avail the nomination facility in respect of shares held by him/her, 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 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

## NOTICE (Contd.)

### 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. **Name** : Mr. P.K. Bhalla
- Age** : 53 years
- Qualifications** : B.Sc., LLB, FCS
- Expertise** :
  - Company Law
  - Other Corporate Laws
  - Direct and Indirect Taxation

Mr. P.K. Bhalla has been in the profession for more than 26 years and has been actively associated with the management of the businesses of the Company. He has made significant contributions to the restructuring of the businesses of the Company through various Schemes of Arrangement approved by the Hon'ble High Court. The professional contributions of Mr. P.K. Bhalla in the areas of Legal & Secretarial practices have been great value and will be beneficial for the Company.
- Outside Directorships** : Nil
- Membership/Chairmanship of the Board Committees of the Company** :
  - Business Review Committee
  - Jay Engineering Works Ltd. – Chairman
  - Legal Sub-Committee – Chairman
  - Allotment of Equity Shares on Preferential basis and also NCDs/RCCPS to FIs/Banks – Member
  - Audit Sub-Committee – Member
  - Remuneration Committee – Chairman
  - To decide all matters arising out of SOA. – Chairman
  - To consider and recommend on matters relating to issue of further equity shares to meet the shortfall in resources for meeting working capital and capital expenditure requirement of the Company in conformity to CDR projections and the SOA. – Member
2. **Name** : Mr. A.K. Mehra
- Age** : 56 years
- Qualifications** : M.Sc. (Chemical Engineering)
- Expertise** : 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 26 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 manufacturing operations of Sugar business of Mawana Sugars Limited.
- Outside Directorships** : Nil
- Membership/Chairmanship of the Board Committees of the Company** :
  - Business Review Committee
  - Jay Engineering Works Ltd. – Member
  - Legal Sub-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
  - To decide all matters arising out of SOA. – Member

# Siel Limited

## NOTICE (Contd.)

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

#### ITEM NO. 5

The equity shares of your Company issued pursuant to the Court approved Scheme of Arrangement (Scheme) have been/are being listed on Mumbai, Hyderabad, Delhi and Calcutta Stock Exchanges.

The listing fee upto the year 2004-05 has been paid to all the stock exchanges.

It has been for quite some time that there has been no or very little trading in your Company's shares on Delhi Stock Exchange (DSE), Calcutta Stock Exchange (CSE) & Hyderabad Stock Exchange (HSE). It is therefore considered desirable to get the equity shares of your Company delisted from DSE, CSE and HSE. The exit opportunity to shareholders is not required to be given in this case as the equity shares of the Company shall continue to be listed on Mumbai Stock Exchange which has nationwide trading terminals, where the shares of the

Company are regularly traded. Hence the interest of the shareholders is not affected by the proposed delisting.

The Securities & Exchange Board of India (Delisting of Securities) Guidelines 2003 permit the listed companies to get their securities voluntarily delisted from the stock exchanges, including the regional stock exchange.

Your Directors recommend the resolution for your approval by way of a Special Resolution.

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

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

Place : New Delhi  
Dated : May 26, 2005

(**SUSHIL JAIN**)  
COMPANY SECRETARY

Report  Junction.com



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 43rd Annual Report along with Audited Accounts of the Company for the year ended March 31, 2005.

### EFFECTUATION OF THE SCHEME OF ARRANGEMENT

The Scheme of Arrangement (the Scheme) for financial and business restructuring of your Company had been ordered approved by the Hon'ble High Court of Delhi and became effective on September 5, 2003.

UTI, one of the lenders to your Company had filed an appeal against the said Order of the Court sanctioning the Scheme. This appeal had been disposed off by Hon'ble High Court vide its Order dated 12.1.2005 directing payment of Rs. 65 crores as full and final payment of dues of UTI, from the sale proceeds of shares of Shivajimarg Properties Limited (SPL) by 31.3.2005. The amount of Rs. 65 crores had been determined by the Hon'ble Supreme Court through the Order of 4.1.2005

The shares of SPL could not be sold by 31.3.2005 for various reasons, including the non-receipt of the NOC/No Dues Certificate and Charge Release documents from some of the Lenders. Your Company had accordingly filed an application before the Hon'ble Delhi High Court, u/s 392 of the Companies Act, 1956, inter alia praying for extension of time for selling the shares of SPL by a period of 3 months from the date the entirety of NOC/No Dues Certificates and Charge Release Documents are submitted by the Secured Creditors/Lenders with the Escrow Agent.

UTI has also filed an application in the Hon'ble High Court for revival of its earlier appeals which is pending hearing.

### ISSUE OF NEW SHARES

In compliance with the Scheme, during the year the Company has allotted 80,00,000 equity shares of Rs.10/- each for cash at par to Mawana Sugars Limited (formerly known as Siel Sugar Limited).

### FINANCIAL RESULTS

(Rs. Lacs)

Sl. No.	Particulars	Year Ended	
		31.03.05	31.03.04
1.	Profit/(Loss) before interest and depreciation	1572.42	(2232.73)
2.	Interest	319.09	375.51
3.	Depreciation	1149.08	1143.63
4.	Profit/(Loss) before tax	104.25	(3751.87)
5.	Provision for taxation	-	-
6.	Profit/(Loss) after tax and before adjustment pursuant to the Scheme of Arrangement	104.25	(3751.87)

There has been a very considerable improvement in the financial performance of the Company and this continues into the current Financial Year.

### DIVIDEND

In the absence of any divisible profits, your Directors regret their inability to recommend any dividend for the year ended March 31, 2005.

### OPERATIONS

A review of operations of the major businesses of the Company, for the year ended March 31, 2005 is as under (some discussion is also presented in the Management Discussion and Analysis report) :

#### Chlor-Alkali

During the year under review, cell liquor production was 64854 MT compared to 62247 MT in the previous year.

The Chlor-Alkali industry witnessed an improved performance compared to the previous year with Caustic Soda prices firming up in the international market and increased demand seen in the domestic market for both Caustic Soda and Chlorine. With virtually negligible capacity additions in the overall industry, the capacity utilization of the industry has improved by nearly 3% to about 85%. New capacity is now being added.

#### Edible Oils

The Edible Oils operations are continuing on a third party manufacturing basis.

With the proposed introduction of PANGHAT Vanaspati in consumer packs, stepped up brand promotion activities and revitalization of the distribution network, the business is poised for growth.

### JOINT VENTURES

**CERATIZIT INDIA PVT. LTD.** (Formerly Siel TIZIT LIMITED). During the financial year ended February 2005, the Company has earned a net profit of Rs. 158.19 lacs, as against Rs. 20.36 lacs during the previous year. The sales turnover of the Company increased by about 31% over the previous year to Rs. 2361.53 lacs.

### SUBSIDIARY COMPANIES

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.

# Siel Limited

## DIRECTORS' REPORT (Contd.)

### 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.

### DIRECTORS

The nomination of Mr. Deviinder Gupta on the Board of Directors of the Company has been withdrawn by ICICI Bank Limited.

Mr. P.K. Bhalla and Mr. A.K. Mehra, Directors retire by rotation and being eligible, offer themselves for re-appointment.

### AUDITORS

M/s. A.F. Ferguson & Co., Chartered Accountants, Auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting and are recommended for reappointment. The Company has received a certificate from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1) of the Companies Act, 1956.

### AUDITORS' REPORT

The observation of Auditors are explained where necessary, in the appropriate notes to the accounts.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

A statement containing the necessary information as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto as Annexure I and forms an integral part of this report.

### PARTICULARS OF EMPLOYEES

There is no employee in the company whose particulars are required to be given under Section 217 (2A) of the Companies Act, 1956.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your directors state:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the accounting policies selected and applied are consistent and the judgements and estimates made

are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the annual accounts have been prepared on a going concern basis.

### CORPORATE GOVERNANCE

A separate report on Corporate Governance is included/ attached as a part of the Annual Report and annexed hereto as Annexure II along with the Auditors' Certificate on its compliance.

The Management Discussion and Analysis Report forms a part of this report and is annexed hereto as Annexure III.

### SHARE REGISTRY ACTIVITIES

In terms of SEBI Circular No. D&CC/FITTC/CIR-15/2002 dated 27 December 2002, your Company has transferred the work related to share registry to Mas Services Pvt. Ltd., a registrar and share transfer agent registered with SEBI.

### INFORMATION UNDER LISTING AGREEMENT WITH STOCK EXCHANGES

The funds amounting to Rs. 9427 lacs raised by issue of 13% Secured Non-Convertible Debentures (NCDs) on a rights basis as per Letter of Offer dated August 12, 1994 and Rs. 150 lacs by issue of NCDs to the Employees have been utilized to part finance the projects as mentioned in the Letter of Offer subject to the changes as already approved by the shareholders.

The funds amounting to Rs. 520 lacs raised during the year by issue of 80,00,000 equity shares to M/s Mawana Sugars Limited have been utilized as per the Scheme of Arrangement.

### DEMATERIALISATION OF SHARES

The shares of the Company are traded in dematerialized form and are available for trading under the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Ltd. (CDSL).

As on 31st March 2005, a total of 73,20,042 equity shares of the Company, which form 39.97% of the Share Capital, stood dematerialized.



## DIRECTORS' REPORT (Contd.)

### LISTING OF SECURITIES OF COMPANY

The new equity shares of your Company issued pursuant to the Scheme of Arrangement are listed on Mumbai, Hyderabad and Delhi (Regional) Stock Exchanges.

The application for listing of these shares on Calcutta Stock Exchange is still pending.

The equity shares allotted to M/s Mawana Sugars Limited through Court approved Scheme of Arrangement, have been listed on Mumbai Stock Exchange. The application for listing of these shares on Delhi, Calcutta and Hyderabad Stock Exchange is still pending.

The listing fee upto the year 2004-2005 has been paid to all Stock Exchanges. The Listing fee for the year 2005-2006 has been paid to Delhi and Mumbai Stock Exchanges.

### DELISTING OF EQUITY SHARES OF THE COMPANY AT DSE, CSE AND HSE

For quite sometime, there has been hardly any trading in your Company's Shares on Delhi (DSE), Calcutta (CSE) and Hyderabad (HSE) Stock Exchanges, it is proposed to get the Equity Shares of the Company delisted from these Stock Exchanges.

### INFORMATION UNDER LISTING AGREEMENT FOR GDRs

- a) The Directors and their connected persons held 32,61,631 equity shares as at March 31, 2005 representing 17.81% of the total outstanding equity shares.

- b) Particulars of shareholders holding more than 5% of the issued share capital of the Company as at March 31, 2005 is as under:

Name of the Shareholders	No. of Equity Shares held	% to the issued capital
- Mawana Sugars Limited	80,00,000	43.68
- The Bank of New York as Depository for GDR holders	14,34,205	7.83
- Busneda Commercial Private Ltd.	11,37,944	6.21

- (c) If the United Kingdom resident holders in the Company's shares or depository receipts representing the Company's shares wish to know whether they are able to obtain any relief from United Kingdom Taxation to which they are entitled in respect of their holdings of such securities, they should consult their own tax advisors.

### ACKNOWLEDGMENTS

The Directors wish to thank and deeply acknowledge the co-operation, assistance and support extended by the Central Government, the State Governments, the Financial Institutions, the Company's bankers, the Shareholders, the dealers, vendors and foreign collaborators of the Company. The Directors also wish to place on record their appreciation for the all-round co-operation and contribution made by the employees at all levels.

On behalf of the Board of Directors

Place : New Delhi  
Dated : May 26, 2005

(SIDDHARTH SHRIRAM)  
Chairman

# Siel Limited

## ANNEXURE - I TO DIRECTORS' REPORT

Information as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### 1. CONSERVATION OF ENERGY

#### a) Energy Conservation Measures Taken:

1. Replacement of main DM water pump (60 HP) with efficient pump and motor of 25 HP.
2. Replacement of Hydrogen pit pump (40 HP) with efficient pump and motor of 15 HP.
3. One of the return water pumps of rectifiers equipped with 50 HP motor was replaced with lower size of pump and motor of 30 HP.
4. Modified the chilled water system resulting in stoppage of one chilled water supply pump of 40 HP.
5. Replacement of BC feed water pump (100 HP) at evaporator house with lower size of pump and motor of 40 HP.
6. Replacement of cooling tower feed pump (100 HP) at evaporator house with lower size of motor of 40 HP.
7. Replacement of chilled water circulation pump (75 HP) with efficient pump and motor of 40 HP.
8. One of the water supply pumps of rectifiers equipped with 50 HP motor was replaced with small size pump and motor of 30 HP.

9. Replacement of ETP pump (20 HP) with lower size of pump and motor of 10 HP.

#### b) Additional investments and proposals being implemented for reduction of energy consumption

A number of energy saving proposals have been identified and shall be implemented.

#### c) Impact of above measures

Savings in energy consumption and reduction in cost of production

#### d) Total Energy Consumption and Energy Consumption per Unit of Production

Form A is annexed.

### 2. Technology Absorption

Form B is annexed.

### 3. Foreign Exchange Earnings and Outgo

- **Activities relating to export initiatives taken to increase exports, development of new export markets for productions and services.**

The company exported Caustic Soda Flakes and Stable Bleaching Powder to various countries during the period ended March 31, 2005.

- **Total foreign exchange used and earned:**

The information is given in Notes to Accounts.