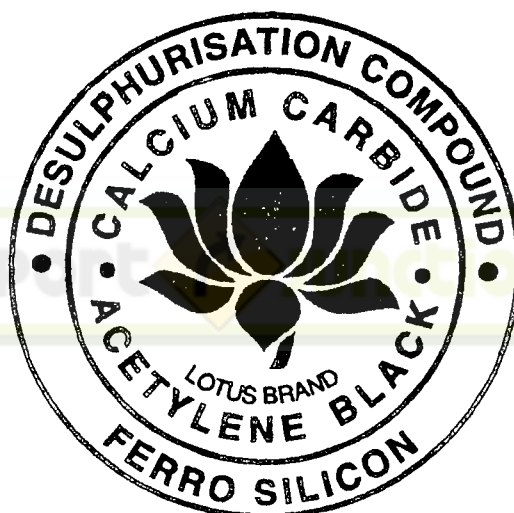


# 53RD ANNUAL REPORT 31ST MARCH, 1998

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



**TECIL CHEMICALS AND  
HYDRO POWER LIMITED**

#### **BOARD OF DIRECTORS**

SHRI SHRINIWAS B. SOMANI  
*CHAIRMAN & MANAGING DIRECTOR*

SHRI SHRIKANT SOMANI  
*JOINT MANAGING DIRECTOR*

SHRI O.P. JOSHI  
*DIRECTOR (COMMERCIAL)*

SHRI M.N. RAMACHANDRAN (Appointed w.e.f. 1.4.1998)  
*DIRECTOR (TECHNICAL)*

SHRI GHANSHYAM BINANI (Resigned w.e.f. 5.6.1998)

SHRI ASHVIN C. DALAL

SHRI S. VENKATACHALAM

SHRI PREMJI SINGH

SHRI JAMES JOSEPH (Appointed w.e.f. 31.7.1998)

SHRI M. PADAVATTAN  
*NOMINEE, INDUSTRIAL DEVELOPMENT BANK OF INDIA*

SHRI R. NARAYANAN  
*NOMINEE, INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LTD.*

#### **BANKERS**

CANARA BANK, KOTTAYAM

CITI BANK, MUMBAI

CENTRAL BANK OF INDIA, MUMBAI

#### **AUDITORS**

##### **STATUTORY AUDITORS**

SURI & CO., THIRUVANANTHAPURAM

KHIMJI KUNVERJI & CO., MUMBAI

##### **INTERNAL AUDITOR**

KAILASH CHAND JAIN & CO., MUMBAI

#### **REGISTERED OFFICE & WORKS**

P.O. CHINGAVANAM 686 531

DIST. KOTTAYAM (KERALA)

#### **CORPORATE OFFICE**

EMPIRE HOUSE (3RD FLOOR)

214, DR. D.N. ROAD, FORT,

MUMBAI - 400 001.

## FIFTY-THIRD ANNUAL REPORT 1997-98

**NOTICE**

NOTICE is hereby given that the Fifty Third Annual General Meeting of the Company will be held on Tuesday the 29th September, 1998 at 4.00 p.m. at **TECIL PREMISES**, P.O. Chingavanam 686 531, Dist. Kottayam (Kerala) to transact the following business:

**ORDINARY BUSINESS:**

1. To receive and adopt the Directors' Report, Auditors' Report, and the Audited Profit and Loss Account for the year ended 31st March, 1998 and the Balance Sheet as at that date.
2. To elect a director in place of Shri S.B. Somani who retires by rotation and being eligible, offers himself for re-election.
3. To elect a director in place of Shri O.P. Joshi who retires by rotation and being eligible, offers himself for re-election.
4. To elect a director in place of Shri Premjit Singh who retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors and fix their remuneration and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s Suri & Co., Chartered Accountants and M/s Khimji Kunverji & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration of Rs. 60,000/- p.a. and Rs. 52,000/- p.a. respectively in addition to reimbursement of out of pocket expenses in connection with the audit of the accounts of the Company."

**SPECIAL BUSINESS**

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Shri James K. Joseph whose period of Office shall be liable to determination by retirement of Directors by rotation, be and is hereby appointed as a Director of the Company."
7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the limit specified in Schedule XIII of the said Act, the Company hereby approves the re-appointment of and remuneration payable to Shri Shrikant Somani as the Joint Managing Director of the Company for a period of five years from 14th July, 1998 to 13th July, 2003 on the terms and conditions including remuneration as are set out in the explanatory statement which are hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) as may be agreed to by the Board of Directors and Shri Shrikant Somani."  
"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, proper or expedient to give effect to this resolution."
8. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Shri M.N. Ramachandra whose period of Office shall be liable to determination by retirement of Directors by rotation, be and is hereby appointed as a Director of the Company."
9. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the limit specified in Schedule XIII of the said Act, the Company hereby approves the appointment of and remuneration payable to Shri M.N. Ramachandra as a Director (Technical) of the Company for a period of five years with effect from 1st April, 1998 on the terms and conditions including remuneration as are set out in the explanatory statement which are hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) as may be agreed to by the Board of Directors and Shri M.N. Ramachandra."  
"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board

Sd/-  
S.B.SOMANI

Chairman and Managing Director

Mumbai, 31st July, 1998.

**Notes :**

1. Explanatory Statements as required under Section 173(2) of the Companies Act, 1956 are annexed.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member. Proxies in order to be effective, must be received by the Company not later than 48 hours before the meeting.
3. Members are requested to notify immediately any change in their addresses.
4. The Register of Members and the Share Transfer Book of the Company will remain closed from 14th September 1998 to 19th September, 1998 (both days inclusive).
5. Members desiring to submit Mandates, to lodge transfer deeds for shares are requested to forward the same so as to reach the Company's Registrars at System Support Services, 209 Shivai Industrial Estate, Next to Parke Davis Ltd., Saki Naka, Mumbai 400 072 on or before 13th September, 1998. The Company will not be in a position to act upon any document which is incomplete or received after 13th September, 1998.

**TECIL CHEMICALS AND HYDRO POWER LIMITED****ANNEXURE TO NOTICE (EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.)**

The following Explanatory Statement sets out the material facts referred to in Item Nos. 6 to 9 of the Notice convening the 53rd Annual General Meeting.

**Item No. 6**

Shri James K. Joseph was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 31st July, 1998. As per the provisions of Section 260 of the Companies Act, 1956 read with Article 81(e) of the Articles of Association of the Company, Shri James K. Joseph will hold Office only upto the date of this Annual General Meeting and being eligible, he has offered himself for re-election as a Director of the Company by a written notice under Section 257 of the Companies Act, 1956.

Shri James Joseph is the Managing Director of Kerala State Industrial Development Corporation Ltd. and the Board commends the election of Shri James Joseph for the approval of the members.

**Memorandum of Interest**

Except Shri James Joseph, none of the Directors of the Company is interested in this resolution.

**Item No. 7**

The members of the Company at the 48th Annual General Meeting held on 26.11.93 approved the re-appointment of Shri Shrikant Somani as Wholetime Director for a period of five years with effect from 14th July, 1993. He was further appointed as Jt. Managing Director of the Company, on the terms and conditions approved by the members at the 51st Annual General Meeting held on 27th September, 1996. The tenure of office of Shri Shrikant Somani has expired on 13th July, 1998. The Board of Directors of the Company at their meeting held on 31.7.1998 re-appointed Shri Shrikant Somani as the Jt. Managing Director for a further period of five years with effect from 14.7.1998 on the terms and conditions as mentioned below.

**Salary :** Rs. 31,000 per month with power to Board of Directors to revise according to scales applicable for his grade and post.

**Perquisites :** In addition to salary, Shri Shrikant Somani shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof ; together with reimbursement of expenses/ allowances for utilisation of gas, electricity, water, furnishing; medical reimbursement; leave travel concession for self and his family including dependants ; club fees, premium for medical insurance and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors upto Rs. 25,000/- per month, subject to overall ceiling of remuneration stipulated in Section 198 and 309 of the Companies Act, 1956.

The re-appointment has been done subject to the approval of the members at this Annual General Meeting by passing an Ordinary Resolution. Hence, the Board commends the Ordinary Resolution under Item No. 7 of the notice for the approval of the Members.

**Memorandum of Interest**

Except Shri Shrikant Somani and Shri S.B.Somani (being father of Shri Shrikant Somani ), none of the Directors of the Company is interested in this resolution.

**Item No. 8**

Shri M.N. Ramachandra was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 30th May, 1998. As per the provisions of Section 260 of the Companies Act, 1956 read with Article 81(e) of the Articles of Association of the Company, Shri M.N. Ramachandra will hold Office only upto the date of this Annual General Meeting and being eligible, he has offered himself for re-election as a Director of the Company by a written notice under Section 257 of the Companies Act, 1956.

Shri M.N. Ramachandra has an industrial experience of nearly 28 years and his presence on the Board of the Company shall be of immense benefit to the Company. The Board commends the election of Shri M.N. Ramachandra for the approval of the members.

**Memorandum of Interest**

Except Shri M.N. Ramachandra, none of the Directors of the Company is interested in this resolution.

**Item No. 9**

The Board of Directors of the Company at its meeting held on 30th May, 1998 appointed Shri M.N. Ramachandra as Director (Technical) for a period of five years with effect from 1.4.98 on the terms and conditions as mentioned below:

**Salary :** Rs. 40,000 per month with power to Board of Directors to revise according to scales applicable for his grade and post.

**Other Allowances and Perquisites :** In addition to salary, Shri M.N. Ramachandra shall be entitled to other allowances and perquisites like House Rent Allowance to the extent of Rs. 4,000/- per month ; together with Bonus, Provident Fund, Leave Travel Allowance, Medical Reimbursement, Servant Allowance, Conveyance, etc., reimbursement of expenses/ allowances for utilisation of gas, electricity, water, club fees, premium for medical insurance and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors upto Rs. 3,40,000/- per annum, subject to overall ceiling of remuneration stipulated in Section 198 and 309 and Schedule XIII of the Companies Act, 1956.

The appointment has been done subject to the approval of the members at this Annual General Meeting by passing an Ordinary Resolution. Hence, the Board commends the Ordinary Resolution under Item No.9 of the notice for the approval of the Members.

**Memorandum of Interest**

Except Shri M.N. Ramachandra, none of the Directors of the Company is interested in this resolution.

By Order of the Board

Sd/-  
S.B.SOMANI

Chairman and Managing Director

Mumbai, 31st July, 1998.

## FIFTY-THIRD ANNUAL REPORT 1997-98

**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting the 53rd Annual Report together with the Audited Accounts for the year ended 31st March, 1998.

**FINANCIAL RESULTS**

The results for the year are summarized herein below:

	<b>Rs. in Lacs</b>	
<b>YEAR ENDED 31ST MARCH</b>	<b>1998</b>	<b>1997</b>
Net Sales	3329.22	2967.82
Other Income	107.35	162.00
Total Income	<u>3436.57</u>	<u>3129.82</u>
Profit/(Loss) before Interest & Depreciation	(217.82)	142.73
Less : Interest	121.97	114.04
Gross Profit/ (Loss)	(339.79)	28.69
Less : Depreciation	155.76	158.01
(Loss)/Profit for the year	(495.55)	(129.32)
Transfer from Investment Allowance Reserve ( Utilized)	26.50	4.30
Surplus b/f from previous year	116.73	578.04
	<u>(352.32)</u>	<u>453.02</u>
Surcharge on power charges for earlier years provided	—	303.37
Proposed Dividend on equity Shares	—	29.93
Tax on Dividend	—	2.99
Transfer from General Reserve	(77.00)	—
Balance carried forward to Balance Sheet	(275.32)	116.73
	<u>(352.32)</u>	<u>453.02</u>

**DIVIDEND**

Due to the heavy losses incurred during the year, the Board of Directors do not recommend dividend for the year (previous year 2%).

**OPERATIONS**

The year under report was a very bad year for your Company. Coupled with the increase in the raw material prices and power tariffs, the Company had to face severe power cuts throughout the year, even to the extent of 95% power cut during two months of the year and workers strike/lockout for 61 days. Also, there were power cuts from 30% to 50% during the year on various dates. This has affected the operations of the company seriously. The Company's products continued to face competition from imports, mainly from China and Romania, which did not allow it to pass on the increased input costs to the consumers. Though the Company managed to increase the sales marginally to the extent of 12.17% from Rs.2967.82 lacs to Rs.3329.22 lacs, it was not able to absorb all fixed costs, resulting into a net loss of Rs. 495.55 lacs for the year.

Now, the Company has managed to resolve the labour unrest and the power supply from the KSEB has been restored to the extent of 70%. Further, the first phase of the Hydro Power Project i.e. Ullankal Power Project of 7.5 MW is nearing completion and is expected to generate power by October,98. This power shall be used for captive consumption thereby reducing dependency on the KSEB. The power generated shall be considerably cheaper than KSEB tariffs. This will result in improved margins as power is one of the major inputs in the cost of production.

Also, the Company has requested the Ministry of Commerce, Government of India, for imposing Anti-Dumping duty for Calcium Carbide and for imposing Safeguard Duty on Acetylene Black, and the matter is under active consideration. A combined effect of all the above factors will definitely turn the fortunes of the Company.

**HYDRO POWER PROJECTS**

The Ullankal Power Project, one of the two 2 Hydro Power Projects allotted by the Government of Kerala is nearing completion and is expected to be implemented by October,98. The Civil and Structural Work has been completed to the extent of 85% and most of the Electro-Mechanical Machinery and Equipments for Ullankal Hydro Power have reached the site.

Work for the Karikkayam Project is also in progress. Land for the project has already been acquired and Civil Work is in progress. The Karikkayam Hydro Power Project is expected to be implemented by August/September,99. The above projects are being financed by IREDA, IDBI and Canara Bank.

**FINANCE**

The Company is planning to raise money for the Projects by issuing Preference Shares to the extent of Rs. 900 Lacs on private placement basis. It has already received the approval from the Central Board Of Direct Taxes (CBDT) to issue the Preference Shares with benefits under Section 88 of the Income Tax Act, 1961.

**DEPOSITS**

Deposits from 17 parties aggregating to Rs. 61,000/- which had matured were outstanding with the Company as on 31.3.1998 as the depositors had not claimed them on or before 31.3.1998. The other deposits which were due during the period have been repaid before 31.3.1998. These particulars are furnished in compliance with the directives of the Reserve Bank of India.



**TECIL CHEMICALS AND HYDRO POWER LIMITED****SUBSIDIARY COMPANY**

The annual accounts of Citric India Ltd. subsidiary of your Company for the year ended 31st March, 1998 have been annexed to the Audited Accounts of the Company, along with a statement pursuant to Section 212 (1)(C) of the Companies Act, 1956.

**INDUSTRIAL RELATIONS**

Except for the strike/lockout for 61 days, the overall relationship between the Workers and the Management has been satisfactory.

**DISCLOSURE UNDER THE LISTING AGREEMENT**

Under Clause 43 of the Listing agreement, companies who have issued shares are required to furnish comparison of the projected figures given in the Prospectus/ Letter of offer with the actuals in respect of profitability. You are aware that in June 1995, the Company went to public with the offer of 1,00,00,000 Equity Shares of Rs.10/- each at a premium of Rs.20/- per share. The comparison of projections in the prospectus issued at the time of the said public issue with actual performance as to the profitability for the year 1997-98 is set out herein below :

Particulars	Actuals	Year ended 31.03.98 (Rs. in Lacs)
		Projections made in the prospectus dated 22.5.95
1. Income from operations	3436.57	9652.00
2. (Loss)/Profit before Interest, Depreciation and Tax	(217.82)	1850.00
3. Interest	121.97	255.00
4. Depreciation	155.76	171.00
5. (Loss)/Profit Before Tax	(495.55)	1424.00
6. (Loss)/Profit After Tax	(495.55)	1221.00
7. Dividend(%)	-	20%

Sales and consequent profit have reduced for following reasons :

1. Workers strike/lockout in the plant for a period of 61 days resulted in stoppage of production of all products for the above period.
2. Severe Power cut by KSEB throughout the year.
3. Increase in input costs and power tariffs.
4. Due to the liberal import policy of the Government, the availability of Calcium Carbide and Acetylene Black at low prices has affected the realization to a considerable extent.

**PARTICULARS OF EMPLOYEES**

The particulars regarding the Company's employees as required by Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are given in Annexure I forming part of this report.

**DIRECTORS**

Shri S.B.Somani, Shri O.P.Joshi and Shri Premjit Singh retire under Article 86 of the Articles of Association of the Company and being eligible offer themselves for reappointment. Your Directors recommend their reappointment.

Shri Ghanshyam Das Binani has resigned from the Board of Directorship of your Company with effect from 5th June, 1998 after a long service on the Board of this company. The Board places on record the invaluable services rendered by him as Director of the company.

Shri A.K.Nair, Nominee Director of Kerala State Industrial Development Corporation Ltd.(KSIDC) has resigned with effect from 19th March, 1998. The Board places on record the invaluable services rendered by him during his tenure as Director of the company.

IDBI has appointed their Nominee Director Shri M. Padavattan in place of Shri V.Ananthakrishnan with effect from 1/10/97. The board places on record the valuable services rendered by Shri V. Ananthakrishnan during his tenure as Director of the Company.

Shri James Joseph, Managing Director of KSIDC has joined the Board of Directors with effect from 31st July, 1998. The Board has welcomed the appointment of Shri James Joseph as an Additional Director in the Board of your Company and he would hold his office till the date of the ensuing Annual General Meeting of your Company.

Shri M.N.Ramachandra was appointed by the Board of Directors of your Company as Director (Technical) for a period of five years with effect from 1st April 1998. His election as a Director of the Company and his appointment as Director (Technical) are recommended by the Board of Directors for approval of the members in the General Meeting.

The term of office of Shri Shrikant Somani as Jt. Managing Director of the Company has expired on 13th July, 1998 and your Directors recommend his re-appointment as Jt. Managing Director for a further period of five years from 14th July, 1998, for approval of the members in the General Meeting.

**AUDITORS**

M/s. Suri & Co. Tiruvananthapuram and M/s. Khimji Kunverji & Co., Mumbai, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting. The Members are requested to re-appoint the Auditors and fix their remuneration.

**NOTES TO THE ACCOUNTS**

The notes to the accounts referred to in the Auditors Report are self explanatory and therefore do not call for any further comments.

**PARTICULARS REGARDING CONSERVATION OF ENERGY, ETC.**

As required in terms of Section 217(1) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo, etc. is given in Annexure II forming part of this report.

**GENERAL**

The Balance Sheet and Profit and Loss Account of the Company have been signed as per the provisions of Section 215(1)(ii)

## FIFTY-THIRD ANNUAL REPORT 1997-98

of the Companies Act, 1956.

Your Directors place on record their sincere appreciation for the continued co-operation, guidance, support and assistance provided during the year under report by IDBI, IREDA, Company's Bankers Canara Bank, as also all the employees of the Company for their sincere and dedicated service in pursuing the Corporate objectives of the Company.

FOR AND ON BEHALF OF THE BOARD

Mumbai  
Dated 31st July, 1998

Sd/-  
(S.B.SOMANI)  
Chairman & Managing Director

**ANNEXURE I**

INFORMATION AS PER SECTION 217 (2A) B(II) READ WITH COMPANIES(PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998.

SHRI S.B. SOMANI, CHAIRMAN AND MANAGING DIRECTOR, B.Sc; 38 years, 1.1.1970, Rs. 11,64,840/-, 62 years, CONSTITUTED ATTORNEY THE ANDHRA PRADESH PAPER MILLS LTD.

SHRI SHRIKANT SOMANI, JT.MANAGING DIRECTOR, B.Com, 10 years, 14.7.88, Rs. 7,12,920/-, 29years, NIL.

SHRI O.P.JOSHI, DIRECTOR(COMMERCIAL), B.Com., 18 years, 20.12.1980, 3,48,174, 38years, NIL.

1. All above services are contractual.
2. Shri S.B. Somani and Shri Shrikant Somani are related, the former being father of the later.

**ANNEXURE II**

THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

**A. CONSERVATION OF ENERGY :**

Ours is a power intensive process. Energy conservation programmes are undertaken in the Company on a continuous basis. Following are some of the measure which the Company had undertaken for conservation of energy during the year 1997-98.

1. By commissioning and operating the lime kiln, power consumption required for manufacturing Calcium Carbide has been reduced.
2. Auto control system for furnace operation, including supervisory controls through computer in one of the Furnaces. This measure shall improve the efficiency of furnace operation, thereby reducing specific energy consumption of our products.
3. Improvement in the secondary current carrying system so as to improve the load factor of furnace and hence reduction in specific consumption of power.

Total energy consumption and energy consumption per unit of production are as per Form A hereunder:

A) Power & Fuel consumption:		Current Year	Previous year
1. Electricity			
a) Purchased units (Kwh)		5,27,00,047	5,24,05,433
Total amount Rs.		9,04,28,366	7,19,09,217
Rate/unit @		1.72	1.37
b) Own generation (Kwh)		4,824	8,462
2. Coal		Nil	Nil
3. Furnace Oil and HSD Oil			
a) Purchased Units (KL)		1382	514
Total amount Rs.		1,02,38,629	39,51,620
Rate / KL		7409	7688
4. Others internal generation		Nil	Nil
B) Consumption per tonne of production: (Kwh)			
1. Electricity			
PRODUCTS			
a) Calcium Carbide		4535	5016
b) Ferro Silicon		N.A.	N.A.
c) Acetylene Black		422	510
d) Desulphurisation Compound		105	145
2. Furnace Oil (KL)		0.118	0.157
3. Coal		Nil	Nil
4. Others		Nil	Nil

**B. TECHNOLOGY ABSORPTION**

1. We have completed the technology upgradation work of all furnaces on account of collaboration agreements with Elkem Metallurgy, Mumbai, a subsidiary of internationally well-known concern of smelting furnace, i.e. Elkem Metallurgy, Norway.
2. We have also completed the technological upgradation work of Acetylene Black plant in the line of agreement with M/s KEDAB, Australia.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The total expenditure in foreign currency during the year :		Current Year	Previous Year
Technical knowhow fees		Nil	Nil
Travelling Expenses		17,82,691	19,02,838
Subscription		Nil	42,712
CIF value of Imports			
- Capital goods		Nil	Nil
- Raw Materials		Nil	Nil

In view of Central Governments incentives to encourage exports, the Company is exploring possibilities of export of its products.

**TECIL CHEMICALS AND HYDRO POWER LIMITED****AUDITORS' REPORT**

To the Members of

**TECIL CHEMICALS AND HYDRO POWER LIMITED****REPORT ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998 IN COMPLIANCE WITH SECTION 227(2) OF THE COMPANIES ACT, 1956**

We have audited the attached Balance Sheet and Profit & Loss Account thereto of the aforesaid Company and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order 1988, issued by the Company Law Board, in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. The company has not provided for :
  - (i) Excise duty demands and other liabilities, disputed by the Company, as stated in Clause No. 3 of Notes forming Part of Accounts;
  - (ii) Certain Loans and Advances as referred to in Clause No.5 (a) of Notes forming Part of Accounts.
  - (iii) Diminution in the value of Long term Investments as referred to in Clause No. 7 (a) of Notes forming Part of Accounts;
  - (iv) Leave Encashment Benefit on Retirement as referred to in Clause No. 8 of Notes forming Part of Accounts;
  - (v) Debts considered doubtful of recovery amounting to Rs.26,40,962/-;
3. (a) Further to our comments above, we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit; except non-verification of certain investments as referred to in Clause No. 7 (b) of Notes forming Part of Accounts;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of these books;
- (c) the Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
- (d) subject to our comments in paragraph 2 above, in our opinion and to the best of our information and according to the explanations given to us, the said Accounts, read with the notes thereon and the accounting policies, give the information required by the Companies Act, 1956 in the manner so required and give true and fair view :
  - (a) in the case of Balance Sheet, of the state of affairs of the company as at 31st March 1998;

and

- (b) in the case of Profit & Loss Account, of the Loss for the year ended on that date.

For **KHIMJI KUNVERJI & CO.**  
Chartered Accountants

For **SURI & CO.**  
Chartered Accountants

Sd/-  
**(SHIVJI K. VIKAMSEY)**  
Partner

Mumbai,  
dated : July 31, 1998

Sd/-  
**(R. SEKAR)**  
Partner

Mumbai,  
dated : July 31, 1998

**ANNEXURE TO PART 1 OF OUR REPORT OF EVEN DATE FOR THE YEAR ENDED 31.3.1998**

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. The management has physically verified important items of fixed assets as at the year end and no material discrepancies have been noticed on such verification.
2. The Fixed assets have not been revalued during the year.
3. The management has conducted physical verification at reasonable intervals in respect of finished goods, stores, spare parts and raw materials.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in



## FIFTY-THIRD ANNUAL REPORT 1997-98

relation to the size of the company and the nature of its business.

5. The discrepancies noticed on physical verification of stocks as compared to book records were not material.
6. On the basis of our examination of stock, we are of the opinion that the valuation of these stocks is fair and proper in accordance with the normally accepted accounting principles, excepting in the case of Desulphurisation compound which has been valued at market price and is on the same basis as in the preceding year.
7. The company has taken unsecured loan from a company listed in the Register maintained under Section 301 of the Companies Act 1956. The rate of interest and other terms of such Loan are, prima facie, not prejudicial to the interest of the company. We are informed that there is no company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
8. The company has granted unsecured Loans to companies listed in the Register maintained under Section 301 of the Companies Act, 1956. The rate of interest is, prima facie, not prejudicial to the interest of the company and there are no other terms and conditions [refer clause 2 (ii) of our report under section 227 (2) of the Companies Act, 1956]. We are informed that there is no company under the same management as this company within the meaning of Section 370 (1B) of the Companies Act, 1956.
9. In respect of the other loans and advances in the nature of loans given by the Company, the parties have repaid the principal amount where stipulated and have been regular in the payment of interest, where applicable except as referred to in clause 2 (ii) of our report under section 227 (2) of the Companies Act, 1956.
10. There is adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipments and other assets and for the sale of goods.
11. There are no transactions of purchase of goods and materials and sale of goods, materials and services, in value, aggregating during the year to Rs.50,000 or more in respect of each party, made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956.
12. The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods and adequate provision has been made in the accounts for the loss so determined.
13. The Company has complied with the provisions of Section 58A of the Companies Act 1956 and the Companies (Acceptance of Deposits) Rule 1975 in respect of deposits accepted from the public.
14. The company is maintaining reasonable records for the sale and disposal of realisable by-products and scraps.
15. The Company has an internal audit system, which requires to be strengthened to make it commensurate with its size and the nature of its business.
16. The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the products of the company.
17. The company has been regular in depositing Provident Fund and Employees State Insurance dues during the year with appropriate authorities.
18. There are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty outstanding as at 31st March, 1998 for a period of more than six months from the date they become payable.
19. No personal expenses of employees or Directors have been charged to the revenue account other than those payable under contractual obligations, or in accordance with generally accepted business practice.
20. The Company is not a Sick Industrial Company within the meaning of Section 3 (1) (O) of the Sick Industrial Companies (Special Provisions) Act, 1985.

For **KHIMJI KUNVERJI & CO.**  
Chartered Accountants

Sd/-  
**(SHIVJI K. VIKAMSEY)**  
Partner

Mumbai,  
dated : July 31, 1998

For **SURI & CO.**  
Chartered Accountants

Sd/-  
**(R. SEKAR)**  
Partner

Mumbai,  
dated : July 31, 1998

## TECIL CHEMICALS AND HYDRO POWER LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 1998

	SCHEDULE	As at 31-3-98	Rs. in (000) As at 31-3-97
<b>SOURCES OF FUNDS</b>			
<b>1. SHAREHOLDERS FUNDS</b>			
Share Capital	(A)	166144	166144
Reserves & Surplus	(B)	666651	727572
		<u>832795</u>	<u>893716</u>
<b>2. LOAN FUNDS</b>			
Secured Loans	(C)	370733	250861
Unsecured Loans	(D)	4049	4061
Deferred Payment Credits		3082	4893
		<u>377864</u>	<u>259815</u>
		<u>1210659</u>	<u>1153531</u>
<b>APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS</b>			
Gross Block		957193	952022
Less: Depreciation		261548	207781
Net Block	(E)	695645	744241
Capital Work-in-progress	(F)	308396	163949
		<u>1004041</u>	<u>908190</u>
<b>2. INVESTMENTS</b>	(G)	<u>72496</u>	<u>30139</u>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	(H)	111170	101926
Sundry Debtors	(I)	43245	25392
Cash & Bank Balances	(J)	23526	67238
Other Current Assets		381	253
Loans & Advances	(K)	78583	108287
		<u>256905</u>	<u>303096</u>
<b>Less :CURRENT LIABILITES &amp; PROVISIONS</b>			
Liabilities	(L)	147815	82102
Provisions	(M)	2500	5792
		<u>150315</u>	<u>87894</u>
<b>3. NET CURRENT ASSETS</b>		<u>106590</u>	<u>215202</u>
Profit & Loss Account		27532	0
		<u>1210659</u>	<u>1153531</u>

As per our attached report of even date  
For **KHIMJI KUNVERJI & CO.**  
Chartered Accountants

Sd/-  
**SHIVJI K. VIKAMSEY, (PARTNER)**  
For **SURI & CO.**  
Chartered Accountants

Sd/-  
**R. SEKAR, (PARTNER)**  
Mumbai, July 31st, 1998.

For and on behalf of Board of Directors

Sd/-  
**S.B. SOMANI** Chairman & Managing Director

Sd/-  
**O.P. JOSHI** Director ( Commercial)