

54TH ANNUAL REPORT
31ST MARCH, 1999



**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. RAMACHANDRA
DIRECTOR (TECHNICAL)

SHRI ASHWIN C.DALAL

SHRI S.VENKATACHALAM (Resigned on 30/06/99)

SHRI PREMJIT SINGH

SHRI JAMES JOSEPH

SHRI M.PADAVATTAN (Resigned on 15/07/99)
NOMINEE, INDUSTRIAL DEVELOPMENT BANK OF INDIA

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

BANKERS

CANARA BANK , KOTTAYAM

STATUTORY AUDITORS

SURI & CO. , THIRUVANANTHAPURAM
KHIMJI KUNVERJI & CO., MUMBAI

INTERNAL AUDITORS

KAILASH CHAND JAIN & CO.

REGISTERED OFFICE

P.O.CHINGAVANAM 686 531
DIST.KOTTAYAM (KERALA)

ADMINISTRATIVE OFFICE

EMPIRE HOUSE (3RD FLOOR)
214, DR.D.N.ROAD,FORT,
MUMBAI- 400 001.

FIFTY-FOURTH ANNUAL REPORT 1998-99**NOTICE**

NOTICE is hereby given that the Fifty Fourth Annual General Meeting of the Company will be held on the 30th September, 1999 at 11.30 a.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, 1999 and the Balance Sheet as at that date.
2. To elect a director in place of Shri Shrikant Somani who retires by rotation and being eligible, offers himself for re-election.
3. To elect a director in place of Shri Ashwin Dalal who retires by rotation and being eligible, offers himself for re-election.
4. To elect a director in place of Shri M. N. Ramachandra 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 a Special Resolution:

"Resolved that pursuant to Section 31 and other applicable provisions if any of the Companies Act, 1956 and the provisions of other statutes as applicable and subject to such approvals consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, Articles of Association of the Company be and is hereby altered as follows :-
- A. In the Article 1(ii) containing definitions, the following additional definitions be inserted after Sub- article (d)
 - e) "DEPOSITORIES ACT " means the Depositories Act, 1996 or any statutory modifications or re-enactment thereof for the time being in force.
 - f) " DEPOSITORY" means a Company formed and registered under the Companies Act, 1956 and which has been granted a Certificate of Registration to act as a Depository under the Securities and Exchange Board of India Act, 1992.
 - g) " SECURITY " means such Security as may be specified by SEBI from time to time.
 - h) "BENEFICIAL OWNER" means the Beneficial Owner as defined in clause (a) of sub section (1) of section 2 of the Depositories Act, 1996.
- B. Under the heading "TRANSFER AND TRANSMISSION OF SHARES" new articles numbering Article 51 (iii) and to be read as follows be inserted.

"Every holder of Shares and/or Debentures of the Company shall be entitled to nominate in the prescribed manner a person to whom his/her Shares and/or Debentures shall vest in the event of his/her death in accordance with the provision of the Act".
 The earlier DELETED Article 56 to be replaced by the following new Article.

DEMATERIALISATION OF SECURITIES

- a) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.
- b) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security 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 securities. If a person opts to hold his security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.
- c) All Securities held by a depository shall be dematerialised and shall be in a 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 securities held by it on behalf of the beneficial owners.
- d) Right of depositories:
 - i) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owners.
 - ii) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
 - iii) Every person holding securities 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 securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
- e) Notwithstanding anything in the Act or these Articles to the contrary, where securities 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.
- f) Nothing contained in Section 108 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

TECIL CHEMICALS AND HYDRO POWER LIMITED

- g) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- h) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
- i) The Register and Index of Beneficial Owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security Holders for the purpose of the Articles".
7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
"RESOLVED THAT 1,49,66,500 Equity Shares of Rs. 10/- each listed with Delhi Stock Exchange be and is hereby delisted on and from 1st April 2000.
8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
"RESOLVED THAT 1,49,66,500 Equity Shares of Rs. 10/- each listed with Jaipur Stock Exchange be and is hereby delisted on and from 1st April 2000.
9. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
"RESOLVED THAT 1,49,66,500 Equity Shares of Rs. 10/- each listed with Mangalore Stock Exchange be and is hereby delisted on and from 1st April 2000.
10. To consider and if thought fit, to pass with or without modification, the following resolution as an Special Resolution:
"RESOLVED THAT 1,49,66,500 Equity Shares of Rs. 10/- each listed with Madras Stock Exchange be and is hereby delisted on and from 1st April 2000.

By Order of the Board

sd/-

S.B.SOMANI

Chairman and Managing Director

Mumbai, 30th August, 1999.

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 Friday 24th September 1999 to Tuesday 28th September, 1999 (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 Thursday 23rd September, 1999. The Company will not be in a position to act upon any document which is incomplete or received after 23rd September, 1999.

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 10 of the Notice convening the 54th Annual General Meeting.

ITEM No. 6

The Depositories Act, 1996 has amended some provisions of the Companies Act, 1956 pertaining to issue, holding, transfer, transmission and generally dealing in securities so as to facilitate operations of the Depository System. Consequential amendments have therefore been proposed to specific clauses in the Articles of Association to bring these in line with the operations of the depository mechanism even though there are no compulsions whatsoever on members to dematerialise their holding under the provisions of the Depositories Act, 1996.

The Companies (Amendment) Act, 1999 ("The Act") has inserted Sections 109A and 109B to the Act providing nomination facility to a Member. Accordingly clause is proposed to be inserted in the Articles of Association of the Company to provide for such facilities as envisaged therein.

No Director has any concern or interest in the resolution.

Item No. 7, 8, 9 & 10

The Equity Shares of the Company are listed on Mumbai, Delhi, Jaipur, Mangalore, Madras, Cochin and National Stock Exchange. The shares of the Company are very thinly traded/ not at all traded on Delhi, Jaipur, Mangalore and Madras Stock Exchanges. It is therefore proposed to delist the Equity Shares of the Company from Delhi, Jaipur, Mangalore and Madras Stock Exchange. Members residing in the vicinity of the Delhi, Jaipur, Mangalore and Madras Stock Exchange may kindly take a note of this and accordingly deal with their shareholding by 31st March, 2000. After the said date they may contact the Company office for necessary guidance and help. The directors recommend the resolution for your approval.

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

By Order of the Board

sd/-

S.B.SOMANI

Chairman and Managing Director

Mumbai, 30th August, 1999.

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DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the 54th Annual Report together with the Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

The results for the year are summarized herein below:

| | Rs.in Lacs | |
|---|------------|----------|
| YEAR ENDED 31ST MARCH | 1999 | 1998 |
| Net Sales | 3157.85 | 3329.22 |
| Other Income | 120.21 | 107.35 |
| Total Income | 3278.06 | 3436.57 |
| Loss before Interest & Depreciation | 665.91 | 217.82 |
| Add : Interest | 150.25 | 121.97 |
| Gross Loss | 816.16 | 339.97 |
| Add : Depreciation | 146.99 | 155.76 |
| Loss for the year | 963.15 | 495.55 |
| Transfer from Investment Allowance Reserve (Utilized) | 0 | (26.50) |
| (Surplus)/ Loss b/f from previous year | 275.32 | (116.73) |
| Add:- Provision of Income Tax For earlier year (Net) | 4.80 | 0.00 |
| Transfer from General Reserve | 0.00 | (77.00) |
| Balance carried forward to Balance Sheet | 1243.27 | 275.32 |

DIVIDEND

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

OPERATIONS

The Company continued to face extensive power cuts ranging from 30% to 50% during the first half of 1998-99. This resulted in a tremendous loss of production. The operations were also affected by lockout for 42 days. These difficulties were coupled with increase in the prices of raw materials and power tariffs. The power tariffs have increased to the extent of 40 %, thereby making the operations of the Company, totally unviable. This can be remedied only by implementing the Company's ongoing power projects as soon as possible.

The Company's products continued to face competition from imports, mainly from China and Romania, which did not allow the Company to pass on the burden of the increased cost of production to the consumers.

The turnover of the Company decreased marginally from Rs.3329.22 Lacs to Rs. 3157.85 lacs. Due to stiff competition being faced from China and Romania, price realisation for the products of the Company was poor and was not able to absorb all fixed costs, resulting into a net loss of Rs. 963.15 lacs for the year.

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 December 99. 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.

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 December,99. The Civil and Structural Work has been nearly completed and most of the Electro-Mechanical Machinery and Equipments for Ullankal Hydro Power have reached at site. Erection of the equipments is in progress.

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 December, 2000. 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.

TECIL CHEMICALS AND HYDRO POWER LIMITED**DEPOSITS**

Deposits from 17 parties aggregating to Rs. 61,000/- which had matured were outstanding with the Company as on 31.3.1999 as the depositors had not claimed them on or before 31.3.1999. The other deposits which were due during the period have been repaid before 31.3.1999. These particulars are furnished in compliance with the directives of the Reserve Bank of India.

SUBSIDIARY COMPANY

The annual accounts of Citric India Ltd., subsidiary of your Company for the year ended 31st March, 1999 have not yet been finalized so far and therefore, are not annexed herewith. However a statement pursuant to Section 212 (1)(C) of the Companies Act, 1956 is attached herewith along with the audited accounts for the year ended 31st March, 1998.

Y2K COMPLIANCE

The management has identified the computers and applications that need to be addressed for Y2K compliance and is taking necessary steps to make them Y2K compliant as early as possible. The expenditure on the above is not expected to have any material financial impact.

INDUSTRIAL RELATIONS

Except for the lockout for 42 days during the year, the overall relationship between the Workers and the Management has been satisfactory.

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 Shrikant Somani, Shri Ashwin Dalal and Shri M.N.Ramachandra 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 S.Venktachalam has resigned from the Board of Directorship of your Company with effect from 30th June, 1999 after a long service on the Board of this company. The Board places on record the invaluable services rendered and the guidance given by him as Director of the company.

Industrial Development Bank of India (IDBI) has withdrawn the nomination of Shri M. Padavattan, Nominee Director from the Board with effect from 15th July, 1999. The Board places on record the invaluable services rendered and the guidance given by him during his tenure as Director of the company.

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) 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

sd/-

(S.B.SOMANI)

Chairman & Managing Director

Mumbai

Dated 30th August, 1999

ANNEXURE 1

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, 1999.

SHRI S.B. SOMANI, CHAIRMAN AND MANAGING DIRECTOR, B.Sc; 39 years, 1.1.1970, Rs. 8,91,490/-, 63years, CONSTITUTED ATTORNEY THE ANDHRA PRADESH PAPER MILLS LTD.

SHRI M.N.RAMACHANDRA, DIRECTOR (TECHNICAL) B.E. 30years, 12.04.1998, Rs. 6,18,737/-, 52years, Chief Executive, Dandeli Steel & Ferro Alloys Ltd.

Note: All above services are contractual.

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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 measures which the Company has undertaken for conservation of energy.

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) | 4,78,68,400 | 5,27,00,047 |
| Total amount Rs. | 10,01,46,528 | 9,04,28,366 |
| Rate/unit @ | 2.09 | 1.72 |
| b) Own generation (Kwh) | 39,623 | 4,824 |
| 2. Coal | Nil | Nil |
| 3. Furnace Oil and HSD Oil | | |
| a) Purchased Units (KL) | 1043 | 1382 |
| Total amount Rs. | 75,88,421 | 1,02,38,629 |
| Rate / KL | 7276 | 7408 |
| 4. Others internal generation | Nil | Nil |

B) Consumption per tonne of production: (Kwh)

| | | |
|------------------------------|-------|-------|
| 1. Electricity | | |
| PRODUCTS | | |
| a) Calcium Carbide | 5049 | 4535 |
| b) Ferro Silicon | N.A. | N.A. |
| c) Acetylene Black | 420 | 422 |
| d) Desulphurisation Compound | — | 105 |
| 2. Furnace Oil (KL) | 0.110 | 0.118 |
| 3. Coal | 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 :

| | | |
|------------------------|----------|-------------|
| Technical knowhow fees | Nil | Nil |
| Travelling Expenses | 4,40,717 | 17,82,691 |
| Subscription | Nil | Nil |
| CIF value of Imports | | |
| - Capital goods | Nil | Nil |
| Raw Materials | Nil | 1,25,69,663 |

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 1999 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 matter specified in paragraph 4 and 5 of the said order.
 2. Further to our comments in Annexure referred to in Paragraph (1) 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;
 3. Subject to Non-provision of;
 - (i) Excise duty demands and other liabilities, disputed by the Company, as stated in Note No.3 of Notes forming Part of Accounts;
 - (ii) Certain Debtors, Loans and Advances as referred to in Note No.5 (a) of Notes forming Part of Accounts.
 - (iii) Diminution in the value of Long term Investments as referred to in Note No. 7 (a) of Notes forming Part of Accounts;
 - (iv) Leave Encashment Benefit on Retirement as referred to in Note No.8 of Notes forming Part of Accounts;
 - (v) Inter Corporate Deposit as referred to in Note No.11 of Notes forming Part of Accounts;
 - a. 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;
 - b. in our opinion, the Profit and Loss account and Balance Sheet comply with the mandatory accounting standards referred to in section 211 (3C) of the Companies Act, 1956, except as stated in para 3 hereinabove;
 - c. the Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
 - d. in our opinion and to the best of our information and according, to the explanations given to us, the said Accounts, subject to and read together 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, 1999;
 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 : 30th August, 1999

Sd/-
(R. SEKAR)
 Partner

Trivandrum,
 dated : 30th August, 1999

ANNEXURE TO PART 1 OF OUR REPORT OF EVEN DATE FOR THE YEAR ENDED 31.3.1999

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.

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4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in 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 stocks, 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. The basis of valuation of these stocks is same 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 and conditions 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 as defined under 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. However there are no other terms and conditions. We are informed that there is no company under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
9. In respect of the 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 stated in clause no. 3 (ii) and 3 (v) of our report under section 227 (2) of the Companies Act, 1956.
10. There is an 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. As informed, 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 generally been regular in depositing Provident Fund and Employees State Insurance dues during the year with appropriate authorities, except for arrears of Rs.18,00,121 and Rs.16,91,935 respectively, as on 31st March, 1999
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 1999 for a period of more than six months from the date they become payable except Rs.1,59,820 outstanding towards Income tax.
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 : 30th August, 1999

For **SURI & CO.**
Chartered Accountants

Sd/-
(R. SEKAR)
Partner

Trivandrum,
dated : 30th August, 1999

TECIL CHEMICALS AND HYDRO POWER LIMITED**BALANCE SHEET AS AT 31ST MARCH, 1999**

| | | As at 31-3-99 | Rs. in' (000) As at 31-3-98 |
|--|-----|------------------|-----------------------------------|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS FUNDS | | | |
| Share Capital | (A) | 166144 | 166144 |
| Reserves & Surplus | (B) | 628531 | 666651 |
| | | 794675 | 832795 |
| Secured Loans | (C) | 411321 | 370733 |
| Unsecured Loans | (D) | 7375 | 4049 |
| Deferred Payment Credits | | 1549 | 3082 |
| | | 420245 | 377864 |
| | | 1214920 | 1210659 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross Block | | 957089 | 957193 |
| Less: Depreciation | | 313211 | 261548 |
| Net Block | (E) | 643878 | 695645 |
| Capital Work-in-progress | (F) | 419641 | 308396 |
| | | 1063519 | 1004041 |
| INVESTMENTS | (G) | 39322 | 72496 |
| CURRENT ASSETS ,LOANS AND ADVANCES | | | |
| Inventories | (H) | 54744 | 111170 |
| Sundry Debtors | (I) | 29962 | 43245 |
| Cash & Bank Balances | (J) | 10718 | 23526 |
| Other Current Assets | | 219 | 381 |
| Loans & Advances | (K) | 73617 | 78583 |
| | | 169260 | 256905 |
| Less :CURRENT LIABILITES & PROVISIONS | | | |
| Liabilities | (L) | 178317 | 147815 |
| Provisions | (M) | 3191 | 2500 |
| | | 181508 | 150315 |
| NET CURRENT ASSETS | | -12248 | 106590 |
| Profit & Loss Account | | 124327 | 27532 |
| | | 1214920 | 1210659 |

Schedules 'A' to 'M' and Notes, form part of the Balance Sheet

As per our attached report of even date

For KHIMJI KUNVERJI & CO.

Chartered Accountants

sd/-

SHIVJI K. VIKAMSEY ,(PARTNER)

Mumbai, 30th August, 1999.

For SURI & CO.

Chartered Accountants

sd/-

R. SEKAR ,(PARTNER)

Trivandrum, 30th August, 1999

For and on behalf of

Board of Directors

sd/-

S. B. SOMANI

Chairman & Managing Director

sd/-

O. P. JOSHI

Director (Commercial)

Mumbai, 30th August, 1999.