

55th Annual Report

31st March, 2000



**TECIL CHEMICALS AND
HYDRO POWER LIMITED**

BOARD OF DIRECTORS

SHRI SHRINIWAS .B SOMANI

CHAIRMAN & MANAGING DIRECTOR

SHRI PREMJIT SINGH

Shri G. JOY

DIRECTOR (OPERATION)

Dr.R.S.SARDA

SHRI VIJAY KALANTRI

SHRI B. CHANDRASHEKARAN NAIR

NOMINEE, KSIDC LTD.

SHRI R.NARAYANAN

NOMINEE, INDIAN RENEWABLE DEVELOPMENT AGENCY LTD.

BANKERS

CANARA BANK , KOTTAYAM

STATUTORY AUDITORS

SURI & CO.,THIRUVANANTHAPURAM

INTERNAL AUDITORS

KAILASH CHAND JAIN & CO.

REGISTERED OFFICE & WORKS

P.O.CHINGAVANAM 686 531

DIST.KOTTAYAM (KERALA)

ADMINISTRATIVE OFFICE

EMPIRE HOUSE (3RD FLOOR)

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

MUMBAI- 400 001.

FIFTY-FIFTH ANNUAL REPORT 1999-2000

NOTICE

NOTICE is hereby given that the Fifty Fifth Annual General Meeting of the Company will be held on the Saturday, 30th December, 2000 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, 2000 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 Premjit Singh who retires by rotation and being eligible, offers himself for re-election.
4. M/s Khimji Kunverji & Co, Chartered Accountants, Mumbai, one of the joint Auditors resigned on 20th November, 2000 as Auditors of the company due to pre-occupations. Hence the accounts for the year 1999-2000 have been signed by the joint auditor M/s Suri & Co., Chartered accountants, Thiruvananthapuram. 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, be and is 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 not exceeding Rs. 1,50,000 as may be mutually agreed upon between the Board of Directors of the company and the auditors in addition to reimbursement of out of pocket expenses in connection with the audit of the accounts of the Company."

SPECIAL BUSINESS

4. To consider and, if though fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED that Shri. Vijay Kalantri who was co-opted as an Additional director of the company under Article 81(e) of Articles of association of the company and who holds such office upon the date of this Annual General Meeting and in respect of whom the company has received notice in writing pursuant to section 257 of the companies Act, 1956 proposing his candidature to the office of Director, be and hereby appointed as Director of the company"
5. To consider and, if though fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED that Dr. R.S.Sarda who was co-opted as an Additional director of the company under Article 81(e) of Articles of association of the company and who holds such office upon the date of this Annual General Meeting and in respect of whom the company has received notice in writing pursuant to section 257 of the companies Act, 1956 proposing his candidature to the office of Director, be and hereby appointed as Director of the company"
6. To consider and if fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 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 G. Joy as a Director (Operation) of the company for the period of five years with effect from 31.1.2000 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 G.Joy."
"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."

7. To consider and if fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 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 S.B.Somani as a Managing Director of the company for the period of five years with effect from 1.1.2000 on the same terms and conditions including remuneration as were prevailing during his earlier tenure, are set out in the explanatory statement which are hereby specifically sanctioned with a liberty to the Board of Directors to alter and vary the terms and conditions of the said re-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 S. B. 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 though fit, to pass with or without modification, the following Resolution as an ordinary Resolution.

"Resolved that pursuant to the provision of section 293(1)(a) and other applicable provisions, if any, of the companies Act, 1956 and other approvals and sanctions, as may be necessary, the consent of the company be and hereby accorded to the transfer of the 'Karikkayam Hydro Power Projects' a division of the company to Shree Malayagiri Chemicals Ltd, a proposed wholly owned subsidiary company of the company on such terms and conditions as the Board of Directors may deem fit with full authority to the Board of directors to do all such acts and things as may be necessary to give effect to this Resolution."

By Order of the Board
Sd/-

S.B.SOMANI

Chairman and Managing Director

Mumbai, 28th November, 2000

Notes :

1. Explanatory statements as required under Section 173(2) of the companies Act, 1956 are annexed.
2. A Member entitled to attend 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 Tuesday 26th December, 2000 to Friday 29th December 2000 (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 400072 on or before Monday 25th December, 2000. The Company will not be in a position to act upon any document which is incomplete or received after 25th December, 2000.

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. 5 to 8 of the Notice convening the 55th Annual General Meeting.

Item No: 5

Shri Vijay Kalantri was appointed as an additional Director of the company by the Board of Director at its meeting held on 31.1.2000, 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 Vijay Kalantri will hold office only upto the date of this Annual

TECIL CHEMICALS AND HYDRO POWER LIMITED

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.

Memorandum of Interest

Except Shri Vijay Kalantri, none of the Directors of the company is interested in this resolution.

Item No: 6

Dr. R.S.Sarda was appointed as an additional Director of the company by the Board of Director at its meeting held on 31.1.2000, 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. Dr. R.S.Sarda 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.

Memorandum of Interest

Except Dr. R.S.Sarda, none of the Directors of the company is interested in this resolution.

Item No. 7

The Board of Directors of the company at its meeting held on 31.1.2000 appointed Shri G. Joy as Director (Operation) for a period of Five years with effect from 31.1.2000 on the terms and conditions as mentioned below:

Salary : Rs. 14,000 per month (with such annual increments as may be decided by the Board from time to time).

Other Allowances and Perquisites : in addition to the salary Shri G. Joy shall be entitled to other allowances and perquisites like free furnished house; together with provident fund, leave travel allowance, medical re-imbusement, servant allowance, conveyance etc as applicable to the officers of the company subject to the 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 member 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 approval of the members.

Memorandum of Interest

Except Shri G. Joy, none of the Director of the company is interested in this resolution.

Item No: 8

The Board of Directors of the company at its meeting held on 31.1.2000 appointed Shri G. Joy as Director (Operation) for a period of Five years with effect from 31.1.2000 on the terms and conditions as mentioned below:

- I. Salary: Rs.50,000 per month (including dearness and other allowances) with annual increment of Rs.5,000 per month.
- II. Perquisites: This shall be restricted to an amount equal to annual salary of Rs.4,50,000 per annum, whichever is less. For this Purpose, perquisites are classified into three categories. "A", "B" and "C" as follows:

Category A:

- i) Housing (1) : The expenditure by the Company on hiring furnished accommodation for the Managing Director will be subject to the following ceiling -60% of the salary over and above 10% payable by the Managing Director.
- Housing (2) : In case the accommodation is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company.
- Housing (3) : In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance, Subject to the ceiling laid down in Housing (1) above. The expenditure incurred by the Company on gas, electricity, Water and furnishings shall be valued as per the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of salary of the Managing Director.

- ii) Medical Expenses incurred for the Managing Director and the family

Reimbursement : subject to a ceiling of one month's salary in a year or three Month's salary over a period of three years.

- iii) Leave Travel For the Managing Director and his family, once in a year,

Concession: incurred in accordance with any rules specified by the Company.

- iv) Club Fees: Fees of Clubs, subject to a maximum of two clubs.

This will not include admission and life membership fees.

- v) Personal Accident: Premium not to exceed Rs.4000 per annum.

Insurance:

Category B:

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent that these either singly or put together are not taxable under the income-tax Act.

Gratuity payable should not exceed half-a-month's salary for each completed Year of service.

- ii) Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.

Category C:

Provision of car for use on Company's business and telephone at residence will not be Considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

III. Commission: Not more than 1% of the net profits of the Company.

Notwithstanding anything mentioned in this part, where in any financial year, during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay him remuneration by way of salary and perquisites not exceeding the limits specified above.

The particulars set out above may be treated as an extract of the terms of the agreement with the Managing Director which is required to be given to every member under the provisions of Section 302(2) of the Companies Act, 1956.

Memorandum of Interest

Except Shri S.B.Somani, none of the Director of the Company is interested in the said resolution.

Item no 8

The company has been allotted Karrikayam Hydro Power Project in Pathanamthitta District of Kerala state with a capacity of 15 MW. The projects is under implementation.

With a view to restructure, Board of directors decided in the interest of the company to hive off this project to a proposed wholly owned subsidiary company. This is being done to facilitate an early completion of the project. All other terms as to the power utilisation and agreements in respect in respect of the project will remain unaffected. Accordingly it has been decided by the Board to transfer above project to Shree Malayagiri Chemicals Ltd, a proposed wholly owned subsidiary company on the terms and conditions which are being discussed and negotiated with the said company and subject to the approval of Term Lending institutions namely IREDA, IDBI & Canara Bank.

Section 293(1)(a) of the Companies Act, 1956, interalia provides that the Board of Directors shall not except with the consent of the company in General meeting sell/transfer/lease/or otherwise dispose off of the whole or substantially the whole of the undertaking of the company. Members are according requested to empowered the directors with the requisite authority under the above mentioned section of the companies act, 1956 by passing the resolution set out in the item no:8 of the notice.

Except Shri S.B.Somani Chairman/Managing Director, none of the director is interested in this resolution.

By Order of the Board

Sd/-

S.B.SOMANI

Mumbai, 28th November, 1999.

Chairman and Managing Director

FIFTY-FIFTH ANNUAL REPORT 1999-2000

DIRECTORS' REPORT

To the Members,

Your Directors hereby presenting the 55th Annual Report together with the Audited Accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

The results for the year are summarized herein below:

	Rs.in Lacs	
YEAR ENDED 31ST MARCH	2000	1999
Net Sales	502.49	3157.85
Other Income	95.39	120.21
Total Income	597.88	3278.06
Loss before Interest & Depreciation	263.91	665.91
Add : Interest	108.24	150.25
Depreciation	140.66	146.99
Loss for the year	512.81	963.15
(Surplus)/ Loss b/f from previous year	1243.27	275.32
Add:- Provision of Income Tax for earlier year	0.00	4.80
Balance carried forward to Balance Sheet	1756.08	1243.27

DIVIDEND

Due to the loss incurred by the company during the year, the Board of Directors do not recommend dividend for the year.

OPERATIONS

The Company has been under lock out for most of the year resulting in a tremendous loss of production. These difficulties were coupled with increase in the prices of raw materials and power tariffs. The power tariffs are increased to the extent of 140%, thereby making the operations of the Company unviable, which can be remedied by completing 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. However with the change in dollar value plus the increase in cost of petroleum there is an easment in the current situation.

The turnover of the Company decreased from Rs.3157.85 Lacs to Rs. 502.49 lacs. Due to stiff competition being faced on account of imports 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. 512.81 lacs for the year including depreciation and interest Rs. 248.90 lacs.

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 very soon. This power shall be used for captive consumption thereby reducing dependency on the KSEB. The power generated shall be considerably cheaper than KSEB tariffs, which 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 commissioned very soon. 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 March, 2002. 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. 500 Lacs on private placement basis to KSIDC. Further company is also planning to go for further issue of Equity Shares of Rs. 300 lacs. Necessary permission for the above issues will be from the various concerned authorities wherever required.

DEPOSITS

Deposits from 16 parties aggregating to Rs. 59,000/- which had matured were outstanding with the Company as on 31.3.2000 as the depositors had not claimed them on or before 31.3.2000. The other deposits which were due during the period have been repaid before 31.3.2000. These particulars are furnished in compliance with the directives of the Reserve Bank of India.

SUBSIDIARY COMPANY

As required under section 212 of the companies Act, 1956 the audited statements of accounts alongwith the report of the Board of Directors of Citric India Ltd and Auditors Report thereon for the year ended 31st March, 2000 is annexed

TECIL CHEMICALS AND HYDRO POWER LIMITED

The Directors have decided to purchase all the fully paid 2,800 equity shares of Rs. 10/- of Shree Malayagiri Chemicals Ltd. by which the said company will become hundred percent wholly owned subsidiary company of the company.

INDUSTRIAL RELATIONS

The company has been under lock out for most of the year due to certain compelling reasons. However the overall relationship between the Workers and the Management has been normal.

PARTICULARS OF EMPLOYEES

There were no employee drawing remuneration in excess of the limit prescribed and hence statement as required by Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is not annexed to this report.

DIRECTORS

Shri S.B.Somani 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 James Joseph, Nominee of KSIDC Ltd has resigned from the Board of Directors of your company w.e.f. 24.9.1999 and in his place Shri B. Chandrasekharan Nair has been appointed as Director of the company w.e.f 24.9.1999.

Shri Shrikant Somani, Shri O.P.Joshi and Shri M.N.Ramachandra have resigned from the Board of Directors of your Company with effect from 31st January, 2000 after long service on the Board of this company. The Board places on record the valuable services rendered and the guidances given by them as Directors of the company.

Shri Ashwin C. Dalal have resigned from the Board of Directors of your company with effect from 4.4.2000 after a long service on the Board of this company. The Board place on record the valuable services rendered and the guidance given by him as a director of the company.

Shri. G. Joy, Shri Vijay Kalantri and Shri Dr. R.S.Sarda have been appointed as a Additional Directors of the company with effect from 31st January, 2000 subject to they being appointed by the members in the ensuing Annual General Meeting.

AUDITORS

M/s Khimji Kunverji & Co. Chartered Accountants, Mumbai, one of the Joint Auditors resigned on 20th November, 2000 as Auditors of the company due to pre-occupations. Hence the accounts for the year 1999-2000 have been signed by the joint auditor M/s Suri & Co, Chartered Accountants, Thiruvananthapuram.

M/s. Suri and Co. Thiruvananthapuram, Chartered Accountants, the remaining Joint 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 I forming part of this report.

RESTRUCTURING

Your company has decided to restructure itself in consultation with various financial institutions of the company.

In the process of restructuring, the company proposes to hive off its Karikkayam hydro power project to Shree Malayagiri Chemical Ltd. a proposed wholly owned subsidiary company at a compensation to be decided in consultation with the financial institutions of the company.

Other necessary steps in consultation with various financial institutions of the company shall be taken to implement the desired restructuring plan.

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, 28TH November, 2000

FIFTY-FIFTH ANNUAL REPORT 1999-2000

ANNEXURE I

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 had undertaken for conservation of energy during the year 1999-2000.

1. By commissioning and operating the lime kiln, power consumption required for manufacturing Calcium Carbide has been reduced.

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)	62,92,000	4,78,68,400
Total amount Rs.	1,69,76,344	10,01,46,528
Rate/unit @	2.70	2.09
b) Own generation (Kwh)	45,083	39,623.
2. Coal	Nil	Nil
3. Furnace Oil and HSD Oil		
a) Purchased Units (KL)	Nil	1043
Total amount Rs.	Nil	75,88,421
Rate / KL	Nil	7276
4. Others internal generation	Nil	Nil
B) Consumption per tonne of production: (Kwh)		

1. Electricity

PRODUCTS

a) Calcium Carbide	6075*	5049
b) Ferro Silicon	N.A.	N.A.
c) Acetylene Black	540*	420
d) Desulphurisation Compound	—	—
2. Furnace Oil (KL)	Nil	0.110
3. Coal	Nil	Nil
4. Others	Nil	Nil

* Factory was in operation till 14.5.1999 only.

B. TECHNOLOGY ABSORPTION

1. 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 has been completed.
2. The technological upgradation work of Acetylene Black plant in the line of agreement with M/s KEDAB, Australia has also been completed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The total expenditure in foreign currency during the year :

Technical knowhow fees	Nil	Nil
Travelling Expenses	Nil	4,40,717
Subscription	Nil	Nil
CIF value of Imports		
- Capital goods	Nil	Nil
- Raw Materials	Nil	Nil

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

To
The Members,
TECIL CHEMICALS AND HYDRO POWER LIMITED

We have audited the attached Balance Sheet of TECIL CHEMICALS AND HYDRO POWER LIMITED as at 31st March 2000 and the Profit & Loss Account of the company for the year ended on that date, annexed thereto 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. Further to our comments in Annexure referred to in Paragraph (1) above attention is invited to note no.2.12 regarding the fundamental accounting assumption of going concern concept:
 - a. 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;
 - 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 and Loss Account dealt with by this report are in agreement with the books of accounts;
 - d. In our opinion, the Balance Sheet and Profit and Loss account dealt with by this report are prepared in compliance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable except as stated in para 2(e),(f),(g) & (h) hereunder and note no. 2.1.3 regarding non recognition of excise duty on closing stock of finished goods.
 - e. No provision has been made towards:-
 - i) Liability on account of leave encashment benefit, as referred to in Note No. 2.8.1 of Notes forming part of accounts, Rs. 17,01,387/-.
 - ii) Liability on account of gratuity, based on actuarial valuation as referred to in Note No. 2.8.2 of Notes forming part of accounts Rs. 32,36,794/-
 - iii) Liability on account of enhanced land lease rent disputed, as referred to in Note No: 2.6.6 of Notes forming part of the accounts, Rs. 22,35,612/-.
 - iv) Liability on account of other demands towards Excise Duty, Power Charges Income Tax and additional compensation disputed, as referred to in Note No: 2.6.1,2,3,4 & 5 of Notes forming part of accounts Rs. 1,36,81,826/-.
 - v) Certain debtors, loans and advances, as referred to in Note no: 2.4.2 of the Notes forming part of accounts.
 - vi) Diminution in the value of investments in referred to in Note No: 2.7.1 of the Notes forming part of accounts.
 - f) Non classification of dues to small scale industries, as referred to in Note No: 2.10.1 of the Notes forming part of accounts.
 - g) The appointment and payment of remuneration to Director(Operation) from 1.2.2000 and reappointment and payment of remuneration to Managing Director from 1.1.2000 as referred to in Note No: 2.2. of Notes forming part of accounts are subject to accord of approval by the shareholders.
 - h) Finance and charges relating to Hydro Power Projects as referred to in Note No: 2.12.2 of Notes forming part of accounts has been capitalized without Recognizing as revenue.

We further report that the loss for the year is understated by Rs.56,83,385/- being the incremental revenue charge of the year, with consequent changes in the Balance Sheet.

Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts, 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 reflect a true and fair view except to the extent as stated above:-

(a) In the case of the Balance Sheet of the state of affairs of the company as at 31st March 2000;

and

(b) In the case of the Profit and Loss Account of the Loss for the year ended on that date.

Place : Thiruvananthapuram,
Date : 29th November, 2000

For SURI & CO.
Chartered Accountants
Sd/-
(N. SUBBIAH)
Partner

FIFTY-FIFTH ANNUAL REPORT 1999-2000

ANNEXURE TO PART 1 OF OUR REPORT OF EVEN DATE FOR THE YEAR ENDED 31ST MARCH, 2000.

1. The records maintained by the Company showing full particulars including quantitative details and situation of fixed assets are to be updated for the year. No physical verification of the important items of fixed assets as at the year end, as is the usual practice of the company, has been carried out this year due to lay off/lock out of the factory and therefore, material discrepancies, if any, on physical verification could not be determined.
2. The fixed assets have not been revalued during the year.
3. Due to lay off/lock out of the factory, the usual practice of the company in conducting physical verification at reasonable intervals of finished goods, stores and spares, packing materials and raw materials is not done during the year and therefore, the question of reasonableness and adequacy of the procedures of physical verification of stocks followed by the management and determining discrepancies, if any, on physical verification of stocks as compared to book records during the year does not arise.
4. 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. The basis of valuation of these stocks is same as in the preceding year, except for the deviation in the basis of valuation of Desulphurisation Compound from market value in the preceding year to lower of cost or net realisable value in this year; which does not have any effect on the Profit & Loss Account of the year.
5. 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. In terms of sub-section (6) of section 370 of the Companies Act, 1956, the provisions of the said section are not applicable to the company on or after 31st October, 1998.
6. 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. In terms of sub-section (6) of section 370 of the Companies Act, 1956, the provisions of the said section are not applicable to the company on or after 31st October, 1998.
7. In respect of loans and advances, in the nature of loans given by the company to certain parties referred to in para 2(e)(v) of our report under section 227 (2) of the Companies Act, 1956, the repayment of principal and/or interest have not been regular. The stipulated recoveries against employees' loans and advances in the nature of loans are not made during the year due to lay off/lock out of the factory.
8. 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.
9. 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 register maintained under section 301 of the Companies Act, 1956.
10. Due to lay off/lock out, the company has not determined the unserviceable or damaged stores, raw materials and finished goods during the year and accordingly, no provision for the loss, if any, is made in the accounts.
11. The company has not accepted/renewed fixed deposits during the year. However, in respect of fixed deposits accepted/renewed in prior years and outstanding as at the date of the Balance Sheet, Rule 10 of the Companies (Acceptance of Deposits) Rules, 1975 in filing the annual return of fixed deposits is yet to be complied with.
12. The company is maintaining reasonable records for the sale and disposal of realisable by-products and scraps.
13. No internal audit is carried out during the year due to lay off/lock out.
14. As informed, the Central Government has not prescribed maintenance of cost records under section 209(i)(d) of the Companies Act, 1956 for the products of the Company.
15. The company has not been regular in depositing Provident Fund and Employees State Insurance dues during the year with appropriate authorities resulting in arrears of Rs.39,77,003/- and Rs.13,73,430/- respectively.
16. There are no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Customs Duty and Excise Duty outstanding as at 31st March, 2000 for a period of six months from the date they became payable, except Rs.6,76,932/- outstanding towards Income-tax and Rs.40,82,142/- towards Sales-tax.
17. According to the information and explanations given to us and on the basis of the examination of the books of accounts carried out by us in accordance with the generally accepted auditing practices, no personal expenses of employees or Directors, other than those payable under contractual obligation or in accordance with generally accepted business practice, are charged to the revenue account.
18. 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 SURI & CO.
Chartered Accountants

Sd/-
N.SUBBIAH
(PARTNER)

Thiruvananthapuram
Date : 29th November, 2000

TECIL CHEMICALS AND HYDRO POWER LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2000

		As at 31-3-00	Rs. in (000) As at 31-3-99
SOURCES OF FUNDS	SCHEDULES		
SHAREHOLDERS FUNDS			
Share Capital	(A)	166145	166145
Reserves & Surplus	(B)	591116	628531
		757261	794676
LOAN FUNDS			
Secured Loans	(C)	545767	411321
Unsecured Loans	(D)	1542	7375
Deferred Payment Credits		741	1549
		548050	420245
		1305311	1214921
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block		956781	957090
Less: Depreciation		364381	313212
Net Block	(E)	592400	643878
Capital Work-in-progress	(F)	532379	419641
		1124779	1063519
INVESTMENTS	(G)	31902	39323
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	(H)	37054	54744
Sundry Debtors	(I)	20323	29962
Cash & Bank Balances	(J)	10694	10718
Other Current Assets		197	219
Loans & Advances	(K)	58527	73617
		126795	169260
Less :CURRENT LIABILITES & PROVISIONS			
Liabilities	(L)	150582	178317
Provisions	(M)	3191	3191
		153773	181508
NET CURRENT ASSETS		(26978)	(12248)
Profit & Loss Account		175608	124327
		1305311	1214921

Schedules 'A' to 'T' and Notes, form part of the Balance Sheet

As per our attached report of even date
For SURI AND CO
Chartered Accountants

Sd/-
N. SUBBIAH,
 (PARTNER)
 Thiruvananthapuram,
 29th November, 2000

For and on behalf of
 Board of Directors

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

Sd/-
PREMJIT SINGH
Director
 Mumbai, 28th November, 2000.