

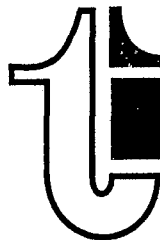
SIXTYFOURTH

ANNUAL

REPORT

1997-98

MD	✓	BKC	✓
CS	✓	BY	NA
RD	✓	TV	NA
TR	NA	MC	✓
AGM	✓	SI	✓
YE	✓		



TILAKNAGAR INDUSTRIES LIMITED



TILAKNAGAR
INDUSTRIES LTD.

D. M. DAHANUKAR
Chairman Emeritus

BOARD OF DIRECTORS

A. D. DAHANUKAR
Chairman
(Managing Director upto 8th Aug. 98)

S. V. MUZUMDAR

V. B. HARIBHAKTI

Y. C. AMIN

P. M. DANDEKAR

G. B. DOSHI

A. D. HAROLIKAR
(Sicom Nominee)

P. M. SALASKAR
Managing Director
(w.e.f. 9th Aug. 1998)

AUDITORS

Batliboi & Purohit
Chartered Accountants

SOLICITORS

Kanga & Co.

BANKERS

Indian Bank
Syndicate Bank
Canara Bank
Shree Suvarna Sahakari Bank Ltd.
State Bank of India

REGISTERED OFFICE

Industrial Assurance Building
Churchgate, Mumbai 400 020.
Grams : CUBSESUGAR, Mumbai

WORKS

Tilaknagar
Station Belapur (C. Rly)
Dist. Ahmednagar, Maharashtra.
PIN 413 720
Grams : CUBESUGAR, Tilaknagar

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NOTICE

NOTICE is hereby given that SIXTY-FOURTH ANNUAL GENERAL MEETING of TILAKNAGAR INDUSTRIES LIMITED will be held on TUESDAY the 23rd March 1999 at 3.30 P.M. at the WALCHAND HIRACHAND HALL, Lalji Naranji Memorial Indian Merchants' Chamber Building, 76, Veer Nariman Road, Churchgate, Mumbai 400 020 to transact the following business:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 30th September 1998 and the Balance sheet as at that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri A.D. Dahanukar, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri S.V. Muzumdar who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

5. 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 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri.P.M.Salaskar, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing with a requisite deposit from a member proposing the candidature of Shri.P.M.Salaskar for the office of Director, be and is hereby appointed as a Director of the Company".

6. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 198, 269,309,311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, or any modification thereof, and subject to all further sanctions, if necessary, the Company hereby approves of the appointment and terms of remuneration of Shri P.M.Salaskar as Managing Director of the Company for a period of five years with effect from 9th August 1998 on the terms and conditions as set out in the draft Agreement submitted to this meeting and initialled by the Chairman for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board of Directors and Shri.P.M. Salaskar."

NOTES:

- 1 The explanatory statement pursuant to Sec. 173 of the Companies Act, 1956 in respect of item Nos. 5 & 6 is annexed hereto.
- 2 A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
- 3 The Register of Members and the Share Transfer books of the Company will remain closed from 16th March, 1999 to 26th March, 1999 (both days inclusive).
- 4 All documents referred to in the accompanying Notice and the explanatory statement are open for inspection at the Registered Office of the Company on all working days except Saturdays, Sundays & other holidays between 11.00 A.M. and 1.00 P.M. upto the date of Annual General Meeting.

By Order of the Board of Directors

Mumbai,
Dated : 25th January, 1999

A. D. DAHANUKAR
Chairman



TILAKNAGAR
INDUSTRIES LTD.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item Nos. 5 & 6

The Board of Directors of the Company at their Meeting held on 29th July, 1998 appointed Shri P.M.Salaskar as an Additional Director of the Company pursuant to Article 107 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. In terms of the said section 260 of the Companies Act, 1956 read with Article 107 of the Articles of Association, Shri P.M. Salaskar holds the Office of Director upto the date of this Annual General Meeting. The Company has received a notice in writing with a requisite Deposit from a member signifying his intention to propose Shri P.M.Salaskar as a Director of the Company.

Shri P.M. Salaskar has joined this Company in 1970 and during this long period of time he has worked in various capacities and has gained considerable experience and knowledge in business activities of this Company. Having regard to his wide knowledge and experience of the Company's business activities it would be in the interest of the company to appoint Shri P.M.Salaskar as a Director of the Company.

The Directors recommend the resolution for adoption by the members as set out under Item 5. Except Shri P.M. Salaskar none of the other Directors is interested in the resolution.

The tenure of Shri. A.D.Dahanukar as a Managing Director expired on 8th August, 1998 by an efflux of time. Shri A.D. Dahanukar expressed his desire not to be reappointed as Managing Director for a further period. He, however, continued to be the Chairman and Director of the Company.

Shri P.M. Salaskar is a Fellow of the Institute of Company Secretaries of India, besides being a Graduate in Economics and Law. He has been with the Company for the last 28 years and has acquired good knowledge and expertise in handling the Company's business and commercial activities. Considering his vast experience in the business your Board was of the opinion that elevation in his position would be of great value to the Company.

The Board of Directors at its meeting held on 29th July, 1998 appointed Shri P.M. Salaskar as Managing Director of the Company for a period of 5 years with effect from

9th Aug. '98 subject to the approval of the members being sought at the Annual General Meeting.

The terms and conditions including remuneration and perquisites payable to him are set out in the draft agreement to be entered into by the Company with Shri P.M.Salaskar. The remuneration and perquisites are in conformity with the requirement of Schedule XIII of the Companies Act, 1956. The material provisions of the said Draft Agreement are set out hereunder:-

- A. Salary : Rs.30,000/- per month in the scale of Rs.30,000 - Rs. 50,000/- per month. An annual increment to be determined by the Board.
- B. Commission : Such amount as may be determined by the Board from time to time subject to an overall ceiling limit laid down under Section 198 and 309 read with Schedule XIII of the Companies Act, 1956.

Provided, however, that in any financial year, during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, it may pay to the Managing Director remuneration by way of salary and perquisites only, not exceeding the limits specified in Schedule XIII.

- C. In addition to Salary and commission payable, the Managing Director shall also be entitled to perquisites and allowances subject to a maximum of 100% of his annual salary.

- i. Accommodation: Furnished or otherwise shall be provided by the Company, the expenditure on which shall be subject to a limit of sixty per cent of the salary over and above ten per cent payable by him or, House Rent Allowance in lieu thereof subject to a limit of sixty per cent of annual salary.

Reimbursement of expenses or allowances such as gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of his salary.

- ii. Medical Reimbursement:

For self and family in accordance with the rules of the Company and scheme applicable to other Senior Executives.

- iii. Leave Travel Assistance:

For self and family every year incurred in accordance with the rules of the company and scheme applicable to other Senior Executives.

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- iv. Club Fees:
Fees of one club, excluding admission and life membership fees.
 - v. Personal Accident Insurance :
Premium not to exceed Rs. 4,000/- per annum
 - vi. Leave on full pay as per the rules of the Company subject to maximum of one month's leave for every eleven months service.
 - vii. Encashment of Leave:
Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.
 - viii. Benefits under the Provident Fund Scheme of the Company in accordance with the Company's rules and regulations in force from time to time.
 - ix. Benefits under the Company's Pension/ Superannuation Fund Scheme in accordance with the Company's rules and regulations and Schemes in force from time to time, to the extent these two are not taxable under the Income-Tax Act.
 - x. Gratuity payable in accordance with the rules and approved scheme of the Company which does not exceed one-half month's salary for each completed year of service, subject to a ceiling laid down thereunder from time to time.
 - xi. Car:
Free use of Company's Car including maintenance and operation together with driver, the monetary value of which may be evaluated as per Income-tax Rules, 1962.
 - xii. Telephone:
Free telephone facility at residence. Provision for use of car for official duties and telephone facility at residence shall not be included in computation of perquisites for the purpose of calculating the said ceiling.
- D. Minimum Remuneration: Notwithstanding anything contained herein, where in any financial year during

the currency of the tenure of Shri.P.M. Salaskar, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above.

The terms and conditions of the said appointment and/or Agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Managing Director in accordance with Schedule XIII of the Companies Act, 1956 or any amendments made hereafter in this regard.

The Agreement may be terminated by either party giving to the other three months' notice or the Company paying three months' salary in lieu thereof.

The draft Agreement to be entered into between the Company and Shri. P.M.Salaskar is available for inspection at the Registered Office of the Company on any working day except Saturdays, Sundays and public holidays upto the date of the Annual General Meeting between 11.00 A.M. and 1.00 P.M. and also at the meeting.

The above may be treated as an abstract of the terms of appointment between the Company and Shri.P.M. Salaskar under Section 302 of the Companies Act, 1956.

The Directors recommend the resolution as set out at Item No.6 of the Notice for approval of the shareholders.

Shri.P.M.Salaskar is deemed to be concerned or interested in the resolution, which pertains to his appointment and remuneration payable to him. None of the other Directors of the Company is, in any way, concerned or interested in the resolution.

By Order of the Board of Directors

Mumbai
Dated: 25th January, 1999.

A. D. DAHANUKAR
Chairman

Registered Office:
Industrial Assurance Building,
Churchgate, Mumbai - 400 020.



TILAKNAGAR
INDUSTRIES LTD.

REPORT OF THE BOARD OF DIRECTORS

To
The Members of
Tilaknagar Industries Ltd.,

1. Your Directors hereby present, the Sixtyfourth Annual Report of the Company together with Audited Statements of Accounts for the Accounting Year ended 30th September, 1998.

2. FINANCIAL RESULTS

	(Rs. inLacs)	
	1997-98	1996-97
	(18 months)	
Gross Sales	<u>2,471.65</u>	<u>3,887.48</u>
Gross Profit before Interest, Depreciation and Taxation	127.01	285.42
Less : Interest	151.62	275.23
Depreciation	40.25	68.99
Taxation for earlier year	5.63	—
Net Loss	(70.49)	(58.80)
Add : Investment Allowance (utilised) written back	—	5.25
Balance brought forward from previous year	(25.69)	27.86
Loss carried to Balance Sheet	(96.18)	(25.69)

3. A REVIEW

It was a difficult year for the Company. Although business prospects have brightened up after lifting of prohibition in Andhra Pradesh & Haryana, a severe financial crunch, a major stumbling block for your Company, affected the sales which during the year under review, were registered at Rs.24.72 Crores. The margins are however, under great pressure on account of interest charges and high input cost. The operations have resulted in a net loss of Rs.70.49 lakhs after interest, depreciation and taxation for earlier years. Your directors therefore, regret their inability to recommend any dividend.

4. CURRENT YEAR'S OUTLOOK

A long term outlook of the industry is quite encouraging. Your Company has strong market

presence in the Southern States and after lifting of prohibition in some states, the Company regained its lost markets. The Company's flagship brands - Mansion House, Classic, Napoleon Courier, Savoy Club still enjoy consumer goodwill. For the first quarter ended December, 1998 the Company achieved sales of Rs. 7.81 Crores and is steadily improving its market share. To match finance requirements, funds were mobilised through distributors by way of advances. The company has also taken various stringent measures to cut down the cost, improve the quality and strengthen marketing network. The Financial institutions and Banks have been requested for rescheduling of the term loans and waiver of penal/compound interest. Your Directors, hope that your company would overcome the current difficulties and perform better in future.

5. DISTILLERY

The Distillery produced 12.34 Lakhs B.L. of Rectified Spirit during the year under review. Besides finance constraints, the primary distillation plant, being old, has outlived its utility. Consumption of utilities is higher while the yield is poor. The Company therefore proposes to revamp the primary distillation plant.

6. CHEMICAL DIVISION

Modification in the plant was carried out and new Reactors have been installed. Major thrust is being focussed on capacity utilisation at optimum level. Sales registered in this division in terms of quantity during the year under review were 123025 Kgs. valued at Rs. 67.44 lakhs. Besides Diethyl Oxalate, your Company plans to introduce customer specific value added products. The new product Ethyl Chloroacetate and derivatives, have been identified for manufacture.

7. SUGARCUBE DIVISION

During the year, under review, 3000 Cases of Sugar Cubes were produced. A quantity of sugercubes sold in terms of value was Rs.11.99 Lakhs. In view of the favourable consumer demand the Company has entered into an arrangement with M/s. M. B. Chemicals for marketing and sale of Sugar Cubes. The plant has been suitably modified to match the increased demand and quality standard.

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8. FIXED DEPOSITS

An aggregate amount of fixed deposits held by the Company as on 30th September, 1998 is Rs.11.71 lakhs and unclaimed deposits are Rs. 1.08 lakhs.

9. BOARD OF DIRECTORS

- i. Mr. M.R. Pai has resigned as a Director of the Company. The Board places on record its high appreciation of wise counsel and sagacious advice given by Mr. M.R. Pai during his tenure as a Director of the Company.
- ii. Shri P.M. Salaskar was appointed as an additional Director and holds office upto the date of this Annual General Meeting. A notice has been received from a member proposing his candidature for the Office of the Director.
- iii. The agreement with Shri A.D.Dahanukar as a Managing Director expired on 8th August, 1998. Shri A.D.Dahanukar, however, expressed his desire not to be reappointed as a Managing Director for a further period. The Board of Directors have reluctantly agreed to his request. He however, continued to be the Chairman of the Company.
- iv. Shri P.M. Salaskar was appointed as a Managing Director subject to approval of shareholders at this Annual General Meeting. A separate resolution is placed under item 6 of the notice for your approval.
- v. Shri. A. D. Dahanukar and Shri S.V.Muzumdar two of your directors retire by rotation and being eligible offer themselves for reappointment.

10. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION ETC.

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956, is given in Annexure 'A' to the report.

11. PARTICULARS OF EMPLOYEES

Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956, is given in Annexure 'B' to this Report.

12. COST AUDITORS

Subject to the approval of the Central Government, M/s. P.D.Phadke & Associates, Cost Accountants, have been appointed as Cost Auditors to conduct the audit of the cost accounts maintained by the Company in respect of Industrial Alcohol for the year 1998-99, on a remuneration of Rs.9,000/- per annum plus out of pocket expenses.

13. AUDITORS

Messrs, Batliboi & Purohit, Auditors of the Company, retire and offer themselves for re-appointment. The requisite Certificate under Section 224 (1) of the Companies Act, 1956, has been obtained.

14. ACKNOWLEDGEMENTS

Your Directors acknowledge with gratitude the co-operation and assistance extended by the Banks and Financial Institutions and record their high appreciation for the devoted services rendered by the Company's employees at all levels.

For and on behalf of the Board of Directors

Mumbai
Dated: 25th January, 1999

A.D. DAHANUKAR
Chairman



TILAKNAGAR
INDUSTRIES LTD.

ANNEXURE 'A' TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

- a) Measures taken
- Internals of Analyser and Degassifying columns have been replaced.
 - Old electric motors connected to water storage ponds, boiler feedline have been replaced by high RPM and low HP motors.
 - Internals of Bio-gas digesters have been modified to get higher quantum of Bio-gas.
 - Steam pipe lines and PRV's in the Chemical plant have been replaced.

b) Impact of the above measures

The steps taken as above would result in reducing consumption of Steam, Coal, Electrical power, water etc.

B) TECHNOLOGY ABSORPTION

- i) Technology from Overseas Liquor manufacturers for manufacture of different brands of liquor is being examined.
- ii) R & D Work
Different IMFL blends were prepared and launched in the market.
Manufacturing process of DEO has been modified to achieve consistent results with higher

productivity based on R & D work.

Production of Sterile Alluvera juice, a cosmetic ingredient has been commenced.

Production of Sugarcubes has been streamlined using different grades of sugar to make process viable.

Development work on intermediate of Drugs and Pharmaceuticals is undertaken in the R & D Lab.

iii) Expenditure on R & D

The expenditure on R & D has been shown under respective heads of expenditure in the Profit & Loss Account and no separate account is maintained thereof.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

1. Feasibility of adoption of various technical innovations in the industry are being studied continuously with the specific purpose of adoption.
2. Technology either indigenous or foreign relating to our range of operations is being carefully examined for adoption.

C) FOREIGN EXCHANGE EARNING AND OUTGO

Particulars with regard to foreign exchange earning and outgo are given in Schedule 'L' forming part of Annual Report and Account.

FORM 'A'

Total Energy Consumption and Energy Consumption per unit of Production

A. POWER AND FUEL CONSUMPTION :		Unit	1997-98	1996-97 (18 Months)
1. Electricity				
Purchased-Units		'000	1435	2690
Total Amount		Rs. in Lacs	53.47	93.31
Rate per Unit		Rs.	3.73	3.47
2. Steam Coal				
For generation of Steam		Tonne	2042	6515
Total Amount		Rs. in Lacs	37.90	117.29
Average Rate per M.T.		Rs. M.T.	1856.00	1800.00
B. CONSUMPTION PER UNIT OF PRODUCTION :			Electricity (Units)	
Name of the Product		Unit	1997-98	1996-97 (18 months)
1. Diethyl Oxalate/Butyl Acetate		K.G.	0.70	0.53