

**SIXTYFIFTH
ANNUAL
REPORT
1998-99**

Report  junction.com



TILAKNAGAR INDUSTRIES LIMITED



(21.12.1911 — 30.10.1999)

AN HUMBLE HOMAGE TO SHRI D. M. DAHANUKAR, CHAIRMAN EMERITUS

“The Board of Directors and the members of Tilaknagar Industries Ltd. expressed their profound anguish and grief at the passing away of Padmashri D. M. Dahanukar, Chairman Emeritus, on Saturday, 30th October, 1999. A visionary and an architect of the industrial complex at Tilaknagar, Shri D. M. Dahanukar, during his long span rendered distinguished services and outstanding contribution to Tilaknagar and The Maharashtra Sugar Mills Ltd. He built the Industrial Complex brick by brick during over five decades with unflinching devotion, dedication and hard work.

As a born industrialist, he has had an initiation in the business career by his late father Shri M. L. Dahanukar. He was groomed in different facets of Business Management, Factory Administration and sugar cane cultivation etc. by his able and illustrious father. By diligence and meticulous study, Shri D. M. Dahanukar managed the company with great skill and ability. It is in fact due to his meticulous care and stringent management and discipline at all levels, that the company had a fairly good record of working results for over 5 decades. He had an uncanny ability to assimilate information and transform it into a very successful business opportunity. He built a network of loyal suppliers, distributors, workers and employees and integrated them in to a large successful family which is known as “MSM”. In spite of all his achievements, he always remained essentially a simple and down to earth man with an old world charm. He always kept a low profile and shunned publicity. Unbending in his principles, he was impeccable in his character and dealings. He nurtured moral principles both in private and commercial life. Besides business acumen, he was gifted with a noble and charitable disposition. He had rendered munificent help to many spiritual and religious organisations and to needy people through the Trusts created by him.

We pay our humble tribute to him and pledge ourselves to dedicate and strive to achieve his vision and unfinished task and revere and uphold the values which he stood for.”



**TILAKNAGAR
INDUSTRIES LTD.**

BOARD OF DIRECTORS

A.D. DAHANUKAR
Chairman

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

COMPANY SECRETARY
G.C. SHAH

AUDITORS

Batliboi & Purohit
Chartered Accountants

SOLICITORS

Kanga & Co.

BANKERS

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

REGISTERED OFFICE

Industrial Assurance Building,
Churchgate, Mumbai 400 020.
Grams : CUBESUGAR, Mumbai
email: tiliquor@bom.8.vsnl.net.in

WORKS

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

CONTENTS

	PAGE
Notice	2
Directors' Report	3
Auditors' Report	6
Balance Sheet	8
Profit and Loss Account	9
Schedules	20
Balance Sheet Abstract and General Business Profile	21
Cash Flow Statement	22
Statement pursuant to section 212 of the Companies Act 1956	23
Annual Report of Veekay Distilleries Ltd.	24-34



**TILAKNAGAR
INDUSTRIES LTD.**

NOTICE

NOTICE is hereby given that SIXTY-FIFTH ANNUAL GENERAL MEETING of TILAKNAGAR INDUSTRIES LIMITED will be held on THURSDAY, the 23rd March, 2000 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, 1999 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 Y.C. Amin who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri P.M. Dandekar who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

NOTES:

1. 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.
2. Proxies in order to be effective must be deposited with the Registered Office of the Company not later than 48 hours before the time fixed for holding the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 14th March, 2000 to Monday, the 27th March, 2000 (both days inclusive).
4. Members are requested to notify immediately any change in their addresses.

By order of the Board of Directors

Place: Mumbai
Date : 8th February, 2000

G.C. SHAH
Company Secretary

Report  junction.com

SIXTYFIFTH ANNUAL REPORT 1998-99

REPORT OF THE BOARD OF DIRECTORS

To

The Members of
Tilaknagar Industries Ltd.,

1. Your Directors hereby present, the Sixtyfifth Annual Report of the Company together with Audited Statements of Accounts for the Accounting Year ended 30th September, 1999.

2. FINANCIAL RESULTS

	(Rs. in Lacs)	
	<u>1998-99</u>	<u>1997-98</u>
Gross Sales	<u>2,610.13</u>	<u>2,471.65</u>
Gross Profit before Interest, Depreciation and Taxation	81.68	
Liabilities no longer payable <i>written back</i>	51.52	
	133.20	127.01
Less: Interest	131.62	151.62
Profit /(Loss) before Depreciation	1.58	(24.60)
Less: Depreciation	32.30	40.25
Taxation for earlier year	—	5.63
Net Loss	(30.72)	(70.49)
Add: Balance brought forward from previous year	(96.18)	(25.69)
Loss carried to Balance Sheet	(126.90)	(96.18)

3. A REVIEW

Gross sales were at Rs. 26.10 Crores as against Rs. 24.72 Crores in the previous year, a marginal increase of 5%. Sales would have been still higher but for total shut down of Distillery operations for over 7 months and Country Liquor operations having been hived off to the new subsidiary company. Old Distillation plant was shut off to facilitate installation of a new Distillation plant of the state-of-art technology. The margins are under great pressure due to high interest charges and escalation in the cost of almost all inputs of production. Nevertheless, due to the stringent measures taken for total revamping, there is down turn in the interest charges, employee and other related cost. The operations have resulted in a net loss of Rs. 30.72 lacs (previous

year Rs. 70.49 lacs), after providing for depreciation of Rs.32.30 lacs and after taking credit of the liabilities no longer payable and written back. The company has made a nominal cash profit of Rs. 1.58 lacs. In view of loss, Directors regret their inability to recommend any dividend.

4. CURRENT YEAR'S OUTLOOK

In view of the changing economic environment, this industry has a promising future. Despite entry of multinationals in this industry your company's market share will remain undisturbed particularly because of the price segment in which the company is placed. To be competitive in the market and to improve the operations, your Directors have taken certain measures which inter alia include:

- (a) Modernisation and upgradation of the manufacturing facilities to reduce production cost and get better yield;
- (b) Development and improvement in the product quality and packaging of an international standard;
- (c) Replacement of high cost funds with cheaper finance and
- (d) Control systems to cut down excess cost.

5. DISTILLERY

Distillation plant of your company had become technologically obsolete and thereby the consumption of the utilities was high whereas the yield was poor. The company has, therefore, installed a new distillation plant and a Wash Settling System of the state-of-art-technology. The new plant has commenced its production on and from 16th December, 1999, results of which will be seen in the current year. To facilitate installation of the new distillation plant, the distillery operations were totally shut down for more than 7 months and as such the results during the year under review were adversely affected.

As per the directives of the Pollution Control Board, the company had set up a primary and secondary effluent treatment plant for treatment and disposal of distillery effluent. Technical team of the Maharashtra Pollution Control Board inspected the plant and having been satisfied with the measures taken by the company, issued their permission to operate the distillery.



TILAKNAGAR
INDUSTRIES LTD.

6. CHEMICAL DIVISION

Your company aims to lay a major thrust on chemical manufacturing activities. Besides Diethyl Oxalate (DEO), new products have been identified and the plant has been modified. Sales of DEO registered during the period under review were 330 MT valued at Rs.154.17 lacs. Sales would have been higher but non availability of alcohol due to shut down of the distillery, production was down.

7. COUNTRY LIQUOR

As a strategic decision to augment IMFL production which has better profit margin, country liquor manufacturing operations were hived off to the subsidiary company pursuant to the resolution of the members dated 23rd March, 1999. As required under section 212A of the Companies Act, 1956, the audited statement of accounts alongwith the report of the Board of Directors of the subsidiary is annexed.

8. SUGAR CUBE DIVISION

The working has been satisfactory. 4721 cases of sugar cubes valued at Rs.17.48 lacs were sold.

9. FIXED DEPOSITS

An aggregate amount of fixed deposits held by the company as on 30th September, 1999 is Rs. 11.15 lacs and unclaimed deposits are Rs. 1.93 lacs. The Company does not have any overdue deposits as on 30.09.1999.

10. BOARD OF DIRECTORS

Shri Y.C. Amin and Shri P.M. Dandekar, two of your Directors retire by rotation and being eligible offer themselves for reappointment.

11. 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.

12. PARTICULARS OF EMPLOYEES

Information on particulars of Employees' Remuneration as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 forms part

of this report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding the Statement of Particulars of Employees. Any shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the Registered Office of the Company

13. Y2K COMPLIANCE

The Company had taken timely and effective steps for replacement of hardware or software wherever required in order to be Y2K compliant and the transition was smooth. No significant cost was involved.

14. 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 1999-2000, on a remuneration of Rs.9,000/- per annum plus out of pocket expenses.

15. 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.

16. ACKNOWLEDGEMENTS

Your Directors place on record their sincere thanks for the continued support from shareholders, customers, suppliers, Banks and Financial Institutions and other business associates. The Directors also take this opportunity to place on record their appreciation for the dedicated and wholehearted efforts made by the company's employees at all levels.

For and on behalf of the Board of Directors

Mumbai
Dated: 8th February, 2000

A.D. DAHANUKAR
Chairman

SIXTYFIFTH ANNUAL REPORT 1998-99

ANNEXURE 'A' TO THE DIRECTORS' REPORT**A. CONSERVATION OF ENERGY**

- a) The measures taken:-
- Wash settling and sludge settling system are installed which reduce steam consumption.
 - Pressure reducing station is installed to supply uniform steam.
 - Primary distillation plant is replaced to reduce steam consumption.
 - PHE is installed and Biogas digesters are modified.
 - Higher capacity water vacuum to reduce oil and new reactor with lead lined to reduce steam have been installed.
- b) The above measures would result in lower consumption of steam, coal, electricity, water etc.

B. TECHNOLOGY ABSORPTION :

- (i) Technology from Foreign liquor manufacturers for manufacture of different brands of liquor is being examined.
- Efforts to develop indigeneous substitutes for imported material and ingredients are continued.

(ii) R & D Work

- Different IMFL brands were prepared and launched in the market.
- Manufacturing process of sterile Aloe Vera juice, a cosmetic ingredient has been standardised to achieve consistent results with higher productivity.
- Production of sugar cubes has been streamlined using different grades of sugar to make process viable.
- Development work on intermediate of Drugs and pharmaceuticals is undertaken.

C. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

Technological upgradation is done on continual basis. Technical innovations and modern techniques related to the products are identified for the purpose of adoption and necessary upgradation/ changes are being carried out wherever required.

D. 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	1998-99	1997-98
1. Electricity			
Purchased-Units	'000	1673	1435
Total Amount	Rs. in Lacs	66.47	53.47
Rate per Unit	Rs.	3.97	3.73
2. Steam Coal			
For generation of Steam	Tonne	2790	2042
Total Amount	Rs. in Lacs	51.77	37.90
Average Rate per M.T.	Rs. M.T.	1856.00	1856.00
B. CONSUMPTION PER UNIT OF PRODUCTION :			Electricity (Units)
Name of the Product	Unit	1998-99	1997-98
1. Diethyl Oxalate	K.G.	0.37	0.70



TILAKNAGAR
INDUSTRIES LTD.

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Tilaknagar Industries Limited, as at 30th September, 1999 and the annexed Profit and Loss Account of the Company for the year ended on that date 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(4-A) of the Companies Act, 1956, we are enclosing as an Annexure a Statement on matters specified in paragraphs 4 & 5 of the said Order.
- 2) Further to our comments in the Annexure referred to in para 1 above, we have to state that :
 - 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 books of the Company;
 - c) The Balance Sheet and Profit & Loss Account dealt with by this Report are in agreement with the books of accounts;
 - d) In our opinion the Balance Sheet and the Profit and Loss Account comply with the mandatory Accounting Standards referred to in sub-section 3(c) of section 211 of the Companies Act, 1956;
 - e) In our opinion and to the best of our information and according to the explanations given to us, the Accounts read with Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give respectively a true and fair view :-
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 1999.
 - (ii) in the case of the Profit & Loss Account, of the loss for the year ended on that date.

For BATLIBOI & PUROHIT
Chartered Accountants

(K. K. Kshirsagar)
Partner

Dated : 8th February, 2000.

ANNEXURE TO REPORT OF THE AUDITORS

Annexure referred to in para 1 of our Report of even date.

As required by the Manufacturing and Other Companies (Auditors' report) Order, 1988 issued by the Company Law Board in terms of Section 227(4-A) of the Companies Act, 1956 and on the basis of such checks of books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we further state that:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification as compared with the book records.
2. None of the fixed asset has been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials except those in transit and with third parties have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
4. In our opinion, 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 verification between the physical stocks and book records were not material in relation to the operations of the Company.

SIXTYFIFTH ANNUAL REPORT 1998-99

6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year, except finished goods which is valued at manufacturing cost instead of below market price as was done in the past. (Refer Note No. 18, on accounts)
7. The Company has not taken secured/unsecured loan from a company, firm and other parties listed in the registers maintained under Section 301 of the Companies Act, 1956 or from companies under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956.
8. The Company has not granted any loans to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or to companies under sub-section (1B) of Section 370 of the Companies Act, 1956.
9. In respect of loans and advances in the nature of loans given by the Company, the parties have repaid principal amounts as stipulated and have also been regular in the payment of interest where applicable.
10. In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of stores, raw material including components, plant and machinery, equipment and other assets and for sale of goods.
11. No transactions of purchases and sale of goods, materials and services are made with a company in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating to Rs.50,000/- or more.
12. The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rule, 1975 with regard to the deposits accepted from the public.
14. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable scrap. The Company has no realisable by-products.
15. In our opinion, the Company has internal audit system commensurate with the size and nature of its business.
16. On the basis of the records produced, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
17. According to the records of the Company, Provident Fund contribution and Employees State Insurance dues are generally deposited in time barring few delay. An amount of Rs.18,67,240/- towards Provident Fund was outstanding at the year end, since paid.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, custom duty were outstanding as at 30th September, 1999, for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us 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 Clause (O) of Sub-Section(1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For BATLIBOI & PUROHIT
Chartered Accountants

(K. K. Kshirsagar)
Partner

Dated : 8th February, 2000.



TILAKNAGAR
INDUSTRIES LTD.

Balance Sheet As At 30th September, 1999.

	Schedule	1998-99 Rupees	1997-98 Rupees
I. SOURCES OF FUNDS:			
1. Shareholders' Funds:			
a. SHARE CAPITAL	A	3,15,00,460	3,15,00,460
b. RESERVES & SURPLUS	B	4,42,071	35,14,030
2. Loan Funds:			
a. SECURED LOANS	C	5,41,90,759	5,87,84,088
b. UNSECURED LOANS	D	3,12,45,634	3,42,97,534
	TOTAL	<u>11,73,78,924</u>	<u>12,80,96,112</u>
II. APPLICATION OF FUNDS:			
1. GOODWILL		38,36,695	38,36,695
2. FIXED ASSETS	E		
a. Gross Block		8,79,70,069	9,39,24,007
b. Less: Depreciation		5,58,31,797	5,98,08,832
c. Net Block		3,21,38,272	3,41,15,175
d. Add: Capital Work in progress		23,96,108	4,59,704
		3,45,34,380	3,45,74,879
3. INVESTMENTS (OTHER THAN TRADE)	F	2,40,124	2,40,124
4. CURRENT ASSETS, LOANS & ADVANCES	G	14,50,80,454	17,13,26,930
LESS: CURRENT LIABILITIES & PROVISIONS	H	6,68,92,904	8,25,91,619
NET CURRENT ASSETS		7,81,87,550	8,87,35,311
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED) (SEE NOTE NO.15)		5,80,175	7,09,103
	TOTAL	<u>11,73,78,924</u>	<u>12,80,96,112</u>

Notes on Balance Sheet

M

As per Report of even date annexed

For BATLIBOI & PUROHIT
Chartered Accountants

A.D. DAHANUKAR
Chairman

S.V. MUZUMDAR

P.M. SALASKAR
Managing Director

V.B. HARIBHAKTI

K.K. KSHIRSAGAR
Partner

G.C. SHAH
Company Secretary

Y.C. AMIN

P.M. DANDEKAR

Directors

Mumbai, 8th February, 2000.