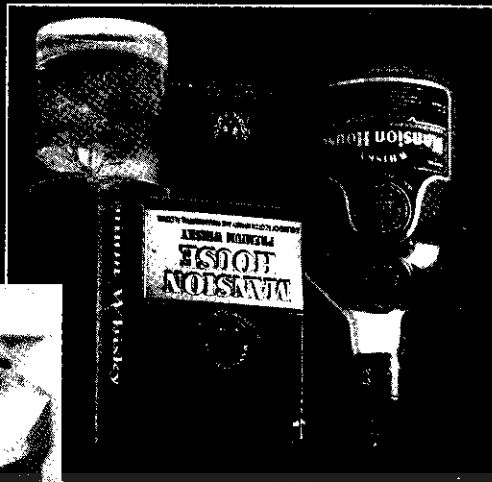


TILAKNAGAR INDUSTRIES LIMITED



Sixty Sixth Annual Report 1999-2000.

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23.04.1945 - 19.05.2000

A Humble Homage to
Shri A.D. Dahanukar,
Chairman

"The Board of Directors and the members of Tilaknagar Industries Ltd. expressed their profound sorrow at the passing away of Shri A.D. Dahanukar, former Chairman of the Company on Friday, the 19th May, 2000.

After graduating from the Indian Institute of Technology, Mumbai and obtaining his M.S. from Illinois Institute of Technology, U.S.A., Shri A. D. Dahanukar joined his family business. With his brilliant and incisive mind, he picked up the nuances of the business within a very short time and was of a great help to his father in running of the business. He contributed immensely to the working of the Company, modernising and expanding the Company's then Sugar plant which had a capacity of 1750 TCD per day to 2500 TCD per day. When clouds of nationalisation were looming large over the sugar industry, he wisely segregated the Company's non-sugar activities, viz. the distillery and the liquor manufacturing from the sugar manufacturing, thus saving the non-sugar assets of the Company. He set up a glass bottle manufacturing unit, primarily for captive consumption and developed it into an independent sizable business activity. The running of the Company, however, was not a smooth ride. The Company had to face a host of calamities, threatening its very existence; but he steered clear through and was able to ward off every ordeal that the Company faced.

Always kind and thoughtful about the welfare of his staff and workers, he was loved and respected by one and all. He made invaluable contributions in the technological development of the sugar and liquor industry. Besides, being on the Board of various companies, he was the President of the Deccan Sugar Factories' Association and the Vice President of Maharashtra Economic Development Council and was on the Governing Council of the Maharashtra Chamber of Commerce and on the Industry Committee of the Indian Merchants' Chamber. Deeply religious by nature, he was an ardent devotee of Lord Ganesha. During his tenure as the Chairman Trustee of Shree Siddhivinayak Temple at Prabhadevi, he was instrumental in renovating and beautifying the temple which has now become a land mark of Mumbai. He was deeply interested in music and was a highly proficient Violinist. He received various awards like the Udyog Shree Award, the Udyog Ratna Award of the Institute of Economic Studies and the International Excellence Award of NRI Institute, U.K. In his sad demise, the Company and indeed the country has lost a brilliant and dynamic industrialist.

We all cherish his memory with admiration and pay our respectful homage to late Shri A.D. Dahanukar."





**TILAKNAGAR
INDUSTRIES-LTD.**

BOARD OF DIRECTORS

Dr. (Mrs.) S.A. DAHANUKAR
Chairperson

S.V. MUZUMDAR

V.B. HARIBHAKTI

Y.C. AMIN

P.M. DANDEKAR

A.A. DAHANUKAR

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 Suvama Sahakari Bank Ltd.

State Bank of India

REGISTERED OFFICE

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

WORKS

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

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**TILAKNAGAR
INDUSTRIES LTD.**

NOTICE

NOTICE is hereby given that SIXTY - SIXTH ANNUAL GENERAL MEETING of the Members of TILAKNAGAR INDUSTRIES LIMITED will be held on Thursday, the 22nd March, 2001 at 3.30 p.m. at the M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubhash Marg, (Rampart Row), Mumbai - 400 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 30th September, 2000 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 V.B. Haribhakti who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED that Mr. Amit A. Dahanukar, who was appointed as a Director under Article 107 of the Articles of Association of the Company, in the casual vacancy caused by the resignation of Shri G.B. Doshi, and who holds office upto the date of this Annual General Meeting pursuant to Section 262 of the Companies Act, 1956,

and who is eligible for re-appointment and in respect of whom the company has received notice in writing from a shareholder proposing his candidature for the office of Director, be and he is hereby appointed Director of the Company."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT 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 at the Registered Office of the Company not later than 48 hours before the time fixed for holding the meeting.
3. The Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of item Nos. 4 is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 9th March, 2001 to Friday, the 23rd March, 2001 (both days inclusive).
5. Members are requested to notify immediately any change in their addresses.

By order of the Board of Directors

Place: Mumbai
Date : 31st January, 2001

G.C. SHAH
Company Secretary

Explanatory Statement as required under section 173 (2) of the Companies Act, 1956.

Item No.4

In the vacancy caused on the Board by the resignation of Shri. G.B. Doshi, a Director of the Company liable to retire by rotation, the Board appointed Mr. Amit A. Dahanukar, as Director of the Company, pursuant to Article 107 of the Articles of Association of the Company. Under Section 262 of the Companies Act, 1956, Mr. Amit A. Dahanukar holds office only upto the date on which Mr. G.B. Doshi in whose place he was appointed, would have ordinarily held the office, namely up to the date of this Annual General Meeting. A notice has been received from a shareholder, as required under Section 257 of the Companies Act, 1956, proposing Mr. Amit A. Dahanukar as a candidate for the office of Director.

None of the Directors except Mr. Amit A. Dahanukar and Dr. (Mrs.) Sharadini A. Dahanukar is interested in the Resolution. Dr. (Mrs.) Sharadini A. Dahanukar, is deemed to be interested or concerned, she being the mother of Mr. Amit A. Dahanukar.

The Directors recommend the resolution for approval of members.

By order of the Board of Directors

Place: Mumbai
Date : 31st January, 2001

G.C. SHAH
Company Secretary

SIXTYSIXTH ANNUAL REPORT 1999-2000

REPORT OF THE BOARD OF DIRECTORS

1. Your Directors hereby present, the Sixty-sixth Annual Report of the Company together with Audited Statements of Accounts for the Year ended 30th September, 2000.

2. SHRI A.D. DAHANUKAR

While presenting the Annual Report, your Directors expressed their profound grief at the sad and sudden demise of young and dynamic former Chairman Shri A.D. Dahanukar, on 19th May, 2000.

A brilliant technocrat, Shri A.D. Dahanukar was more industrious with enlightened vision. He managed the business affairs with great skill and ability and steered the company clear through many ordeals. He was gifted with a pleasant style of persuasive nature which helped him to maintain fine employee-employer relationship. In his death, the Company has lost a charismatic Chairman and guiding force. We all cherish his memory and pay our respectful homage to late Shri A.D. Dahanukar.

3. FINANCIAL RESULTS

| | (Rs. in Lacs) | |
|--|------------------|------------------|
| | 1999-2000 | 1998-1999 |
| Gross Sales | 3720.74 | 2,610.13 |
| Profit before interest, Depreciation and Taxation | 190.40 | 133.20 |
| Less: Interest | 110.30 | 131.62 |
| Profit before Depreciation | 80.10 | 1.58 |
| Less: Depreciation | 30.72 | 32.30 |
| Taxation | — | — |
| Net Profit /(Loss) | 49.38 | (30.72) |

APPROPRIATIONS

| | | |
|-----------------------------------|--------------|---|
| Transferred to General Reserve | 25.00 | — |
| Transferred to Balance Sheet | 24.38 | — |
| | 49.38 | — |

3. DIVIDEND

In order to conserve the resources for the working capital requirements, your Directors have thought it prudent to plough back the profit and regret to recommend dividend.

4. A REVIEW

The performance, during the year, under review was quite satisfactory. The operations have resulted in gross profit of Rs. 80.10 lacs and after providing for depreciation of Rs. 30.72 lacs, the net profit is placed at Rs. 49.38 lacs (against a net loss of Rs. 30.72 lacs in the previous year). Sales turnover achieved was Rs. 37.21 crores as against Rs. 26.10 crores during the previous year, registering an impressive growth of 43% despite existence of stiff competition. The growth in production and sales achieved far exceed that of our previous records. This was possible mainly due to successfully implementing the various measures initiated by the Company.

Measures taken for upgradation of the manufacturing facilities, installation of primary distillation plant, improvement in the product quality and packaging, replacement of high cost funds by cheaper finance and cutting down the cost have borne the desired results in the current working.

Finance

As the business grew, the requirements of working capital finance have also risen. There has always been mismatch between available credit limits and required funds which at times compelled the Company to restrain its activities. The Company has approached its bankers for enhancement in working capital limit by two crores to which the bankers have now given positive indication.

In its pursuit to retire high cost debt and save in interest cost, the company opted for one time settlement with SICOM and IDBI and repaid in full, a loan of Rs. 135 lacs taken from SICOM and Rs. 93.41 lacs from IDBI. To facilitate repaying these debts, the Company took a loan of Rs. 130 lacs from Central Bank of India at lower interest.



**TILAKNAGAR
INDUSTRIES LTD.**

5. CURRENT YEAR'S OUTLOOK

Consumption of liquor in India is estimated at 70 million cases per annum and annual growth rate is 20%. Liquor manufacturing companies therefore, seem to have promising future. Your Company has advantage as it has well equipped manufacturing facilities, established brands and quality products. Despite the entry of multinational, to capture the share in growing Indian market and removal of Quantitative Restrictions, your company's sales will not be affected because of the price segment in which the products are placed. The company's products are placed in the lower and middle range segments and this segment is very large. Besides, the existing premium brands, the company plans to launch new brands in the medium and regular segment in the current year. Your directors are hopeful to achieve better results in the current year too.

6. DISTILLERY

A newly installed distillation plant has been running smoothly. To overcome the problem of frequent power failures and tripping off, the company installed a new generating set. The distillery will now have uninterrupted working.

7. CHEMICAL DIVISION

The Division was working well. Sale of Diethyle Oxalate (DEO) in terms of quantity and value was registered at 343000 Kgs. and Rs. 155.23 lacs respectively. With the distillery now running in full steam, the production of DEO will increase further in the current year as availability of impure spirit will be better. The Company plans to produce additional products shortly.

8. SUGAR CUBE DIVISION

The working of the Division was satisfactory during the year under review. 6828 Cases of sugar cubes were produced and sold realising value of Rs. 23.81 lacs.

9. SUBSIDIARY

A Statement under section 212 of the Companies Act, 1956 in respect of Subsidiary Company is annexed to this Report.

10. FIXED DEPOSITS

An aggregate amount of fixed deposits held by the Company as on 30th September, 2000 was Rs.10.90 lacs and unclaimed deposits were of Rs. 0.81 lacs. The Company does not have any overdue deposits as on 30.09.2000.

11. BOARD OF DIRECTORS

Dr. (Mrs.) Sharadini A. Dahanukar, has been appointed as a Director in the casual vacancy caused by the death of Shri Arun D. Dahanukar. She has also been appointed as the Chairperson of the Company, under Article 137 of the Articles of Association of the Company.

Consequent upon repayment of loan, the SICOM withdrew its Nominee Director Shri A.D. Harolikar on the Board. Shri G.B. Doshi, the Director of your Company, resigned as a Director. The Board expresses its gratitude to the outgoing Directors for their valuable contribution.

Mr. Amit A. Dahanukar has been appointed as a Director on the Board of the Company in the casual vacancy caused by the resignation of Shri G. B. Doshi whose tenure as Director would ordinarily have come to an end at this Annual General Meeting. Under Section 262 of the Companies Act, 1956, Mr. Amit A. Dahanukar vacates his office at the forthcoming Annual General Meeting and offers himself for re-appointment.

Mr. V.B. Haribhakti, a Director of your company retires by rotation and offers himself for re-appointment.

12. 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.

13. PARTICULARS OF EMPLOYEES

The Company as at present does not have any employee drawing salary in excess of the limits specified under section 217 (2A) of the Companies Act, 1956 read with rules thereunder.

SIXTYSIXTH ANNUAL REPORT 1999-2000

14. Y2K COMPLIANCE

The Company did not face any problem on account of transition of Y2K nor did it incur any significant cost for compliance.

15. COST AUDITORS

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 2000-2001 on a remuneration of Rs.9000/- per annum plus out of pocket expenses.

16. 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.

17. DIRECTORS' RESPONSIBILITY STATEMENT

Directors' Responsibility Statement as required under the Companies (Amendment) Act, 2000, is annexed herewith.

18. ACKNOWLEDGEMENTS

Your Directors place on record their grateful 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 high appreciation for the dedicated and devoted efforts made by the Company's employees at all levels.

For and on behalf of the Board of Directors

Mumbai
Dated : 31st January, 2001

S.A. DAHANUKAR
Chairperson

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

a) Measures Taken:

- A system of cooling water inlet for all condensor in Chemical Division is installed.
- Primary and secondary Distillation process is streamlined.
- D.G. Set has been installed to avoid production stoppages due to erratic power supply.
- PHE, Cooling Tower and Pumps for fermentation process are being installed.
- Installation of new higher capacity twin lobe Bio-Gas plant is in process.

- b) The above measures would result in lower consumption of steam and coal, electricity, water etc.

a) Fermentation

b) Yield and quality of spirit.

Activities for improving quality of ENA and blends are carried out on continuous basis. Stringent quality control standards are laid both for inputs and for finished products.

C. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

Indigenously developed technology for improvement of production was adopted. Close monitoring of the process at each stage of blending and bottling resulted in reduction of wastages. Required modification and innovations are done on continuous basis.

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.

B. RESEARCH AND DEVELOPMENT

Research & Development activities in the following areas are undertaken:-



**TILAKNAGAR
INDUSTRIES LTD.**

FORM 'A'

Total Energy Consumption and energy Consumption per unit of Production

| A. POWER AND FUEL CONSUMPTION: | Unit | 1999-2000 | 1998-1999 |
|---------------------------------------|-------------|------------------|------------------|
| 1. Electricity | | | |
| Purchased-Units | '000 | 2167 | 1673 |
| Total Amount | Rs. in Lacs | 70.02 | 66.47 |
| Rate per Unit | Rs. | 3.23 | 3.97 |
| 2. Steam Coal | | | |
| For generation of Steam | Tonne | 3002 | 2790 |
| Total Amount | Rs. in Lacs | 64.21 | 51.77 |
| Average Rate per M.T. | Rs. M.T. | 2138 | 1856 |

B. CONSUMPTION PER UNIT OF PRODUCTION:

Electricity (Units)

| Name of the Product | Unit | | |
|---------------------|------|-------------|------|
| 1. Diethyl Oxalate | K.G. | 0.41 | 0.37 |

DIRECTORS' RESPONSIBILITY STATEMENT

To:
The Members of
Tilaknagar Industries Ltd.

Your Directors state that :-

- (i) in preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departure, if any;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the directors had prepared the annual accounts on a going concern basis.

For and on behalf of the Board of Directors,

Mumbai,
Dated : 31st January, 2001

S.A. DAHANUKAR
Chairperson

REPORT OF THE AUDITORS**TO THE SHAREHOLDERS**

We have audited the attached Balance Sheet of Tilaknagar Industries Limited, as at 30th September, 2000 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, 2000.
 - (ii) in the case of the Profit & Loss Account, of the Profit for the year ended on that date.
 - f) On the basis of information made available to us none of the Directors is disqualified U/s. 274 (1)(g) of the Companies (Amendment) Act, 2000.

For BATLIBOI & PUROHIT
Chartered Accountants

(K. K. Kshirsagar)
Partner

Dated : 31st January, 2001

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 assets 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.



TILAKNAGAR
INDUSTRIES LTD.

5. The discrepancies noticed on verification between the physical stocks and book records were not material in relation to the operations of the Company.
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.
7. The Company has not granted or taken any loan secured/unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
8. 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.
9. 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.
10. 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.
11. 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.
12. 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.
13. In our opinion, the Company has maintained reasonable records for the sale and disposal of realisable scrap. The Company has no realisable by-products.
14. In our opinion, the Company has internal audit system commensurate with the size and nature of its business.
15. 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.
16. According to the records of the Company Provident Fund contribution and Employees State Insurance dues are generally deposited in time.
17. 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, 2000, for a period of more than six months from the date they became payable.
18. 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.
19. 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 : 31st January, 2001.