

**Triveni**  
TRIVENI

2011-12

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2011 ANNUAL REPORT 2011

## SHAREHOLDERS INFORMATION

**NAME & ADDRESSES OF STOCK EXCHANGES AT WHICH THE SECURITIES OF THE COMPANY ARE LISTED IN RESPECT OF WHICH ANNUAL LISTING FEES FOR FINANCIAL YEAR 1999-2000 HAVE BEEN PAID**

**The Delhi Stock Exchange Association Ltd.**  
(Regional Stock Exchange)  
West Plaza, Indira Gandhi Stadium  
Indraprastha Estate  
NEW DELHI 110 002.

**The Stock Exchange, Mumbai**  
Phiroze Jeejeebhoy Towers  
Dalal Street  
MUMBAI 400 001.

**National Stock Exchange of India Ltd.**  
Trade World  
Senapati Bapat Marg  
Lower Parel  
MUMBAI 400 013.

**The Calcutta Stock Exchange Association Ltd.**  
7, Lyons Range  
CALCUTTA 700 001

**SHARE DEPARTMENT/  
INVESTORS' GRIEVANCES**  
1106-1107, Ansal Bhawan,  
16, Kasturba Gandhi Marg,  
New Delhi-110 001  
Phone : 011-3357577, 3721750

**CORPORATE OFFICE :**  
"KAILASH" 2nd Floor,  
26, Kasturba Gandhi Marg,  
New Delhi-110 001  
Phone : 3310021 (5 lines)  
3714460 (3 lines)  
Fax : 011-3310117

**TURBINE BUSINESS GROUP**  
12-A, Peenya Industrial Area, Peenya,  
Bangalore-560 058  
Phone : 8394721 (4 lines)  
8394843, 8394771 & 8395276  
Fax : 080-8395211

**FIXED DEPOSIT SECTION**  
Accounts Department  
Jeevan Tara Building  
Gate No. 4,  
5, Parliament Street  
New Delhi- 110 001  
Phone : 3362522-24  
3362526-29

**PROJECTS & ENGG. BUSINESS GROUP**  
D-196, Okhla Industrial Area, Phase-1,  
New Delhi-110 020  
Phone : 6811878, 6819015, 6812930,  
6811895, 6810451  
Fax : 011-6812280, 6818216

**SUGAR BUSINESS GROUP**  
Khatauli, Distt. Muzaffarnagar - 251 201 (U.P.)  
Phone : 72561, 72562, 72563, 72347  
Fax : 01396 - 72543

**OIL & GAS DIVISION**  
Jeevan Tara Building  
1st Floor 5, Parliament Street,  
New Delhi - 110 001  
Phone : 3362522, 3362523, 3362524  
Fax : 011-3362525

**TRIVENI GROUP WEBSITE : [www.trivenigroup.com](http://www.trivenigroup.com)**

**CHAIRMAN & MANAGING DIRECTOR**

Mr. Dhruv M. Sawhney

**BOARD OF DIRECTORS**

Mr. F.C. Kohli

Lt. Gen. K.K. Hazari (Retd.)

Mr. M.K. Daga

Mr. M.V. Subbiah

Mr. R.C. Sharma

Mr. S.K. Seth

Mr. M.M. Haque (IDBI Nominee)

**ADVISORS**

Mr. Devi Chand Sawhney

Mr. Dharma Vira

**GROUP GENERAL MANAGER (LEGAL)  
& COMPANY SECRETARY**

Mr. V.P. Ghuliani

**BANKERS**

Central Bank of India

Punjab National Bank

Oriental Bank of Commerce

Union Bank of India

Standard Chartered Bank

State Bank of Travancore

Canara Bank

**LEGAL ADVISORS**

M/s R. Sawhney &amp; Associates

**AUDITORS**

M/s J.C. Bhalla &amp; Co.

**BRANCH AUDITORS**

M/s R.S. Gupta &amp; Co.

M/s S.P. Marwaha &amp; Co.

**REGISTERED OFFICE**

Khatauli

District Muzaffarnagar,

Uttar Pradesh 251 201

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## Notice

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of Triveni Engineering & Industries Limited will be held on Tuesday, the 14th day of September, 1999 at 11.45 A.M at TEIL Welfare Club, Jansath Road, Khatauli, District Muzaffarnagar, Uttar Pradesh - 251 201 to transact the following business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999, the Profit & Loss Account for the 18 months' period ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To confirm payment of interim dividend and to declare final dividend on the Equity Share Capital for the 18 months' period ended 31st March, 1999, subject to approval of the Financial Institutions.
3. To appoint a Director in place of Lt.Gen.K.K. Hazari (Retd.), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr M.K. Daga, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. M/s J.C. Bhalla & Co., retiring Auditors are eligible and offer themselves for re-appointment.

### SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modification(s), the following resolutions :

#### 6. As an Ordinary Resolution :

RESOLVED that the Board of Directors be and are hereby authorised to appoint the Branch Auditors for different units of the Company and in this connection the Board be and is hereby authorised to appoint from time to time either the Company's Auditors and/or in consultation with the Company's Statutory Auditors any other qualified firm or person in terms of Section 226 of the Companies Act, 1956 and to give authority to such Branch Auditor's as may

be necessary to carry out the Branch audits and the Board of Directors be and are hereby authorised to fix the remuneration of such Branch Auditors and in the event of the Board appointing the Company's Statutory Auditors as the Branch Auditors, the remuneration as Branch Auditors shall be in addition to their remuneration as the Statutory Auditors.

RESOLVED FURTHER that the Board be and is hereby authorised to determine and fix the terms and conditions for the appointment of Branch Auditors and to make changes therein.

#### 7. As a Special Resolution :

RESOLVED that in terms of Section 314 (1B) and all other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government, the Company hereby gives its consent to Mr Nikhil Sawhney to hold and to continue to hold office or place of profit in the Company as its Manager (Corporate Affairs) with effect from 1st October, 1999 on a basic salary of Rs.15,000/- (Rupees Fifteen thousand only) per month plus other benefits like House Rent Allowance, reimbursement of conveyance, professional development allowance, contribution to provident and superannuation funds, Leave Travel Assistance, gratuity, medical facility, bonus and other perks as are now admissible to employees occupying similar positions in the Company and also that may be given by the Company to such employees hereafter and that the Board of Directors and/or a Sub-Committee of the Board of Directors of the Company appointed by the Board be and are hereby authorised to grant annual increments (with or without promotion) subject to an annual increase of 25% of salary.

#### 8. As a Special Resolution :

RESOLVED that pursuant to Section 293(1)(a) and all other applicable provisions of the Companies Act, 1956 and any amendment or modification thereof and subject to the approval of the Financial Institutions wherever required, consent of the Company be and is hereby accorded to the Board of Directors to sell, lease or otherwise dispose of the whole or



substantially the whole of undertaking (including plant and machinery, land and building) of the Company at Naini, Allahabad in the State of Uttar Pradesh to any one or more parties at such price or prices and on such terms and conditions as may be considered necessary or expedient by the Board of Directors of the Company and that the Board of Directors of the Company be and is hereby authorised to decide all questions and issues in connection therewith, to authorise some officers of the Company for implementing and giving effect to this resolution and to do all acts, deeds, matters and things, including but not limited to, execution of agreements, contracts and all other documents, as it may, in its absolute discretion, deem necessary or expedient.

By Order of the Board

V.P. GHULIANI  
GGM (Legal) &  
Co.Secretary

Place : New Delhi  
Dated : 17th August, 1999

#### NOTES:

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item Nos. 6 to 8 is annexed here to.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY MAY BE SENT IN THE FORM ENCLOSED AND IN ORDER TO BE EFFECTIVE MUST REACH AT THE REGISTERED OFFICE OF THE COMPANY AT KHATAULI, DISTT. MUZAFFAR-NAGAR, UTTAR PRADESH 251201 OR AT SHARE DEPARTMENT AT 1106-1107, ANSAL BHAWAN, 16- KASTURBA GANDHI MARG, NEW DELHI-110 001 AT LEAST FORTY EIGHT (48) HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. **Members who have not yet surrendered share certificate(s) held by them of Triveni Pool Intairdri Limited/ Triveni Oilfield Services Limited and/or the erstwhile The Triveni Engineering Works Limited for exchange with the new share certificate(s) of the Company are requested to send their respective share certificate(s) immediately to the Share Department of the Company at 1106-1107, Ansal Bhawan, 16-K.G. Marg, New Delhi-110 001.**
4. Members are requested to notify any change in their address quoting their folio number to the Company's Share Department.
5. The Register of Members and the Share Transfer Books of the Company will remain closed on Friday, the 10th September, 1999.
6. The final dividend, if declared at the AGM, will be paid on or after 14th September, 1999, to those members or their mandate(s) whose names appear in the Register of Members of the Company as on 10th September, 1999.
7. No gift or gift coupons will be distributed at the AGM. However, refreshment will be served at the venue of the AGM.
8. **Conveyance for attending the AGM will be available from the Company's Share Department at 1106-1107, 16-Kasturba Gandhi Marg, New Delhi-110 001 to the place of AGM and back to Share Department. Buses will leave the Share Department sharp at 8.30 A.M. on 14th September, 1999. In case of joint shareholders, conveyance will be provided to only one shareholder. Members who may be interested in attending the AGM are requested to give their request in writing giving their names, folio number, number of shares held by them to the Share Department latest by 6th September, 1999. Requests received after 6th September, 1999 will not be entertained.**
9. Queries on account and operations of the Company, if any, may please be sent to the Company 7 days in advance of the Meeting so that the answers may be readily available at the meeting.

10. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
11. As required under The Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 all unpaid / unclaimed dividends for the financial year ended 30.9.1994 have been transferred to the General Revenue Account of the Central Government. Those equity shareholders who have so far not claimed or collected their dividend for the said financial year, may claim equity dividend from the Registrar of Companies by submitting an application in the prescribed form.
12. Members are hereby informed that dividends which remain unclaimed/unencashed over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund which shall be constituted by the Central Government under Section 205A & 205C of the Companies Act, 1956.  
  
In view of the new regulation the shareholders are advised to send all unencashed dividend warrants for the year ended 30.9.1995 onwards to the Share Department of the Company at 1106-1107, Ansal Bhawan, 16 - Kasturba Gandhi Marg, New Delhi 110 001 for revalidation and encash them before the due date for transfer to the Central Government.
13. Under the provisions of the Companies Act, 1956 as amended with effect from 31st October, 1998 shareholders may file Nomination Forms in respect of their share holdings. Any shareholder willing to avail of this facility may submit to the Share Department of the Company the prescribed Form 2B (copy annexed with the Annual Report) or write to or contact the Share Department for assistance.

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

##### **Item No.6**

As the members are aware, the Company has its branches at Khatauli, Bangalore, Mysore, Okhla

(New Delhi) etc. The accounts of some of the branches are being audited by the Auditors other than the Statutory Auditors. The Auditors for auditing the accounts of the branches can, as per the provisions of Section 228(3)(a) of the Companies Act, 1956 be appointed either by the shareholders in a general meeting or by the Board of Directors in consultation with the Company's Auditors if so authorised by the shareholders in a general meeting. To enable the Directors to appoint Branch Auditors for the purpose of auditing accounts of the Company's Branch offices, necessary authorisation is being obtained in accordance with the provisions of Section 228 of the Companies Act, 1956 in terms of resolution at item No.6 of the Notice. Authorisation for fixing remuneration and other terms and conditions of the appointment of Branch Auditors is also sought in the said resolution.

The Board recommend the passing of Resolution at item No.6 of the Notice.

None of the Directors of the Company is either directly or indirectly interested or concerned in the passing of the resolution.

##### **Item No.7**

Mr Nikhil Sawhney graduated in Economics (Honours) from the Emmanuel College, University of Cambridge, U.K. He has obtained training in the U.K. from a large multi-national Engineering Group and Nomura Securities, one of the largest financial service companies. Mr Sawhney was screened by the General Manager (HR) and it is proposed to appoint him as Manager (Corporate Affairs) with effect from 1st October, 1999.

Details of proposed Salary, allowances and perquisites are as under :

- i) Salary : Rs. 15,000/- (Rupees Fifteen thousand) per month (with authority to the Board of Directors/Sub-Committee of the Board to grant annual increments, with or without promotion, subject to an annual increase of 25% of salary).
- ii) House Rent Allowance : 60% of Salary
- iii) Professional Development Allowance : Rs. 600/- (Rupees Six hundred) per month.





- iv) Conveyance Reimbursement : Rs. 3,000/- (Rupees Three thousand) per month subject to increase in accordance with Company rules.
- v) Leave Travel Assistance, medical reimbursement, house furnishing entitlement, bonus, leave encashment, gratuity and contribution to provident and superannuation funds as may be admissible to the employees of the Company in a similar positions.

The aforesaid perks and allowances may be increased, enhanced, modified in accordance with the rules of the Company in respect of employees in the same positions as may be applicable from time to time.

Mr Nikhil Sawhney is the son of Mr Dhruv M. Sawhney, Chairman & Managing Director of the Company.

As per the provisions of Section 314 (1B), prior consent of the shareholders by a special resolution and the approval of the Central Govt. is required for the appointment of a relative of a Director for holding any office or place of profit in a Company if the total monthly remuneration is more than Rs.20,000/- per month. Accordingly, by the resolution at item No. 7, the approval of members is being sought for the holding of office and place of profit of Mr. Nikhil Sawhney as Manager (Corporate Affairs) at a remuneration of Rs.15,000/- per month plus other benefits/perks mentioned above, as in the aggregate the remuneration will exceed Rs. 20,000/- per month.

An application seeking approval of the Central Government with respect to the appointment of Mr. Nikhil Sawhney will be made to the Central Government.

The Board recommends the passing of Special Resolution at item No. 7 of the notice.

None of the Directors except Mr. Dhruv M. Sawhney, who is related to Mr. Nikhil Sawhney is either directly or indirectly interested or concerned in the said Special Resolution. Mr Dhruv M. Sawhney be directly deemed to be interested and concerned in this resolution.

#### Item No.8

Under the provisions of Section 293(1)(a) of the

Companies Act, 1956, the Board of Directors of the Company shall not, except with the consent of the shareholders in a General Meeting sell, lease or otherwise dispose of the whole or substantially the whole of the Undertaking of the Company or where the Company owns more than one Undertaking of the whole or substantially the whole of any such Undertaking. Article 142(a) of the Articles of Association of the Company provides that the Board of Directors of the Company shall not exercise powers stipulated in Section 293(1) of the act, except with the consent of the shareholders by a Special Resolution.

The change of business scenario and the deep recession in the capital goods market resulted in paucity of orders with Naini undertaking which adversely affected its working. On account of the adverse circumstances, the management was compelled to close the Naini Undertaking w.e.f. 27th November, 1997.

No action for the sale / disposal of the plant & machinery and land & building at Naini Unit was initiated as the workmen had raised the issue of closure in the Industrial Tribunal, Allahabad. The arguments have been completed in the Industrial Tribunal and the award is expected any time. The management however wishes to initiate action on the sale/transfer/disposal of the plant and machinery and land and buildings of Naini Undertaking. The sale/transfer/disposal of the plant and machinery and land & buildings may be in one or more lots and to one or more parties as may be deemed necessary.

To enable the Board to take action in this regard, authorisation from the shareholders is being sought. Approval of the financial institutions to whom the Naini Undertaking stands mortgaged / pledged will also be obtained at the appropriate time.

The Board recommends the passing of Special Resolution at item No. 8 of the Notice.

None of the Directors of the Company is either directly or indirectly interested or concerned in the passing of the resolution.

## REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting the Thirteenth Annual Report and Audited statement of Accounts of the company for the 18 months period ended 31st March, 1999.

### FINANCIAL PERFORMANCE

	Rupees in Lacs	
	1997-99 (18 Months)	1996-97 (12 Months)
Income from Operations	48074	31750
Other Income	545	2436
Total Income	48619	34186
Profit before interest depreciation and tax	6241	4877
Depreciation	1261	772
Interest	3600	2821
Profit before Tax	1380	1284
Tax	67	321
Net Profit	1313	963

The period under review was extended by six months to end on 31st March, 1999. It was earlier the intention of the Company to present the merged accounts for 18 months ended 31.3.1999, but in view of the delay in obtaining approval to the merger scheme, stand-alone accounts of the company are being presented to the shareholders for approval.

Net Profit after tax during 18 months was Rs 1313 lacs, as compared to Rs 963 lacs during the previous period of 12 months. During 1996-97, other income included Rs 2168 lacs from the sale of our shareholding in GEC Alstom Triveni. After considering non-recurring expenses of Rs. 875 lacs, the net impact on profits for 1996-97 was an addition of Rs. 1293 lacs. Owing to the cyclical nature of the sugar industry, sugar stocks and consequently working capital borrowings were at their peak on 31st March, 1999, when the current period closed, while they were at a minimum on 30th September, 1997, the closing date of the last accounting period.

After transfer of Rs 500 lacs to debenture redemption reserve, Rs 500 lacs has been added to general reserve, and a surplus of Rs 689 lacs has

been carried over to the Balance Sheet. An interim dividend of 15% amounting to Rs 144 lacs for the period under review was declared on 23.1.1999. Your Directors now have pleasure in recommending payment of a final dividend of 12%, amounting to Rs 115 lacs, for consideration of shareholders, and subject to approval of the financial institutions.

### OPERATIONAL PERFORMANCE

The accounting period under review includes the complete 1997-98 sugar season, and almost all of the 1998-99 crushing season for the Khatauli Sugar Unit. The Unit stopped crushing operations on 19th April, 1999 after crushing 138.21 lac quintals of cane at a recovery of 9.74%.

Khatauli has the distinction of being the highest sugar producer in Northern India, and amongst the top three in the country in terms of cane crushed. Heavy rains and the subsequent water logging in the low lying areas in the Khatauli zone, seriously affected cane yields, and impaired sucrose formation in cane. Recoveries in the entire Uttar Pradesh were much lower than last year, and the average recovery for Western U.P. in 1998-99 was 9.36% against 9.74% for the Khatauli Unit. We have been making strong recommendations to Government, for the equitable and proportionate distribution of cultivable areas and cane areas. We are hopeful that the anomalies of the past will be corrected in the ensuing season, so that we do not experience cane shortages like we have for the past few years. We have expanded our capacity to 11,000 tonnes cane per day (TCD) from 10,000 TCD, which is one of the largest in India, and we hope to exploit this increased potential in the next season.

All India Sugar production upto 30th June, 1999, was 152.11 lac tonnes versus 126.62 lac tonnes last year. The estimate for the current season, which ends on 30th September, 1999 is around 155 lac tonnes. Though open market sugar prices were better in the 1997-98 sugar year, owing to continuing imports, they have remained static during the current year and are not compensating for last season's higher cane price and increased labour and transportation costs. Government finally





raised the customs duty on imported sugar to 27.5%, but international white sugar prices have been very depressed for the past year, and in April 1999, prices were lower than they have been for the past 15 years. However, we expect some improvement in international prices the next season.

Though we have seen an upturn in the market for small steam turbines, and capital goods, margins continue to come under severe pressure. The Turbine Business Group is reacting to these challenges by greater efforts in research and development, increasing throughput, improving quality and substantially reducing costs. We are attempting to establish a life cycle relationship with our customers so as to promote better customer satisfaction. Our new blade and rotating part designs, which were jointly developed with the Indian Institute of Science Bangalore, over the past 2-3 years, have been extremely successful. We can now provide an increased efficiency of 3-4% over our earlier designs. We will introduce new small steam turbine models of our own design in the current year to fulfill market requirements. We will also be extending our range to 15 MW through a licence agreement we have recently signed with Peter Brotherhood of U.K., a Division of the Thermo-Electron, U.S.A. We would soon be starting a comprehensive Business Process Re-engineering programme, with the help of an international consultant, and we will also be upgrading our engineering design capabilities to global standards.

We have signed a licence agreement with Lufkin Industries of Lufkin, Texas, U.S.A. for extending our range of high speed gears and gear boxes. We are the only gear manufacturer in India with state of the art international technology for manufacturing the entire range of high speed gears. The Mysore Unit, where these gears are being manufactured, have installed a new test bed, and are also upgrading their design capabilities to our collaborators standard. We have modified our relationship with Sugar Research International of Australia to a licence from the earlier Joint Venture, and have been successful in introducing their continuous vacuum pan, mill control system and short retention clarifier in India for the first time. These will be in

operation in the next crushing season. A sale and packaging agreement with Allied Signal Inc. of USA for their complete range of Gas Turbines from 0.5 MW to 10 MW, was also signed, and we should be receiving our first order shortly.

We have decided to sell the rigs of our Oil & Gas Division, but owing to depressed global oil and gas conditions for the past 18 months, have not been able to sell all of our balance land rigs.

#### **SUBSIDIARY COMPANIES**

During the 1999-2000 financial year the company has purchased 1,49,920 equity shares of Rs 10 each of Triveni SRI Limited at par from its joint venture partner, Sugar Research Limited, Australia with the approval of Reserve Bank of India and financial institutions. In view of this acquisition, Triveni SRI Limited has now become a wholly owned subsidiary of this company.

#### **Y2K COMPLIANCE**

The company has taken adequate steps to ensure that all operations, processes, and functions, which could be adversely affected due to the millennium bug, are Y2K compliant by 31st October, 1999. The company has also developed contingency plans to minimise the risk of disruption.

#### **AMALGAMATION**

The company as well as the transferee company Gangeshwar Ltd. had approached the lead financial institution (FI) in November 1998 for approval to the scheme of amalgamation. Considerable exchange of information and reports were required to enable the lead institution to make a proposal to the inter-institutional SEM for approval. Vigorous follow up is being carried out and we expect to receive their clearance shortly. On completion of the required formalities both the companies shall file the necessary applications under section 391 of the Companies Act, 1956 before the Hon'ble Allahabad High Court for convening the statutory meetings of the shareholders. After the statutory meetings, petitions will be filed by both the companies before the Hon'ble High Court for confirmation to the scheme of amalgamation.

**DEPOSITS**

As on March 31, 1999, deposits amounting to Rs 22.14 lacs remained unclaimed of which a sum of Rs.9.02 lacs has since been repaid or renewed.

**AUDITORS**

M/s J C Bhalla & Co., Chartered Accountants, Statutory Auditors of the Company who retire at the conclusion of the forthcoming Annual General Meeting have consented to continue in office, if appointed. They have confirmed that their appointment, if made, will be in accordance with the limits specified in Sec. 224(1B) of the Companies Act, 1956 for reappointment.

**COMMENTS ON AUDITORS' QUALIFICATIONS**

The clarifications are provided here below in respect of qualifications in the Auditors' Report :

**Main Auditors Report**

1. Para 3(e) — Accounting Standard 2 (AS-2) on the valuation of Inventories issued by Institute of Chartered Accountants of India (ICAI) is only recommendatory for the year under consideration. In view of the seasonal nature of the Sugar Industry, it is reasonable to include all overheads including interest & depreciation as these overheads relate to inventory carrying. Further, it is ensured that inventories are valued at lower of cost or market value and hence profit element is ignored in the valuation of such inventories. However, a thorough review would be taken of the mandatory Accounting Standard which is applicable for accounting years commencing on or after 1.4.99.
2. Para 3 (f) (ii) — In respect of some of the units, identification of such obsolete or damaged stores is in progress and upon determination, the loss, if any, will be provided.
3. Para 3(f)(iii) — In the current year, the company proposes to reconcile and seek confirmation of at least major debtors and creditors and provisions, if any, would then be made.
4. Para 3(f)(iv) — In view of the fact that there also have been various claims by the Company on the suppliers/ contractors and the matter is

subjudice, the company has refrained from making provisions, if any, as these are presently not determinable.

5. Para 3 (f)(vi) — The method of computing cost and production has been changed to make it more realistic whereas Excise duty has been included in the finished stocks in accordance with the requirement u/s. 145A of the Income Tax Act, 1961.
6. Para 3 (f) (vii) — The accounting policy followed by the company is consistent with the policy followed in previous year which is with a view to reflect the realistic value of these assets on expiry of lease period. However, such policy shall be reviewed alongwith the accounting policies of the transferee company consequent to merger in accordance with AS-14 (Accounting for Amalgamations) issued by the ICAI, which prescribes for review of accounting policies of transferor and transferee Company on merger to evolve uniform set of accounting policies.
7. Para 3(f)(viii) — This policy is consistent with the policy followed in the previous year. Rig idle time expenses are deferred to be written off over next 36 months as continuous rig deployment cannot be ensured and such expenses are incurred for the subsequent contracts to be operated.

**Annexure to Auditors' Report**

Para 1 — Physical verification of assets at all the units will be carried out at least once in a year and assets records, wherever not updated, will be completed in the current year.

Para 3 — Physical verification of material lying with outside parties would be endeavoured to be completed in the near future.

Other qualifications are self explanatory in nature and have been adequately dealt with in the significant accounting policies and Notes to Accounts.

