

**15th**  
**ANNUAL REPORT**  
**2002-2003**

REPORT JUNCTION TRUE COPY

For TULASEE BIO-ETHANOL LIMITED  
Formerly : BEE-AM CHEMICALS LIMITED)

  
Director/Authorized Signatory)

**TULASEE**  
**BIO-ETHANOL**  
**LIMITED**  
(Formerly : BEE-AM  
CHEMICALS LIMITED)

### **Board of Directors**

Mr. Ashwin Pandya  
Mr. Harshwardhan Sharma  
Mr. Kapil Nagpal  
Mr. Laxman Kulkarni  
Mr. Lalit Kumar Nagpal

### **Auditors**

M/s M. H. Murlidhar & Co.,  
Chartered Accountants  
Mumbai

### **Registered Office**

41/3, Village Lohop,  
Lohop Chowk Road,  
Tal. Khalapur – 410 202,  
Dist. Raigad, Maharashtra

### **Administrative Office**

507-509, Shrikant Chamber  
Next to R.K. Film Studio,  
Sion Trombay Road,  
Chembur,  
Mumbai – 400 071.

### **Registrar and Share Transfer Agents**

R&D Consultants Limited  
610, Dalamal Tower,  
211, Nariman Point,  
Mumbai - 400 021

## 15TH ANNUAL REPORT 2002-2003

## NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of TULASEE BIO-ETHANOL LIMITED (Formerly BEE-AM CHEMICALS LIMITED) will be held at 41/3, Village Lohop, Chowk-Lohop, Tal. Khalapur 410 202, Dist. Raigad, Maharashtra on Tuesday, the 30th day of September, 2003 at 10:00 a.m. to transact the following business:

## AS ORDINARY BUSINESS:

1. To receive, consider approve and adopt the audited Balance Sheet of the Company as at 31st March, 2003 and the Profit and Loss Account of the Company for the period ended on that date and the Reports of the Director's and Auditor's thereon.
2. To appoint Mr. Kapil Nagpal as a Director who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Mr. Laxman Kulkarni as a Director who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

## AS SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Lalitkumar S. Nagpal, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company and who would vacate his office at the ensuing Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 along with necessary deposit from a shareholder proposing the candidature of Mr. Lalitkumar S. Nagpal as a Director of the Company, be and is hereby appointed as a Director of the Company whose office shall be liable to retirement by rotation."

By order of the Board of Directors

Place : Mumbai  
Date : 28<sup>th</sup> August, 2003

Sd/-  
Ashwin Pandya  
Whole time Director

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Any instrument appointing a proxy or proxies should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books shall remain closed from 27<sup>th</sup> September 2003 to 30<sup>th</sup> September 2003 (Both days inclusive)
4. The explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item No. 5 as set out above is annexed hereto.
5. Brief profile of the Directors seeking re-appointment is as under:

## PROFILE OF THE DIRECTORS SEEKING RE-APPOINTMENT

1.

Name	Mr. Kapil Nagpal
Father's Name	Mr. Lalitkumar Nagpal
Date of Birth	07.11.1976
Experience	He has Business experience of various industrial fields. The Company expects to deep rich benefits under his association

2.

Name	Mr. Laxman Kulkarni
Father's Name	Mr. Heggesh Rao Kulkarni
Date of Birth	05.02.1958
Experience	He has been associated with the Company since 31st January 2002 and the Company has gained immensely under his association

**TULASEE BIO-ETHANOL LIMITED****(Formerly : BEE-AM CHEMICALS LIMITED)****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 5 :**

Mr. Lalitkumar S. Nagpal was appointed by the Board as an additional director on 15<sup>th</sup> January, 2003. His tenure as an additional director of the Company expires at the conclusion of the ensuing Annual General Meeting of the Company.

Brief Profile of Mr. Lalitkumar S. Nagpal is given hereunder :

Date of Birth	09.10.1952
Date of Appointment	15.01.2003
Expertise in specific functional area	To have deep knowledge and experience in the areas of marketing, trading of alcohol & Naptha.

The Company has received a notice from a shareholder under Section 257 of the Companies Act, 1956, signifying his intention to move resolutions for the appointment of Mr. Lalitkumar S. Nagpal, as the Director of the Company.

None of the Directors, except Mr. Kapil Nagpal and Mr. Lalitkumar S. Nagpal shall be deemed to be interested or concerned in the aforesaid resolution.

*By Order of the Board of Directors*

Place : Mumbai  
Dated : 28<sup>th</sup> August, 2003

Sd/-  
Ashwin Pandya  
Whole Time Director

Report  junction.com

## 15TH ANNUAL REPORT 2002-2003

## DIRECTORS' REPORT

To  
The Members,

Your Directors hereby present Fifteenth Director's Report of the Company together with its Audited Statement of Accounts for the period ended 31st March, 2003.

## FINANCIAL RESULTS:

Particulars	(Rs in '000s)	
	Current Year	Previous Year
Revenue from Operations	—	488924
Profit/(Loss) before Taxation	(11094)	(1157)
Provision for Tax	—	—
Less: Previous Year Adjustments	124	1071
Profit/(Loss) after Tax	(11218)	(2228)
Balance brought forward	(33692)	(31464)
Balance transferred to Balance Sheet	(44910)	(33692)

## OPERATIONS :

The unfavourable market conditions on account of persistent increase in raw material prices continued during the entire year under review and hence, the Company could not resume commercial production of naphtha, leading to no revenue being earned from the operations. The Company earned Other Income of Rs. 0.96 lac. The total expenditure has amounted to Rs. 111.34 Lacs. The total Loss after consideration of the previous year's adjustments amount of Rs. 1.24 lacs, has amounted to Rs. 112.18 Lacs, a total loss balance of Rs. 449.10 Lacs has been carried to the Balance Sheet.

During the period under review, the Company has commenced commercial production of Ethanol used for Petrochemical products.

Barring unforeseen circumstances, your Directors are optimistic of reporting better performance during the current year.

## DIVIDEND:

In view of the loss incurred during the year under review, your Directors regret their inability to recommend any dividend for the year ended 31st March 2003.

## CORPORATE GOVERNANCE :

The Securities and Exchange Board of India (SEBI) has introduced a comprehensive code on Corporate Governance. The Code is required to be implemented on or before 31st March 2003. The Report on Corporate Governance has been attached to and forms a part of this report.

## DIRECTORS :

Mr. Kapil Nagpal and Mr. Laxman Kulkarni, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Lalitkumar S. Nagpal who was appointed as Additional Director of the Company with effect from 15<sup>th</sup> January 2003 pursuant to the provisions of Section 260 of the Companies Act, 1956 and pursuant to the provisions of the Articles of Association of the Company, would vacate his office on the date of the ensuing Annual General Meeting of the Company. The Company has received Notices under Section 257 of the said Act from Shareholder proposing the candidature of the Additional Director for the office of Director of the Company. Accordingly, resolution have been proposed in the Notice of the forthcoming Annual General Meeting of the Company for the appointment of Mr. Lalitkumar S. Nagpal as Director of the Company.

During the year under review, Mr. Michael D'costa resigned from the Board of the Company. Your Directors place on record their deep appreciation for the valuable contribution made by the outgoing Director during his association with the Company.

## CHANGE OF NAME:

During the year under review, the Company's name was changed from BEE-AM CHEMICALS LIMITED to TULASEE DISTILLERIES LIMITED. The Registrar has confirmed the said change in the name vide fresh certificate of incorporation dated 14<sup>th</sup> February, 2003.

Subsequently, as the Company had decided to manufacture Ethanol, the Company's name was changed from TULASEE DISTILLERIES LIMITED to TULASEE BIO-ETHANOL LIMITED. The Registrar of Companies, Maharashtra has recorded the aforesaid change of name of the Company vide fresh certificate of incorporation pursuant to change of name of the Company dated 8<sup>th</sup> May, 2003.

## TULASEE BIO-ETHANOL LIMITED

(Formerly : BEE-AM CHEMICALS LIMITED)

### AUDITORS:

M/s. M.H. Murlidhar & Co., Chartered Accountants the Statutory Auditors of the company retire at the conclusion of this meeting and are eligible for reappointment.

### AUDITORS REPORT:

Observation made in the Auditor Report are self explanatory and therefore, ~~do not~~ call for any further comments under section 217(3) of the Companies Act, 1956.

### FIXED DEPOSITS:

The Company has not accepted or renewed any deposit from public during the year under review.

### PARTICULARS OF EMPLOYEES:

During the year under review, none of the employees of the Company was in receipt of remuneration aggregating Rs. 24,00,000/- or more per annum, if employed throughout the year, or Rs. 2,00,000/- or more per month, in case employed for part of the year. Hence, there are no particulars to be annexed to this report as required under Section 217 (2A) of the Companies Act, 1956 and the rules made thereunder.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The details as required under the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 are set out in the annexure forming part of the Report.

### DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 your Directors confirm the following:

- Your Directors state that in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
- Your Directors have selected such accounting policies and applied them consistently and made judgments 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 ended 31<sup>st</sup> March, 2003 and of the loss of the Company for that year.
- Your Directors have 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.
- Your Directors have prepared the attached Statement of Accounts for the year ended March 31, 2003 on a going concern basis.

### ACKNOWLEDGEMENTS:

The Directors wish to express their gratitude to the bankers, clients and all the business associates for their continuous support to the Company and to the Shareholders for the confidence reposed in the Company's management. The Directors also convey their appreciation to the employees at all levels for their enormous personal efforts as well as collective contribution.

For and on behalf of the Board

Place: Mumbai

Date : 28<sup>th</sup> August, 2003

Sd/-  
Ashwin Pandya  
Whole Time Director

Sd/-  
Kapil Nagpal  
Director

## 15TH ANNUAL REPORT 2002-2003

## ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1) (e) of the Companies Act, 1956 read with companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Director's report for the present year ended 31st March, 2003.

## FORM - A

	For the Year ended 31-03-2003	For the Year ended 31-03-2002
<b>Power and Fuel Consumption</b>		
1) Electricity		
a) Purchased		
Units	2,28,604	2,28,704
Total amount (Rs. in Lacs)	5.33	10.77
Rate / Unit (Rs.)	2.33	4.71
b) Own Generation		
i) Diesel Generator	NIL	NIL
ii) Steam Tubing / Generator	NIL	NIL
2) Coal (Specify quality and where used)	NIL	NIL
3) Furnace Oil	NIL	NIL
4) Others		
a) L.D.O.		
Quantity (K.L.)	NIL	185.219
Total Cost (Rs. in Lacs)	NIL	29.29
Rate / Units (Rs.)	NIL	15705.27

## FORM - B

## a) Technology Absorption

The Company has not entered into any collaboration with any overseas parties. No technology, absorption or adaptation has been undertaken during the year under review. With respect to Innovations, the Company has been making efforts to simplify its methods of operation.

## b) Foreign Exchange Earnings and outgo

The company has neither Exported nor Imported any goods during the year under review. There is no foreign exchange transaction.

For and on behalf of the Board

Place: Mumbai

Date : 28<sup>th</sup> August, 2003

Sd/-  
Ashwin Pandya  
Whole Time Director

Sd/-  
Kapil Nagpal  
Director

**TULASEE BIO-ETHANOL LIMITED****(Formerly : BEE-AM CHEMICALS LIMITED)****CORPORATE GOVERNANCE**

Tulasee Bio-Ethanol Limited (Formerly Bee-Am Chemicals Limited) is committed to good corporate governance. The Company provides detailed information on various issues concerning the Company's business and financial performance. The Company respects the inalienable rights of its shareholders to information on the performance of the Company and considers itself a trustee of its shareholders.

**A. BOARD OF DIRECTORS****1. Size and composition of the board**

The constitution of the Board as on 31<sup>st</sup> March 2003 comprises of 6 Directors. Majority of whom are independent non-executive Directors. Details of the size and composition are given hereunder :

Director	Executive / Non-Executive / Independent*
Mr. Ashwin Pandya	Chairman & Whole time Director / Independent
Mr. Harshwardhan Sharma	Non-executive / Independent
Mr. Kapil Nagpal	Non-executive / Independent
Mr. Michael D'costa	Non-executive / Independent
Mr. Laxman Kulkarni	Non-executive / Independent
Mr. Lalitkumar S. Nagpal	Non-executive / Independent

\* Independent Director means a director who apart from receiving directors remuneration, does not have any material pecuniary relationship or transactions with the Company, its promoters or its management or its subsidiaries, which is in the judgement of the Board may affect their independence of judgement.

**2. Cash Compensation to the Directors for the Financial year ended 31<sup>st</sup> March 2003**

A remuneration of Rs.1,86,000/- per annum was paid to Mr. Ashwin Pandya, Chairman and Wholetime Director during the fiscal 2003. No other directors are in receipt of any remuneration during the fiscal 2003.

**B. BOARD MEETINGS****1. Scheduling and selection of agenda items for board meetings**

The Board meetings are generally held either at the Registered Office or at the Administrative Office of the Company. The Board meets at least once a quarter to review the quarterly results and other items on the agenda, and also on the occasion of the Annual Shareholders' meetings. When necessary, additional meetings are held.

There were **Nine** board meetings held during the year ended March 31, 2003. These were on **30<sup>th</sup> April 2002, 6<sup>th</sup> June, 2002, 31<sup>st</sup> July 2002, 30<sup>th</sup> August 2002, 28<sup>th</sup> October 2002, 31<sup>st</sup> October 2002, 3<sup>rd</sup> January 2003, 31<sup>st</sup> January 2003 and 31<sup>st</sup> March 2003**. Table hereunder gives the attendance record of the directors.

Table

Name of the directors	Number of Board Meetings attended	Whether attended last AGM
Mr. Ashwin Pandya	8	Yes
Mr. Harshwardhan Sharma	7	Yes
Mr. Kapil Nagpal	7	Yes
Mr. Michael Dcosta *	4	No
Mr. Laxman Kulkarni	5	No
Mr. Lalit Kumar Nagpal **	1	Not Applicable

\* Resigned as Director w.e.f. 30<sup>th</sup> December, 2002

\*\* Appointed as Additional Director w.e.f. 15<sup>th</sup> January, 2003



**15TH ANNUAL REPORT 2002-2003****2. Availability of information to the members of the board**

The Board has unfettered and complete access to any information within the Company, and to any employee of the Company. At meetings of the board, it welcomes the presence of senior persons from Accounts department who can provide additional insights into the items being discussed.

The information regularly supplied to the board includes:

- Operating Plans, budgets.
- Quarterly results of the company.
- Information on recruitment and remuneration of senior officers just below the board level.
- Minutes of the meetings of the audit committee as well as abstracts of the circular resolutions passed.
- Fatal or serious accidents or dangerous occurrences
- General notices of interest.
- Significant development on the human resources front
- Details of dangerous occurrences and effective steps taken thereof.
- Details of deployment of surplus funds available with the Company.
- New projects
- Business contracts entered

**3. Materially significant related party transactions**

The transactions with related parties during the financial year ended have been disclosed under Para 10 sub-para b under the head 'Notes to Accounts' (Schedule-16) in the Annual Report of the Company which do not have any potential conflict with the interests of the Company at large.

**C. BOARD COMMITTEES**

The Board has two committees – the Audit Committee and the Shareholders/Investors grievance committee. The Audit Committee comprises of 3 members all of whom are non-executive independent directors. The Shareholders/Investors grievance committee comprises of 3 Members. The Chairman of the said committee is a non-executive, independent director.

The Board is responsible for the constitution, co-opting and fixing the terms of service for committee members to various committees.

**1. Audit committee****Terms of reference****(a) Primary objectives of the committee**

The Primary objective of the audit committee (the "committee") is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting.

The committee oversees the work carried out in the financial reporting process – by the management and the independent auditor – and notes the process and safeguards employed by each.

**(b) Scope of the committee**

- 1 Provide an open avenue of communication between the independent auditor and the Board of Directors.
2. Meet thrice a year or more frequently as circumstances require. The audit committee may ask members of management or others to attend meetings and provide pertinent information as necessary.
- 3 Confirm and assure the independence of the external auditor.
- 4 Review with independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources.
- 5 Consider and review with the independent auditor:
  - (a) The adequacy of internal controls including the computerised information system controls and security; and
  - (b) Related findings and recommendations of the independent auditor together with management's responses.
- 6 Consider and review with the management and the independent auditor;
  - (a) Significant findings during the year, including the status of previous audit recommendations;

**TULASEE BIO-ETHANOL LIMITED****(Formerly : BEE-AM CHEMICALS LIMITED)**

- (b) Any difficulties encountered in the course of audit work including any restrictions on the scope of activities or access to required information;
  - (c) Any changes required in the planned scope of the internal audit plan.
7. Report to the Board of Directors on significant results of the foregoing activities.

**(c) Relationship with independent auditors**

The Board of Directors and the committee have the ultimate authority and responsibility to select, evaluate, and, where appropriate, replace the independent auditors in accordance with law. All possible measures must be taken by the committee to ensure the objectivity and independence of independent auditors. These include :

- actively engaging in dialogues with the auditors with respect to any disclosed relationships or services that may impact their objectivity and the independence and take, or recommend that the Board of Directors take appropriate action to ensure their independence; and
- require and encourage the independent auditors to open and frank discussion on their judgments about the quality, not just the acceptability of the company's accounting principles as applied in its financial reporting, including such issues as the clarity of the company's financial disclosures and degree of aggressiveness or conservatism of the company's accounting principles and underlying estimates and other significant decision made by the management in preparing the financial disclosure and audited by them.

**Composition of the audit committee as on 31<sup>st</sup> March 2003**

The audit committee of the Company comprises of three non-executive independent directors. They are:

1. Mr. Kapil Nagpal, *Chairman*
2. Mr. Harshwardhan Sharma
3. Mr. Laxman Kulkarni

**Audit Committee attendance for the financial year ended 31<sup>st</sup> March 2003**

Constitution of the audit committee has taken place with effect from 31<sup>st</sup> January, 2002. Four audit committee meetings were held during the year on 31<sup>st</sup> July, 2002, 28<sup>th</sup> October, 2002, 31<sup>st</sup> October, 2002 and 31<sup>st</sup> January, 2003. Table hereunder gives the attendance record of the audit committee members.

<b>Name of the audit committee members</b>	<b>No. of meetings attended</b>
Mr. Harshwardhan Sharma	4
Mr. Kapil Nagpal	4
Mr. Laxman Kulkarni	4

The committee has recommended to the board the appointment of M/s. M.H. Murlidhar & Co, Chartered Accountant as Statutory Auditors of the Company for the year 2003-2004 as the statutory and independent auditors of the company for the fiscal year ending March 31, 2004 and that their necessary resolutions for appointing them as auditors be placed before the shareholders.

**2 Shareholders/Investors grievance Committee :**

The Share Transfer Committee has been re-constituted as 'Shareholders/Investors Grievance Committee' with effect from 31<sup>st</sup> January, 2002. The Committee consists of the following three directors all being non-executive:

1. Mr. Kapil Nagpal, *Chairman*
2. Mr. Laxman Kulkarni
3. Mr. Harshwardhan Sharma