

52ND ANNUAL REPORT

31ST MARCH 1997

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| MD | <input checked="" type="checkbox"/> | | BKC | <input checked="" type="checkbox"/> |
| CS | <input checked="" type="checkbox"/> | | DPY | <input checked="" type="checkbox"/> |
| BO | <input checked="" type="checkbox"/> | | DIV | <input checked="" type="checkbox"/> |
| TRA | <input checked="" type="checkbox"/> | | AC | <input checked="" type="checkbox"/> |
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**TECIL CHEMICALS AND
HYDRO POWER LIMITED**

TECIL CHEMICALS AND HYDRO POWER LIMITED

BOARD OF DIRECTORS

SHRI SHRINIWAS B. SOMANI
CHAIRMAN & MANAGING DIRECTOR

SHRI GHANSHYAM BINANI

SHRI ASHVIN C. DALAL

SHRI S.VENKATACHALAM

SHRI PREMJI SINGH

SHRI V. ANANTHAKRISHNAN
NOMINEE, INDUSTRIAL DEVELOPMENT BANK OF INDIA

SHRI A. K. NAIR
NOMINEE, THE KERALA STATE DEVELOPMENT CORPORATION LTD.

SHRI R.NARAYANAN
NOMINEE, INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LTD.

SHRI SHRIKANT SOMANI
JOINT MANAGING DIRECTOR

SHRI O.P.JOSHI
DIRECTOR (COMMERCIAL)

BANKERS

CANARA BANK, KOTTAYAM

CITI BANK, MUMBAI

CENTRAL BANK OF INDIA, MUMBAI

AUDITORS

STATUTORY AUDITORS

SURI & CO., THIRUVANANTHAPURAM

KHIMJI KUNVERJI & CO., MUMBAI

INTERNAL AUDITOR

KAILASH CHAND JAIN & CO., MUMBAI

REGISTERED OFFICE

P.O.CHINGAVANAM 686 531

DIST.KOTTAYAM (KERALA)

ADMINISTRATIVE OFFICE

EMPIRE HOUSE (3RD FLOOR)

214, DR. D. N. ROAD, FORT,

MUMBAI 400 001.

FIFTY-SECOND ANNUAL REPORT 1996-97

NOTICE is hereby given that the Fifty Second Annual General Meeting of the Company will be held on Saturday the 27th September, 1997 at 3.30 p.m. at TECIL PREMISES, P.O. Chingavanam 686 531 Dist. Kottayam (Kerala) to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report, Auditors' Report and audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet of the Company as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Shri S.Venkatachalam who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Shrikant Somani who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri Ashvin Dalal who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration and if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution:

"Resolved that M/s.Suri and Co., Chartered Accountants and M/s.Khimji Kunverji and Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration of Rs.60,000/- p.a. and Rs.52,000/- p.a. respectively in addition to reimbursement of out of pocket expenses in connection with the audit of the accounts of the Company."

SPECIAL BUSINESS

7. To consider and if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT in partial modification of the resolution passed by the members at the Extra- Ordinary General Meeting held on Friday, 4th July 1997 consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any of the Companies Act, 1956 to second charge by the Board of Directors of the Company on all or any of the immovable and movable properties of the Company wheresoever situated, present and future, and the whole of the undertaking of the Company together with power to take over the management of the business and concern of the Company in certain events to and in favour of the following namely: KEYNOTE CORPORATE SERVICES LIMITED - Trustees for Tecil Power Bondholders to secure its /their rupee Bonds which are issued/may be issued aggregating to Rs.987.01 lacs, together with interest thereon at the respective agreed rate."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to finalise the documents with the aforesaid Trustees for creating aforesaid second charge and to do all such acts and things as may be necessary, desirable or expedient for giving effect to the above resolution."

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

"RESOLVED THAT in partial modification of the Ordinary Resolution passed at the Extra -Ordinary General Meeting of the Company held on 4th July, 1997 and in accordance with the provisions of Sections 198, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force), the Company hereby approves the increase in salary, perquisites, allowances and with such increments as may be decided by the Board from time to time payable to Shri O.P.Joshi Director (Comm.) with effect from 1/8/97 for the remainder of the tenure of his term.

"RESOLVED FURTHER THAT where in any financial year closing on and after 1st April, 1998 the Company has no profits or its profits are inadequate, the Company may pay to Shri O.P.Joshi remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit of Rs.10,50,000/- per annum and in addition thereto the perquisites not exceeding the limits specified under Section II of Part II of Schedule XII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."

9. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution**:

"RESOLVED THAT the Authorised Capital of the Company be increased by Rs. 5,00,00,000 divided into 50,00,000 Equity Shares of Rs.10/- (Rupee Ten) each to Rs.30,00,00,000 divided into 2,95,00,000 (Two Crores Ninety Five Lacs) Equity Shares of Rs.10/- each and 50,000 (Fifty Thousands) Preference Shares of Rs.100/- (Rupee One Hundred) each and that Clause V of the Memorandum and Association of the Company be altered accordingly subject to obtaining the approval of the Company in General Meeting.

"RESOLVED FURTHER THAT the Articles of Association be altered following manner:"

Substitute the following Article for Article 4:

The Authorised Capital of the Company is Rs.30,00,00,000 (Rs. Thirty Crore) divided into 2,95,00,000 (Two Crores Ninety Five Lacs) Equity Shares of Rs.10/- each (Rs. Ten only) and 50,000 (Fifty Thousands) Preference Shares of

TECIL CHEMICALS AND HYDRO POWER LIMITED

Rs.100/- each (Rs. One Hundred only).

10. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution** :

"RESOLVED THAT in accordance with the provisions of Sections 16,94, and all other applicable provisions, if any, of the Companies Act 1956 (including any statutory modification or re-enactment thereof for the time being in force), the existing Authorised Share Capital of the Company, viz Rs.30,00,00,000 (Rupees Thirty Crores) divided into 2,95,00,000 Equity Shares of Rs.10 (Rupee Ten) each and 50,000 Preference Shares of Rs.100 (Rupee One Hundred) each, be and is hereby restructured to comprise 2,00,00,000 Equity Shares of Rs.10 (Rupees Ten) each and 10,00,000 Preference Shares of Rs.100 (Rupee One Hundred) each and consequently, the existing Clause V of the Memorandum of Association of the Company, relating to the Share Capital, be and is hereby altered by deleting the same and substituting in its place and stead, the following as new Clause V of the Memorandum of Association of the Company, viz.

"V. The Authorised Share Capital of the Company is Rs.30,00,00,000 (Rupee Thirty Crores) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs.10 (Rupee Ten) each and 10,00,000 (Ten Lacs) Preference Shares of Rs.100 (Rupees One hundred) each (and such Preference Share may be either Convertible or Non Convertible, Cumulative or Non Cumulative, and may carry such dividend as may be decided by the Directors from time to time) with power to the Company to Convert the same into Equity Shares at any time and from time to time, to increase, reduce or modify the capital and to divided all or any of the shares in the Capital of the Company, for the time being, and to classify and reclassify such shares from shares of one class into shares of other class or classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by the Company in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner and by such persons as may, for the time being, be permitted under the provisions of the Articles of Association of the Company or legislative provisions for the time being in force in that behalf."

11. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 4 of the Articles of Association of the Company be and is hereby altered by deleting the same and substituting in its place and stead, the following as new Article 4 :

"4. The Authorised Share Capital of the Company is Rs.30,00,00,000 (Rupee Thirty Crores) divided into 2,00,00,000 (Two Crore) Equity Shares of Rs.10 (Rupee Ten) each and 10,00,000 (Ten Lacs) Preference Shares of Rs.100 (Rupees One Hundred) each (and such Preference Share may be either Convertible or Non Convertible, Cumulative or Non Cumulative, and may carry such dividend as may be decided by the Directors from time to time) with power to the Company to Convert the same into Equity Shares at any time and from time to time, to increase, reduce or modify the capital and to divided all or any of the shares in the Capital of the Company, for the time being, and to classify and reclassify such shares from shares of one class into shares of other class or classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by the Company in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner and by such persons as may, for the time being, be permitted under the provisions of the Articles of Association of the Company or legislative provisions for the time being in force in that behalf."

12. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution** :

"RESOLVED THAT in supersession of resolution passed by the Members in the Extra-Ordinary General Meeting of the Company held on 4th July, 1997 the approval of the Company be and is hereby accorded pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where securities of the Company are listed and subject to approval of Securities and Exchange Board of India (SEBI) and such other institutions, bodies (hereinafter collectively referred to as the "Concerned Authorities") and such other approvals, permissions and sanctions as may be required under applicable laws, rules and regulations and subject to such terms, conditions, alterations, modifications, changes and variations, if any, that may be specified under any such approvals, permissions and sanctions, the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this resolution) be and is hereby authorised with power to delegate such authority to such person(s), as the Board may deem fit and consent of the Company be and is hereby accorded to the Board to offer, issue and allot 10,00,000 Preference Shares, of Rs.100 each which may be either Convertible or Non-Convertible, Cumulative or Non-Cumulative, (hereinafter referred to as securities) at par or at premium and in such numbers and to such persons, whether or not such persons are existing shareholders of the Company, Indian Investors, Indian Mutual Fund, Foreign Investors, whether institutions and/or incorporated Bodies and/or individuals and/or Trustees, through Prospectus and/or circular or by way of public issue or by way of preferential offer or private placement or by way of bought-out deals or by any one or more or a combination of the above methods in the manner and on the terms and conditions set out below and/or on such other terms and conditions as may be prescribed by the appropriate authorities while granting such approval or which the Board may in its absolute discretion consider proper or expedient :

- (i) The Preference Shares to be issued and allotted by the Company in the manner aforesaid, will be subject to the

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provisions of the Companies Act, 1956 and Memorandum and Articles of the Company.

- (ii) The Preference Shares will carry such rate of dividend as the Board may decide in the absolute discretion.
- (iii) The rate of Dividend may vary for each series of preference Shares to be issued.
- (iv) The dividend may be either Cumulative or Non-Cumulative as the Board may decide.
- (v) The Preference Shares will be redeemed at such price, in one or more instalments on expiry of specified periods as may be agreed to by the Board and the subscriber(s)

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and it is hereby authorised to agree to and to make such modifications and alterations from time to time as it deem fit and to take all steps as it may deem necessary, desirable or expedient and to resolve all question or doubts and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the Members of the Company and the decision of the Board shall be final and conclusive."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to enter into and execute such arrangements with all such agencies or persons as may be involved or concerned in such issue of shares and to remunerate all such agencies or persons by way of commission, brokerage, fees or alike.

13. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution** :

"RESOLVED THAT in supersession of resolution passed by the Members in the Extra-Ordinary General Meeting of the Company held on 4th July, 1997 the approval of the Company be and is hereby accorded pursuant to Section 81 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where securities of the Company are listed and subject to approval of Securities and Exchange Board of India (SEBI) and such other institutions, bodies (hereinafter collectively referred to as the "Concerned Authorities") and such other approvals, permissions and sanctions as may be required under applicable laws, rules and regulations and subject to such terms, conditions, alterations, modifications, changes and variations, if any, that may be specified under any such approvals, permissions and sanctions, the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this resolution) be and is hereby authorised with power to delegate such authority to such person(s), as the Board may deem fit and consent of the Company be and is hereby accorded to the Board to offer, issue and allot 10,00,000 Preference Shares, of Rs.100 each which may be either Convertible or Non-Convertible, Cumulative or Non-Cumulative, (hereinafter referred to as securities) at par or at premium and in such numbers to the existing shareholders of the Company on right basis, through Prospectus and/or offering letter circular or memorandum on right basis or by way of public issue or by way of preferential offer or private placement or by way of bought-out deals or by any one or more or a combination of the above methods in the manner and on the terms and conditions and in such ratio as may be permissible under appropriate authorities while granting such approval or which the Board may in its absolute discretion consider proper or expedient :

- (i) The Preference Shares to be issued and allotted by the Company in the manner aforesaid, will be subject to the provisions of the Companies Act, 1956 and Memorandum and Articles of the Company.
- (ii) The Preference Shares will carry such rate of dividend as the Board may decide in the absolute discretion.
- (iii) The rate of Dividend may vary for each series of preference Shares to be issued.
- (iv) The dividend may be either Cumulative or Non-Cumulative as the Board may decide.
- (v) The Preference Shares will be redeemed at such price, in one or more instalments on expiry of specified periods as may be agreed to by the Board and the subscriber(s)

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and it is hereby authorised to agree to and to make such modifications and alterations from time to time as it deem fit and to take all steps as it may deem necessary, desirable or expedient and to resolve all question or doubts and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the Members of the Company and the decision of the Board shall be final and conclusive."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to enter into and execute such arrangements with all such agencies or persons as may be involved or concerned in such issue of shares and to remunerate all such agencies or persons by way of commission, brokerage, fees or alike.

By Order of the Board

Sd/-

S.B.SOMANI

Chairman & Managing Director

Mumbai, 7th August, 1997

TECIL CHEMICALS AND HYDRO POWER LIMITED**ANNEXURE TO NOTICE (EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956)****ITEM NO.7**

In view of the recent adverse developments in the CRB group, the Company has decided to terminate the services of M/s. CRB Share Custodian Services Limited to act as Trustees of the Tecil Power Bondholders and appoint M/s KEYNOTE CORPORATE SERVICES LIMITED " to act as trustees with effect from 23 June 1997.

The Bonds together with interest accrued thereon will be secured by an second charge in favour of the Trustees of the Bondholders' subject to the prior/exclusive charges created/to be created as security for any loans and credit and other financial facilities availed/to be availed by the Company from Banks and Financial Institutions.

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a public Company shall not, without the consent of such public Company in 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. Since the mortgaging and/or charging by the Company of its immovable and movable properties as aforesaid in favour of the Trustees of Bondholder may be regarded as disposal of the Company's properties/undertaking, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 before creation of the said second charge.

Copy of the Draft copy of scheme referred above is open for inspection at the Registered Office of the Company between 10.30 A.M. and 12.30 P.M. on any working day prior to the date of meeting.

None of the Directors of the Company is interested in the Resolution.

Your Directors recommend the Resolution for your approval.

ITEM NO.8

At the Extra-Ordinary General Meeting of the Company held on 04/7/1997, the shareholders had approved the appointment and terms of remuneration of Shri O.P.Joshi Director (Comm.) of the Company. It is proposed to enhance the remuneration payable to Shri O.P.Joshi w.e.f. 1/8/1997 for the remainder of the tenure of his term, which is upto 30/11/2001.

The increased remuneration proposed to be paid to Shri O.P.Joshi by way of salary, perquisites and allowances is as given under:

Salary:

Rs. 25,550/- per month.

Perquisites and Allowances:

In addition to salary, Shri O.P. Joshi shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof; together with reimbursement of expenses/allowances for utilisation of gas, electricity, water, furnishing ; medical reimbursement; Leave Travel Concession for self and his family including dependants; club fees, premium for medical insurance and all other payments in the nature of perquisites and allowances upto Rs.1,00,000 per annum, subject to overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956 as may be agreed by the Board.

The minimum remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the period of his appointment will be subject to a maximum ceiling limit of Rs.10,50,000/- per annum or Rs.87,500/-per month and in addition thereto the perquisites in the manner set out in Section II of Part II of Schedule XIII to the Companies Act, 1956.

The other terms and conditions of the appointment/reappointment approved by the shareholders at the Extra-Ordinary General Meeting held on 04/7/1997 will remain unchanged.

The revised terms of remuneration are to be approved by the members in general meeting and the Directors recommend this resolution for approval by the members.

This explanation together with accompanying notice is and should be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

Except Shri O.P.Joshi, no other Director is concerned or interested in this Resolution.

ITEM NO. 9

The present Authorised Share Capital of the Company is Rs.25,00,00,000 (Rupee Twenty Five Crores) divided into 2,45,00,000 Equity Shares of Rs.10/- (Rupee Ten) each. It is proposed to increase the Authorised Share Capital by a further Rs.5,00,00,000 (Rupee Five Crores) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs.10/- (Rupee Ten) each. This increase is to provide for the issue of further shares that may be considered necessary. Consequential changes will be effected in the capital clause of the Memorandum of Association as also in the Articles of Association of the Company.

None of the Directors of the Company is interested in the Resolution.

Your Directors recommend the Resolution for your approval.

FIFTY-SECOND ANNUAL REPORT 1996-97**ITEM NO. 10 & 11**

The present authorised capital of the Company is Rs.30,00,00,000 (Rupee Thirty Crores) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs.10 (Rupee Ten) each and 10,00,000 Preference Shares of Rs.100 (Rupee One Hundred) each.

The Company is Considering several avenues for mobilising resources and one of them would be by issue of Preference Shares to various categories of investors on such terms and conditions as the Directors may decide for our ongoing two hydro projects.

The substitution of Clause V of the Memorandum of Association and Articles of Association is, therefore, proposed in accordance with the provisions of Sections 16,31 and 94 of the Companies Act,1956.

Directors of the Company be deemed to be concerned or interested in the aforesaid resolutions to the extent of shares allotted to them .

A copy of the Memorandum and Articles of Association of the Company, reflecting the substitution as per the respective resolution, is available for inspection at the Registered Office of the Company.

ITEM NO. 12 & 13

Your Company is exploring the possibility of issuing Preference Shares to various categories of investors on such terms and conditions, including as to dividend and in one or more tranches, as the Board may decide .The resolution at Item No.12 & 13 of the notice is an enabling resolution to give effect to the aforesaid proposal.

Section 81 of the Companies Act,1956,provides inter alia,that where at any time after the expiry of two years from the formation of a Company or at any time after the expiry of one year from the allotment of shares in that Company made for the first time after its formation,whichever is earlier,it is proposed to increase the subscribed capital of the Company by allotment of further shares, then such further shares shall be issued to existing shareholders. However,in terms of the provisions Section 81(1A),the shareholders may,by a Special Resolution,authorise the Board of Directors of a Company to offer further shares to any person other than existing shareholders.Accordingly,your Directors have proposed the Special Resolutions at Item No.12 of the Notice.

The Directors,therefore,commend this enabling resolution for your approval.

Directors of the Company be deemed to be concerned or interested in the aforesaid resolutions to the extent of shares allotted to them .

By Order of the Board

Sd/-

S.B.SOMANI

Chairman & Managing Director

Mumbai, 7th August,1997

NOTES:

1. Explanatory statements as required under Section 173(2) of the Companies Act, 1956 are annexed.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member. Proxies in order to be effective, must be received by the Company not later than 48 hours before the meeting.
3. Members are requested to notify immediately any change in their addresses.
4. The Register of Members and the Share Transfer Book of the Company will remain closed from September 22, 1997 to September 26, 1997. (both days inclusive). The dividend if approved will be paid to the members or their Mandatees whose names would appear on the Register of Members on the date of the Annual General Meeting.
5. Members desiring to submit Mandates, to file Tax Exemption Certificates or to lodge transfer deeds for shares are requested to forward the same so as to reach the Company's Registrars at System Support Services, 209 Shivai Industrial Estate, Next to Parke Davis Ltd., Saki Naka, Bombay 400 072 on or before September 22,1997. The Company will not be in a position to act upon any document which is incomplete or received after September 22, 1997.

TECIL CHEMICALS AND HYDRO POWER LIMITED**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting the 52nd Annual Report together with the Audited Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

The results for the year are summarized herein below:

| | Rs. in (000) | |
|--|--------------|-------------|
| YEAR ENDED 31ST MARCH | 1997 | 1996 |
| Net Sales | 296782 | 541862 |
| Other Income | 16200 | 14686 |
| Total Income | 312982 | 556548 |
| Profit before Interest & Depreciation | 14273 | 66270 |
| Less : Interest | 11404 | 15280 |
| Gross Profit | 2869 | 50990 |
| Less : Depreciation | 15801 | 8297 |
| (Loss)/Profit for the year | (12932) | 42693 |
| Transfer from Investment Allowance | | |
| Reserve (Utilized) | 430 | 221 |
| Surplus b/f from previous year | 57804 | 34115 |
| Balance available for appropriation | 45302 | 77029 |
| Surcharge on power charges for earlier years provided | 30337 | - |
| Provision for Income-Tax | - | 2500 |
| General Reserve | - | 3650 |
| Proposed Dividend on equity Shares | 2993 | 13075 |
| Tax on Dividend | 299 | - |
| Balance carried forward to Balance Sheet | 11673 | 57804 |
| | 45302 | 77029 |

DIVIDEND

In spite of loss during the year your Board of Directors have recommended a tax free dividend at 2% on equity share of Rs.10 each (previous year 10 %) on 1,49,66,500 equity shares subject to approval of members in the Annual General Meeting for the year ended 31st March, 1997.

OPERATIONS

The year under report was an exceptionally bad year for your Company .It had to face severe power cuts throughout the year even to the extent of 100 % power cut during the year (1st April 96 to 26th April 1996 and 11th July to 26th August 1996) and workers strike for 48 days. There were also power cuts from 30 % to 70 % during the year on various dates. This has affected the operations of the Company seriously. The income from operation has decreased to the extent of 45 % from Rs.5419 lacs to Rs.2967.82 lacs . Consequently , the Company was not able to absorb all fixed costs, resulting into a net loss of Rs.129.32 lacs for the year, though the Company did not suffer cash losses.

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Operations are expected improve this year as the Company's Ullunkal Hydro Power Plant (7.5 MW) is expected to generate power by the end of December 1997. This power shall be used for captive consumption thereby reducing dependency on the KSEB. The power generated shall be considerably cheaper than KSEB tariffs. This will result in improved margins as power is one of the major inputs in the cost of production.

The Company's products viz. Calcium carbide, Acetylene Black and Desulphurisation compound continued to enjoy a good demand in the market during the year. Tata Iron and Steel Co. Ltd. (TISCO), Jamshedpur continued to patronize the Desulphurisation compound manufactured by your Company for the desulphurisation of their hot metals besides our supplies to Steel Plants of Steel Authority of India Ltd (SAIL).

HYDRO POWER PROJECTS

You will be happy to know that the work in respect of our 2 Hydro Power Projects allotted by the Government of Kerala is progressing satisfactorily. The civil work and fabrication work of the projects on progress and Electro Mechanical Machinery and Equipments for Ullunkal Hydro Power are now reaching at site and erection work is on. We expect Ullunkal Hydro Power Project (7.5 MW) be completed around by December 1997 and the Karrikayam Hydro Power Project (15 MW) is expected to generate power by June, 1998. The above projects are being financed by IREDA, IDBI and Canara Bank.

FINANCE

During the year, your Company had launched Fully Secured Non Convertible Tecil Power Bond on private placement basis for part financing the on going Hydro Power Projects in the State of Kerala. The bonds received good response from the investors and total amount mobilized was Rs.987.01 lacs against target amount of Rs.500 lacs. The shareholders shall be pleased to know that your Company was the 1st Company in the private sector to receive approval from CBDT to issue Bonds on private placement basis carrying benefits U/s 88 and 54 EA of the Income-tax Act 1961 for the investors.

Your Company is also planning to raise foreign currency loan by way of External Commercial Borrowing (ECB) in view of the recent relaxations made by the Government of India. Total amount planned to be mobilized is US \$ 6 million. The funds raised will be used to prepay the Institutional / Bank term loans which have been procured at high rates of interest. As the ECB shall be availed at a very lower rate of interest this will enable your Company to save interest outflow considerably thereby improving the cash flows. Negotiations are already underway for tying up the ECB from foreign lenders.

DEPOSITS

Deposits from 17 parties aggregating to Rs.61,000 which had matured were outstanding with the Company as on 31.3.1997 as the depositors had not claimed them on or before 31.3.1997. The other deposits which were due during the period have been repaid before 31.3.1997. These particulars are furnished in compliance with the directives of the Reserve Bank of India.

SUBSIDIARY COMPANY

The Annual Accounts of Citric India Ltd., subsidiary of your Company for 1996-97 have not been finalized so far and, therefore, are not annexed herewith. However, a statement pursuant to Section 212 (1)(C) of the Companies Act, 1956 is attached herewith alongwith audited accounts for the year ended 31st March, 1996.

INDUSTRIAL RELATIONS

Except for the strike by workers for 48 days, the overall relationship between the Workers and the Management has been satisfactory.

DISCLOSURE UNDER THE LISTING AGREEMENT

Under Clause 43 of the Listing agreement, companies who have issued shares are required to furnish comparison of the projected figures given in the Prospectus/ Letter of offer with the actuals in respect of profitability.

You are aware that in June 1995, the Company went to public with the offer of 1,00,00,000 equity shares of Rs.10/- each at a premium of Rs.20/- per share. The comparison of projections in the prospectus issued at the time of the said public issue with actual performance as to the profitability for the year 1996-97 is set out herein below :

Profitability

| Particulars | Actuals | Year ended 31.03.97 Rs. in (000) |
|---|---------|---|
| | | Projections made in the prospectus Dated 22.5.95 |
| 1. Income from operations | 312982 | 848400 |
| 2. Profit before Interest, Depreciation and Tax | 14273 | 142700 |
| 3. Interest | 11404 | 16100 |

TECIL CHEMICALS AND HYDRO POWER LIMITED

| | | |
|-----------------------------|---------|--------|
| 4. Depreciation | 15801 | 11700 |
| 5. (Loss)/Profit Before Tax | (12932) | 114900 |
| 6. (Loss)/Profit After Tax | (12932) | 74200 |
| 7. Dividend(%) | 2% | 20% |

Sales and consequent profit reduced for following reasons :

1. Workers strike in the plant for a period of 48 days resulted in stoppage of production of all products for the above period.
2. Severe Power cut by KSEB throughout the year
3. Due to the liberal import policy of the Government, the availability of Calcium Carbide and Acetylene Black at low prices has affected the realisation to a considerable extent.

PARTICULARS OF EMPLOYEES

The particulars regarding the Company's employees as required by Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are given in Annexure I forming part of this report.

DIRECTORS

Shri S.Venkatachalam , Shri Shrikant Somani and Shri Ashvin Dalal retire under Article 86 of the Articles of Association of the Company and being eligible offer themselves for reappointment. Your Directors recommend their reappointment.

Shri H.P.Vyas Jt.Managing Director has resigned from the Board of Directorship of your Company after a long service on the Board of this Company. The Board places on record the valuable services rendered by him as Jt.Managing Director of the Company.

IDBI has appointed their Nominee Director Shri V.Ananthakrishnan in place of Shri B.G.Mathew with effect from 1st October,1996. The board places on record the valuable services rendered by him and all their nominees as directors of the Company .

Shri O.P.Joshi Vice - President (Comm.) of the Company has been promoted as Director (Comm.) of the Company. The board has welcomed the appointment of Shri O.P.Joshi as Director (Comm.) of the Company.

AUDITORS

M/s. Suri & Co. Trivendrum and M/s. Khimji Kunverji & Co., Mumbai, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting. The Members are requested to re-appoint the Auditors and fix their remuneration.

NOTES ON ACCOUNTS

The notes to the accounts referred to in the Auditors Report are self explanatory and therefore do not call for any further comments.

PARTICULARS REGARDING CONSERVATION OF ENERGY, ETC.

As required in terms of Section 217(1) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo, etc. is given in Annexure II forming part of this report.

GENERAL

The Balance Sheet and Profit and Loss Account of the Company have been signed as per the provisions of Section 215(1)(ii) of the Companies Act, 1956.

Your Directors place on record their sincere appreciation for the continued cooperation, guidance, support and assistance provided during the year under report by Kerala State Industrial Development Corporation, IDBI, ICICI, IFCI, UTI, IREDA, Company's Bankers Canara Bank, Stock Exchanges where Company's shares are listed, Government of Kerala, Kerala State Electricity Board and other Govt. Agencies.

FOR AND ON BEHALF OF THE BOARD

Sd/-

(S.B.SOMANI)

Chairman & Managing Director

Mumbai

Dated 7th August 1997