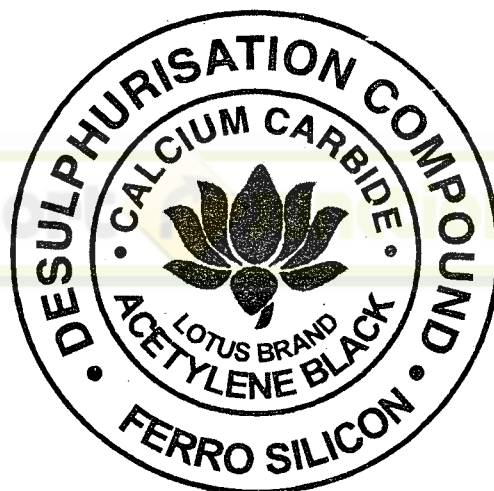


# **62<sup>nd</sup> ANNUAL REPORT**

**31<sup>st</sup> MARCH, 2007**



**TECIL CHEMICALS AND  
HYDRO POWER LIMITED**

## **BOARD OF DIRECTORS**

**SHRI. SHRINIWAS B. SOMANI**  
CHAIRMAN & MANAGING DIRECTOR

**SHRI. G. JOY (RESIGNED w.e.f. 29.08.2007)**  
DIRECTOR (OPERATION)

**SHRI. G. R. BANG**

**DR. R. S. SARDA**

**SHRI. P.C. JAIN**

**SHRI. GHANSHYAM K. JOSHI**

### **BANKERS**

LORD KRISHNA BANK LTD.  
UTI BANK LTD.

### **STATUTORY AUDITORS**

VMD AND COMPANY  
MUMBAI

### **REGISTERED OFFICE & WORKS**

P.O.CHINGAVANAM – 686 531  
DIST. KOTTAYAM (KERALA)

### **ADMINISTRATIVE OFFICE**

EMPIRE HOUSE, 3<sup>RD</sup> FLOOR,  
214, DR. D. N. ROAD, FORT,  
MUMBAI – 400 001.

**NOTICE**

Notice is hereby given that the 62<sup>nd</sup> Annual General Meeting of the Company will be held on Wednesday 26<sup>th</sup> September, 2007 at 11.00 A.M. at its Registered Office 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 of the Company for the year ended 31<sup>st</sup> March, 2007 and Balance Sheet as at that date.
2. To appoint a Director in place of Shri. P. C. Jain, who retires by rotation and being eligible offer himself for re-appointment.
3. To appoint a Director in place of Dr. R. S. Sarda, who retires by rotation and being eligible offer himself for re-appointment.
4. To appoint Auditors of the Company to hold Office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution.

"RESOLVED THAT M/s. VMD & Co., Chartered Accountants, Mumbai 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 at a remuneration to be fixed by the Board of Directors in connection with the Audit of the Accounts of the Company."

**NOTES:**

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the company. Proxies in order to be effective must be received by the company not later than 48 hours before the meeting.
2. Members are requested to notify immediately any change in their address.
3. The Register of Members & Share Transfer Book of the Company will remain closed from 19<sup>th</sup> September, 2007 to 26<sup>th</sup> September, 2007 (Both days inclusive).
4. Members desiring to submit mandates, to lodge transfer deed for shares are requested to forward the same so as to reach the Company's Registrars M/s System Support Services at 209, Shivai Industrial Estate, Next to Parke Davis Ltd., Saki Naka, Mumbai – 400 072 on or before 19<sup>th</sup> September, 2007. The Company will not be in a position to act upon any document, which is incomplete or received after 19<sup>th</sup> September, 2007.
5. The information required to be provided under the Listing Agreement entered into by the Company with the Stock Exchanges regarding the Directors who are proposed to be reappointed is given in the Corporate Governance report.
6. Members are requested to quote their Registered Folio Nos. on all correspondence with the Company.
7. Members are requested to send their queries to the Company, if any on Accounts at least 10 days before the Meeting

**BY ORDER OF THE BOARD,**  
For TECIL CHEMICALS AND HYDRO POWER LTD.

Sd/-  
**S. B. SOMANI**  
**CHAIRMAN & MANAGING DIRECTOR**

PLACE : MUMBAI  
DATE : 29<sup>th</sup> AUGUST, 2007

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### THE PRESENT STATUS OF THE COMPANY

The manufacturing plants of the Company were re-opened for maintenance in February 2007. During the year under report, the company has redeemed the Power Bonds and has also made repayments to other remaining secured creditors. The interest cost has significantly reduced paving the way for resuming the operations of viable plants. The Board of Directors of the Company is hopeful that the Company's performance in the coming years will show significant improvement.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

Due to cheap imports and other external factors, the prices of Calcium Carbide and Acetylene Black are un-remunerative. The Board of Directors of the Company have appointed an external agency to study the Techno – Economic Feasibility of Ferro Silicon. Based on their report the Board will take decision to resume the manufacturing operations of viable plants.

### OUTLOOK, OPPORTUNITIES AND THREATS

The Management is optimistic about the future of the Company as cost of operations have significantly come down. However, due to opening of global markets, the profitability of the Company may remain under stress. The Board of Directors will continue to make efforts to reduce Costs further to remain competitive.

### FINANCIAL PERFORMANCE

During the year under report, the Company has carried out trading activities in the chemicals and shares. After considering the surplus on sale of assets and making provisions for Doubtful Debts and obsolete inventory, the PBDIT for the year was Rs.57.41 Lacs. The Company incurred a loss of Rs. 50.17 Lacs after providing Interest and Depreciation. The Financial Performance of the Company is however not comparable to the last years figures which included an extra ordinary income of Rs. 3781.52 Lacs on account of writing back of excess liabilities and provisions and remission in the interest by Financial Institutions.

### HUMAN RESOURCES

Material development in human resources/ industrial relations front has been dealt with in the Directors' Report, under the head 'Operations' and 'Industrial Relations', which should be treated as forming part of this Management Discussion and Analysis, as at 31<sup>st</sup> March, 2007

### CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on these forward looking statements that speak only as of their dates.

## TECIL CHEMICLAS AND HYDRO POWER LIMITED

62<sup>nd</sup> ANNUAL REPORT 2006-2007

## DIRECTORS' REPORT

To  
The Members,

Your Directors hereby present the 62<sup>nd</sup> Annual Report together with the audited accounts for the year ended 31<sup>st</sup> March 2007.

**I. FINANCIAL RESULTS**

The results for the year ended 31<sup>st</sup> March 2007 are summarized herein below:

		Rs. In Lakhs
Year ended 31 <sup>st</sup> March	2007	2006
Net Sale	149.21	0.20
Other Income	668.53	4073.17*
Total Income	817.74	4073.37
Profit/(Loss) before interest, depreciation & Tax	57.41	3924.91
Less/Add: Interest	1.61	211.57
Depreciation	105.97	108.18
(Loss) / Profit for the year before tax	(50.17)	3605.16
Provision for Taxation	—	—
(Loss) / Profit after tax	(50.17)	3605.16
(Loss) b/f from previous year	(3098.20)	(6703.36)
(Loss) carried forward to Balance Sheet	(3148.37)	(3098.20)

- includes Rs.3781.52 Lacs being excess liabilities / provisions towards interest on Secured Loans and Power Bonds no longer required written back.

**II. DIVIDEND**

In view of unabsorbed losses of previous years, the Board of Directors do not recommend dividend for the year.

**III. OPERATIONS**

There has been significant developments during the year under Report and the Board of Directors of the Company are optimistic that the Company will be again on tracks in near future. Some of the positive developments are mentioned herein below:

1. During the year under report the Company has sold the uncompleted 15MW Karikayayam Hydro Power Project. The sale proceeds were utilized for repayment of remaining secured loans and to the Bond holders. As result the assets of the Company are free from all charges.
2. The Company has re-opened for maintenance and is in process of restructuring the operations of the Company. It has appointed an agency to study techno- economic viability of manufacturing Ferro Silicon
3. During the year under report the payment of retirement benefits has been made to the employees who have resigned / retired from the services of the Company. This has paved the way to engage the services of need based employees for operating the viable manufacturing plant.

**IV. DEPOSITS**

The Company does not have any deposits as on 31.03.2007

**V. INDUSTRIAL RELATIONS**

The Board of Directors record the Co-operation of its employees and their patience during the period of turbulence. The Industrial Relations are satisfactory

**VI. PARTICULARS OF EMPLOYEES**

There was no employee drawing remuneration in excess of the limit prescribed and hence requirement of attaching a statement as required by section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 is not applicable to this report

**TECIL CHEMICLAS AND HYDRO POWER LIMITED****62<sup>nd</sup> ANNUAL REPORT 2006-2007****VII. DIRECTORS**

Shri P. C. Jain and Dr. R. S. Sarda, Directors of the Company who retire by rotation, but being eligible, have offered themselves for re-appointment.

Shri G. Joy, Director (Operation) has resigned during the year.

**VIII. AUDITORS**

M/s. VMD & Co., Chartered Accountants, Mumbai retire at the forthcoming Annual General Meeting and are eligible for reappointment. The Company has received confirmation that the appointment, if made, would be within the limits prescribed u/s. 224(1B) of the Companies Act, 1956

**IX. AUDITORS OBSERVATIONS ON ACCOUNTS**

As regards the observations of the Auditors in para 4 (f) of their Report the Directors state that since various statutory demands as referred to in Note Nos.2.2.1 & 2.2.2 are under appeal and have not crystallized yet, hence no provision has been made in the accounts

**X. DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirements u/s.217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company confirm:

- i. that in the preparation of the Annual Accounts for the Financial Year ended 31<sup>st</sup> March 2007, the applicable Accounting Standards have been followed and there has been no material departure except to the extent noted by the auditors in their report.
- ii. that the selected accounting policies were applied consistently and the directors 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 as at March 31, 2007 and of the Loss of the Company for the year ended as on date.
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 or the safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. that the annual accounts have been prepared on a "going concern" basis, though the Company does not have any manufacturing activity during the year.

**XI. 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 I forming part of this Report.

**XII. CORPORATE GOVERNANCE**

Report on corporate governance and a certificate from the Practicing Chartered Secretary of the Company regarding compliance of the conditions of corporate governance as stipulated under clause 49 of the listing agreement with the Stock Exchange is given as Annexure II forming part of this Report.

**XV. 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 co-operation, guidance and support provided during the year under report by various institutions concerned as also the employees of the company for their sincere and dedicated service in pursuing the corporate objectives of the company.

**FOR AND ON BEHALF OF THE BOARD****Sd/-****S. B. SOMANI****CHAIRMAN & MANAGING DIRECTOR****Mumbai****29<sup>th</sup> August, 2007**

## ANNEXURE I

## THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

## A. CONSERVATION OF ENGERY:

Ours is a power intensive process. Energy conservation programs were undertaken in the Company on a continuous basis, but due to lockout throughout the year, no measures in this regard have been undertaken.

Total energy consumption and energy consumption per unit of production are as per Form A hereunder.

	Current Year	Previous Year
i) Power and Fuel Consumption:	NIL	(NIL)
ii) Consumption per Tonne of Production (Kwh)	NIL	(NIL)
iii) Technology Absorption: Due to LOCKOUT in the Company since last Eight years, the ongoing energy conservation programs had been stalled.		
iv) Foreign Exchange Earnings and Outgo: The total expenditure in foreign currency:	NIL	(NIL)

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## ANNEXURE II

## Corporate Governance Report 2006-2007

## 1. Company's Philosophy :

The Company's Philosophy on Corporate Governance is focused upon a rich legacy of fair, ethical and transparent governance practices. The Company is conscious of its responsibility as a good corporate citizen and is committed to high standard of Corporate Governance practices. This is reflected in the well balanced and independent structure of the Company's eminent and well represented Board of Directors. The Company is in full compliance with the requirements under Clause 49 of the Listing Agreement with the Stock Exchange.

## 2. Board of Directors :

On 31-03-2007, the Board of Directors comprises of an Executive Chairman, One Executive Director, One Non-Executive Director and Three Independent Directors. During the year Five Board Meetings were held on 27/04/2006, 22/07/2006, 29/09/2006, 17/10/2006 and 22/01/2007. The attendance of the Directors in the Board Meetings and last Annual General Meeting is given here below.

Name of Directors	Category	No. of Board Meetings Attended	Attended Last AGM
Shri S. B. Somani (Managing Director)	Executive Chairman	5	No
*Shri G. Joy (Director Operations)	Executive Director	1	Yes
Shri G.R. Bang	Non – Executive Director	5	Yes
Shri P.C. Jain	Independent	3	No
Dr. R.S. Sarda	Independent	3	No
Shri Ghanshyam K. Joshi	Independent	5	No

\* Shri G. Joy resigned w.e.f.29/08/2007

## Particulars of Re-appointed Directors:

Name : Shri R. S. Sarda  
 Designation : Director  
 Age : 59 Years  
 Experience : A Graduate in Science and Arts and also has a Master Degree in Dental Surgery. He is having wide experience in different spheres of life.  
 Other Directorship : Nil

Name : Shri P. C. Jain  
 Designation : Director  
 Age : 69 Years  
 Experience : Post Graduate in Commerce and had long association with Shree Digvijay Cement Company Ltd., as an Executive. He was Vice President of Saurashtra Cement Ltd.  
 Other Directorship : Nil

## 3. Audit Committee :

## i. Terms of Reference

The role and terms of reference of Audit Committee covers areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors.

## ii. Composition

The Audit Committee comprises of the following members:

Shri R. S. Sarda, Chairman

Shri P.C. Jain, Member

Shri G.R. Bang , Member

The Audit Committee held meetings 4 times during 2006-2007 on 27/04/2006, 22/07/2006, 17/10/2006 and 22/01/2007. The attendance of members are as follows:

Name	Category	Meetings during the year 2006-07	
		Held	Attended
Shri R. S. Sarda, Chairman	Independent Director	4	2
Shri P.C. Jain, Member	Independent Director	4	4
Shri G.R. Bang , Member	Non Executive Director	4	4

## TECIL CHEMICLAS AND HYDRO POWER LIMITED

62<sup>nd</sup> ANNUAL REPORT 2006-2007

## 4. Shareholders/ Investors Grievance Committee :

## i. Terms of Reference :

- a) To scrutinize and approve registration of transfer of shares/ debentures/ warrants issued / to be issued by the Company.
- b) To exercise all powers conferred on the Board of Directors under Article 43 of the Articles of Association.
- c) To decide all questions and matters that may arise in regard to transmission of shares / debentures / warrants issued / to be issued by the Company.
- d) To approve and issue duplicate shares / debentures / warrants certificates in lieu of those reported lost,
- e) To refer to the Board and any proposal of refusal of registration of transfer of shares / debentures / warrants for their consideration.
- f) To look into shareholders and investors complaints like transfer of shares, non- receipt of annual reports, non-receipt of declared dividends, etc., and
- g) To delegate all or any of its powers of Officers/ Authorized Signatories of the Company.

## ii. Composition

The Shareholder Grievance Committee was constituted in 2004 with following members comprised of Three Independent Directors

Shri P.C. Jain, Chairman

Dr. R.S. Sarda, Member

Shri Ghanshyam Joshi, Member

Shri Ashok Somani is Compliance Officer of the Company

Shri K.L. Mundra and Shri B. K. Lohia are Authorized Signatories for share transfer on behalf of the Company.

The committee met four times during 2006-2007 on 27/04/2006, 22/07/2006, 29/09/2006 and 22/01/2007. The attendance of the members are as follows:

	No. of Attendance
Shri P.C. Jain, Chairman	4
Dr. R.S. Sarda, Member	2
Shri Ghanshyam K. Joshi, Member	4

Compliance Officer Shri Ashok Somani was also participating in these meetings.

## 5. General Body Meetings :

## Annual General Meetings

Financial Year	Date	Time	Location
2005-2006	27/09/2006	11.00 a.m.	Tecil Premises, Chingavanam
2004-2005	30/09/2005	11.00 a.m.	Tecil Premises, Chingavanam
2003-2004	13/09/2004	11.00 a.m.	Tecil Premises, Chingavanam

## 6. Distribution of Shares as on 31/03/2007 :

No. of Shares	No. Shareholders	% of Holding
Up to 500	21215	91.98
501-1000	1111	4.82
1001-2000	422	1.83
2001-3000	95	0.41
3001-4000	37	0.16
4001-5000	32	0.14
5001-10000	56	0.24
10001-50000	54	0.23
50001-100000	18	0.08
Above 100000	26	0.11
<b>Total</b>	<b>23066</b>	<b>100</b>

## TECIL CHEMICLAS AND HYDRO POWER LIMITED

62<sup>nd</sup> ANNUAL REPORT 2006-2007

## 7. Category of Shareholders As on 31/03/2007 :

Category	No. of Shares	% of Holdings
Promoters, Relatives and Associates	6707037	35.37
Financial Institutions / Banks	2652170	13.99
Mutual Funds	420780	2.21
Foreign Institutional Investors	-	-
Non Resident Indian / Overseas Corporate Bodies	1198490	6.32
Body Corporate	253126	1.33
General Public	7732097	40.78
<b>Total</b>	<b>18963700</b>	<b>100</b>

## 8. Address for Correspondence :

The Company's Registered Office is situated at Chingavanam, Dist. Kottayam, Kerala State Pin. – 686 531.

Correspondence by the shareholders should be addressed either to Registered Office or Registrar and Share Transfer Agents or its Administrative Office at following address –

**Tecil Chemicals & Hydro Power Limited**

**Empire House, 3<sup>rd</sup> Floor, 214, Dr. D. N. Road, Fort, Mumbai 400 001**

## 9. General

a) Next Annual General Meeting will be held on 26<sup>th</sup> September 2007 at Tecil Premises, P.O. Chingavanam, Dist. Kottayam, Kerala Pin. – 686 531.

## b) Financial Calendar for 2007-2008

**Accounting Year**

First Quarter Result (Unaudited)

Second Quarter / Half Yearly Result (Unaudited)

Third Quarter Result (Unaudited)

Fourth Quarter Results (Unaudited)

Audited Annual Accounts

**April-2007 To March-2008**

Last Week of July-2007

Last Week of October-2007

Last Week of January-2008

Last Week of April -2008

Last Week of July – 2008

c) **Date of Book Closure** : Share Transfer Register will be closed from 19<sup>th</sup> September 07 to 26<sup>th</sup> September 07 ( Both Days Inclusive )

d) The Company's shares are listed at

a. **Bombay Stock Exchange (BSE)**

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

b. **National Stock Exchange of India Limited (NSE)**

"Exchange Plaza", Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.

c. **Cochin Stock Exchange Limited.**

MES Dr. P. K. Abdul Gafoor Memorial Cultural Complex,  
36/1565, 4<sup>th</sup> Floor, Judges Avenue, Kaloore, Kochi – 682 017.

d. **Madras Stock Exchange Limited**

Exchange Building, P. B. No. 183, 11, Second Line Beach, Chennai – 600 001.

e. **Delhi Stock Exchange Limited**

DSE House, 3/1 Asaf Ali Road, New Delhi – 110 002.

Stock Code: Bombay Stock Exchange - 506680

e) **Stock Market Data:**

Since the trading in shares has been suspended from trading in Stock Exchanges the Stock Market Data is not available. The Company however has already approached Bombay Stock Exchange (BSE Ltd.) for revocation of suspension in trading of shares and awaiting for revocation of suspension in trading of shares.

f) Since the Company is registered with BIFR, the Shares of the Company continue to be in physical form. However, the Company has approached to its Registrar & Transfer Agent for dematerialization of shares with NSDL & CDSL & to appoint them as Common Share Transfer Agency both for the physical as well as dematerialization.

g) The Register and Share Transfer Agents :

**M/s System Support Services**

209, Shivai Industrial Estate, Next to Parke Davis Ltd.

Saki Naka, Mumbai - 400 072.