

63RD ANNUAL REPORT

31ST MARCH, 2008



**TECIL CHEMICALS AND
HYDRO POWER LIMITED**

BOARD OF DIRECTORS

SHRI. SHRINIWAS B. SOMANI

CHAIRMAN & MANAGING DIRECTOR

SHRI. G. R. BANG

DR. R. S. SARDA

SHRI. P.C. JAIN

SHRI. GHANSHYAM K. JOSHI

BANKERS

AXIS BANK LTD.

HDFC BANK LTD.

STATUTORY AUDITORS

VMD AND COMPANY

MUMBAI

REGISTERED OFFICE & WORKS

P.O.CHINGAVANAM – 686 531

DIST. KOTTAYAM (KERALA)

ADMINISTRATIVE OFFICE

EMPIRE HOUSE, 3RD FLOOR,

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

MUMBAI – 400 001

NOTICE

Notice is hereby given that the 63rd Annual General Meeting of the Company will be held on 29th September, 2008 at 11.00 A.M., at its Registered Office at Tecil Premises, PO. 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 31st March, 2008 and Balance Sheet as at that date.
2. To appoint a Director in place of Shri. G R Bang, who retires by rotation and being eligible offer himself for re-appointment.
3. 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 22nd September, 2008 to 29th September, 2008 (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 Registrar M/s System Support Services at 209, Shivai Industrial Estate, Next to Parke Davis Ltd., Saki Naka, Mumbai – 400 072 on or before 22nd September, 2008. The Company will not be in a position to act upon any document, which is incomplete or received after 22nd September, 2008.
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 : 29th August, 2008

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

THE PRESENT STATUS OF THE COMPANY

The manufacturing plants at Chingavanam were re-opened for maintenance and however, the work had to be discontinued for the time being. The Board of Directors had appointed an agency to study Techno-Economic viability for manufacturing Ferro Silicon. However, the resumption of manufacturing activity could not be taken up due to various issues yet to be sorted out with State Government, Labour Unions and other concerned Authorities. The process of the payment of retirement benefits to the employees who have resigned / retired from the services of the Company is still continuing. This has paved the way to engage the services of need based employees on resumption of manufacturing activities.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Due to cheap imports, high labour and power cost the prices of Calcium Carbide and Acetylene Black continue to remain unremunerative. However, the prices of Ferro Silicon, inspite of cost escalation, still provide some margin. In the context of Company's operations, the manufacture of Ferro Silicon could not be taken up due to various issues which are yet to be sorted out and/or under negotiations.

OUTLOOK, OPPORTUNITIES AND THREATS

The Management is optimistic about the future of the Company as cost of operations have significantly come down due to manageable level of its liabilities resulting in significant reduction in interest outgo. 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 loss after providing for Interest and Depreciation for the year was Rs.307.08 Lacs as against the loss of Rs.50.17 Lacs in the previous year.

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 31st March, 2008.

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.

DIRECTORS REPORT

To
The Members,

Your Directors hereby present the 63rd Annual Report together with the audited accounts for the year ended 31st March 2008.

I. FINANCIAL RESULTS

The results for the year ended 31st March 2008 are summarized herein below:

		Rs. in Lacs
Year ended 31 st March	2008	2007
Net Sale	86.01	149.21
Other Income	25.90	658.39
Profit/(Loss) before interest, depreciation & Tax	(185.73)	57.41
Less/Add: Interest	17.33	1.61
Depreciation	104.62	105.97
(Loss) / Profit for the year before tax	(307.08)	(50.17)
Provision for Taxation	-	-
(Loss) / Profit after tax	(307.08)	(50.17)
(Loss) b/f from previous year	(3,148.37)	(3,098.20)
(Loss) carried forward to Balance Sheet	(3,455.45)	(3,148.37)

II. DIVIDEND

Due to Loss incurred by the Company, the Board of Directors do not recommend dividend for the year.

III. OPERATIONS

The manufacturing plants at Chingavanam were re-opened for maintenance, however, the work had to be discontinued for the time being. Your Board of Directors had appointed an agency to study Techno-Economic viability for manufacturing Ferro Silicon. However, the resumption of manufacturing activity could not be taken up due to various issues yet to be sorted out with State Government, Labour Unions and other concerned Authorities.

The process of the payment of retirement benefits to the employees who have resigned / retired from the services of the Company is still continuing. This has paved the way to engage the services of need based employees on resumption of manufacturing activities.

IV. DEPOSITS

The Company does not have any deposits as on 31.03.2008.

V. INDUSTRIAL RELATIONS

The industrial relations by and large 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

VII. DIRECTORS

Shri G. R. Bang, Director of the Company who retires by rotation, but being eligible, have offered themselves for re-appointment.

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)(i) of their Report the Directors state that since various statutory demands as referred to in Note Nos.2.1.1 & 2.1.2 are under appeal and have not crystallized yet, hence no provision has been made in the accounts.

As regards the observations of the Auditors in para 4(f) (ii) of their report, the Directors state that no provision has been made in the accounts as no demand has been made and liability has not crystallized.

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 31st March 2008, 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, 2008 and of the Profit 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 Company Secretary 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 & 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

Date: 29th August, 2008

ANNEXURE I**THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988****A. CONSERVATION OF ENERGY:**

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.

	<u>Current Year</u>	<u>Previous Year</u>
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 Nine years, the ongoing energy conservation programs had been stalled.		
iv) Foreign Exchange Earnings and Outgo: The total expenditure in foreign currency: (in Rs. '000)	91	(NIL)

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance:

Your Company is fully committed to the principles of transparency, integrity and accountability in all spheres of its operations and has been practicing the principles of good corporate governance over the years. In keeping with this commitment, your Company has been upholding fair and ethical business and corporate practices and transparency in its dealings and continuously endeavors to review, strengthen and upgrade its systems and procedures so as to bring in transparency and efficiency in its various business segments.

Your Board of Directors present the Corporate Governance Report for the year 2007-08 based on the disclosure requirements under Clause 49 of the Listing Agreement existing as on 31st March 2008.

2. Board of Directors:

The Board is headed by Executive Chairman, Shri S B Somani and is composed of committed and eminent persons with considerable professional experience in varied fields and comprises a majority of Non-Executive Directors. The Board is properly constituted as per Clause 49 of the Listing Agreement and comprised of one Executive Chairman, one Executive Director (upto 29.08.2007), one Non- Executive Director and three Non- Executive Independent Directors

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which, he is a Director. Necessary Disclosures regarding Committee positions in other Public Companies as on March 31, 2008 have been made by the Directors.

Name of Director	Category	No. of Board Meetings attended during 2007-08	Whether attended last AGM	No of other directorship	No of membership of audit committee and Share Holders & Investors Grievance Committee in other Companies	Chairmanship of audit committee and Share Holders & Investors Grievance Committee in other Companies
Shri S.B. Somani	Executive Chairman	4	No	3	Nil	Nil
Shri G. Joy (Resigned w.e.f 29.08.2007)	Executive Director	Nil	No	Nil	Nil	Nil
Shri G.R. Bang	Non-Executive Director	5	Yes	Nil	Nil	Nil
Shri P. C. Jain	Independent Director	3	No	Nil	Nil	Nil
Shri R. S. Sarda	Independent Director	5	No	Nil	Nil	Nil
Shri G. K. Joshi	Independent Director	5	No	4	3	3

(details are as on 31st March, 2008)

* Excludes alternate directorships and directorships in foreign companies and private companies which are neither a subsidiary nor a holding company of a public company.

Excludes Committees other than Audit Committee and Shareholders'/ Investors' Grievance Committee and Companies other than public limited companies.

DATES AND NUMBER OF BOARD MEETINGS HELD

During the financial year ended 31st March, 2008, 5 Meetings of the Board of Directors, were held as on 18/04/2007, 24/07/007, 29/08/2007, 25/10/2007, and 25/01/2008.

The Board periodically reviews compliance reports of all the laws applicable to the Company and has put in place procedures to review steps to be taken by the Company to rectify instances of non-compliance, if any.

In terms of the provisions of Clause 49 of the Listing Agreement and contemporary practices of good Corporate Governance, the Board has laid down a Code of Conduct for all Board members and senior management of the Company. All the Board members and senior management personnel have affirmed compliance with the said Code.

Particulars of Re-appointed Directors:

Name	: G. R. Bang
Designation	: Director
Age	: 62 years
Experience	: A Commerce Graduate from Rajasthan University, Associated with the Company more than 38 years, having wide experience in Financial Management.
Other Directorship	: Nil

Board Committees

The Board has constituted the following Committees of Directors:

(a) 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 was reconstituted on 18.04.2007. Shri R. S. Sarda resigned as chairman and member of the Audit Committee. Shri G. K. Joshi was inducted as member of the Audit Committee. Shri P. C. Jain, member of the Audit Committee was appointed as chairman in place of Shri R. S. Sarda.

The Audit Committee comprises of the following members:

Shri. P.C. Jain, Chairman

Shri. G. K. Joshi, Member

Shri. G.R.Bang, Member

The Audit Committee has 2 Independent Directors. The Composition of Audit Committee is in conformity with Clause 49 I (A) of the Listing Agreement. All the three members of the Audit Committee are financially literate and Shri P. C. Jain and Shri G. R. Bang have accounting and management related expertise.

A brief description of the terms of reference of the Audit Committee is as follows:

To review Internal Audit Reports, Statutory Auditors' Report on the financial statements, to generally interact with the Internal Auditors and Statutory Auditors, to review the adequacy of internal control systems, to select and establish accounting policies, to review financial statements before submission to the Board, to recommend the appointment and removal of external auditor and fixation of audit fees and other matters specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

During the 2007-08 under review 5 meetings of the Audit Committee were held, on 18.04.2007, 24.07.2007, 29.08.2007, 25.10.2007 and 25.01.2008. The attendance of members are as follows:

Name	Category	Meetings during 2007-08	
		Held	Attended
Shri R.S.Sarda, Chairman (resigned w.e.f 18.04.2007)	Independent Director	5	1
Shri P. C. Jain, Chairman (appointed w.e.f. 18.04.2007)	Independent Director	5	3
Shri G. R. Bang	Non-Executive Director	5	5
Shri G. K. Joshi	Independent Director	5	5

Share Transfer & Shareholders' / Investors' Grievance Committee :**(i) Terms of references:**

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

(ii) Composition

The Share Transfer & Shareholders' / Investors' Grievance Committee comprises following Members:

Shri. R. S. Sarda	Chairman
Shri. P. C. Jain	Member
Shri. G. K. Joshi	Member

The constitution and terms of reference of the Share Transfer & Shareholders' / Investors' Grievance Committee is in agreement with the guidelines prescribed under Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

This committee (i) approves and monitors transfers, transmission, splitting and consolidation of securities and issue of duplicate Certificates by the Company; (ii) looks into various issues relating to shareholders, including the redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of Balance Sheet, dividend etc.; and (iii) carries out the functions envisaged under the Code of Conduct for Prevention of Insider Trading adopted in terms of Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992.

The Share Transfer & Shareholders' / Investors' Grievance Committee met 5 times during the 2007-08 on 18.04.2007, 24.07.2008, 29.08.2007, 25.10.2007, and 25.01.2008. The attendance of the members are as follows:

	No. of Attendance
Shri R. S. Sarda	4
Shri P. C. Jain	3
Shri Ghanshyam. K. Joshi.	4

Name and designation of Compliance Officer: Shri Ashok Somani

- No. of Shareholders' Complaints received during the year : 6
- No. of Complaints not resolved to the satisfaction of shareholders : Nil
- No. of pending share transfers : Nil

3. General Body Meetings:

(a) Location and time where last three Annual General Meetings were held:

Financial Year	Date	Time	Location
2006-2007	26/09/2007	11.00 a. m.	Tecil Premises, Chingavanam
2005-2006	27/09/2006	11.00 a. m.	Tecil Premises, Chingavanam
2004-2005	30/09/2005	11.00 a.m.	Tecil Premises, Chingavanam

(b) Whether Special Resolutions were put through postal ballot last year : No

(c) Are votes proposed to be conducted through postal ballot this year : No

4. Other disclosures:**(a) Related Party Transactions**

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large: None of the transactions with any of the related parties were in conflict with the interest of the Company at large.

(b) Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable. The Company has not complied with Revised Accounting Standard AS-15 for Gratuity and Leave Encashment as the same are being accounted for on Cash Basis.

(c) Disclosures on Risk Management

During the year under review, a detailed exercise on Business Risk Management was carried out covering the entire spectrum of business operations and the Board has been informed about the risk assessment and minimization procedures as required under Clause 49 of the Listing Agreement. The Company has framed the Risk Assessment and Minimization Procedure which will be periodically reviewed by the Board.

(d) Code of Conduct

The Board of Directors has adopted the Code of Ethics and Business Principles for the Non-executive Directors as also for the employees including Executive Director. The said Code has been communicated to all the Directors. However, being a sick Company, the Company does not have any website of its own; therefore, the Company is unable to post the Code of Conduct on a website as required under Clause 49 of the Listing Agreement.

(e) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to Capital Markets, during the last three years: None