

65TH ANNUAL REPORT

31ST MARCH, 2010



**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 **SIXTY-FIFTH ANNUAL GENERAL MEETING** of the Company will be held on Wednesday the 29th September, 2010 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, 2010 and Balance Sheet as at that date and Cash Flow Statement for the year ended 31st March, 2010.
2. To appoint a Director in place of Shri. R. S. Sarda, who retires by rotation and being eligible offer himself for re-appointment for the year ended 31st March, 2010.
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."

SPECIAL BUSINESS

4. To Pass with or without modification the following resolution as Special Resolution.

RESOLVED THAT pursuant to provisions of Sections 198, 269, 309 and all other applicable provisions of the Companies Act, 1956, if any, including Schedule XIII thereof, as amended to date and other necessary approvals, if any, Shri S. B. Somani be and is hereby reappointed as the Managing Director of the Company for a period of 3 years w.e.f. 01/02/2010 on terms and conditions set out in the Explanatory Statement annexed hereto with liberty to the Board of Directors to alter or vary the same so as not to exceed the limits set out in Sections 198 and 309 read with Schedule XIII to the Companies Act, 1956 or any amendment thereto as may be agreed to between the Board of Directors and Shri. S. B. Somani.

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, 2010 to 29th September, 2010 (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 22nd September, 2010. The Company will not be in a position to act upon any document, which is incomplete or received after 22nd September, 2010.
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

PLACE : MUMBAI
DATE : 6TH JULY, 2010

BY ORDER OF THE BOARD,
For TECIL CHEMICALS AND HYDRO POWER LTD.
sd/-
S. B. SOMANI
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT AS REQUIRED U/S 173(2) OF THE COMPANIES ACT,1956

ITEM NO.4

Shri. S. B. Somani was reappointed as Managing Director of the Company for a period of 5 (Five) years w.e.f. 01st February, 2005 by the members by passing a Special Resolution in their meeting held on 30th September, 2005 and accordingly, tenure of Shri. S. B. Somani as the Managing director of the Company expired on 31/01/2010

Your Director at their Meeting held on 29/01/2010 have reappointed Shri. S. B. Somani as the Managing Director of the Company effective from 01/02/2010 for a period of 3 (Three) years on the Remuneration and Terms and Conditions, interalia as under:

1. Salary: Rs.60,000/- per month (including Dearness allowance)
2. Perquisites: Shri. S. B. Somani will be entitled to the following perquisites in addition to the salary

Category A

- A. Housing (i) The Expenditure by the Company on hiring furnished accomodation for the Managing director will be subject to the following ceiling:
60% of Salary over and above 10% payable by the Managing Director
- Housing (ii) In case the accommodation is owned by the Company.
10% of Salary of the Managing Director shall be deducted by the Company.
- Housing (iii) In case no accommodation is provided by the Company, the Managing director shall be entitled to House rent allowance, subject to the ceiling laid down in housing (i) above. The Expenditure incurred on gas, Electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however be subject to a ceiling of 10% of Salary of the Managing Director.
- b. Medical Expenses incurred by the Managing Director and his family reimbursement subject to ceiling of 1 month's salary in a year or 3 months salary over a period of 3 years.
- c. Leave Travel Concession: For the Managing Director and his family once a year incurred in accordance with the rules specified by the Company.
- d. Club Fees: Fees of Clubs, Subject to a maximum of two clubs. This will not include admission and life membership fees.
- e. Personal Accident Insurance : Premium not to exceed Rs. 40,000/-

Category "B" :

- a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent that these either singly or put together are not taxable under the Income Tax Act. Gratuity payable should not exceed half-a-month's salary for each completed year of service.,
- b. Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.

Category "C"

Provision of car for use on company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

The aggregate to the perquisites shall be restricted to Rs. 4,20,000/- per annum.

In case, the Company has no profits or the profits are inadequate in any financial year, Shri. S. B. Somani will be entitled to receive above remuneration and perquisites as minimum remuneration provided that such remuneration shall not exceed the limit as provided in Schedule XIII of the Act, as amended from time to time or any statutory enactment thereof.

Aforesaid Remuneration and Terms and Conditions applicable to Shri S. B. Somani are commensurate to his qualification, experience, status, positions held in the industrial arena.

Since the age of Shri. S. B. Somani is 74 years, the Resolution as setout in the Notice is to be passed as a Special Resolution and your Directors recommend passing of the same.

None of the Directors other than Shri S. B. Somani is concerned or interested in passing of the proposed Special Resolution.

Explanatory Statement and Notice may kindly be treated as an abstract as referred to in Section 302 read with Schedule XIII of the Act.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

THE PRESENT STATUS OF THE COMPANY

At present the manufacturing plants at Chingavanam are not in operation.

The Board of Directors are of the opinion that on satisfactory resolution of the pending issues, the Company can commence manufacturing operations partially to begin with. Since the manufacture of Calcium Carbide and Acetylene Black are not viable due to high cost of production only Ferro Silicon plant may be re-opened. The Techno- Economic viability study shows that Ferro Silicon has enough demand in domestic as well as overseas markets and the manufacturing operations are also viable. However till such time the pending issues with Kerala State Government, KSEB, Labour Unions and other concerned authorities are settled. The reopening of Ferro Silicon plant may be delayed further. regarding their outstanding dues, issues relating to workmen who have attained age of super annuation etc.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Due to cheap imports, high labour and power cost the prices of Calcium Carbide and Acetylene Black continue to remain un-remunerative. However the prices of Ferro Silicon, inspite of cost escalation, still provides some margin.

OUTLOOK, OPPORTUNITIES AND THREATS

The Board of Directors have made strenuous efforts to reduce administrative and other costs significantly. The Company has become a debt- free Company due to settlement of liabilities with the Financial Institutions and Banks and repayment of redemption liabilities towards Tecil Power Bonds.

Hence on satisfactory resolution of the pending issues, the manufacturing operations can be partially taken up and the outlook of the Company looks better.

There are five major Silicon producers in the world: - China, Russia, Ukraine, Brazil and Norway. The major consumers are China, Japan, USA and Russia. Ferro Silicon is mainly used in Steel production and also used by Magnesium smelters.

The US Economy has shown distinct sign of recovery. However the turmoil in several European countries poses a threat and may impact the export to these countries. However the company is in better position to withstand any such threats due to its debt free status and other cost advantages.

FINANCIAL PERFORMANCE

During the year under report the Company has carried out trading activities in chemicals. After providing for Interest and Depreciation loss for the year Rs. 4.34 Lacs as against the loss of Rs.55.76 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, 2010

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 **SIXTY-FIFTH ANNUAL REPORT** together with the audited accounts for the year ended 31st March, 2010.

I. FINANCIAL RESULTS

The results for the year ended 31st March, 2010 are summarized herein below:

	Rs. in Lakhs	
Year ended 31st March	2010	2009
Net Sale	0.02	225.50
Other Income	38.66	36.95
Profit/(Loss) before interest, depreciation & Tax	(99.61)	(42.74)
Less/Add: Interest	0.99	0.35
Depreciation	13.20	13.92
Tax / VAT Paid	0.14	9.66
(Loss) / Profit for the year before tax	(113.94)	(66.67)
Provision for Taxation	—	—
Less : Transferred from Revaluation Reserve	109.60	10.91
(Loss) / Profit after tax and adjustments	(4.34)	(55.76)
(Loss) b/f from previous year	(3511.21)	(3455.45)
(Loss) carried forward to Balance Sheet	(3515.55)	(3511.21)

II. DIVIDEND

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

III. OPERATIONS

At present the manufacturing plants at Chingavanam are not in operation. They 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 31.03.2010

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 R. S. Sarda, 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 No.4 f (i) 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.

As regards the observations of the Auditors in para No.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 2010, 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, 2010 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 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.

PLACE : MUMBAI
DATE : 6TH JULY, 2010

FOR AND ON BEHALF OF THE BOARD
sd/-
S. B. SOMANI
CHAIRMAN & MANAGING DIRECTOR

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.

	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 Ten years, the ongoing energy conservation programs had been stalled.		
iv) Foreign Exchange Earnings and Outgo: The total expenditure in foreign currency: (in Rs.'000)	48	856

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 endeavours 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 2009-10 based on the disclosure requirements under Clause 49 of the Listing Agreement existing as on 31st March 2010.

2. Board of Directors:

The Board is headed by Executive Chairman, Mr. 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 non- Executive Director and three 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, 2010 have been made by the Directors.

Name of Director	Category	No. of Board Meetings attended during 2009-10	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
Mr. S.B. Somani	Executive Chairman	5	No	2	Nil	Nil
Mr. G.R. Bang	Non-Executive Director	2	Yes	Nil	Nil	Nil
Mr. P. C. Jain	Independent Director	4	No	Nil	Nil	Nil
Mr. R. S. Sarda	Independent Director	5	No	Nil	Nil	Nil
Mr. G. K. Joshi	Independent Director	5	No	3	Nil	3

(details are as on 31st March, 2010)

DATES AND NUMBER OF BOARD MEETINGS HELD

During the financial year ended 31st March, 2010, 5 Meetings of the Board of Directors were held as on 20/04/2009, 27/07/2009, 04/09/2009, 30/10/2009, and 29/01/2010.

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	: Radheshyam Sarda
Designation	: Director
Age	: 62 years
Experience	: A Graduate in Science and Arts and also has a Master Degree in Dental Surgery. He has having wide experience in different spheres of life.
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 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 II (A) of the Listing Agreement. All the three members of the Audit Committee are financially literate and Shri G. R. Bang has 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 2009-10 under review 4 meetings of the Audit Committee were held, on 20.04.2009, 27.07.2009, 30.10.2009 and 29.01.2010. The attendance of members are as follows:

Name	Category	Meetings during 2009-10	
		Held	Attended
Shri P. C. Jain	Independent Director	4	4
Shri G. R. Bang	Non-Executive Director	4	4
Shri G. K. Joshi	Independent Director	4	4

(a) 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.