

66TH ANNUAL REPORT

31ST MARCH, 2011



**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-SIXTH ANNUAL GENERAL MEETING** of the Company will be held on Thursday the 29th September, 2011 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, 2011 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 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, 2011 to 29th September, 2011 (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, 2011. The Company will not be in a position to act upon any document, which is incomplete or received after 22nd September, 2011.
5. In accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges. the particulars of Directors who are proposed to be re-appointed are given in the Corporate Governance Section.
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.
8. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
9. Members/Proxies should bring the attendance slip duly filled in, for attending the Meeting. The Attendance slip is sent with this Annual Report.
10. Recently, the Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send official documents to their shareholders electronically as part of its green initiatives in corporate Governance.
Recognizing the spirit of the circular issued by the MCA, we henceforth propose to send Documents like the Notice convening the general meetings, Financial Statements, Directors', Auditors' Report, etc to the email address provided by you with your depositories.
We request you to update your email address with your depository participant to ensure that the annual report and other documents reach you on your preferred email.
11. Members can avail of the Nomination facility by filing Form 2B with the Company or its Registrar. Blank forms will be supplied on request. In case of shares held in demat form, the nomination has to be lodged with their DP.
12. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository Participants with whom they are maintaining their demat accounts(s). Members holding shares in physical form can submit their PAN details to System Support Services.

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

**PLACE: MUMBAI
DATE: 4th JULY, 2011**

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

FORWARD LOOKING STATEMENTS

The report contains forward looking statements, which may be identified by their use of words like , 'Plans', 'expect', 'will', 'soon', or other words of similar expressions. Such statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company undertakes no obligations to publicly update or revise forward looking statements, whether as a result of future events or otherwise. Actual results could differ materially from those expressed or implied. Readers are cautioned not to place undue reliance on these forward looking statements that speak only as of their dates.

THE PRESENT STATUS OF THE COMPANY

The Company is not carrying any manufacturing activity at present. The Management of the Company has been vigorously pursuing amicable resolution of the claims of the remaining workers including payment of their Retrenchment compensation etc. After protected negotiations, settlement has been arrived at and the Company will make full and final payment the dues of the workers as per agreed terms. Negotiations are also at advanced stage for settlement of the dues of Kerala State Electricity Board (KSEB). These were two major issues to be settled before the Company could venture into any new business activity.

TO SELL AND/OR DISPOSE OFF UNUSABLE AND/OR UNECONOMICAL AND/OR UNSERVICEABLE PLANT & MACHINERY AT CHINGAVANAM

The Shareholders of the Company had accorded their consent u/s 293(1)(a) of the Companies Act 1956 on 15-03-2005 by passing a Resolution u/s 293 (1) (a) of the Companies Act, 1956 and authorized Board of Directors of the Company to sell And/Or Dispose Off Unusable And/Or Uneconomical And/Or Unserviceable Plant & Machinery At Chingavanam.

The Board of Directors of the Company has been negotiating its prospective buyers for disposal of theses assets. The Board has now identified a buyer and has decided to sell and/or disposed off all obsolete plant and machineries which have unlive their economical life.

OUTLOOK OPPORTUNITIES AND THREATS

The Manufacturing Plants of the Company have been unoperational since 1999 and since then there has not been any activity at Chingavanam. As result, the plants and machineries and other installations have become obsolete and outdated. The Management has been making efforts to commence new business activity by making use of exiting infrastructural and other facilities available at Factory Site at Chingavanam. As the manufacturing operations have become unviable.

The Company is not having any debts on its Books. Thus there is a huge potential to enter into a new venture by utilizing the existing resources available with the Company. The Management expects that the Company will soon venture into a viable business activity.

FINANCIAL PERFORMANCE

	Amount Rs.(in Lacs)	
	<u>2010-11</u>	<u>2009-10</u>
Profit /(Loss) before Interest, Depreciation & Tax	(75.46)	(99.74)
Profit /(Loss) After Interest, Depreciation	(77.91)	(103.57)
Profit /(Loss) After Tax	(78.16)	(103.57)

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, 2011.

DIRECTORS' REPORT

To
The Members,

Your Directors hereby present the **SIXTY-SIXTH ANNUAL REPORT** together with the audited accounts for the year ended 31-March, 2011.

I. FINANCIAL RESULTS

The results for the year ended 31-March, 2011 are summarized herein below:

<u>Year ended 31st March</u>	<u>Rs. In Lakhs</u>	
	<u>2011</u>	<u>2010</u>
Net Sale	—	0.02
Other Income	63.46	38.66
Profit/(Loss) before interest, depreciation & Tax	(75.46)	(107.54)
Less/Add: Interest	0.07	0.99
Depreciation	2.38	13.20
Tax / VAT Paid	0.34	0.14
(Loss) / Profit for the year before tax	(78.41)	(93.21)
Provision for Taxation	0.25	—
Less : Transferred from Revaluation Reserve from P & L A/c	—	99.23
(Loss) / Profit after tax and adjustments	(78.16)	(4.34)
(Loss) b/f from previous year	(3515.55)	(3511.21)
(Loss) carried forward to Balance Sheet	(3593.71)	(3515.55)

II. DIVIDEND

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

III. OPERATIONS

The Company has not carried any Manufacturing operations during the year under report. The Plant, Machineries and other installations have become obsolete and outdated and have outlived their economic life. Hence the Board of Directors has been exploring new business opportunities to make best use of land other infrastructure facilities available at Chingavanam Plant. The Board had also conducted feasibility study and has zeroed on setting up an IT Park. After protracted negotiations an amicable settlement has been arrived at for payment of dues to at for payment of dues to remaining workmen including their claim for retrenchment compensation and payment will be made to them shortly. The Company is also at advance stage of negotiations with KSEB for one time settlement of its dues. The settlement of these two major issues will pave the way for commencing any new business activity at factory site.

IV. SALE AND/OR DISPOSAL OF SURPLUS, UNSERVICEABLE AND UNECONOMIC PLANT AND MACHINERIES

Pursuant to consent accorded by shareholders by passing ordinary resolution u/s 293 (1) (a) of Companies Act, 1956 through Postal Ballot on 15-03-2005 inter-alia for Sale of Surplus, unserviceable and uneconomic Plant and Machineries, the Board has decided to sell and /or dispose off all such assets which will enable the Company to pursue new business activity at Chingavanam factory site. The Company has initiated necessary steps for obtaining necessary approvals etc.

V. DEPOSITS

The Company does not have any deposits as on 31.03.2011

VI. INDUSTRIAL RELATIONS

The industrial relations by and large are satisfactory.

VII. 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

VIII. DIRECTORS

Shri P. C. Jain, Director of the Company who retires by rotation, but being eligible, have offered himself for re-appointment.

IX. 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.

X. AUDITORS OBSERVATIONS ON ACCOUNTS

As regards the observations of the Auditors in Para No. 3 f of their Report the directors state that since various statutory demands are under appeal and have not crystallized yet, hence no provision has been made in the accounts.

XI. 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 2011, 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, 2011 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.

XII. 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.

XIII. 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.

XIV. 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

Place: Mumbai
Date: 4th July, 2011

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.

		<u>Current</u>	<u>Previous</u>
		<u>Year</u>	<u>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 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)	320	48

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 2010-11 based on the disclosure requirements under Clause 49 of the Listing Agreement existing as on 31st March 2011.

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, 2011 have been made by the Directors.

Name of Director	Category	No. of Board Meetings attended during 2010-11	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	4	No	1	Nil	Nil
Mr. G.R. Bang	Non-Executive Director	Nil	Yes	Nil	Nil	Nil
Mr. P. C. Jain	Independent Director	4	No	Nil	Nil	Nil
Mr. R. S. Sarda	Independent Director	4	No	Nil	Nil	Nil
Mr. G. K. Joshi	Independent Director	4	No	3	2	4

(details are as on 31st March, 2011)

DATES AND NUMBER OF BOARD MEETINGS HELD

During the financial year ended 31st March, 2011, 4 Meetings of the Board of Directors were held as on 29/04/2010, 06/07/2010, 22/10/2010, and 20/01/2011.

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	: Shri P.C.Jain
Designation	: Director
Age	: 72 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. He had wide experience of Secretarial work and Company laws.
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 with the following members comprised of Two Independent and One Non Executive Director.

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 the 2010-11 under review 4 meetings of the Audit Committee were held, on 29.04.2010, 06.07.2010, 22.10.2010 and 20.01.2011. The attendance of members are as follows:

Name	Category	Meetings during 2010-11	
		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.

(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