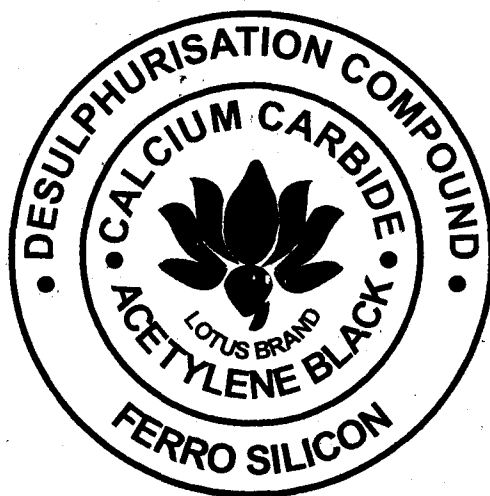


# **67<sup>TH</sup> ANNUAL REPORT**

## **31<sup>ST</sup> MARCH, 2012**



**TECIL CHEMICALS AND  
HYDRO POWER LIMITED**

**BOARD OF DIRECTORS**

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

**SHRI. G. R. BANG (Expired on 17.12.2011)**

**DR. R. S. SARDA**

**SHRI. P.C. JAIN**

**SHRI. GHANSHYAM K. JOSHI**

**BANKERS**  
AXIS BANK LTD.  
PUNJAB NATIONAL BANK  
STATE BANK OF INDIA

**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.

**WEBSITE :** [www.tecilchemicals.com](http://www.tecilchemicals.com)

**E-MAIL :** [contact@tecilchemicals.com](mailto:contact@tecilchemicals.com)

**NOTICE**

Notice is hereby given that the **SIXTY-SEVENTH ANNUAL GENERAL MEETING** of the Company will be held on Thursday, the 27<sup>th</sup> September, 2012 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 consider and adopt the Balance Sheet of the Company for the financial year ended 31<sup>st</sup> March, 2012, Statement of Profit & Loss Account and Cash Flow Statement for the year ended on that date and the Report of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Shri G. K. Joshi, who retires by rotation and being eligible offer himself for re-appointment.
3. To appoint Auditors to hold office from conclusion of this Meeting until the conclusion of the Next Annual General Meeting and to fix their remuneration.

**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 20<sup>th</sup> September, 2012 to 27<sup>th</sup> September, 2012 (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 20<sup>th</sup> September, 2012. The Company will not be in a position to act upon any document, which is incomplete or received after 20<sup>th</sup> September, 2012.
5. In accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, the particulars of a Director who is proposed to be re-appointed is 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 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' Report, Auditors' Report, etc at 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 Form 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: 22<sup>nd</sup> JUNE, 2012**

**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**

During the year under Report the Company has entered into an Agreement for sale of plant & Machineries, equipments, scrap etc on as is where is basis which, due to wear and tear had lost their useful and productive life and had also become obsolete and outdated. The Company has also made payment to all the remaining workers in full and final settlement of their statutory dues, retrenchment compensation etc. as per settlement arrived at in presence of Labour Commissioner, Trivandrum. After protected negotiations, a settlement of KSEB dues towards arrears of electricity charges were also arrived at and payment of Rs. 10 Crores has also been made as against final settlement amount of Rs. 14.75 Crores. The Company approached Hon'ble Kerala High Court and Court directed KSEB to re-examine Company's request for waiver of minimum demand charges for the period when Company was closed and no power was consumed. The Kerala High Court, has also stayed payment of balance amount.

Since by and large the Company has discharged all its liabilities, your Directors are actively making efforts to commence new business activity / projects.

### **TO SELL SURPLUS LAND SITUATED AT CHINGAVANAM, DIST. KOTTAYAM IN THE STATE OF KERALA**

The Shareholders of the Company 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) and authorised Board of Directors of the Company to sell surplus land situated at Chingavanam, Dist. Kottayam, Kerala.

The Board of Directors of the Company has been negotiating with its prospective buyers to sell off surplus land situated at Chingavanam. The Directors are hopeful that substantial funds will be generated from sale of land and same can be deployed in new business activity.

### **OUTLOOK OPPORTUNITIES AND THREATS**

The Manufacturing Plants of the Company have been un-operational since 1999 and since then there has not been any activity at Chingavanam. The Management has been making efforts to commence new business activity by making use of exiting infrastructural and other resources available with the Company.

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 new business activity.

### **FINANCIAL PERFORMANCE**

	Amount Rs.(in Lacs)	
	<u>2011-12</u>	<u>2010-11</u>
Profit /(Loss) before Interest, Depreciation & Tax	(72.07)	(75.46)
Profit /(Loss) After Interest, Depreciation	(78.88)	(77.91)
Profit /(Loss) After Tax	(78.88)	(78.16)

### **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, 2012.

### **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

**FOR AND ON BEHALF OF THE BOARD**  
For TECIL CHEMICALS AND HYDRO POWER LTD.

PLACE: MUMBAI  
DATE: 22<sup>nd</sup> JUNE, 2012

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

**DIRECTORS' REPORT**

To  
The Members,

Your Directors hereby present the SIXTY-SEVENTH ANNUAL REPORT together with the audited accounts for the year ended 31<sup>st</sup> March, 2012.

**I. FINANCIAL RESULTS**

The results for the year ended 31<sup>st</sup> March, 2012 are summarized herein below:

<u>Year ended 31<sup>st</sup> March</u>	<u>2012</u>	<u>Rs. in Lakhs</u>	<u>2011</u>
Other Income	909.43		63.46
Profit/(Loss) before interest, depreciation & Tax	(72.07)		(75.46)
Less/Add: Interest	-		0.07
Depreciation	6.81		2.38
Tax / VAT Paid	-		0.34
(Loss) / Profit for the year before tax	(78.88)		(78.41)
Provision for Taxation	--		0.25
(Loss) / Profit after tax and adjustments	(78.88)		(78.16)
(Loss) b/f from previous year	(3593.71)		(3515.55)
(Loss) carried forward to Balance Sheet	(3672.59)		(3593.71)

**II. DIVIDEND**

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

**III. OPERATIONS**

During the year under Report the Company has entered into an Agreement for sale of plant & Machineries, equipments, scrap etc on as is where is basis which, due to wear and tear had lost their useful and productive life and had also become obsolete and outdated. The Company has also made payment to all the remaining workers in full and final settlement of their statutory dues, retrenchment compensation etc. as per settlement arrived at in presence of Labour Commissioner, Trivandrum. After protected negotiations, a settlement of KSEB dues towards arrears of electricity charges was also arrived at and payment of Rs. 10 Crores has also been made as against final settlement amount of Rs. 14.75 Crores. The Company approached Hon'ble Kerala High Court and Court directed KSEB to re-examine Company's request for waiver of minimum demand charges for the period when Company was closed and no power was consumed. The Kerala High Court, has also stayed payment of balance amount.

Since by and large the Company has discharged all its liabilities, your Directors are actively making efforts to commence new business activity / projects.

**IV. TO SELL SURPLUS LAND SITUATED AT CHINGAVANAM, DIST. KOTTAYAM IN THE STATE OF KERALA**

The Shareholders of the Company 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) and authorised Board of Directors of the Company to sell surplus land situated at Chingavanam, Dist. Kottayam, Kerala.

The Board of Directors of the Company has been negotiating with its prospective buyers to sell off surplus land situated at Chingavanam. The Directors are hopeful that substantial funds will be generated from sale of land and same can be deployed in new business activity.

**V. DEPOSITS**

The Company does not have any deposits as on 31.03.2012

**VI. INDUSTRIAL RELATIONS**

The Company is not carrying any manufacturing operations and full and final settlement of dues of workers working at Chingavanam has been made amicably.

**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 G. K. Joshi, Director of the Company who retires by rotation, but being eligible, have offered himself for re-appointment. Mr. G.R. Bang, Director of the Company expired on 17<sup>th</sup> December, 2011

**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**

The Auditors have not made any adverse comment/ observation in their Report.

**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:

- a. that in the preparation of the Annual Accounts for the Financial Year ended 31<sup>st</sup> March 2012, 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.
- b. 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, 2012 and of the Profit of the Company for the year ended as on date.
- c. 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.
- d. 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: 22<sup>nd</sup> JUNE, 2012

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)	818	629

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

### 1. Company's Philosophy on Code of Governance:

The Company's philosophy is to enhance Customer's satisfaction and Shareholders value by practicing the principles of good Corporate Governance.

### 2. Board of Directors:

The Board of the Company is well structured with adequate blend of Executive, Non-Executive and Independent Directors.

The Company's Board comprised of Four Directors: One is Executive Chairman Director and remaining three are independent Directors. More than half of the Board of Directors comprises of Independent Directors.

The composition of the Board is in conformity with the Clause 49 of the Listing Agreements entered into with the Stock Exchanges. All Independent Directors comply with the legal requirements of being "Independent".

- i. 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, 2012 have been made by the Directors.
- ii. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of Private Limited Companies, Section 25 Companies and of Companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.
- iii. During the financial year ended 31<sup>st</sup> March, 2012, 6 Meetings of the Board of Directors were held as on 29/04/2011, 04/07/2011, 16/08/2011, 17/10/2011, 21/12/2011, and 18/01/2012.

### Composition, Category, their Directorship and Committee Membership in other Companies

Name of Director	Category	No. of Board Meetings attended during 2011-12	Whether attended last AGM	No of Directorship in other Limited Companies	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	Chairman Cum Managing Director	5	No	1	Nil	Nil
Mr. P. C. Jain	Independent Director	3	No	Nil	Nil	Nil
Mr. R. S. Sarda	Independent Director	6	No	1	Nil	Nil
Mr. G. K. Joshi	Independent Director	5	No	3	1	5
Mr. G. R. Bang	Non-Executive Director (Expired on 17.12.2011)	Nil	YES	Nil	Nil	Nil

### Details of Directors being appointed and re-appointed :

Shri Ghanshyam K. Joshi who retires by rotation is proposed to be re-appointed as Director at the ensuing Annual General Meeting.

Name : Shri Ghanshyam K. Joshi  
 Designation : Director  
 Age : 68 years  
 Experience : Science graduate from Mumbai University and has 3 decades of experience in managing day to day operations of limited companies.  
 Other Directorship : M/s Chemo Pharma Laboratories Ltd.  
                               M/s Citric India Ltd.  
                               M/s. Coral Hub Limited

### 1. 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, name of Member and Chairman**

The Audit Committee was reconstituted by inducting Mr. R. S. Sarda as Member of the Audit Committee in place of Mr. G.R. Bang, Member of the Audit Committee who expired on 17<sup>th</sup> December, 2011. The reconstituted Audit Committee comprises of Mr. P.C. Jain (Chairman) and Mr. G. K. Joshi (Member) & R. S. Sarda (Member).

During the 2011-12 under review 4 Meetings of the Audit Committee were held, on 29.04.2011, 04.07.2011, 17.10.2011 and 18.01.2012. The attendance of members are as follows:

Name	Category	Meetings during 2011-12	
		Held	Attended
Shri P. C. Jain	Independent Director	4	3
Shri G. R. Bang	Non-Executive Director	4	0
Shri G. K. Joshi	Independent Director	4	4
Shri R. S. Sarda	Independent Director	4	1

ii. **THE BROAD POWERS OF THE AUDIT COMMITTEE INCLUDE:**

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

(b) **Share Transfer & Shareholders' / Investors' Grievance Committee :**

(i) **Terms of references:**

This Committee looks into Redressal of Shareholders and Investors Grievances with respect to transfer of shares, issue of duplicate certificates and other matters relating to Shareholder relationship.

The committee shall also review the processes and service standards adopted by the Registrar and Transfer Agent, the complaints received by the Company and their Resolution.

(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 Share Transfer & Shareholders' / Investors' Grievance Committee met 4 times during the 2011-12 on 29.04.2011, 04.07.2011, 17.10.2011 and 18.01.2012. The attendance of the Members is as follows:

Name	Category	Meetings during 2011-12	
		Held	Attended
Shri R. S. Sarda	Independent Director	4	4
Shri P. C. Jain	Independent Director	4	3
Shri G. K. Joshi	Independent Director	4	4

**Details of Complaints :**

- No. of Shareholders' Complaints received during the year : 1
- No. of Complaints not resolved to the satisfaction of shareholders : 1
- No. of pending share transfers : NIL

(C) **Remuneration Committee :**

The Remuneration Committee was reconstituted on 21<sup>st</sup> December, 2011 by inducting Mr. R. S Sarda as Member of the Remuneration Committee in place of Mr. G.R. Bang who expired on 17<sup>th</sup> December, 2011. The reconstituted Remuneration Committee comprises of Mr. P. C. Jain, Chairman (Chairman) and Mr. G. K. Joshi (Member) & Mr. R. S. Sarda (Member)

No Meeting of Remuneration Committee was held during the financial year



**Details of Remuneration for the year ended March 31, 2012:**

The Company's Managing Director was paid Rs. 12,38,400/- towards remuneration during the year 2011-2012.

Presently the Company does not have a scheme for grant of stock options either to the working directors or employees.

No Remuneration (except sitting fees) was paid to any Non-Executive Directors during the year 2011-2012.

**Name and address of Compliance officer:**

Shri Ashok Somani, Compliance Officer  
Empire House, 3<sup>rd</sup> Floor,  
214, Dr. D. N. Road, Fort. Mumbai – 400 001.

**3. General Body Meetings:**

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

Financial Year	Date	Time	Location
2010-2011	29/09/2011	11.00 a.m.	Tecil Premises, PO. Chingavanam – 686 531, Dist-Kottayam, Kerala
2009-2010	29/09/2010	11.00 a.m.	Tecil Premises, PO. Chingavanam – 686 531, Dist-Kottayam, Kerala
2008-2009	29/09/2009	4.30 p.m.	Tecil Premises, PO. Chingavanam – 686 531, Dist-Kottayam, Kerala

(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

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

The details of related party transactions are duly disclosed in the Notes to Account of the Company for the year ended 31<sup>st</sup> March, 2012.

**(b) Disclosure of Accounting Treatment**

In preparation of its Financial Statements the Company has followed the Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI)

**(c) Disclosures on Risk Management**

The Company has laid down procedures to inform Board Members about Risk assessment and minimization procedures and these procedures are periodically reviewed.

**(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 and the compliance of the same has been affirmed by them.

(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

**6. CEO/CFO Certification**

A certificate from the Managing Director on the Financial Statements of the Company was placed before the Board, as required by Clause 49(V) of the Listing Agreement.

**7. Means of communication:****(a) Quarterly Results:**

The unaudited quarterly results are announced within Forty Five Days from the end of the quarter as stipulated under the listing agreement with the Bombay Stock Exchange Limited.

(b) Newspapers wherein normally published

: No