

57th ANNUAL REPORT

2000-2001



TCM Limited



TCM Limited

(Formerly Travancore Chemical & Mfg. Co. Ltd.)

57th Annual Report

&

Report Accounts

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DIRECTORS

R. G. N. SWAMY (CHAIRMAN)

R. V. RAMANI

R. B. KISHORE

N. R. SUPARNA

EXECUTIVE DIRECTOR

K. GOPALAN

AUDITORS

M/s. SANKARAN & RAMAN
Chartered Accountants

BANKERS

BANK OF BARODA

REGISTERED OFFICE

THE KASAL
MATHER NAGAR
SOUTH KALAMASSERY
COCHIN - 682 033

FACTORIES AT

KALAMASSERY
METTUR DAM
TUTICORIN

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the 57th Annual General Meeting of the Members of TCM Limited will be held on 28th day of September 2001 at 14.30 hrs at Bharat Hotel, Ernakulam, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet, Profit & Loss Account for the year ended 31st March 2001 and the Report of the Auditors thereon.
2. To appoint a Director in the place of Sri R. G. N. Swamy, who is retiring by rotation. The retiring Director is eligible for reappointment.
3. To appoint a Director in place of Shri N. R. Suparna who is retiring by rotation. The retiring Director is eligible for reappointment.
4. To appoint Auditors for the ensuing year in place of M/s. Sankaran & Raman, Chartered Accountants, Chennai who have, in writing, expressed their inability to continue as the Statutory Auditors. Special notice is received from a shareholder proposing the name of Shri R. Rajamani, Chartered Accountant, Coimbatore as the Statutory Auditor of the Company. The following resolution is to be passed with or without modification as a Special Resolution:

"RESOLVED THAT Shri R. Rajamani, Chartered Accountant, Coimbatore, be and is hereby appointed as the Statutory Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a fee of Rs.60,000/- (Rupees Sixty Thousand only), plus actual travelling and halting expenses incurred by him.

Special Business:

5. To appoint Shri K. Gopalan as Director - to pass with or without modification the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956 and Articles of Association of the Company Shri K. Gopalan, be and is hereby appointed as Director of the Company."

6. To accord consent to the appointment of Shri K. Gopalan as Executive Director and to the terms of appointment of Shri K. Gopalan as Executive Director. To pass with or without modification the following resolution as an ordinary resolution:

"RESOLVED pursuant to Section 198, 269, 309, 310, 349 and 350, read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 and the Articles of Association of the Company that approval be and is hereby accorded to the appointment of Shri K. Gopalan as Executive Director for a period of 5 years from 1.2.2001 to 31.1.2006 and to the terms and remuneration payable to him as set out hereunder:

- a. Salary Rs.25,000/- per month in the scale of Rs.25000-2500-35000
- b. Commission not exceeding 1% of the net profit of the Company calculated as per applicable provisions of the Companies Act, 1956.

The Executive Director shall also be entitled to receive the following payments, benefits and amenities:

CATEGORY - A:

1. A rent-free furnished accommodation maintained by the Company.
2. Reimbursement of medical expenses in full for self and family subject to a ceiling of one month's salary in a year or three months' salary in a block of three years and dress allowance as per Company's rules.
3. Leave travel concession for self and family limited to one month's salary, two times in a span of four calendar years.
4. Free Gas, Electricity and water subject to a ceiling of 10% of salary.

**CATEGORY - B:**

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent 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.

Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on remuneration.

CATEGORY - C

Provision of car with driver 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 Shri K. Gopalan at the applicable rate.

"RESOLVED further that in the event of loss or inadequacy of profit in any financial year, the Company may pay the Executive Director remuneration by way of salary and perquisites not exceeding the limits specified above and in the Companies Act.

"Resolved further that the Board of Directors are also being authorized to revise the remuneration payable, including the perquisites and the monetary value thereof from time to time within the overall limits specified in Schedule XIII to the Companies Act 1957 for the time being in force or any statutory modification or re-enactment thereof and/or any rules or regulation framed thereunder".

The services of the Executive Director can be terminated by giving 6 months Notice / Salary.

7. To pass with or without modification the following as an ordinary resolution:

"RESOLVED THAT the consent of the Company pursuant to the provisions of Section 293(1) (a) of the Companies Act, 1956 be and is hereby given to the Board of Directors of the Company to sell land, Building, Plant and Machinery, furniture and other items relating to the Kundara factory for such consideration and on such terms as the Directors in their discretion consider beneficial to the Company.

NOTES

- a. In connection with the General Meeting, the Register of Members and Share Transfer Books of the Company will be closed from 19-09-2001 to 28-09-2001 (both days inclusive)
- b. A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself. A proxy need not be a member of the Company. Completed proxy forms should reach the Registered Office of the Company before 14.30 hrs on 26th September 2001.
- c. Members are requested to intimate change of address, if any, immediately to the Company at its Registered Office quoting their folio numbers.
- d. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed/unpaid dividends upto the year 1993-94 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed dividends for the said period are requested to claim the amount from the Registrar of Companies, Kerala at Ernakulam.

By Order of the Board
For TCM Limited

K. Gopalan
Executive Director

19th May 2001
Registered Office
Kalamassery - 682 033



Explanatory Statement Pursuant to Section 173(2)
of the Companies Act, 1956

Item No. 4.

M/s. Sankaran & Raman, Chartered Accountants, Chennai have been the Statutory Auditors of the Company since its incorporation. They have informed their inability to continue as the Statutory Auditors. The Company has received a Special Notice as required under Section 225 of the Companies Act, 1956 from a member proposing the name of Shri R. Rajamani, Coimbatore as the Statutory Auditor of the Company and indicating the intention to move the resolution as set out in the notice. Shri R Rajamani has given a certificate that the appointment if made will be in accordance with the limits stated u/s 224(1B). The Directors recommend the resolution. None of the Directors is interested in the resolution.

Item No.s 5 & 6

Shri K Gopalan was appointed as the Vice President of the Company with effect from 14.1.2001. In the Board Meeting held on 22.1.2001, the Board of Directors co-opted him as an additional Director and in the same meeting he was appointed as the Executive Director of the Company with effect from 1.2.2001, subject to the approval of the members. The appointment is for a period of 5 years from 1.2.2001 to 31.1.2006, in accordance with the provisions of the Schedule XIII to the Companies Act, 1956. A notice has been received from a member proposing his appointment as Director at the ensuing Annual General Meeting.

Shri K. Gopalan has rich experience in chemical industry and this will stand him in good stead in his present assignment. The Directors recommend the resolution as set out in the notice.

Shri K. Gopalan is interested in the resolution.

Item No.7

The Kundara factory of the company was started in 1943 for the manufacture of Potassium Chlorate. This product is highly power intensive and the steep increase in the power tariff makes it a non-viable line of business. Added to this there is heavy competition from Chinese imports. The very same product is manufactured at Kalamassery factory of the Company to meet our market share of the product. There being no scope for revival, the Board of Directors decided to close down the factory. Therefore it is proposed to sell the assets of the factory, with the approval of the shareholders.

None of the Directors is interested in the resolution.

By Order of the Board
For TCM Limited

K. Gopalan
Executive Director

19th May 2001
Registered Office
Kalamassery - 682 033



DIRECTORS' REPORT

Your Directors have pleasure in presenting the 57th Annual Report with Audited Accounts for the year ended 31st March 2001.

Financial Results

The Company has achieved a turnover of Rs. 3164 lakhs as compared to Rs. 4488 lakhs last year. After providing for depreciation of Rs. 84 Lakhs, Finance Charges of Rs. 198 lakhs and considering prior year items of Rs.156 lakhs, operations have resulted in a loss of Rs. 291 lakhs as compared to the loss of Rs.245 lakhs last year.

Operations

The Company's turnover dipped by nearly 30% as compared to previous year owing to a 6 month lock out at its major factory at Kalamassery. The profitability was also affected by the continued low margins due to depressed market conditions in the pesticides and chemical industry. In response to your company's application, the Government of Kerala granted permission to downsize the workforce and separate the surplus. Discussions are underway and in the meanwhile the Company has restarted its operations at Kalamassery with effect from 14.3.2001 with a reduced workforce. The Company's operations at Mettur and Tuticorin in Tamilnadu continue to be normal. With the restructuring at Kalamassery and total cessation of activities at Kundara factory, your Company hopes to improve its performance in future.

Dividend

In view of the losses sustained by the Company, the Directors do not recommend payment of dividend to its shareholders for the year 2000-2001.

Public Deposits

As of 31st March 2001, Six deposits amounting to Rs.25000/- remained unclaimed.

Particulars of Employees

A statement of employees under the amended section 217(2A) of the Companies Act 1956 is annexed and it forms part of this report.

Directors

Shri. R G N Swamy is liable for retirement by rotation and being eligible, offers himself for re-appointment.

Shri. N R Suparna, who was the Managing Director of the Company, resigned his Managing Directorship with effect from 31/1/2001. However, he continues to be the Director of the Company. Shri N R Suparna, will retire at the ensuing General Meeting, and being eligible, offers himself for re-appointment.

Shri K Gopalan was co-opted as an additional Director at the Board Meeting held on 22.1.2001. In the same meeting Shri K Gopalan was appointed as the Executive Director with effect from 1.2.2001 for a period of 5 years. He is to be appointed as Director at the ensuing General Meeting. The terms of appointment of Shri K Gopalan are in accordance with the provisions of Schedule XIII to the Companies Act, 1956, and are subject to the approval of the Shareholders of the Company at the ensuing Annual Meeting.

Registered Office

The Company proposes to shift the Registered Office from the present location to the new premises at 'The KASL', Mather Nagar, Changampuzha Nagar P.O. South Kalamassery, Kochi 682 033 for operational convenience.

Responsibility Statement

Pursuant to Section 217(2AA) the Board of Directors report

- i. that in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. that the directors had prepared the annual accounts on a going concern basis, except in the case of Kundara Unit which has been closed since 1.4.1998.



Audit Committee

Since the paid up capital of the company is less than Rupees five crores, the company does not require to set up an Audit Committee.

Stock Exchange

The company's shares are listed at Kochi, Chennai, Bangalore and Mumbai Stock Exchanges. The Company has remitted annual listing fee to the above Stock Exchanges.

Cashflow Statement

Cashflow statement as per AS3 of ICAI is attached to the report.

Auditors

M/s. Sankaran & Raman, Chartered Accountants, the Statutory Auditors of the Company have expressed their inability to continue as Auditors. M/s. Sankaran & Raman have been Auditors of the Company since its incorporation. The Board of Directors place on record its appreciation of the valuable advice and guidance from M/s. Sankaran & Raman, the Auditors of the Company.

A Notice as required u/s 225 of the Companies Act, 1956 has been received from a member indicating his intention to move a resolution to appoint Shri R. Rajamani, Chartered Accountant, as Statutory Auditor of the Company in the ensuing Annual General Meeting in place of M/S. Sankaran & Raman. The Company has received a certificate from Shri R. Rajamani in accordance with Sec. 224(1B) of the Companies Act, 1956. The resolution will be moved at the Annual General Meeting as a Special Resolution by virtue of Sec 224A of the Companies Act, 1956.

Acknowledgements

Your Directors wish to place on record their gratitude to Company's customers for their continued patronage and Bank of Baroda, Bank of Rajasthan Ltd., The Shamrao Vithal Co-operative Bank Ltd., Federal Bank Ltd., ICICI Ltd., for their consistent guidance and co-operation.

For and on behalf of the Board
For TCM Limited

Bangalore
19th May 2001

R. G. N. Swamy
Chairman

ADDENDUM

The Directors have the following points to say about the remarks of the Auditors:

1. Since the investments in shares are of long term nature, no provision is made in the books for diminution in value of these shares, in the hope the market rate will improve in the coming year.
2. Strenuous efforts are being made to realize the book debts in full. Since the debts are considered to be recoverable in full, no provision is made for bad debts.

For and on behalf of the Board
For TCM Limited

Bangalore
19th May 2001

R. G. N. Swamy
Chairman

Annexure to Directors' Report

Particulars of Employees Under Section 217 (2A) of the Companies Act 1956

Sl. No.	Name	Age	Designation	Remuneration Rs.	Qualification	Experience (Years)	Date of commencement of employment	Last employment
1	Shri. N. R. Suparna	53	Managing Director	16,44,960	B.E. (Mech) P.G. Diploma in Business Administration	31	01.01.1987	Vice-President Wimco Ltd.