



T C M Limited

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

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62nd Annual Report & Accounts

For the 6 months period ended 31. 03. 2006



DIRECTORS	T.THIRUGNANAM K.O.BABY PHILOMINA THOMAS GEORGE VARGHESE ANTONY VARGHESE T.RAJA JOY VARGHESE C.H. ABDUL RAHIM M.LOGANATHAN MANISH DALAL
MANAGING DIRECTOR	JOSEPH VARGHESE
AUDITORS	M/S LAZAR & GEORGE Chartered Accountants
BANKERS	BANK OF BARODA
REGISTERED OFFICE	P.B.NO.19 KALAMASSERY ALUVA – 683 104 ERNAKULAM DIST
SHARE TRANSFER AGENTS	CAMEO CORPORATE SERVICE LTD SUBRAMANIAN BUILDING NO.1, CLUB HOUSE ROAD CHENNAI – 600 002
FACTORIES AT	KALAMASSERY METTUR DAM TUTICORIN



NOTICE TO SHAREHOLDERS

Notice is hereby given that the 62nd Annual General Meeting of the members of TCM Limited. will be held at 3.00 p.m. on 30.09.06 at Bharat Hotel, Ernakulam, to transact the following business.

Ordinary Business

1. To receive consider and adopt the audited Balance Sheet as at 31st March 2006 together with the Profit & Loss account made upto that date along with the report of the directors & auditors.
2. To appoint a director in place of Sri. K.O. Baby who retires by rotation. He has not offered for re-appointment.
3. To appoint a director in place of Mr. T. Thirugnanam who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and to fix their remuneration and in this connection to pass, with or without modification, the following resolution as an ordinary resolution;

"Resolved that pursuant to the provisions of section 224 and other applicable provisions, if any, of the Companies Act, 1956 M/s Lazar & George, Chartered Accountants, be and are hereby appointed as auditors of the company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting of the company on a remuneration to be fixed by the board of directors."

Special Business

5. To pass with or without modification the following resolution as an ordinary resolution;
"Resolved that in accordance with the Articles of Association of the Company and subject to the provisions of Section 269, read with Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force, Mr. Joseph Varghese, be and is hereby appointed as Managing Director, in whole time employment of the company, with effect from 19th day of January 2006, for a period of Five years with Nil remuneration, until otherwise decided by the general body."
"Mr. Joseph Varghese will however be entitled to get full reimbursement of actual travelling and other expenses incurred for and on behalf of the company."
6. To pass with or without modification the following resolutions as ordinary resolutions;
 - a) "Resolved that Mr. George Varghese be and is hereby appointed as Director of the company subject to retirement by rotation."



- b) "Resolved that Mr. T Raja be and is hereby appointed as Director of the company subject to retirement by rotation."
- c) "Resolved that Mr. C H Abdul Rahim be and is hereby appointed as Director of the company subject to retirement by rotation."
- d) "Resolved that Mr. Antony Varghese be and is hereby appointed as Director of the company subject to retirement by rotation."
- 7. To pass with or without modification, the following resolution as an ordinary resolution:
"Resolved that consent of the company be and is hereby granted to the Board of Directors of the company to sell, lease or otherwise dispose off the property of the company, in full or in part, consisting of approximately. 110 acre at Ulundurpet, Tamilnadu, at such price and other terms and conditions as the Board may in its absolute discretion find fit and proper."

Notes

- 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. The proxy in order to be valid should be duly completed, signed and stamped and the same must be received at the registered office of the company not less than 48 hours before the commencement of the meeting.
- 2. The register of members and the share transfer book of the company will remain closed from. 20.09.06 to 30.09.06 (both days inclusive).
- 3. Members are requested to intimate any changes in their addresses to the share transfer agent M/s Cameo Corporation Services Limited, "Subramania Building", No.1, Club House Road, Chennai – 600 002 quoting their folio number.
- 4. Members are requested to bring their copies of the annual report and accounts to the meeting.
- 5. The relative explanatory statement in respect of special business is given below



EXPLANATORY STATEMENT

Item no.5

Mr. Joseph Varghese, Director was appointed by the board as managing director of the company for a period of 5 years with effect from 19/01/2006 subject to the approval of the general body u/s 269 and other applicable provisions if any of the Companies Act, 1956. Mr. Joseph Varghese, a resident of India, having considerable experience in commerce and industry and having suffered no disqualifications mentioned in part 1 of schedule XIII was appointed as Director of the company by the general body on 31.12.05. The terms of his appointment as Managing Director are given in the resolution at item no.5. The resolution is placed before the shareholders for their approval. None of the directors, except Mr. Joseph Varghese as appointee, is concerned or interested in the resolution.

Item no.6

- a. The company has received the notice u/s 257 of the Companies Act, 1956, together with requisite deposit, from a member signifying his intention to propose Mr. George Varghese as a Director of the company. He was appointed by the board as an additional director and in terms of section 260 of the Companies Act, 1956 he holds office only upto the Annual General Meeting. The resolution as at item no.6(a) is placed before the shareholders for their approval. None of the Directors except Mr. George Varghese as appointee is concerned or interested in the resolution.
- b. The company has received the notice u/s 257 of the Companies Act, 1956, together with requisite deposit, from a member signifying his intention to propose Mr. T Raja as a Director of the company. He was appointed by the board as an additional director and in terms of section 260 of the Companies Act, 1956 he holds office only upto the Annual General Meeting. The resolution as at item no.6(b) is placed before the shareholders for their approval. None of the Directors except Mr. T Raja as appointee is concerned or interested in the resolution.
- c. The company has received the notice u/s 257 of the Companies Act, 1956, together with requisite deposit, from a member signifying his intention to propose Mr. C H Abdul Rahim as a Director of the company. He was appointed by the board as an additional director and in terms of section 260 of the Companies Act, 1956 he holds office only upto the Annual General Meeting. The resolution as at item no.6(c) is placed before the shareholders for their approval. None of the Directors except Mr. C H Abdul Rahim as appointee is concerned or interested in the resolution.



- d. The company has received the notice u/s 257 of the Companies Act, 1956, together with requisite deposit, from a member signifying his intention to propose Mr. Antony Varghese as a Director of the company. He was appointed by the board as an additional director and in terms of section 260 of the Companies Act, 1956 he holds office only upto the Annual General Meeting. The resolution as at item no.6(d) is placed before the shareholders for their approval. None of the Directors except Mr. Antony Varghese as appointee is concerned or interested in the resolution.

Item no.7

The company, which is negotiating with banks for one time settlement/repayment of loans and also preparing a scheme for revival of operations of the company will require to mobilize substantial funds. Being a sick company raising external funding at this juncture is not possible. The Board of directors may therefore have to sell / dispose off some of the non performing assets of the company to raise necessary fund. The Board therefore propose to dispose off the land at Ulundurpet. The matter is placed before the members for approval to enable the Directors to take necessary steps. None of the directors is concerned or interested in the resolution.

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DIRECTORS REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting to you the 62nd Annual Report together with the audited accounts for the period ended 31st March, 2006:

I FINANCIAL PERFORMANCE OF THE COMPANY

PARTICULARS	Period Ended	Year Ended
	31.03.06	30.09.05
	Rs in lakhs	
Sales	-	86.84
Raw Material & Packing Materials	-	26.12
Power	0.36	7.78
Employee Cost	1.10	14.86
Excise Duty	-	16.16
Financial Cost	110.96	189.99
Operating Profit / (Loss) Before interest and Depreciation	(10.55)	(69.73)
Net Profit / (Loss)	(134.76)	(347.00)

II DIVIDEND

Due to loss sustained by the Company the Directors are not in a position to recommend payment of any dividend to the members for the period ended 31st March, 2006.

III EXISTING STATUS:

The Unit at Tuticorin is closed and all the employees terminated from the service of the company with effect from 01.04.2005. The Unit at Mettur has suspended its activities with effect from 16/8/2004 due to lack of working capital. As such none of the units of the company is at present operative. The company's reference application to BIFR as a sick Industrial Company stands registered as case No. 101/2005 dt. 28-03-2005. A revival scheme is under preparation for submission to BIFR. The company has approached the secured creditors- Bank of Baroda, Federal Bank Ltd., Shamrao Vithal Co-operative Bank Ltd., and Bank of Rajasthan Ltd. and also Kerala State Electricity Board for a settlement of the dues to them on One Time Settlement basis. Negotiations are underway and an early settlement is expected.



IV DIRECTORS

Mrs. Philomina Thomas was appointed as LIC Nominee director with effect from 31.12.05. Mr. Antony Varghese, Mr. Manish Dalal, Mr. T Raja, Mr. George Varghese Mr. C H Abdul Rahim and Mr. Joy Varghese were appointed as Additional Directors with effect from 19.01.06. Mr. Antony Varghese, Mr. C H Abdul Rahim T Raja and Mr. George Varghese, being eligible seek appointment as Directors in the Annual General Meeting.

Mr. Joseph Varghese was appointed as Managing Director of the company with effect from 19.01.06. Mr. K O Baby resigned as Executive Director on 31.12.05. He retire by rotation in the ensuing Annual General Meeting. Mr. T. Thrirugnanam retire by rotation and has offered for reappointment.

Mrs. Philomina Thomas, being nominee of LIC, will continue as director, until her nomination is withdrawn by LIC.

V DEPOSITS

The Company has not accepted any deposits from the public during the year under review.

VI PARTICULARS OF EMPLOYEES

None of the employees of the Company was in receipt of remuneration specified under Section 217 (2A) of the Companies Act, 1956

VII STATEMENT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND R&D.

Not applicable as all production units are closed.

VIII DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors Report.

- i That in preparing the Annual Accounts, the applicable accounting standards have 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 accounts on a going concern basis, as BIFR revival scheme is under preparation.

IX LISTING

The shares of the company are listed at the Mumbai Stock Exchange. The listing fees has been paid upto and including 2006-2007.

X QUALIFICATIONS IN AUDIT REPORT

Explanations to the Auditors Observations are provided in the notes forming part of accounts.

XI AUDITORS

The retiring auditor M/s Lazar & George are eligible for reappointment.

XII FOREIGN EXCHANGE

There has been no foreign exchange earning or outgo, during the year.

XIII ACKNOWLEDGMENTS

Your directors wish to place on record their gratitude to companies, Customers for their continued patronage and Bank of Baroda, Bank of Rajasthan Limited, the Shamrao Vithal Co-operative bank Limited, The Federal Bank Limited, ICICI Limited for their consistent guidance and co-operation. The Board also wished to place on record its appreciation for the co-operation extended by all ranks of employees.

By order of the Board
For **TCM LIMITED**

Joseph Varghese
Managing Director

Place: Ernakulam
Date : 31.07.2006



ANNEXURE TO DIRECTORS REPORT

1 .MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERVIEW

The company is in the field of manufacture of two groups of chemicals:

1. Fungicides, Weedicides and their formulations
2. Barium and Strontium Salts (Carbonates, Nitrates and Chlorides)

A part of the fungicides and respective formulations are manufactured at Tuticorin. At present no manufacturing activity is carried out as all plants are closed.

INDUSTRY STRUCTURE AND DEVELOPMENT

Fungicides, Weedicides and their formulations

The company used to enjoy a premium status in the production of Copper Sulphate, Copper Oxychloride and formulations. These products are used as a fungicide in coffee, rubber and cardamom plantation and in a variety of ground crops such as cotton, rice, chillies etc.

BARIUM AND STRONTIUM SALTS

These products are reserved for small scale sector and are always subject to a pressure on margin on account of competition from this sector. These products find application in television glass, ferrites, paints, heat treatment salts, fireworks, tanneries etc. As the factory at Mettur is not functioning we have not manufactured any products during this year.

OPPORTUNITIES AND THREATS

The company is a sick company registered with BIFR and is in the process of getting a scheme of revival approved by BIFR.

OUTLOOK

The company is hopeful to restart some of its activities soon. However, the future outlook will depend on the revival scheme being implemented.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company had established framework of internal controls for ensuring optimum use of resources and safeguarding assets. However no application at present as no production/ sale is carried out.