



T C M Limited

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

**64th Annual Report
&
Accounts**

For the year ended 31. 03. 2008



DIRECTORS	T. THIRUGNANAM PHILOMINA THOMAS GEORGE VARGHESE T. RAJA ANTONY VARGHESE C. H. ABDUL RAHIM T. S. RAJAGOPALAN RAMESH BABU
MANAGING DIRECTOR	JOSEPH VARGHESE
AUDITORS	M/S LAZAR & GEORGE Chartered Accountants
BANKERS	BANK OF BARODA
REGISTERED OFFICE	40/1131, SREERAGAM CANNON SHED ROAD ERNAKULAM COCHIN - 682 011
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 64th Annual General Meeting of the members of TCM Limited, will be held at 3.00 p.m. on 27.09.08 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 2008 together with the Profit & Loss account made upto that date along with the report of the directors & auditors.
2. To appoint directors in place of Mr. Antony Varghese, Mr. C H Abdul Rahim & Mr. T. Raja who retire by rotation.
3. To appoint Auditors for the ensuing accounting period and to fix the remuneration by passing the following resolution with or without modification as a ordinary resolution.

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

Special Business

4. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution.

"Resolved that subject to the relevant provisions of the SEBI (Delisting of Securities) Guidelines 2003 and applicable provisions, if any, of the Companies Act 1956 and other statutory regulations, consent of the company be and is hereby accorded to the Board of directors of the company (the board) to get the shares of the company delisted from the Madras(Chennai), Bangalore and the Cochin Stock Exchanges.

"Further resolved that for the purpose of giving effect to the above resolution, the board be and is hereby authorized to do all such acts, deeds and things and execute all such deeds, documents and instruments as may be necessary.

Further resolved that the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any director(s) or any officer(s) of the company."

5. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution

"Resolved that, in supersession of all previous resolutions in this regard, Mr. Joseph Varghese, a director of the company be and is hereby appointed as Managing Director of the company for a period of 5 years with effect from 01.10.08 on the following terms and conditions, until otherwise decided by the General Body:

- a. The appointment is subject to approval of the Central Government.
- b. Remuneration – Nil
- c. He shall be entitled for full reimbursement of actual travelling and other expenses incurred for and on behalf of the company."

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.



NOTICE TO SHAREHOLDERS

Notice is hereby given that the 64th Annual General Meeting of the members of TCM Limited. will be held at 3.00 p.m. on 27.09.08 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 2008 together with the Profit & Loss account made upto that date along with the report of the directors & auditors.
2. To appoint directors in place of Mr. Antony Varghese, Mr. C H Abdul Rahim & Mr. T. Raja who retire by rotation.
3. To appoint Auditors for the ensuing accounting period and to fix the remuneration by passing the following resolution with or without modification as a ordinary resolution.

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

Special Business

4. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution.

"Resolved that subject to the relevant provisions of the SEBI (Delisting of Securities) Guidelines 2003 and applicable provisions, if any, of the Companies Act 1956 and other statutory regulations, consent of the company be and is hereby accorded to the Board of directors of the company (the board) to get the shares of the company delisted from the Madras(Chennai), Bangalore and the Cochin Stock Exchanges.

"Further resolved that for the purpose of giving effect to the above resolution, the board be and is hereby authorized to do all such acts, deeds and things and execute all such deeds, documents and instruments as may be necessary.

Further resolved that the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any director(s) or any officer(s) of the company."

5. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution

"Resolved that, in supersession of all previous resolutions in this regard, Mr. Joseph Varghese, a director of the company be and is hereby appointed as Managing Director of the company for a period of 5 years with effect from 01.10.08 on the following terms and conditions, until otherwise decided by the General Body:

- a. The appointment is subject to approval of the Central Government.
- b. Remuneration – Nil
- c. He shall be entitled for full reimbursement of actual travelling and other expenses incurred for and on behalf of the company."

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. 17.09.08 to 27.09.08 (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. The relative explanatory statements in respect of special business is given below

By order of the Board
For TCM LIMITED

Place: Ernakulam
Date : 28.08.2008

Joseph Varghese
Managing Director

EXPLANATORY STATEMENT

Item No.3

The retiring Auditors M/s Lazar & George, Chartered Accountants, have intimated their inability to be reappointed as auditors. In view of the above, the Board of Directors recommended the appointment of M/s VBSK & Company, Chartered Accountants, Cochin, as the Statutory Auditors of the Company. The Company has received a notice from the said Auditors that if appointed would be within limit prescribed under the Section 224 (1B) of the Companies Act 1956. None of the directors are concerned or interested in the resolution. A notice from a member u/s. 225 of the Companies Act is received for moving a resolution for appointing VBSK & Co. as auditors of the company.

Item no.4

Presently the shares of your company are listed at the Mumbai, Madras, Bangalore and Cochin Stock Exchanges. As no trading take place at Madras, Bangalore and Cochin Stock exchanges, the shares are proposed to be delisted from these exchanges. Such delisting is permitted under the SEBI (Delisting of Securities) Guidelines 2003, since the shares will continue to be listed at the Mumbai Stock Exchange which has nation wide trading terminals. Your directors recommend the resolution as set out at serial no 4 of the notice. None of the directors is concerned or interested in the resolution, except as shareholders.

Item no.5

Mr. Joseph Varghese, a resident of India, having considerable experience in commerce and industry has been a director of the company ever since December 2005. Though the Annual General Meeting held on 30.09.2006 passed a resolution appointing him as Managing Director of the company, the same was not given effect to, in view of the order of the Company Law Board on a petition by a member. The said petition has since been dismissed by the Company Law Board. To have clarity on the matter, the Remuneration Committee and the Board of directors of the company approved the reappointment of Mr. Joseph Varghese to be made by the General Body at the Annual General Meeting as per resolution proposed at item no.5 of the notice. Your Board recommend the resolution for approval of the members. None of the directors except Mr. Joseph Varghese, the appointee and Mr. George Varghese, the brother of the appointee, are concerned or interested in the resolution.

Additional Information

Mr. Joseph Varghese, 50 years of age is a Post Graduate and has considerable experience in diverse segments of business and industry. Presently he also holds the directorship of the following companies- Sree Maha Lakshmi Food Industries Ltd, Elenjikal Aquamarine Exports Ltd., Elenjikal Exports Pvt. Ltd., Elenjikal Foods and Beverages India-Pvt. Ltd., Tai Aquaresearch Foundation Ltd., Kunjamma Foods & Creams (P) Ltd., Veketeswara Essence and Chemicals Pvt. Ltd. and Vypis Agencies and Distributors. He was instrumental in reviving TCM and restarting operations at the Tuticorin and Mettur Units of the company and in successfully negotiating settlements with employees and banks.



DIRECTORS REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting to you the 64th Annual Report together with the audited accounts for the year ended 31st March, 2008:

I FINANCIAL PERFORMANCE OF THE COMPANY

PARTICULARS	Year Ended	Period Ended
	31.03.08	31.03.07
	Rs in lakhs	
Sales	43.2	1.05
Raw Material & Packing Materials	12.67	-
Power	9.98	7.21
Employee Cost	14.53	47.65
Excise Duty	5.58	17.48
Financial Cost	0.36	5.79
Depreciation	32.68	45.07
Net Loss	(30.54)	(286.95)

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 year ended 31st March, 2008.

III EXISTING STATUS:

After a lapse of about four years of lull the company is slowly limping back to normal manufacturing activities both at Tuticorin and Mettur Units.



The Tuticorin unit, which was restarted in April 2007 has more or less stabilized the manufacturing activities. The Mettur Unit after extensive maintenance work got the electricity and water connection restored and commenced production from May 2008.

The company has already reached an agreement with Sham Rao Vithal Co Op Bank Limited to settle its dues on a one time settlement basis and paid substantial amount towards this account. An agreement is also concluded for settling the dues to The Federal Bank Limited. Negotiation with Bank of Baroda is in progress and a settlement is expected to be reached on a one time settlement basis.

The petition filed by a shareholder of the company against the appointment of some of the Directors to the company's Board has been dismissed by the Company Law Board. Your Directors have identified a suitable business proposal for the Kalamassery Unit in the field of property development, construction and infrastructure development. The negotiations on this line are well progressing and a decision is expected to be reached very soon.

IV DIRECTORS

Mr. Antony Varghese, Mr. C H Abdhul Rahim, And Mr. T Raja retire by rotation at the Annual General Meeting. Mr. Antony Varghese, Mr. C H Abdhul Rahim and Mr. T Raja being eligible has offered for reappointment.

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 attracting the provisions of Section 217 (2A) of the Companies Act, 1956

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

a Energy conservation measures taken During the year 2007-2008	Due to reduction of maximum demand by 50%, power cost is reduced to half. Introduced the capacitor to all motors energy consumption is reduced.
b Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.	Not applicable
c Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods.	Savings in energy and cost reduction.
d Total energy consumption and energy consumption per unit of production in Form A	Not applicable
2. TECHNOLOGY ABSORPTION	
1 Research & Development (R&D) specific areas in which R&D carried out by the company	Nil
2 Benefits derived as a result of above R&D	Not applicable
3 Future plan of action	Constant study is being made in all vital areas to reduce the cost further
4 Expenditure on R&D	Nil

VIII DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 21 7(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 manufacturing operations are restarted and a Revival scheme is submitted to the Operating Agency of BIFR.



IX LISTING

The shares of the company are listed at the Mumbai Stock Exchange. The listing fees has been paid upto and including 2008-2009.

X QUALIFICATIONS IN AUDIT REPORT

- (f) (1) Item no. the company has already repaid the entire dues to one bank and the dues to other banks are being settled. Also production has already recommenced at Tuticorin and Mettur Units. A viable business proposal for the Kalamassery unit is being implemented.
- (f) (2) the company is trying to get its application for exception from land ceiling disposed off at the earliest.
- (f) (3) the land at Kalamassery unit continues to be with the company and new business plan is under implementation.
- (f) (4) the Mettur Unit has recommenced operations with effect from 11.05.2008.
- (f) (5) the Tuticorin unit restarted production with effect from 07.04.07.
- (f) (6) the liability in respect of devolved letter of credit is being ascertained.
- (f) (7) the realizable values of the inventory at Mettur Unit and Tuticorin Unit are being ascertained

XI AUDITORS

M/s Lazar & George, Chartered Accountants, the retiring auditors have intimated their inability to be reappointed as auditors. Under the above circumstances the Board of Directors have identified M/s VBSK & Company, Chartered Accountants, and recommend their appointment as the Statutory 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 M/s VBSK & Company, Chartered Accountants as Statutory Auditor of the Company in the ensuing Annual General Meeting in place of M/s.Lazer&George. The Company has received a certificate form M/ s VBSK & Company, in accordance with sec 224(1B) of the Companies Act'1956. The resolution will be moved at the Annual General Meeting in terms of Sec. 224 (2) (c) of the Companies Act'1956.

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 and State Bank of Travancore for their guidance and co-operation. The Board also wished to place on record its appreciation for the co-operation extended by all ranks of employees and trade unions.

By order of the Board
For TCM LIMITED

Place: Ernakulam
Date : 19.07.2008

Joseph Varghese
Managing Director

T Thirugnanam
Chairman



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.

INDUSTRIES 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. The factory at Mettur which remained closed during the year 2007-2008 is reopened in May 2008.

OPPORTUNITIES AND THREATS

The company is a sick company registered with BIFR and has submitted revival scheme to the Operating Agency.

OUTLOOK

The company has already restarted production at the Tuticorin and Mettur units and has taken effective steps to start activities at Kalamassery Unit. As such your Directors should be able to report better results next year.



INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company had established framework of internal controls for ensuring optimum use of resources and safeguarding assets.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

The company maintains cordial relations with the employees of the company.

For and on Behalf of the Board
For TCM Limited

Place: Ernakulam
Date :19.07.2008

Joseph Varghese
Managing Director

T. Thirugnanam
Chairman.



REPORT ON CORPORATE GOVERNANCE

(As required by clause 49 of the listing agreement of the Stock Exchanges)

1. COMPANY'S PHILOSOPHY

The Company has consistently endeavoured to practice good Corporate Governance. The Company firmly believes in the values of transparency, professionalism and accountability in its dealings with its customers, dealers, employees, shareholders and with every individual who comes in contact with the company. The company is in compliance with the Corporate Governance regulations provided in the listing agreement.

2. BOARD OF DIRECTORS

The Board consists of 9 directors of which one is a Executive Director. The composition, Independent Directorships and membership of other Board committees are tabulated hereunder:

Director	Executive/Non Executive/ Independent	No. of other Directorships	Membership of other Board Committees
Joseph Varghese	Executive	9	2
T Thirugnanam	Non Executive	-	-
Philomina Thomas	Non Exe & Independent	-	2
Antony Varghese	Non Exe & Independent	-	-
T Raja	Non Exe & Independent	-	-
George Varghese	Non Executive	8	-
C H Abdul Rahim	Non Exe & Independent	-	-
T S Raja gopalan	Non Exe & Independent	-	3
Ramesh Babu	Non Exe & Independent	-	3



Board Meetings held during the year 2007-08

During the year ending 31.03.08 Seven board Meetings were held on the following dates:

28.04.07	31.07.07
21.05.07	27.10.07
30.06.07	08.12.07
	25.01.08

The attendance at the Board Meetings and the last Annual General Meeting during the period ended 31.03.08 is tabulated hereunder:

Name of Director	No. of Board Meetings Attended	Whether attend the AGM
Joseph Varghese	7	Attended
T. Thirugnanam	4	Attended
Philomina Thomas	6	Attended
T Raja	-	-
George Varghese	-	Attended
Antony Varghese	-	Attended
C H Abdul Rahim	-	-
T S Rajagopalan	6	Attended
Ramesh Babu	6	Attended

3. BOARD COMMITTEES

The Board has setup the following committees as per requirements of the code of Corporate Governance.

a. Audit Committee:

The Audit committee consists of four Directors viz. Mr. T S Rajagopalan, Mr. Ramesh Babu, Mrs. Philomina Thomas and Mr. Joseph Varghese.



The attendance at the Audit committee is as follows.

Name	Designation	No. of meetings attended
T S Rajagopalan	Director	4
Ramesh Babu	Director	4
Philomina Thomas	Director	4
Joseph Varghese	Managing Director	4

Mr. T S Rajagopalan is the Chairman of the Committee.

Representatives of statutory auditors and internal auditors, as appropriate, are the invitees to the meetings of the Audit Committee. The role and terms of reference of the audit committee covers the areas mentioned under clause 49 of the listing agreement and section 292 A of the companies Act 1956. This, inter alia, includes over seeing the financial reporting process and disclosure of financial information, reviewing any change in accounting policies and practices, compliance with accounting standards and reviewing the adequacy of internal control system. The audit committee met thrice during the year.

b. Remuneration Committee

The Remuneration committee consisted of three directors namely Mrs. Philomina Thomas (chairperson) Mr. T Rajagopalan and Mr. Ramesh Babu.

c. Investor Grievances and share transfer committee.

The investor grievances and share transfer committee of the company consisted of the following directors during the year – Mr.T.S.Rajagopalan Chairman, Mr. Joseph Varghese and Mr. Ramesh Babu.

During the year 2007-2008, all transfers/transmissions were effected on time and all the complaints received from the shareholders and investors have been resolved to the satisfaction of the complainants.

DIRECTORS REMUNERATION

a. Remuneration policy

Remuneration to Managing Director is paid in accordance with the provisions of the Companies Act, 1956.

b. Remuneration paid during 2007-2008:



Managing Director

Name	PARTICULARS	
	Salary and Advances	Other Benefits / Reimbursements
Joseph Varghese	NIL	124782

No sitting fee was paid during the period to Non - Executive Directors as the Directors have waived the same.

The company does not have any stock option scheme and as such no stock options have been issued to Directors.

4. GENERAL BODY MEETINGS

Location and time of last three Annual General Meetings are as under:

Year	Venue	Date	time
2006-2007	Bharat Hotel, Ernakulam	29.09.07	3.00 p.m
2005-2006	Bharat Hotel, Ernakulam	30.09.06	3.00 p.m.
2004-2005	Bharat Hotel, Ernakulam	31.12.05	3.00 p.m.

No resolution was put through postal ballot during the year

5. DISCLOSURES

During the year 2007-08 the company had no related party transaction, which is considered to have potential conflict with the interests of the Company.

There has not been any non-compliance with the requirements of the stock exchanges, SEBI etc on all matters relating to the capital markets.

6. MEANS OF COMMUNICATION

The Quarterly, Half- Yearly and Annual Results are published by the Company in the English and Vernacular Newspapers. The results are also sent to the Stock Exchanges where the company's shares are listed. The Half-Yearly reports are not sent to household or shareholders.



7. GENERAL SHAREHOLDER INFORMATION

a. Annual general meeting

Date and Time	27.09.2008 at 3.00 p.m
Venue	Bharat Hotel, Ernakulam

b. Financial Calendar of the company:

The financial year covers the period from 1st April, 2007 to 31st March, 2008.

c. Date of Book Closure:

The period of book closure is fixed from 17.09.2008 to 27.09.2008 (both days inclusive)

d. Outstanding ADRs / GDRs /Warrants or any convertible Instruments, conversion date and likely impact on equity

Not applicable

DEMATERIALIZED OF SHARES AND LIQUIDITY

The shares are available for trading in the depository system of both the National Securities Depository Limited (NSDL) and the Central Depository Services Limited (CDSI). As on 31st March 2008, 28,61,526 shares representing 84.19% of the total shares, were held in dematerialized form and the balance were in physical form.

The international securities identification (ISIN) Number of the share for demat is INEO34FO1O1O.



MARKET PRICE DATA

The 52 week high and low price of the company's share is given below 2007 April

Month	Year	High	Low
April	2007	6.70	5.44
May	2007	9.00	7.03
June	2007	9.90	6.34
July	2007	7.18	5.84
August	2007	7.23	5.95
September	2007	7.50	6.74
October	2007	10.25	6.42
November	2007	9.74	8.14
December	2007	9.72	7.51
January	2008	12.94	9.95
February	2008	10.10	8.48
March	2008	8.40	7.27

SHARE TRANSFER

Registrar and Transfer agents:- Cameo Corporate Services Limited,
No:1, Club House Road, Chennai – 600 002

Share Transfer System

The share transfers forms are processed and placed before the share transfer committee (one member committee) once in 15 days which is approved by the Board

DISTRIBUTION OF SHAREHOLDING

Slab of Shareholding	Shareholders	%	No. of Shares	%
0-5000	2133	83.19	339655	9.99
5001-10000	231	9.01	180518	5.31
10001 –20000	105	4.09	153127	4.51
20001-100000	75	2.93	294727	8.68
100001-& above	20	0.78	2431008	71.51
Total	2564	100.00	3399035	100.00



**CERTIFICATE FROM THE AUDITORS' REGARDING COMPLIANCE OF
CONDITIONS OF CORPORATE GOVERNANCE**

TO THE SHAREHOLDERS OF TCM LIMITED

We have examined the compliance of conditions of Corporate Governance by TCM Limited for the year ended 31ST March 2008 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanation given to us and based on the representations made by the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned listing agreements.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders/Investor's Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : ALUVA,
Date : 28.06.2008

For LAZAR & GEORGE
Chartered Accountants.

K. A. SAGHESH KUMAR
Partner.



AUDITORS REPORT TO SHAREHOLDERS

TO THE MEMBERS OF TCM LIMITED

We have audited the attached Balance Sheet of M/S TCM LIMITED, as at 31st March 2008 and the Profit and Loss Account of the Company for the year-ended on that date annexed hereto and Cash Flow statement for the year ended on the date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted the audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement preparation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit ;
 - (b) In Our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
 - (c) The Balance Sheet , Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Accounts;
 - (d) In Our opinion, the Balance Sheet , Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956;



- (e) On the basis of the written representation received from the Directors of the Company as at 31st March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (f) In Our opinion and to the best of our information and according to the explanations given to us, the said accounts , read together with accounting policies and notes thereon give the information required by the Companies Act ,1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, subject to :
- (1) *The Company has been negotiated in the Banks for a One Time Settlement of the loan dues and agreements are underway. Negative net worth and substantial operating losses and other matters dealt in AAS 16 raise a substantial doubt that will be able to continue as a GOING CONCERN. In the light of this adjustments may be required to the recorded assets amounts and classification of liabilities. The financial statements (and notes there to) do not disclose this fact.*
 - (2) *Note 6 regarding Ulundurpet Land, out of the total extent of land admeasuring 99.92 acres purchased at Ulundurpet, 54 acres of land come under Urban Land Ceiling Act. The application for exemption from Land ceiling is pending before the Government. The clearance for the land admeasuring 99.92 Acres has not been granted by Pollution Control Board because of the stretch of land falling within one Kilometer from the banks of the river. In view of the Land Ceiling act, the possibilities for disposal of lands possess difficult. In the light of the above and in the absence of reported reasonable marketable value, the increase or decrease in the value of the Land is not ascertainable. In view of this, the quantification of the amount at this juncture as to the effect on the impairment of assets, if any, in the Profit and Loss Account is not possible.*
 - (3) *Note 7 regarding Kalamaserry Unit, the plant and machinery items and a major portion of the factory buildings have all been disposed of and its effect in the Profit and Loss account has been given effect. Land still continues to be the property of the company.*
 - (4) *Note 8 regarding Mettur unit, where production activities were stopped with effect from 16.08.2004, restarted manufacturing activities with effect from 11.05.2008. The revival programme for the unit is filed in the Bank of Baroda, the Operating Agency appointed by the BIFR.*



(5) Note 9 regarding Tuticorin unit, which restarted production activities with effect from 7th April 2007 is operating well. The Revival plan for this unit is already with the Operating Agency.

(6) No provision has been made in respect of interest on Letter of Credit devolved due to inadequacy of information. Hence the effect thereof in Profit and Loss Account could not be quantified.

(7) Due to uncertainty in the estimate of realisable value, the inventory at Mettur Unit has been adopted as in the previous year. Therefore, the quantification of the amount at this juncture is not possible as to its effect in the Profit and Loss Account.

to
b
s
or
br
for
pri
nse
gnil
sent
to r
ent
ed r
sids
sids
to file
ion a

i. in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2008 and

ii. in the case of the Profit and Loss Account of the Loss for the Company for the year ended 31st March 2008.

iii. in the case of Cash Flow Statement of the Cash Flows for the year ended on that date.

iv. As on 31st March 2008, the company is a Sick Industrial Company within the meaning of clause (o) of sub-section (1) of section 3 of Sick Industrial Companies (Special Provisions) Act, 1985 read with the guidance note issued by ICAI in this regard and The Company has been registered with BIFR as a sick Industrial company vide Registration No. 101/2005 dt 28-03-2005.

Place: Always,
Date: 28.06.2008
to file
ed of a

For LAZAR & GEORGE
Chartered Accountants.

K.A. SAGHESH KUMAR,
Partner

ed with
ct from
Baroda



ANNEXURE TO THE AUDITORS REPORT

Referred to in Paragraph 1 of Our Report of even date.

- (i) (a) The Company has maintained proper records to show full particulars including quantitative details and situation of Fixed assets.
- (b) While all the Assets have not been physically verified by the management during the period but the majority of fixed assets have been physically verified by the management at reasonable intervals.
- (c) The Plant and Machinery and substantial portion of the factory buildings at Kalamassery has been sold. Negative net worth and substantial operating losses and other matters dealt in AAS 16 raise a substantial doubt that will be able to continue as a GOING CONCERN.
- (ii) Physical verification of inventory has not been conducted by the Management
- (iii) The company has not granted or taken any loans secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 except interest free loan from Director.
- (iv) There has been no effective internal control procedure commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for sale of goods.
- (v) The company has not accepted any deposits from the public during the current year. Therefore provisions of 58-A and 58 AA of the Companies Act of 1956, and rules there under are not applicable to the Company.
- (vi) The company has no internal audit system.
- (vii) We are of the opinion that prima facie accounts and records have not been made and maintained by the company pursuant to the order made by the central government for the maintenance of cost records under Clause (d) of Sub Section (1) Section 209 of the Act.

- (a) According to the information given to us and records examined by us, the company is not regular in depositing undisputed statutory dues including Provident Fund, Employees' state Insurance.

SN	Name of the Statute	Nature of Dues	Amount	Period to which amount relates.
1	Provident Fund Act	Provident Fund	428787.00	2003-04
2	Employees' State Insurance	Insurance	38128.48	2003-04
3	Income Tax (TDS)	Income Tax	308313.00	2002-03 & 2003-04
4	Professional Tax	Professional Tax	51583.00	2002-03
5	Sales Tax (TNGST,CST, AST,KST etc)	Sales Tax	263309.43	2002-03 & 2003-04
6	Entry Tax	Entry Tax	5802.00	2003-03
7	Excise Duty	Excise Duty on F/G	1267.00	2002-03
			1097189.91	

- (b) The Income tax demand of Rs.27.85 Lakhs for the year 1997-98 being under dispute unpaid and is pending before the Income tax Appellate Tribunal.

- (viii) The Accumulated Losses at the end of the financial year are more than 50% of the Net worth. Cash Loss incurred during the year ended 31.03.2008 Rs. NIL Lakhs. Cash Loss incurred during the year ended 31.03.07 is Rs.242 Lakhs.

There is erosion of Net Worth more than 50%. However, the value of land is shown only at cost since purchase of land. The realisable value of land and other assets have not been ascertained.

- (ix) The amount due to the financial institutions / banks towards repayment are given hereunder.

(Rupees in Lakhs)

Period of default	Principal	Interest	Total
April 2000 to March 2008	26.56	108.68	135.24
February 2000 to March 2008	159.78	281.17	440.95
Total	186.34	389.85	576.19

- ((x) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xi) In Our opinion the provision of special statute applicable to chit fund and nidhi/ Mutual benefit fund/society are not applicable to the company.
- (xii) In our opinion company's not a dealer or trader in shares, securities, debtors and other investements.
- (xiii) The Company has not given any guarantee for loan taken by others from banks or financial institutions.
- (Xiv) The Company has not availed any term loan during this period.
- (xv) Funds raised on short term basis have not been used for long-term investment.
- (xvi) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act.
- (xvii) The Company has not issued debentures
- (xviii) As per the information furnished to us and to the best of my knowledge, no fraud on or by the company has been noticed or reported during the period.

Place : Alwaye,

Date : 28.06.2008

For LAZAR & GEORGE
Chartered Accountants.

K.A. SAGHESH KUMAR
Partner



TCM Limited

BALANCE SHEET AS AT 31ST MARCH 2008

	Schedule Ref	AS AT 31.03.2008 (12 MONTHS)		AS AT 31.03.2007 (12 MONTHS)	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS:					
1. Share Holders' Funds					
a) Share Capital	A	3,39,90,350		33990350	
b) Reserves & Surplus	B	<u>9867508</u>	43857858	<u>9867508</u>	43857858
2. Deferred Tax Liability Adjustment			4003902	4003902	
3. Loan Funds					
a) Secured Loans	C	160620607		165143107	
b) Unsecured Loans	D	<u>11817088</u>	172437695	<u>4744500</u>	169887607
TOTAL			<u>220299455</u>		<u>217749367</u>
II. APPLICATION OF FUNDS:					
1. Fixed Assets	E				
a) Gross Block		102527852		104209261	
b) Less: Depreciation		<u>62599078</u>		<u>60911794</u>	
c) Net Block		<u>39928774</u>		<u>43297467</u>	
d) Assets not in actual use		<u>393280</u>	40322054	<u>393280</u>	43690747
2. Investments	F		2364010		2364010
3. Current Assets, Loans & Advances	G				
a) Inventories		6876460		7053343	
b) Sundry Debtors		14640846		17208202	
c) Cash & Bank Balances		3038044		2322238	
d) Loans & Advances		<u>20566366</u>		<u>18303126</u>	
	(A)	<u>45121716</u>		<u>44886909</u>	
Less:					
Current Liabilities & Provisions					
a) Liabilities	H	47567339		50197774	
	(B)	<u>47567339</u>		<u>50197774</u>	
Net Current Assets (A-B)			(2445623)		(5310865)
Profit and Loss Account	I		180059014		177005475
TOTAL			<u>220299455</u>		<u>217749367</u>
Notes on Accounts	J				

Joseph Varghese
Managing Director

T. Thirugnanam
Chairman

As per Report of even date attached for and on behalf of
For Lazar & George
Chartered Accountants

Ernakulam
28th June 2008

K. A. SAGHESH KUMAR
Partner


TCM Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

	Schedule Ref	AS AT 31.03.2008 (12 MONTHS)		AS AT 31.03.2007 (12 MONTHS)	
		Rs.	Rs.	Rs.	Rs.
Sales			4320234		104832
Other Income	1		6001888		7221835
Stock Differential (Decrease)	2		(773750)		(1342948)
Total			9548372		5983719
Raw materials consumed		1262547		-	
Packing Materials		4095		-	
Stores&Spares consumed		33076		-	
Excise Duty		558262		1748978	
Manufacturing Expenses	3	4078908		2910791	
Employee Cost	4	1453376		4765166	
Selling Expenses	5	176858		254365	
Administration Expenses	6	1730610		19913905	
Finance Charges	7	35680		578798	
Depreciation		3268499	12601911	4506819	34678822
Net Loss			(3053539)		(28695104)
Net Loss carried to Balance Sheet			(3053539)		(28695104)
			<u>0</u>		<u>0</u>

Joseph Varghese
Managing Director

T. Thirugnanam
Chairman

As per Report of even date attached for and on behalf of
For Lazar & George
Chartered Accountants

Ernakulam
28th June 2008

K. A. SAGHESH KUMAR
Partner



TCM Limited

Schedules forming part of Balance Sheet as at 31st March 2008

	31-03-2008 Rs.	31-03-2007 Rs.
Schedule A: SHARE CAPITAL		
AUTHORISED:		
1,00,00,000 Shares of Rs.10/- each	10,00,00,000	10,00,00,000
ISSUES:		
33,99,035 Equity Shares of Rs.10/- issued as fully paid up (of the above shares 6,00,000 shares were allotted as fully paid up by way of Bonus Shares by capitalisation of Share Premium, Capital Redemption Reserve & General Reserve without payment being received in cash)	3,39,90,350	3,39,90,350
SUBSCRIBED, CALLED AND PAID UP:		
33,99,035 Equity Shares of Rs.10/- issued as fully paid up (of the above shares 6,00,000 shares were allotted as fully paid up by way of Bonus Shares by capitalisation of Share Premium, Capital Redemption Reserve & General Reserve without payment being received in cash)	3,39,90,350	3,39,90,350
Per Balance Sheet	<u>3,39,90,350</u>	<u>3,39,90,350</u>
Schedule -B: RESERVES & SURPLUS		
	31-03-2008 Rs.	31-03-2007 Rs.
RESERVES		
Capital Reserve as per Last Balance Sheet	7767508	7767508
Share Premium	2100000	2100000
Per Balance Sheet	<u>9867508</u>	<u>9867508</u>



TCM Limited

Schedules forming part of Balance Sheet as at 31st March 2008

Schedule C: SECURED LOANS	31-03-2008 Rs.	31-03-2007 Rs.
LOANS FROM BANKS/OTHERS		
From Bank of Baroda by first charge created/ to be created on stocks of Raw Materials, WIP, Finished Goods, Consumable Stores and Second charge on all immovable properties of the Company and by the hypothecation of Book Debts.		
Cash Credit Facility from Bank of Baroda	29446306	29446306
Working Capital Term Loan from Bank of Baroda	44000000	44000000
Letter of Credit from Bank of Baroda	10536532	10536532
 Term Loan from Shamrao Vithal Co.op. Bank Ltd	 2656196	 7178696
Term Loan from Federal Bank Ltd	15978000	15978000
By joint mortgage of immovable properties both present and future (along with the Industrial Finance Corporation of India Ltd) and first charge by way of hypothecation of all movable properties (Save and except Book Debts) present and future subject to prior charge created/to be created in favour of Bank of Baroda on stocks of Raw Materials, WIP goods, Finished goods and consumable stores for securing the borrowing for working capital.		
Interest accrued on the above	58003573	58003573
Per Balance Sheet	160620607	165143107
Schedule D: UNSECURED LOANS		
	31-03-2008 Rs.	31-03-2007 Rs.
Conditional Loan from ICICI Ltd under Sponsored Research & Development Programme	0	2200000
Advance from Director	11817088	2544500
Per Balance Sheet	11817088	4744500

Schedule : E :

FIXED ASSETS

Depreciation	Cost as on 31.03.2007 Rs.	Additions during the year Rs.	Deductions during the year Rs.	Gross Block as on 31/03/2008 Rs.	Deprecion as on 31.0.2007 Rs.	Deprecion during the year Rs.	Deductions during the year Rs.	Deprecion up to 31.03.2008 Rs.	Net Block as on 31/03/2008 Rs	Net Block as on 31/03/2007 Rs
Land & Development	11502656	0	0	11502656	0	0	0	0	11502656	11502656
Buildings	14923068	0	0	14923068	11179286	337605	0.00	11516891	3406176	3743781
Plant & Machinery	74523631	0	1230524	73293107	46801778	2876897	1130889	48547786	24745321	27721852
Furniture & Fixtures & Office										
Equipments	2609183	0	56283	2552900	2292707	51921	56337	2288290	264610	316476
Vehicles	650723	0	394602	256121	638023	2077	393990	246110	10011	12700
TOTAL	104209261	0	1681409	102527852	60911794	3268500	1590155	62599078	39928774	43297467
Previous Year	104209261	0	0	104209261	129546727	4506819	73141751	129546727	43297467	76103140
Assets not in actual use									393280	393280
Per Balance Sheet									40322054	43690747

**TCM Limited****Schedules forming part of Balance Sheet as at 31st March 2008**

Schedule F: INVESTMENTS	31-03-2008	31-03-2007
	Rs.	Rs.
NON-TRADE:UNQUOTED		
600 Shares of Rs.2.50 each in TCM Consumers' Co.op. Society Ltd.,fully paid up.	1500	1500
600 Shares of Rs10/- each in TCM Employees' Co.op. Stores Ltd., fullypaid up.	6000	6000
300 Shares of Rs.10/- each in TCM Employees Credit Co.op. Society Ltd., fully paid up	3000	3000
TRADE:UNQUOTED		
14,000 Shares of Rs.10/- each fully paid up in Imkemex India Ltd.,(includes 4000 Bonus Shares)	100000	100000
4,500 Equity Shares of Rs.10/- each fully paid up in RamakrishnaChemicals Ltd.	45000	45000
20,000 Equity Shares of Rs.10/- each fully paid up in SunshieldChemicals Ltd., (includes premium of Rs.23/- per Share)	660000	660000
One Equity Share of Rs.10/- fully paid up in Bell Trachem Ceramics Ltd	10	10
2000 Equity Shares of Rs.25/- fully paid up in Shamrao Vithal Co.operative Bank Ltd.,	50000	50000
TRADE:QUOTED		
66,600 Shares of Rs.10/- each fully paid up in Bell Ceramics Ltd.(includes premium of Rs.12.50 per Share. Market Value Rs.1378620/-)	1498500	1498500
Per Balance Sheet	2364010	2364010



TCM Limited

Schedules forming part of Balance Sheet as at 31st March 2008

Schedule G: CURRENT ASSETS, LOANS & ADVANCES	31-03-2008 Rs.	31-03-2007 Rs.
(a) INVENTORIES		
<i>(as certified by the Director)</i>		
Stores & Spare Parts (at cost)		
In Godown	3846677	3658964
Loose Tools	165502	165502
Raw Materials (at cost)		
In Godown	1459618	1050464
Stock in trade		
Finished Goods at cost or net realisable value whichever is less	625733	1076483
Work-in-Process at cost	778930	1101930
Per Balance Sheet	6876460	7053343
(b) SUNDRY DEBTORS (Unsecured)		
a. Debts considered good :	0	265400
Debts Outstanding for a period exceeding six months	14640846	16942802
Per Balance Sheet	14640846	17208202
c) CASH & BANK BALANCES		
Cash Balance on hand	52882	41904
Balance with Scheduled Banks		
1. On Current Accounts	2125373	1309575
2. On Deposit Accounts	856189	856189
3. On Unclaimed Dividend Accounts	0	110970
Balance with Post Office Savings Account	3600	3600
Per Balance Sheet	3038044	2322238
(d) LOANS & ADVANCES		
<i>(Unsecured & considered good)</i>		
Advance recoverable in cash or in kind	10972454	9109347
Income Tax Department	2109461	1964439
Deposits	6897978	6848506
Prepaid Expenses	113477	113477
Balance with Central Excise Dept	472996	267357
Per Balance Sheet	20566366	18303125.9



TCM Limited

Schedules forming part of Balance Sheet as at 31st March 2008

Schedule H: CURRENT LIABILITIES	31-03-2008	31-03-2007
	Rs.	Rs.
Sundry Creditors	45649445	46339688
Unfunded Gratuity Payable	732463	1188410
Compensation Payable (through award under Agreement)	0	1373275
Restarting Wages - Workmen	1050000	1050000
Unclaimed Dividend	0	110970
Bonus Payable	135431	135431
Per Balance Sheet	47567339	50197774

Schedule I: PROFIT AND LOSS ACCOUNT	31-03-2008	31-03-2007
	Rs.	Rs.
Profit & Loss Account Appropriation	177005475	
Add: Net Loss during the year	3053539	180059014
		177005475
	180059014	177005475



TCM Limited

Schedules forming part of Profit and Account for the year ended as at 31st March 2008

SCHEDULE 1 : OTHER INCOME	31.03.2008	31.03.2007
	Rs.	Rs.
Rent received	626548	0
Refund of Excise Duty	0	100000
Interest from Bank Deposit/Others	58492	93191
Miscellaneous Sales	238357	6660113
Profit on Sale of Asset	1376306	79710
Miscellaneous Income	111010	288821
Unclaimed amount W/B	3591175	0
	<u>6001888</u>	<u>7221835</u>

SCHEDULE 2 : STOCK DIFFERENTIAL	31.03.2008	31.03.2007
	Rs.	Rs.
Opening Stock :		
Finished Goods	1076483	1166483
Work-in-Process	1101930	2354878
	2178413	3521361
Closing Stock :		
Finished Goods	625733	1076483
Work-in-Process	<u>778930</u>	<u>1101930</u>
	1404663	2178413
Net Decrease	<u>(773750)</u>	<u>(1342948)</u>

SCHEDULE 3 : MANUFACTURING EXPENSES	31.03.2008	31.03.2007
	Rs.	Rs.
Power	997817	721053
Fuel	709465	0
Repairs & Renewals-Plant-others	942388	339944
Factory Expenses-others	1359098	1809802
Handling Expenses	25910	4175
Freight & Clearing Expenses	20235	9468
Inspection Fee	23995	26350
	<u>4078908</u>	<u>2910791</u>



TCM Limited

Schedules forming part of Profit and Account for the year ended as at 31st March 2008

SCHEDULE 4 : EMPLOYEE COST	31.03.2008	31.03.2007
	Rs.	Rs.
Salaries, Wages	1196021	75854
Restarting Wages- Workmen	0	1050000
Employees Staté Insurance	87627	0
Contribution to Provident Fund & other Funds	45046	0
Administrative Charges on PF & DLI	1525	0
Workmen & Staff Welfare Expenses	108157	10423
Workmen Compensation	15000	1737232
Unfunded Gratuity Fund	0	1188410
Retirement Compensation Staff	0	640000
Gratuity	0	63247
	<u>1453376</u>	<u>4765166</u>
 SCHEDULE 5 : SALES EXPENSES	 31.03.2008	 31.03.2007
	Rs.	Rs.
Selling Agent's Commission	4961	0
Special Discount & Commission	67721	0
Sales Expenses	14000	62000
C&F Service Tax	12465	119236
Advertisement Charges	30570	41028
Sales Tax Paid	35296	26698
Carriage Outwards	10345	0
ST Registration Fee	1500	5403
	<u>176858</u>	<u>254365</u>
 SCHEDULE 6 : ADMINISTRATIVE EXPENSES	 31.03.2008	 31.03.2007
	Rs.	Rs.
Rent	43000	21000
Travelling & Conveyance	170353	120415
Motor Vehicle Maintenance	8590	38683
Law Charges	330500	94530
Donation	800	500
Rates & Taxes Others	226712	23105
Listing Fee - Stock Exchanges	10000	10400
Travelling Expenses - Director	124782	64606
Statutory Audit Fee	20000	20000
Service Tax - Audit fee	0	3207
For other Services	15927	6000
Printing & Stationery	35402	35004
Loss on sale of Stores Items	0	5771253
Loss on Sale of Asset	0	12928351
General Expenses/Others	602428	720278
Bad Debts W/O	73769	0
Postage & Telephone	68347	56574
	<u>1730610</u>	<u>19913905</u>



TCM Limited

Schedules forming part of profit and Loss Account for the year ended 31st March 2008

SCHEDULE 7: FINANCE CHARGES	31.03.2008	31.03.2007
	Rs.	Rs.

Interest on:

b. term Loans/ CC A/c	0	553008
Bank & other Charges	35680	25790
	<u>35680</u>	<u>578798</u>

SCHEDULE : J

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2008

1. Accounting Policies:
 - i. The Company prepares its accounts on accrual basis, except otherwise stated, in accordance with the normally accepted accounting principles. All accounting standards have been complied with.
 - ii. Fixed Assets are stated at their original cost including taxes, duties, freight and other incidental expenses related to acquisition, as reduced by Cenvat Credit.
 - iii. Depreciation has normally been provided on Plant & Machinery on straight line method on historical book cost and in respect of other fixed assets on Written Down Value method, as per Schedule XIV of the Companies Act 1956.
 - iv. Valuation of Inventories as per AS-2 of ICAI :-

Raw materials, stores & spares are valued at cost, finished goods at cost or net realisable value whichever is less including excise duty payable and work-in-process at cost.
 - v. Investments are valued at cost except those where permanent diminution has arisen for which due provision has been made. Dividends are accounted as and when declared and received.
 - vi. Leave payments to employees are accounted as and when claimed and paid.
 - vii. The company had been following the system where Retirement benefits were provided in the books of accounts and payments were made to Life Insurance Corporation of India on the basis of actuarial principles. However No payment/ provision has been made during the current year.
 - viii. Revenue expenditure on Research & Development is charged to Profit & Loss Account for the period in which it is incurred while the Capital Expenditure is shown as an addition to Fixed Assets and depreciation is charged in the books.
 - ix. Excise Duty on the closing stock of finished goods at the factory is included in the valuation of Stock-in-trade. This will have no effect on the working results of the company.

- x. No provision for interest is made in the accounts for the cash credit and the term loan, since One time settlement their accounts are in progress.
 - xi. Foreign Exchange transactions remaining unsettled at the end of the period are converted at the rates prevailing on the last day of the period.
 - x. The subsidies of capital nature received or receivable are accounted as capital reserves. The subsidies of revenue nature, if any, are taken as income.
3. Deferred Tax Asset / Liability as on 31.03.2008 has not been recognized since there is no reasonable certainty of sufficient taxable income being available against which such tax assets can be realized.
4. (a) The Income Tax Assessments have been completed upto the accounting year 2003-04. As between the financial period ended 31.03.1996 and 31.03.1997, there is net demand of Rs.17.66 Lakhs, which has already been paid. However, the disputed tax is disclosed as a Contingent Liability. The appeal filed by the company is pending before the Commissioner of Income Tax (Appeals)
- (b) In exercise of Reversionary Powers of the Commissioner of Income Tax under section 263 of the Income Tax Act, a re-assessment was made for the assessment year 1997-98 raising a demand of Rs.27.85 Lakhs. The company filed an appeal against the order of the CIT before the ITAT. An appeal challenging the reversionary powers of the Commissioner of Income Tax under section 263 is also pending before the High Court of Kerala.
- (c) Against the demand of Rs.1.96 Lakhs towards interest for non-payment of ESI contribution for the period from 01.04.1992 to 31.10.1992, the company has filed a petition before Kerala High Court. There is a net demand of Rs. 1.97 lakhs towards the payment of ESI contribution with interest for the period from 1999-2000 to 2000-2001.
- (d) Out of the total extent of land admeasuring 99.92 acres purchased at Ulundurpet, 54 acres of land come under Urban Land Ceiling Act. The application for exemption from Land ceiling is pending before the Government. The clearance for the land admeasuring 99.92 Acres has not been granted by Pollution Control Board because of the stretch of land falling within one Kilometer from the banks of the river. In the light of the Land Ceiling act, the possibilities for disposal of lands possess difficult. In absence of reasonable marketable value, the increase or decrease in the value of the Land is not ascertainable.

6. The unit at Kalamassery has been closed. The company has disposed a major portion of plant and machinery and Building. The profit or loss assuming out of such sale is disclosed in the accounts.
7. The unit at Metter has been closed with effect from 16/8/2004 which is reopened on 11-5-2008. A revival plan is submitted to BIFR.. The value as per books have been adopted and therefore no loss/ profit could be quantified at this juncture
8. The unit at Tuticorin which was closed with effect from 01-04-2005 is reopened with effect from 07.04.2007. A revival plan is submitted to BIFR. The value as per books have been adopted for the assets and therefore no loss/profit could be quantified at this juncture.
9. The company reference application to BIFR as a Sick Industrial Company stands registered on caseNo.101/2005 dt. 28.03.2005. BIFR has appointed Bank of Baroda, as the Operating Agency. The company has submitted a revival proposal to the Bank of Baroda.
10. The maintenance expenditures of the closed units are charged to revenue.
11. Balances of debtors, creditors, loans and advances and banks / financial institutions are subject to confirmation / reconciliation by the parties.
12. In the absence of adequate information as to the identification of parties and interest on devolved LCs (both Inland and Foreign Letter of Credit), no adjustment has been made in the books. However the amount pending against such devolved LCs to the tune of Rs.105.36 Lakhs (ILC : Rs.87.58 Lakhs and FLC : Rs.17.78 Lakhs) has been considered as advances by the bank evidenced by confirmation letter. Hence the effect of such treatment in Profit and Loss account and in balance Sheet could not be ascertained.
13. Company does not possess full information as to, which of its suppliers are small scales industrial undertakings holding permanent registration certificate issued by the relevant authorities.
14. The operations of the Company relate only to one segment viz., manufacture and sales of chemicals.

15. In the absence of realizable value of assets of the company, the decrease or increase in value of assets has not been quantified. Hence the impairment of assets could not be ascertained.
16. Earning per Share of the Company is Rs. ()
17. Contingent liabilities not provided for:

(Rs. in Lakhs)

	31.3.2008	31.3.2007
a. Guarantees issued by bankers on behalf of the company	25.58	25.58
b. Disputed Income Tax Demand	52.14	52.14
c. Disputed Power Charges demand from KSEB not acknowledged as debt by the Company	265.12	265.12
d. The demand of Rs.1.96 Lakhs towards interest for non-payment of ESI contribution for the period from 01.04.1992 to 31.10.1992. and Rs.1.97 lakhs towards ESI contribution with interest for the period from 1999-2000 & 2000-2001	5.01	5.01

19. Additional Particulars: Schedule to Balance Sheet as at 31.3.2008.

	PRODUCTION		SALES			
	Quantity/ MT		Quantity /MT		Value (Rs. in Lakhs)	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Pesticides	0	0	0	0	0	0
Other Chemicals	82.2	0	72.1	1.5	33.71	1
Total	82.2	0	72.1	1.5	33.71	1

(b) Stock of Finished Goods

(Rs. In Lakhs)

	31.3.2008		31.3.2007		30.9.2006	
	Quantity	Value	Quantity	Value	Quantity	Value
	MT	(Rs)	MT	(Rs)	MT	(Rs)
Pesticides	0	0	1	0.50	1	0.50
Other Chemicals	3.55	1.63	3.5	0.58	5	1.75
Total	3.55	1.63	4.5	1.08	6	2.25



- (c) Raw Materials consumed. There was no consumption of raw materials during the year 2006-07 & 2007-08.

	Quantity in MT		Value/Rs. (Lakhs)	
	2007-08	2006-07	2007-08	2006-07
Copper Scrap	-	-	-	-
Others	165.94	0	12.62	0
	165.94	0	12.62	0

(in Rs.)

	2007-08	2006-07
(d) <i>CIF Value of Imports - Raw Materials</i>	NIL	NIL
(e) <i>Particulars of Raw Materials, Components and Stores consumed – Imported</i>	NIL	NIL
(f) <i>Indigenous</i>	NIL	NIL
1. <i>Expenditure in Foreign Currency</i>		
Foreign Travel	NIL	NIL
Others	NIL	NIL
2. <i>Earnings in Foreign Exchange</i>		
Export – Direct	NIL	NIL
Export through Agent	NIL	NIL
No. of Non-Resident Shareholders	8	6
No. of Shares held by them	7758	6758

Previous year figures have been regrouped wherever necessary.

JOSEPH VARGHESE
MANAGING DIRECTOR

T. THIRUGNANAM
CHAIRMAN

As per Report of even date attached
For LAZAR & GEORGE
Chartered Accountants

Ernakulam
28.06.2008

K. A. SAGHESH KUMAR
Partner

**TCM LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31-3-2008**

	Year ended 31-03-2008	Year ended 31-03-2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax and extraordinary items	(3053539.00)	(28695104.00)
Adjustments for		
Depreciation	3268499.00	4506819.00
Profit on sale of Fixed assets	(1376306.00)	(79710.00)
Loss on sale of Fixed assets	0.00	12928351.00
Waiver of interest on term loan/loan(Miscellaneous Income)	(3591175.00)	(288821.00)
Interest Expenses	0.00	553008.00
Operating Profit before Working Capital changes	(4752521.00)	(11075457.00)
Adjustments for		
Decrease in Trade & Other Receivables	304116.00	7183842.00
Decrease in Inventories	176883.00	8167895.00
Decrease in Trade Payables	(1239260.00)	(19673985.00)
Cash generated from operations	(5510782.00)	(15397705.00)
Cash flow before extraordinary items	(5510782.00)	(15397705.00)
Extraordinary/ prior period Items	0.00	0.00
Net Cash flow from Operating Activities - (A)	(5510782.00)	(15397705.00)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sales of Fixed assets	1476500.00	17177556.00
Net Cash used in Investing Activities - (B)	1476500.00	17177556.00
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	(4522500.00)	(5000000.00)
Unsecured Loan received	9272588.00	2544500.00
Net cash used in Financing Activities - ©	(4750088.00)	(2455500.00)
NET INCREASE/DECREASE IN CASH AND EQUIVALENTS (A+B+C)	715806.00	(675649.00)
CASH & CASH EQUIVALENTS AS AT 31/03/2007	2322238.00	2997887.00
CASH & CASH EQUIVALENTS AS AT 31/03/2008	3038044.00	2322238.00

Joseph Varghese
Managing Director

T.Thirugnanam
Chairman

We have checked the attached cash flow statement for TCM limited for the year ended 31st, March 2008, from the books and records maintained by the ordinary course of business and have, found it in accordance therewith.

As per Report of even date attached for and on behalf of
For:Lazar & George
Chartered Accountants

Ernakulam
28.06.2008

K. A. SAGHESH KUMAR
Partner



TCM Limited

FORM OF PROXY

I / We.....

of.....

..... being member(s) of TCM Limited

hereby appoint.....

..... of

..... or failing him / her

..... of

as my / our proxy to vote for me / us on my / our behalf at the 64th Annual General Meeting of the company to be held on Saturday the 27th September 2008 at 15.00 hrs and at any adjournment thereof.

As witness my / our hand this day of2008

Signed by the said

Affix 1.00 Rupee Revenue Stamp
--

NOTE: To be deposited at the Company's Registered Office not less than 48 hours before the time of the meeting i.e before 15.00 hrs on 25.09.2008.