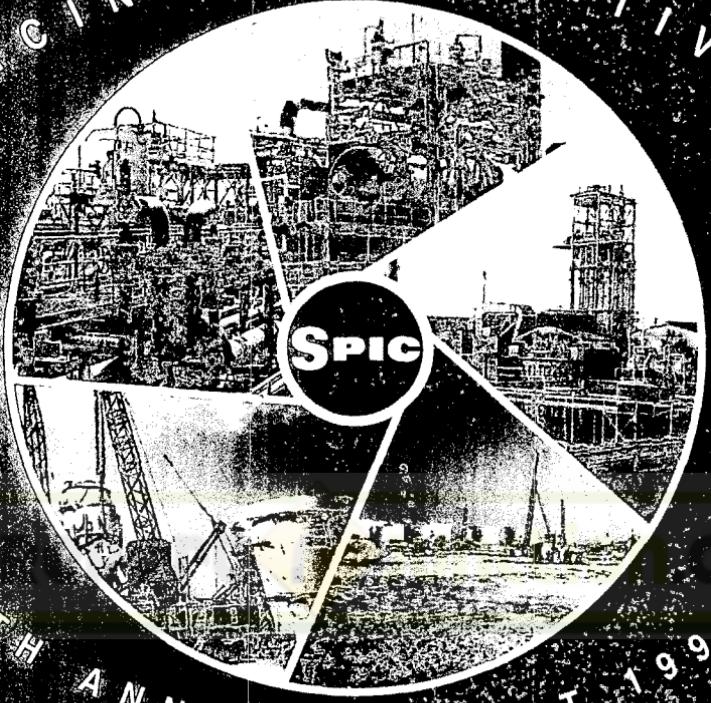


ENHANCING COMPETITIVENESS



28TH ANNUAL REPORT 1997-98

SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

Ramifications of the economic reforms are already becoming evident.

The entry of multinational corporations, for instance, has already made an impact.

The strong pull of several MNC brands has changed the rules of the game.

In more ways than one, every industry, every product, is engulfed by the impact of globalisation. Clearly India cannot remain isolated.

In a discernible development, the industry leaders in India are looking for strengthening their operations utilising newer opportunities.

So is SPIC. Building partnerships with world leaders in specific fields as well as reaching out beyond the Indian shores, to establish its credentials as a major international player.

The pages that follow reflect SPIC's efforts in this direction through international collaborations that spell success.



**SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED**  
 PRINCIPAL OFFICE : 'SPIC CENTRE' 97, MOUNT ROAD, GUINDY, CHENNAI - 600 032.

15.07.98

To  
 All Shareholders,  
 Dear Sir(s)/Madam,

**PAYMENT OF DIVIDEND  
 THROUGH ELECTRONIC CLEARING SERVICE (ECS)**

- Under the existing system of payment of dividend through warrants being sent directly to the shareholders, we receive complaints from some of the shareholders that they do not receive the warrants in time and sometimes lost in transit and regretfully in some cases intercepted in transit. In all these cases, the shareholders are put to lot of difficulties, as they have to report such loss and execute indemnity bonds for getting duplicate warrants, thereby causing delay in receiving the amount.
- To avoid such delay, loss in transit, pilferage and fraud, RBI has recently introduced a system by which the dividend amount will be directly credited to the bank account of the shareholder, without the company issuing a separate dividend warrant. This is called ELECTRONIC CLEARING SERVICE (ECS).
- To avail this service, you are requested to furnish details of your bank account in the attached Mandate Form and send the same to us before 28.8.98 to enable us to arrange for electronic credit through the Bankers of the Company. Payment instructions will be issued by the Company's bank electronically to the clearing authority (RBI) and the clearing authority will supply credit reports to your bank with which you maintain the account. Such account may be either Savings Bank account or Current Account or Cash Credit account. The concerned branch will credit your account and indicate the credit entry as ECS in your Bank Pass Book/Statement of Account. We will issue an advice to you after the transaction is effected.
- This facility is presently available to shareholders having Bank account with banks in Mumbai, Calcutta, Delhi, Chennai, Pune, Ahmedabad, Bangalore,

Hyderabad, Chandigarh, Jaipur, Kanpur, Patna, Guwahati, Bhubaneswar, Nagpur, and Thiruvananthapuram Cheque clearing zones.

- At present only individual transactions upto Rs. 1 Lakh are covered under the scheme.
- You need not open any new bank account specially for availing ECS facility, as credit will be given to any existing bank account indicated by you.
- We propose to introduce this service for payment of dividends for the current year and would request you to avail this facility in your own interest.
- Kindly also note that if you have already furnished any mandate instruction or bank particulars for printing on the face of the Warrants, the same will stand cancelled and this ECS mandate will be taken on record, in case you opt for ECS.
- We enclose an ECS Mandate Form in which you are requested to furnish us the details of your bank account to which the dividend amount is to be credited. The information should be complete, accurate in all respects and preferably certified by your bank manager.
- The information provided by you will be kept confidential and will be used only for the purpose of crediting dividends.

Kindly note that this facility is optional. You are at liberty to stay with the existing system of receiving the dividends warrant directly, if you so desire.

Thanking you,

Yours faithfully,  
 for **SOUTHERN PETROCHEMICAL  
 INDUSTRIES CORPORATION LIMITED**

A. SANTHANAKRISHNAN  
 Whole - time Director & Secretary.

Southern Petrochemical Industries Corporation Limited,  
Secretarial Department,  
97, Mount Road,  
Guindy, Chennai - 600 032.

**ELECTRONIC CLEARING SERVICE (ECS) (CREDIT CLEARING)  
ECS MANDATE FORM FOR PAYMENT OF DIVIDEND ON EQUITY SHARES**

1. First Shareholder's Name (in Block letters)
2. Address
3. Share Folio No.
4. Particulars of Bank Account
  - A. Name of the Bank
  - B. Name of the Branch
  - C. Address of the Branch
  - D. City and Pincode
  - E. Account Number (as appearing on the cheque book)
  - F. Type of Account      SB      CURRENT      CASH CREDIT
  - G. Ledger Folio No (as appearing in the cheque book)
5. Nine digit code number of the Bank and branch appearing on the MICR cheque issued by the bank

**NOTE** Please attach a photocopy of a cheque leaf or a blank cancelled cheque issued by your bank relating to your above account for verifying the accuracy of the code numbers.

**DECLARATION**

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I will not hold the Company (SPIC) responsible.

I agree to avail of the Electronic Clearing Service provided by RBI, as and when implemented by RBI/ SPIC for payment of dividend to me.

Place \_\_\_\_\_  
Date \_\_\_\_\_ Signature of the Firstholder

Certified that the particulars furnished above are correct as per our records.

Place \_\_\_\_\_  
Date \_\_\_\_\_ Signature of the Bank Manager

## SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

Registered Office: 39 Armenian Street, Chennai 600 001.

Principal Office: "SPIC Centre", 97 Mount Road, Guindy, Chennai 600 032.

### NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of the Members of Southern Petrochemical Industries Corporation Limited will be held on Friday, the 28th August 1998 at 2.45 P.M. at Kamaraj Arangam, 574-A, Anna Salai, Teynampet, Chennai 600 006, to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 1998 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors.
2. To declare Dividends.
3. To elect a Director in the place of Thiru Ashwin C Muthiah, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in the place of Thiru A Santhanakrishnan, who retires by rotation and being eligible, offers himself for re-election.
5. To elect a Director in the place of Thiru S Venkitaramanan, who retires by rotation and being eligible, offers himself for re-election.
6. To elect a Director in the place of Thiru N Athimoolam, IAS, who retires by rotation and being eligible, offers himself for re-election.
7. To appoint Auditors and fix their remuneration. M/s. A F Ferguson & Co., the retiring Auditors, are eligible for re-appointment.

#### SPECIAL BUSINESS

8. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Thiru M G Thirunavukkarasu, whose period of Office shall be liable to determination by retirement of Directors by rotation, be and is hereby appointed a Director of the Company."

9. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, and in partial modification of the Special Resolutions passed under Item Nos.10, 11 and 14 of the Notice by the Members of the Company at their 25th Annual General Meeting held on 11.9.1995 and in partial modification of the Special Resolution passed under Item No.11 of the Notice by the Members of the Company at their 26th Annual General Meeting held on 11.9.1996, with respect to the payment of remuneration/increased remuneration to the Managing/Whole-time Directors of the Company, consent of the Company be and is hereby accorded for payment of Company's contribution towards Provident Fund at 12.5% of the salary, with effect from 1.1.1997 to the rest of the term of Office of Thiruvalargal Dr. A C Muthiah, Vice-Chairman & President (Managing Director), Dr. P R Sundaravadivelu, Managing Director, Thiru A Santhanakrishnan, Whole-time Director & Secretary and Thiru R Soundararajan, Finance Director (Whole-time Director) of the Company provided however that the contribution to Pension/Superannuation Fund/Annuity Fund together with the contribution to Provident Fund shall not exceed 27.5% of the salary of the respective Managing/Whole-time Directors of the Company."

"RESOLVED FURTHER THAT such contribution to the Provident Fund, Superannuation Fund and Annuity Fund shall continue to be not included in the computation of the ceiling on perquisites to the extent the same, either singly or put together, are not taxable under the Income-tax Act/ Rules read with the relevant notification(s) issued from time to time."

10. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT sanction of the Company be and is hereby accorded in terms of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force and/or any notification which the Central Government may issue from time to time), for the re-appointment of Dr. A C Muthiah, Vice-Chairman & President (Managing Director) for a period of five years with effect from 1.10.1998 to 30.9.2003 and for payment of increased remuneration/ minimum remuneration with effect from 1.7.1998 to the rest of the term of his Office ie., till 30.9.2003 by way of monthly salary, commission and other perquisites as described below:

**Remuneration:**

- 1) Salary:  
Rs.1,25,000/- per month.
- 2) Commission:  
One per cent on the net profits of the Company not exceeding the total annual salary.
- 3) Perquisites:  
Perquisites shall be allowed in addition to both salary and commission. However, it shall be restricted to an amount equal to the annual salary.

Perquisites are presently classified as follows:

- (i) Housing/House Rent Allowance:  
The expenditure incurred by the Company will be subject to a ceiling of 60% of the salary.
- (ii) Gas, Electricity, Water and Furnishing:  
The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income-tax Rules, 1962.
- (iii) Medical Reimbursement:  
Expenses incurred for the appointee and his family.

- (iv) Leave and Leave Travel Concession:

Leave as per the rules of the Company including encashment of leave. Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.

- (v) Club Fees:

Fees of clubs subject to a maximum of two clubs.

- (vi) Personal Accident Insurance:

Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.4,000/-.

For the purpose of calculating the above ceiling, perquisites will be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

However, the Board of Directors will have the liberty to refix individual ceilings under each of the above heads so as not to exceed the limit of annual salary or to allow any other perquisite as may be permitted by the Government of India.

- 4) Other payments and provisions which shall not be included in the computation of the ceiling on remuneration:

- (i) Contribution towards Provident Fund and Superannuation Fund

Contribution towards Provident Fund will be subject to a ceiling of 12.5% of the salary. Contribution to Pension/ Superannuation/Annuity Fund together with contribution to Provident Fund shall not exceed 27.5% of the salary. Contributions to Provident Fund, and Pension/Superannuation/Annuity Fund to the extent of limits prescribed under Income-tax Act/ Rules, or notifications issued thereunder from time to time 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/Rules/ Notifications.

- (ii) **Gratuity**  
Gratuity payable shall not exceed one half month's salary for each completed year of service.
  - (iii) **Encashment of leave.**
  - (iv) **Car**  
Provision of Company's car for business and personal use.
  - (v) **Telephone**  
Provision of telephone at residence.
- 5) **Reimbursement of expenses:**
- (i) **Entertainment expenses**  
Reimbursement of entertainment expenses actually and properly incurred for the business of the Company subject to a reasonable ceiling as may be fixed from time to time by the Board.
  - (ii) **Reimbursement of travelling expenses**  
actually and properly incurred for the business of the Company subject to a reasonable ceiling as may be fixed from time to time by the Board.

#### **Minimum Remuneration:**

In the event of loss, absence or inadequacy of profits, in any financial year during the currency of tenure of Dr. A C Muthiah, the remuneration aforesaid shall be the minimum remuneration payable to him. However, any excess over the limits on minimum remuneration prescribed under the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, shall be payable to Dr. A C Muthiah with the approval of the Central Government, if so required."

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, or any provisions of the Companies Act, Income-tax Act and to Income-tax Rules or issuance of any notification under the aforesaid Acts/Rules, the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration/minimum remuneration including salary, commission, perquisites and other

allowances within such revised limit or ceiling without any further reference to the Company in General Meeting or the Central Government."

11. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution:**

"RESOLVED THAT sanction of the Company be and is hereby accorded in terms of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force and/or any notification which the Central Government may issue from time to time), for the re-appointment of Dr. P R Sundaravadivelu, Managing Director, with effect from 30.8.1998 to 31.3.2002 and for payment of increased remuneration/ minimum remuneration with effect from 1.7.1998 to the rest of the term of his Office ie., till 31.3.2002, by way of monthly salary, commission and other perquisites as described below:

#### **Remuneration:**

- 1) **Salary:**  
Rs.1,00,000/- per month.
- 2) **Commission:**  
One per cent on the net profits of the Company not exceeding the total annual salary.
- 3) **Perquisites:**  
Perquisites shall be allowed in addition to both salary and commission. However, it shall be restricted to an amount equal to the annual salary.

Perquisites are presently classified as follows:

- (i) **Housing/House Rent Allowance:**  
The expenditure incurred by the Company will be subject to a ceiling of 60% of the salary.
- (ii) **Gas, Electricity, Water and Furnishing:**  
The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income-tax Rules, 1962.

## (iii) Medical Reimbursement:

Expenses incurred for the appointee and his family.

## (iv) Leave and Leave Travel Concession:

Leave as per the rules of the Company including encashment of leave. Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.

## (v) Club Fees:

Fees of clubs subject to a maximum of two clubs.

## (vi) Personal Accident Insurance:

Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.4,000/-.

For the purpose of calculating the above ceiling, perquisites will be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

However, the Board of Directors will have the liberty to refix individual ceilings under each of the above heads so as not to exceed the limit of annual salary or to allow any other perquisite as may be permitted by the Government of India.

## 4) Other payments and provisions which shall not be included in the computation of the ceiling on remuneration:

## (i) Contribution towards Provident Fund and Superannuation Fund

Contribution towards Provident Fund will be subject to a ceiling of 12.5% of the salary. Contribution to Pension/Superannuation/Annuity Fund together with contribution to Provident Fund shall not exceed 27.5% of the salary. Contributions to Provident Fund, and Pension/Superannuation/Annuity Fund to the extent of limits prescribed under Income-tax Act/ Rules, or notifications issued thereunder from time to time 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/Rules/ Notifications.

## (ii) Gratuity

Gratuity payable shall not exceed one half month's salary for each completed year of service.

## (iii) Encashment of leave.

## (iv) Car

Provision of Company's car for business and personal use.

## (v) Telephone

Provision of telephone at residence.

## 5) Reimbursement of expenses:

## (i) Entertainment expenses

Reimbursement of entertainment expenses actually and properly incurred for the business of the Company subject to a reasonable ceiling as may be fixed from time to time by the Board.

## (ii) Reimbursement of travelling expenses actually and properly incurred for the business of the Company subject to a reasonable ceiling as may be fixed from time to time by the Board.

**Minimum Remuneration:**

In the event of loss, absence or inadequacy of profits, in any financial year during the currency of tenure of Dr. P R Sundaravadivelu, the remuneration aforesaid shall be the minimum remuneration payable to him. However, any excess over the limits on minimum remuneration prescribed under the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, shall be payable to Dr. P R Sundaravadivelu, with the approval of the Central Government, if so, required."

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation

by the Central Government to Schedule XIII to the Companies Act, 1956, or any provisions of the Companies Act, Income-tax Act and to Income-tax Rules or issuance of any notification under the aforesaid Acts/Rules, the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration/minimum remuneration including salary, commission, perquisites and other allowances within such revised limit or ceiling without any further reference to the Company in General Meeting or the Central Government."

12. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT sanction of the Company be and is hereby accorded in terms of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force and/or any notification which the Central Government may issue from time to time), for the re-appointment of Thiru A Santhanakrishnan as Whole-time Director of the Company with effect from 18.12.1999 to 30.9.2003 and for payment of increased remuneration/minimum remuneration with effect from 1.7.1998 to the rest of the term of his Office i.e., till 30.9.2003, by way of monthly salary, commission and other perquisites as described below:

**Remuneration:**

- 1) Salary:

Rs.60,000/- per month.

- 2) Commission:

One per cent on the net profits of the Company not exceeding the total annual salary.

- 3) Perquisites:

Perquisites shall be allowed in addition to both salary and commission. However, it shall be restricted to an amount equal to the annual salary.

Perquisites are presently classified as follows:

- (i) Housing/House Rent Allowance:

The expenditure incurred by the Company will be subject to a ceiling of 60% of the salary.

- (ii) Gas, Electricity, Water and Furnishing:

The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income-tax Rules, 1962.

- (iii) Medical Reimbursement:

Expenses incurred for the appointee and his family.

- (iv) Leave and Leave Travel Concession:

Leave as per the rules of the Company including encashment of leave. Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.

- (v) Club Fees:

Fees of clubs subject to a maximum of two clubs.

- (vi) Personal Accident Insurance:

Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.4,000/-.

For the purpose of calculating the above ceiling, perquisites will be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

However, the Board of Directors will have the liberty to refix individual ceilings under each of the above heads so as not to exceed the limit of annual salary or to allow any other perquisite as may be permitted by the Government of India.

- 4) Other payments and provisions which shall not be included in the computation of the ceiling on remuneration:

- (i) Contribution towards Provident Fund and Superannuation Fund

Contribution towards Provident Fund will be subject to a ceiling of 12.5% of the salary. Contribution to Pension/Superannuation/Annuity Fund together with contribution to Provident Fund shall not exceed 27.5% of the salary. Contributions to Provident Fund, and Pension/Superannuation/Annuity Fund to the extent of limits prescribed under Income-tax Act/ Rules, or notifications issued thereunder from time to time 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/Rules/ Notifications.

(ii) Gratuity

Gratuity payable shall not exceed one half month's salary for each completed year of service.

(iii) Encashment of leave.

(iv) Car

Provision of Company's car for business and personal use.

(v) Telephone

Provision of telephone at residence.

5) Reimbursement of expenses:

(i) Entertainment expenses

Reimbursement of entertainment expenses actually and properly incurred for the business of the Company subject to a reasonable ceiling as may be fixed from time to time by the Board.

(ii) Reimbursement of travelling expenses actually and properly incurred for the business of the Company subject to a reasonable ceiling as may be fixed from time to time by the Board.

**Minimum Remuneration:**

In the event of loss, absence or inadequacy of profits, in any financial year during the currency of tenure

of Thiru A Santhanakrishnan, the remuneration aforesaid shall be the minimum remuneration payable to him. However, any excess over the limits on minimum remuneration prescribed under the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, shall be payable to Thiru A Santhanakrishnan with the approval of the Central Government, if so required."

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, or any provisions of the Companies Act, Income-tax Act and to Income-tax Rules or issuance of any notification under the aforesaid Acts/Rules, the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration/minimum remuneration including salary, commission, perquisites and other allowances within such revised limit or ceiling without any further reference to the Company in General Meeting or the Central Government."

13. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution:**

"RESOLVED THAT sanction of the Company be and is hereby accorded in terms of Sections 198, 269, 309, 310, 314 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force and/or any notification which the Central Government may issue from time to time), for the appointment of Thiru M G Thirunavukkarasu as Finance Director (Whole-time Director) for a period of five years with effect from 1.7.1998 to 30.6.2003 and for payment of remuneration / minimum remuneration by way of monthly salary, commission and other perquisites as described below:

**Remuneration:**

1) Salary:

Rs.50,000/- per month.

2) Commission:

One per cent on the net profits of the Company not exceeding the total annual salary.