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ACL	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>

Providing cutting edge
through technology.

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Tamilnadu Petroproducts Limited



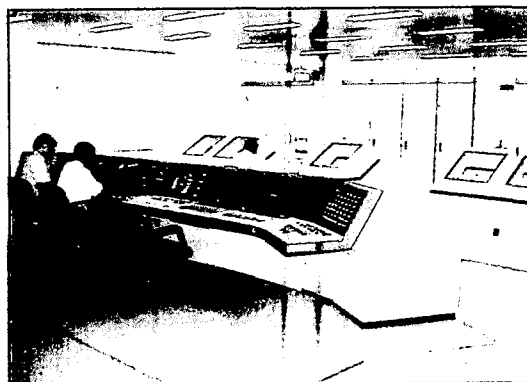
TPL... Cutting edge through technology

TPL, which has maintained a consistent dividend paying performance right from commencement of commercial operation is well set to compete in the global market as it enters the next millennium. The past decade has seen TPL excelling in various spheres with specific focus on technological upgradation and customer satisfaction. TPL is the first in the world to successfully implement Advanced Process Control in LAB plant and is also the first in the country to adopt the "Define Technology", both of which have provided Quality and Cost leadership. Needless to say, technological superiority has given the company a distinct and sustainable advantage in maintaining its bottomline even in the light of reducing duty structures and liberalisation of the economy.

TPL's phenomenal success stems from its zeal to exceed and delight customer requirements as also its vision to continuously upgrade technology. The quality focus and customer care have enabled TPL to achieve market leadership for its products. As it enters the next decade, TPL has further set its eyes on improving its competitiveness with further breakthrough in technology and enhanced quality focus.

TPL which plans to have substantial international presence has embarked upon expansion of its LAB plant with state-of-the-art "TCR Technology" which will be the first of its kind in the world. This expansion will not only enable TPL to maintain its market leadership but also to improve its competitive edge. True to its vision of continuous innovation, TPL, through a collaborative venture is in the advanced stages of developing an environmental friendly process for producing LAB of improved quality. This is expected to provide a cutting edge in the penetration of global markets and aid TPL to successfully sail through the next millennium.

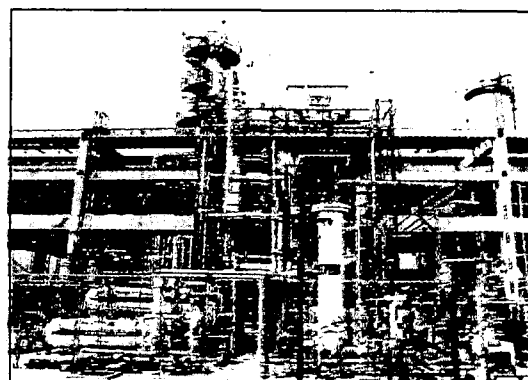
In the liberalised economy, TPL sees great new opportunities emerging which could be harnessed to further strengthen its position. Having made a prudent decision to diversify into core areas of national priority and strategic alliances in key areas, TPL is poised for rapid growth in the future.



Advanced Process Control



Define



Pilot Plant for quality Improvement of LAB



Board of Directors

M.S. SRINIVASAN, I.A.S.
Chairman

Dr. A.C.MUTHIAH
Vice Chairman

P.V. RAJARAMAN, I.A.S.
Director

R. GOPALAN, I.A.S.
Director

K. GANESAN, I.A.S.
Director

DR. P.R. SUNDARAVADIVELU
Director

K. SIVAPRAKASAM
Director (IDBI Nominee)

A.C. CHAKRABORTTI
Director

J.B. DADACHANJI
Director

M.R.B. PUNJA
Director

D. ARUNACHALAM
Technical Director

N. SWAMINATHAN
Managing Director

Secretary
M.B. GANESH

REGISTERED OFFICE

6, Nungambakkam High Road,
Chennai - 600 034.
Tel : 8254545 / 8252568/69/73/75/83

FACTORY

Manali Express Highway
Manali, Chennai - 600 068.
Tel : 5941350/60/70/80/90

AUDITORS

A.F. Ferguson & Co.,
Chartered Accountants,
7th Floor, Guna Office Complex,
Annexe Bldg., 304/305, Anna Salai,
Teynampet, Chennai - 600 018.

LEGAL ADVISOR

T. Raghavan,
25, Mowbrays Road,
Chennai - 600 018.

REGIONAL OFFICE

3rd Floor, YMCA Cultural Centre Building
1, Jai Singh Road,
New Delhi - 110 001.
Tel : 3365275 / 3364962

BANKERS

State Bank of India
State Bank of Hyderabad
State Bank of Bikaner & Jaipur
State Bank of Patiala
Punjab National Bank
Bank of America
Standard Chartered Bank
American Express Bank Limited
Bank of Baroda
ABN Amro Bank
HDFC Bank Ltd.
Vijaya Bank

SECRETARIAL DEPARTMENT

Rosy Tower, 3rd Floor,
7, Nungambakkam High Road,
Chennai - 600 034.
Tel : 8261287 / 8272408

SHARE TRANSFER AGENTS

Cameo Share Registry
(A Division of MCC Finance Limited)
70, Arya Gowder Road, West Mambalam,
Chennai - 600 033.
(Tel : 4839918 / 4839921)

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OPERATING RESULTS AT A GLANCE

(Rs. in Crores)

	1993-94	1994-95	1995-96	1996-97	1997-98
Gross Profit	72.29	75.86	110.16	103.00	98.77
Interest	29.83	16.95	20.17	26.48	23.11
Profit before depreciation	42.46	58.91	89.99	76.52	75.66
Depreciation	14.08	15.42	24.73	27.17	25.64
Provision for tax	-	-	-	6.40	12.75
Profit after tax but before extra-ordinary item	28.38	43.49	65.26	42.95	37.27
Extra-ordinary item	-	4.00	-	-	-
Profit after extra-ordinary item	28.38	39.49	65.26	42.95	37.27
Transfer to :					
Debenture Redemption reserve	-	-	7.00	-	-
General reserve	15.47	6.42	6.77	4.29	3.73
Networth	149.84	219.27	264.12	283.22*	290.80*
(*Net of Revaluation Reserves)					

NOTICE FOR THE THIRTEENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Company will be held at 3.00 P.M. on Monday the 31st August 1998 at "Kamaraj Arangam", 574-A, Anna Salai, Teynampet, Chennai - 600 006 to transact the following business :

Ordinary Business

1. To receive and adopt the audited Balance Sheet as at 31st March 1998 and Profit and Loss Account of the Company for the year ended 31st March 1998 and the Reports of the Directors and Auditors.
2. To declare a Dividend.
3. To appoint a Director in the place of Dr. P. R. Sundaravadivelu who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in the place of Thiru M.R.B. Punja who retires by rotation and being eligible offers himself for re-election.
5. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution :

"RESOLVED THAT A.F. Ferguson & Co., Chartered Accountants, the retiring Auditors be and are hereby reappointed as the Auditors of the Company to hold office until the conclusion of the Fourteenth Annual General Meeting on such remuneration as may be decided by the Board of Directors in addition to reimbursement of out of pocket expenses."

Special Business

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

"RESOLVED THAT pursuant to the provisions of Sections 269, 198, 309, 310 and other applicable provisions, if any and subject to Schedule XIII of the Companies Act, 1956 the consent of the Company be and is hereby given for increased contribution by the Company upto 12.5% with effect from 1st January 1997 to TPL Provident Fund Trust in respect of Thiru N. Swaminathan, Managing Director."

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

"RESOLVED THAT pursuant to the provisions of Sections 269, 198, 309, 310 and other applicable provisions, if any and subject to Schedule XIII of the Companies Act, 1956 the consent of the Company be and is hereby given for increased contribution by the Company upto 12.5% with effect from 1st January 1997 to TPL Provident Fund Trust in respect of Thiru D. Arunachalam, Technical Director."

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

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board"), the consent of the Company be and is hereby accorded to the Board to buy-back such number of shares, from the existing holders of Equity shares from the open market and/or from the lots smaller than market lots of the Securities (odd lots) and/or by purchasing the securities issued/ to be issued to the employees under Stock Option Scheme, from out of sources permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as it may, in its absolute discretion, deem necessary, fit or proper."

By order of the Board
for TAMILNADU PETROPRODUCTS LTD,

30th June 1998
Chennai - 600 034

M.B. GANESH
SECRETARY

**Notes :**

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and on a poll to vote instead of himself and a proxy need not be a member of the Company. A member unable to attend may appoint another person (whether a member or not) as his proxy in the enclosed form. The instrument appointing the proxy and the power of attorney or other authority if any, under which it is signed or a copy of that power or authority duly certified by a Notary Public or other proper authority shall be deposited at the Registered Office of the Company not less than forty eight hours before the time for the holding of the Meeting, in default, the instrument of proxy shall not be treated as valid.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Resolutions set out against Item Nos. 6, 7, 8 and 9 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 11th August 1998 to 31st August 1998 (both days inclusive).
4. Members are requested to **notify immediately any change in their address to the Company/Share Transfer Agents.**
5. Dividend on shares as recommended by the Board of Directors, if declared at the Meeting will be paid to those Shareholders whose names appear in the Register of Members on 31st August 1998.
6. Pursuant to Section 205-A(5) of the Companies Act, 1956, the unclaimed dividend for the period ended 31st March 1994 have been transferred to the General Revenue Account of the Central Government on 11th September 1997.
7. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
8. Members/Proxies should bring the Attendance slip duly filled in for attending the Meeting.
9. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and holidays between 9.00 A.M. to 5.30 P.M. upto the date of the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.6

The Board of Directors at their Meeting held on 21st November 1997 co-opted Thiru R. Gopalan, I.A.S. nominee of Tamil Nadu Industrial Development Corporation Ltd (TIDCO) as Additional Director.

As per Section 260 of the Companies Act, 1956 (the Act) the additional director shall hold office only upto the next Annual General Meeting. The Company has received notice under Section 257 of the Act, from TIDCO, proposing Thiru R. Gopalan, I.A.S. for appointment to the office of Director along with a deposit of Rs. 500/-. Hence the proposed Ordinary resolution.

None of the Directors except Tvl. M. S. Srinivasan I.A.S., P. V. Rajaraman I.A.S., R.Gopalan I.A.S. and K. Ganesan I.A.S. are interested in the resolution.

Item No.7 & 8

The Government of India during September 1997 announced revision in the contribution to be made to the Provident Fund Scheme from 10% to 12% which was implemented by the Company.

As a part of welfare measure, the Board of Directors at their Meeting held on 30th June 1998 have decided to increase the contribution by the Company to 12.5% to all employees including the Whole-time Directors with effect from 1st January 1997. The contribution in excess of 12% (statutory limit) will be considered as perquisites.

Therefore the approval of the shareholders is sought as the increase in contribution to provident fund in respect of Whole-time Directors would involve alteration of terms of their appointment earlier approved by the shareholders.

None of the Directors except, Tvl. M.S. Srinivasan, I.A.S., Dr. A.C. Muthiah, R. Gopalan, I.A.S., P.V. Rajaraman, I.A.S., Dr. P.R. Sundaravadivelu, N. Swaminathan and D. Arunachalam are interested in the resolution.

Item No. 9

The Companies Bill, 1997 provides for buy back of shares by companies. It is expected that, in due course of time, the Companies Act 1956, will be amended to allow such buy back.

At the Extra Ordinary General Meeting held on 22nd December 1994 the shareholders approved the proposal of buy back of its own shares. The validity of the above approval expired on 21st March 1996. As per the Companies Bill 1997, the proposed resolution if approved at the ensuing Annual General Meeting will be valid for 15 months from the date of the passing of the resolution.

The Board is of the opinion that it will be in the interest of the Company if shareholders approve the said resolution, permitting such buy back, on such terms and conditions (including the amount to be invested and percentage of shares) as may be decided by the Board within the scope allowed under the Statute. The funds required for buy back will be met out of such sources as may be permitted by law.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

By order of the Board
for TAMILNADU PETROPRODUCTS LTD,

30th June 1998
Chennai - 600 034

M.B. GANESH
Secretary

DIRECTORS' REPORT

To

The Shareholders

The Directors have pleasure in presenting their Thirteenth Annual Report on the business and operations of your Company and the audited Statement of Accounts for the year ended 31st March 1998.

OPERATIONS

Your Company's performance was consistent despite the slowing economy, import duty cuts on Linear Alkyl Benzenes (LAB) and Epichlorohydrin (ECH) and stiff competition in local as well as global markets. The Company achieved a production of 91294 MTs of LAB as against 84732 MTs in the previous year. The performance of the ECH plant continues to be stable during the year. However the production was restricted due to uneconomical prices on account of reduction in duty on imported ECH. The local and global markets are demanding world class products for which your Company stands ahead of the rest by servicing its customers. The performance of the Windfarm was better than last year with 16% additional generation. Your Company also maximised the generation from Captive Power generators and exported energy through grid.

Your Company had achieved a turnover of Rs. 422.69 Crores as against Rs.457.87 Crores and earned a net profit before tax of Rs. 50.02 Crores as against Rs.49.35 Crores for the previous year.

FINANCIAL RESULTS

	(Rupees in Crores)	
	1997-98	1996-97
Profit Before Depreciation and Interest	98.77	103.00
Interest	23.11	26.48
Profit after Interest	75.66	76.52
Depreciation	25.64	27.17
Profit Before Tax	50.02	49.35
Provision for Tax	12.75	6.40
Profit after Tax	37.27	42.95
Transfer to General Reserve	3.73	4.29
Balance Carried to Balance Sheet	80.29	67.71

The Company has ratings reflecting "high safety" from both M/s. ICRA Ltd. (ICRA) and Credit Analysis & Research Ltd. (CARE) for borrowings through Fixed Deposits, Commercial Paper and Non-convertible Debentures. During the year, two Floating Rate Convertible Notes of value Swiss Francs 50,000 each were converted into 1,31,954 Equity Shares.

DIVIDEND

Your Directors have recommended payment of Dividend of 22% as in the previous year aggregating Rs. 19.06 Crores.

EXPORTS

During the year, LAB exports which increased by 45% over the previous year, was mainly to South East Asia and Middle East Countries where the Company's products are well established providing immense potential for prospective growth. The foreign exchange earnings for the year accounted for Rs.1592.22 lakhs. Your Company continues its presence in the international market thereby gearing up to face global competition.

MARKETING

The Company maintains its leadership position in the domestic market despite new capacities having been set up. The Epichlorohydrin (ECH) marketing was focused on sales to niche markets to ensure optimum returns. Greater emphasis on cash sales has resulted in lower incidence of debtors.

ENVIRONMENT AND SAFETY

The Company has set ambitious environment standards with plans to achieve ISO 14000 for Environment Management System by 1999. The Company has won various Safety awards for 1997-98 including the one from the British Safety Council, United Kingdom.

RESEARCH AND DEVELOPMENT

Research and Development activities were focused on improvements to the manufacturing process for LAB and ECH in collaboration with both national and international institutions. These efforts will lead to offering improved quality products to the Customers.



DIVERSIFICATION SCHEMES

Expansion and Diversification Schemes

During the year under review your Company initiated action with UOP for expansion of LAB plant with Temperature Controlled Reactor (TCR) which is expected to be commissioned by September 1999. This will enable your Company to achieve production capacity of 1,00,000 tonnes per annum (TPA) in the first phase and 1,20,000 TPA in the second phase. Additional 6MW DG set was commissioned at LAB Plant. The Propylene storage capacity at Cuddalore had been enhanced to 1000 MTs. The future requirements of ECH by Petro Araldite Private Limited (PAPL) for the first two years of its operations will be met with the existing ECH plant capacity and hence the expansion proposal of ECH plant will be taken later at the appropriate stage.

FUTURE OUTLOOK

Your Company, as you are aware, has been continuously declaring dividend since the start of the commercial production in April 1988. Technology upgradation, quality consciousness and market leadership had helped your Company to sustain its performance. With the likely commissioning of the Epoxy Resin plant by PAPL by the end of this year and the other investments made by your Company in core sectors likely to yield returns in the next couple of years, the future outlook of your Company is expected to be bright.

INVESTMENTS

(i) Henkel SPIC India Limited (HSIL)

HSIL during the year has commendably increased its turnover with its leading brands viz. Henko and White Giant showing continued growth in terms of volume and market share. The successful establishment of its own distribution network in the South has emboldened the Company to make further inroads at the all India level by expanding its distribution network. The successful execution of export orders for both detergents and zeolite during the previous year has resulted in repeat orders in addition to expansion of customer base. HSIL has acquired popular brands like Brisk, Lime Shot, Attak, Open Air, 3 plus, etc., covering products for floor and toilet cleaner, utensil cleaner, mosquito coil, air freshner,

disinfectant from Modern Home Care Products Ltd., New Delhi.

HSIL is also in the final stages of acquiring substantial shares in the Shaw Wallace Group of Companies, viz., The Calcutta Chemical Co. Ltd and Detergents India Limited resulting in its leading consumer brands like Margo, Chek, Super Chek, Aramusk, Neem, etc., coming into its fold.

(ii) Petro Araldite Private Limited (PAPL)

Land filling, detailed engineering and piling work have been completed. Civil works have reached substantial progress. The progress of the project is satisfactory and is expected to be commissioned by the end of the year.

(iii) SPIC Electric Power Corporation Private Limited (SEPC)

SEPC made significant progress during the year and has obtained all approvals that are necessary to take it forward. The important Techno-Economic Clearance was received during August 1997. The Power Purchase Agreement between SEPC and the Tamilnadu Electricity Board (TNEB) was executed during February 1998. The State Electricity Board has also approved the fuel supplier. The Shareholders' Agreement has been fully negotiated and would be signed shortly. The Company has already made applications to both overseas as well as domestic institutions for financial assistance.

(iv) Van Ommeren Mac Tank Terminals Limited (VOMAC)

The master plan study for the Ennore Port has been completed and VOMAC requirement for the waterfront facilities has been incorporated in the Master Plan. Based on the No Objection from the Port Trust, TIDCO has allotted the Company 200 acres of land next to the northern boundary of the Port. The land acquisition activities are in progress. VOMAC have completed all technical requirements for the environmental clearance including presentations to the Expert Committee and site visit by the Sub-Committee of the Ministry. The clearance is expected soon. The construction activities will be dovetailed with the availability of the waterfront facility in the Ennore Port.

(v) **Standard Motor Products of India Limited (SMPL)**

The winding-up proceedings by the Official Liquidator are under way consequent to the winding up orders passed by the High Court of Madras in C.P. No.2/89 on 4th October 1996.

DEPOSITS

The total amount of deposits as on 31st March 1998 was Rs 3.94 Crores. Of this an amount of Rs 2.99 Crores is due for repayment during the financial year ending 31st March 1999. The Company has no overdue deposits but unclaimed deposits as at the end of the period amounted to Rs 5.55 lakhs, which has since been renewed / repaid.

EMPLOYEES

The policy of the management to attach great importance to the welfare of the employees has helped to maintain cordial industrial relations during the year also. A statement giving information and particulars of the employees as required under Section 217(2A) of the Companies Act, 1956 is enclosed as part of the Report. However as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all shareholders excluding the aforesaid information. Any shareholder interested in obtaining the statement may write to the Secretary at the Registered office of the Company.

DIRECTORS

On 21st November 1997 Thiru M.S. Srinivasan, I.A.S. Director of the Company representing TIDCO was appointed as Chairman of the Company in the place of Thiru P.C. Cyriac, I.A.S. On the same day, Thiru R. Gopalan I.A.S was co-opted as Director, Thiru K. Ganesan, I.A.S. was also co-opted as Director in the place of Thiru K. Rajaraman, I.A.S. and Thiru K. Sivaprakasam was appointed as Director representing IDBI in the place of Thiru B.V. Goud. On 25th March 1998 the withdrawal of nomination of Thiru M.G. Gupta by the Industrial Finance Corporation of India Limited was recorded.

The Directors wish to place on record their appreciation of the valuable services rendered by Thiru P.C. Cyriac, I.A.S.,

Thiru K. Rajaraman I.A.S., Thiru B.V. Goud and Thiru M.G. Gupta during their tenure as Directors.

Pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the Company Dr. P.R. Sundaravadivelu and Thiru M.R.B. Punja shall retire by rotation and being eligible offer themselves for re-election. The term of Thiru R. Gopalan, I.A.S. shall end at this Annual General Meeting and notice in writing has been received proposing the appointment of Thiru R. Gopalan, I.A.S. as Director.

AUDITORS

M/s A.F. Ferguson & Company appointed as Statutory Auditors at the 12th Annual General Meeting held on 18th September 1997 retire at the conclusion of the Thirteenth Annual General Meeting and are eligible for re-appointment.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 are enclosed as part of the Report.

LISTING AGREEMENT

Information as required under Clause 43 of the listing agreement is enclosed as part of the Report.

ACKNOWLEDGEMENT

The management is grateful to the Government of India, the Government of Tamilnadu, the promoters namely TIDCO and SPIC, the financial institutions, consortium of Banks and Insurance Companies, Reserve Bank of India, UOP Inter Americana, Ciba Specialty Chemicals Inc., TCR Inc., A.F.Ferguson & Co. Statutory Auditors, Contractors, Marketing Agents, Suppliers and valued customers for the continued assistance and co-operation.

The Directors also wish to place on record their appreciation of the dedication and excellent contribution made by the employees in realising the objectives of the Company.

for and on behalf of the Board of Directors

30th June 1998
Chennai 600 034

M.S. SRINIVASAN
CHAIRMAN