

FOURTEENTH ANNUAL REPORT 1998 - 99

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Tamilnadu Petroproducts Limited

TPL... A shining star that stands out

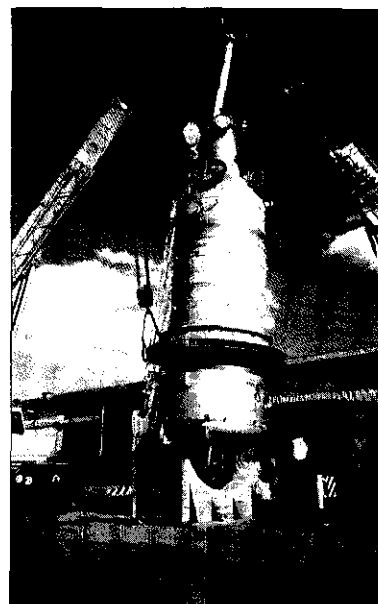
In the year 1984, a corporate star viz. **'Tamilnadu Petroproducts Limited (TPL)'** had its genesis looking forward to a dazzling future. This star possessing immense quality of corporate leadership, has created a commendable record of paying consistent dividends to the investors over the last 11 years. Marching ahead with the track record of achieving growth in profitability and standing out distinctly in the galaxy of Indian industries, TPL craves to win the confidence of investors. **"A company really committed to Stakeholders".**

TPL has harnessed vital resources - financial strength, managerial excellence, Research & Development efforts and customer satisfaction - for consolidation and growth. It is noteworthy that adoption of appropriate technology provided for consolidation of business and technology leadership taking the company to the heights of global performance thereby breaking the barriers and imparting a cutting edge in its competitiveness. **"An excellence in technological advancement".**

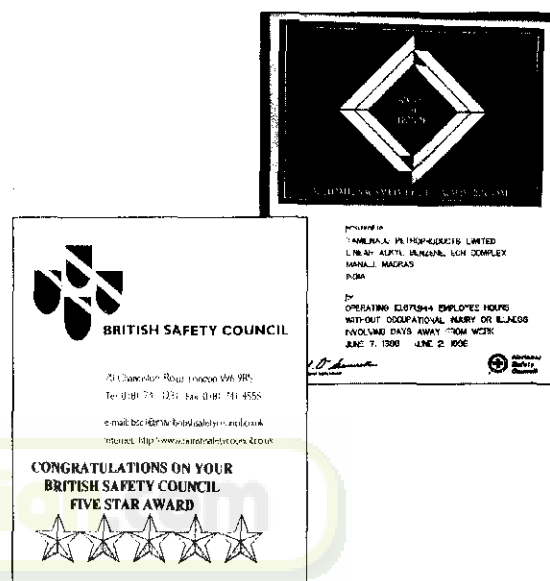
'Safety first' is not an internalised slogan, but also a lifeline of work culture. The combination of safety-priority and safety-awareness have acted as a springboard and motivated the people in TPL in garnering the coveted Five Star Safety Award in 1999. In the area of environment protection too, the company does not lag behind and keeps pace with safety performance in marching ahead with accomplishing values. The unrelenting concern for a green environment and uncompromising adherence to safety have carved a unique position for TPL. **"A reflection of its concern for safety & protecting natural environment".**

TPL draws its energy from customer satisfaction for its strong presence in the market. Looking ahead of time for customer expectations and responding through innovative products are considered key success-factors. The accreditation of ISO 9002 certification from M/s. BVQI, as early as 1993, is a culmination of both forward looking approach and dedicated planning in facing the global challenges ahead. **"An appreciation of customer needs & expectations".**

TPL's desire to excel, is propelled by its shared vision to position itself as a shining star offering quality products at globally competitive price with empowerment and growth for all. With the dawn of the 21st century marked by vast potential of challenges and opportunities, TPL is geared-up to finalise the blue print for sustained growth and shine as a model industry worthy of emulation. **"A Shining star indeed".**



Temperature Controlled Reactor -
Rolling out for shipment



Star performance on SAFETY



Better Customer satisfaction through
regional laboratories



Board of Directors

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

Chairman

DR. A.C. MUTHIAH

Vice Chairman

R. GOPALAN, I.A.S.

Director

L. KRISHNAN, I.A.S.

Director

HEMANT KUMAR SINHA, I.A.S.

Director

DR. P.R. SUNDARAVADIVELU

Director

S. GAJENDRAN

Director (IDBI Nominee)

A.C. CHAKRABORTTI

Director

J.B. DADACHANJI

Director

M.R.B. PUNJA

Director

P. VEDAGIRI

Finance Director

D. ARUNACHALAM

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
ABN Amro Bank
HDFC Bank Ltd.

SECRETARIAL DEPARTMENT

Rosy Tower, 3rd Floor,
7, Nungambakkam High Road,
Chennai - 600 034.

Tel : 8261287 / 8272408

SHARE TRANSFER AGENTS

Cameo Corporate Services Limited
"Subramanian Building",
1, Club House Road, Chennai - 600 002
(Tel: 8520084 / 8528395)

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OPERATING RESULTS AT A GLANCE

(Rs. in Crores)

	1994-95	1995-96	1996-97	1997-98	1998-99
Gross Profit	75.86	110.16	103.00	98.77	114.57
Interest	16.95	20.17	26.48	23.11	28.62
Profit before depreciation	58.91	89.99	76.52	75.66	85.95
Depreciation	15.42	24.73	27.17	25.64	25.81
Provision for tax	-	-	6.40	12.75	14.30
Profit after tax but before extra-ordinary item	43.49	65.26	42.95	37.27	45.84
Extra-ordinary item	4.00	-	-	-	-
Profit after extra-ordinary item	39.49	65.26	42.95	37.27	45.84
Transfer to:					
Debenture Redemption reserve	-	7.00	-	-	-
General reserve	6.42	6.77	4.29	3.73	73.04
Networth (*Net of Revaluation Reserve)	219.27	264.12	283.22*	299.80*	322.55*

NOTICE FOR THE FOURTEENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Company will be held at 3.05 p.m. on Thursday the 29th July 1999 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 1999 and Profit and Loss Account of the Company for the year ended 31st March 1999 and the Report of the Directors and Auditors.
2. To declare a Dividend.
3. To appoint a Director in the place of Thiru A.C. Chakrabortti who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in the place of Thiru J.B. Dadachanji 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 Fifteenth 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:

"RESOLVED THAT Thiru P. Vedagiri be and is hereby appointed as Director of the Company."
7. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT Thiru L. Krishnan I.A.S., be and is hereby appointed as Director of the Company."

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

"RESOLVED THAT Thiru Hemant Kumar Sinha I.A.S., be and is hereby appointed as Director of the Company."

9. 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 Section 198, 309, 310 and other applicable provisions, if any and Schedule XIII of the Companies Act, 1956, the Company hereby approves the payment of enhanced remuneration to Late Thiru N. Swaminathan, Managing Director for the period from 1st September 1998 to 1st February 1999 on the following terms and conditions:"

- (1) Salary
Rs.50,000 per month
- (2) Commission
One Percent commission on net profits of the Company or special allowance not exceeding the total annual salary.
- (3) Perquisites
Perquisites as per Schedule XIII of the Companies Act, 1956 shall be allowed in addition to both salary and commission or special allowance. However, it shall be restricted to an amount equal to the annual salary.

Minimum Remuneration

In the event of loss, absence or inadequacy of profits, the remuneration aforesaid shall be the minimum remuneration.

10. 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 Section 198, 309, 310 and other applicable provisions, if any and Schedule XIII of the Companies Act, 1956, the Company hereby approves the payment of enhanced



remuneration to Thiru D. Arunachalam, Technical Director for the period from 1st September 1998 to 3rd February 1999 on the following terms and conditions:

- (1) Salary
Rs.40,000 per month.
- (2) Commission
One Percent commission on net profits of the Company or special allowance not exceeding the total annual salary.
- (3) Perquisites
Perquisites as per Schedule XIII of the Companies Act, 1956 shall be allowed in addition to both salary and commission or special allowance. However, it shall be restricted to an amount equal to the annual salary.

Minimum Remuneration

In the event of loss, absence or inadequacy of profits, the remuneration aforesaid shall be the minimum remuneration.

11. 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 Section 269, 198, 309, 310 and other applicable provisions, if any and Schedule XIII of the Companies Act, 1956, the Company hereby approves the appointment of Thiru D. Arunachalam as Managing Director of the Company not liable to retirement by rotation for a period of five years from 4th February 1999 on the following terms and conditions :

- (1) Salary
Rs.40,000/- per month.
- (2) Commission
One percent commission on the net profits of the Company or special allowance not exceeding the total annual salary.
- (3) Perquisites
Perquisites shall be allowed in addition to both salary and commission or special allowance. However, it shall be restricted to an amount equal to the annual salary. Perquisites are 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 Company shall provide gas, electricity, water and furnishings free of cost.

iii) Medical Reimbursement

Expenses incurred for self and family.

iv) Leave and Leave Travel Concession

Leave as per 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.4000/-.

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 rules, 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.

(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. Contributions to Pension/ Superannuation / Annuity

Fund together with contribution to Provident Fund shall not exceed 27.5% of the salary. Contributions to Provident Fund, Pension/ Superannuation/ Annuity Fund to the extent of the limits prescribed under I.T.Rules 1962 or notification 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, the remuneration aforesaid shall be the minimum remuneration.

12. 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 Section 269, 198, 309, 310 and other

applicable provisions, if any and Schedule XIII of the Companies Act, 1956, the Company hereby approves the appointment of Thiru P. Vedagiri as Whole-time Finance Director of the Company for a period of five years from 4th February 1999 on the following terms and conditions :"

- (1) **Salary**
Rs.30,000/- per month.
- (2) **Commission**
One percent commission on the net profits of the Company or special allowance not exceeding the total annual salary.
- (3) **Perquisites**
Perquisites shall be allowed in addition to both salary and commission or special allowance. However, it shall be restricted to an amount equal to the annual salary. Perquisites are 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 Company shall provide gas, electricity, water and furnishings free of cost.
 - iii) **Medical Reimbursement**
Expenses incurred for self and family.
 - iv) **Leave and Leave Travel Concession**
Leave as per 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.4000/-.



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 rules, 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.

- (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. Contributions to Pension/ Superannuation / Annuity Fund together with contribution to Provident Fund shall not exceed 27.5% of the salary. Contributions to Provident Fund, Pension/ Superannuation/ Annuity Fund to the extent of the limits prescribed under I.T.Rules 1962 or notification 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, the remuneration aforesaid shall be the minimum remuneration.

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions if any, of the Companies Act, 1956, to mortgaging and / or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company together with power to take over the management of the business and concern of the Company in certain events, to or in favour of Industrial Development Bank of India to secure

- (a) Term Loan of Rs. 6500 lakhs under Corporate Loan Scheme lent and advanced/agreed to be lent and advanced by IDBI

- (b) together with interest thereon at the respective agreed rates, interest, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses, and other monies payable by the Company to Industrial Development Bank of India under the respective Heads of Agreement/

Loan Agreement/Letters of Sanction/Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of the said term loan."

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with Industrial Development Bank of India (IDBI), the documents for creating the aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution.

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions if any, of the Companies Act, 1956, to mortgaging and / or charging by the Board of Directors of the Company of all the immovable properties of the Company situated at No.3 Cenatoph Road, Teynampet, Chennai to or in favour of Housing Development Finance Corporation Limited (HDFC) to secure

- (a) Corporate Loan of Rs. 1000 lakhs lent and advanced/agreed to be lent and advanced by HDFC
- (b) together with interest thereon at the respective agreed interest rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the Company to Housing Development Finance Corporation Limited under the respective Heads of Agreement/Loan Agreement/Letters of Sanction/Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of the said term loan.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with Housing Development Finance Corporation Limited, the documents for creating the aforesaid mortgage

and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

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

"RESOLVED THAT consent of the Company be and is hereby accorded under Section 163 of the Companies Act, 1956 to maintain the Register of Members, Index, Returns and copies of the documents etc., effective 1st April 1999 at the office of the Share Transfer Agents, M/s.Cameo Corporate Services Limited at "Subramanian Building" No.1, Club House Road, Chennai - 600 002 or such other offices of the Share Transfer Agents as may be considered convenient for administrative reasons."

By order of the Board
for TAMILNADU PETROPRODUCTS LIMITED

20th May 1999
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 the 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 to 15 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 9th July, 1999 to 29th July, 1999 (both days inclusive).
4. **Members are requested to notify immediately to the Company/Share Transfer Agents any change in their address/bank mandate instructions including details for payment of dividend through Electronic Clearing Service (ECS).**
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 29th July, 1999.