



Expanding Horizons...



Tamilnadu Petroproducts Limited

FIFTEENTH ANNUAL REPORT 1999-2000

Expanding horizons

TPL, propelled by its vision to be a Shining Star and true to its qualities of Corporate leadership, plans to focus its energy in harnessing its core competencies and prepare itself for a competitive future with a view to achieving faster growth and prosper in a fast changing economy and a new world order.

TPL recognises that the key to its success lies in its ability to leverage technology including information technology. TPL has always been quick in adopting the state of the art technologies and its continuous upgradation — the latest being implementation of "Temperature Controlled Reactor" technology towards cost effective capacity enhancement and also embracing the "Enterprisewide Resource Planning" for integration of various business activities through implementation of SAP R/3. A motivated work force possessing knowledge and skill and getting them enriched through continuous training and positive attitude to change to meet the global challenges has been the fundamental strength for TPL's success.

Thus, TPL strongly believes in "change" and adapts itself to challenging competitive GLOBAL ENVIRONMENT, having built the necessary competitive edge to carry through even beyond 2005 in an era where global trade will be free of all barriers.

Having established itself in the domestic market and nurtured its growth through pioneering efforts of setting up of Entrepreneurial Development Programme and setting up of regional laboratories, TPL now plans to capitalise the opportunities thrown up by the global market to further strengthen its position. With the future global LAB growth looking promising, TPL is on the look out for new facilities within the country as well as beyond national boundary. With these ambitious plans, TPL will be a force to reckon with in the Global market place.

TPL is confident of looking and marching ahead into the future to tap potential opportunities and scaling new heights within the country and also beyond the Indian shores.

"Looking beyond - to SEIZE Global opportunities"

"Looking beyond - to EXPANDING HORIZONS"



Board of Directors

SHAKTIKANTA DAS, I.A.S.

Chairman

DR. A.C. MUTHIAH

Vice Chairman

R. GOPALAN, I.A.S.

Director

L. KRISHNAN, I.A.S.

Director

PRAVEEN KUMAR, 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

M. SUNDARAM

Technical Director

D. ARUNACHALAM

Managing Director

Secretary

M.B. GANESH

REGISTERED OFFICE

6, Nungambakkam High Road,
Chennai - 600 034.

Tel : 8254545 / Fax : 8255798

E-mail : isd@tnpetro.com

FACTORY

Manali Express Highway
Manali, Chennai - 600 068.

Tel : 5941350/60/70/80

Fax 5941139

AUDITORS

A.F. Ferguson & Co.,
Chartered Accountants,
7th Floor, Guna Office Complex,
Annexe Bldg., 305/1, 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
ABN Amro Bank
HDFC Bank Ltd.

SECRETARIAL DEPARTMENT

Manali Express Highway,
Manali, Chennai - 600 068

Tel : 5940761 (Direct)

5941501-10 Ext.(289)

REGISTRAR & SHARE TRANSFER AGENTS

Cameo Corporate Services Limited

"Subramanian Building",

1, Club House Road, Chennai - 600 002

(Tel: 8520084 / 8528395)

Fax : 8520129

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OPERATING RESULTS AT A GLANCE

(Rs. in Crores)

	1995-96	1996-97	1997-98	1998-99	1999-2000
Gross Profit	110.16	103.00	98.77	114.57	142.01
Interest	20.17	26.48	23.11	28.62	23.05
Profit before depreciation	89.99	76.52	75.66	85.95	118.96
Depreciation	24.73	27.17	25.64	25.81	35.48
Provision for tax	-	6.40	12.75	14.30	32.50
Profit after tax	65.26	42.95	37.27	45.84	50.98
Transfer to:					
Debenture Redemption reserve	7.00	-	-	-	-
General reserve	6.77	4.29	3.73	73.04	26.34
Networth (*Net of Revaluation Reserve)	264.12	283.22*	299.80*	322.55*	355.83*

NOTICE FOR THE FIFTEENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Company will be held at 3.00 P.M. on Wednesday the 2nd August 2000 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 2000 and Profit and Loss Account of the Company for the year ended 31st March 2000 and the Report of the Directors and Auditors.
2. To approve the interim dividend paid as the dividend for the financial year 1999-2000.
3. To appoint a Director in the place of Thiru R. Gopalan IAS., who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in the place of Dr. P.R. Sundaravadivelu who retires by rotation and being eligible offers himself for re-election.
5. 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.
6. 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 Sixteenth Annual General Meeting on such remuneration as may be decided by the Board of Directors plus reimbursement of out of pocket expenses and levies such as service tax etc."

SPECIAL BUSINESS

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

"RESOLVED THAT Thiru M. Sundaram 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 Praveen Kumar 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 Thiru D. Arunachalam, Managing Director for the period from 1st January 2000 to 3rd February 2004 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 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 P. Vedagiri, Finance Director for the period from 1st January 2000



to 3rd February 2004 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 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 M. Sundaram as Whole-time Technical Director of the Company liable to retirement by rotation for a period of five years from 1st March 2000 on the following terms and conditions :

- (1) Salary
Rs.45,000/- 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 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 (IDBI) acting as trustees for Debentureholders to secure:

50 Nos. of 13.5% Secured Non-Convertible Debentures of Rs.50,00,000 each aggregating to Rs. 2500 lakhs privately placed with State Bank of Hyderabad for Rs.500 lakhs, State Bank of Bikaner & Jaipur for Rs.500 lakhs, United Bank of India for Rs.500 lakhs, State Bank of Mysore for Rs.200 lakhs, Canara Bank for Rs.500 lakhs, State Bank of Patiala for Rs.200 lakhs and Indian Bank for Rs.100 lakhs 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 IDBI and Debentureholders under their 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 debentures."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with 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."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the



Companies Act, 1956 and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the existing Article 7(b) of the Articles of Association of the Company be and is hereby deleted and that the following clause be substituted:-

Article 7(b)

"The Company shall have power to purchase its own fully paid up shares or other specified securities, subject to and in accordance with the provisions of the Act, and applicable regulations."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the existing Article 148 of the Articles of Association of the Company be and is hereby deleted and that the following clause be substituted:-

Article 148

"The Board shall provide a Common Seal for the purposes of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the seal for the time being, and the Seal shall never be used except by the authority of a resolution of the Board of Directors or Committee thereof and except in the presence of atleast one Director of the Company and its Secretary, if any or some other person appointed by the Directors for the purpose and the said Director and Secretary or the person aforesaid shall sign every instrument to which the Seal is so affixed in their presence."

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

"RESOLVED THAT pursuant to the provisions of Section 149(2A) of the Companies Act, 1956 approval be and is hereby accorded to the Company for commencing the business of merchandise exports in terms of sub-clause 4 in Clause III (c) of the Memorandum of Association of the Company."

16. 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 the Section 372A and other applicable provisions, if any, of the Companies Act, 1956, other Statutory approvals and subject to the approval of Financial Institutions, if required, approval be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any Committee(s) which the Board have or may hereafter constitute to exercise powers of the Board including the powers conferred by this resolution), for directly or indirectly making investments by way of subscription, purchase or otherwise in equity share capital of Gulf Petroproduct Company in Gulf Co-operation Country upto Rs.19300 Lakhs or upto 50% of its equity share capital whichever is higher for the N-Paraffin/Linear Alkyl Benzene Project notwithstanding that the aggregate of such proposed investment together with the existing investments made and the loans/ guarantees given by the Company may exceed the limits prescribed under Section 372A of the Companies Act, 1956."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to determine the actual sum to be invested and time and manner of such investment and to do all any of the matters arising out of and incidental to the said investment."

By order of the Board
for TAMILNADU PETROPRODUCTS LIMITED

23rd June 2000
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.7 to 16 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, the 27th July 2000 to Wednesday, the 2nd August 2000 (both days inclusive).
4. Members are requested to notify immediately any change in their address to the Company/Share Transfer Agents/ Depository Participants.
5. The unclaimed dividend upto the financial year ended 31st March 1995 has been transferred to the General Revenue Account of the Central Government. Claims on unclaimed dividend, if any, for the financial years 1995-96, 1996-97, 1997-98, 1998-99 and 1999-2000 (Interim) shall be made to the Company or Share Transfer Agents.
6. 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.
7. Members / Proxies should bring the Attendance slip duly filled in for attending the Meeting.
8. 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. 7

The Board of Directors vide their resolution dated 1st March 2000 co-opted Thiru M. Sundaram, nominee of Southern Petrochemical Industries Corporation Limited (SPIC) as Director and appointed as Whole-time Technical Director with effect from 1st March 2000.

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 SPIC proposing Thiru M. Sundaram for appointment to the office of Director along with a deposit of Rs.500/-. Hence the proposed resolution.

Thiru M. Sundaram is a Mechanical Engineer with wide experience and knowledge. He was associated with TPL's LAB and ECH projects right from the inception to commissioning. He was earlier associated with Engineers India Limited.

None of the Directors of the Company except Tvl. Shaktikanta Das, I.A.S., Dr. A.C. Muthiah, Dr.P.R. Sundaravadevelu, R. Goplan, I.A.S., D. Arunachalam, P.Vedagiri and M. Sundaram are interested in the resolution.

Item No. 8

The Board of Directors at their Meeting held on 29th March 2000 co-opted Thiru Praveen Kumar, I.A.S., nominee of Tamilnadu Industrial Development Corporation Limited (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 Praveen Kumar, I.A.S., for appointment to the office of Director along with a deposit of Rs.500/-. Hence the proposed resolution.

None of the Directors of the Company except Tvl. Shaktikanta Das, I.A.S., R. Gopalan, I.A.S., L.Krishnan I.A.S., Hemant Kumar Sinha, I.A.S., Praveen Kumar, I.A.S., are interested in the resolution.

Item No.9 & 10

The Board of Directors at their Meeting held on 21st February 2000 had approved payment of increased remuneration to Thiru D. Arunachalam, Managing Director and Thiru P Vedagiri, Finance Director with a Basic Pay of Rs. 50,000