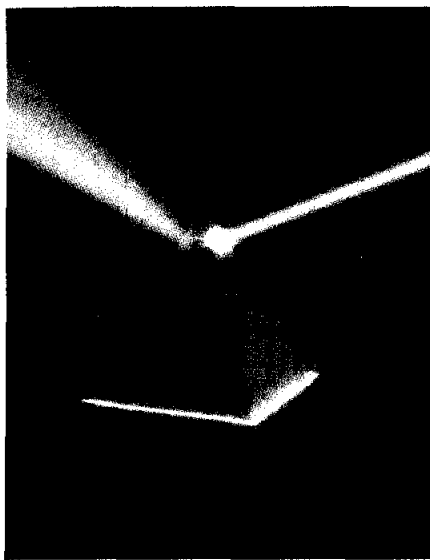


Tamilnadu Petroproducts Limited

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# 17<sup>th</sup> Annual Report 2001-2002



*A range of colours each with its own individuality and property form the components of a ray of white light. Our vision too comprises several elements, each with its own goal and salience.*

*" By 2005, we the people of TPL will make our Company a Shining Star offering Quality Products at Globally Competitive Prices with Empowerment and Growth for all of us "*

<b>Shining Star</b>	-- Model, Respected Company Outstanding performance, admirable culture
<b>Quality Products</b>	-- Products that delight customers Products that add value to customers
<b>Competitive Prices</b>	-- Be least cost producer Be globally competitive
<b>Empowerment</b>	-- Develop people with knowledge, skills and decision making authority
<b>Growth</b>	-- Identify career growth opportunities

**To add momentum to the march towards achieving its vision, TPL has implemented structural changes in identified processes:**

<b>Business aligning</b>	-- Restructuring to form Strategic Business Units
<b>Cost managing</b>	-- Relocating/ outsourcing Support Services
<b>Building human capital</b>	-- Creating opportunities by retraining and developing multiskills
<b>Rationalising accountability</b>	-- Redefining responsibility and resetting performance measurement criteria for employees
<b>Delayering</b>	-- Flattening through process oriented organised structure

**Planned process changes to propel us towards our goal and add lustre to the Shining Star - TPL.**



## Board of Directors

(As on 12th July 2002)

<b>ARUN RAMANATHAN, IAS</b>	Chairman
<b>Dr. A.C. MUTHIAH</b>	Vice Chairman
<b>M. MADHAVAN NAMBIAR, IAS</b>	Director
<b>L. KRISHNAN, IAS</b>	Director
<b>AMBUJ SHARMA, IAS</b>	Director
<b>Dr. R. VIJAYKUMAR, Ph.D., IAS</b>	Director
<b>ASHWIN C. MUTHIAH</b>	Director
<b>S. GAJENDRAN</b> (IDBI Nominee)	Director
<b>A.C. CHAKRABORTTI</b>	Director
<b>M.R.B. PUNJA</b>	Director
<b>C. RAMACHANDRAN</b>	Director
<b>P. VEDAGIRI</b> (Whole-time Director)	Director & Chief Financial Officer
<b>M. SUNDARAM</b> (Whole-time Director)	Director & Chief Operating Officer
<b>D. ARUNACHALAM</b> (Whole-time Director)	Managing Director & Chief Executive Officer

### AUDIT COMMITTEE

<b>A.C. CHAKRABORTTI</b>	Chairman
<b>M.R.B. PUNJA</b>	Member
<b>C. RAMACHANDRAN</b>	Member
<b>S. GAJENDRAN</b>	Member
<b>Dr. R. VIJAYKUMAR, Ph.D., IAS</b>	Member
<b>M.B. GANESH</b>	Secretary

### REGISTERED OFFICE & FACTORY

Manali Express Highway  
Manali, Chennai - 600 068.  
Tel : 5941501-10  
Fax : 5941139

### AUDITORS

A.F. Ferguson & Co.,  
Chartered Accountants,  
7th Floor, Guna Office Complex,  
Annexe Bldg., New No.443 (Old No.305/1),  
Anna Salai, Teynampet, Chennai - 600 018.

### LEGAL ADVISOR

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

### REGIONAL OFFICE

Rex Building, C-127 (II Floor)  
Naraina Industrial Area, Phase I,  
New Delhi - 110 028.  
Tel : 011-5896426  
Fax : 011-5896427

### BANKERS

State Bank of India  
State Bank of Hyderabad  
State Bank of Bikaner & Jaipur  
State Bank of Patiala  
Bank of America

### SECRETARIAL DEPARTMENT

Manali Express Highway,  
Manali, Chennai - 600 068  
Tel : 5940761 (Direct) 5941501-10 Ext.(2388)

### REGISTRAR & SHARE TRANSFER AGENTS

Cameo Corporate Services Limited  
"Subramanian Building",  
1, Club House Road, Chennai - 600 002  
(Tel: 8460084 / 8460395) Fax : 8460129

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### OPERATING RESULTS AT A GLANCE

(Rs. in Crores)

	1997-98	1998-99	1999-2000	2000-2001	2001-2002
Gross Profit	98.77	114.57	142.01	151.33	164.29
Interest	23.11	28.62	23.05	34.53	37.00
Profit before depreciation	75.66	85.95	118.96	116.80	127.29
Depreciation	25.64	25.81	35.48	42.89	47.46
Provision for tax	12.75	14.30	32.50	22.50	26.68
Profit after tax	37.27	45.84	50.98	51.41	53.15
Extraordinary Item	—	—	—	63.02	(3.00)
Profit after Extraordinary Item	—	—	—	114.43	50.15
Transfer to:					
Debenture Redemption reserve	—	—	—	12.50	—
General reserve	3.73	73.04	26.34	63.02	45.53
Networth	299.80*	322.55*	355.83*	445.48*	372.62**

\* Net of Revaluation Reserve

\*\* During the year, Rs.100.51 Crores was transferred to Deferred tax liability.

## NOTICE FOR THE SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Company will be held at 2.55 p.m. on Friday the 30<sup>th</sup> August 2002 at Kamaraj Arangam, No.492, Anna Salai, Chennai – 600 006 to transact the following business:

### Ordinary Business

1. To receive and adopt the audited Balance Sheet as at 31st March 2002 and Profit and Loss Account of the Company for the year ended 31st March 2002 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. Chakraborti, who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in the place of Thiru M. Sundaram, 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 re-appointed as the Auditors of the Company to hold office until the conclusion of the Eighteenth 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

6. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:  
  
"RESOLVED THAT Thiru Ashwin C Muthiah 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 M. Madhavan Nambiar, 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 L. Krishnan, IAS., 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 Dr. R. Vijaykumar, Ph.D., IAS., be and is hereby appointed as Director of the Company."

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, Managing Director & Chief Executive Officer for the period from 1st January 2002 to 3rd February 2004 on the following terms and conditions:

- (1) Salary  
Rs.75,000 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 in any financial year during the currency of his term, the remuneration aforesaid shall be the minimum remuneration subject to conditions prescribed in this regard under Schedule XIII of the Companies Act, 1956 as amended from time to time and statutory approvals, if any.



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 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, Director & Chief Financial Officer for the period from 1<sup>st</sup> January 2002 to 9<sup>th</sup> November 2002 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 in any financial year during the currency of his term, the remuneration aforesaid shall be the minimum remuneration subject to conditions prescribed in this regard under Schedule XIII of the Companies Act, 1956 as amended from time to time and statutory approvals, if any.

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 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 M. Sundaram, Director & Chief Operating Officer for the period from 1<sup>st</sup> January 2002 to 28<sup>th</sup> February 2005 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 in any financial year during the currency of his term, the remuneration aforesaid shall be the minimum remuneration subject to conditions prescribed in this regard under Schedule XIII of the Companies Act, 1956 as amended from time to time and statutory approvals, if any.

13. To consider and if thought fit, to pass with or without modifications, 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 way of second mortgage/charge 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 undertakings 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;

1. State Bank of India for the working capital assistance of Rs.3350 lakhs
2. State Bank of Patiala for the working capital assistance of Rs.775 lakhs
3. State Bank of Hyderabad for the working capital assistance of Rs.460 lakhs
4. State Bank of Bikaner & Jaipur for the working capital assistance of Rs.460 lakhs
5. Bank of America for the working capital assistance of Rs.700 lakhs
6. UTI Bank Limited for the working capital assistance of Rs.1720 lakhs.
7. Such other Bank(s) who may sanction the working capital assistance aggregating Rs.1510 lakhs.



8. UTI Bank Limited for their Term Loan of Rs.3000 lakhs

to secure the financial facilities provided by the above banks together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, costs charges, expenses and other monies payable by the Company to lenders under the respective Heads of Agreement/ Letters of Sanction/ Memorandum of Terms and conditions entered into/

to be entered into by the Company in respect of the above working capital facilities and the term loan subject to approval from financial institutions."

"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."

By Order of the Board  
for TAMILNADU PETROPRODUCTS LIMITED

12<sup>th</sup> July 2002  
Chennai - 600 068.

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.
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 13 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 12<sup>th</sup> August 2002 to 30<sup>th</sup> August 2002 (both days inclusive).
4. Members are requested to notify immediately any change in their address to the Company/Share Transfer Agents/Depository Participants.
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 30<sup>th</sup> August 2002.
6. Dividends has been made taxable at the hands of the recipient. An individual Shareholder resident in India receiving dividend exceeding Rs 1000/- is liable for Tax Deduction at Source by the Company. However, the Shareholder can claim exemption from tax deduction on dividend by making a declaration in Form 15-G, if eligible.
7. Claims on unclaimed dividend, if any, for the financial years 1995-96, 1996-97, 1997-98, 1998-99, 1999-2000 & 2000-2001 shall be made to the Company or Share Transfer Agents. The shareholders may kindly note that the amounts in the unpaid dividend account relating to the financial year 1995-96 is due for transfer during August 2003 to "Investor Education and Protection Fund" established by the Central Government under Section 205C of the Companies Act, 1956.
8. 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.
9. Members / Proxies should bring the Attendance slip duly filled in for attending the Meeting.
10. 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 8.15 A.M. to 5.00 P.M. upto the date of the Annual General Meeting.
11. The Company's equity shares are listed at Mumbai (BSE), National (NSE), Delhi, Ahmedabad and Madras Stock Exchanges and the listing fees for the year 2002-03 have been paid in time.





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

### Item No. 6

Thiru Ashwin C Muthiah was appointed as Director of the Company representing SPIC Limited at the Board Meeting held on 23<sup>rd</sup> July 2001 in the place of Dr. P.R. Sundaravadivelu. As per Section 262 of the Companies Act 1956 (the Act), Thiru Ashwin C Muthiah shall hold office upto the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Act, from SPIC proposing Thiru Ashwin C Muthiah for appointment to the office of Director along with a deposit of Rs.500/-. Hence the proposed resolution.

None of the Directors except Tvl. Arun Ramanathan, I.A.S., Dr. A.C. Muthiah, M. Madhavan Nambiar, IAS, D. Arunachalam, P.Vedagiri, M. Sundaram and Ashwin C Muthiah are interested in the resolution.

### Item No. 7

Thiru M. Madhavan Nambiar, IAS was appointed as Director of the Company representing TIDCO Limited at the Board Meeting held on 26<sup>th</sup> December 2000 in the place of Thiru R.Gopalan, IAS. As per Section 262 of the Companies Act 1956 (the Act), Thiru M. Madhavan Nambiar shall hold office upto the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Act, from TIDCO proposing Thiru M. Madhavan Nambiar for appointment to the office of Director along with a deposit of Rs.500/-. Hence the proposed resolution.

None of the Directors except Tvl. Arun Ramanathan, IAS, Ambuj Sharma, IAS, L.Krishnan, IAS, Dr. R. Vijaykumar, Ph.D., IAS and M. Madhavan Nambiar, IAS are interested in the resolution.

### Item No. 8

Thiru L. Krishnan, IAS was appointed as Director of the Company representing TIDCO Limited at the Board Meeting held on 23<sup>rd</sup> January 2001. As per Section 260 of the Companies Act 1956 (the Act), Thiru L.Krishnan appointed as Additional Director shall hold office upto the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Act, from TIDCO proposing Thiru L. Krishnan for appointment to the office of Director along with a deposit of Rs.500/-. Hence the proposed resolution.

None of the Directors except Tvl. Arun Ramanathan, IAS, Ambuj Sharma, IAS, Dr. R. Vijaykumar, Ph.D., IAS, M. Madhavan Nambiar, IAS & L.Krishnan, IAS are interested in the resolution.

### Item No. 9

Dr. R. Vijaykumar, Ph.D., IAS, was appointed as Director of the Company representing TIDCO Limited at the Board Meeting held on 12<sup>th</sup> July 2002. As per Section 260 of the Companies Act 1956 (the Act), Dr. R. Vijaykumar, Ph.D., IAS, appointed as Additional Director shall hold office upto the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Act, from TIDCO proposing

Dr. R. Vijaykumar, for appointment to the office of Director along with a deposit of Rs.500/-. Hence the proposed resolution.

None of the Directors except Tvl. Arun Ramanathan, IAS, Ambuj Sharma, IAS, M. Madhavan Nambiar, IAS, L.Krishnan, IAS & Dr. R. Vijaykumar, Ph.D., IAS, are interested in the resolution.

### Item No.10, 11 & 12

The Board of Directors at their Meeting held on 23<sup>rd</sup> January 2002 had approved payment of increased remuneration to Tvl. D. Arunachalam, Managing Director & Chief Executive Officer, P. Vedagiri, Director & Chief Financial Officer and M. Sundaram, Director and Chief Operating Officer with a basic pay of Rs.75,000/- per month, Rs.50,000/- per month and Rs.50,000/- per month respectively with effect from 1<sup>st</sup> January 2002 plus commission and perks as detailed in the resolution, subject to approval of shareholders.

Hence the proposed ordinary resolution seeking approval of shareholders.

None of the Directors except Tvl. Arun Ramanathan, IAS, Dr. A.C. Muthiah, Ashwin C Muthiah, M. Madhavan Nambiar, IAS, D. Arunachalam, P. Vedagiri and M. Sundaram are interested in the resolution.

### Item No.13

The Company is availing working capital facilities with SBI Consortium/ Bank of America. These facilities are secured by hypothecation by way of first charge on inventories, book debts and other receivables. The said assistance is to be further secured by an equitable mortgage on movable & immovable properties of the Company on second charge basis. The Term Loan of Rs.3000 lakhs availed from UTI Bank Limited to part finance Captive Power Plant at Chlor Alkali Division is also to be secured inter alia by way of a second charge on the movable & immovable properties of the Company subject to approval from financial institutions and banks.

As per Section 293(1)(a) of the Companies Act, 1956 the Board of Directors shall not without the consent of the shareholders in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking or the whole or substantially the whole, of any such undertaking.

Since mortgaging/charging by the Company of its immovable properties as aforeaid in favour of Consortium Banks, Bank of America for the working capital facilities sanctioned by them and in favour of UTI Bank Limited for the term loan is regarded as disposal of the Company's properties, approval of the Members is required under Section 293(1)(a) of the Companies Act, 1956 for creation of such mortgages/charges. Hence the proposed resolution.

None of the Directors is interested in the resolution.

By Order of the Board  
for TAMILNADU PETROPRODUCTS LIMITED

M.B. GANESH  
Secretary

12<sup>th</sup> July 2002  
Chennai - 600 068.

Information required to be furnished under the Listing Agreement about the particulars of Directors proposed to be appointed / re-appointed at the 17th AGM.

**Item No.3 of the Notice**

Name : Thiru A.C. Chakraborti  
Age : 72 Years  
Qualification : F.C.A. (Eng & Wales), F.C.A.  
Expertise : A Chartered Accountant by profession.

**OTHER DIRECTORSHIPS:**

S.No.	Name of the Company	Position held
1.	Peerless Hospitex Hospital & Research Centre Ltd.	Chairman
2.	La Opala Glass Ltd	Chairman
3.	Grindwell Norton Ltd	Vice Chairman
4.	Calcutta Metropolitan Group Ltd.	Director
5.	Rasoi Industries Limited	Director
6.	Jagsonpal Pharmaceuticals Ltd.	Director
7.	Ashok Leyland Finance Ltd.	Director
8.	Binani Industries Ltd.	Director
9.	Texmaco Ltd	Director
10.	GIS Ltd.	Director
11.	Peerless General Finance & Investment Company Ltd.	Director
12.	Chandras Chemical Enterprise Ltd.	Director
13.	Denso India Ltd.	Director
14.	First India Asset Management Ltd.	Trustee

**COMMITTEE MEMBERSHIPS**

S.No.	Name of the Company	Committee Type	Position held
1.	Ashok Leyland Finance Ltd.	Audit Committee	Chairman
2.	Peerless General Finance & Investment Co.Ltd.	Audit Committee	Chairman
3.	Tamilnadu Petroproducts Ltd.	Audit Committee	Chairman
4.	Grindwell Norton Ltd.	Audit Committee	Chairman
		Shareholders/Investors	
		Grievance Committee	Member
5.	GIS Ltd.	Audit Committee	Chairman
6.	La Opala Glass Co.Ltd.	Audit Committee	Member
7.	Texmaco Ltd.	Audit Committee	Member
8.	Binani Industries Ltd.	Audit Committee	Member
9.	Peerless Hospitex Hospital & Research Centre Ltd.	Audit Committee	Member

**Item No.4 of the Notice**

Name : Thiru M. Sundaram  
Age : 55 Years  
Qualification : B.E. (Mechanical)  
Expertise : 33 years experience in implementation of various Chemical / Refinery/Petro Chemical Projects from inception - implementation - operation - maintenance and over all Management of an Installation.  
Other Directorships & Committee Memberships : Nil

**Item No.6 of the Notice**

Name : Thiru Ashwin C Muthiah  
Age : 36 Years  
Qualification : B.Com., M.B.A.  
Expertise : Industrialist.

**OTHER DIRECTORSHIPS:**

S.No.	Name of the Company	Position held
1.	Mitsuba Sical India Ltd	Chairman
2.	National Trust Housing Finance Ltd.	Chairman
3.	Sical Yamatake Ltd.	Chairman
4.	Vopak Sical Terminal Ltd.	Chairman
5.	The SDB CISCO India Ltd.	Chairman