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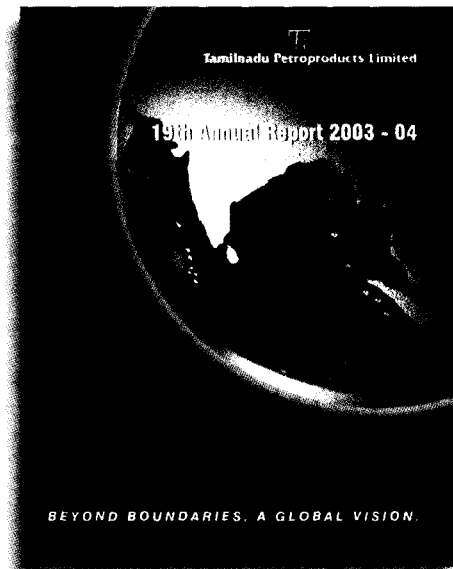


**Petrochemicals Petroproducts Limited**

# **19th Annual Report 2003 - 04**

REPORT

**BEYOND BOUNDARIES, A GLOBAL VISION.**



### **TPL - Poised for Global Leadership**

In line with its vision to expand the business and achieve 10 per cent of the global LAB market by 2010, TPL continues to leverage its experience and expertise to achieve that goal, perhaps sooner.

TPL, a leading player in LAB in India, has 38 per cent market share domestically. It enjoys the monopolistic position in the production of ECH in India. With a production of over 59,000 MT per annum, TPL is one of the front ranking producers of Caustic Soda. And, TPL is working towards increasing the per capita consumption of its products in India through focused market development activities.

Major consumers of LAB - Unilever, Procter & Gamble and Henkel account for nearly 70 per cent of the global LAB offtake. TPL is keen on increasing its share of supply to these consumers by making the product available at their sourcing points in India and abroad.

To this effect, TPL proposes to commission LAB projects in South East Asia and Middle East, the first of which is likely to go on stream as early as 2006.

Powered by its focused initiatives in the area of production, full capacity utilisation, optimising supply chain management and distribution, retaining leadership status in the existing universe, creating new markets and making customer care the pivot of its market development activities, TPL is on a natural metamorphosis from a local giant to a global leader.

In the wake of this growth, TPL will welcome progress, partnerships, innovation, clarity, ideas and above all, the best technology to lead it towards becoming a global player.



## Board of Directors

(As on 31st May 2004)

<b>ARUN RAMANATHAN, IAS</b>	Chairman
<b>Dr. A.C. MUTHIAH</b>	Vice Chairman
<b>P. BASKARADOSS., IAS</b>	Director
<b>Dr. R. VIJAYKUMAR, Ph.D., IAS</b>	Director
<b>ASHOK KUMAR GUPTA., IAS</b>	Director
<b>R. KUPPUSWAMY., IAS</b>	Director
<b>ASHWIN C. MUTHIAH</b>	Director
<b>BABU K. VERGHESE</b>	Director
<b>C. RAMACHANDRAN</b>	Director
<b>DHANANJAY N. MUNGALÉ</b>	Director
<b>N.R. KRISHNAN</b>	Director
<b>Dr. K.U. MADA</b>	Director
<b>V. RAMANI</b> (Whole-time Director)	Director & Chief Financial Officer
<b>RM. MUTHUKARUPPAN</b> (Whole-time Director)	Managing Director & Chief Operating Officer
<b>AUDIT COMMITTEE</b>	
<b>C. RAMACHANDRAN</b>	Chairman
<b>Dr. R. VIJAYKUMAR, Ph.D., IAS</b>	Member
<b>DHANANJAY N. MUNGALÉ</b>	Member
<b>N.R. KRISHNAN</b>	Member
<b>Dr. K.U. MADA</b>	Member
<b>M.B. GANESH</b>	Secretary

### REGISTERED OFFICE & FACTORY

Manali Express Highway, Manali,  
Chennai - 600 068.  
Tel : 25941501-10 : Fax : 25941139  
E-mail : isd@tnpetro.com

### CORPORATE OFFICE

"TPL House", 3<sup>rd</sup> Floor,  
No.3, Cenotaph Road, Teynampet,  
Chennai - 600 018.  
Tel : 24311035 : Fax : 24311033

### AUDITORS

A.F. Ferguson & Co.,  
Chartered Accountants,  
No.5, Nandanam Extension, 1<sup>st</sup> Street,  
Nandanam, Chennai - 600 035.

### LEGAL ADVISOR

T. Raghavan,  
No.47, (Old No.25) Mowbrays Road,  
Chennai - 600 018.

### REGIONAL OFFICE

369, KP Thakkar Block,  
Asian Games Village Complex,  
August Kranti Marg, New Delhi - 110 049  
Tel : 011-26491429 : Fax : 011-26491430

### BANKERS

State Bank of India  
State Bank of Hyderabad  
State Bank of Bikaner & Jaipur  
State Bank of Patiala  
Bank of America  
UTI Bank Ltd.  
Federal Bank Ltd.  
IndusInd Bank Ltd.

### SECRETARIAL DEPARTMENT

Manali Express Highway,  
Manali, Chennai - 600 068.  
Tel : 25940761 (Direct) 25941501-10 Ext.(2388)

### REGISTRAR & SHARE TRANSFER AGENTS

Cameo Corporate Services Limited  
"Subramanian Building",  
1, Club House Road, Chennai - 600 002.  
(Tel : 28460084 / 28460395) Fax : 28460129

Website : www.tnpetro.com

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## OPERATING RESULTS AT A GLANCE

(Rs. in Crores)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Gross Profit	142.01	151.33	164.29	125.22	120.46
Interest	23.05	34.53	37.00	38.13	34.93
Profit before depreciation	118.96	116.80	127.29	87.09	85.53
Depreciation	35.48	42.89	47.46	49.98	47.25
Exceptional Item	-	-	(3.00)	(3.00)	(1.92)
Profit Before Tax	83.48	73.91	76.83	34.11	36.36
Provision for tax	32.50	22.50	26.68	11.08	14.15
Profit after tax before Extraordinary Item	50.98	51.41	50.15	23.03	22.21
Extraordinary Item	-	63.02	-	-	-
Profit after Tax	50.98	114.43	50.15	23.03	22.21
Networth	355.83*	445.48*	372.62**	382.97*	380.91*

\* Net of Revaluation Reserve

\* During the year 2001-02, Rs.100.51 Crores was transferred to Deferred tax liability.

@ During the year 2003-04, Rs.11.59 Crores has been adjusted to general reserve in accordance with Accounting Standard - 26 'Intangible Assets'

## NOTICE FOR THE NINETEENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Company will be held at 10.30 a.m. on Thursday the 5th August 2004 at Tamil Isai Sangam, Rajah Annamalai Hall, Esplanade (Near High Court) Chennai - 600 108. to transact the following business:

### Ordinary Business

1. To receive and adopt the audited Balance Sheet as at 31st March 2004 and Profit and Loss Account of the Company for the year ended 31st March 2004 and the Report of the Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in the place of Dhananjay N. Mungale, who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in the place of Thiru Babu K. Verghese, 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 Statutory Auditors of the Company to hold office until the conclusion of the Twentieth 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 V. Ramani be and is hereby appointed as Director of the Company, liable to retirement by rotation."
7. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:  

"RESOLVED THAT Thiru P. Baskaradoss, IAS, be and is hereby appointed as Director of the Company, liable to retirement by rotation."

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

"RESOLVED THAT Thiru R. Kuppuswamy, IAS, be and is hereby appointed as Director of the Company, liable to retirement by rotation."

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

"RESOLVED THAT Dr K.U. Mada, be and is hereby appointed as Director of the Company, liable to retirement by rotation."

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 Sections 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 RM. Muthukaruppan as Whole-time Managing Director & Chief Operating Officer of the Company not liable to retirement by rotation under Article 112(c) of the Articles of Association of the Company for the period from 4<sup>th</sup> February 2004 to 3<sup>rd</sup> February 2007 on the following terms and conditions:

- (1) Salary Rs.35,000/- per month
- (2) Housing / House Rent Allowance

The Expenditure incurred by the Company will be subject to a ceiling of 60% of the Salary.

- (3) Performance pay, Perquisites and other allowances shall be as per the applicable Service Rules and terms of appointment.

### Minimum Remuneration

In the event of loss, absence or inadequacy of profits, the remuneration aforesaid shall be the minimum remuneration. Any excess over the limits prescribed under the Companies Act, 1956 shall become payable with the approval of the Central Government, wherever so required."





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 Sections 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 V. Ramani as Whole-time Director & Chief Financial Officer of the Company for the period from 4<sup>th</sup> February 2004 to 3<sup>rd</sup> February 2007 on the following terms and conditions:

- (1) Salary  
Rs.40,000/- per month
- (2) Housing / House Rent Allowance  
The Expenditure incurred by the Company will be subject to a ceiling of 60% of the Salary.

- (3) Performance pay, Perquisites and other allowances shall be as per the applicable Service Rules and terms of appointment.

#### Minimum Remuneration

In the event of loss, absence or inadequacy of profits, the remuneration aforesaid shall be the minimum remuneration. Any excess over the limits prescribed under the Companies Act, 1956 shall become payable with the approval of the Central Government, wherever so required."

By Order of the Board  
for TAMILNADU PETROPRODUCTS LIMITED

31st May 2004  
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 11 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 16th July 2004 to 5th August 2004 (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 Equity 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 5th August 2004.
6. Claims on unclaimed dividend, if any, for the financial years 1997-98, 1998-99, 1999-2000, 2000-01, 2001-02, 2002-03 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 1997-98 is due for transfer during September 2005 to "Investor Education and Protection Fund" established by the Central Government under Section 205C of the Companies Act, 1956.
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, Sundays and holidays between 8.15 A.M. to 5.00 P.M. upto the date of the Annual General Meeting.
10. The Company's equity shares are listed at The stock Exchange, Mumbai (BSE), National Stock Exchange of India (NSE) and Madras Stock Exchanges and the listing fees for the year 2004-05 have been paid in time. [The Company's equity shares are delisted (voluntary) from Ahmedabad & Delhi Stock Exchanges w.e.f. 8<sup>th</sup> and 10<sup>th</sup> December 2003 respectively]

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No.6**

The Board of Directors at their Meeting held on 22<sup>nd</sup> January 2004 co-opted Thiru V.Ramani, nominee of Southern Petrochemical Industries Corporation Limited (SPIC) as Whole-time Director and Chief Financial Officer with effect from 4<sup>th</sup> February 2004, whose office is liable for retirement by rotation.

As per Section 260 of the Companies Act, 1956 (the Act), he shall hold office only upto Nineteenth Annual General Meeting. The Company has received notice under Section 257 of the Act, from SPIC proposing Thiru V.Ramani 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, Dr. A.C. Muthiah, Ashwin C. Muthiah, P. Baskaradoss, IAS, Babu K. Verghese, Dr K.U. Mada, RM. Muthukaruppan, N.R. Krishnan and V. Ramani are interested in the resolution.

**Item No.7**

Thiru P. Baskaradoss, IAS was appointed as Director of the Company representing TIDCO at the Board Meeting held on 20<sup>th</sup> April 2004. As per Section 260 of the Act, Thiru Baskaradoss 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 P. Baskaradoss 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, Dr R. Vijaykumar, Ph.D., IAS, Ashok Kumar Gupta, IAS, R. Kuppuswamy, IAS, and P. Baskaradoss, IAS are interested in the resolution.

**Item No. 8**

Thiru R. Kuppuswamy, IAS was appointed as Director of the Company representing TIDCO at the Board Meeting held on 20<sup>th</sup> April 2004. As per Section 260 of the Act, Thiru Kuppuswamy 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 R. Kuppuswamy 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, Dr R. Vijaykumar, Ph.D., IAS, Ashok Kumar Gupta, IAS, P. Baskaradoss, IAS and R. Kuppuswamy, IAS, are interested in the resolution.

**Item No. 9**

Dr K. U. Mada, was co-opted as an Independent Director of the Company at the Board Meeting held on 20<sup>th</sup> April 2004. As per Section 260 of the Companies Act, 1956 (the Act), Dr K.U. Mada shall hold office upto the date of the ensuing Annual General Meeting. The Company has received Notice under Section 257 of the Act from a

Member proposing Dr K.U. Mada for appointment to the Office of Director along with a Deposit of Rs.500/-. Hence the proposed resolution.

None of the Directors except Tvl. Dr A.C. Muthiah, Arun Ramanathan, IAS, P. Baskaradoss, IAS, Ashwin C. Muthiah, Babu K. Verghese, RM. Muthukaruppan, V. Ramani, N.R. Krishnan and Dr K.U. Mada, are interested in the resolution.

**Item No. 10**

The Board of Directors at their Meeting held on 22<sup>nd</sup> January 2004 appointed Thiru RM. Muthukaruppan as Whole-time Managing Director & Chief Operating Officer, not liable to retirement by rotation representing SPIC, for the period from 4<sup>th</sup> February 2004 to 3<sup>rd</sup> February 2007 in the vacancy caused due to cessation of office of Thiru D. Arunachalam as Managing Director and Chief Executive Officer, on the existing terms i.e. Salary of Rs.35,000/- per month, House Rent Allowance, Performance pay, perquisites and other allowances as per the applicable Service Rules and terms of appointment, subject to approval of shareholders under the Act.

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, P. Baskaradoss, IAS, Babu K. Verghese, Dr.K.U. Mada, V. Ramani, N.R. Krishnan and RM. Muthukaruppan are interested in the resolution.

**Item No. 11**

The Board of Directors at their Meeting held on 22<sup>nd</sup> January 2004 unanimously appointed Thiru V. Ramani as Whole-time Director & Chief Financial Officer of the Company for the period from 4<sup>th</sup> February 2004 to 3<sup>rd</sup> February 2007 on the existing terms i.e. Salary of Rs.40,000/- per month, House Rent Allowance., Performance pay, perquisites and other allowances as per the applicable Service Rules and terms of appointment, subject to approval of shareholders under the Act.

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, P. Baskaradoss, IAS, Babu K. Verghese, Dr. K.U. Mada, RM. Muthukaruppan, N.R. Krishnan and V. Ramani are interested in the resolution.

By Order of the Board  
for TAMILNADU PETROPRODUCTS LIMITED

31<sup>st</sup> May 2004  
Chennai - 600 068.

M.B. GANESH  
Secretary





Information required to be furnished under the listing agreement about the particulars of Directors who are proposed to be appointed / re appointed at 19th AGM.

**Item No. 3 of the Notice**

Name: Thiru Dhananjay N. Mungale Age: 50 Years, Qualification : B.Com., A.C.A., L.L.B.

Expertise: Consultant, having wide experience in International Finance, Capital Markets and Merchant Banking. Held various senior positions in Foreign Bank

**OTHER DIRECTORSHIPS:**

S.No.	Name of the Company	Position held
1	Chowgule Steamships Limited	Director
2	Camlin Limited	Director
3	Caprihans India Limited	Director
4	Electronica Machine Tools Limited	Director
5	Indoco Remedies Limited	Director
6	Indo Count Industries Limited	Director
7	Mahindra & Mahindra Financial Services Ltd.	Director
8	Novacel Life Sciences Limited	Director
9	South India Corporation (Agencies) Limited	Director

**COMMITTEE MEMBERSHIPS:**

S.No.	Name of the Company	Committee Type	Position held
1.	Camlin Limited	Audit Committee	Chairman
2.	Indoco Remedies Limited	Audit Committee	Chairman
3.	South India Corporation (Agencies) Limited	Audit Committee	Chairman
4.	Chowgule Steamships Limited	Audit Committee	Member
5.	Mahindra & Mahindra Financial Services Ltd.	Audit Committee	Member
6.	Tamilnadu Petroproducts Limited	Audit Committee	Member

**Item No. 4 of the Notice**

Name : Thiru Babu K. Verghese Age : 60 Years, Qualification: B.Tech (Chemical); Expertise: He has served the Company and the Companies promoted by SPIC in various capacities. He is now Managing Director of SPIC.

**OTHER DIRECTORSHIPS:**

S.No.	Name of the Company	Position held
1.	Southern Petrochemical Industries Corporation Limited	Managing Director
2.	SPIC Holdings and Investments Limited	Director
3.	Indo Jordan Chemicals Co.Limited	Director
4.	Industries Chimiques Du Senegal, Paris	Director

**COMMITTEE MEMBERSHIPS: NIL**

**Item No. 6 of the Notice**

Name:Thiru V. Ramani Age: 52 Years, Qualification: B.A., A.C.A. Expertise: 27 years of experience in Chemical & Petrochemical Industries. Experience covers all Finance related areas in production, trading and resource management together with Accounts function. Managerial experience includes mobilisation of funds in domestic and overseas markets through Initial Public Offering, External Commercial Borrowing, Foreign Currency Convertible Bonds etc.

**OTHER DIRECTORSHIPS AND COMMITTEE MEMBERSHIPS : NIL**

**Item No. 7 of the Notice**

Name: Thiru P. Baskaradoss Age: 59 Years Qualification: I.A.S. Expertise: Indian Administrative Service. Presently Chairman & Managing Director, TIDCO Limited.

**OTHER DIRECTORSHIPS :**

S.No.	Name of the Company	Position held
1.	Tamilnadu Industrial Development Corporation Limited	Chairman & Managing Director
2.	TIDEL Park Limited	Chairman
3.	Tanflora Infrastructure Park Limited	Chairman
4.	Tanfac Industries Limited	Chairman
5.	TICEL Bio Park Limited	Director
6.	State Industries Promotion Corporation of Tamilnadu Limited	Director
7.	Titan Industries Limited	Director
8.	Mahindra Industrial Park Limited	Director
9.	Tamilnadu Road Development Company Limited	Director
10.	Southern Petrochemical Industries Corporation Limited	Director
11.	Nagarjuna Oil Corporation Limited	Director

**COMMITTEE MEMBERSHIPS: NIL****Item No. 8 of the Notice**

Name: Thiru R. Kuppuswamy Age : 59 Years Qualification I.A.S Expertise : Indian Administrative Service, Presently Special Secretary to Govt. Industries Department, Govt. of Tamilnadu.

**OTHER DIRECTORSHIPS:**

S.No.	Name of the Company	Position held
1	Tamilnadu magnesite Limited	Chairman
2.	Tamilnadu Industries Explosives Limited	Director
3.	Southern Structurals Limited	Director & CMD incharge
4.	Tamilnadu Cements Corporation Limited	Director
5.	Tamilnadu Salt Corporation Limited	Director
6.	Tamilnadu Magnesium and Marine Chemicals Limited	Director
7.	Tamilnadu Forest Plantation Corporation Limited	Director
8.	Tamilnadu Power Finance and Infrastructure Development Ltd	Director
9.	TANFAC Industries Limited	Director

**COMMITTEE MEMBERSHIPS: NIL****Item No. 9 of the Notice**

Name: Thiru Dr. K.U. Mada Age : 70 Years Qualification : B.A., (Hon) M.A.(Eco), Ph.D (Eco) & Cert. in Financial Management - Bombay University, Expertise: Formerly Faculty Member, Bombay University, Member of Board of Governors, Management Development Institute, Executive Director, IDBI and acting Chairman & MD of IRBI and presently Chairman / Director in number of companies.

**OTHER DIRECTORSHIPS:**

S.No.	Name of the Company	Position held
1	Uttar Pradesh Industrial Consultants Limited	Chairman
2.	Southern Petrochemical Industries Corp'n. Ltd.	Director
3.	Lupin Limited	Director
4.	Natco Pharma Limited	Director
5.	Hotel Leelaventure Limited	Director
6.	Asian Electronics Limited	Director