



Tamilnadu Petroproducts Limited

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21st ANNUAL REPORT
2005 - 06



Board of Directors

(As on 27th July 2006)

SHAKTIKANTA DAS, IAS	Chairman
Dr. A.C. MUTHIAH	Vice Chairman
S. RAMASUNDARAM, IAS	Director
T.S. SURENDRANATH	Director
S. SUSAI	Director
ASHWIN C. MUTHIAH	Director
BABU K. VERGHESE	Director
C. RAMACHANDRAN	Director
DHANANJAY N. MUNGALÉ	Director
N.R. KRISHNAN	Director
Dr. K.U. MADA	Director
N. RANGACHARY	Director
V. RAMANI (Whole-time Director)	Director & Chief Financial Officer
RM. MUTHUKARUPPAN (Whole-time Director)	Managing Director & Chief Operating Officer
AUDIT COMMITTEE	
C. RAMACHANDRAN	Chairman
S. SUSAI	Member
DHANANJAY N. MUNGALÉ	Member
N.R. KRISHNAN	Member
Dr. K.U. MADA	Member
M.B. GANESH	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", 3rd Floor,
No.3, Cenotaph Road, Teynampet,
Chennai - 600 018.
Tel : 24311035 Fax : 24311033

AUDITORS

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

LEGAL ADVISOR

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

REGIONAL OFFICE

C/o. SPIC Limited,
II Floor, A-2/35, Safdarjung Enclave,
Chaudhry Jhandu Singh Marg,
New Delhi - 110 029.
Tel : 011-26178348 Fax : 011-26178018

BANKERS

State Bank of India
State Bank of Bikaner & Jaipur
State Bank of Patiala
UTI Bank Ltd.
Federal Bank Ltd.
IndusInd Bank Ltd.
Industrial Development Bank of India 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)

	2001-02	2002-03	2003-04	2004-05	2005-06
Gross Profit	164.29	125.22	120.46	83.30	61.62
Interest	37.00	38.13	34.93	26.97	21.88
Profit before depreciation	127.29	87.09	85.53	56.33	39.74
Depreciation	47.46	49.98	47.25	49.82	38.68
Exceptional Item	(3.00)	(3.00)	(1.92)	0.38	0.40
Profit Before Tax	76.83	34.11	36.36	6.89	1.46
Provision for tax	26.68	11.08	14.15	(4.93)	(0.58)
Profit after tax	50.15	23.03	22.21	11.82	2.04
Networth	372.62**	382.97*	380.91* [@]	375.74* ^{\$}	367.52*

* 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"

\$ During the year 2004-05, premium of Rs. 6.74 crores paid on premature redemption of non-convertible debentures has been adjusted against the balance in securities premium account.

NOTICE FOR THE TWENTY FIRST ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty First Annual General Meeting of the Company will be held at 10.30 a.m. on Tuesday the 26th September 2006 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 2006 and Profit and Loss Account of the Company for the year ended 31st March 2006 and the Report of the Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in the place of Thiru C. Ramachandran, who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in the place of Dr. K. U. Mada, who retires by rotation and being eligible offers himself for re-election.
5. To appoint a Director in the place of Thiru Babu K. Verghese, 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 re-appointed as Statutory Auditors of the Company to hold office until the conclusion of the Twenty Second 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 S. Ramasundaram, 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 T.S. Surendranath, 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 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 V. Ramani, Director & Chief Financial Officer for the period from 1st April 2005 to 3rd February 2007 on the following terms and conditions:

- (1) Salary : Rs.55,000 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. Any excess over the limits prescribed under the Companies Act, 1956 shall become payable with the approval of the Central Government, wherever so required."

10. 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 both present and future [except the DG Sets & Auxiliary equipments in the Chlor Alkali Plant offered on exclusive charge basis to M/s.Rabo India Finance Pvt. Ltd. (RIFPL)], and the whole of the undertaking of the Company to or in favour of ;

- (a) Industrial Development Bank of India Limited (IDBI) for the working capital assistance of Rs.3000 lacs
- (b) UTI Bank Limited (UTI) for their enhanced working capital assistance of Rs.600 lacs and
- (c) The Federal Bank Ltd (FBL) for their enhanced working capital assistance of Rs.500 lacs.



to secure the financial facilities provided by the above banks 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 and expenses and other monies payable by the Company to IDBI, UTI and FBL 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 above working capital facilities .”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with IDBI, UTI and FBL, 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

27th July 2006
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. 7 to 10 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 6th September 2006 to 26th September 2006 (both days inclusive).
4. Members are requested to notify immediately any change in their address to the Company/Share Transfer Agents if shares are held in physical mode and to the Depository Participants if shares are held in electronic mode.
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 26th September 2006.
6. Claims on unclaimed dividend, if any, for the financial years 1999-2000, 2000-01, 2001-02, 2002-03, 2003-04 and 2004-05 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 1999-2000 is due for transfer during June 2007 to “Investor Education and Protection Fund” established by the Central Government under Section 205C of the Companies Act, 1956, after which no claims will be permitted by Central Government.
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, Sundays and holidays between 8.15 A.M. to 5.00 P.M. upto the date of the Annual General Meeting.
9. The Company's equity shares are listed at Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) & Madras Stock Exchange Limited (MSE) and the listing fees for the year 2006-07 have been paid in time.
10. 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 reply.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No.7**

The Board of Directors at their meeting held on 27th July 2006 co-opted Thiru S. Ramasundaram, IAS, nominee of Tamilnadu Industrial Development Corporation Limited (TIDCO) as Director.

As per Section 260 of the Companies Act, 1956 (the Act), he shall hold office upto the date of the Twenty First Annual General Meeting. The Company has received notice under Section 257 of the Act, from TIDCO proposing Thiru S. Ramasundaram for appointment as Director liable for retirement by rotation along with a deposit of Rs.500/-. Hence the proposed resolution.

None of the Directors except Tvl. Shaktikanta Das, IAS, S. Ramasundaram, IAS, Dr. A.C. Muthiah, Ashwin C. Muthiah, Babu K. Verghese, Dr. K.U. Mada, N.R. Krishnan, S. Susai, T.S. Surendranath, V. Ramani and RM. Muthukaruppan are interested in the resolution.

Item No.8

The Board of Directors at their meeting held on 27th July 2006 co-opted Thiru T.S. Surendranath, nominee of Tamilnadu Industrial Development Corporation Limited (TIDCO) as Director.

As per Section 260 of the Companies Act, 1956 (the Act), he shall hold office upto the date of the Twenty First Annual General Meeting. The Company has received notice under Section 257 of the Act, from TIDCO proposing Thiru T.S. Surendranath for appointment as Director liable for retirement by rotation along with a deposit of Rs.500/-. Hence the proposed resolution.

None of the Directors except Tvl. Shaktikanta Das, IAS, S. Ramasundaram, IAS, S. Susai and T.S. Surendranath are interested in the resolution.

Item No.9

The Board of Directors at their Meeting held on 14th September 2005 had approved payment of increased remuneration to Thiru V. Ramani, Director & Chief Financial Officer, with a basic pay of Rs.55,000/- per month, with effect from 1st April 2005 plus commission and perks as detailed in the resolution, subject to approval of shareholders.

In order to comply with the provisions of Schedule XIII - Part - II - Section II. 1(A)(vi) of the Companies Act, 1956, the Remuneration Committee at their meeting held on 28th April 2006 taking into account financial position of the Company, trend in the industry, qualification, experience,

past performance and past remuneration of Thiru. V. Ramani, Director & Chief Financial Officer, approved payment of same remuneration as approved by the Board on 14th September 2005 subject to approved of shareholders. Hence the proposed ordinary resolution seeking approval of shareholders.

None of the Directors except Tvl. Shaktikanta Das, IAS, S. Ramasundaram, IAS, Dr. A.C. Muthiah, Ashwin C Muthiah, Babu K. Verghese, Dr K U Mada, N.R. Krishnan, V. Ramani and RM. Muthukaruppan are interested in the resolution.

Item No. 10

IDBI, UTI and FBL have sanctioned working capital facilities / enhanced working capital facilities of Rs.3000 lacs, 600 lacs and 500 lacs respectively to the Company. One of the conditions stipulated by them is to secure these facilities by way second charge on the immovable properties of the company both present and future ranking pari passu with the charges created and/or to be created in favour of the existing charge holders, subject however to Rabo India Finance Private Limited having an exclusive charge on DG Sets and Auxiliary equipments in the Chlor Alkali Plant. The Company has already executed the documents and is availing the facility.

Pursuant to Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of a public company shall not, without the consent of 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, of the whole or substantially the whole, of any such undertaking.

Since your Company is mortgaging / charging its movable and immovable properties as aforesaid in favour of IDBI, UTI and FBL, approval of shareholders under Section 293(1)(a) of the Companies Act, 1956, for creation of such mortgages / charges in favour of the abovesaid financial institutions/banks is required. Hence the proposed resolution.

None of the Directors is interested in the resolution.

By Order of the Board
for TAMILNADU PETROPRODUCTS LIMITED

27th July 2006
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 21ST AGM.

Item No. 3 of the Notice

Name: Thiru C. Ramachandran Age : 67 Years Qualification : I.A.S.

Expertise: Indian Administrative Service (Retd.)

No. of shares held : Nil

OTHER DIRECTORSHIPS :

S.No.	Name of the Company	Position held
1	Leo Utility and Power Limited	Director
2	Elnet Technologies Limited	Director
3	ETL Infrastructure Services Limited	Director
4	SPIC Petrochemicals Limited	Director
5	Elnet Software City Limited	Director

COMMITTEE MEMBERSHIPS :

S.No.	Name of the Company	Committee Type	Position held
1	Tamilnadu Petroproducts Limited	Audit Committee Share Transfer & Shareholders/Investors Grievance Committee	Chairman Member
2	Elnet Technologies Limited	Audit Committee Shareholder/Investor Grievance Committee	Member Member
3	ETL Infrastructure Services Limited	Audit Committee	Member

Item No. 4 of the Notice

Name : Dr. K. U. Mada Age : 72 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.

No. of shares held : 3500 Equity Shares

OTHER DIRECTORSHIPS:

S.No.	Name of the Company	Position held
1	Uttar Pradesh Industrial Consultants Ltd (UPICO)	Chairman / Director
2	Southern Petrochemical Industries Corpn Ltd (SPIC)	Director
3	Lupin Limited	Director
4	Hotel Leelaventure Ltd	Director
5	Asian Electronics Ltd	Director
6	PCI Limited	Director
7	National Securities Depository Limited	Member – Executive Committee
8	Industrial Reconstruction Bank of India (IRBI)	Chairman & Managing Director

COMMITTEE MEMBERSHIPS:

S.No.	Name of the Company	Committee Type	Position held
1.	Tamilnadu Petroproducts Ltd.	Audit Committee	Member
2.	Southern Petrochemical Industries Corpn. Ltd.	Audit Committee	Chairman
3.	Lupin Ltd	Audit Committee Investors' Grievance Committee	Chairman Member
4.	Hotel Leelaventure Ltd	Audit Committee Investors' Grievance Committee	Member Chairman
5.	PCI Ltd	Audit Committee	Member

Item No. 5 of the Notice

Name: Thiru Babu K. Verghese Age: 62 Years Qualification: B.Tech (Chemical)

Expertise: Since 1972 he has been associated with SPIC and other ventures promoted by SPIC in various capacities. He was the Dy.Managing Director of SPIC from 1st Oct'01 and was elevated as Managing Director of SPIC with effect from 1st April 02. Before joining SPIC as Dy. Managing Director, he was a Dy. Chairman and Managing Director of Indo Jordan Chemicals Co.Ltd., Jordan. He holds Directorship in two foreign companies viz., Indo Jordan Chemicals Co.Limited, Jordan and Industries Chimiques Du Senegal, Paris and other companies in India.

OTHER DIRECTORSHIPS :

S.No.	Name of the Company	Position held
1	Southern Petrochemical Industries Corpn. Ltd. (SPIC)	Managing Director
2	SPIC Holdings and Investments Limited	Director
3	Indo Jordan Chemicals Co. Limited	Director
4	Industries Chimiques Du Senegal, Paris	Director
5	Matsu Enterprises (P) Limited	Director
6	K'Chira International (P) Limited	Director

COMMITTEE MEMBERSHIPS:

S.No.	Name of the Company	Committee Type	Position held
1	Southern Petrochemical Industries Corpn. Ltd.	Audit Committee	Member

Item No. 7 of the Notice

Name : Thiru S. Ramasundaram, IAS Age: 52 Years Qualification : I.A.S.

Expertise : Indian Administrative Service

OTHER DIRECTORSHIPS:

S.No.	Name of the Company	Position held
1	Tamilnadu Industrial Development Corpn. Ltd.	Chairman & Managing Director
2	TIDEL Park Limited	Chairman
3	TICEL Bio Park Limited	Chairman
4	TANFAC Industries Ltd.	Chairman
5	Ennore SEZ Company Ltd.	Chairman



S.No.	Name of the Company	Position held
6	Tanflora Infrastructure Park Ltd.	Chairman
7	Titan Industries Ltd.	Director
8	Southern Petrochemical Industries Corpn. Ltd.	Director
9	Ascendas IT Park (Chennai) Limited	Director
10	Nagarjuna Oil Corporation Ltd.	Director
11	Mahindra World City Developers Limited	Director
12	Tamil Nadu Road Development Company Ltd.	Director
13	State Industries Promotion Corporation of Tamil Nadu Limited	Director
14	Golden Jubilee Biotechnology Park for Women Society	Member

COMMITTEE MEMBERSHIPS :

S.No.	Name of the Company	Committee Type	Position held
1	TICEL Bio Park Limited	Audit Committee	Chairman
2	Ascendas IT Park (Chennai) Limited	Audit Committee	Member
3	Tamil Nadu Road Development Company Ltd.	Audit Committee	Member
4	Titan Industries Ltd.	Remuneration Committee	Member

Item No. 8 of the Notice

Name : Thiru T.S. Surendranath Age : 54 Years Qualification : B.Com., A.C.A.

Expertise : Chartered Accountant – Deputy General Manager (Finance), TIDCO having experience of 27 years in appraisal of projects/promotion/monitoring the implementation of the projects, Financial management and Accounts. Also serving as Nominee Director of TIDCO in companies promoted/assisted by TIDCO.

OTHER DIRECTORSHIPS :

S.No.	Name of the Company	Position held
1	Karur Yarn Links Ltd.	Chairman
2	Rama Qualitex Ltd.	Director
3	J.K. Pharmachem Ltd.	Director
4	Lactochem Ltd.	Director
5	Automotive Coaches and Components Ltd.	Director
6	TIDEL Park Ltd.	Director
7	Titan Industries Ltd.	Director

COMMITTEE MEMBERSHIPS :

S.No.	Name of the Company	Committee Type	Position held
1	J.K. Pharmachem Ltd.	Audit Committee Share Transfer & Shareholders/ Investors Grievance Committee	Member Member
2	Automotive Coaches & Components Ltd.	Audit Committee	Member