



26th
ANNUAL REPORT
1998-99



TCL'S POLICY

OUR QUALITY POLICY

TCL aims to deliver a consistently high level of quality of products and services to our customers; concurrently we will work with a sense of responsibility to social needs and the Environment in all our endeavours.

OUR ENVIRONMENTAL POLICY

We manufacture and market a variety of chemicals.

We care for the safety and well being of the society in which we live and operate.

We are committed not only to comply with all applicable laws and regulations, to prevent pollution and other adverse impact, but also to continuously improve our performance in all safety, health and environmental issues.

We will work sincerely, intelligently and transparently toward achieving these goals.

We will make this policy known to the public.

BOARD OF DIRECTORS :

S. SRIDHAR (Chairman & Managing Director)
 R. PARTHASARATHY (Vice Chairman & Managing Director)
 S. SANTHANAM
 M. G. RAJARAM
 CYRIL S. SHROFF
 N. LAKSHMANAN (Nominee of LIC)
 A. V. ESWARAN
 R. SUNDARA RAJAN
 DR. S. RAMA IYER
 DILIP J. THAKKAR
 PRADEEP RATHI

COMPANY SECRETARY :

S. MADHAVAN

BANKERS :

ABN AMRO BANK
 BANK OF BARODA
 BANK OF INDIA
 CREDIT AGRICOLE INDOSUEZ
 ICICI BANKING CORPORATION LIMITED
 INDIAN BANK
 STANDARD CHARTERED BANK
 STATE BANK OF INDIA

AUDITORS :

R. B. PATEL & CO.
 Chartered Accountants
 Podar Chambers, Parsi Bazar Street,
 Mumbai 400 001.

REGISTERED OFFICE AND SHARE DEPARTMENT :

Baldota Bhavan,
 117, Maharshi Karve Road,
 Mumbai 400 020.
 Tel. : 203 0445 / 208 7790
 Fax : 205 1145

ADMINISTRATIVE OFFICE :

8th Floor, 'B' Wing, Mittal Towers,
 Nariman Point, Mumbai 400 021.
 Tel. : 204 2163 / 285 4047 / 282 3330 / 282 3979 / 283 3476
 Fax : 204 2162
 E-mail : bbyoffi.thiru@access.net.in

FACTORY :

Ranipet, North Arcot District, Tamilnadu.
 Tel. : 44441 / 44442 / 44045
 Telex : 402 224 TCL IN / 402 201 PTAN IN
 Fax : 041728 - 44308

**26TH ANNUAL
GENERAL MEETING****DATE :**

Monday, September 6, 1999
 at 3.00 p.m.

VENUE :

Walchand Hirachand Hall,
 Indian Merchant Chamber Marg,
 Churchgate, Mumbai 400 020.

DIVIDEND :

Interim (Already paid)	20%
Final (Recommended)	20%

DIVIDEND ELIGIBILITY :

FOR	REGD MEMBER
Physical Shares	As on August 16, 1999.
Demat Shares	At closing working hours on August 16, 1999

Members are requested to bring their copy of Annual Report with them to the Annual General Meeting.

BOOK CLOSURE : (Physical Segment)
 August 17, 1999 to Sept. 6, 1999

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NOTICE

NOTICE is hereby given that the **TWENTY SIXTH ANNUAL GENERAL MEETING OF THIRUMALAI CHEMICALS LIMITED** will be held at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020 on Monday, 6th September, 1999 at 3.00 p.m to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended March 31, 1999 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare Final Dividend.
3. To appoint a Director in place of Mr Cyril S. Shroff, who retires by rotation and, being eligible, offers himself for reappointment.
4. To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution.
"RESOLVED THAT the vacancy caused on the Board of Directors due to the retirement of Mr. M.G.Rajaram , who retires by rotation at this Annual General Meeting, and is eligible for reappointment but has expressed his intention not to be reappointed, be not filled up."
5. To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution.
"RESOLVED THAT the vacancy caused on the Board of Directors due to the retirement of Mr. A.V. Easwaran , who retires by rotation at this Annual General Meeting, and is eligible for reappointment but has expressed his intention not to be reappointed, be not filled up."
6. To appoint Auditors for the Current Year and fix their remuneration.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution.
"RESOLVED THAT Mr.Pradeep Rathi who was appointed as an Additional Director of the Company with effect from July 27, 1999 and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company."
8. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:
"RESOLVED that pursuant to Section 314 and other applicable provisions, if any, of the Companies Act ,1956, and subject to the approval of the Central Government, if necessary, Company hereby accords its approval to the revision in salary of Ms. Indira Sundararajan, Manager Business Development Group, a relative (within the meaning of Section 6 of the Companies Act, 1956) of Directors of the Company, and holding an Office or place of profit in the Company, the revision being effective from April, 1, 1999 as under:
i) Basic Salary per month : Rs.14000/- (annual increments of Rs.2000/-)
ii) HRA (per month) : @ 25% of Basic Salary.
iii) CCA.(per month) : @ 5% of Basic Salary.
iv) LTA (per annum) : @ 8.33% of Basic Salary.
v) Medical Reimbursement (per annum) : @ 8.33% of Basic Salary.
vi) In addition to the above, Ms. Indira Sundararajan will be entitled to Provident Fund and Superannuation Contributions and also to Gratuity as per the Rules of the Company."
9. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:
"RESOLVED that pursuant to Section 314 and other applicable provisions, if any, of the Companies Act ,1956, and subject to the approval of the Central Government, if necessary, Company hereby accords its approval to the revision in salary of Ms. Jaya Venkataraman, Manager- International Marketing, a relative (within the meaning of Section 6 of the Companies Act, 1956) of Directors of the Company, and holding an Office or place of profit in the Company, the revision being effective from April, 1, 1999 as under:
i) Basic Salary per month : Rs.13200/- (annual increments of Rs.2000/-)
ii) HRA per month : @ 10% of Basic Salary (if accomodation is not provided by the Company)
iii) LTA (per annum) : @ 8.33% of Basic Salary.
iv) Medical Reimbursement (per annum) : @ 8.33% of Basic Salary.
v) In addition to the above, Ms. Jaya Venkataraman will be entitled to Provident Fund and Superannuation Contributions and also to Gratuity as per the Rules of the Company."

N O T I C E

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

"RESOLVED that pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, if necessary, Company hereby accords its approval to the revision in salary of Mr. S.V. Rajan, Marketing Executive, a relative (within the meaning of Section 6 of the Companies Act, 1956) of Directors of the Company, and holding an Office or place of profit in the Company, the revision being effective from April, 1, 1999 as under:

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|--|---|
| i) Basic Salary per month | : Rs.10000/- (annual increments of Rs.2000/-) |
| ii) HRA (per month) | : @ 25% of Basic Salary. |
| iii) LTA (per annum) | : @ 8.33% of Basic Salary. |
| iv) Medical Reimbursement (per annum) | : @ 8.33% of Basic Salary. |
| v) In addition to the above, Mr. S.V. Rajan will be entitled to Provident Fund and Superannuation Contributions and also to Gratuity as per the Rules of the Company." | |

By the Order of the Board
For **THIRUMALAI CHEMICALS LIMITED**

Registered Office
Baldota Bhavan,
117, Maharshi Karve Road,
MUMBAI 400 020.

Dated : July 27, 1999

S. MADHAVAN
COMPANY SECRETARY

NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- b) The proxy form duly completed and signed should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.
- c) The Register of Members and Share Transfer Books of the Company for shares in the Physical segment will remain closed from Tuesday, **August 17, 1999** to Monday, **September 6, 1999** for the purpose of the Annual General Meeting and payment of Dividend.
- d) The Dividend when declared, will be paid on or around September 15, 1999 to those shareholders (in the physical segment) whose names appear in the Company's Register of Members as on August 16, 1999 and also to all the Beneficial Owners (under the Depository segment) at the close of Business hours on August 16, 1999.
- e) Members/ Proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.
- f) Members are requested to notify the Company immediately change of address, if any, and also write to the Company immediately about corrections, if any, in name, address and pin code.
- g) All unclaimed Dividends upto the Final Dividend for the Year ended March, 31, 1995 and Interim Dividend For the Year ended March 31, 1996 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the Dividends upto the said period are requested to claim the amount from the Registrar of Companies, Maharashtra.
- h) Members are requested to furnish their Bank Account Number, Name of the Bank and Branch, which will be printed on the Dividend Warrant to prevent fraudulent encashment of Dividend warrants.
- i) An explanatory statement in respect of Special Business to be transacted at the Meeting is appended hereto.

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ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173[2] OF THE COMPANIES ACT, 1956.

ITEM No. 7.

Mr. Pradeep Rathi was appointed as Additional Director of the Company effective from July 27, 1999 under Article 126 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956.

Mr. Rathi holds office as an Additional Director upto the date of Annual General Meeting. The Company has received Notice in writing from a member signifying his intention to propose the appointment of Mr. Rathi as a Director of the Company together with deposit in accordance with Section 257 of the Companies Act 1956.

Mr. Rathi is a reputed Businessman with vast knowledge and experience. He is active participant in various Trade and Industry Associations' activities and meetings and is a Director of Sudarshan Chemical Industries Limited. The Directors commend the Resolution set out at item No.7 of the accompanying notice for your approval.

None of the Directors of the Company except Mr. Pradeep Rathi is concerned or interested in the resolution.

ITEM Nos. 8, 9 and 10 :

Under the prevailing provisions of Section 314 of the Companies Act, 1956, approval of the shareholders by way of special resolution is required when the monthly remuneration in excess of Rs.10000 is to be paid to any relatives of the Directors for holding any office or place of profit in the Company and where monthly remuneration in excess of Rs. 20000 is involved, prior approval of the Shareholders by a Special resolution and approval of the Central Government is envisaged.

Ms. Indira Sundararajan, BSc(CHEM), Bsc(TECH) PHARMA, has been working with the Company since October 1, 1995. She is a relative of Mr. R.Parthasarathy, the Vice- Chairman and Managing Director of the Company. She is working as Manager- Business Development Group and the details of remuneration drawn by her prior to the present revision is as under.

Basic Pay : Rs.7800 per month.
Perquisites : Contribution to PF and Superannuation fund at 12% and 15% respectively.

Ms. Jaya Venkatraman, BSc, has been working with the Company since January 1, 1996. She is a relative of Mr. S. Sridhar, Chairman and Managing Director and Mr. S. Santhanam, Director of the Company. She is working in the International Marketing Department overseeing the activities of the Export Department, Despatches Department and is instrumental in the publication of the Company's in-house magazine. The details of remuneration drawn by her prior to the present revision is as under.

Basic Pay : Rs.5760 per month.
HRA (per month) : @10% of Basic.
Contribution to PF etc. : Contribution to PF and Superannuation fund at 12% and 15% respectively.
Medical reimbursement (p.a) : @ 4.16% of basic.
LTA (p.a) : @ 8.33% of basic.

Mr. S.V.Rajan, B.Com.,MBA (Marketing) has been working with the Company since April,1, 1998. He is a relative of Mr. S.Santhanam, Director of the Company. He is working in the Marketing Department as Marketing executive. The details of remuneration drawn by him prior to the present revision is as under.

Basic Pay : Rs.4000 per month.
HRA (per month) : @25% of Basic.
Conveyance Allowance : Rs.500 per month.
Contribution to PF etc. : Contribution to PF and Superannuation fund at 12% and 15% respectively.
Medical reimbursement.(p.a) : @ 8.33% of basic.
LTA (p.a.) : Rs.10000 per annum.

The Board of Directors at their meeting held on April, 29, 1999 approved the revision in salaries and perquisites of Ms. Indira Sundararajan, Ms. Jaya Venkataraman and Mr. S.V. Rajan with effect from April 1, 1999. The shareholders approval is being sought to the payment of revised remuneration to Ms. Indira Sundararajan, Ms. Jaya Venkataraman and Mr. S.V. Rajan as mentioned in the resolutions set out at item Nos. 8, 9 and 10 respectively of the Notice convening the AGM. If and when the Central Government approval is required, necessary application will be preferred after obtaining the consent of the shareholders.

The Board of Directors recommend the Special resolutions at item Nos.8,9 and 10 for your approval.

Excepting Mr. R. Parthasarathy, who is interested in the resolution under item No.8, Mr. S. Sridhar and Mr. S.Santhanam, who are interested in the resolution under item No.9 and Mr.S.Santhanam, who is interested in the resolution under item No.10, no other Director is interested in the resolutions under item Nos. 8,9 and 10.

By the Order of the Board
For **THIRUMALAI CHEMICALS LIMITED**

MUMBAI
27th July, 1999.

S. MADHAVAN
COMPANY SECRETARY

DIRECTORS' REPORT

To
The Members,
Thirumalai Chemicals Ltd.

Your Directors have pleasure in presenting their **TWENTY SIXTH ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS	Year Ended 31st March, 1999		Year Ended 31st March, 1998	
	Rs. (Lakhs)	Rs. (Lakhs)	Rs. (Lakhs)	Rs. (Lakhs)
Sales	16031		14161	
Other Income	456		471	
		16487		14632
Gross Profit before Interest and Finance charges and Depreciation		3145		3224
Interest & Finance Charges		1546		928
Depreciation		896		1028
Provision for taxation		72		136
Profit after tax		631		1132
Transferred from Investment Allowance Reserve Utilisation and Adjustments for previous years.		352		49
Balance in Profit & Loss Account		1504		2494
Profit available for appropriation		<u>2487</u>		<u>3675</u>
Appropriations				
Interim Dividend		199		—
Proposed Final Dividend		199		398
Tax on distributed profits		42		40
Debenture Redemption Reserve		319		319
General Reserve		100		1414
Balance Carried Forward		1628		1504
		<u>2487</u>		<u>3675</u>

DIVIDEND

Members may be aware that your Company had declared and paid Interim Dividend @ Rs. 2 per share (20%) in August, 1998 for the year ended March 31, 1999. The said Dividend together with Dividend Tax amounted to Rs.219 Lakhs. Your Directors recommend a final dividend @ 20% which together with the interim dividend of 20% aggregates to 40% for the year. The dividend tax on the proposed final dividend will be Rs.22 lakhs.

OPERATIONS

The Year under review has indeed been testing time for the PAN Industry, and unlike earlier times, the downside lasted for too long. Your Company was better placed to weather the storm largely due to prudent Financial management, multiple products in its product range, lower Capital costs and appropriate marketing strategies. The Company achieved

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production of 50759 MT during the year compared to 48868 MT during the previous year showing an increase of about 4%. Considering the prolonged recessionary conditions prevailing in the Country during the Year, rampant dumping of PAN, the low international prices and the squeezing of margins as a consequence thereof, the increase, albeit modest, should be considered satisfactory. The Company's other products like Maleic Anhydride, Fumaric Acid and Malic Acid continued to do well.

On a Sales turnover of Rs. 16031 Lakhs (Rs.14161 lakhs) including Export earning on FOB basis of Rs. 1648 Lakhs (Rs. 3521 Lakhs) and Other Income of Rs.456 Lakhs (Rs.471 Lakhs), the Gross Profit of the Company amounted to Rs.3175 lakhs (Rs.3224 Lakhs). After providing for Interest and Finance charges, Depreciation and Taxation, the Net Profit amounted to Rs.631 Lakhs (Rs.1132 Lakhs).

EXPORTS :

Due to low international prices of PAN, the Company's exports during the year calculated on FOB basis amounted to Rs 1648 Lakhs (Rs.3521 Lakhs).

CURRENT YEAR :

The Current Year has begun well. The price of PAN, which has been at a ridiculously low level for too long, has started firming up, both in the local market as well as for export. During the three months ended June 1999, the Company's production and despatches amounted to 18887 MT and 20990 MT respectively.

Encouraged by the performance, your Board has declared Interim Dividend of 20% for the Year ending March 31, 2000. This Interim Dividend will be paid along with the final Dividend for the year ended March 31, 1999.

Your Company has also undertaken a project to revamp and modernise its old PAN plants to manufacture value added chemicals involving outlay of about Rs. 10 Crores. The Company has already expended significant amounts for this project, which is likely to go on stream by this year. With the completion of this, your Company will have large global capacities for all products in its range.

RESEARCH & DEVELOPMENT :

The Company continuously carries on its Research and Development work to develop processes for the manufacture of high value -added speciality chemicals. Our R&D Department has been able to successfully develop Tartaric Acid, as per the specifications of our overseas customer during the current year. Furthermore, more products are on the anvil.

MALAYSIAN JOINT VENTURE :

During the first full year of its operations, the Malaysian Joint Venture Company, TCL Industries (Malaysia) SDN . BHD had recorded sales of nearly US\$17 Million with profits after Tax of over US\$1.5 Million, which must be indeed considered commendable, considering the complexities involved in an alien Country.

FINANCE :

All taxes and statutory dues are being paid on time. Payment of interest and instalments to the Financial Institutions and Banks are being made as per schedule. The Company is also very regular in meeting its commitments to its depositors and debentureholders. Deposits aggregating Rs. 0.58 lakhs due for repayment on or before March 31, 1999 were not claimed by the depositors as on date.

Y2K COMPLIANCE :

The Company has taken all steps to deal with Y2K compliance. The progress in this regard is quite satisfactory. The Company will be Y2K compliant by September 1999. The costs for the same are not significant.

PERSONNEL :

Industrial relations continue to remain cordial. The Directors place on record their appreciation of the devoted services rendered by the employees.

DIRECTORS' REPORT

DIRECTORS :

Mr. Pradeep Rathi was appointed as an additional Director and the Board commends his reappointment at the ensuing meeting.

Mr. Cyril Shroff, Mr. M.G.Rajaram and Mr A.V.Easwaran retire by rotation at the Annual General Meeting and are eligible for reappointment. Mr. M.G.Rajaram and Mr A.V.Easwaran do not offer themselves for reappointment. Mr. M.G.Rajaram has been a Director of the Company almost since inception of the Company. Mr A.V. Easwaran has been a Director since 1984. The Board wishes to place on record the valuable services rendered by them during their long association with the Company.

AUDITORS :

Members are requested to appoint Auditors for the Current Year and fix their remuneration. The notes to the Accounts are self explanatory and therefore do not call for any further comments.

PARTICULARS OF EMPLOYEES :

The particulars of Employees under Section 217 (2A) of the Companies Act, 1956 is given in Annexure-1.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

The particulars required to be included in terms of Section 217 (1)(e) of the Companies Act, 1956 with regard to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure-2.

ACKNOWLEDGEMENT :

The Board acknowledges the support given by the Bankers, ICICI Ltd, IDBI, EXIM Bank, its employees at all levels and the shareholders, depositors and debentureholders for their continued support.

For and on behalf of the Board
THIRUMALAI CHEMICALS LIMITED

MUMBAI
Dated 27th July 1999.

S. SRIDHAR
Chairman & Managing Director