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27th Annual Report 1999-2000

Thirumalai Chemicals Ltd.

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COMPANY'S NEW OFFICE AT SION, MUMBAI

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Thirumalai Chemicals Ltd.

BOARD OF DIRECTORS :

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

COMPANY SECRETARY :

S. MADHAVAN

BANKERS :

ABN AMRO BANK
ANDHRA BANK
BANK OF BARODA
BANK OF INDIA
INDIAN BANK
STATE BANK OF INDIA

AUDITORS :

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

General Information

(A) Company's Shares Listed at
1) Mumbai Stock Exchange
2) Madras Stock Exchange

(B) Company's Shares are mandated for trading in demat mode.

(C) ISIN No. Alloted to company's shares is INE 338A01016

REGISTERED OFFICE AND SHARE DEPARTMENT :

Baldota Bhavan,
117, Maharshi Karve Road,
Mumbai 400 020.
Tel. : 203 0445 / 208 7790
Fax : 205 1145
E-mail : ultrapl@vsnl.com

ADMINISTRATIVE OFFICE :

Thirumalai House, Road No. 29,
Near Sion Hill Fort, Sion (E), Mumbai 400 022.
Tel. : 4017841, 7834, 7853, 7861
Fax : 4011699
E-mail : thirumalai@gnbom-tcl.global.net.in

FACTORY :

Ranipet, North Arcot District, Tamilnadu.
Tel. : 44441 / 44442 / 44045
Fax : 041728 - 44308
E-mail : thiru.ranipet@gems.vsnl.net.in

Web: http://www.thirumalaichemicals.com

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

27TH ANNUAL GENERAL MEETING

DATE :
Monday, July 24, 2000
at 4.00 p.m.

VENUE :
Mysore Association Auditorium,
Bhaudaji Road, Matunga,
Mumbai 400 019.

DIVIDEND :
1st Interim (Already paid) 20%
2nd Interim (Already paid) 30%

BOOK CLOSURE :
(Physical Segment)
July 4, 2000 to July 24, 2000

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Thirumalai Chemicals Ltd.

NOTICE

NOTICE is hereby given that the **TWENTY SEVENTH ANNUAL GENERAL MEETING OF THIRUMALAI CHEMICALS LIMITED** will be held at THE MYSORE ASSOCIATION AUDITORIUM, Mysore Association, 393, Bhaudaji Road, Matunga-C.Rly, Mumbai- 400019 on Monday, July 24, 2000 at 4.00 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, 2000 and the Balance Sheet as at that date and the Auditors' Report thereon.

2. To confirm the First Interim and the Second Interim Dividend paid for the year ended March 31, 2000 as Final Dividend.

3. To appoint a Director in place of Mr.R.Sundararajan, who retires by rotation and, being eligible, offers himself for reappointment.

4. To appoint a Director in place of Mr.S.Santhanam, who retires by rotation and, being eligible, offers himself for reappointment.

5. To appoint Auditors for the current Year and fix their remuneration.

SPECIAL BUSINESS:

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

   "RESOLVED that pursuant to Sections 198,269,309,Schedule XIII and other applicable provisions, if any of the Companies Act,1956, the Company hereby accords its approval to the reappointment of Mr.S.Sridhar as Chairman and Managing Director of the Company for a fresh period of five years from August 1, 2000 on the terms and conditions as set out in the draft letter of appointment submitted to the meeting and for identification initialled by the Chairman of the Company and Mr. S.Sridhar may be paid the following remuneration:

   i) Salary per month Rs.55000/- in the scale of Rs.55000-3000-70000.

   ii) Commission of 1% of net profits of the Company as computed under Section 309 of the Companies Act, 1956.

   RESOLVED FURTHER THAT :

   a) In addition to the above remuneration, Mr. S.Sridhar shall be entitled to perquisites like unfurnished/ furnished accommodation, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance etc; in accordance with the rules of the company, such perquisites being restricted to Rs.8 Lakhs per annum.

   b) Company's contribution to Provident fund and Superannuation Fund, Gratuity payment in accordance with the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for remuneration or perquisites as aforesaid.

   RESOLVED further that in the event of absence or inadequacy of profits in any financial year, the Company do pay to Mr.S.Sridhar upto such higher amount as remuneration as may be permissible under Section II of Part II to Schedule XIII to the Companies Act,1956 as minimum remuneration."

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

   "RESOLVED that pursuant to Sections 198,269,309,Schedule XIII and other applicable provisions, if any of the Companies Act,1956, the Company hereby accords its approval to the reappointment of Mr R. Parthasarathy as Vice- Chairman and Managing Director of the Company for a fresh period of five years from August 1, 2000 on the terms and conditions as set out in the draft letter of appointment submitted to the meeting and for identification initialled by the Chairman of the Company and Mr. R.Parthasarathy may be paid the following remuneration:

   i) Salary per month Rs.55000/- in the scale of Rs.55000-3000-70000.

   ii) Commission of 1% of net profits of the Company as computed under Section 309 of the Companies Act, 1956.

   RESOLVED FURTHER THAT :

   a) In addition to the above remuneration, Mr.R.Parthasarathy shall be entitled to perquisites like unfurnished/ furnished accommodation, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal

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accident insurance etc.; in accordance with the rules of the company, such perquisites being restricted to Rs. 8 Lakhs per annum.

b) *Company's contribution to Provident fund and* Superannuation Fund , Gratuity payment in accordance with the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for remuneration or perquisites as aforesaid.

RESOLVED further that in the event of absence or inadequacy of profits in any financial year, the Company do pay to Mr.R.Parthasarathy upto such higher amount as remuneration as may be permissible under Section II of Part II to Schedule XIII to the Companies Act ,1956 as minimum remuneration.

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

S.MADHAVAN
SECRETARY

May 30, 2000.

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

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, July 4, 2000 to Monday, July 24, 2000 for the purpose of the Annual General Meeting.

d) Members/ Proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.

e) 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 pincode.

f) All unclaimed Dividends upto the 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 Dividend for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra.

g) The Equity shares of the Company are mandated for trading in the compulsory demat mode. The ISIN No. allotted for the Company's shares is INE338A01016.

h) An explanatory statement in respect of Special Business to be transacted at the Meeting is appended hereto.

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Thirumalai Chemicals Ltd.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM Nos. 6 and 7.

Mr. S.Sridhar and Mr. R.Parthasarathy were appointed as Managing Directors of the Company for a period of 5 Years effective August 1, 1995 as per the terms and conditions approved by the Shareholders at the Annual General Meeting held on August 14, 1995, as briefly stated hereunder: Remuneration.

I Salary- Rs.40,000 per month in the scale of Rs.40000-2000-50000.

II Commission- 1% of the net profits of the Company as computed under Section 309 of the Companies Act, 1956.

III Perquisites- Restricted to Rs. 6 Lakhs per annum.(Company's contribution to Provident Fund and Superannuation Fund , gratuity payment in accordance with the rules of the Company and encashment of leave at the end of the tenure was not to be included in the computation of limits for remuneration or perquisites aforesaid.)

Mr. S.Sridhar and Mr. R.Parthasarathy have been associated with the Company for about 25 Years. Mr. S.Sridhar , the present Chairman & Managing Director is a Science Graduate and a Chartered Accountant while Mr. R.Parthasarathy is B.Tech., M.S. Wisconsin, U.S.A. Both have over 25 years of experience in the Petrochemical Industry. Under their able stewardship, the Company has been able to overcome successfully the prolonged leanest phase in the last few years and emerge stronger. Also, the Company has successfully commissioned several new/ expansion projects. The Company has made significant progress and undertaken several projects under the Managing Directorships of Mr. S.Sridhar and Mr. R.Parthasarathy.

The Managing Directors shall report to the Board of Directors and shall devote whole time and attention to the business of the Company. They shall perform such of the functions as may from time to time be entrusted to them by the Board of Directors. All their acts shall be subject to the supervision and control of the Board of Directors.

The Board is of the opinion that the reappointment of Mr. S. Sridhar as Chairman & Managing Director and of Mr. R. Parthasarathy as Vice-Chairman & Managing Director for a fresh period of 5 years effective August 1, 2000 and the payment of remuneration as stated in the resolution would be in the interest of the Company. The draft letters of appointment referred in the resolution are open for inspection by the members of the Company at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on any working day until the day of Annual General Meeting or any adjournment thereof.

Mr. S.Sridhar is a relative of Mr. S. Santhanam, Director of the Company, who may be deemed to be interested in the resolution relating to the reappointment of Mr. S.Sridhar as Chairman & Managing Director. None of the other Directors of the Company except Mr. S.Sridhar and Mr. R. Parthasarathy are in any way concerned or interested in the resolutions.

This explanatory statement together with the accompanying notice is and should be treated as an abstract under Section 302 of the Companies Act, 1956.

The Board commends the Resolutions at items 6 and 7 of the Notice for acceptance by the members.

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

S.MADHAVAN
SECRETARY.

May 30,2000.

Registered Office:
Baldota Bhavan,
117, Maharshi Karve Road,
Mumbai-400 020.

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DIRECTORS' REPORT

To
The Members,
Thirumalai Chemicals Limited

Your Directors have pleasure in presenting their **TWENTY SEVENTH ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended 31st March, 2000.

[Rs. in Lakhs]

FINANCIAL RESULTS	**Year ended 31/3/2000**	Year ended 31/3/1999
Sales	**23667**	16031
Other Income	**435**	456
	24102	16487
Gross Profit before Interest and Finance charges & Depreciation	**3803**	3145
Interest and Finance charges	**1579**	1546
Depreciation	**920**	896
Provision for Taxation	**148**	72
Profit after Tax	**1156**	631
Transferred from Investment Allowance Reserve Utilisation and Adjustments for Previous years.	**70**	352
Balance in Profit & Loss A/c.	**1628**	1504
Profit available for appropriation	**2854**	2487
APPROPRIATIONS:		
Interim Dividend	**199**	199
2nd Interim Dividend	**299**	—
Proposed Final Dividend	**—**	199
Tax on Distributed Profits	**55**	42
Debenture Redemption reserve	**319**	319
General Reserve	**1150**	100
Balance carried forward	**832**	1628
	2854	2487

DIVIDEND:
Members may be aware that your Company had paid a first Interim Dividend @ Rs. 2/- per share in September 1999 and a second Interim Dividend @ Rs. 3/- per share now, both for the year ended March 31, 2000. These two Interim Dividends aggregate to 50% for the year ended March 31, 2000 against aggregate 40% Dividend for the previous year.

OPERATIONS:
The Year under review which began well was not sustained. Your Company was better placed largely due to prudent Financial Management, multiple products in its product range, lower Capital costs and appropriate marketing strategies. The Company achieved production of 67784 MT during the year compared to 50971 MT during the previous year showing an increase of about 33%.

On a Sales turnover of Rs. 23667 lakhs [Rs. 16031 lakhs] including Export earning on FOB basis of Rs. 3240 lakhs [Rs. 1648 lakhs] and Other Income of Rs. 435 lakhs [Rs. 456 lakhs], the Gross Profit of the Company amounted to Rs. 3803 lakhs [Rs. 3145 lakhs]. After providing for Interest and Finance charges, Depreciation and Taxation, the Net Profit amounted to Rs. 1156 lakhs [Rs. 631 lakhs].

EXPORTS:
The Company's exports during the year calculated on FOB basis amounted to Rs.3240 Lakhs [Rs. 1648 Lakhs].

CURRENT YEAR:
Your Company had 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 shortly. With the completion of this, your Company will have large global capacities for all products in its range.

NEW DIVISION:
The company has been investigating diversification into IT enabled services. Management is studying various business areas. We however will enter into these only after the study is complete.

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 successful in developing new products.

MALAYSIAN JOINT VENTURE:
During the second full year of its operations, the Malaysian Joint Venture Company, TCL Industries [Malaysia] Sdn. Bhd. suffered a setback, mainly due to the S.E. Asian crisis, global slowdown etc. Efforts are on to revive the Company and bring it back to the growth and profitability path. Your Company appreciates the support of EXIM Bank in the Company's efforts.

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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. 0.66 lakhs due for repayment on or before March 31, 2000 were not claimed by the depositors as on date.

Y2K COMPLIANCE:
The Company had taken all steps to deal with Y2K compliance and no problems were encountered.

CORPORATE GOVERNANCE:
The Company believes in following principles and practices of good corporate governance. The Company has been taking action on its own to introduce transparency and fairness in its dealings with various agencies. The company is pleased to furnish the following information though it becomes mandatory to do so only from the accounting year 2001-2002.

1] The Board of Directors consist of a Executive Chairman and Managing Director and Vice Chairman and Managing Director; i.e. 2 Executive Directors and 7 non executive Directors.

2] Seven meetings of the Board of Directors were held during the year 1999-2000 and all operational and statutorily required information was placed before the Board. All significant events were also reported to the Board.

3] During the year, the Share Transfer Committee was reconstituted with the following members:

Mr. S. Sridhar
Mr. S. Santhanam
Mr. Dilip Thakkar.

The Share transfer committee met three times during the year.

4] As part of efforts to have corporate governance in place, your Company had also constituted during the year an Audit Committee comprising of the following members:

Mr. Dilip Thakkar- Chairman
Mr. N. Lakshmanan
Mr. S. Santhanam

The constitution of the Audit Committee is only the beginning and the Committee will meet as often as is necessary to look into any specific areas as may be desired by the Board. As members may be aware, Mr. Thakkar is an eminent Chartered Accountant, Mr. Lakshmanan is the nominee of LIC and Mr. S. Santhanam is a non-Executive Director.

5] The Company's Internal Audit is done by a firm of Chartered Accountants. The reports submitted by the Internal Auditors on the operations and financial transactions and the Action Taken Report on the same are placed before the Board of Directors also, apart from the Statutory Auditors and the senior management of the Company.

6] For every quarter, the Functional head at the Factory at Ranipet, Tamil Nadu and the Company Secretary and Finance Manager at Mumbai make a report of Statutory compliances which are placed before the Board. At such meetings, the Managing Directors also confirm to the Board of all Statutory compliances.

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

DIRECTORS:
Mr. R. Sundararajan and Mr. S. Santhanam retire by rotation at the Annual General Meeting and are eligible for reappointment.

Mr. M.G. Rajaram, who was your Company's Director until last year passed away recently. Mr. Rajaram [Retd. IAS] was the Director of your Company almost since inception, first as a nominee of SIPCOT and then later, at the Company's request in his individual capacity. It has indeed been a privilege for the Company to be associated with such an eminent person and your Company is grieved and offers condolences to his bereaved family members.

The terms of office of Mr. S. Sridhar, Chairman and Managing Director and Mr. R. Parthasarathy, Vice Chairman and Managing Director expires in end July, 2000 and it is proposed to reappoint them as per the terms indicated in the notice convening the 27th Annual General Meeting of the shareholders of 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.

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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.

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

S. SRIDHAR
Chairman & Managing Director

MUMBAI
MAY 30, 2000.

ANNEXURE 1 TO DIRECTORS'REPORT

Particulars of Employees pursuant to Section 217[2A] of the Companies Act, 1956 read with the Companies [Particulars of Employees] Rules 1975 as amended by the Companies Amendment Act, 1988 and forming part of the Directors Report for the year ended 31st March, 2000.

Sr. No.	Name of the Employee	Age [Years]	Qualification and Experience	Designation	Remuneration [Rs.]	Date of Commencement.	Last Employment held
1.	Mr. R. Parthasarathy	49	B.Tech.,M.S. Wisconsin U.S.A. 26 Years.	Vice Chairman & Mg.Director	15,53,053/-	03/04/1974	—
2.	Mr. S. Sridhar	49	B.Sc., ACA 24 Years	Chairman & Mg.Director	15,65,660/-	01/04/1979	Chief Accountant Ultramarine & Pigments Ltd.
3.	Mr. K. Rajendran	51	DME, BOE 29 Years	General Manager	6,28,338/-	10/7/1992	Manager [Engg.] Unicorn Organics Ltd., Warrangal

NOTES:
1] Remuneration includes Company's contribution to Provident Fund, Superannuation Fund, Medical Benefits and Leave Travel Allowance.
2] Nature of employment is contractual.
3] Mr. S. Sridhar is a relative of Mr. S. Santhanam, Director of the Company.

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