



Board of Directors

(As on 31st May 2004)

ARUN RAMANATHAN, IAS	Chairman
Dr. A.C. MUTHIAH	Vice Chairman
P. BASKARADOSS., IAS	Director
Dr. R. VIJAYKUMAR, Ph.D., IAS	Director
ASHOK KUMAR GUPTA., IAS	Director
R. KUPPUSWAMY., IAS	Director
ASHWIN C. MUTHIAH	Director
BABU K. VERGHESE	Director
C. RAMACHANDRAN	Director
DHANANJAY N. MUNGALE	Director
N.R. KRISHNAN	Director
Dr. K.U. MADA	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
Dr. R. VIJAYKUMAR, Ph.D., IAS	Member
DHANANJAY N. MUNGALE	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

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. Kuppaswamy, 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 4th February 2004 to 3rd 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 4th February 2004 to 3rd 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. 8th and 10th 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 22nd 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 4th 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 20th 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 20th 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 20th 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 22nd 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 4th February 2004 to 3rd 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 22nd January 2004 unanimously appointed Thiru V. Ramani as Whole-time Director & Chief Financial Officer of the Company for the period from 4th February 2004 to 3rd 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

31st 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 magnestite 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 Magnestium and Marine Chemicals Limited	Director
7.	Tamilnadu Forest Plantation Corporation Limited	Director
8.	Tamilnadu Power Finance and Infrastructure Dvelopment 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 Corpn. Ltd.	Director
3.	Lupin Limited	Director
4.	Natco Pharma Limited	Director
5.	Hotel Leelaventure Limited	Director
6.	Asian Electronics Limited	Director

**COMMITTEE MEMBERSHIPS:**

S.No.	Name of the Company	Committee Type	Position held
1	Southern Petrochemical Industries Corporation Ltd	Audit Committee Remuneration Committee	Chairman Chairman
2.	Lupin Limited	Audit Committee Investors Grievance Committee	Chairman Member
3.	Natco Pharma Limited	Audit Committee	Member
4.	Hotel Leelaventure Limited	Investors Grievance Committee Audit Committee Investors Grievance Committee Remuneration Committee	Chairman Member Member Member
5.	Tamilnadu Petroproducts Limited	Audit Committee	Member

Item No. 10 of the Notice

Name: Thiru RM Muthukaruppan Age : 51 Years Qualification : B.Tech (Chemical Engg.) Expertise : 17 years of experience in various positions in handling process, production, technical services, project development work, market development, implementing and operating LAB & ECH Projects

OTHER DIRECTORSHIPS:

S.No.	Name of the Company	Position held
1	Gulf Petroproduct Company E.C.	Director

COMMITTEE MEMBERSHIPS:

S.No.	Name of the Company	Committee Type	Position held
1	Tamilnadu Petroproducts Limited	Share Transfer & Shareholders/ Investors Grievance Committee	Member

DIRECTORS' REPORT

To

The Shareholders

The Directors have pleasure in presenting their Nineteenth Annual Report on the business and operations of your Company and the audited Statement of Accounts for the year ended 31st March 2004.

FINANCIAL RESULTS

	(Rupees in Crores)	
	2003-04	2002-03
Profit before Depreciation and Interest	120.46	125.22
Interest	34.93	38.13
Profit after Interest	85.53	87.09
Depreciation	47.25	49.98
Profit before Tax and Exceptional Items	38.28	37.11
Exceptional Items	(1.92)	(3.00)
Profit before Tax	36.36	34.11
Provision for Tax	14.15	11.08
Profit after Tax	22.21	23.03
Transfer to General Reserve	2.00	2.00
Balance carried to Balance Sheet	48.60	37.85

OPERATIONAL HIGHLIGHTS

Your Company continues to scale new heights in achieving higher capacity utilization in the plants during the year. While LAB Plant achieved a capacity utilization of 106%, the ECH and Caustic Soda Plants recorded higher capacity utilisation at 94% and 106% respectively. ECH sales touched a new record during the year. Your Company was able to sell its entire production of LAB and Caustic Soda for the year. However, the continued volatility of oil prices had an adverse impact on the prices of key raw materials and fuel.

On the product side, the reduction of customs duty and abolition of special additional duty by the Government of India had resulted in the softening of prices and put the margin under pressure. One of the key raw materials used for LAB viz. Benzene registered a record highest price in the year. With rising input prices and lower margins on the product side, the Company adopted various cost saving measures in order to maintain the overall profitability.

The Company's sales turnover (net of excise duty) was Rs.662 crores earning a Gross Profit of Rs.120.46 crores. The profitability would have been better had the prices of oil, raw materials, power and fuel been stable.

Since power constitutes a major input for the Chlor Alkali division (CAD), your Company's strategy of commissioning the captive power plant (CPP) during 2002-03 paid dividends. This plant had substantially benefited by generating uninterrupted power at a competitive cost. Consequently despite the increase in cost of fuel, the power and fuel cost has come down from Rs.136 crores to Rs.118 crores.

Your Company has been tapping the export market for LAB and exported 14523 MTs to Middle East and the Far East and Europe and also exported significant quantities of ECH to the Middle East for the second year in succession. The total value of foreign exchange earning through exports during the current year was around Rs.52.36 crores.

As part of cost management measures across the company, your Company has resorted to E-sourcing of raw materials with a view to procure at most economical prices. Such cost management measures would be tried in all other areas.

FINANCE

As part of the efforts at reducing the interest cost, your Company during the year, raised Rs.115 crores at a competitive interest rate. This loan was utilized for prepayment of all high cost debts availed from financial institutions and Banks. This swapping helped your Company to reduce its interest cost considerably. The full effect of this swapping will be reflected in 2004-05 as the debt swapping was completed only in December 2003. Your Company's further endeavours in the next financial year will be to further explore avenues of debt and interest reduction. A further sum of Rs.25 crores was also raised at a competitive rate for investing in Overseas projects through the Wholly owned Subsidiary.

The outstanding Seven (7) Floating Rate Convertible Notes (FRCN) amounting to Swiss Franc 0.35 Million (Rs.1.22 crores) was repaid in December 2003. Consequently, the entire FRCN loan stands extinguished.

EXPANSION / PROJECT ACTIVITIES

A new Hot Oil Heater, the major source of heat energy for operating the plant has been installed and put on trial in March 2004 replacing the existing heater that was installed during 1988. This is expected to improve the efficiency of the Plant operation.

The expansion project of LAB unit is progressing well. Detailed Engineering has been completed and orders for major long-term delivery equipments have been placed. It is expected that mechanical completion would be by end December 2004 and commencement of commercial production during January 2005. Consequently, the



installed production capacity would increase from 95,000 MTs to 1,20,000 MTs per annum which will be the world scale capacity for a LAB plant.

EXCEPTIONAL ITEM

In line with complying with Accounting Standard - 13, your Company has provided a sum of Rs.2.30 crores during the current financial year towards provision for diminution in value of investment. The cumulative provision for such diminution in the value of investment aggregates to Rs.7 crores. Exceptional item for the year 2003-04 represents a provision of Rs.1 crore (net of write back) for diminution in value of certain long term investments and loss on sale of investments (net) of Rs.0.92 crore.

DIVIDEND

Your Directors now recommend payment of a dividend of 12.50% on the Equity share capital, aggregating Rs.11.25 crores.

SAFETY, HEALTH & ENVIRONMENT

Your Company spared no efforts to ensure safety in the operation of the Plants, promote health and protect the environment. The LAB, ECH and Chlor Alkali plants has achieved 2806, 3285 and 2737 safe days of operation respectively. The health of employees and the environment in and around the Plant area have been given due care and attention. Your Company joined the Highways Department, Government of Tamilnadu, in its efforts to promote greenery by planting sapplings in Chennai.

Your Company has won the following awards, in recognition of developing and implementing effective Management Systems & Procedures and achieving the outstanding performance in Occupational Safety and Health:

- 1) the Shreshtha Suraksha Puraskar Certificate and Trophy for LAB division,
- 2) Prashansa Patra Certificate for LAB & ECH divisions and Chlor Akali Division; and
- 3) Yogyata Praman Patra Certificate for Chlor Alkali division from the National Safety Council of India.

RESEARCH & DEVELOPMENT

Studies related to the improvement in quality of your Company's products, by-products and value addition to side stream products are being carried out. Apart from quality improvement programs, studies are underway to separate pure chemicals from low value side streams. These studies are aimed at increasing the value of main products.

CORPORATE OFFICE

The investment made in the construction of an office building named "TPL House", presently housing your Company's Corporate Office and occupied by several leading Corporates is yielding good returns by way of rentals. TPL House is considered a prestigious landmark in the Chennai City.

SUBSIDIARIES

SPIC ELECTRIC POWER CORPORATION (PRIVATE) LTD.

During September 2003, SEPC allotted 27640000 Equity Shares of Rs.10/- each for cash at par utilising the Advance of Rs.27.64 crores. In view of this, SEPC became Subsidiary of your Company. SEPC is in discussion with certain other parties to develop 525 MW Power Project. SEPC is exploring the possibility of selling power to Power Trading Corporation if they could extend bankable payment security. SEPC is hopeful of identifying a Partner and negotiating a payment security mechanism satisfactory to the Lenders.

LEO UTILITY AND POWER LTD.

Leo Utility and Power Ltd. (LUPL) was promoted in August 2003 for the purpose of shifting the non-core business / activities of your Company so that your Company could concentrate on its core business. LUPL would be also implementing Biomass based Co-generation Power Projects to augment revenue. Subsequently, LUPL has also taken up proposals to set up (a) Coal Based Co-generation project to produce both steam and power at economical cost which would substantially reduce the cost of production of ECH and (b) Sea Water Desalination plant for augmenting its water supply position.

CERTUS INVESTMENT AND TRADING LTD.

The performance of Certus Investment and Trading Limited (CITL), a wholly owned subsidiary of your Company for the year ending 31st December 2003 ended up with a PBT of US\$ 77040. Your Company is actively discussing with Economic Development Board of Singapore for establishing a green field LAB plant in Singapore through this wholly owned subsidiary.

A statement pursuant to Section 212 of the Companies Act, 1956 giving information above the subsidiary companies is attached hereto.

In terms of the exemption granted to your Company by the Central Government under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies that are required to be attached to the Balance Sheet of your Company have not been attached. However, the

above-mentioned documents/details will be made available upon request by a shareholder interested in obtaining them. The consolidated financial statements presented by your Company include the financial information of its subsidiaries, as per Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India.

The Annual Accounts of the subsidiary companies and the related detailed information will be made available to the shareholders of the subsidiary Company who seek such information at any point of time. The Annual Accounts of the subsidiary companies will also be kept for inspection by any investor in the Registered Office and that of the subsidiary company concerned.

STATUS OF ACTIVE INVESTMENTS

HENKEL SPIC INDIA LIMITED

Henkel SPIC India Limited (HSIL) achieved a turnover of Rs.361.52 crores compared to Rs.345.23 crores in the previous year. HSIL posted a Net Profit of Rs.5.02 crores as against net profit of Rs.5.90 crores in the previous year and achieved a cash profit of Rs.12.43 crores as against a cash profit of Rs.11.78 crores in the previous year. Despite sluggish market condition and fierce competition, the improvements in distribution network and sales service have impacted the sales performance and the market share of its products.

PETRO ARALDITE PVT. LTD.

Petro Araldite Pvt. Ltd. (PAPL) turned the corner by improving its overall performance resulting in a net profit of Rs.0.36 crores as against a loss of Rs.0.94 crores during the last year. The accumulated loss of the PAPL is 42.02 crores (provisional) as against the accumulated loss of 42.38 crores during the previous year. Your Company is negotiating a new ECH supply agreement with PAPL to be mutually beneficial so that your Company could operate the ECH plant continuously and improve the performance. PAPL could also produce Epoxy Resin at competitive prices and service its customers.

VOPAK SICAL TERMINAL LIMITED

Vopak Sical Terminal Limited (VSTL) is very keen to successfully bid for development of a marine liquid terminal in Ennore Port on BOT basis and VSTL has been pre-qualified by Ennore Port Ltd. (EPL). The "Request for Proposal" containing project details and the terms of Licence Agreement had been issued by EPL.

There are no significant developments in other investments.

FIXED DEPOSITS

The total amount of deposits outstanding as on 31st March 2004 was Rs.1.93 lakhs which represents unclaimed deposits only.

EMPLOYEES

As part of HR initiatives, thrust is given for Leadership Development to meet the aspirations and long-term goals of your Company. Your Company has also laid qualitative objectives to maximize profits and overall growth. Emphasis was placed on building a cohesive workforce to maximise returns to all stakeholders.

Focussed attention was given for knowledge updating and application of new technologies available to reduce costs and to meet the business challenges. The industrial relations during the year were harmonious.

A statement giving information and particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 is enclosed as part of this Report.

DELISTING

The Stock Exchange of Ahmedabad (ASE) and the Delhi Stock Exchange Association Ltd. (DSE) have accorded approval under clause 5.1 of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, for voluntary delisting of Equity Shares of your Company with effect from 8th and 10th December 2003 respectively. Your Company's Equity Shares continue to be listed at The Madras Stock Exchange Ltd., The Stock Exchange, Mumbai and National Stock Exchange of India Limited.

DIRECTORS

The changes that had occurred in the composition of Board of Directors from the date of last Directors' Report are given below:

- a) On 29th October 2003, the withdrawal of nomination of Thiru K. Skandan I.A.S. as Director and Chairman by TIDCO Ltd. was recorded. On the same day, Thiru Arun Ramanathan I.A.S. (already a Director) was appointed as Chairman vice Thiru K. Skandan, I.A.S. Also, the Board accepted the resignation of Thiru M. Sundaram Director representing SPIC with effect from 6th November 2003.
- b) The Board of Directors on 22nd January 2004,
 - i) co-opted Thiru Ashok Kumar Gupta I.A.S. as Director of the Company representing TIDCO vice Thiru L. Krishnan I.A.S.
 - ii) accepted the resignation of the independent Directors viz. Tvl. A.C. Chakrabortti and M.R.B. Punja and co-opted Tvl. Dhananjay N. Mungale and N.R. Krishnan I.A.S. (Retd.) as Directors in their places respectively.
 - iii) co-opted Thiru Babu K. Verghese as Director representing SPIC vice Thiru M. Sundaram.



- iv) accepted the request of Thiru D. Arunachalam seeking an early retirement at the expiry of his tenure as Managing Director & CEO on 3rd February and also accepted the resignation as Director
- v) co-opted Thiru RM. Muthukaruppan as Director representing SPIC (not liable to retire by rotation) and appointed as Whole-time Managing Director and Chief Operating Officer with effect from 4th February 2004 and
- vi) co-opted Thiru V. Ramani as Director representing SPIC and appointed as Whole-time Director and Chief Financial Officer with effect from 4th February 2004.
- c) The Board of Directors on 20th April 2004,
 - i) co-opted Tvl. P. Baskaradoss I.A.S. and R. Kuppuswamy I.A.S. as Directors of the Company representing TIDCO.
 - ii) accepted the withdrawal of nomination of Thiru G.M. Ramamurthy, Director representing IDBI.
 - iii) co-opted Dr.K.U. Mada as Independent Director of the Company.

The Board of Directors wish to place on record their appreciation of the valuable services rendered by Thiru K. Skandan I.A.S. as Chairman, Tvl. L. Krishnan I.A.S., A..C. Chakrabortti, M.R.B. Punja, G.M. Ramamurthy as Directors, Thiru M.Sundaram, as Whole-time Director and Chief Operating Officer and Thiru D. Arunachalam, as Whole-time Managing Director & Chief Executive Officer, during their tenure as Members of the Board.

Pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Tvl. Dhananjay N. Mungale and Babu K. Verghese will retire by rotation and being eligible offer themselves for re-election.

The term of office of Tvl. V. Ramani, P. Baskaradoss I.A.S., R. Kuppuswamy, I.A.S. and Dr.K.U. Mada as Director shall be upto the date of the ensuing Annual General Meeting. Notices in writing pursuant to section 257 of the Companies Act, 1956 have been received from the Members proposing their candidatures for appointment as Director(s) of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with the provisions of Section 217(2AA) of the Companies Act, 1956 (the Act) your Directors hereby confirm that:-

- (i) in preparing the Annual Accounts for the year ended 31st March 2004 all the applicable accounting standards have been followed.

- (ii) accounting policies were adopted and applied consistently; judgements and estimates made that are reasonable and prudent only to give a true and fair view of the state of affairs of the Company as at 31st March 2004 and its profitability for the year.
- (iii) proper and sufficient care in the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing/detecting fraud and irregularities have been taken and
- (iv) the Annual Accounts have been prepared on a "going concern" basis.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Report on Corporate Governance with Auditors' Certificate on compliance with conditions of Corporate Governance and a Management Discussion & Analysis Report have been attached to form part of the Annual Report.

AUDITORS

M/s. A.F. Ferguson & Co., appointed as Statutory Auditors at the 18th Annual General Meeting held on 8th August 2003 retire at the conclusion of the Nineteenth Annual General Meeting and are eligible for re-appointment.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 are enclosed as part of the Report.

ACKNOWLEDGEMENT

The Management is grateful to the Government of India, the Government of Tamilnadu, shareholders, valued customers, the Reserve Bank of India, financial institutions, Consortium of Banks, other lending institution, Insurance Companies, Promoters, Technology suppliers, Raw material suppliers, Joint Venture Partners, Statutory Auditors, Contractors, Marketing Agents and Vendors for the continued support and co-operation.

The Directors also wish to place on record their appreciation of the co-operation, active involvement and dedication of the employees, which enabled the Management to contribute to the growth of your Company.

For and on behalf of the Board of Directors

31st May 2004
Chennai - 600 068.

ARUN RAMANATHAN
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE

Tamilnadu Petroproducts Limited (TPL) is in the manufacture and marketing of Petrochemicals such as Linear Alkyl Benzene (LAB), Epichlorohydrin (ECH) Caustic soda and Chlorine (CAD). While LAB is used for manufacture of synthetic detergents, ECH is mainly used in the manufacture of Epoxy Resins, Insecticides and Drugs & Pharmaceuticals. Caustic Soda is the basic chemical used in various industries like Aluminum, Paper, Pulp, Textiles, Soaps and detergents. Chlorine is a co-product emanating out of manufacture of Caustic soda and has variety of applications such as bleaching of paper, chlorination of water etc.

LINEAR ALKYL BENZENE (LAB)

LAB is a major raw material to manufacture synthetic detergents and other cleaning products. In India, around 95% of LAB after conversion to LAB Sulfonate (LABSA) is used for manufacture of synthetic detergent cakes and powders which is used in household sector. The domestic market has shown a positive growth in terms of over all consumption of LAB as compared to last year. LAB has registered a Compounded Average Growth Rate (CAGR) of 5 to 6% in 2003-04 and we expect this growth trend is expected to continue in future. The emergence of small-scale sector, also called as Allied Sector, in the manufacture of detergents augurs well for the LAB industry. The oligopolistic market for this industry is in a position to cater not only to the growth of detergent sector in India but also adds to the foreign trade of India by exporting surplus LAB to Europe, Middle East and Far East. TPL has been an accredited supplier to world Leaders such as UNILEVER / Procter & Gamble / HENKEL.

EPICHLOROHYDRIN (ECH)

TPL continues to be the only manufacturer of ECH in the country, which is mainly used in the manufacture of Epoxy Resins, Insecticides and Pharmaceuticals. TPL has established itself as a producer of quality product and its desire for cost management in production of ECH has been achieved. With 94% capacity utilization and touching well near the design norms in raw material consumption, the company is poised to achieve further cost reduction. TPL has

been catering to the entire domestic market and is also exporting to the Middle East. The demand for ECH has been stable in the domestic market. The company is giving fillip to the growth of ECH market with its plan for a long-term tie-up with its JV partner M/s Petro Araldite Pvt Ltd. The international prices of ECH have also been firming up in the recent past and with enquiries being received from overseas customers, the future business prospects are encouraging.

CHLOR ALKALI

Caustic Soda is a basic chemical used in various industries like Aluminum, Paper and Textiles. In India, Caustic Soda is a commodity chemical with stiff competition. Caustic Soda is manufactured using either the Mercury-cell technology or cost effective & eco-friendly Membrane technology. Chlorine is a joint product used in downstream industries located closer to Chlor Alkali plants. In India, Caustic Soda Units are set up mainly to sell Caustic soda, while globally, the thrust is on sale of Chlorine and hence the price of Chlorine fetches a better market price compared to Caustic Soda which is being disposed off at reduced prices. This results in dumping of the product in India by overseas manufacturers at low prices, which does not permit the domestic industry to compete with these overseas manufacturers. Further, power constitutes 80% of variable cost and hence only producers who have capability to get power at competitive prices can sustain themselves in this industry. Considering the criticality of cost structure, TPL commissioned an 18.6 MW captive power plant and this has positioned the company to be cost competitive. Hence TPL is in a position to leverage its cost competitiveness and compete with global players while supplying Caustic Soda to leading consumers like M/s. NALCO. With chlorine fully tied to end users through pipeline transfer, the company continues to enjoy the fruits of this business as evidenced by the steadily improving performance.

THREATS AND OPPORTUNITIES

Import duty reduction/abolition by the Government, have forced LAB manufacturers to roll back the prices. This has seriously affected the profitability of the company. The end product pricing is not



sensitive to the input prices and hence the profits of LAB manufacturers continue to be under strain. The threat for LAB through other Surfactants is marginalized due to continuous international price stability of LAB. In India, the domestic price of LAB is a function of international price, duty structure and rupee dollar parity. With the strengthening of rupee and the GOI withdrawing duty protection, the price of LAB continues to soften. No doubt this has spiralled growth of small-scale sector but has parallelly cast a severe threat of imports into India. The price war between detergent manufacturers has only resulted in eroding margins for LAB producers. With higher disposable income and change in life styles in India, it is expected that there will be a growth in the premium segment of detergent industry, which will usher in higher consumption of LAB. Your company is focussing on market development at identified regions which have potential for growth. During the third quarter of 2004-05, it is expected that a LAB plant by M/s Indian Oil Corporation with an additional capacity of 1.20 lacs MT is likely to be commissioned. The focus on various market development efforts taken by your company will help your company to face the threat of new capacity addition. Further growth in LAB demand will also partially set-off the new capacity additions.

Your company had a fail -safe barrier in the form of safe guard duty for ECH. However, this was abolished. Government also reduced the customs duty from 25% to 10% for Epoxy resin use and exempted Special Additional Duty (SAD) for ECH in January 2004. The signing of Free Trade Agreement (FTA) with ASEAN countries has resulted in easy availability of ECH and its related products at most competitive prices. The price of raw material namely propylene continues to be high. However, your company has been able to achieve significant cost competitiveness by uninterrupted supply of chlorine through pipe-line from its adjacent Chlor-alkali division. With a long term supply contract with PAPL on the anvil, your company is poised for achieving higher volumes of production and sales in the coming years. With an increasing awareness on the use of ECH as anti-corrosive agent and with infrastructure projects getting a fillip in India, it is expected that the volume of ECH sales will grow multi-fold. Your company is also planning to market

ECH by judicious mix of supplies to strategic partner namely PAPL, niche pharmaceutical markets and export markets.

Caustic Soda Lye continues to be imported by certain high volume customers like NALCO. Some of the high volume Caustic users such as Aluminium Industry are planning to install their own Captive plants which is likely to cause strain on the existing caustic producers. Your Company is presently enhancing customer satisfaction by further improving quality of service which confers better sales realisation.

RISKS & CONCERNS

Your company continues to face the threat of soaring raw material prices in line with the international oil prices. Although it was perceived that the aberration in input prices during 2002-2003 was on account of political escalations in the Middle East, despite significant change in the political scenario in Arab world, the prices continue to remain firm. While LAB producers have a limited power to increase the prices, the LAB processors are caught between LAB producers and detergent manufacturers. However with global oil producers looking to offer price reduction, it is hoped that raw material prices for manufacture of LAB and ECH will return to normalcy. The global availability of LAB and ECH continues to be balanced and hence any future reduction in customs duties and also strengthening of the rupee will only cause further strain on LAB and ECH pricing. Your company however is geared to meet the challenges as several new initiatives in cost management such as e-sourcing are being adopted to combat the price inflation in raw material and utilities.

OUTLOOK

Your company is focusing on its core business viz. petrochemicals. Your company is also keen on expanding the LAB operations beyond India by exploring avenues to establish LAB plants in the Gulf and in the Far East. With the global scale LAB Plant in Chennai with benchmarked LAB operations, TPL is confident of accomplishing the goal. With focussed attention on cost management covering all areas including Technical, Financial and Working Capital, TPL is confident of achieving better performance to benefit the stakeholders.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

TPL has adequate internal control system monitored by an Internal Audit function reporting to the Audit Committee. The Audit Committee is meeting periodically for reviewing the performance of the Company and formulating policies / issuing guidelines to the Management as well as Internal Audit.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCE / INDUSTRIAL RELATIONS FRONT

The number of employees as on 31st March 2004 is 628. The organisation restructuring introduced during 2002 based on Strategic Business Units has helped in promoting efficient and smooth functioning. Training & Development is the key thrust area and the Company has already taken up

to multi-skilling to improve the employability of its human resource. Investing in the growth and development of Human Resource is expected to give greater return to improve productivity.

CAUTIONARY STATEMENT

Estimates and expectations stated in this Management Discussion and Analysis may be "forward-looking" statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and international markets, changes in the Government regulations, tax laws, statutes and other incidental factors.

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the period ended 31st March 2004.

CONSERVATION OF ENERGY

A. Energy Conservation measures taken

1. Fanless Cooling Tower Commissioned in Captive Power plant. (ECH)
2. Star Mode Operation of Under loaded motors (ECH).
3. Optimization of Rectifier Efficiency by suitable loading of the rectifiers (CAD).
4. Savings in Fuel Oil consumption in Fusion plant by optimizing burner fuel mechanism (CAD).

B. The following proposals are being implemented

1. Utilising excess Hydrogen available in HCD for Hot Oil heater, thereby saving the Fuel Oil (LAB).
2. Developing Energy Accounting System to make Energy balanced for each section (LAB).

3. Installation of new Combined Feed Exchanger to recover more heat (LAB)
4. Providing Automatic blow down valve in Epichlorohydrin plant Boiler (ECH).
5. Provision of a steam pump at the down stream of stream oil pre-heater for condensate recovery (ECH).
6. Installation of Vapor Absorption Machine utilizing the available jacket hot water of Captive power plant to produce chilled water. Electrical energy for centrifugal chiller is thus reduced. (CAD).
7. Trimming of Impellers in Cooling water circuit pumps to reduce power (All Plants).
8. Reduction in power by going in for metal halide lamps, which would replace the conventional lamps (CAD).



FORM – A

Form for disclosure of particulars with respect to Conservation of Energy

A. Power and Fuel Oil Consumption

	Current Year (2003 - 2004)	Previous Year (2002 - 2003)
1. Electricity		
a. Purchased Power		
Units (in lakhs)	11.30	514.64
Variable cost	58.85	2062.58
Total cost (Rs. In lakhs)	605.33	3147.73
Rate/Unit (Rs.)		
Units Charges (Rs./Unit)*	5.21	4.01
Demand Charges (Rs./KVA)	300.00	300.00
*Variable cost includes peak hour charges		
b. Own Generation		
Through Diesel generator		
Units** (in lakhs)	2293.18	1610.63
Units/Litre of Fuel	4.24	4.13
Rate/Unit (Rs.)	3.04	3.27
**Includes power exported to grid.		
2. Coal (specify quality where used)		
Quantity (Tonnes)	--	--
Total cost	--	--
Average Rate	--	--
3. Furnace Oil		
Quantity (KL)	74,956.73	90677.66
Total Amount (Rs.in lakhs)	7,565.21	9007.27
Average Rate (Rs./KL)	10,092.76	9933.28
4. LSHS		
Quantity (KL)	32,112.94	11,861.26
Total amount (Rs.in lakhs)	3,428.64	1,380.53
Average Rate (Rs./KL)	10,676.82	11,639.02
5. Diesel		
Quantity (KL)	-	32.23
Total Amount (Rs.in lakhs)		6.00
Average Rate (Rs./KL)	-	18,607.57
6. Windfarm		
Units Generated (in lakhs)	202.08	198.53
Total Amount (Rs. in lakhs)	122.34	81.84
Rate / Unit (Rs.)	0.61	0.41

B. Consumption per unit (MT) of Production

Products with details (unit)	(Standard if any)	Current Year			Previous Year		
		LAB	ECH	CAD Caustic	LAB	ECH	CAD Caustic
Electricity (KWHR/MT)		608.27	1577.49	2657.60	603.34	1943.88	2666.95
Furnace Oil (MT)		0.443	0.594	0.007	0.457	0.757	0.056
Coal (Specify quality)		--	--	--	--	--	--
Others (Specify)		--	--	--	--	--	--

FORM – B

Form for disclosure of particulars with respect to absorption

RESEARCH AND DEVELOPMENT

1. Specific areas in which R & D carried out by the Company
 - a. Studies related to separation of value added Products from side streams.
 - b. Studies related to use of 100% Gas to Liquid paraffin in LAB production.
 - c. Recycle of ECH treated effluents
 - d. Improvement studies on Quality of HNP
2. Benefits derived as a result of above R & D
 - a. Scope for introducing new value added products without any additional cost on raw materials
 - b. Increasing the options in raw material sourcing
 - c. Conservation of precious natural resource and cost reduction
 - d. Value addition to Products.
3. Future Plan of Action
 - a. Scaling up of separation of Pure Chemicals from by-products
 - b. Quality improvement studies in new Process Development of LAB
 - c. Separation of Pure Chemicals from side streams
4. Expenditure on R & D (Rs.in lakhs)
 - a. Capital -
 - b. Recurring 13.35
 - c. Total 13.35
 - d. Total R & D expenditure as a percentage of total turnover 0.0002

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION : Nil**FOREIGN EXCHANGE EARNINGS AND OUTGO**

- a. Foreign Exchange outgo : Rs. 5953.91 lakhs
- b. Foreign Exchange earnings : Rs. 5236.24 lakhs

Statement showing the particulars of employees of the Company as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Report of the Board of Directors for the year ended 31st March 2004.

Name, Designation and Nature of Duties, Age, Qualification and Experience, Last Employment and post held, Date of Commencement of employment, Gross remuneration (Rs.)

D. Arunachalam*, Managing Director & Chief Executive Officer, 55 Years, B.Sc., DMIT, 31 years, Manager (Instrumentation), Southern Petrochemical Industries Corporation Limited, Chennai, 01-02-87, 29,20,684.

The appointment is contractual and he is not a relative of any Director of the Company.

** Ceased to be a Director with effect from 4th February 2004.*



REPORT ON CORPORATE GOVERNANCE (2003-04)

1. Company's philosophy :

Tamilnadu Petroproducts Limited firmly believes that implementation of good corporate governance will help the Company achieve corporate goals and enhance shareholders value. It has been our endeavor to give importance on ensuring fairness, transparency, accountability and responsibility to shareholders besides implementing practices voluntarily that would give optimum information and benefit to the shareholders.

2. Board of Directors :

a. Promoter Non-Executive Directors:

	Name	Category	No. of Board Meetings attended	Attendance at last AGM	No. of other Director-ships@	Committee Membership*	
						Chairman	Member
1	Thiru Arun Ramanathan, IAS	Chairman	6	No	12	—	—
2	Dr. A.C. Muthiah	Vice-Chairman	5	Yes	11	—	—
3	Thiru Ashwin C. Muthiah	Director	3	No	12	1	3
4	Dr. R. Vijaykumar, Ph.D., IAS	Director	5	Yes	9	—	5
5	Thiru Ashok Kumar Gupta, I.A.S. (Appointed as Director w.e.f. 22 nd Jan'04)	Director	1	NA	5	—	—
6	Thiru P. Baskaradoss, IAS (Appointed as Director w.e.f. 20 th Apr'04)	Director	1	NA	11	—	—
7	Thiru R. Kuppuswamy, IAS (Appointed as Director w.e.f. 20 th Apr'04)	Director	—	NA	9	—	—
8	Thiru Babu K. Verghese (Appointed as Director w.e.f. 22 nd Jan'04)	Director	1	NA	4	—	—

b. Executive Directors

9	Thiru RM. Muthukaruppan (Inducted and appointed as Whole-time Managing Director & COO w.e.f. 4 th Feb'04)	Managing Director & Chief Operating Officer	1	NA	1	—	1
10	Thiru V. Ramani (Inducted and appointed as Whole-time Director & CFO w.e.f. 4 th Feb'04)	Director & Chief Financial Officer	1	NA	—	—	—

c. Independent Non-Executive Directors

11	Thiru C. Ramachandran	Director	6	Yes	3	1	2
12	Thiru Dhananjay N. Mungale (Appointed as Director w.e.f. 22 nd Jan'04)	Director	1	NA	9	3	3
13	Thiru N. R. Krishnan (Appointed as Director w.e.f. 22 nd Jan'04)	Director	1	NA	5	3	4
14	Dr K. U. Mada (Appointed as Director w.e.f. 20 th Apr'04)	Director	1	NA	6	4	6

@ Does not include Directorships in Companies excluded as per section 278 of the Companies Act, 1956.

* As per SEBI guidelines only the Membership in Audit Committee/ Shareholders Grievance Committee/Remuneration Committee are taken into consideration.

NA Not applicable.

Persons who ceased to be Directors

	Name	Designation & Date of Cessation	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorship	Committee Membership	
						Chairman	Member
1	Thiru K. Skandan I.A.S	Chairman 29th Oct'03	2	Yes	14	—	2
2	Thiru M. Sundaram (Whole-time Director)	Director & COO 6th Nov' 03	4	Yes	—	—	—
3	Thiru L. Krishnan, IAS	Director 22nd Jan'04	2	No	6	—	—
4	Thiru A.C. Chakrabortti	Director 22nd Jan'04	3	Yes	14	5	5
5	Thiru M.R.B. Punja	Director 22nd Jan'04	2	Yes	12	5	4
6	Thiru D. Arunachalam (Whole-time Director)	Managing Director & CEO 4th Feb'04	5	Yes	6	—	4
7	Thiru G.M. Ramamurthy(IDBI Nominee)	Director 20th Apr'04	2	Yes	3	1	3

- ❖ Number of Board Meetings held : 6
- ❖ Dates on which held : 9th May 2003, 27th May 2003,
7th August 2003, 29th October 2003,
22nd January 2004 & 20th April 2004.

3. AUDIT COMMITTEE:

Brief Description and terms of reference:

1. Overseeing of the Company's financial reporting process and the disclosures of its Financial Information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment and removal of external auditor, fixation of audit fees and also approval for payment for any other services.
3. Reviewing with Management the Annual Financial Statements before submission to the Board.
4. Reviewing with the Management, External and Internal Auditors, the adequacy of internal control systems.
5. Reviewing the adequacy of Internal Audit function, including the structure of the Internal Audit Department.
6. Discussion with Internal Auditors any significant findings and follow up there on.
7. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
8. Discussion with External Auditors before the Audit commences on the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
9. Reviewing the Company's Financial and Risk Management policies.
10. To look into the reasons for substantial defaults in the payment to the Depositors, Debenture Holders, Shareholders (in case of non-payment of declared dividends) and Creditors.

Composition, Name of Members and Chairperson of the Audit Committee

The Company has an Audit Committee of the Board comprising of 5 Directors including 4 Independent Directors. The Committee held 5 Meetings on 16th April 2003, 9th May 2003, 7th August 2003, 29th October 2003 and 20th April 2004.



Name of the Member	Designation	Number of Meetings attended
Thiru C. Ramachandran	Chairman* (Independent)	5
Dr. R. Vijaykumar, Ph.D., IAS	Member (representing TIDCO)	4
Thiru Dhananjay N. Mungale (inducted as Member w.e.f. 22 nd January 2004)	Member (Independent)	1
Thiru N.R. Krishnan (inducted as Member w.e.f. 22 nd January 2004)	Member (Independent)	1
Dr K.U. Mada (inducted as Member w.e.f. 20 th April 2004)	Member (Independent)	—

* w.e.f. 20th April 2004

Persons who ceased to be Members

Thiru A.C. Chakrabortti (ceased to be a Member w.e.f. 22 nd January 2004)	Chairman (Independent)	4
Thiru M.R.B. Punja (ceased to be a Member w.e.f. 22 nd January 2004)	Member (Independent)	3
Thiru G.M. Ramamurthy (ceased to be a Member w.e.f. 20 th April 2004)	Member (representing IDBI)	2

4. (a) Details of Remuneration paid to Whole-Time Directors:

(Rupees)

Name and Term of Service	Salary	Commission	Perquisites	Retirement Benefits	Total
Thiru D. Arunachalam 4.2.1999 – 3.2.2004	7,57,759.00	7,57,759.00	11,96,781.81	2,08,383.73	29,20,683.54
Thiru M. Sundaram 1.3.2000 – 5.11.2003	3,59,016.00	3,59,016.00	3,11,505.55	98,729.40	11,28,266.95
Thiru RM. Muthukaruppan 4.2.2004 – 3.2.2007	65,409.84	—	1,03,626.45	17,987.71	1,87,024.00
Thiru V. Ramani 4.2.2004 – 3.2.2007	76,000.00	—	60,800.00	24,746.00	1,61,546.00
Total	12,58,184.84	11,16,775.00	16,72,713.81	3,49,846.84	43,97,520.49

Notice Period or Severance Fee: Three calendar months' notice or salary and other benefits due in lieu of notice.

All the above components are fixed.

(b) Remuneration to Non Executive Directors

A commission of Rs.1 lac per annum to Non-Wholetime Directors who are also Members of Audit Committee and Rs.0.50 lac per annum for other Non-Wholetime Directors aggregating Rs.7,08,345 is payable for the year 2003-04.

Sitting Fees paid to Non Whole-time Directors (April 2003 to March 2004)

Name (Tvl.)	Sitting Fees (Rs)	
	Board Meetings	Committee Meetings
K Skandan, IAS	10000 *	-
A.C. Muthiah	20000	-
Ashwin C Muthiah	15000	65000
Arun Ramanathan	25000	-
A.C. Chakrabortti	15000	20000
L Krishnan, IAS	10000 *	-
M.R.B. Punja	10000	15000
C Ramachandran	25000	160000
G M Ramamurthy	10000**	10000**
Dr. R Vijaykumar, Ph.D., IAS	25000 *	150000 *
Ashok Kumar Gupta, IAS	5000 *	-
Total	170000	420000

* Paid to TIDCO as they are TIDCO Nominees.

** Paid to IDBI as he is an IDBI Nominee.

5. Remuneration Committee

The remuneration of Whole-time Directors is decided and approved by the Board of Directors. Hence a Remuneration Committee has not been constituted.

6. Shareholders Committee:

The Board has constituted a Share Transfer & Shareholders / Investors Grievance Committee to approve the Share Transfer, Transmission, Transposition of Name, Issue of Split / Duplicate Certificates, to ratify confirmations made to the demat requests received by the Company and to review the status report on redressal of Shareholder and Investor Complaints received by the Company / Share Transfer Agents.

Composition & Names of Members

Thiru C. Ramachandran : Member
Thiru Ashwin C Muthiah : Member
Dr.R. Vijaykumar, Ph.D., IAS : Member
Thiru RM. Muthukaruppan : Member

*Chairman of the Meeting will be elected by the Members at each Meeting.

Name & Designation of Compliance Officer : M.B. Ganesh
Company Secretary

During the year, 1010 letters/complaints received from the shareholders were replied /resolved. As on 31st March 2004, 46 valid transfer deeds involving 6250 Equity Shares were under process. All the proposals involving 6250 Equity Shares were subsequently approved during April 2004.



General Body Meetings:

(a) Location and time, where last 3 AGM's held:

Year	Date	Time	Venue
2000-01	11.9.2001	2.30 PM	Kamaraj Arangam, No.492 (Old No.574-A), Anna Salai, Teynampet, Chennai – 600 006
2001-02	16.9.2002	4.00 PM	-do-
2002-03	8.8.2003	10.00 AM	Tamil Isai Sangam, Rajah Annamalai Hall, Esplanade (Near High Court), Cennai – 600 108

Extra Ordinary General Meeting was not held during the last three years.

No special resolutions or ordinary resolutions were required to be put through postal ballot at the previous 18th AGM held on 8th August 2003. No special resolution on matters requiring postal ballot are placed for shareholders approval at the forthcoming 19th AGM.

7. Disclosures:

- Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.

NIL

- Details of Non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last 3 years.

NIL

8. Means of Communication:

Quarterly and Half-yearly results are published through the Company's web site and widely circulated national and local dailies. These are not sent individually to shareholders. Management Discussion & Analysis Report forms part of the Annual Report.

9. General Shareholder Information

- Annual General Meeting 19th Annual General Meeting will be held on 5th August 2004 at Tamil Isai Sangam, Rajah Annamalai Hall, Esplanade, (Near High Court), Chennai-600 108.

- Financial Calendar

Annual Results (Audited)	-	End May
Unaudited First Quarter Results (subject to limited review by Auditors)	-	End July
Annual General Meeting	-	August / September
Unaudited Second Quarter Results (subject to limited review by Auditors)	-	End October
Unaudited third Quarter Results (subject to limited review by Auditors)	-	End January

- Date of Book closure 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)
- Dividend Payment Date End August 2004.

- Listing of Securities on Stock Exchanges: (a) The Equity Shares of the Company are listed in:
 - Madras Stock Exchange Ltd.(MSE)
 - The Stock Exchange, Mumbai (BSE) &
 - National Stock Exchange of India Ltd.(NSE)

- (b) The Debentures (V & VI Series) are listed in the Whole Sale Debt Market Segment (WSDM) of National Stock Exchange of India Ltd., Mumbai.

Delisting of Equity Shares

The Equity Shares of the Company were delisted from The Stock Exchange of Ahmedabad and The Delhi Stock Exchange Association Limited w.e.f. 8th and 10th December 2003 respectively under Clause 5.1 of the Voluntary delisting of the SEBI (Delisting of Securities) Guidelines 2003.

Stock Code

For Equity shares

MSE - TNPETPROD
 NSE - TNPETRO
 BSE - 500777

For Debentures (DB)

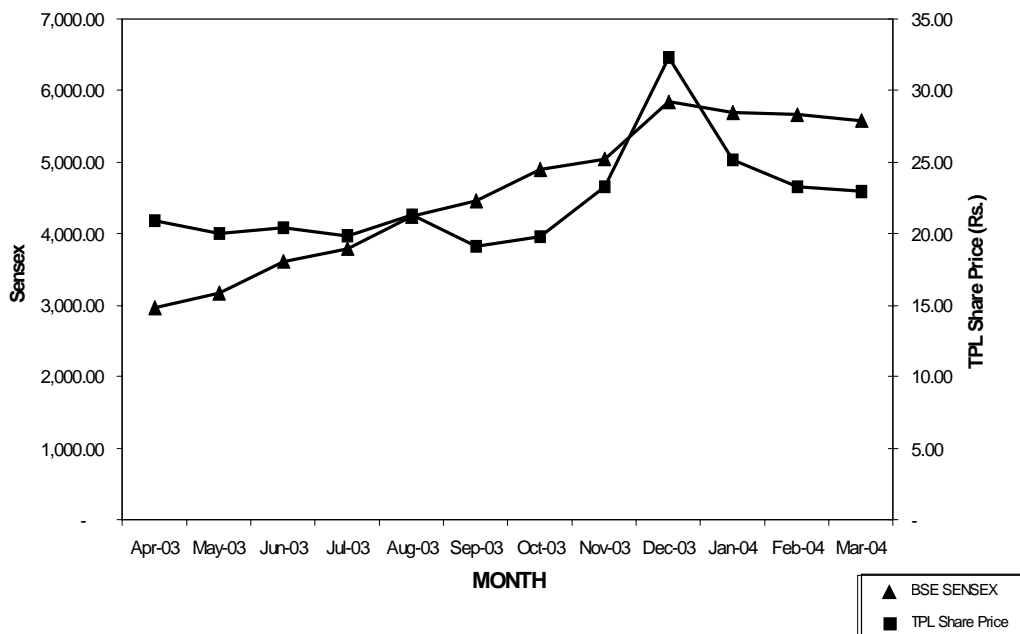
NSE(WSDM Segment) - TNPT10 for Series -V
 TNPT10A for Series - VI

Market Price Data [High / Low during each month in last Financial Year]

Month / Year - 2003-04	BSE		NSE	
	High (in Rs.)	Low (in Rs.)	High (in Rs.)	Low (in Rs.)
April 2003	21.15	19.30	21.40	19.55
May	27.95	18.50	28.00	18.50
June	22.25	19.25	21.20	19.35
July	22.50	18.80	22.85	19.00
August	24.65	19.25	25.00	19.10
September	22.50	17.95	22.70	18.50
October	23.20	18.55	23.10	19.10
November	23.50	19.65	24.00	19.75
December	33.00	22.85	33.00	22.50
January 2004	35.00	24.90	35.50	25.00
February	25.70	22.50	25.95	22.50
March	24.20	19.10	24.30	19.10



PERFORMANCE OF TPL SHARE PRICE IN COMPARISON TO BSE SENSEX



Registrar & Share Transfer Agents:

M/s Cameo Corporate Services Limited
 "Subramanian Building",
 No.1 Club House Road, Chennai - 600 002.
 Tel No. : 28460084 / 28460395 / 28460390 (5 Lines)
 Fax No. : 28460129
 E-mail : cameo@cameoindia.com

Share Transfer System:

The Board had constituted a Share Transfer Committee to approve, inter alia, transfer of shares etc. in physical form and also to ratify the confirmations made to the demat requests received by the Company. During the year 25 such Meetings were held. The entire process including despatch of share certificates to the shareholders were completed within the time stipulated as per the Listing Agreement.

(a) Distribution of Shareholding as of 31st March 2004:

Category (No. of shares)	No. of Shareholders	Percentage	No. of Shares	Percentage
Upto 500	1,17,300	90.63	1,89,11,249	21.02
501 – 1000	7,499	5.79	60,17,246	6.69
1001 – 2000	2,656	2.05	40,72,181	4.53
2001 – 3000	746	0.58	19,24,886	2.14
3001 – 4000	307	0.24	11,08,878	1.23
4001 – 5000	273	0.21	13,06,647	1.45
5001 – 10000	383	0.30	28,35,722	3.15
10001 & above	255	0.20	5,37,94,665	59.79
TOTAL	1,29,419	100.00	8,99,71,474	100.00

(b) Shareholding Pattern as of 31st March 2004 :

Category	No. of Equity Shares	% to Paid-up Capital
Promoters :-		
Tamilnadu Industrial Development Corpn.Ltd.	15843751	17.61
Southern Petrochemical Industries Corpn. Ltd.	15234375	16.93
Other Corporate Bodies	8350306	9.28
General Public	36254360	40.30
Non Resident Individuals	3892580	4.33
Foreign Institutional Investors & OCBs	1972200	2.19
Indian Financial Institutions	7764858	8.63
Mutual Funds & Banks	459187	0.51
Shares in Transit [clearing Member account]	199857	0.22
TOTAL	8,99,71,474	100.00

Dematerialization of Shares : Over 47.76% of the 89971474 outstanding equity shares have been dematerialized upto 31st March 2004.

- Liquidity : The Company's equity shares are traded on the major Indian Stock Exchanges.
- Outstanding GDR's/ADR's/ Warrants or any Convertible Instruments, conversion date and likely impact on equity : 7 Floating Rate Convertible Notes (Notes) of value CHF 350000 have been repaid during November 2003. There are no further outstanding Notes.
- Plant Location : Post Box No.9
Manali Express Highway
Manali, Chennai – 600 068.

Address for Correspondence : (A) Registered Office & Factory:
Post Box No.9
Manali Express Highway,
Manali, Chennai – 600 068.
Tel No : 044-25941501-10
Fax No : 044-25941139
Email : isd@tnpetro.com
 secy-legal@tnpetro.com
Website : www.tnpetro.com

(B) Corporate Office
"TPL House"
No.3, III Floor, Cenotaph Road
Teynampet, Chennai-600 018.
Tel No : 044-24311035
Fax No : 044-24311033



CERTIFICATE

To

The Members of Tamilnadu Petroproducts Limited

We have examined the compliance of conditions of Corporate Governance by Tamilnadu Petroproducts Limited, for the year ended on 31st March 2004, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures, and implementation thereof adopted by the Company, for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, based on the confirmation given by the Registrars and Transfer Agent of the Company that as on 31st March 2004 there were no investor grievances remaining unattended for more than thirty days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For A.F. Ferguson & Co.
Chartered Accountants

H.L. SHAH
Partner

Place : Chennai
Date : 31st May 2004

AUDITOR'S REPORT TO THE MEMBERS OF TAMILNADU PETROPRODUCTS LIMITED

We have audited the attached balance sheet of Tamilnadu Petroproducts Limited as at March 31, 2004 and also the profit and loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those

books;

- iii) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- iv) in our opinion, the balance sheet the profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v) on the basis of written representations received from the directors, as on 31st March 2004, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the balance sheet, of the state of affairs of the company as at 31st March 2004;
 - b. in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c. in the case of the cash flow statement, of the cash flows for the year ended on that date.

For A.F. Ferguson & Co
Chartered Accountants

H.L. SHAH
Partner

Place : Chennai
Date : 31st May 2004



Annexure referred to in paragraph 3 of the report of even date of the auditors to the members of Tamilnadu Petroproducts Limited on the accounts for the year ended 31st March, 2004.

- 1.a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The company has a programme of physical verification of fixed assets over a period of three years which is, in our opinion, reasonable having regard to the size of the company and the nature of its assets. In accordance with this programme, certain fixed assets have been physically verified by the management during the year and no serious discrepancies have been noticed on such verification.
- c) In our opinion, the company has not disposed off a substantial part of fixed assets during the year and therefore paragraph 4 (i) (c) of the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order) is not applicable.
- 2.a) Physical verification of inventory has been conducted by the management during the year and, in our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate, in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventories and no material discrepancies have been noticed on physical verification of inventories as compared to the book records.
3. The company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, and therefore paragraph 4(iii) of the said Order is not applicable.
4. In our opinion and according to information and explanations given to us and having regard to the explanations that some of the items purchased are of special nature for which comparative quotations are not available, there are adequate internal control procedures commensurate with size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. We have neither come across nor have we been informed of any major weaknesses in internal control procedures.
5. In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 and therefore paragraph 4(v) of the said Order is not applicable.
6. In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public to which the provisions of section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under are applicable, and therefore paragraph 4(vi) of the Order is not applicable.
7. In our opinion the company has an internal audit system which is commensurate with its size and nature of business.
8. We have broadly reviewed the books of accounts maintained by the company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or not.

9. a) In our opinion and according to the information and explanations given to us, the company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, and cess and other statutory dues, if any, with the appropriate authorities. There are no arrears of outstanding statutory dues as at 31st March 2004 for a period of more than six months from the date they became payable.

b) As on 31st March 2004, according to the records of the company, the following are the particulars of disputed dues on account of sales tax, excise duty and income tax that have not been deposited.

Name of the statute	Nature of dues	Amount of demand net of deposits (Rs.in Lacs)	Period to which amount relates	Forum where dispute is pending
Sales tax law	Sales tax	184.47	Years ended 31.03.1996 to 31.03.2002	Sales Tax Appellate Tribunal
Sales tax law	Sales tax	1630.52	Year ended 31.03.1994	Deputy Commissioner (Appeals)
Excise law	Excise Duty	192.04	March 1994	Madras High Court
Excise law	Excise Duty	41.85	November 1995 to December 1999, January 1994 to August 1998	Customs Excise and Service Tax Appellate Tribunal
Excise law	Excise Duty	46.84	July 2002 to January 2003, 1994-1995 to 1996-97	Commissioner (Appeals)
Excise law	Excise Duty	11.71	Year ended 31.03.1994, March 1994 to January 1997 August 1998 to June 1999	Deputy Commissioner
Income tax law	Income Tax	283.54	Years ended 31.03.1998 to 31.03.2000	Commissioner of Income Tax (Appeals)



10. The company has neither accumulated losses nor has incurred cash losses in the financial year or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks, financial institutions or debenture holders.
12. The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and therefore paragraph 4(XII) of the Order is not applicable.
13. The provisions of any special statute applicable to chit fund and nidhi/mutual benefit fund/society are not applicable to the company and therefore paragraph 4(XIII) of the Order is not applicable.
14. The company is not dealing or trading in shares, securities, debentures and other investments and therefore paragraph 4(xiv) of the Order is not applicable.
15. According to the information and explanations given to us, during the year the company has not given any guarantee for loans taken by others from banks or financial institutions and therefore paragraph 4(xv) of the Order is not applicable.
16. According to the information and explanations given to us, the company has availed term loans during the year which were applied for the purpose for which they were taken except in the case of part of one of the loans amounting to Rs. 7 crores which is planned to be used in the ensuing year for the purpose for which it is availed.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, there are no funds raised on short term basis which have been used for long term investments and vice versa.
18. The company has not made any preferential allotment of shares during the year and therefore paragraph 4(xviii) of the Order is not applicable.
19. The company has not issued any debentures during the year and therefore paragraph 4(xix) of the Order is not applicable.
20. The company has not raised any money by way of public issues during the year and therefore paragraph 4(xx) of the Order is not applicable.
21. Based upon the audit procedures performed and as per the information and explanations given to us by the management, we report that no fraud on or by the company has been noticed during the year.

For A.F. Ferguson & Co
Chartered Accountants

Place : Chennai
Date : 31st May 2004

H.L. SHAH
Partner

BALANCE SHEET

As at 31st March, 2004

(Rupees in Lacs)

	SCHEDULE	As at March 31 2004	As at March 31 2003
SOURCES OF FUNDS			
Shareholders' Funds:			
Share capital	1	8,997.15	8,997.15
Reserves and surplus	2	<u>35,687.08</u>	<u>37,722.58</u>
		44,684.23	46,719.73
Loan Funds:			
Secured	3	27,311.33	29,426.77
Unsecured	4	<u>5,106.92</u>	<u>7,103.14</u>
		32,418.25	36,529.91
Deferred tax liabilities (net)	5	<u>10,048.73</u>	<u>10,681.97</u>
TOTAL		<u>87,151.21</u>	<u>93,931.61</u>
APPLICATION OF FUNDS			
Fixed Assets:			
Gross block	6	117,377.48	118,878.34
Less: Depreciation		<u>64,899.70</u>	<u>61,858.59</u>
Net Block		52,477.78	57,019.75
Capital work in progress		<u>5,023.16</u>	<u>3,173.49</u>
		57,500.94	60,193.24
INVESTMENTS	7	16,146.35	12,015.29
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories		7,983.55	6,362.77
Sundry debtors		5,068.01	10,768.31
Cash and bank balances		3,387.29	1,926.52
Loans and advances		<u>7,853.13</u>	<u>12,393.60</u>
		24,291.98	31,451.20
Less: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	9	9,057.68	7,487.99
Provisions		<u>1,730.38</u>	<u>2,240.13</u>
		10,788.06	9,728.12
Net current assets		<u>13,503.92</u>	<u>21,723.08</u>
TOTAL		<u>87,151.21</u>	<u>93,931.61</u>
Notes to the accounts	13		

As per our report of even date attached

For and on behalf of the Board

For A.F.FERGUSON & CO.
Chartered AccountantsDr. A. C. MUTHIAH
P. BASKARADOSS
C. RAMACHANDRAN
RM. MUTHUKARUPPAN
V. RAMANIVice Chairman
Director
Director
Managing Director & COO
Director & CFOM.B. GANESH
SecretaryPlace : Chennai
Date : 31st May 2004



PROFIT AND LOSS ACCOUNT

for the year ended 31st March, 2004

(Rupees in Lacs)

	SCHEDULE	Year ended March 31 2004	Year ended March 31 2003
INCOME			
Sales and services		75,410.20	73,614.28
Less : Excise Duty		9,210.93	8,476.06
Net Sales and services		<u>66,199.27</u>	<u>65,138.22</u>
Other income	10	538.95	272.30
		<u>66,738.22</u>	<u>65,410.52</u>
EXPENDITURE			
Manufacturing and other expenses	11	54,692.58	52,888.97
Interest (Net)	12	3,492.98	3,812.84
Depreciation for the year		6,554.07	6,827.05
Less:credit for amount withdrawn from revaluation reserve		1,829.25	1,829.25
		<u>4,724.82</u>	<u>4,997.80</u>
		<u>62,910.38</u>	<u>61,699.61</u>
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS		3,827.84	3,710.91
Exceptional items (see Note 26)		<u>(191.83)</u>	<u>(300.00)</u>
PROFIT BEFORE TAXATION		3,636.01	3,410.91
Provision for tax			
- current		1,400.00	905.00
- earlier years		-	(300.00)
- deferred		14.94	502.63
		<u>1,414.94</u>	<u>1,107.63</u>
PROFIT AFTER TAXATION		2,221.07	2,303.28
Transferred from Investment allowance reserve account		1,123.00	1,200.00
Balance brought forward		3,784.55	3,000.00
AMOUNT AVAILABLE FOR APPROPRIATION		7,128.62	6,503.28
APPROPRIATIONS			
Transferred to Debenture Redemption reserve		800.00	1,250.00
Proposed dividends		1,124.64	1,124.64
Tax on dividends		144.09	144.09
Transfer to general reserve		200.00	200.00
Balance carried to balance sheet		4,859.89	3,784.55
		<u>7,128.62</u>	<u>6,503.28</u>
Earnings per share : (after exceptional items)			
Basic		2.47	2.56
Diluted		2.46	2.55
Notes to the accounts	13		

As per our report attached to the Balance Sheet

For and on behalf of the Board

For A.F.FERGUSON & CO.
Chartered Accountants

Dr. A. C. MUTHIAH
P. BASKARADOSS
C. RAMACHANDRAN
RM. MUTHUKARUPPAN
V. RAMANI

Vice Chairman
Director
Director
Managing Director & COO
Director & CFO

M.B. GANESH
Secretary

H.L.SHAH
Partner

Place : Chennai
Date : 31st May 2004

SCHEDULES
SHARE CAPITAL

SCHEDULE - 1
(Rupees in Lacs)

	As at March 31 2004	As at March 31 2003
Authorised		
200,000,000 equity shares of Rs.10 each	<u>20,000.00</u>	<u>20,000.00</u>
Issued		
89,976,899 equity shares of Rs.10 each (Note 2)	<u>8,997.69</u>	<u>8,997.69</u>
Subscribed and fully paid up		
89,971,474 equity shares of Rs.10 each (Note 2)	<u>8,997.15</u>	<u>8,997.15</u>

RESERVES AND SURPLUS

SCHEDULE - 2
(Rupees in Lacs)

	Balance as at March 31, 2003	Transfer from profit and loss account/ additions during the year	Transfer to profit and loss account/ deductions during the year	Balance as at March 31, 2004
Capital reserve	42.23 (42.23)	- (-)	- (-)	42.23 (42.23)
Securities premium account	5,285.10 (5,285.10)	- (-)	- (-)	5,285.10 (5,285.10)
Debenture redemption reserve account	3,200.00 (1,950.00)	800.00 (1250.00)	- (-)	4,000.00 (3,200.00)
Investment allowance reserve account	1,123.00 (2,323.00)	- (-)	1,123.00 (1,200.00)	- (1,123.00)
Revaluation reserve account (Note 6)	8,422.78 (10,252.03)	- (-)	1,829.25 (1,829.25)	6,593.53 (8,422.78)
General reserve	15,864.92 (15,664.92)	200.00 (200.00)	1,158.59* (-)	14,906.33 (15,864.92)
Profit and loss account	3,784.55 (3,000.00)	4,859.89 (3,784.55)	3,784.55 (3,000.00)	4,859.89 (3,784.55)
	<u>37,722.58</u> <u>(38,517.28)</u>	<u>5,859.89</u> <u>(5,234.55)</u>	<u>7,895.39</u> <u>(6,029.25)</u>	35,687.08 (37,722.58)

Figures in brackets relate to previous year.

* Rs 1,158.59 lacs represents the difference between the restated and original carrying amounts of Intangible Assets (Note 24)

**SECURED LOANS****SCHEDULE - 3**
(Rupees in Lacs)

	As at March 31 2004	As at March 31 2003
Loans from financial institutions		
Term loans [Amounts due within one year Rs. Nil lacs (Previous year Rs.5,376.00 lacs)]	2,500.00	12,593.00
Loans from banks		
Term loans [Amounts due within one year Rs. 1,000.00 lacs (Previous year Rs.1,000.00 lacs)]	1,250.00	2,000.00
Others (Long term)	10,000.00	-
[Amounts due within one year Rs. 2,000.00 lacs (Previous year Rs. Nil)]		
Others (Short term)	2,894.66	3,500.44
Non convertible debentures	10,666.67	11,333.33
	<u>27,311.33</u>	<u>29,426.77</u>

Note :

1. Term loan of Rs.2,500.00 lacs (availed during the year) from a Financial Institution is to be secured by a first mortgage by deposit of title deeds of all the company's immovable properties both present and future and charge on all the movable properties of the Company (except for exclusive charges referred in note 2 & 3 below) ranking pari passu with the loans and debentures stated in note 3 & 5 below.
2. Term loan of Rs.1,250.00 lacs (availed during the year) from a Bank is secured by an exclusive mortgage of a specified property at Chennai by way of deposit of title deeds.
3. Term loan (Others) of Rs.10,000.00 lacs (availed during the year) is secured by (a) first charge of all the company's movable fixed assets comprising plant and machinery, stores, spare parts, etc., both present and future ranking pari passu with charges in Note 4 below subject to prior charges created in favour of the Company's bankers on inventories, book debts and other movables for securing the borrowings for the working capital requirements (b) an exclusive charge on the Diesel Generator Sets and auxiliary equipments installed at Chlor Alkali Division of the Company and (c) pledge of all the Equity Shares held by the Company in Henkel SPIC India Limited.
4. Other (short term) loans from banks of Rs. 2,894.66 lacs (previous year Rs. 3,500.44 lacs) are secured by hypothecation by way of charge on inventories both on hand and in transit, book debts and other receivables both present and future and further secured by way of joint mortgage by deposit of title deeds on second charge pari passu basis on immovable properties both present and future except for exclusive charges stated in Note 2 and 3 above.
5. a) The non convertible debentures privately placed with banks/financial institutions of Rs.10,666.67 lacs (previous year Rs.11,333.33 lacs) are secured by a first mortgage by deposit of title deeds of all the company's immovable properties both present and future ranking pari passu interse along with the mortgage in Note 1 above. The said debentures are further secured by a first charge of all the company's movables (save and except book debts) including movable machinery spares, tools and accessories both present and future ranking pari passu with the charges along with charges stated in Note 3 above and subject to prior charges created/to be created in favour of the company's bankers on inventories, book debts and other movables for securing the borrowings for the working capital requirements in Note 4 above.

- b) 13.50% debentures for Rs.1,700.00 lacs are redeemable in three annual instalments commencing from 20th May, 2002 (Rs.1,300.00 lacs redeemed) and Rs.13.50% debentures for Rs. 800.00 lacs are redeemable in three annual instalments commencing from 22nd October, 2002 (Rs. 533.33 lacs redeemed).
- c) 12% debentures of Rs.5,000.00 lacs are redeemable in 23 equal quarterly instalments commencing from 28th February, 2005.
- d) 12% debentures of Rs.5,000.00 lacs are redeemable in 23 equal quarterly instalments commencing from 31st May, 2005.
6. Term loans from financial institutions and banks of Rs.12,593.00 lacs and Rs.2,000.00 lacs respectively outstanding at the beginning of the year were prepaid in full during the year.

UNSECURED LOANS

SCHEDULE - 4 (Rupees in Lacs)

	As at March 31 2004	As at March 31 2003
Fixed deposits *	-	84.15*
Short term loans from banks	2,000.00	2,487.34
Short term loans (from other than banks)	-	40.00
Floating rate convertible notes	-	121.98
Commercial Paper **	2,500.00	3,000.00
Interest Free Sales Tax Loan	606.92	369.67
Redeemable Non convertible debentures	-	1,000.00
	<u>5,106.92</u>	<u>7,103.14</u>

* Includes repayable within one year Rs.Nil (Previous year Rs.84.15 lacs)

** Maximum amount outstanding at any time during the year Rs.4,500.00 lacs (Previous year Rs.4,500.00 lacs)

DEFERRED TAX ASSETS AND LIABILITIES

SCHEDULE - 5 (Rupees in Lacs)

	As at March 31 2004	As at March 31 2003
Deferred tax assets		
Provision for leave encashment	54.05	21.84
Provision for royalty	34.80	34.80
Provision for doubtful debts	42.33	-
Preliminary expenses	-	10.15
	<u>131.18</u>	<u>66.79</u>
Deferred tax liabilities		
Accumulated depreciation	10,179.91	10,748.76
	<u>10,179.91</u>	<u>10,748.76</u>
Net deferred tax liabilities	<u>10,048.73</u>	<u>10,681.97</u>

See Note 24


FIXED ASSETS
SCHEDULE – 6

(Rupees in Lacs)

Description	COST/VALUATION			As at 31.3.2004	DEPRECIATION			As at 31.3.2004	NET BOOK VALUE	
	As at 31.3.2003	Additions/ Adjustments	Deductions/ Adjustments		As at 31.3.2003	For the year	Deductions/ Adjustments		As at 31.3.2004	As at 31.3.2004
Land	2,580.92	-	-	2,580.92	-	-	-	-	2,580.92	2,580.92
Buildings	5,811.23	14.14	-	5,825.37	975.83	135.34	-	1,111.17	4,714.20	4,835.40
Plant and machinery	109,296.15	3,703.17	5,310.53*	107,688.79	60,253.97	6,340.33	3,503.76*	63,090.54	44,598.25	49,042.18
Furnitures and fixtures	140.87	7.24	6.97	141.14	81.08	9.84	1.65	89.27	51.87	59.79
Office and other equipment	691.69	85.46	2.84	774.31	370.60	42.62	1.88	411.34	362.97	321.09
Vehicles	261.48	15.44	5.97	270.95	127.08	19.32	5.67	140.73	130.22	134.40
Ships - Barges	96.00	-	-	96.00	50.03	6.62	-	56.65	39.35	45.97
	118,878.34	3,825.45	5,326.31	117,377.48	61,858.59	6,554.07	3,512.96	64,899.70	52,477.78	
Previous year	111,527.99	7,507.11	156.76	118,878.34	55,077.49	6,827.05	45.95	61,858.59		57,019.75
Capital work in progress including materials at stores and advances against capital expenditure (Refer Note 25)									5,023.16	3,173.49
									57,500.94	60,193.24

* Refer Note 24

INVESTMENTS**SCHEDULE - 7**
(Rupees in Lacs)

	As at March 31, 2004	As at March 31, 2003
Long Term Investments		
Shares, debentures and bonds.		
Trade (at cost) (quoted)		
Henkel SPIC India Limited 1,93,95,900 equity shares of Rs.10 each	4,202.45	4,202.45
Standard Motor Products of India Limited 40,00,000 equity shares of Rs.10 each (cost Rs.400 lacs less provision for diminution in value of Rs 400 lacs)	-	-
Industrial Development Bank of India Nil (Previous year 5,48,800) equity shares of Rs 10 each	-	445.90
Less : Provision for diminution in value (Sold during the year)	-	130.00
	-	315.90
Tamilnadu Newsprint and Papers Limited 14,90,000 equity shares of Rs 10 each	1,639.00	1,639.00
Less : Provision for diminution in value	700.00	470.00
	939.00	1,169.00
IDBI Bank Limited Nil (Previous year 2,58,100) equity shares of Rs. 10 each (Sold during the year)	-	46.45
Trade (at cost) (unquoted)		
Subsidiary company:		
Certus Investment & Trading Limited, Mauritius 1,42,750 (Previous year 1,00,000) equity shares of US dollar 100 each (42,750 equity shares allotted during the year)	6,867.65	4,799.33
SPIC Electric Power Corporation Private Limited 2,76,44,955 equity shares of Rs.10/- each (2,76,40,000 equity shares allotted during the year) (Previous year:shown as Associate Company)	2,764.50	-
Leo Utility and Power Limited (47,500 equity shares allotted during the year)	4.75	-
Joint Venture Company		
Gulf Petroproduct Company E.C., Bahrain Nil (Previous year 2,00,000) equity shares of US dollar 1 each (transferred to Certus Investment & Trading Limited, Mauritius)	-	93.66
Associate Companies		
Petro Araldite Private Limited 13,68,000 equity shares of Rs 100 each	1,368.00	1,368.00
SPIC Electric Power Corporation Private Limited Nil (previous year 4955) equity shares of Rs10/- each (Became a subsidiary during the year)	-	0.50
Non-trade (at cost) unquoted		
SBI Mutual Fund Nil (Previous year 3,30,000) Magnums of Rs 10 each (Repurchase price; previous year Rs.32.70 lacs) (sold during the year)	-	20.00
	16,146.35	12,015.29
Aggregate value of unquoted investments	11,004.90	6,281.49
Aggregate value of quoted investments (net of provisions)	5,141.45	5,733.80
Market value of quoted investments	4,153.95	3,884.97



CURRENT ASSETS, LOANS AND ADVANCES

SCHEDULE - 8 (Rupees in Lacs)

	As at March 31 2004	As at March 31 2003
A. CURRENT ASSETS:		
Inventories		
Stores	2,482.46	2,123.32
Loose tools	1.50	3.85
Raw materials	2,977.42	2,529.31
Work in process	897.27	545.78
Finished goods	<u>1,624.90</u>	<u>1,160.51</u>
	7,983.55	6,362.77
Sundry debtors (Unsecured)		
Outstanding over six months		
Considered good	1,680.30	4,004.93
Considered doubtful	<u>118.96</u>	<u>-</u>
	<u>1,799.26</u>	4,004.93
Outstanding under six months		
Considered good	<u>3,387.71</u>	<u>6,763.38</u>
	<u>5,186.97</u>	10,768.31
Less : Provision for doubtful debts	<u>118.96</u>	<u>-</u>
	5,068.01	10,768.31
Cash and bank balances		
Cash and cheques on hand	670.93	711.37
With scheduled banks:		
On current accounts	1,096.74	1,189.90
On deposit accounts	1,612.99	20.16
On margin money account	<u>6.63</u>	<u>5.09</u>
	3,387.29	1,926.52
B. LOANS AND ADVANCES:		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received *	7,202.05	11,444.13
Balances with excise and customs authorities	<u>651.08</u>	<u>949.47</u>
	7,853.13	12,393.60
	<u>24,291.98</u>	<u>31,451.20</u>

* Includes due from an officer of the company Rs. Nil (Previous year Rs. Nil)
Maximum amount outstanding at any time during the year Rs. Nil (Previous year Rs 2.17 lacs)

CURRENT LIABILITIES AND PROVISIONS**SCHEDULE - 9**

(Rupees in Lacs)

	As at March 31 2004	As at March 31 2003
A. CURRENT LIABILITIES		
Acceptances	540.56	581.38
Sundry creditors		
- Total outstanding dues to small scale industrial undertakings	0.75	0.72
- Others	<u>8,195.04</u>	<u>6,094.48</u>
	8,195.79	6,095.20
Investor Education and Protection Fund		
- Unpaid dividends	167.29	177.34
- Unclaimed deposits matured	<u>1.93</u>	<u>3.82</u>
	169.22	181.16
Interest accrued but not due	116.01	498.36
Advances received from customers	36.10	<u>131.89</u>
	<u>9,057.68</u>	<u>7,487.99</u>
B. PROVISIONS		
Proposed dividend	1,124.64	1,124.64
Taxation (net)	605.74	1,115.49
	<u>1,730.38</u>	<u>2,240.13</u>
	<u>10,788.06</u>	<u>9,728.12</u>

Note : There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March 2004.

SCHEDULE - 10

(Rupees in Lacs)

	Year ended March 31 2004	Year ended March 31 2003
OTHER INCOME		
Scrap Sales	185.33	129.67
Dividend from trade investments	52.43	48.06
Rent	251.52	67.99
Miscellaneous income	49.67	26.58
	<u>538.95</u>	<u>272.30</u>



MANUFACTURING AND OTHER EXPENSES

SCHEDULE - 11 (Rupees in Lacs)

	Year ended March 31 2004		Year ended March 31 2003
Raw materials and Intermediates consumed	27,206.06		24,168.36
Purchase of traded goods	624.76		-
Stores and spare parts consumed	3,253.84		3,402.22
Utilities consumed	918.38		733.85
Power and fuel	11,795.91		13,553.17
Payments to and provisions for employees			
Salaries and allowances	1,409.93		1,300.59
Contribution to provident and other funds	182.20		325.83
Staff welfare	387.15		388.72
Travel and conveyance	238.68		262.32
Insurance	500.64		600.49
Rent	277.55		415.17
Rates and taxes	363.01		253.82
Repairs and maintenance			
Machinery	615.21	757.51	
Buildings	165.16	133.90	
Others	279.49	174.16	
	<u>1,059.86</u>	<u>1,065.57</u>	
Discounts	4,067.83		1,304.68
Commission	515.26		379.21
Freight	1,539.38		1,671.09
Directors' sitting fees	5.90		5.95
Provision for doubtful debts	118.96		-
Bad debts / advances written off	37.39	568.30	
Less : Provision for doubtful debts written back	-	349.94	
	<u>37.39</u>	<u>218.36</u>	
Exchange fluctuation (net)	200.69		159.43
Loss on sale/scrapping of assets (net)	2.61		18.06
Legal and Professional charges	209.49		335.04
Miscellaneous expenses	551.87		584.99
Increase / (Decrease) in excise duty included in opening and closing stock of finished goods	41.11		(575.34)
(Increase) / Decrease in work in process and finished goods			
Opening Stock			
Work in process	545.78	151.18	
Finished goods	1,160.51	3,872.50	
	<u>1,706.29</u>	<u>4,023.68</u>	
Closing Stock			
Work in process	897.27	545.78	
Finished goods	1,624.90	1,160.51	
	<u>2,522.17</u>	<u>1,706.29</u>	
	<u>(815.88)</u>		<u>2,317.39</u>
	<u>54,692.58</u>		<u>52,888.97</u>

INTEREST**SCHEDULE - 12**

(Rupees in Lacs)

	Year ended March 31 2004	Year ended March 31 2003
Interest expenses		
- on fixed period loans	3,174.55	3,263.04
- others	623.45	1,024.02
	<u>3,798.00</u>	<u>4,287.06</u>
	3,798.00	4,287.06
Less : Interest income		
- On bank and intercorporate deposits [Tax deducted at source Rs.25.69 lacs; Previous year Rs. 34.35 lacs]	127.18	148.38
- On others	5.43	39.21
	<u>132.61</u>	<u>187.59</u>
	3,665.39	4,099.47
Less : Interest capitalised	<u>172.41</u>	<u>286.63</u>
	<u>3,492.98</u>	<u>3,812.84</u>

SCHEDULE - 13**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2004****1 ACCOUNTING POLICIES**

The accounts are prepared under the historical cost convention (except for revaluation of certain fixed assets as stated below) and materially comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

The significant accounting policies followed by the Company are as stated below :

I FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost less depreciation. Cost comprises of purchase price (net of rebates and discounts), import duties, levies (net of cenvat) and any directly attributable cost of bringing the assets to its working condition for the intended use. Certain assets have been revalued as on 31st March, 1996 and the resultant surplus has been added to the cost of the assets.

Depreciation is provided on a prorata basis, from the date the assets have been installed and put to use, on a straight line method at the rates and in the manner specified under Schedule XIV to the Companies Act, 1956 except as stated below:

Based on a technical evaluation carried out by the Management the life of the plant and machinery used in the Epichlorohydrin plant has been determined as 10 years as against 18 years computed based on depreciation rates specified in Schedule XIV to the Companies Act, 1956. Consequently depreciation on the said plant has been provided accordingly.

II FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions.

Foreign currency liabilities (incurred for the acquisition of fixed assets) are translated at exchange rates prevailing on the last day of the accounting year. The loss or gain arising out of the said translation



is adjusted to the cost of the assets. In case of forward contracts, the translation is done at forward contract rates and net gain or loss and the forward cover premium is also adjusted to the cost of the assets. Gains or losses on account of cancellation of forward cover contracts are also adjusted to the cost of the asset.

Foreign currency receivables/payables are translated on the same basis as above and gain or loss arising out of such translation are adjusted to the profit and loss account and forward cover premium has been recognised over the life of the contract.

III INVESTMENTS

Investments are valued at their acquisition cost. Provision for permanent diminution in value has been made, wherever necessary.

IV INVENTORIES

Inventories are valued at lower of cost and net realisable value except stores and loose tools, which are valued at cost. The method of determination of cost of various categories of inventories are as follows:

- a. Stores and loose tools at moving weighted average rates.
- b. Raw materials at moving weighted average rates.
- c. Work-in-process and finished goods at full absorption costing method.

V REVENUE RECOGNITION

Sales is recognised at the point of despatch of materials to customers from plant and stock points.

VI RETIREMENT BENEFITS

Contribution to provident fund is made monthly, at a predetermined rate, to the provident fund trust and debited to the profit and loss account on an accrual basis. The company has an arrangement with Life Insurance Corporation of India (LIC) to administer its superannuation and gratuity schemes. Contribution to the superannuation scheme is made annually at a predetermined rate while the premium paid/payable for gratuity is determined based on an actuarial valuation carried out by LIC, and are debited to the profit and loss account on an accrual basis. Provision for leave encashment on retirement is made on an actuarial basis.

VII TAXES ON INCOME

Current tax is determined in accordance with the provisions of the Income Tax Act 1961, as the amount of tax payable to the taxation authorities in respect of taxable income for the year.

Deferred tax is accounted for under the liability method, subject to the consideration of prudence for deferred tax assets, at the current rate of tax, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

VIII CONTINGENT LIABILITIES

All liabilities have been provided for in the accounts except liabilities of a contingent nature, which have been disclosed at their estimated value in the Notes to the Accounts.

- 2 In December 1993, the company came out with Rights cum Public Issue of Equity Shares. The difference between issued and subscribed capital of 5,425 shares (previous year 5,425 shares) is due to said shares kept in abeyance under Section 206 A of the Companies Act, 1956.

- 3 Loans and advances include Rs.1,978.97 lacs (previous year Rs. 4,921.86 lacs) to be adjusted against equity shares to be issued by Leo Utility and Power Limited., Certus Investment & Trading Ltd., Mauritius and Vopak Sical Terminal Ltd. which are promoted by the Company (previous year SPIC Electric Power Corporation Private Ltd., Gulf Petroproduct Company E.C., Bahrain, Certus Investment & Trading Ltd., and Vopak Sical Terminal Ltd.).
- 4 The Company had issued during 1996-97 floating rate convertible notes (Notes) for a value of Swiss franc 45 million. In earlier years, Notes of face value of Swiss franc 2.6 million were converted into equity shares. As per the put option provided in the agreement, investors holding Notes of face value of Swiss franc 42.05 million exercised their option on 9th December 2001 and consequently the same have been redeemed. The balance Notes of face value Swiss franc 0.35 million was redeemed on 9th December, 2003 being the due date.
- 5 Research and development expenses incurred on revenue account is Rs.13.35 lacs. (Previous year Rs.23.58 lacs).
- 6 a) Fixed Assets (other than furniture and fixtures, office and other equipment, vehicles, ships-barges, certain land and plant and machinery) have been revalued as on 31st March 1996 on the basis of "Existing Use value" by independent professional valuers. The resultant surplus on such revaluation over the written down value of these assets amounting to Rs. 21,409.20 lacs has been credited to revaluation reserve as on 31st March 1996.
- b) The depreciation charge for the year shown in the profit and loss account is after deducting an amount of Rs.1,829.25 lacs (previous year Rs.1,829.25 lacs) representing extra depreciation arising on revaluation of fixed assets withdrawn from revaluation reserve.

(Rs.in Lacs)

	As at March 31 2004	As at March 31 2003
7 Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	980.59	1,748.59
8 Contingent Liabilities		
a) Bills discounted	668.32	820.73
b) Other claims not acknowledged as debts		
Sales tax	1,866.90	236.38
Excise duty	412.29	532.62
Others	-	53.60
9 Dividend paid in foreign currency		
Number of shareholders	18	21
Number of shares held	1,992,300	1,993,500
Amount of dividend paid (Rs. lacs)	24.90	49.84
Dividend for the year ended	March 31,2003	March 31,2002
10 Managerial Remuneration		
Wholetime Directors' remuneration*	43.98	59.08
Non-Wholetime Directors - Commission**	7.08	8.00
Directors' Sitting Fee	5.90	5.95
	56.96	73.03



* Rs. 3.49 lacs is subject to shareholders approval

** The Central Government vide its Letter No.2/136/2001-CL VII dated 14th February 2003 have approved payment of commission upto Rs. 1 lac to each Non Wholetime Director for five financial years commencing from 2000-01. The Board has decided to pay commission of Rs. 1 lac per annum to Non Whole-time Directors who are also Members of the Audit Committee and Rs. 50,000 per annum for other Non Whole-time Directors for the year 2003-04. Accordingly an amount of Rs. 7.08 lacs has been provided as commission payable for the current financial year.

11. Computation of net profit under Section 198 of the Companies Act, 1956 (Rs. in lacs)

	Year ended March 31 2004	Year ended March 31 2003
Profit before taxation as per profit and loss account	3,636.01	3,410.91
Add: Managerial remuneration	56.96	73.03
Add: Provision for doubtful debts	118.96	-
Add: Provision for diminution in value of investments (net)	100.00	300.00
	3,911.93	3,783.94
Less: Provision for doubtful debts written back	-	349.94
	3,911.93	3,434.00
Net Profit in terms of Section 198 of the Companies Act, 1956		
Commission payable to Wholetime Directors, restricted to	11.17	18.65
Maximum commission to Non Wholetime Directors @ 1%	39.12	34.34
Restricted to	7.08	8.00
12. Auditor's Remuneration		
Audit Fee	10.00	9.00
Other services	2.36	2.00
Reimbursement of expenses including service tax	2.56	1.34
13. CIF Value of Imports		
Capital goods	552.29	1,923.15
Intermediates	2,027.19	1,964.60
Raw Materials	2,079.97	1,738.23
Stores and spares	913.69	853.12
14. Expenditure in foreign currency		
Travel and training	14.57	14.40
Interest and Commitment charges	3.54	70.87
Technical Fees	82.92	-
Others	279.74	37.21
15. Earnings in foreign exchange		
Export of goods on FOB basis	5,236.24	9,364.57

16. Capacity and Production

Class of Goods	Unit of measurement	Licensed Capacity		Installed Capacity*		Actual production	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Linear Alkyl Benzene	MT	**	**	95,000	95,000	100,420	101,977
Heavy Normal Paraffin	MT	**	**	15,000	15,000	294	191
Heavy Alkylate	MT	**	**	N.A.	N.A.	5,521	5,743
Epichlorohydrin	MT	**	**	10,000	10,000	9,381	8,194
Wind Power	KW/Units	N.A.	N.A.	12,000 (KW)	12,000 (KW)	20,207,504 (Units)	19,696,880 (Units)
Caustic Soda	MT	**	**	56,100	56,100	59,342	54,047
Chlorine	MT	**	**	40,000	40,000	45,430	39,401
Hydrochloric acid	MT	**	**	39,600	39,600	35,812	31,824
Ammonium Chloride	MT	**	**	21,000	21,000	3,117	5,963

* as certified by the Management and relied on by the Auditors without verification being a technical matter

** these products are delicensed

N.A. Not applicable

17. (i) Raw materials and Intermediates consumed

	Year ended March 31, 2004		Year ended March 31, 2003	
	% of total consumption	Value (Rs. lacs)	% of total consumption	Value (Rs. lacs)
Imported	25	6,668.19	23	5,441.23
Indigenous	75	20,537.87	77	18,727.13
	100	27,206.06	100	24,168.36
(ii) Stores and Spare parts consumed				
Imported	36	1,187.12	39	1,320.58
Indigenous	64	2,066.72	61	2,081.64
	100	3,253.84	100	3,402.22

18. Purchase of Traded goods

Unit of Measurement	Year ended March 31, 2004		Year ended March 31, 2003		
	Quantity	Value (Rs. lacs)	Quantity	Value (Rs. lacs)	
Linear Alkyl Benzene	MT	996	624.76	-	-
			624.76		-

There are no opening or closing stocks of traded goods



19. a) The Company has obtained exemption from the Government of India, Department of Company Affairs, vide Order No.46/3/2004-CL-III dated 12th April, 2004 from giving information in respect of para 3(i)(a) and 3(ii)(a) of part II of Schedule VI to the Companies Act, 1956.
- b) The Government of India, Department of Company Affairs vide its order No.47/34/2004-CL-III dated 28th April, 2004 issued under section 212 (8) of the Companies Act, 1956 has directed that in relation to the Subsidiaries of the Company the provisions contained in Section 212 (1) of the Companies Act, 1956, pursuant to which certain documents are required to be attached to the Company's accounts, shall not apply for the current year.
20. Names of small scale industrial undertakings to whom the company owes any sum together with interest which is outstanding for more than 30 days
- Abasi Engineering Works
- General Instruments Consortium

21. **Earnings per share**

	Year ended March 31 2004	Year ended March 31 2003
Profit after taxation (Rs. lacs)	2,221.07	2,303.28
Weighted number of equity shares outstanding	89,971,474	89,971,474
Basic earnings per share (Face value - Rs.10/- per share)	2.47	2.56
Profit after taxation (Rs. lacs)	2,221.07	2,303.28
Add : Interest on Floating Rate Convertible Notes (Net of tax impact)	1.85	3.09
Total	2,222.92	2,306.37
Weighted number of equity shares outstanding	89,971,474	89,971,474
Add : No. of Equity Shares if Notes are converted	372,991	539,583
Total	90,344,465	90,511,057
Diluted earnings per share (Face value - Rs.10/- per share)	2.46	2.55

22. Related Party Disclosure under Accounting Standard - 18

- i) The list of related parties as identified by the management are as under
- | | |
|---|---|
| A) Promoters | 1. Southern Petrochemical Industries Corporation Limited
2. Tamilnadu Industrial Development Corporation Limited |
| B) Associates | Petro Araldite Private Limited |
| C) Subsidiaries | 1. Certus Investment & Trading Limited
2. SPIC Electric Power Corporation Private Limited
3. Leo Utility and Power Limited |
| D) Joint Venture | Gulf Petroproduct Co., E.C. |
| E) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual. | None |
| F) Key Management Personnel | 1. Thiru. D. Arunachalam -
Managing Director & Chief Executive Officer
(1st April, 2003 to 3rd February, 2004)
2. Thiru. M. Sundaram
Director & Chief Operating Officer
(1st April, 2003 to 5th November, 2003)
3. Thiru. RM.Muthukaruppan
Managing Director & Chief Operating Officer
(4th February, 2004 to 31st March, 2004)
4. Thiru. V.Ramani
Director & Chief Financial Officer
(4th February, 2004 to 31st March, 2004) |
| G) Enterprise over which any person described in (E) or (F) is able to exercise significant influence. This includes enterprises owned by Directors or major shareholders of the reporting enterprise that have a member of key management personnel in common with the reporting enterprise. | None |

Related Party Transactions

The Company has identified all related parties and details of transactions are given below. No provision for doubtful debts or advances is required to be made and no amounts have been written off or written back during the year in respect of debts due from or to related parties. There are no other related parties where control exists that needs to be disclosed.



ii) The following transactions were carried out with the Related Parties

(Rupees in lacs)

Sl. No.	Particulars	Promoters	Associates	Joint Venture	Subsidiary	Key Management Personnel (KMP)	Relatives of KMP
1.	Advance against equity #				1,810.50 (1,967.88)		
2.	Investment *		- (0.50)		4,837.07 (4,794.51)		
3.	Sale of goods	44.63 (53.61)	4,055.07 (2,763.85)		@ 3,836.73 (-)		
4.	Income from services rendered			- (9.90)			
5.	Interest paid	- (11.09)					
6.	Service / Consultancy charges	1.62 (148.29)					
7.	Commission	114.05 (139.58)					
8.	Managerial remuneration					43.98 (59.08)	
9.	Rent paid	1.00 (0.41)					
10.	Sitting Fees	2.25 (1.85)					
11.	Dividend Paid	388.48 (776.95)				0.01 (0.02)	0.01 (0.01)
12.	Purchase of raw materials	- (0.67)					
13.	Balance outstanding as of 31 March 2004 (Net Dr.)	473.00 (621.45)	415.31 (3,113.08)	100.82 (136.30)	4,403.31 (2,009.21)	11.19 (18.65)	

includes Rs.1,802.18 lacs (Rs.1,967.88 lacs) in respect of Certus Investment and Trading Limited.

* includes conversion of advance against equity of Rs.2,068.32 lacs (Rs.4,794.51 lacs) and Rs.2,764.00 lacs (Rs.0.50 lacs) in respect of Certus Investment and Trading Limited and SPIC Electric Power Corporation Private Limited respectively.

@ includes Rs.3,836.73 lacs (Rs.Nil lacs) in respect of Certus Investment and Trading Limited.

Note : Figures in brackets are in respect of the previous year

- 23 SPIC Electric Power Corporation Private Ltd. (SEPC) signed a Memorandum Of Understanding with Tamilnadu Electricity Board (TNEB) in February 1995 for setting up a 525 MW coal based power project at Tuticorin, Tamilnadu. SEPC has obtained all statutory clearances for establishment, operation and maintenance of the project and also got the appraisal done by IDBI. As per the Power Purchase Agreement, TNEB have committed to provided Escrow. However, as there was a delay in allocation of Escrow by TNEB, SEPC filed a Writ Petition in the Madras High Court seeking a direction to TNEB for early allocation of Escrow. The company is awaiting the outcome of the case. As at 31st March 2004, the company has an investment of Rs.2,764.50 lacs in the Equity (previous year Rs.0.50 lacs) and advance against equity Rs.Nil (previous year Rs.2,778.68 lacs) in SEPC.

Currently SEPC is in discussion with certain other parties to develop the said 525 MW power project. In view of this, the management is confident of implementing the project.

- 24 In accordance with the Accounting Standard 26 - 'Intangible Assets' which became mandatory with effect from 1st April, 2003, the company has decided to amortise the license fee for patent rights and technical information (intangible assets) over five years, with retrospective effect. Consequently the difference between the restated and original carrying amounts as at 1st April, 2003 of Rs.1,158.59 lacs (net of adjustment for deferred taxation of Rs.648.18 lacs) has been adjusted to opening general reserve as at 1st April, 2003. As a result of the change, the depreciation charge for the year is lower by Rs.409.36 lacs.
- 25 During the current year, due to change in global market conditions for Normal Paraffin, the company has decided to suspend expansion of Normal paraffin capacity at present. Various alternative uses of the equipments and drawings pertaining to this project amounting to Rs.1,793.07 Lacs, included in capital work in progress, is under consideration. The company expects to realise at least the book value of the said equipments and drawings.
- 26 Exceptional item represents loss on sale of investments (net) of Rs.91.83 lacs (previous year Rs.Nil) and Provision for diminution in value of investments (net) of Rs.100 lacs (previous year Rs.300 lacs)

27 Joint Venture Disclosure

i) Interest in Joint Venture.

Name of Company	Country of incorporation	Proportion of ownership interest
Gulf Petroproduct Company E.C.*	Bahrain	50%

* Shareholding is through the wholly owned subsidiary, Certus Investment & Trading Limited

ii) Interest in the Assets, Liabilities, Income and Expenses with respect to Joint Venture
Rs. Lacs

Particulars	Year ended 31.12.2003	Year ended 31.12.2002
I a) Net Fixed Assets	2.31	3.36
b) Cash and Bank Balances	3.44	6.27
c) Loans and Advances	1,430.35	1,484.99
II Current Liabilities and Provisions	1,135.45	1,196.06
III Expenses	2.76	1.13
Depreciation	0.67	0.97

28. Previous year's figures have been regrouped / recast, wherever necessary, to conform to current years classification



**29. INFORMATION PURSUANT TO PART - IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details :

Registration No.
 Balance Sheet:
 Date Month Year

State Code:

II. Capital Raised during the Year (Amount in Rs.Thousands)

Public Issue <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>	Rights Issue <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>
Bonus Issue <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>	Private Placement <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="7"/>	Total Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="7"/>
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Sources of Funds

Paid-up Capital <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="5"/>	Reserves & Surplus <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="8"/>
Secured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="3"/>	Unsecured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="2"/>
Deferred Tax Liabilities (net) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="3"/>	

Application of Funds

Net Fixed Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="4"/>	Investments <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="5"/>
Net Current Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="2"/>	Misc Expenditure <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>
Accumulated Losses <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="-"/>	

IV. Performance of Company (Amount in Rs.Thousands)

Turnover (including other income) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="2"/>	Total Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="8"/>
+ - Profit/Loss Before Tax and exceptional item <input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="1"/>	+ - Profit/Loss After Tax and exceptional item <input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="7"/>
Basic Earnings per Share in Rs <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="7"/>	Dividend rate % <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="5"/>

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No.	<input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="1"/>
Product Description	<input type="text" value="L"/> <input type="text" value="I"/> <input type="text" value="N"/> <input type="text" value="E"/> <input type="text" value="A"/> <input type="text" value="R"/> <input type="text" value="A"/> <input type="text" value="L"/> <input type="text" value="K"/> <input type="text" value="Y"/> <input type="text" value="L"/> <input type="text" value="B"/> <input type="text" value="E"/> <input type="text" value="N"/> <input type="text" value="Z"/> <input type="text" value="E"/> <input type="text" value="N"/> <input type="text" value="E"/>
Item Code No.	<input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>
Product Description:	<input type="text" value="E"/> <input type="text" value="P"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="H"/> <input type="text" value="L"/> <input type="text" value="O"/> <input type="text" value="R"/> <input type="text" value="O"/> <input type="text" value="H"/> <input type="text" value="Y"/> <input type="text" value="D"/> <input type="text" value="R"/> <input type="text" value="I"/> <input type="text" value="N"/>
Item Code No.	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="2"/>
Product Description	<input type="text" value="C"/> <input type="text" value="A"/> <input type="text" value="U"/> <input type="text" value="S"/> <input type="text" value="T"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="S"/> <input type="text" value="O"/> <input type="text" value="D"/> <input type="text" value="A"/>

For and on behalf of the Board

Dr. A. C. MUTHIAH
P. BASKARADOSS
C. RAMACHANDRAN
RM. MUTHUKARUPPAN
V. RAMANI

Vice Chairman
Director
Director
Managing Director & COO
Director & CFO

M.B. GANESH
Secretary

Place : Chennai
Date : 31st May 2004

30. CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2004

(Rupees in Lacs)

	For the year ended 31st March 2004	For the year ended 31st March 2003
A. Cash Flow from Operating Activities:		
Profit before tax	3,636.01	3,410.91
Adjustment for		
Depreciation	4,724.82	4,997.80
Loss on sale / scrapping of fixed assets (net)	2.61	18.06
Loss on sale of investments (net)	91.83	-
Provision for diminution in value of investments (net)	100.00	300.00
Provision for doubtful debts	118.96	-
Unrealised exchange loss (net)	82.68	134.23
Interest paid	3,798.00	4,287.06
Interest received	(132.61)	(187.59)
Income from investments	(52.43)	(48.06)
	<u>8,733.86</u>	<u>9,501.50</u>
Operating profit before working capital changes	12,369.87	12,912.41
Adjustments for :		
(Increase)/Decrease in sundry debtors	5,435.38	1,623.81
(Increase)/Decrease in inventories	(1,620.78)	2,722.49
(Increase)/Decrease in loans and advances	1,360.68	(1,236.25)
Increase/(Decrease) in current liabilities and provisions	2,023.05	(5,897.55)
	<u>7,198.33</u>	<u>(2,787.50)</u>
Cash generated from operations	19,568.20	10,124.91
Direct taxes paid	(1,909.75)	(1,338.89)
Net Cash from Operating Activities	<u>17,658.45</u>	<u>8,786.02</u>
B. Cash Flow from Investing Activities:		
Additions to fixed assets (including capital work in progress and advances)	(5,672.81)	(3,741.00)
Advances to be adjusted against equity of new projects	(1,810.50)	(1,967.88)
Proceeds from sale of fixed assets	1.19	92.75
Proceeds from sale of investments	420.53	-
Purchase of investments in subsidiaries (net of advances adjusted against issue of equity Rs.2,764.00 lacs (previous year : Rs. 4,795.02 lacs))	(4.75)	-
Income from investments	52.43	48.06
Interest received	186.92	543.12
Proceeds from Loans / Deposits with companies	202.37	100.00
	<u>(6,624.62)</u>	<u>(4,924.95)</u>
Net cash used in investing activities	<u>(6,624.62)</u>	<u>(4,924.95)</u>



Cash Flow Statement (continued)

		(Rupees in Lacs)	
	For the year ended 31st March 2004	For the year ended 31st March 2003	
C. Cash Flow from Financing Activities:			
Proceeds from new borrowings (net)	19,737.25	18,165.24	
Repayment of borrowings	(23,848.91)	(15,681.13)	
Dividend paid	(1,134.69)	(2,249.68)	
Dividend tax paid	(144.09)	-	
Interest paid	(4,180.35)	(4,469.10)	
	<u>(9,570.79)</u>	<u> </u>	<u>(4,234.67)</u>
Net cash used in financing activities	<u>(9,570.79)</u>		<u>(4,234.67)</u>
Net cash flows during the year (A+B+C)	<u>1,463.04</u>		<u>(373.60)</u>
Cash and cash equivalents (Opening balance)	1,929.72		2,303.32
Cash and cash equivalents (Closing balance)	3,392.76		1,929.72

Note : Cash and cash equivalents excludes unrealised exchange loss of Rs. 5.47 lacs
(previous year Rs 3.20 lacs)

As per our report attached to the Balance Sheet

For and on behalf of the Board

For A.F.FERGUSON & CO.
Chartered Accountants

RM. MUTHUKARUPPAN
Managing Director &
Chief Operating Officer

V. RAMANI
Director &
Chief Financial Officer

M.B. GANESH
Secretary

H.L.SHAH
Partner

Place : Chennai
Date : 31st May 2004

STATEMENT REGARDING SUBSIDIARY COMPANIES, PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	Certus Investment & Trading Limited (CITL)	SPIC Electric Power Corporation Private Limited (SEPC)	Leo Utility and Power Limited (LUPL)
1. The Financial Year of the Subsidiary Companies ended on	31st December, 2003	31st March, 2004	31st March, 2004
2. Date from which they became subsidiary Companies	30th October, 2001	26th September, 2003	25th August, 2003
3. a. Number of Shares held by Tamilnadu Petroproducts Limited in the subsidiaries at the end of the financial year of the Subsidiary Companies.	1,00,000 Equity Shares of the face value of US \$100 each fully paid up	27,644,955 Equity Shares of the face value of Rs.10 each fully paid up	47,500 Equity Shares of the face value of Rs.10 each fully paid up
b. Extent of interest of holding Company at the end of the financial year of the Subsidiary Companies.	100.00%	99.98%	95.00%
4. The net aggregate amount of the subsidiary Companies Profit / (Loss) so far as it concerns the members of the holding company			
a. Not dealt with in the Holding Company's Accounts	US \$ 60,656 Rs. 28.42 lacs	NIL	NIL
i) For the Financial year ended 31st March 2004.			
ii) For the previous Financial Years of the Subsidiary Companies since they became the Holding Company's Subsidiaries	US \$ 43,721 Rs. 21.16 lacs	Not Applicable	Not Applicable
b. Dealt with in Holding Company's accounts			
i) For the Financial year ended 31st March 2004.	NIL	NIL	NIL
ii) For the previous Financial Years of the Subsidiary Companies since they became the Holding Company's Subsidiaries	Not Applicable	Not Applicable	Not Applicable
5. Changes in the interest of the holding Company between the end of the financial year of the Subsidiary companies and the end of the Holding Company's financial year			
Number of Equity shares allotted during January 2004	42,750	Not Applicable	Not Applicable
Face Value	US \$ 100 each		
Paid up value	US \$ 42,75,000		
Extent of Share holding	100.00%	Not Applicable	Not Applicable
6. Material changes between the end of the Subsidiary's financial year and the end of the Holding Company's Financial year.			
i) Subsidiary's Fixed Assets	Nil	Not Applicable	Not Applicable
ii) Subsidiary's Investments	Nil	Not Applicable	Not Applicable
iii) Monies lent by the Subsidiary	Nil	Not Applicable	Not Applicable
iv) Monies borrowed by the Subsidiary other than that of meeting current liabilities (advanced towards equity)	US \$ 40,00,000 Rs. 1,801.80 lacs	Not Applicable	Not Applicable

For and on behalf of the Board

Dr. A. C. MUTHIAH
P. BASKARADOSS
C. RAMACHANDRAN
RM. MUTHUKARUPPAN
V. RAMANI

Vice Chairman
Director
Director
Managing Director & COO
Director & CFO

M.B. GANESH
Secretary

Place : Chennai - 600068
Date : 31st May 2004



Auditor's report to the Board of Directors of Tamilnadu Petroproducts Limited on the consolidated financial statement of Tamilnadu Petroproducts Limited.

We have audited the attached consolidated balance sheet of Tamilnadu Petroproducts Limited and its subsidiaries (TPL Group) as at March 31, 2004 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Tamilnadu Petroproducts Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiaries and joint venture whose financial statements reflect total assets of Rs. 16,387.86 lacs as at 31st March 2004, total revenues of Rs. 3,894.93 lacs and cash flows amounting to Rs. 1,136.27 lacs for the year then ended and associate whose financial statements reflect the TPL group's share of reserves and surplus of Rs. 1,008.31 lacs (negative) including profit of Rs. 8.70 lacs for the year ended 31st March 2004. These financial statements and

other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. In respect of the associate company and joint venture we have relied on the unaudited financial statements as given by the respective managements of those companies.

We report that the consolidated financial statements have been prepared by the TPL Group's management in accordance with the requirements of the Accounting Standard (AS) 21-Consolidated Financial statements, AS 23-Accounting for Investments in Associates in Consolidated Financial Statements and AS 27-Financial reporting of interest in Joint Ventures issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components and the unaudited financial statements of the associate and joint venture and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the consolidated balance sheet of the state of affairs of the TPL Group as at 31st March 2004;
- b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
- c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For A.F. Ferguson & Co
Chartered Accountants

Place : Chennai
Date : 31st May 2004

H.L. SHAH
Partner

Consolidated Balance Sheet of Tamilnadu Petroproducts Limited as at 31st March 2004 (Rupees in Lacs)

	SCHEDULE	As at March 31 2004	As at March 31 2003
SOURCES OF FUNDS			
Shareholders' Funds:			
Share capital	1	8,997.15	8,997.15
Reserves and surplus	2	<u>33,976.80</u>	<u>36,628.36</u>
		42,973.95	45,625.51
Advance towards share capital		1,052.74	-
Minority Interest		0.75	-
Loan Funds:			
Secured	3	27,311.33	29,426.77
Unsecured	4	<u>5,106.92</u>	<u>7,103.14</u>
		32,418.25	36,529.91
Deferred tax liabilities (net)	5	<u>10,048.73</u>	<u>10,681.97</u>
TOTAL		<u>86,494.42</u>	<u>92,837.39</u>
APPLICATION OF FUNDS			
Fixed Assets:			
Gross block	6	117,460.18	118,883.03
Less: Depreciation		<u>64,958.77</u>	<u>61,859.92</u>
Net Block		52,501.41	57,023.11
Capital work in progress		<u>5,361.21</u>	<u>3,173.49</u>
		57,862.62	60,196.60
INCIDENTAL EXPENDITURE DURING CONSTRUCTION PERIOD PENDING ALLOCATION	7	<u>3,831.01</u>	-
INVESTMENTS	8	5,501.14	6,105.29
CURRENT ASSETS, LOANS AND ADVANCES	9		
Inventories		7,983.55	6,362.77
Sundry debtors		5,117.12	10,771.41
Cash and bank balances		11,248.15	8,622.38
Loans and advances		<u>7,421.98</u>	<u>11,733.08</u>
		31,770.80	<u>37,489.64</u>
Less:CURRENT LIABILITIES AND PROVISIONS	10		
Current liabilities		10,737.58	8,713.38
Provisions		<u>1,737.39</u>	<u>2,240.76</u>
		12,474.97	10,954.14
Net current assets		19,295.83	26,535.50
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		3.82	-
TOTAL		<u>86,494.42</u>	<u>92,837.39</u>
Notes to the accounts	14		

As per our report of even date attached

For and on behalf of the Board

For A.F.FERGUSON & CO.
Chartered Accountants

Dr. A. C. MUTHIAH
P. BASKARADOSS
C. RAMACHANDRAN
RM. MUTHUKARUPPAN
V. RAMANI

Vice Chairman
Director
Director
Managing Director & COO
Director & CFO

M.B. GANESH
Secretary

H.L.SHAH
Partner

Place : Chennai
Date : 31st May 2004



Consolidated Profit and Loss Account of Tamilnadu Petroproducts Limited
for the year ended 31st March 2004

(Rupees in Lacs)

	SCHEDULE	Year ended March 31 2004	Year ended March 31 2003
INCOME			
Sales and services		75,443.36	76,054.76
Less : Excise duty		<u>9,210.93</u>	<u>8,476.06</u>
Net Sales and services		66,232.43	67,578.70
Other income	11	<u>551.58</u>	<u>272.30</u>
		66,784.01	67,851.00
EXPENDITURE			
Manufacturing and other expenses	12	54,770.17	55,397.25
Interest (Net)	13	3,428.40	3,746.63
Depreciation for the year		6,554.74	6,828.02
Less:credit for amount withdrawn from revaluation reserve		<u>1,829.25</u>	<u>1,829.25</u>
		4,725.49	4,998.77
		62,924.06	64,142.65
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS		3,859.95	3,708.35
Exceptional items (see Note 16)		(191.83)	(300.00)
PROFIT BEFORE TAXATION		3,668.12	3,408.35
Provision for tax			
- current		1,407.12	905.31
- earlier years		-	(300.00)
- deferred		<u>14.94</u>	<u>502.63</u>
		1,422.06	1,107.94
PROFIT AFTER TAXATION		2,246.06	2,300.41
Share of Profit / (loss) of Associate		8.70	(22.63)
Net Profit		2,254.76	2,277.78
Transferred from Investment allowance reserve account		1,123.00	1,200.00
Balance brought forward		<u>3,813.34</u>	<u>3,054.29</u>
AMOUNT AVAILABLE FOR APPROPRIATION		7,191.10	6,532.07
APPROPRIATIONS			
Transfer to Debenture Redemption Reserve		800.00	1,250.00
Proposed dividends		1,124.64	1,124.64
Tax on dividends		144.09	144.09
Transfer to general reserve		200.00	200.00
Balance carried to balance sheet		<u>4,922.37</u>	<u>3,813.34</u>
		7,191.10	6,532.07
Earnings per share :			
Basic		2.51	2.53
Diluted		2.50	2.52
Notes to the accounts	14		

As per our report of even date attached to the Balance Sheet

For and on behalf of the Board

For A.F.FERGUSON & CO.
Chartered Accountants

Dr. A. C. MUTHIAH
P. BASKARADOSS
C. RAMACHANDRAN
RM. MUTHUKARUPPAN
V. RAMANI

Vice Chairman
Director
Director
Managing Director & COO
Director & CFO

M.B. GANESH
Secretary

H.L.SHAH
Partner

Place : Chennai
Date : 31st May 2004

SCHEDULES
SHARE CAPITAL

SCHEDULE - 1
(Rupees in Lacs)

	As at March 31 2004	As at March 31 2003
Authorised		
200,000,000 equity shares of Rs.10 each	20,000.00	20,000.00
Issued		
89,976,899 equity shares of Rs.10 each (Note 3)	8,997.69	8,997.69
Subscribed and fully paid up		
89,971,474 equity shares of Rs.10 each (Note 3)	8,997.15	8,997.15

RESERVES AND SURPLUS

SCHEDULE - 2
(Rupees in Lacs)

	Balance as at March 31 2003	Share of brought forward losses of Associates and Joint Venture	Translation adjustment on Consolidation	Transfer from profit and loss account/ additions during the year	Transfer to profit and loss account/ deductions during the year	Balance as at March 31 2004
Capital reserve	42.23 (42.23)	- (-)	- (-)	- (-)	- (-)	42.23 (42.23)
Securities premium account	5,285.10 (5,285.10)	- (-)	- (-)	- (-)	- (-)	5,285.10 (5,285.10)
Debenture redemption reserve account	3,200.00 (1,950.00)	- (-)	- (-)	800.00 (1,250.00)	- (-)	4,000.00 (3,200.00)
Investment allowance reserve account	1,123.00 (2,323.00)	- (-)	- (-)	- (-)	1,123.00 (1,200.00)	- (1,123.00)
Revaluation reserve account (Note 7)	8,422.78 (10,252.03)	- (-)	- (-)	- (-)	1,829.25 (1,829.25)	6,593.53 (8,422.78)
Foreign currency translation reserve (on consolidation)	-92.57 (-)	- (-)	-649.75 (-124.93)	- (32.36)	- (-)	-742.32 (-92.57)
General reserve	14,834.48 (15,664.92)	- (-998.08)	- (-)	200.00 (200.00)	1,158.59* (32.36)	13,875.89 (14,834.48)
Profit and loss account	3,813.34 (3,054.29)	- (-)	- (-)	4,922.37 (3,813.34)	3,813.34 (3,054.29)	4,922.37 (3,813.34)
	36,628.36 (38,571.57)	- (-998.08)	-649.75 (-124.93)	5,922.37 (5,295.70)	7,924.18 (6,115.90)	3,3976.80 (36,628.36)

Figures in brackets relate to previous year.

* Rs 1158.59 represents the difference between the restated and original carrying amounts of Intangible Assets (Note 14)

**SECURED LOANS****SCHEDULE - 3**
(Rupees in Lacs)

	As at March 31 2004	As at March 31 2003
Loans from financial institutions		
Term loans [Amounts due within one year Rs. NIL lacs (Previous year Rs.5,376.00 lacs)]	2,500.00	12,593.00
Loans from banks		
Term loans [Amounts due within one year Rs. 1,000.00 lacs (Previous year Rs.1,000.00 lacs)]	1,250.00	2,000.00
Others (Long term) [Amounts due within one year Rs. 2,000.00 lacs (Previous year Rs. Nil)]	10,000.00	-
Others (Short term)	2,894.66	3,500.44
Non convertible debentures	10,666.67	11,333.33
	<u>27,311.33</u>	<u>29,426.77</u>

Note :

1. Term loan of Rs.2,500.00 lacs (availed during the year) from a Financial Institution is to be secured by a first mortgage by deposit of title deeds of all the company's immovable properties both present and future and charge on all the movable properties of the Company (except for exclusive charges referred in note 2 & 3 below) ranking pari passu with the loans and debentures stated in note 3 & 5 below.
2. Term loan of Rs.1,250.00 lacs (availed during the year) from a Bank is secured by an exclusive mortgage of a specified property at Chennai by way of deposit of title deeds.
3. Term loan (Others) of Rs.10,000.00 lacs (availed during the year) is secured by (a) first charge of all the company's movable fixed assets comprising plant and machinery, stores, spare parts, etc., both present and future ranking pari passu with charges in Note 4 below subject to prior charges created in favour of the Company's bankers on inventories, book debts and other movables for securing the borrowings for the working capital requirements (b) an exclusive charge on the Diesel Generator Sets and auxiliary equipments installed at Chlor Alkali Division of the Company and (c) pledge of all the Equity Shares held by the Company in Henkel SPIC India Limited.
4. Other (short term) loans from banks of Rs. 2,894.66 lacs (previous year Rs. 3,500.44 lacs) are secured by hypothecation by way of charge on inventories both on hand and in transit, book debts and other receivables both present and future and further secured by way of joint mortgage by deposit of title deeds on second charge pari passu basis on immovable properties both present and future except for exclusive charges stated in Note 2 and 3 above.
5. a) The non convertible debentures privately placed with banks/financial institutions of Rs.10,666.67 lacs (previous year 11,333.33 lacs) are secured by a first mortgage by deposit of title deeds of all the company's immovable properties both present and future ranking pari passu interse along with the mortgage in Note 1 above. The said debentures are further secured by a first charge of all the company's movables (save and except book debts) including movable machinery spares, tools and accessories both present and future ranking pari passu with the charges along with charges stated in Note 3 above and subject to prior charges created/to be created in favour of the company's bankers on inventories, book debts and other movables for securing the borrowings for the working capital requirements in Note 4 above.
b) 13.50% debentures for Rs.1,700.00 lacs are redeemable in three annual instalments commencing from 20th May, 2002 (Rs.1,300.00 lacs redeemed) and 13.50% debentures for Rs. 800.00 lacs are redeemable in three annual instalments commencing from 22nd October, 2002 (Rs. 533.33 lacs redeemed).

- c) 12% debentures of Rs.5,000.00 lacs are redeemable in 23 equal quarterly instalments commencing from 28th February, 2005.
- d) 12% debentures of Rs.5,000.00 lacs are redeemable in 23 equal quarterly instalments commencing from 31st May, 2005.
6. Term loans from financial institutions and banks of Rs.12,593.00 lacs and Rs.2,000.00 lacs respectively outstanding at the beginning of the year were prepaid in full during the year.

UNSECURED LOANS

SCHEDULE - 4 (Rupees in Lacs)

	As at March 31 2004	As at March 31 2003
Fixed deposits*	-	84.15
Short term loans from banks	2,000.00	2,487.34
Short term loans (from other than banks)	-	40.00
Floating rate convertible notes	-	121.98
Commercial Paper**	2,500.00	3,000.00
Interest Free Sales Tax Loan	606.92	369.67
Redeemable Non convertible debentures	-	1,000.00
	<u>5,106.92</u>	<u>7,103.14</u>

* Includes repayable within one year Rs. Nil (Previous year Rs.84.15 lacs)

** Maximum amount outstanding at any time during the year Rs.4,500.00 lacs (Previous year Rs.4,500.00 lacs)

DEFERRED TAX ASSETS AND LIABILITIES

SCHEDULE - 5 (Rupees in Lacs)

	As at March 31 2004	As at March 31 2003
Deferred tax assets		
Provision for leave encashment	54.05	21.84
Provision for royalty	34.80	34.80
Provision for doubtful debts	42.33	-
Preliminary expenses	-	10.15
	<u>131.18</u>	<u>66.79</u>
Deferred tax liabilities		
Accumulated depreciation	10,179.91	10,748.76
	<u>10,179.91</u>	<u>10,748.76</u>
Net deferred tax liabilities	<u>10,048.73</u>	<u>10,681.97</u>

See Note 14


FIXED ASSETS
SCHEDULE – 6

(Rupees in Lacs)

Description	COST/VALUATION			DEPRECIATION				NET BOOK VALUE		
	As at 31.3.2003	Additions/ Adjustments	Deductions/ Adjustments	As at 31.3.2004	As at 31.3.2003	For the year	Deductions/ Adjustments	As at 31.3.2004	As at 31.3.2004	As at 31.3.2003
Land	2,580.92	14.50	-	2,595.42	-	-	-	-	2,595.42	2,580.92
Buildings	5,811.23	14.14	-	5,825.37	975.83	135.34	-	1,111.17	4,714.20	4,835.40
Plant and machinery	109,296.15	3,703.17	5,310.53*	107,688.79	60,253.97	6,340.33	3,503.76*	63,090.54	44,598.25	49,042.18
Furnitures and fixtures	140.87	29.01	7.60	162.28	81.08	10.57	(17.00)	108.65	53.63	59.79
Office and other equipment	691.69	124.78	4.38	812.09	370.60	43.37	(32.17)	446.14	365.95	321.09
Vehicles	261.48	20.64	5.97	276.15	127.08	19.84	3.07	143.85	132.30	134.40
Ships - Barges	96.00	-	-	96.00	50.03	6.62	-	56.65	39.35	45.97
Group share in joint venture	4.69	-	0.61	4.08	1.33	0.67	0.23	1.77	2.31	3.36
	118,883.03	3,906.24	5,329.09	117,460.18	61,859.92	6,556.74	3,457.89	64,958.77	52,501.41	
Previous year	111,527.99	7,511.80	156.76	118,883.03	55,077.49	6,828.02	45.59	61,859.92		57,023.11
Capital work in progress including materials at stores and advances against capital expenditure (Refer Note 15)									5,361.21	3,173.49
									57,862.62	60,196.60

* Refer Note 14

Depreciation for the year includes Rs.2.00 lacs in respect of SPIC Electric Power Corporation Limited and Leo Utility and Power Limited grouped under Schedule 7. Additions / Adjustments and Deduction / Adjustments includes assets of SPIC Electric Power Corporation Limited which became a subsidiary during the year.

**INCIDENTIAL EXPENDITURE DURING CONSTRUCTION
PERIOD PENDING ALLOCATION**
**SCHEDULE - 7
(Rupees in Lacs)**

	As at March 31 2004	As at March 31 2003
Payment to and provision for employees		
Salaries and allowances	429.78	16.91
Contribution to provident and other funds	33.56	-14.61
Staff welfare	49.73	0.92
	513.07	3.22
Repairs and maintenance - others	35.38	0.79
Land lease rent	792.56	154.33
Rent, rates and taxes	130.71	0.10
Professional fees	1,611.27	-13.84
Travel	265.47	1.17
Directors sitting fees	4.26	0.71
Miscellaneous expenditure	376.02	5.19
Depreciation	142.80	2.00
Loss on sale of assets	3.48	0.69
	3,875.02	154.36
Less : Interest on deposits	44.01	0.82
	3,831.01	153.54

INVESTMENTS**SCHEDULE - 8**

(Rupees in Lacs)

**As at
March 31
2004****As at
March 31
2003****Long Term Investments****Shares, debentures and bonds.****Trade (at cost) (quoted)**

Henkel SPIC India Limited 1,93,95,900 equity shares of Rs.10 each	4,202.45	4,202.45
Standard Motor Products of India Limited 40,00,000 equity shares of Rs.10 each (cost Rs 400 lacs less provision for diminution in value of Rs. 400 lacs)	-	-
Industrial Development Bank of India Nil (Previous year 5,48,800) equity shares of Rs 10 each - Less : Provision for diminution in value - (sold during the year)	- - <u>-</u>	445.90 130.00 <u>315.90</u>
Tamilnadu Newsprint and Papers Limited 14,90,000 equity shares of Rs 10 each 1,639.00 Less : Provision for diminution in value 700.00	939.00	1,639.00 470.00 <u>1,169.00</u>
IDBI Bank Limited Nil (Previous year 2,58,100) equity shares of Rs. 10 each (sold during the year)	-	46.45
Trade (at cost) (unquoted)		
Associate Companies (accounted on equity method)		
Petro Araldite Private Limited 13,68,000 equity shares of Rs 100 each	359.69	350.99
SPIC Electric Power Corporation Private Limited Nil (Previous year 4,955) equity shares of Rs.10/- each (Became a subsidiary during the year)	-	0.50
Non-trade (at cost) unquoted		
SBI Mutual Fund Nil (Previous year 3,30,000) Magnums of Rs 10 each (Repurchase price:previous year Rs.32.70 lacs) (sold during the year)	-	20.00
	5,501.14	6,105.29
Aggregate value of unquoted investments	359.69	371.49
Aggregate value of quoted investments (net of provisions)	5,141.45	5,733.80
Market value of quoted investments	4,153.95	3,884.97



CURRENT ASSETS, LOANS AND ADVANCES

SCHEDULE - 9 (Rupees in Lacs)

	As at March 31 2004		As at March 31 2003
A. CURRENT ASSETS:			
Inventories			
Stores	2,482.46	2,123.32	
Loose tools	1.50	3.85	
Raw materials	2,977.42	2,529.31	
Work in process	897.27	545.78	
Finished goods	<u>1,624.90</u>	<u>1,160.51</u>	
	7,983.55		6,362.77
Sundry debtors (Unsecured)			
Outstanding over six months			
Considered good	1,729.41	4,004.93	
Considered doubtful	<u>118.96</u>	<u>-</u>	
	1,848.37	4,004.93	
Outstanding under six months			
Considered good	<u>3,387.71</u>	<u>6,766.48</u>	
	5,236.08	10,771.41	
Less : Provision for doubtful debts	<u>118.96</u>	<u>-</u>	
	5,117.12		10,771.41
Cash and bank balances			
Cash and cheques on hand	671.05	711.37	
With scheduled banks:			
On current accounts	1,107.29	1,189.90	
On deposit accounts	1,620.44	20.16	
On margin money account	6.63	5.09	
With non scheduled banks on current account	7,839.30	6,689.59	
Group share in cash and bank balances of joint venture	<u>3.44</u>	<u>6.27</u>	
	11,248.15	<u>8,622.38</u>	
B. LOANS AND ADVANCES:			
(Unsecured, considered good)			
Advances recoverable in cash or in kind or for value to be received *	5,340.55	9,298.62	
Balances with excise and customs authorities	651.08	949.47	
Group share in loans and advances of joint venture	<u>1,430.35</u>	<u>1,484.99</u>	
	7,421.98	<u>11,733.08</u>	
	<u>31,770.80</u>	<u>37,489.64</u>	

* Includes due from an officer of the Company Rs. Nil (Previous year Rs.Nil lacs)
Maximum amount outstanding at any time during the year Rs. Nil (Previous year Rs 2.17 lacs)

CURRENT LIABILITIES AND PROVISIONS**SCHEDULE - 10**

(Rupees in Lacs)

	As at March 31 2004	As at March 31 2003
A. CURRENT LIABILITIES		
Acceptances	540.56	581.38
Sundry creditors		
- Total outstanding dues to small scale industrial undertakings	0.75	0.72
- Others	<u>8,739.49</u>	<u>6,123.81</u>
	8,740.24	6,124.53
Investor Education and Protection Fund		
- Unpaid dividends	167.29	177.34
- Unclaimed deposits matured	<u>1.93</u>	<u>3.82</u>
	169.22	181.16
Interest accrued but not due	116.01	498.36
Advances received from customers	36.10	131.89
Group share in current liabilities of joint venture	<u>1,135.45</u>	<u>1,196.06</u>
	10,737.58	8,713.38
B. PROVISIONS		
Proposed dividend	1,124.64	1,124.64
Taxation (net)	<u>612.75</u>	<u>1,116.12</u>
	1,737.39	2,240.76
	<u>12,474.97</u>	<u>10,954.14</u>

Note : There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March 2004.

SCHEDULE - 11

(Rupees in Lacs)

	Year ended March 31 2004	Year ended March 31 2003
OTHER INCOME		
Scrap Sales	185.33	129.67
Dividend from trade investments	52.43	48.06
Rent	251.52	67.99
Miscellaneous income	62.30	26.58
	<u>551.58</u>	<u>272.30</u>



MANUFACTURING AND OTHER EXPENSES

SCHEDULE - 12 (Rupees in Lacs)

	Year ended March 31 2004		Year ended March 31 2003
Raw materials and Intermediates consumed	27,206.06		24,168.36
Purchase of traded goods	624.76		2,409.17
Stores and spare parts consumed	3,253.84		3,402.22
Utilities consumed	918.38		733.85
Power and fuel	11,795.91		13,553.17
Payments to and provisions for employees			
Salaries and allowances	1,409.93		1,300.59
Contribution to Provident and other funds	182.20		325.83
Staff welfare	387.15		388.72
Travel and conveyance	238.68		262.32
Insurance	500.64		600.49
Rent	280.50		415.17
Rates and taxes	363.01		253.82
Repairs and maintenance			
Machinery	615.21	757.51	
Buildings	165.16	133.90	
Others	279.49	174.16	
	<u>1,059.86</u>	<u>1,065.57</u>	
Discounts	4,067.83		1,304.68
Commission	515.26		379.21
Freight	1,526.98		1,671.09
Directors' sitting fees	5.90		5.95
Provision for doubtful debts	118.96		-
Bad debts / advances written off	37.39	568.30	
Less : Provision for doubtful debts written back	-	349.94	
	<u>37.39</u>	<u>218.36</u>	
Exchange fluctuation (net)	200.64		159.43
Loss on sale/scrapping of assets (net)	2.61		18.06
Legal and Professional charges	209.49		335.04
Miscellaneous expenses	636.20		682.97
Increase / (Decrease) in excise duty included in opening and closing stock of finished goods	41.11		(575.34)
(Increase) / Decrease in work in process and finished goods			
Opening Stock			
Work in process	545.78	151.18	
Finished goods	1,160.51	3,872.50	
	<u>1,706.29</u>	<u>4,023.68</u>	
Closing Stock			
Work in process	897.27	545.78	
Finished goods	1,624.90	1,160.51	
	<u>2,522.17</u>	<u>1,706.29</u>	
Group share in joint venture	(815.88)		2,317.39
	<u>2.76</u>		<u>1.13</u>
	<u>54,770.17</u>		<u>55,397.25</u>

INTEREST**SCHEDULE - 13**

(Rupees in Lacs)

	Year ended March 31 2004	Year ended March 31 2003
Interest expenses		
- on fixed period loans	3,174.55	3263.04
- others	623.45	1024.02
	<u>3,798.00</u>	<u>4,287.06</u>
	3,798.00	4,287.06
Less : Interest income		
- On bank and intercorporate deposits	191.76	148.38
- On others	5.43	105.42
	<u>197.19</u>	<u>253.80</u>
	3,600.81	4,033.26
Less : Interest capitalised	172.41	286.63
	<u>3,428.40</u>	<u>3,746.63</u>

SCHEDULE - 14

**NOTES TO THE CONSOLIDATED ACCOUNTS OF TAMILNADU PETROPRODUCTS LIMITED
FOR THE YEAR ENDED 31ST MARCH 2004**

- 1 The Consolidated Financial Statements relate to Tamilnadu Petroproducts Limited (the Company) and its subsidiaries, associates and joint venture (TPL Group). These Consolidated Financial Statements have been prepared in accordance with (AS-21) "Consolidated Financial Statements", (AS-23), "Accounting for Investments in Associates in Consolidated Financial Statements" and (AS-27) "Financial Reporting of Interests in Joint Ventures", issued by the Institute of Chartered Accountants of India.

The companies considered in these consolidated financial statements are :

Name of the Company	Relationship	Country of Incorporation	Proportion of ownership interest	Year ending / whether audited
Certus Investment & Trading Limited	Subsidiary	Mauritius	100%	31.12.2003 Audited
SPIC Electric Power Corporation Private Limited	Subsidiary	India	99.98%	31.03.2004 Audited
Leo Utility and Power Limited	Subsidiary	India	95.00%	31.03.2004 Audited
Gulf Petroproduct Company E.C. *	Joint Venture	Bahrain	50.00%	31.12.2003 Unaudited
Petro Araldite Private Limited	Associate	India	24.00%	31.03.2004 Unaudited

* Shareholding is through a subsidiary, Certus Investment & Trading Limited



During the current year SPIC Electric Power Corporation Private Ltd. became a subsidiary of the Company, whereas in the previous year it was an associate. Leo Utility and Power Limited is a newly formed subsidiary during the year.

In respect of Certus Investment & Trading Limited adjustments have been made for significant transactions for the period 01.01.2004 to 31.03.2004 based on information received from them.

2 ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention (except for revaluation of certain fixed assets as stated below).

The significant accounting policies followed are as stated below :

I FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost less depreciation. Cost comprises of purchase price (net of rebates and discounts), import duties, levies (net of cenvat) and any directly attributable cost of bringing the assets to its working condition for the intended use. Certain assets have been revalued as on 31st March, 1996 and the resultant surplus has been added to the cost of the assets.

Depreciation is provided on a prorata basis, from the date the assets have been installed and put to use, on a straight line method at the rates and in the manner specified under Schedule XIV to the Companies Act, 1956 except as stated below:

Based on a technical evaluation carried out by the Management the life of the plant and machinery used in the Epichlorohydrin plant has been determined as 10 years as against 18 years computed based on depreciation rates specified in Schedule XIV to the Companies Act, 1956. Consequently depreciation on the said plant has been provided accordingly.

II FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions.

Foreign currency liabilities (incurred for the acquisition of fixed assets) are translated at exchange rates prevailing on the last working day of the accounting year. The loss or gain arising out of the said translation is adjusted to the cost of the assets. In case of forward contracts, the translation is done at forward contract rates and net gain or loss and the forward cover premium is also adjusted to the cost of the assets. Gains or losses on account of cancellation of forward cover contracts are also adjusted to the cost of the asset.

Foreign currency receivables/payables are translated on the same basis as above and gain or loss arising out of such translation are adjusted to the profit and loss account and forward cover premium has been recognised over the life of the contract.

III INVESTMENTS

Investments are valued at their acquisition cost. Provision for permanent diminution in value has been made, wherever necessary.

IV INVENTORIES

Inventories are valued at lower of cost and net realisable value except stores and loose tools, which are valued at cost. The method of determination of cost of various categories of inventories are as follows:

- a. Stores and loose tools at moving weighted average rates.
- b. Raw materials at moving weighted average rates.
- c. Work-in-process and finished goods at full absorption costing method.

V REVENUE RECOGNITION

Sales is recognised at the point of despatch of materials to customers from plant and stock points.

VI RETIREMENT BENEFITS

Contribution to provident fund is made monthly, at a predetermined rate, to the provident fund trust and debited to the profit and loss account on an accrual basis. The company has an arrangement with Life Insurance Corporation of India (LIC) to administer its superannuation and gratuity schemes. Contribution to the superannuation scheme is made annually at a predetermined rate while the premium paid/payable for gratuity is determined based on an actuarial valuation carried out by LIC and are debited to the profit and loss account on an accrual basis. Provision for leave encashment on retirement is made on an actuarial basis.

VII TAXES ON INCOME

Current tax is determined in accordance with the provisions of the Income Tax Act 1961, as the amount of tax payable to the taxation authorities in respect of taxable income for the year.

Deferred tax is accounted for under the liability method, subject to the consideration of prudence for deferred tax assets, at the current rate of tax, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

VIII CONTINGENT LIABILITIES

All liabilities have been provided for in the accounts except liabilities of a contingent nature, which have been disclosed at their estimated value in the Notes to the Accounts.

- 3 In December 1993, the Company came out with Rights cum Public Issue of Equity Shares. The difference between issued and Subscribed capital of 5,425 shares (Previous year 5,425 shares) is due to said shares kept in abeyance under Section 206 A of the Companies Act, 1956.
- 4 Loans and advances include Rs98.36 lacs (previous year Rs.2,877.04 lacs) to be adjusted against equity shares to be issued by Vopak Sical Terminal Ltd. which is promoted by the Company (previous year SPIC Electric Power Corporation Private Ltd. and Vopak Sical Terminal Ltd).
- 5 The Company had issued during 1996-97 floating rate convertible notes (Notes) for a value of Swiss franc 45 million. In earlier years, Notes of face value of Swiss franc 2.6 million were converted into equity shares. As per the put option provided in the agreement, investors holding Notes of face value of Swiss franc 42.05 million exercised their option on 9th December 2001 and consequently the same have been redeemed. The balance Notes of face value Swiss franc 0.35 million was redeemed on 9th December, 2003 being the due date.
- 6 Research and development expenses incurred on revenue account is Rs.13.35 lacs. (Previous year Rs.23.58 lacs).
- 7
 - a) Fixed Assets of the Company (other than furniture and fixtures, office and other equipment, vehicles, ships-barges, certain land and plant and machinery) have been revalued as on 31st March 1996 on the basis of Existing Use value by independent professional valuers. The resultant surplus on such revaluation over the written down value of these assets amounting to Rs. 21,409.20 lacs has been credited to revaluation reserve as on 31st March 1996.
 - b) The depreciation charge for the year shown in the profit and loss account is after deducting an amount of Rs.1,829.25 lacs (previous year Rs.1,829.25 lacs) representing extra depreciation arising on revaluation of fixed assets withdrawn from revaluation reserve.



(Rs.Lacs)

	As at March 31 2004	As at March 31 2003
8. Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	980.59	1,748.59
9 Contingent Liabilities		
a) Bills discounted	668.32	820.73
b) Other claims not acknowledged as debts		
Sales tax	1,866.90	236.38
Excise duty	412.29	532.62
Others	-	53.60
10 Managerial Remuneration		
Wholetime Directors' remuneration *	43.98	59.08
Non-Wholetime Directors - Commission **	7.08	8.00
Directors' Sitting Fee	5.90	5.95
	56.96	73.03

* Rs. 3.49 lacs is subject to shareholders approval

** The Central Government vide its Letter No.2/136/2001-CL VII dated 14th February 2003 have approved payment of commission upto Rs. 1 lac to each Non Whole-time Director for five financial years commencing from 2000-01. The Board has decided to pay commission of Rs.1 lac per annum to Non Whole-time Directors who are also Members of the Audit Committee and Rs.50,000 per annum for other Non Whole-time Directors for the year 2003-04. Accordingly an amount of Rs.7.08 lacs has been provided as commission payable for the current financial year.

11. Earnings per share

	Year ended March 31 2004	Year ended March 31 2003
Net Profit (Rs. Lacs)	2,254.76	2,277.78
Weighted number of equity shares outstanding	89,971,474	89,971,474
Basic earnings per share (Rs.) (Face value - Rs.10/- per share)	2.51	2.53
Net Profit (Rs. Lacs)	2,254.76	2,277.78
Add: Interest on Floating Rate Convertible Notes (Net of tax impact)	1.85	3.09
Total	2,256.61	2,280.87
Weighted number of equity shares outstanding	89,971,474	89,971,474
Add: No of Equity Shares if Notes are converted	372,991	539,583
Total	90,344,465	90,511,057
Diluted earnings per share (Rs.) (Face value - Rs.10/- per share)	2.50	2.52

12. Related Party Disclosure under Accounting Standard - 18

i) The list of related parties as identified by the company are as under

- | | |
|--|---|
| A) Promoters | 1. Southern Petrochemical Industries Corporation Limited
2. Tamilnadu Industrial Development Corporation Limited |
| B) Associate | Petro Araldite Private Limited |
| C) Joint Venture | Gulf Petroproducts Company E.C. |
| D) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual. | None |
| E) Key Management Personnel | 1. Thiru. D. Arunachalam - Managing Director & Chief Executive Officer (1st April, 2003 to 3rd February, 2004)
2. Thiru. M. Sundaram - Director & Chief Operating Officer (1st April, 2003 to 5th November, 2003)
3. Thiru. RM.Muthukaruppan - Managing Director & Chief Operating Officer (4th February, 2004 to 31st March, 2004)
4. Thiru. V.Ramani - Director & Chief Financial Officer (4th February, 2004 to 31st March, 2004) |
| F) Enterprise over which any person described in (D) or (E) is able to exercise significant influence. This includes enterprises owned by Directors or major None shareholders of the reporting enterprise that enterprise that have a member of key management personnel in common with the reporting enterprise. | None |



Related Party Transactions

The Company has identified all related parties and details of transactions are given below. No provision for doubtful debts or advances is required to be made and no amounts have been written off or written back during the year in respect of debts due from or to related parties. There are no other related parties where control exists that need to be disclosed.

ii) The following transactions were carried out with the Related Parties (Rupees in lacs)

Sl. No.	Particulars	Promoters	Associates	Joint Venture	Key Management Personnel (KMP)	Relatives of KMP
1	Investment *		- (0.50)			
2	Sale of goods	44.63 (53.61)	4,055.07 (2,763.85)			
3	Income from services rendered			- (9.90)		
4	Interest paid	- (11.09)				
5	Service/Consultancy charges		1.62 (148.29)			
6	Commission		114.05 (139.58)			
7	Managerial remuneration				43.98 (59.08)	
8	Rent paid	1.00 (0.41)				
9	Sitting Fees	2.25 (1.85)				
10	Dividend Paid	388.48 (776.95)			0.01 (0.02)	0.01 (0.01)
11	Purchase of raw materials	- (0.67)				
12	Balance outstanding as of 31 March 2004 (Net Dr.)	473.00 (621.45)	415.31 (3,113.08)	100.82 (136.30)	11.19 (18.65)	

* includes conversion of advance against equity of Rs.Nil (previous year Rs.0.50 lacs)
Figures in brackets are in respect of the previous year

- 13 SPIC Electric Power Corporation Private Ltd. (SEPC) signed a Memorandum Of Understanding with Tamilnadu Electricity Board (TNEB) in February 1995 for setting up a 525 MW coal based power project at Tuticorin, Tamilnadu. SEPC has obtained all statutory clearances for establishment, operation and maintenance of the project and also got the appraisal done by IDBI. As per the Power Purchase Agreement, TNEB have committed to provide Escrow. However, as there was a delay in allocation of Escrow by TNEB, SEPC filed a Writ Petition in the Madras High Court seeking a direction to TNEB for early allocation of Escrow. The Company is awaiting the outcome of the case. As at 31st March 2004, the company has an investment of Rs.2,764.50 lacs in the Equity (previous year Rs.0.50 lacs) and advance against equity Rs.Nil (previous year Rs.2,778.68 lacs) in SEPC.

Currently SEPC is in discussion with certain other parties to develop the said 525 MW power project. In view of this, the Company is confident of implementing the project.

- 14 In accordance with the Accounting Standard 26 - 'Intangible Assets' which became mandatory with effect from 1st April, 2003, the Company has decided to amortise the license fee for patent rights and technical information (intangible assets) over five years, with retrospective effect. Consequently the difference between the restated and original carrying amounts as at 1st April, 2003 of Rs.1,158.59 lacs (net of adjustment for deferred taxation of Rs.648.18 lacs) has been adjusted to opening general reserve as at 1st April, 2003. As a result of the change, the depreciation charge for the year is lower by Rs.409.36 lacs.
- 15 During the current year, due to change in global market conditions for Normal Paraffin, the company has decided to suspend expansion of Normal paraffin capacity at present. Various alternative uses of the equipments and drawings pertaining to this project amounting to Rs.1,793.07 Lacs, included in capital work in progress, is under consideration. The company expects to realise at least the book value of the said equipments and drawings.
- 16 Exceptional item represents loss on sale of investments (net) of Rs.91.83 lacs (previous year Rs.Nil) and Provision for diminution in value of investments (net) of Rs.100 lacs (previous year Rs.300 lacs).
- 17 Information disclosed in accordance with the Government of India, Department of Company Affairs, Order No. 47/34/2004-CL-III dated 28th April 2004.

(Rupees in lacs)

Names of Subsidiaries

Particulars	Certus Investment & Trading Limited		Leo Utility and Power Limited	SPIC Electric Power Corporation Private Ltd.
	Rupees in Lacs *	In USD		
Capital	6,201.06	14,275,000	5.00	2,765.00
Reserves	45.34	104,377	-	-
Total assets	10,625.69	24,460,604	15.12	4,310.95
Total liabilities	10,625.69	24,460,604	15.12	1,545.95
Investments	186.79	430,000	-	-
Turnover (including other income)	3,660.27	8,426,044	-	-
Profit before tax	33.47	77,040	-	-
Provision for taxation	7.12	16,384	-	-
Profit after tax	26.35	60,656	-	-
Proposed dividend	-	-	-	-

* Translated at exchange rate prevailing as on 31.03.2004
1 USD = Rs. 43.44

- 18 a) During the year, there has been an increase in shareholding in SPIC Electric Power Corporation Private Limited resulting in it becoming a subsidiary of the Company and Leo Utility and Power Limited is a newly promoted subsidiary. Consequently, figures of the current year are not comparable with those of the previous year.
- b) Previous year's figures have been regrouped/recast, wherever necessary, to conform to current years classification.



- 19 Based on the principles for determination of segments given in Accounting Standard - 17 "Segment reporting", issued by the Institute of Chartered Accountants of India, the Company's primary business segment is Industrial Intermediates Chemicals, Power and Others. Industrial Intermediates Chemicals comprises of Linear Alkyl Benzene, Epichlorohydrin and Chlor Alkalies which mainly have similar risks and returns. "Others" represents trading activity.

CONSOLIDATED SEGMENT INFORMATION

(Rs. in Lacs)

(A)	Information about primary business segment	2004				2003			
		Industrial Intermediate chemicals	Power	Others	Total	Industrial Intermediate chemicals	Powers	Others	Total
a)	REVENUE								
	Sales to external customers	66,232.43	-	-	66,232.43	65,138.22	-	2,440.48	67,578.70
	Other income	247.63	-	-	247.63	156.25	-	-	156.25
	Total revenue	66,480.06	-	-	66,480.06	65,294.47	-	2,440.48	67,734.95
b)	RESULT								
	Segment result	6,984.40	-	-	6,984.40	7,405.61	-	(66.68)	7,338.93
	Interest expense	-	-	-	(3,625.59)	-	-	-	(4,000.43)
	Interest income	-	-	-	197.19	-	-	-	253.80
	Income from investments	-	-	-	52.43	-	-	-	48.06
	Unallocated corporate income	-	-	-	251.52	-	-	-	67.99
	Income taxes including deferred tax	-	-	-	(1,422.06)	-	-	-	(1,107.94)
	Exceptional items	-	-	-	(191.83)	-	-	-	(300.00)
	Profit after tax	-	-	-	2,246.06	-	-	-	2,300.41
	Share of profit / (loss) of Associate company	-	-	-	8.70	-	-	-	(22.63)
	Net profit	-	-	-	2,254.76	-	-	-	2,277.78
c)	OTHER INFORMATION								
	Segment assets	86,447.25	4,326.07	-	90,773.32	82,295.22	-	8,449.02	90,744.24
	Unallocated corporate assets	-	-	-	8,196.07	-	-	-	11,856.63
	Total assets	86,447.25	4,326.07	-	98,969.39	82,295.22	-	8,449.02	102,600.87
d)	Segment liabilities	41,036.45	1,547.67	-	42,584.12	42,342.14	-	29.96	42,372.10
	Unallocated corporate liabilities	-	-	-	13,410.57	-	-	-	14,603.26
	Total liabilities	41,036.45	1,547.67	-	55,994.69	42,342.14	-	29.96	56,975.36
e)	Capital expenditure	5,672.81	1.33	-	5,674.14	3,745.68	-	-	3,745.68
	Depreciation	4,725.49	-	-	4,725.49	4,998.77	-	-	4,998.77
	Non-cash expenses other than depreciation	-	-	-	218.96	-	-	-	300.00

(B)	Information about Secondary business segment	2004			2003		
		India	Outside India	Total	India	Outside India	Total
	Segment revenue	61,058.77	5,421.29	66,480.06	55,929.77	11,805.18	67,734.95
	Segment assets	78,919.93	11,853.39	90,773.32	84,051.55	6,692.69	90,744.24
	Additions to fixed assets	5,674.14	-	5,674.14	3,745.68	-	3,745.68

20. CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2004

(Rupees in Lacs)

	For the year ended 31st March 2004	For the year ended 31st March 2003
A Cash Flow from Operating Activities:		
<i>Profit before tax</i>	3668.12	3,408.35
Adjustment for		
Depreciation	4,725.49	4,998.77
Loss on sale / scrapping of fixed assets (net)	2.89	18.06
Loss on sale of investments (net)	91.83	-
Provision for diminution in value of investments (net)	100.00	300.00
Provision for doubtful debts	118.96	-
Unrealised exchange gain (net)	(51.91)	134.23
Interest paid	3,798.00	4,287.06
Interest received	(197.19)	(253.80)
Income from investments	(52.43)	(48.06)
Translation adjustment on consolidation	(649.75)	(126.27)
	<u>7885.89</u>	<u>9309.99</u>
Operating profit before working capital changes	<u>11,554.01</u>	<u>12,718.34</u>
Adjustments for :		
(Increase)/Decrease in sundry debtors	5,523.97	1,620.71
(Increase)/Decrease in inventories	(1,620.78)	2,722.49
(Increase)/Decrease in loans and advances	1,414.76	(1,525.20)
Increase/(Decrease) in current liabilities and provisions	2,116.27	(5,612.10)
Miscellaneous expenditure	(0.33)	-
	<u>7,433.89</u>	<u>(2,794.10)</u>
Cash generated from operations	<u>18,987.90</u>	<u>9,924.24</u>
Direct taxes paid	(1,910.49)	(1,338.90)
Net Cash from Operating Activities	<u>17,077.41</u>	<u>8,585.34</u>
B Cash Flow from Investing Activities:		
Additions to fixed assets (including capital work in progress and advances)	(5,815.57)	(3,743.18)
Proceeds from sale of fixed assets	1.36	92.75
Proceeds from sale of investments	420.53	-
Income from investments	52.43	48.06
Interest received	251.50	609.33
Proceeds from Loans / Deposits with companies	190.00	100.00
Proceeds from issue of Share Capital	0.25	-
	<u>(4,899.50)</u>	<u>(2,893.04)</u>
Net cash used in investing activities	<u>(4,899.50)</u>	<u>(2,893.04)</u>



Cash Flow Statement (continued)

	For the year ended 31st March 2004	(Rupees in Lacs) For the year ended 31st March 2003
C. Cash Flow from Financing Activities:		
Proceeds from new borrowings (net)	19,737.25	18,165.24
Repayment of borrowings	(23,848.91)	(15,681.13)
Dividend paid	(1,134.69)	(2,249.68)
Dividend tax paid	(144.09)	-
Interest paid	(4,180.35)	(4,469.10)
	<u>(9,570.79)</u>	<u>(4,234.67)</u>
Net cash used in financing activities	(9,570.79)	(4,234.67)
Net cash flows during the year (A+B+C)	<u>2,607.12</u>	<u>1,457.63</u>
Cash and cash equivalents (Opening balance)	8,625.58	7,164.49
Cash and cash equivalents on initial adoption of Subsidiary (Previous year : Joint Venture)	20.92	3.46
Cash and cash equivalents (Closing balance)	11,253.62	8,625.58

Note: Cash and cash equivalents excludes unrealised exchange loss of Rs 5.47 lacs
(previous year Rs 3.20 lacs)

As per our report attached to the Balance Sheet

For and on behalf of the Board

For A.F.FERGUSON & CO.
Chartered Accountants

RM. MUTHUKARUPPAN
Managing Director &
Chief Operating Officer

V. RAMANI
Director &
Chief Financial Officer

M.B. GANESH
Secretary

H.L.SHAH
Partner

Place : Chennai
Date : 31st May 2004