



## BOARD OF DIRECTORS

(As on 30th July 2009)

<b>M.F. FAROOQUI, IAS</b>	Chairman
<b>DR. A.C. MUTHIAH</b>	Vice Chairman
<b>ANITA PRAVEEN, IAS</b>	Director
<b>T.K. ARUN</b>	Director
<b>T.S. SURENDRANATH</b>	Director
<b>ASHWIN C. MUTHIAH</b>	Director
<b>C. RAMACHANDRAN</b>	Director
<b>DHANANJAY N. MUNGALE</b>	Director
<b>N.R. KRISHNAN</b>	Director
<b>Dr. K.U. MADA</b>	Director
<b>V. RAMANI</b> (Whole-time Director)	Director & Chief Financial Officer
<b>RM. MUTHUKARUPPAN</b> (Whole-time Director)	Managing Director
 <i>AUDIT COMMITTEE</i>	
<b>C. RAMACHANDRAN</b>	Chairman
<b>T.K. ARUN</b>	Member
<b>DHANANJAY N. MUNGALE</b>	Member
<b>N.R. KRISHNAN</b>	Member
<b>DR. K.U. MADA</b>	Member
<b>M.B. GANESH</b>	Secretary

### REGISTERED OFFICE & FACTORY

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

### CORPORATE OFFICE

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

### STATUTORY AUDITORS

Deloitte Haskins & Sells  
Chartered Accountants,  
Old No. 37, New No. 52, ASV Ramana Towers,  
Venkatanarayana Road, T.Nagar,  
Chennai - 600 017.

### LEGAL ADVISOR

T. Raghavan,  
New No. 41, Kasturi Ranga Road,  
Chennai - 600 018

### REGIONAL OFFICE

C/o. SPIC Limited,  
1201, 12th Floor, 16,  
Vikram Tower, Rajendra Place,  
New Delhi - 110 003.  
Tel : 011-25868018 Fax : 011-25868019

### BANKERS

IDBI Bank Ltd.  
Axis Bank Ltd.  
IndusInd Bank Ltd.  
State Bank of India  
State Bank of Bikaner & Jaipur  
State Bank of Patiala  
Federal 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

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## OPERATING RESULTS AT A GLANCE

(Rs. in Crores)

	2004-05	2005-06	2006-07	2007-08	2008-09
Gross Profit	83.30	61.62	42.58	38.38	<b>60.17</b>
Interest	26.97	21.88	24.74	23.94	<b>25.68</b>
Profit before depreciation	56.33	39.74	17.84	14.44	<b>34.49</b>
Depreciation	49.82	38.68	33.11	32.83	<b>32.58</b>
Exceptional Item	0.38	0.40	-	-	-
Profit Before Tax	6.89	1.46	(15.27)	(18.39)	<b>1.91</b>
Provision for Tax	(4.93)	(0.58)	(4.21)	(6.48)	<b>(4.63)</b>
Profit after Tax	11.82	2.04	(11.06)	(11.91)	<b>6.54</b>
Networth	375.74 <sup>\$</sup>	367.52 <sup>*</sup>	356.46 <sup>*</sup>	344.39 <sup>*</sup>	<b>353.87<sup>*</sup></b>

\* Net of Revaluation Reserve

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

## NOTICE FOR THE TWENTY FOURTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Company will be held at 10.25 a.m. on Wednesday the 23rd September 2009 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 2009 and Profit and Loss Account of the Company for the year ended 31st March 2009 and the Report of the Directors and Auditors.
2. To appoint a Director in place of Dr. K.U. Mada, who retires by rotation and being eligible offers himself for re-election.
3. To appoint a Director in place of Thiru Dhananjay N Mungale, who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in place of Thiru V. Ramani, 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 M/s. Deloitte Haskins & Sells, 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 next Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors of the Company.”

### Special Business

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

“RESOLVED THAT Tmt. Anita Praveen, I.A.S., 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 the consent of the Company be and is hereby accorded in terms of Section

293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate both present and future (except for the exclusive mortgage of a specified property by way of deposit of title deeds to Housing Development Finance Corporation Ltd.) and the whole of the undertaking of the Company, to or in favour of IDBI Bank Ltd. (IDBI Bank) and Axis Bank Limited (ABL) respectively to secure the

- a) Rupee Term Loan of Rs. 1800 lacs lent and advanced by IDBI Bank.
- b) Rupee Term Loan of Rs. 1881 lacs lent and advanced by ABL.
- c) Additional Working Capital facility of Rs.1500 lacs lent and advanced by IDBI Bank and
- d) Additional Working Capital facility of Rs.500 lacs lent and advanced by ABL.

provided by the abovesaid banks together with interest thereon at the respective agreed rates, interest, compound interest, additional interest, liquated damages, commitment charges, premia on prepayment or on redemption, costs, charges and expenses and other monies payable by the Company to IDBI Bank and ABL under the respective Heads of Agreements / Loan Agreement / Letters of Sanction / Memorandum of Terms and Conditions entered into / to be entered into by the Company in respect of the said term loans and additional working capital facilities.”

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to finalise with IDBI Bank Ltd and Axis Bank Ltd., the documents for creating the aforesaid mortgage and /or charge and to do all such acts and things as may be necessary for giving effect to the above resolution.”

By order of the Board  
for TAMILNADU PETROPRODUCTS LIMITED

M.B. GANESH  
Secretary

Regd Office:  
Manali Express Highway  
Manali, Chennai-600 068  
30th July 2009

**Notes :**

- a) 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.
- b) An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Resolutions set out against Items Nos. 6 and 7 of the Notice is annexed hereto.
- c) The Register of Members and the Share Transfer Books of the Company will remain closed from 9th September 2009 to 23rd September 2009 (both days inclusive).
- d) Members are requested to notify immediately any change in their address to the Company/Share Transfer Agents if shares are held in physical mode and to the Depository Participants if shares are held in electronic mode.
- e) Claims on unclaimed dividend, if any, for the financial years 2002-03, 2003-04, 2004-05 and 2005-06 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 2001-02, is due for transfer during October 2009 to "Investor Education and Protection Fund" established by the Central Government under Section 205C of the Companies Act, 1956, after which no claims will be permitted by Central Government.
- f) Members / Proxies should bring the Attendance slip duly filled in for attending the Meeting.
- g) All documents referred to in the accompanying Notice 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.
- h) The Company's equity shares are listed at Bombay Stock Exchange Limited (BSE) & National Stock Exchange of India Limited (NSE). The Company has paid the annual listing fees to BSE and NSE for the financial year 2009-10.
- i) *Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the Management to reply.*

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)  
OF THE COMPANIES ACT, 1956**

**Item No. 6**

Tmt. Anita Praveen, I.A.S. was co-opted as Additional Director representing Tamilnadu Industrial Development Corporation Limited (TIDCO) with effect from 30th July 2009. As per Section 260 of the Companies Act, 1956 (the Act), Tmt. Anita Praveen I.A.S. shall hold office upto the date of the Twenty Fourth Annual General Meeting. The Company has received Notice from TIDCO under Section 257 of the Act, proposing Tmt. Anita Praveen, I.A.S. for appointment as Director, liable for retirement by rotation along with a deposit of Rs. 500/-. Hence, the proposed resolution.

**Memorandum of Interest**

None of the Directors except Thiru M.F. Farooqui, I.A.S., Chairman, Tmt. Anita Praveen, I.A.S., Tvl. T.K. Arun and T.S. Surendranath, Directors are interested in the resolution.

**Item No. 7**

IDBI Bank Ltd. and Axis Bank Ltd. have sanctioned Term Loan of Rs. 1800 lacs and Rs. 1881 lacs respectively besides additional Working Capital facilities of Rs. 1500 lacs and Rs. 500 lacs respectively to the Company. One of the conditions stipulated for availing the said financial assistance is to secure the loan by a mortgage/charge on all the immovable and movable properties of the Company both present and future ranking pari passu

with the charges created and / or to be created in favour of the existing charge holders, subject to the exclusive mortgage of a specified property by way of deposit of title deeds to Housing Development Finance Corporation Limited.

Pursuant to Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of a public company shall not, without the consent of shareholders in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the company owns more than one undertaking of the whole or substantially the whole, of any such undertaking.

Since your Company is only mortgaging / charging its moveable and immovable properties as security in favour of IDBI Bank and Axis Bank Ltd., approval of shareholders under Section 293(1)(a) of the Companies Act, 1956, for creation of such mortgages / charges in favour of the abovesaid financial institutions / banks is required.

Hence, the proposed resolution.

None of the Directors is interested in the resolution.

By order of the Board  
for TAMILNADU PETROPRODUCTS LIMITED

30th July 2009  
Chennai - 600 068

M.B. GANESH  
Secretary

**INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENT ABOUT THE PARTICULARS OF DIRECTORS PROPOSED TO BE APPOINTED / RE APPOINTED AT THE 24TH AGM.**

**Item No. 2 of the Notice**

Name: Dr. K.U. Mada      Age: 75 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 Director in number of companies.

No. of shares held : 3,500

**OTHER DIRECTORSHIPS:**

S.No.	Name of the Companies\Firms	Position held
1	Lupin Limited	Director
2	Hotel Leelaventure Ltd	Director
3	PCI Limited	Director

**COMMITTEE MEMBERSHIPS:**

Name of the Company	Name of Committee	Nature of Interest
Tamilnadu Petroproducts Limited	Audit Committee	Member
Hotel Leelaventure Ltd	Audit Committee	Member
	Investors' Grievance Committee	Chairman
Lupin Ltd.	Audit Committee	Chairman
	Investors' Grievances Committee	Member
PCI Limited	Audit Committee	Member
	Investors' Grievance Committee	Chairman

**Item No. 3 of the Notice**

Name: Thiru Dhananjay N Mungale      Age: 53 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.

No. of shares held : Nil

**OTHER DIRECTORSHIPS:**

S.No.	Name of the Companies\Firms	Position held
1	Camlin Limited	Director
2	Caprihans India Limited	Director
3	Chowgule Steamships Limited	Director
4	Indoco Remedies Limited	Director
5	Mahindra & Mahindra Financial Services Ltd	Director
6	Sical Logistics Limited	Director
7	Inestor Advisores Pvt.Ltd.	Director
8	Mentor Technologies Pvt.Ltd.	Director
9	LIC Housing Finance Limited	Director
10	I2IT Private Limited	Director
11	Snowcem Paints Pvt.Ltd	Director
12	J P Morgan Asset Management India Pvt.Ltd	Director
13	National Organic Chemical Ltd	Director
14	XCEL Telecom Pvt Ltd	Director

**COMMITTEE MEMBERSHIPS:**

Name of the Company	Name of Committee	Nature of Interest
Tamilnadu Petroproducts Limited	Audit Committee	Member
Camlin Limited	Audit Committee	Chairman
Indoco Remedies Limited	Audit Committee	Chairman
Sical Logistics Limited	Audit Committee	Chairman
Chowgule Steamships Limited	Audit Committee	Chairman
Mahindra & Mahindra Financial Services Limited	Audit Committee	Member
	Shareholders Grievance Committee	Member
LIC Housing Finance Limited	Audit Committee	Member
National Organic Chemical Ltd	Audit Committee	Member

**Item No. 4 of the Notice**

Name: Thiru V. Ramani                      Age: 57 Years                      Qualification: B.A, A.C.A.

Expertise: An Associate Member of the Institute of Chartered Accountants of India with varied experience in Chemical and Petrochemical Industries over 3 decades handling Finance function including finance related areas in production, trading and resource management together with Accounts function. He has experience in debt re-structuring, dealing with bankers and financial institutions besides participation in business re-structuring and Mergers & Acquisitions.

No. of shares held : 100

**OTHER DIRECTORSHIPS:**

S.No.	Name of the Companies\Firms	Position held
1	SPIC Electric Power Corporation (Private) Limited.	Director

**COMMITTEE MEMBERSHIPS : NIL**
**Item No. 6 of the Notice**

Name: Tmt. Anita Praveen, IAS                      Age: 44 Years                      Qualification: M.Sc.(Zoo), PGDBA, IAS

Expertise:

- Joined the IAS in 1989.
- Has held several senior positions in the State Government, Central Government and the Corporate Sector.
- Chairperson and Managing Director, TIDCO Ltd. (since 30th April 2009)

No. of shares held : NIL

**OTHER DIRECTORSHIPS:**

<b>S.No.</b>	<b>Name of the Companies\Firms</b>	<b>Position held</b>
1	Tamilnadu Industrial Development Corporation Ltd.	Chairperson & Managing Director
2	TIDEL Park (Coimbatore) Ltd.	Chairperson & Managing Director
3	TIDEL Park Limited	Chairperson
4	Tanflora Infrastructure Park Limited	Chairperson
5	Ennore SEZ Company Ltd	Chairperson
6	TICEL Bio Park Limited	Chairperson
7	State Industries Promotion Corporation of Tamilnadu Ltd.	Director
8	Titan Industries Ltd.	Director
9	TRIL Infopark Ltd.	Director
10	Nagarjuna Oil Corporation Limited	Director
11	Mahindra World City Developers Limited	Director
12	Tamilnadu Road Development Company Limited	Director
13	IT Expressway Ltd.	Director
14.	AMRL International Tech City Ltd.	Director
15	Tamilnadu Trade Promotion Organisation (Section 25 Company)	Director

**COMMITTEE MEMBERSHIPS:**

<b>Name of the Company</b>	<b>Name of Committee</b>	<b>Nature of Interest</b>
TICEL Bio Park Limited	Audit Committee	Member
State Industries Promotion Corporation of Tamilnadu Ltd.	Audit Committee	Member
Tamilnadu Road Development Company Limited	Audit Committee	Member
IT Expressway Ltd.	Audit Committee	Member
Mahindra World City Developers Limited	Audit Committee	Member
Titan Industries Ltd	Remuneration Committee	Member
	Committee of Directors	Member

## DIRECTORS' REPORT

To  
The Shareholders

Your Directors have pleasure in presenting the Twenty Fourth Annual Report on the business and operations of your Company and the audited Statement of Accounts for the year ended 31st March 2009.

	(Rupees in Crores)	
	2008-09	2007-08
Sales (Gross)	<b>1052.40</b>	887.33
Profit before Depreciation and Interest	<b>60.17</b>	38.38
Less: Interest and Financial charges	<b>25.68</b>	23.94
Profit after Interest	<b>34.49</b>	14.44
Less: Depreciation	<b>32.58</b>	32.83
Profit before tax and exceptional items	<b>1.91</b>	(18.39)
Profit before tax	<b>1.91</b>	(18.39)
Provision for tax	<b>(4.63)</b>	(6.48)
Profit/(loss) after tax	<b>6.54</b>	(11.91)
Balance carried to Balance Sheet	<b>65.52</b>	58.97

### FINANCIAL REVIEW

In view of the steady rise in prices of raw materials in the first half of the financial year, the working capital limits sanctioned by banks had to be fully utilized. The banks and some of the long term lenders revised their Prime Lending Rates. Hence, the interest cost rose to Rs. 25.68 crores compared to Rs. 23.94 crores for the previous year. Your Company's endeavour has been to infuse interest-free long-term funds by sale of non-core assets to improve liquidity and reduce the overall interest burden. Your Company sold its Windfarm in September 2008 and certain surplus lands in January 2009, the proceeds of which were utilized partly for pre-paying the high cost debt and partly for meeting working capital requirements. This has reduced the interest burden which otherwise would have been much higher and also improved the related financial ratios. During the year, a sum of Rs. 7.79 crores was received by way of an arbitration award for the insurance claim made by the Company.

The support from banks for additional working capital limits and the extended credit support by suppliers helped your Company tie up raw materials required to maintain production schedules.

### DIVIDEND

Your Company has made a profit before tax of Rs.1.91 crores. Considering the lower earnings and the current financial position of your Company, the Board of Directors express their inability to consider payment of dividend for 2008-09.

## OPERATIONAL HIGHLIGHTS

### Linear Alkyl Benzene (LAB)

Over the past few years, LAB Plant has been witnessing declining margins primarily due to unprecedented levels of high oil prices and the impact could not be passed on to customers. The Company had severe working capital constraints in the first half of the year driven by high raw material prices. LAB Production during the year was marginally lower at 75,707 MTs than the previous year. Despite lower capacity utilization, specific consumption norms of key raw materials were at appreciable levels. Actual realizations from LAB have been encouraging; thanks to declining raw material prices in the second half of the year and strategic changes adopted in product pricing. Increasing imports from Middle East continues to be a concern. Hence, the matter has been taken up with the authorities concerned in the Government of India for redressal. It is hoped that the Government of India would impose a Safeguard duty. Various energy savings proposals are continually implemented. Your Company has been reaping the benefits of Advanced process control implemented during the previous year for optimizing process efficiency and reducing energy cost. Your Company is the sole supplier of LAB to M/s. Henkel India Ltd and Procter & Gamble.

### Epichlorohydrin (ECH)

ECH plant achieved a capacity utilization of 78.4% during the year under review. The reduced capacity was necessitated by the fall in demand arising from recessionary trends. In view of cheaper imports of Intermediate resin, global prices of ECH dropped drastically. With the high domestic propylene prices, operating margins of ECH plant were further impacted. Sequel to the global slowdown and the reduced off-take by our joint venture company M/s. PAPL, your Company had to shut down the ECH plant on few occasions so as to minimize loss on account of un-remunerative prices and fall in demand.

### Caustic Soda / Chlor Alkali

The Chlor-Alkali plant achieved a capacity utilization of 94.3%. The performance of the Chlor Alkali division during the first half of the year was subdued. The plant had to be operated on captive power with a 40% power cut by TNEB and high oil prices. As the captive generation cost was high, operating margins were impacted. However, in the second half of the year, the switching over to captive power plants consequent to appreciable softening of fuel oil prices, the scenario changed for the division. Further,

your Company's decision to procure salt by coastal movement in bulk from Western India, rather than the normal mode of procurement from Southern parts of India, ensured availability of salt at competitive prices. Because of a few Chlorine consuming PVC units having remained shut down and with the consequential inability to dispose of chlorine, the caustic soda manufacturers could not operate their plants to the maximum rated capacities. Your Company had the advantage of having captive chlorine consumption at its ECH plant and of continuing supplies to a neighbouring group company. However, chlorine prices declined, almost having had to maintain at levels of "No price", during most of the year.

### **SAFETY, HEALTH & ENVIRONMENT**

Your Company has been maintaining requisite safety standards as required for the safety of employees and the society at large. As on 31st March 2009, the LAB, ECH and Chlor Alkali plants had achieved 4632, 673 and 33 safe days of operation respectively. The health of the employees and the environment in and around the plant area have been paid due care and attention.

### **RESEARCH & DEVELOPMENT**

Research & Development (R&D) activities and R&D studies were mainly focussed on quality improvement of products and process improvements to achieve best possible specific consumption norms. The studies were also aimed at improving the overall environmental performance of the organisation.

### **SUBSIDIARIES**

#### **SPIC Electric Power Corporation (Private) Ltd. (SEPC)**

SEPC is actively continuing its efforts to develop the 525 MW power project at Tuticorin. Legal action was initiated against Tuticorin Port Trust (TPT) to restore the land that had been earlier allotted to SEPC. In response to the Petition moved by SEPC, an Arbitrator was appointed by the High Court of Madras to resolve the dispute. The arbitration proceedings are in progress.

After entering into the Memorandum of Understanding with M/s. Goldstone Exports Ltd. on 14th June 2007 for implementing the project, your Company discussed and finalized the terms of the Shareholders and Share Subscription Agreement (SSA). The execution of SSA would give thrust for speeding up the activities.

#### **Certus Investment and Trading Ltd. and its Wholly Owned Subsidiaries**

With a view to capitalize on its core strength of LAB business, your Company envisioned to be a dominant global producer by building new capacities in regions where there would be scope for growth. Thus the Middle East and South East Asia were identified as potential locations for setting up LAB/Normal Paraffin (NP) projects. Having decided to set up such overseas projects on joint venture basis, your Company established M/s Certus Investment and Trading Limited (CITL), Mauritius, as a wholly owned subsidiary, to serve as a Special Purpose Vehicle (SPV) for its overseas investments.

CITL, in partnership with M/s Saudi Offset Limited Partnership (SOLP), established a subsidiary company, M/s Gulf Petroproducts Co. to set up a LAB project in the Middle East. Similarly, CITL set up a subsidiary, M/s Proteus Petrochemicals Private Limited as the project company for setting up a Normal Paraffin Project in Singapore.

CITL also established, M/s Certus Investment & Trading (S) Pte Ltd., to function as co-ordinator of TPL's procurement and marketing services for its business operations outside India.

#### **SINGAPORE N-PARAFFIN PROJECT**

The Project is envisaged to establish a Normal Paraffin (NP) plant as a green field project with a proposed capacity of 100,000 metric tonnes per annum, along with the associated utilities and off-sites.

The total cost of the project will be financed on a debt:equity ratio of 70:30. CITL had earlier signed a joint venture agreement with a Middle East investor for taking up 44% of the equity for the project. This did not materialise in as much as certain conditions put forth by the investor were not acceptable to your Company. Meanwhile, the project company, TPL India Singapore Private Limited was renamed as "Proteus Petrochemicals Private Limited" (Proteus). Subsequently, the project company identified an alternate investor for equity investment, and entered an MOU with it. Singapore's Economic Development Board Investments continues to remain interested in subscribing to the extent of 5% of the share capital of the company by way of Preference Shares.

Also, the project company's earlier arrangement with a Middle-East based commercial bank for debt syndication did not materialise due to irreconcilable differences over



certain clauses. The project company recently signed a term sheet with a European commercial bank, to fund the debt requirement for the project.

An Agreement had been entered into in December 2007 with the shareholders of Singapore Refining Co. (SRC) for supply of feedstock for the proposed project and for buying back the return streams from the proposed project. The timeline for financial closure specified as a conditional clause for termination in the feedstock supply agreement could not be adhered to, in view of the time taken for identifying an alternate equity investor and debt provider. The matter is being taken up with the shareholders of SRC for revalidating of terms and conditions agreed upon earlier.

The plant is to be located adjacent to SRC at Jurong Island in Singapore, the site possession of which has been completed. Already, an in-principle clearance from the National Environment Agency, Singapore, was obtained for setting up the proposed project. Proteus is in negotiations with Universal Oil Products (UOP), USA, the Licensor for the proposed NP Project, for entering into related Licensing and Engineering Agreements.

#### **MIDDLE EAST LAB PROJECT**

This Project proposal is to construct a 80,000 MT per annum stand alone LAB plant along with associated utilities and off-site facilities in the Yanbu Industrial City, Kingdom of Saudi Arabia. The equity investment in the project company would be made through Gulf Petroproducts Company (GPC), in which CITL, the wholly owned subsidiary of TPL, has a 50% shareholding.

In September 2008 a significant milestone was achieved with the execution of a Heads of Agreement (HOA) with Shell & Qatar Petroleum (QP) for supply of feedstock viz. Normal Paraffin from its under-construction Pearl Shell Gas to Liquids (GTL) Project at Qatar. The HOA broadly outlines the terms of the feedstock supply proposal and on this basis, a sale and purchase agreement would have to be worked out and executed by the end of September 2010.

The project cost estimation done earlier was revisited and updated. The revised financial model and information memorandum are being circulated to prospective investors for participation in equity.

GPC is in the process of renewing its investment licence which had been issued earlier by Saudi Arabian General Investment Authority (SAGIA) for the purpose of setting up an integrated Normal Paraffin and LAB complex in Saudi Arabia. Discussions have also been initiated with

the Royal Commission of Yanbu to obtain site allocation. The project had earlier been appraised by Saudi Industrial Development Fund (SIDF) and on finalization of the project structure, the loan application would be submitted for re-appraisal.

The project schedule has been revised to begin its commercial production in the first quarter of 2012, to match with the availability of the feedstock.

A statement pursuant to Section 212 of the Companies Act, 1956, giving information on the subsidiary companies is attached hereto. The consolidated financial statements presented by your Company include the financial information of its subsidiaries, as required under Accounting Standard AS-21, issued by the Institute of Chartered Accountants of India.

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

#### **STATUS OF ACTIVE INVESTMENTS**

##### **Henkel India Limited (HIL)**

HIL achieved a turnover of Rs.508 crores compared to Rs.430 crores in the previous year with a net profit of Rs.4.19 crores as against Rs.14.52 crores in the previous year. Henko and Mr.White, the main laundry care brands have done well. Cosmetics and toiletries business of HIL grew by 7%. Neem Active toothpaste also registered stable volumes and value. The Schwarzkopf Professional Hair-Care Division (SKP) went through a successful restructuring during the year which includes launching of BC Men and Hilo. Bref, the international brand from Henkel, comprising Toilet Cleaner, all purpose Cleaner and Cistern Block launched during the year in South and Modern trade channel.

##### **Petro Araldite Pvt. Ltd. (PAPL)**

During the financial year 2008-09, PAPL produced 15927 MT of basic liquid resin, 11272 MT of solid resin and 3245 MT of formulated products totalling to

30444 MT representing improved capacity utilisation at 82% compared to 78% in previous financial year. Sales increased to Rs. 274.37 crores compared to last year's sales of Rs.246.53 crores. PAPL focussed more on export front and its total export during 2008-09 was higher at 5030.99 MT than 3997.95 MT in the previous year. PAPL was awarded by the Federation of Indian Export Organisation "Miryat Shree" gold trophy for exports during 2005-06 under the category "Chemicals, Drugs, Pharma & Allied products non-SSI."

#### **FIXED DEPOSITS**

The total amount of deposits outstanding as on 31st March 2009 was Rs. 10,000/- (Rupees Ten thousand) which represents one unclaimed deposit.

#### **EMPLOYEES**

The Management strongly believes that the strength of your Company is directly proportionate to the strength of its employees in terms of knowledge, experience, and analytical and decision making skills. The Company has been practising various HR initiatives, such as recognition, empowerment, personality development, decentralisation of delegation of powers, etc. to retain talents. A balanced staffing system has been judiciously adopted in the Company wherein competent fresh talents have been inducted into the experienced pool.

Effective communication system prevalent in the Company facilitates the employees positioned at various levels in various functions to be a large vibrant cohesive team. Regular flow of upward communication to the top Management by way of MIS from various functions and percolation of Management messages, corporate goals and objectives of the Company to the junior levels contributes to the efficiency of employees.

To improve the efficiency of manpower, a scientific system of performance planning and review system has been established to bring about a healthy competition among the employees by motivating them through recognition by way of rewards linked with progressions / promotions based on performance scores. The training needs of employees have been identified at regular intervals through performance appraisal systems and necessary training are imparted through in-house and external programmes. Apart from the routine job related training, training for personality development and leadership skills are imparted to enhance the administrative capabilities of employees.

The HR processes are automated at 360 degree perspective with the state-of-art Human Resource Information Systems viz. mySAP. The HR Management

systems and procedures are constantly benchmarked to excel in all the HR activities and to take care of internal and external challenges in the rapidly changing business scenario.

The Industrial Relations have been harmonious throughout the year.

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

#### **VOLUNTARY DELISTING**

As per Clause 5.1 of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 on voluntary delisting of equity shares, your Company's equity shares were delisted with effect from 19th November 2008 by Madras Stock Exchange Ltd. Your Company's equity shares however continue to be listed at Mumbai Stock Exchange Ltd. and National Stock Exchange of India Ltd.

#### **DIRECTORS**

The details of changes in the composition of the Board of Directors since the date of last Directors' Report are given below:

- (a) The Board of Directors on 23rd October 2008 co-opted Thiru T.K. Arun, as Director of the Company representing TIDCO vice Thiru S. Susai.
- (b) The Board of Directors on 28th January 2009 co-opted Thiru S.J. Chiru, I.A.S., as Director of the Company representing TIDCO, vice Thiru Kumar Jayant, I.A.S. and
- (c) The Board of Directors on 30th July 2009 co-opted Tmt. Anita Praveen, I.A.S. as Director of the Company representing TIDCO vice Thiru S.J. Chiru, I.A.S. The term of office of Tmt. Anita Praveen, I.A.S. shall be upto the date of Twenty Fourth Annual General Meeting. Notice in writing has been received from TIDCO proposing her candidature for appointment as Director of the Company liable to retirement by rotation.

The Board of Directors wish to place on record their appreciation of the valuable services rendered by Tvl. S.Susai, Kumar Jayant, I.A.S. and S.J. Chiru, I.A.S as Directors 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, Dr. K.U. Mada, Tvl. Dhananjay N. Mungale and V. Ramani shall retire by rotation and being eligible, offer themselves for re-election.



## 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 2009, all the applicable accounting standards have been followed;
- (ii) accounting policies were adopted and applied consistently and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2009 and of the profit or loss of the Company for year ended on that date;
- (iii) proper and sufficient care for 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 the conditions of Corporate Governance and a Management Discussion and Analysis Report have been attached to form part of the Annual Report.

## AUDITORS

M/s. Deloitte Haskins & Sells, appointed as Statutory Auditors at the 23rd Annual General Meeting held on 24th September 2008, retire at the conclusion of the Twenty Fourth Annual General Meeting and are eligible for re-appointment.

With reference to the comments contained in the Auditors' Report

- (a) pertaining to SPIC Electric Power Corporation (Private) Limited (SEPC), the Board of Directors wish to state that in furtherance to the execution of the Memorandum of Understanding (MOU) in June 2007 by the Company and SPIC Electric Power Corporation (Private) Limited (SEPC) with an investor company for implementation of the Power Project and the subsequent negotiations held with them, the terms of the Shareholders and Share Subscription Agreement with the investor

company have been finalized and is expected to be executed soon. The investor company has been meeting the day-to-day expenses of SEPC from August 2007. Due to non-payment of lease rentals, the Tuticorin Port Trust sought to repossess the land allotted to SEPC. SEPC approached the High Court of Madras for appointment of an arbitrator to resolve the dispute. A sole arbitrator was appointed in July 2008 and arbitration proceedings are in progress. In view of these developments, no provision for permanent diminution in the value of investment and advance against equity is considered necessary at this stage, as explained in Note 21 of Notes to the Accounts.

- (b) Pertaining to the Assets held by the company amounting to Rs.2138.81 lacs and expected to be transferred to the proposed overseas project, the Board of Directors wish to state that the Company is confident that the assets which are in the form of equipment and drawings for paraffin production can be transferred to its overseas project at a value not less than their cost, as explained in Note 22 of Notes to the Accounts.

## 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 attached to form part of the Report.

## ACKNOWLEDGEMENT

The Management is grateful to the Government of India, the Government of Tamilnadu, the Reserve Bank of India, financial institutions, consortium of banks, other lending institutions, insurance companies, promoters, shareholders, technology suppliers, raw material suppliers, valued customers, joint venture partners, statutory auditors, contractors, marketing agents and vendors for their continued support and co-operation.

The Directors also wish to place on record their appreciation of the co-operation, understanding of the corporate goals and active involvement and dedication of all the employees which enabled the Company to achieve its growth plans.

For and on behalf of the Board of Directors

30th July 2009  
Chennai – 600 068

M.F. FAROOQUI  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE

Tamilnadu Petroproducts Limited (TPL) is manufacturing and marketing Petrochemicals viz. Linear Alkyl Benzene (LAB), Epichlorohydrin (ECH) and Chemical intermediates - Caustic Soda and Chlorine. These are basic products used as raw materials in industries like detergents and cleaning agents, lubricants, epoxy resins, pharmaceuticals and textiles. Chlorine is also used in bleaching and water treatment applications.

### LINEAR ALKYL BENZENE (LAB)

LAB is considered the most reliable of the ingredients used in the formulation of synthetic detergent. The LAB industry in the country has been facing competition due to an imbalance in supply caused by higher domestic capacities created in recent years and by heavy imports, besides the availability of substitute products in Methyl Ester Sulfonate and Alpha Olefin Sulphonate. With the fall in crude prices since the third quarter of the year, the alternate surfactants did not find favour in the market, paving way for increased demand for LAB. This has added further price competition.

The economic slowdown has greatly affected the industrial sector and the LAB business was no exception. TPL could overcome the unfavourable scenario and sustain the pressure by adopting a strategy, one of which was acceptance of cost plus based pricing. The Company continued to source energy inputs based on international terms. To overcome the large-scale imports into the country, the Government of India has been approached for introducing safe guard duty on LAB as a measure to avoid damage to the domestic LAB industry.

### EPICHLOROHYDRIN (ECH)

ECH is being manufactured only by TPL in India as of now. Efforts to put up a ECH plant elsewhere in India as a competition to TPL is on the horizon. Capacity additions in other parts of the world like China and the Middle East are on the anvil. This might in a way affect TPL in the future by higher imports into India and/or lower exports from India.

The demand for the product saw an upward trend during the period prior to Olympics in China, but dipped to very low levels after the Olympics and also because of the global recession. The recession also hit the infrastructure projects, automobile and electronic sectors causing reduced consumption.

Industries like pharmaceuticals and insecticides are on the lower end of the spectrum of ECH consumption, and their continuation of imports at concessional rates of duty from Free Trade Agreement countries has crippled our supplies to them. In India, imported price of ECH is competitive due to high variable cost of production of domestic ECH.

Higher economic scales of plant coupled with reduced raw material costs have contributed to the benefit of the global companies in ECH business unlike in India.

PAPL, the joint venture of TPL continues to source its requirements from TPL. Its offtake was lower because of the recessionary trend.

Large plants abroad enjoy economies of scale and consequentially lower raw material cost, whereas in India the plant size is smaller. As a result, our product is not able to compete.

### CHLOR ALKALI

Southern India witnessed during the current year capacity additions resulting in excess supply and exerting pressure on the price of product in the domestic market. However, this also resulted in excess supply of chlorine, a joint product. The demand for chlorine witnessed a downtrend which forced the producers to operate the plant below their rated capacities. TPL has, however, been comfortable in evacuating chlorine for captive use and the neighbouring industry.

Hydrogen is used as a captive fuel and also as a product by various consumers. It has been planned for increasing hydrogen bottling capacity by installing additional equipment to cater to the higher volumes for hydrogen marketing. The use of hydrogen as a captive fuel has been the hall mark of the chlor alkali plant.

### THREATS AND OPPORTUNITIES

#### Linear Alkyl Benzene

Oversupply of LAB in the domestic market is still a threat affecting realizations. Imports from the Middle East region into India is expected to increase. This is likely to capture at least 20% of the market in the country. Substitutes for LAB may become a threat in future if the oil prices start sky-rocketing as in previous years. Increase of import potential of the regional detergent manufacturers poses a huge threat as it would create heavy imbalance in the production schedules.



The per capita detergent consumption is still at minimum levels in India vis-a-vis developed countries and the international standard index. This is a sure indication of the growth potential in the detergent market in the country which will further trigger future demand. The crashing of raw material prices is a boon to small scale manufacturers, who once shunned the business owing to high operating costs. They are now reviving their business .

### **Epichlorohydrin**

ECH is mainly used for manufacturing resins and it has wide applications in infrastructure projects, automobile sector and electronic sector. Although ECH is used in pharmaceuticals and insecticides, the off-take of ECH in these two sectors has been lower than in other sectors. The global recession has spread to India as well in the second quarter of 2008-09 and consequently, the demand for ECH has declined. The price of ECH also witnessed a sharp reduction. However, the reduction in crude price from the second quarter of the financial year was not matched by reduction in the price of raw material used in the manufacture of ECH viz. propylene. The various ECH customers in India resorted to imports due to price arbitrage between imported ECH price and price charged by TPL. TPL continued to supply ECH to its main customer viz. Petro Araldite Pvt. Ltd. (PAPL) at price based on imported ECH price.

ECH being hazardous, the customers prefer to import the basic resin rather than ECH to minimize the risk of transportation and health hazards associated with it. The imported resins are convenient for the customers as they are tailor made for them. The inverted duty structure between the raw materials and the finished product has also continued to impact the ECH business.

The Government of India has drawn various schemes to revive the economy by giving thrust to infrastructure and housing sectors. With the revival of the automobile sector, it opens up a good opportunity for TPL, being the only manufacturer of ECH. Depreciating rupee will also have a stabilizing effect in ECH pricing as the price of the petrochemical is also a function of international price and dollar parity.

### **Chlor Alkali**

The main threat to this industry has been non-availability of two raw materials viz. salt and power. Tamilnadu has imposed power cut and was in force for most part of the financial year. The high price of furnace oil in the first 6 months of 2008-09 resulted in pushing the cost of captive power for the caustic soda plant.

The untimely rain in Tamilnadu, coupled with the salt industry working to produce edible salt for domestic and exports use, affected the availability of industrial grade salt for caustic soda manufacturers. TPL however sensed these constraints and decided to procure salt in bulk through coastal shipment from western parts of India. This move eased the availability of salt. The reduction in furnace oil price in the second half of the year added to profitability.

Chlorine disposal, which has been a main threat for other caustic soda manufacturers in India, has not been the case for TPL, as a well defined plan was in place to dispose chlorine both by way of captive consumption and supplies to neighbouring units in the Manali belt.

### **RISKS & CONCERNS**

#### **Linear Alkyl Benzene**

The Crude prices have been stable from the second half of the year. However, should crude prices become volatile, as it happened in the past, it may be a matter of serious concern for the long term pricing of LAB. Both the surplus capacity of LAB within the country and the imports gaining entry would be a matter of grave concern. This situation might create price-war and bring down profitability. Also, un-remunerative prices could lead to under-utilization of plant capacity.

#### **Epichlorohydrin**

The steady increases in crude prices, the basic feedstock for propylene, triggered increase in propylene prices. The duty on raw material being higher than the duty on the finished product is an added pressure on margins. The imports in the light of Free Trade Agreement is also a matter of concern affecting the business prospects of ECH in India.

The global meltdown which started in the year 2008 is likely to last for a year or two. Any continued recessionary trends would impact the performance of the division, as the applications of ECH are into electronic, automobile and infrastructure sectors.

The crude prices have been stable from the second half of the financial year 2008-09 and any imbalance could trigger cost push increases which might prove to be beyond the absorption capacity of ECH users in the short run.

The cost of production of ECH through glycerin route is yet to be proven. Most of the countries have raised their voice against the manufacture of ECH through

glycerin route as it involves bio-fuel. It is hoped that the success rate for this alternate route will not turn out to be a commercially viable proposition.

### **Chlor Alkali**

The main raw materials viz., salt and power are dependent on monsoon. A good monsoon may result in the non-availability of salt but in the availability of power and vice versa. The continuing power cut in Tamilnadu with further increases in fuel oil price will affect the caustic soda business. With capacity additions in the southern states, the product is witnessing severe pressure on selling besides pressures on margins. However, the demand for caustic soda is not witnessing any downtrend as the applications are multifarious. Any upswing in the utilization of chlorine may result in caustic manufacturers running their plants to their rated capacities.

The performance of the aluminum industry will have a major bearing on the performance of caustic soda plants since caustic is used for extracting alumina from ore. Consequent to the above, higher volume of imports because of differences in prices in India vis-a-vis global prices may not be ruled out, which is a matter of concern.

### **OUTLOOK**

#### **Linear Alkyl Benzene**

Forecasts of crude prices during the forthcoming year are varied. The future outlook looks relatively good for the Indian economy and the LAB prices appears to be recovering from unremunerative levels. With the dwindling of other substitute product for LAB, market for LAB looks rather promising. The proposed action during 2009-10 to increase the production capacity of N-paraffin unit is expected to reduce the burden on imports and minimize cost to the Company.

#### **Epichlorohydrin**

India continues to be a possible destination for investment by overseas corporate bodies. Chennai is a hub for automobile sector; investment opportunities for automobiles will pave the way for increased demand for ECH. The thrust given by the Government of India to improve the infrastructure will definitely add as a catalyst for the ECH unit. The crude prices are rather stable and with well-considered economics adopted by the Company in sourcing the raw material, the Company should hopefully be near-about the global price of ECH. Once this is achieved, it would enable the Company to supply ECH to the joint venture unit leading to higher profitability.

### **Chlor Alkali**

Caustic soda has wider applications and with the growth of basic metal industries, such as aluminum and copper, outlook for caustic soda is expected to improve further. Also, the business cycles of the end-user industries of caustic soda do not always coincide and hence the outlook for caustic soda appears to be buoyant. The Company has drawn plans to neutralize higher energy cost as it proposes to set up a coal based power plant at Manali; necessary environmental clearances having been obtained in this regard.

### **FINANCE**

The efforts of the Company to sell the non-core assets fructified in the current year with the disposal of windfarm and sale of surplus lands. This enabled the Company to accelerate the loan repayments and also infuse part of the funds for meeting working capital requirements. The fall in the price of crude resulted in a concomitant fall in prices of raw materials viz., benzene and paraffin. The Company could therefore, utilize the non fund based limits made available by working capital bankers. They also sanctioned additional fund/non-fund based limits based on better performance during previous quarters. It is expected that the improvement in the financial performance, coupled with suitable macro economic policies should bring down the overall interest burden in the next financial year. The Company has been augmenting the requirements of benzene and paraffin through imports and hence any change in the Rupee-Dollar parity could have an impact.

### **INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

The Company has adequate internal control system monitored by the Internal Audit Department on a continuous basis. Periodical reports are submitted to the Management and to the Audit Committee. The Audit Committee at its meetings, reviews the performance of the Company and provides guidance to the Management as well as to the Internal Audit Department.

The Managing Director and the Director & Chief Financial Officer are reviewing the business risks and mitigation plans with Senior management personnel periodically at meetings convened by the Chief Risk Officer. In the light of a dynamic business environment, the Company is constantly reviewing the possible emergence of new risks. These initiatives have helped in taking timely preventive/remedial measures against threats to business that may impact stakeholders' expectations. Action taken is periodically reported to the Audit Committee.



## **MATERIAL DEVELOPMENTS ON HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONTS.**

The manpower strength as on 31st March 2009 was 588. The current situation of economic slow down has pushed the corporates across the country to defer their recruitment plans, down size their manpower strength and trimming of paybills. While a number of companies, feeling the heat of slowdown in India, has been resorting to lay-off, job-cuts, salary cuts, etc., TPL is striving to retain its employees in the troubled time and maintain the compensation packages and welfare facilities. The higher rates of attrition prevailed in the previous years have come down and the Company is comfortable with retaining the talents. The Company is poised to meet the global economic recession which impacted the manpower demand-supply pattern through strategic manpower planning.

Negotiations with the employees' unions of LAB/ECH and HCD Divisions are in progress for long-term settlements with regard to salaries, allowances and benefits.

## **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 in the domestic and international markets, changes in the Government regulations, tax laws, statutes and other incidental factors.

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## **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 2009.**

### **CONSERVATION OF ENERGY**

The following energy conservation measures were implemented in LAB/ECH/Chlor Alkali Division (CAD) plants.

#### **LAB**

1. Installed variable frequency drive in spare FD fan motor of Hot oil Heater (KM-1601) and achieved power savings of about 299 units per day.
2. Variable frequency drive was installed in spare motor of P1403 and achieved power savings of about 284 units per day.
3. Variable frequency drive was installed in spare FD fan motor of Pacol charge Heater (KM-1405) and achieved power savings of about 270 units per day.
4. Additional pump in cooling tower – 1 was stopped as per Energy Audit & Saved Power around 1440 units per day.
5. 16 nos. of 160 watts M.V. Lamp bulbs were replaced with 125 watts bulbs. This has resulted in a saving of approximately 6 units per day.
6. P 1401 c/2 old pump with 66 metre head was replaced with new pump with 35 metre head with power savings of about 3 units per day.

#### **ECH**

1. Variable frequency drive was installed in Boiler 3 feed water pump and the power savings are about 144 units per day.

#### **CAD**

1. Rectifier load sharing statistics study taken up. For better efficiency and reduced Rectifier/Auto transformer loss, load sharing of rectifier 3 and 4 was concluded at 65% and 35% respectively for optimum loads. The implementation has resulted in a saving of around 1800 KWH/day.
2. 80 nos. of 160 watts M.V. Lamp bulbs were replaced with 125 watts bulbs. This has resulted in a saving of approximately 30 units per day.
3. Cooling tower cooling water pumps (3 nos. of 110 KW motor) were treated with impeller coating. This has resulted in a saving of 3.5 units to 5 units per hour approximately 100 units per pump, 300 units per day in auxiliary power.
4. Effective utilization of service air from LAB plant, thereby stopping of Instrument Air Compressor and Service Air Compressors and energy savings of 650 units /day.

**FORM - A**

Form for disclosure of particulars with respect to conservation of Energy

<b>A. Power and Fuel Oil consumption</b>	<b>Current year 2008- 2009</b>	Previous year 2007-2008
<b>1) Electricity</b>		
a. Purchased power		
Units( in lakhs)*	<b>653.30</b>	417.72
Variable cost (Rs. in lakhs)	<b>2436.10</b>	1593.88
Total cost (Rs. in lakhs)	<b>2945.30</b>	1940.45
Rate/Unit (Rs.)		
Units charges (Rs. / Unit)**	<b>3.70</b>	3.82
Demand charges (Rs. / KVA)	<b>300</b>	300
*Net of windfarm adjustment		
**Variable cost includes peak hour charges		
b. Own generation		
Through Diesel generator		
Units (in lakhs)**	<b>1319.38</b>	1680.94
Units/Litre of fuel	<b>4.00</b>	4.18
Rate/Unit (Rs.)	<b>5.30</b>	5.16
**Includes power exported to grid		
<b>2) Coal</b>		
Quantity (Tonnes)	--	--
Total cost	--	--
Average rate	--	--
<b>3) Furnace oil/LSHS</b>		
Quantity (KL)	<b>80011.60</b>	89355.14
Total amount (Rs. in lakhs)	<b>15960.80</b>	15682.03
Average rate (Rs./KL)	<b>19948.20</b>	17550.23
<b>4) Diesel</b>		
Quantity (KL)	<b>31.38</b>	38.74
Total amount (Rs. in lakhs)	<b>10.78</b>	12.18
Average rate (Rs. / KL)	<b>34367.70</b>	31446.08
<b>5) Windfarm</b>		
Units generated (in lakhs)	<b>122.42</b>	159.89
Total amount (Rs. In lakhs)	<b>23.20</b>	129.94
Rate / Unit (Rs.)	<b>0.19</b>	0.81
<b>B. Consumption per unit (MT) of production</b>		

Products with details	(Standard if any)	Current year			Previous year		
		LAB	ECH	CAD-Caustic	LAB	ECH	CAD-Caustic
Electricity (KWHR/MT)		683.49	1587.00	2694.00	662.23	1502.00	2697.00
Furnace oil (MT)		0.516	0.649	0.021	0.513	0.666	0.024
Coal (Specify quality)		-	-	-	-	-	-
Others(Specify)		-	-	-	-	-	-

## FORM-B

Form for disclosure of particulars with respect to absorption

### RESEARCH & DEVELOPMENT

Research and Development activities are mainly focussed on Quality improvement studies of Products, Process improvement and studies related to improving environmental performance.

#### 1) Specific Areas in which R&D carried out by the company

- a) Studies related to identification and quantification of impurities in raw materials and process intermediates and their effects on the yields of final product in the ECH production process.
- b) Studies related improving the quality of treated effluents.
- c) Studies on resins used in water treatment plant.
- d) Studies related to improve the life of Boiler tubes.

#### 2) Benefits derived as a result of above R&D

- a) Studies related to identification of impurities is continuing. The aim is to get benefit out of process optimisation.
- b) To improve the environmental performance of the organisation.
- c) Optimum utilisation of resins during their usable life.
- d) To derive the maximum benefit out of chemicals used in corrosion control.

#### 3) Future Plan of Action

- a) Studies related to value addition to side streams from ECH process by separating pure chemicals.
- b) Continuation of studies aimed at reducing formation of by-products.

#### 4) Expenditure on R&D

(Rs. in lacs)

- |  |        |
|--|--------|
| a) Capital   | 3.36   |
| b) Recurring   | 0.16   |
| c) Total   | 3.52   |
| d) Total R & D expenditure as a percentage of total turnover | 0.004% |

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Improvements in the process developed from the in house R&D were adopted in the process wherever applicable.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

- a. Foreign Exchange outgo : Rs. 11858.75 lacs
- b. Foreign Exchange earnings : Rs. 5627.43 lacs

**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 2009.**

Name (Tvl.)	Designation and Nature of Duties	Age	Qualification	Experience (Years)	Last employment and post held	Date of commencement of employment	Gross Remuneration (Rs.)
RM. Muthukaruppan*	Managing Director	56	B.E. (Chemical)	33	Senior Engineer, Cochin Refineries Ltd	17-10-1985	37,04,743/-
V. Ramani*	Director & Chief Financial Officer	57	B.A., A.C.A	33	Executive Director, SPIC Limited	04-02-2004	31,95,245/-

\* Not a relative of any director of the company.

\* The appointment is contractual.

## REPORT ON CORPORATE GOVERNANCE (2008 - 09)

### 1. Company's philosophy :

Tamilnadu Petroproducts Limited firmly believes in the implementation of best practices of corporate governance so that the Company could achieve its corporate goals and further enhance stakeholder value. It has been its endeavor to attach a great deal of importance on ensuring fairness, transparency, accountability and responsibility towards stakeholders, besides consistently implementing best possible practices by providing optimum level of information and benefits to the stakeholders.

### 2. Board of Directors :

#### a. Promoter Non-Executive Directors

	Name (Tvl.)	Category	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships@	Committee Membership*	
						Chairman	Member
1	M.F. Farooqui, IAS (TIDCO Nominee)	Chairman	4	Yes	9	--	--
2	Dr A.C. Muthiah (SPIC Nominee)	Vice-Chairman	5	Yes	5	--	--
3	Ashwin C. Muthiah (SPIC Nominee)	Director	2	No	11	--	2
4	T.K. Arun (TIDCO Nominee) [Appointed as Director w.e.f. 23rd Oct'08]	Director	2	NA	7	1	5
5	T.S. Surendranath (TIDCO Nominee)	Director	5	Yes	5	--	3
6	S.J. Chiru, IAS (TIDCO Nominee) [Appointed as Director w.e.f. 28th Jan'09]	Director	1	NA	11	--	4

#### b. Promoter Executive Directors

7	RM. Muthukaruppan (SPIC Nominee)	Managing Director	5	Yes	2	--	2
8	V. Ramani (SPIC Nominee)	Director & Chief Financial Officer	5	Yes	1	--	--

#### c. Independent Non-Executive Directors

9	C. Ramachandran	Director	5	Yes	7	1	5
10	Dhananjay N. Mungale	Director	3	Yes	8	4	5
11	N.R. Krishnan	Director	5	Yes	2	1	1
12	Dr.K.U. Mada	Director	4	Yes	3	3	4

@ Does not include directorships in companies excluded as per Section 278 of the Companies Act, 1956

\* As per SEBI guidelines, Membership in Audit Committee / Shareholders Grievance Committee only shall be taken into consideration.

TIDCO is a Public Financial Institution as per Section 4A of the Companies Act, 1956.

NA – Appointed after the last AGM and hence not applicable.

**Persons who ceased to be Directors**

Name (Tvl.)	Designation / Date of cessation	No. of Board Meetings attended	Attendance at last AGM	No. of other Director-ships	Committee Membership	
					Chairman	Member
S. Susai	Director / 23rd Oct'08	3	Yes	11	1	7
Kumar Jayant, IAS	Director / 28th Jan'09	1	No	13	--	3

- Number of Board Meetings held - 5
- Dates on which held : 15th May 2008, 24th July 2008, 24th September 2008, 23rd October 2008 & 28th January 2009.

**3. AUDIT COMMITTEE:**

An Audit Committee of the Board of Directors was constituted in 1987. The terms of reference of the Audit Committee cover the matters specified in respect of such committee under Clause 49 of the Listing Agreement, as amended from time to time and Section 292 A of the Companies Act, 1956. The terms of reference, in brief, of the Audit Committee, are as under:

**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 the Management the quarterly, half-yearly and annual Financial Statements before submission to the Board.
4. Reviewing with the Management, statutory 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 thereon.
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.
11. Compliance with listing and other legal requirements relating to financial statements.

### Composition, Names of Chairman and Members of the Audit Committee

The Board of Directors have constituted an Audit Committee comprising 5 Directors, including 4 Independent Directors. The Committee held 5 Meetings on 15th May 2008, 24th July 2008, 23rd October 2008, 28th January 2009 and 26th March 2009.

Name of the Member (Tvl.)	Designation	Number of Meetings attended
C. Ramachandran	Chairman (Independent)	5
T.K. Arun	Member (TIDCO Nominee)	2
Dhananjay N. Mungale	Member (Independent)	3
N.R. Krishnan	Member (Independent)	5
Dr. K.U. Mada	Member (Independent)	4

### Persons who ceased to be Members

Name of the Member (Thiru)	Designation	Number of Meetings attended
S. Susai	Member (TIDCO Nominee)	2

The Statutory Auditors, Cost Auditor, Internal Auditor and the Whole-time Directors are invited to participate in meetings of the Audit Committee. The Company Secretary is the Secretary of the Audit Committee.

### 4. (a) Details of Remuneration paid to Whole-Time Directors during 2008-09: (Rupees)

Name (Tvl.) and Term of Service	Salary	Performance linked pay	Perquisites	Retirement Benefits	Total
RM. Muthukaruppan 4.2.2007 – 3.2.2010	10,80,000	10,00,000	12,75,820	3,48,923	37,04,743
V. Ramani 4.2.2007 – 3.2.2010	9,60,000	8,00,000	11,25,165	3,10,080	31,95,245
Total	20,40,000	18,00,000	24,00,985	6,59,003	68,99,988

All the above components are fixed.

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

### (b) Remuneration to Non Executive Directors (2008-09)

#### Commission

Due to the absence of profits computed in accordance with Section 198 of the Companies Act, 1956, no provision has been made in the accounts towards commission payable to the Non-Wholetime Directors for the year 2008-09.

### Sitting Fees paid to Non-Executive Directors during 2008-09:

Name (Tvl.)	Sitting Fees (Rs )	
	Board Meetings	Committee Meetings
M.F. Farooqui, IAS	40,000*	--
Dr. A.C. Muthiah	50,000	--
Ashwin C. Muthiah	20,000	1,00,000
T.K. Arun	20,000*	1,30,000*
S.J. Chiru, IAS	10,000*	--
Dhananjay N. Mungale	30,000	30,000
N.R. Krishnan	50,000	60,000
Kumar Jayant, IAS	10,000*	--
Dr. K.U. Mada	40,000	40,000
T.S. Surendranath	50,000*	--
C. Ramachandran	50,000	3,00,000
S. Susai	30,000*	1,40,000*
Total	4,00,000	8,00,000

\* Paid to TIDCO as they are TIDCO Nominees.

#### 5. Share Transfer & Shareholders / Investors Grievances 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 & Name of Members and Chairman\*:

Thiru C. Ramachandran	:	Member
Thiru Ashwin C Muthiah	:	Member
Thiru T K Arun	:	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, 128 letters/complaints received from the shareholders were attended to/resolved. As on 31st March 2009, 43 valid transfer deeds involving 1,840 Equity Shares were under process, out of which 4 proposals involving 1,500 Equity Shares were subsequently approved during April 2009 and the balance are pending for technical reasons.

#### General Body Meetings:

The particulars of Annual General Meetings held during the last three years alongwith Special Resolutions passed are as under:

Year	Date & Time	Venue	Special Resolution considered thereof	Result
2005-06	26.9.2006 10.30 AM	Tamil Isai Sangam, Raja Annamalai Hall, Esplanade (Near High Court), Chennai – 600 108	Re-appointment of Auditors	Passed
2006-07	28.9.2007 10.15 AM	-do-	1) Appointment of Auditors 2) Re-appointment of Whole-time Managing Director & Chief Operating Officer and Payment of remuneration / minimum remuneration for the period from 4th Feb. 2007 to 3rd Feb. 2010 3) Re-appointment of Whole-time Director & Chief Financial Officer and Payment of remuneration / minimum remuneration for the period from 4th Feb. 2007 to 3rd Feb. 2010 4) Voluntary delisting of Equity Shares.	Passed Passed Passed Passed
2007-08	24.9.2008 10.30 AM	-do-	Re-appointment of Auditors	Passed

No resolution has been put through postal ballot.

No special resolution or ordinary resolution on matters requiring postal ballot are placed for approval of shareholders at the forthcoming 24th AGM to be held on 23<sup>rd</sup> September 2009.

## 6. 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
- The employees are given an opportunity to express their views and concerns directly to the Managing Director through email ID md@tnpetro.com.
- Your Company has complied with the requirements of mandatory provisions of the Corporate Governance as required under Clause 49 of the Listing Agreement and has not adopted the non-mandatory requirements thereof so far.

Details of equity shares held by Non Executive Directors as on 31st March 2009.

Name of the Director (Tvl.)	No. of Equity Shares
Dr. A.C. Muthiah	1001
Dr. K.U. Mada	3500

## 7. Means of Communication:

The quarterly, half yearly and annual financial results of the Company are forwarded to the National Stock Exchange of India Ltd. (NSE), Bombay Stock Exchanges Ltd., and Madras Stock Exchange Ltd., upon approval by the Board of Directors and are published in a leading Newspaper in English and Tamil (Regional language). The financial results are displayed on the Company's website www.tnpetro.com. The shareholding pattern, quarterly financial results etc. are displayed in SEBI website www.sebidifar.nic.in as per Listing Agreement requirements.

The financial results are not sent individually to shareholders. During the year, no presentation was made to the institutional investors or analysts.

## 8. General Shareholder Information

- Annual General Meeting : 24th Annual General Meeting will be held on 23<sup>rd</sup> September 2009 at Tamil Isai Sangam, Rajah Annamalai Hall, Esplanade (Near High Court), Chennai-600 108.
- Financial Calendar
  - Annual Results (Audited) - May / June
  - 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 9<sup>th</sup> September 2009 to 23<sup>rd</sup> September 2009 (both days inclusive)
- Listing of Securities on Stock Exchanges : The Equity Shares of the Company are listed in:
  - Bombay Stock Exchange Ltd (BSE)
  - National Stock Exchange of India Ltd.(NSE) and
  - Madras Stock Exchange Ltd. (upto 18th Nov'08)



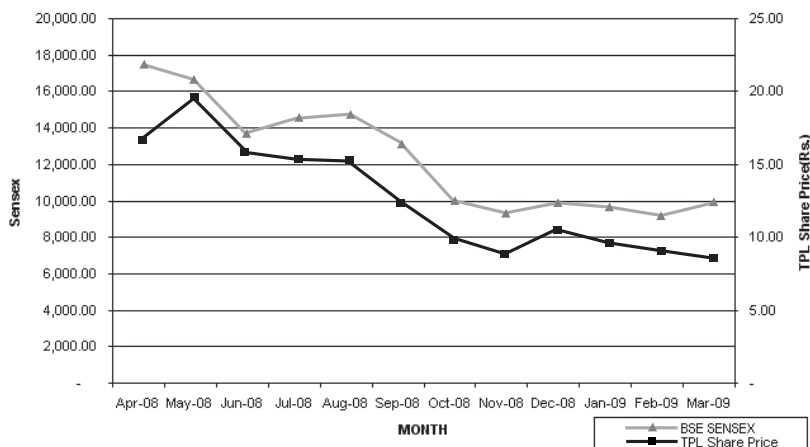
The Madras Stock Exchange Ltd., vide their Letter MSE/LD/PSK/731/489/08 dated 19th November 2008 have accorded approval to the request of the Company for voluntary delisting of the Company's Equity Share from the Madras Stock Exchange Ltd.

- Stock Code (Equity shares) : NSE - TNPETRO  
BSE - 500777  
MSE - TNPETPROD

- Market Price Data [High / Low during each month in 2008-09]

Month / Year - 2008-09	BSE		NSE	
	High (in Rs.)	Low (in Rs.)	High (in Rs.)	Low (in Rs.)
April 2008	17.80	14.60	17.80	14.55
May	27.10	15.20	27.30	15.00
June	19.00	15.25	19.70	15.10
July	16.20	14.20	16.20	14.25
August	16.48	14.90	16.70	14.75
September	15.50	11.31	15.45	11.25
October	12.50	7.58	13.30	7.65
November	10.20	8.00	10.70	7.35
December	12.30	8.00	12.05	6.70
January 2009	12.80	8.92	13.00	8.95
February	10.70	8.70	10.10	8.70
March	10.00	7.82	9.20	8.00

**PERFORMANCE OF TPL SHARE PRICE IN COMPARISON TO BSE SENSEX  
(Closing price / index on the last day of every month)**



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 and Shareholders/Investors Grievances Committee to approve, inter alia, transfer of shares etc. in physical form and also to ratify the confirmations made to the demat requests and redress complaints from shareholders/investors received by the Company. During the year 24 such meetings were held. The entire process, including despatch of share certificates to the shareholders, were completed within the time stipulated under the Listing Agreement.

Demat International Securities Identification Number (ISIN) for the Company's Equity Shares with National Securities Depository Ltd. and Central Depository Services (India) Ltd. is INE 148A01019.

(a) Distribution of Shareholding as of 31st March 2009:

Category (No. of Shares)	No. of Shareholders	Percentage	No. of Shares	Percentage
Upto 500	92505	88.63	15256196	16.96
501 – 1000	7169	6.87	5930829	6.59
1001 – 2000	2565	2.46	3991628	4.44
2001 – 3000	757	0.73	1965884	2.19
3001 – 4000	331	0.32	1207302	1.34
4001 – 5000	349	0.33	1678258	1.86
5001 – 10,000	397	0.38	2927909	3.25
10001 & above	297	0.28	57013468	63.37
<b>Total</b>	<b>104370</b>	<b>100</b>	<b>89971474</b>	<b>100</b>

(b) Shareholding Pattern as of 31st March 2009:

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	8433762	9.38
General Public	40484807	45.00
Non Resident Individuals	3088600	3.43
Foreign Institutional Investors & OCBs	1911325	2.12
Indian Financial Institutions	4470729	4.97
Mutual Funds & Banks	19425	0.02
Shares in Transit [clearing Member account]	464467	0.52
Trust	20233	0.02
<b>TOTAL</b>	<b>89971474</b>	<b>100.00</b>

Dematerialization of Shares : Over 73.63% of the 89971474 outstanding shares have been dematerialized up to 31st March 2009.

- Liquidity : The Company's Equity shares are traded on BSE & NSE in compulsory demat form.



- Outstanding GDR's / ADR's / Warrants or any Convertible Instruments, conversion date and likely impact on equity : Not applicable
  - Plant Location : 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 / 25940761  
Fax No: 044-25941139 / 25940761  
Email: secy-legal@tnpetro.com  
mbg@tnpetro.com  
investorgrievance@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  
Website: www.tnpetro.com
  - Designate e-mail ID : Investors may register their complaints to the designated e-mail ID viz. investorgrievance@tnpetro.com addressed to the Compliance Officer for redressal.
- 

## **CERTIFICATE ON COMPLIANCE TO THE CODE OF CONDUCT**

To  
The Members of Tamilnadu Petroproducts Ltd.

Pursuant to Clause 49(l) D (ii) of the Listing Agreement with the Stock Exchanges, I hereby confirm that all Members of the Board of Directors and Senior Management personnel have affirmed compliance with the Code of Conduct of the Company for the period from 1st April 2008 to 31st March 2009.

Place : Chennai  
Date : 7<sup>th</sup> May 2009.

RM. MUTHUKARUPPAN  
MANAGING DIRECTOR

## 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 March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the Company with the 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 Clause 49 of the above mentioned Listing Agreement.

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 Deloitte Haskins & Sells  
Chartered Accountants

B. Ramaratnam  
Partner  
Membership No. 21209

Place : Chennai  
Date : 7th May 2009

## AUDITOR'S REPORT TO THE MEMBERS OF TAMILNADU PETROPRODUCTS LIMITED

We have audited the attached balance sheet of Tamilnadu Petroproducts Limited as at 31st March, 2009 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 misstatements. 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 (4 A) 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, 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 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) *the Company has, during the period 1995-2003, invested Rs.2764.50 lacs in SPIC Electric Power Corporation Private Limited and given advances against equity amounting to Rs.33.91 lacs during the financial years 2006 to 2008 for which no provision has been considered necessary by the management for the reasons stated in note 21. In view of the considerable delay in the implementation of the project we are unable to express an opinion on the provision, if any, required in respect of the said investment and advances against equity;*
- (vii) *as stated in Note 22, assets held by the company amounting to Rs. 2138.81 lacs are expected to be transferred to the proposed overseas project at not less than cost. We are unable to express an opinion on the realisable value of these assets.*
- (viii) *subject to paragraph (vi) & (vii) above, the effect of which could not be determined, 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 2009;
  - (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 Deloitte Haskins & Sells  
Chartered Accountants

B.Ramaratnam  
Partner

Membership No. 21209

Place: Chennai  
Date : 7th May 2009

**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, 2009.**

- i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The management has a programme of physical verification of fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Physical verification of fixed assets was carried out during the year in accordance with this programme and no material 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.
- ii) 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.
- iii) The company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- iv) 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 a special nature for which comparative quotations are not available, there are adequate internal control procedures commensurate with the 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 and services. We have neither come across nor have we been informed of any major weaknesses in internal control procedures.
- v) 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.
- vi) 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.
- vii) In our opinion the company has an internal audit system which is commensurate with its size and nature of business.
- viii) We have broadly reviewed the books of accounts maintained by the company relating to manufacture of Linear Alkyl Benzene and Caustic Soda 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.
- ix) (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, value added tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues, with the appropriate authorities during the year.
- (b) As on 31st March 2009, according to the records of the Company, the following are the particulars of disputed dues on account of sales tax, service 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
Various State Sales Tax Acts	Sales tax	1,659.00	1993-94 to 2002-2003	Tribunal
Central Excise Act	Excise duty	13.89	1994-2002	High Court
		366.46	1994-2005	Tribunal
		5.11	2002-2006	Commissioner (Appeals)
		10.90	1994-1997	Deputy Commissioner
Finance Act	Service tax	89.64	1997 – 2006	Tribunal
		0.05	2005 – 2006	Commissioner (Appeals)
Income Tax Act	Income tax	230.21	Assessment Years 2000-01 and 2002-03	Tribunal
		80.68	Assessment Year 2003-04	Commissioner of Income Tax (Appeals)
		156.99	Assessment Year 2001-02	Assistant Commissioner

- x) The Company has neither accumulated losses nor has it incurred cash losses in the current financial year or in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions.
- xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund and nidhi/mutual benefit fund/society are not applicable to the Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion the term loans availed by the Company during the year were, prima facie, applied for the purpose for which they were taken.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, funds raised on short term basis have, prima facie, not been used for long term investments.
- xviii) The Company has not made any preferential allotment of shares during the year.
- xix) The Company has not issued any debentures during the year.
- xx) The company has not raised any money by way of public issues during the year.
- xxi) To the best our knowledge and belief and according to the information and explanations given to us by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For Deloitte Haskins & Sells  
Chartered Accountants

B.Ramaratnam  
Partner

Membership No. 21209

Place: Chennai  
Date : 7th May 2009

**BALANCE SHEET**

As at 31st March, 2009

(Rupees in Lacs)

	SCHEDULE	As at 31st March, 2009	As at 31st March, 2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds:</b>			
Share capital	1	8,997.15	8,997.15
Reserves and surplus	2	<u>28,182.50</u>	<u>27,548.47</u>
		<b>37,179.65</b>	36,545.62
<b>Loan Funds:</b>			
Secured	3	12,953.14	16,908.61
Unsecured	4	<u>2,172.79</u>	<u>2,116.67</u>
		<b>15,125.93</b>	19,025.28
<b>Deferred tax liability (net)</b>		<b>7,245.22</b>	7,723.64
<b>TOTAL</b>		<b><u>59,550.80</u></b>	<b><u>63,294.54</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets:</b>			
Gross block	5	1,18,419.00	1,23,760.31
Less: Depreciation		<u>82,448.21</u>	<u>82,689.10</u>
Net Block		<u>35,970.79</u>	<u>41,071.21</u>
Capital work in progress including advances		<u>938.36</u>	<u>1,754.80</u>
		<b>36,909.15</b>	42,826.01
Fixed assets held for transfer (Note 22)		<b>2,138.81</b>	2,138.81
<b>INVESTMENTS</b>	6	<b>17,980.08</b>	17,980.08
<b>Current Assets, Loans and Advances</b>			
Inventories	7	7,001.17	5,541.67
Sundry debtors		5,202.18	5,233.28
Cash and bank balances		560.15	902.52
Loans and advances		<u>6,776.90</u>	<u>5,432.57</u>
		<b><u>19,540.40</u></b>	<b><u>17,110.04</u></b>
<b>Less: Current Liabilities and Provisions</b>	8		
Current liabilities		16,738.22	16,509.13
Provisions		<u>279.42</u>	<u>251.27</u>
		<b><u>17,017.64</u></b>	<b><u>16,760.40</u></b>
<b>Net current assets</b>		<b><u>2,522.76</u></b>	<b><u>349.64</u></b>
<b>TOTAL</b>		<b><u>59,550.80</u></b>	<b><u>63,294.54</u></b>
Notes to the accounts	12		

As per our report of even date attached

For and on behalf of the Board

For Deloitte Haskins & Sells  
Chartered AccountantsA.C. MUTHIAH  
C. RAMACHANDRAN  
T.K. ARUN  
V. RAMANI  
RM. MUTHUKARUPPANVice Chairman  
Director  
Director  
Director & CFO  
Managing Director  
M.B. GANESH  
SecretaryPlace : Chennai  
Date : 7th May 2009



## PROFIT AND LOSS ACCOUNT

for the Year ended 31st March, 2009

(Rupees in Lacs)

	SCHEDULE	Year ended 31st March, 2009	Year ended 31st March, 2008
<b>INCOME</b>			
Sales and services		<b>1,05,239.90</b>	88,733.02
Less : Excise Duty		<u>11,453.27</u>	<u>10,942.45</u>
Net Sales and services		<b>93,786.63</b>	77,790.57
Other income	9	<u>1,721.85</u>	<u>2,450.60</u>
		<b>95,508.48</b>	<u>80,241.17</u>
<b>EXPENDITURE</b>			
Manufacturing and other expenses	10	<b>89,491.87</b>	76,403.56
Interest (Net)	11	<b>2,567.76</b>	2,393.76
Depreciation for the year		<b>3,278.24</b>	3,302.58
Less: Credit for amount withdrawn from revaluation reserve		<u>20.11</u>	<u>20.11</u>
		<b>3,258.13</b>	<u>3,282.47</u>
		<b>95,317.76</b>	<u>82,079.79</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>190.72</b>	(1,838.62)
Provision for tax			
- current		<b>19.91</b>	-
- Less: MAT credit entitlement		<b>(19.91)</b>	-
- deferred		<b>(478.42)</b>	(662.81)
- fringe benefits		<u>15.00</u>	<u>15.00</u>
		<b>(463.42)</b>	<u>(647.81)</u>
<b>PROFIT / (LOSS) AFTER TAXATION</b>		<b>654.14</b>	(1,190.81)
Balance brought forward		<b>5,897.45</b>	<u>7,088.26</u>
Balance carried to balance sheet		<b>6,551.59</b>	<u>5,897.45</u>
Earnings per share :			
Basic and diluted		<b>0.73</b>	(1.32)
Notes to the accounts	12		

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

For Deloitte Haskins & Sells  
Chartered Accountants

B. Ramaratnam  
Partner

Place : Chennai  
Date : 7th May 2009

For and on behalf of the Board

A.C. MUTHIAH  
C. RAMACHANDRAN  
T.K. ARUN  
V. RAMANI  
RM. MUTHUKARUPPAN

Vice Chairman  
Director  
Director  
Director & CFO  
Managing Director

M.B. GANESH  
Secretary

**Cash Flow Statement for the year ended 31st March 2009**

(Rupees in Lacs)

	<b>For the year ended 31st March, 2009</b>	<b>For the year ended 31st March, 2008</b>
<b>A Cash Flow from Operating Activities:</b>		
<b>Profit / (Loss) before tax</b>	<b>190.72</b>	<b>(1,838.62)</b>
Adjustment for		
Depreciation	<b>3,258.13</b>	3,282.47
(Profit) on sale / scrapping of fixed assets (net)	<b>(269.54)</b>	(585.59)
Provision for doubtful debts written back	<b>(22.62)</b>	-
Unrealised exchange gain (net)	<b>(146.12)</b>	(79.08)
Interest expense	<b>2,587.30</b>	2,476.90
Interest income	<b>(19.54)</b>	(83.14)
	<b><u>5,387.61</u></b>	<b><u>5,011.56</u></b>
Operating profit before working capital changes	<b>5,578.33</b>	3,172.94
Adjustments for :		
(Increase)/Decrease in sundry debtors	<b>199.84</b>	551.62
(Increase)/Decrease in inventories	<b>(1,459.50)</b>	4,349.73
(Increase)/Decrease in loans and advances	<b>(1,312.13)</b>	(1,210.43)
Increase/(Decrease) in current liabilities and provisions	<b>286.98</b>	(2,181.41)
	<b><u>(2,284.81)</u></b>	<b><u>1,509.51</u></b>
Cash generated from operations	<b>3,293.52</b>	4,682.45
Direct taxes paid	<b>(55.17)</b>	(114.82)
<b>Net Cash from Operating Activities</b>	<b><u><u>3,238.35</u></u></b>	<b><u><u>4,567.63</u></u></b>
<b>B Cash Flow from Investing Activities:</b>		
Additions to fixed assets (including capital work in progress and advances)	<b>(234.98)</b>	(854.49)
Advances to be adjusted against equity of new projects	-	(5.18)
Proceeds from sale of fixed assets	<b>3,143.14</b>	1,133.98
Interest received	<b>27.51</b>	78.34
	<b><u>2,935.67</u></b>	<b><u>352.65</u></b>
<b>Net cash from / (used) in investing activities</b>	<b><u><u>2,935.67</u></u></b>	<b><u><u>352.65</u></u></b>



Cash Flow Statement for the year ended 31st March 2009(continued)

(Rupees in Lacs)

	<b>For the year ended 31st March, 2009</b>	For the year ended 31st March, 2008
<b>C Cash Flow from Financing Activities:</b>		
Proceeds from new borrowings	<b>315.51</b>	1,615.30
Repayment of borrowings	<b>(4,214.86)</b>	(4,038.25)
Dividends paid for previous years	<b>(2.94)</b>	(8.00)
Paid to Investor Education and Protection Fund	<b>(25.15)</b>	(26.17)
Interest paid	<b>(2,588.95)</b>	(2,480.13)
	<b><u>(6,516.39)</u></b>	<u>(4,937.25)</u>
<b>Net cash (used) in financing activities</b>	<b><u>(6,516.39)</u></b>	<u>(4,937.25)</u>
<b>Net cash flows during the year (A+B+C)</b>	<b><u>(342.37)</u></b>	<u>(16.97)</u>
<b>Cash and cash equivalents (Opening balance)</b>	<b>902.52</b>	919.49
<b>Cash and cash equivalents (Closing balance)</b>	<b>560.15*</b>	902.52
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b><u>(342.37)</u></b>	<u>(16.97)</u>

\* includes margin money Rs.129.41 lacs (Rs. 131.49 lacs as at 31.03.2008 and Rs.143.33 lacs as at 31.03.2007)

As per our report attached to the Balance Sheet

For and on behalf of the Board

For Deloitte Haskins & Sells  
Chartered Accountants

RM. MUTHUKARUPPAN  
Managing Director

V. RAMANI  
Director & CFO

M.B. GANESH  
Secretary

B. Ramaratnam  
Partner

Place : Chennai  
Date : 7th May 2009

**SCHEDULES****SHARE CAPITAL****SCHEDULE - 1**

(Rupees in Lacs)

**As at  
31st March, 2009****As at  
31st March, 2008****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 2)

**8,997.69**8,997.69**Subscribed and fully paid up**

89,971,474 equity shares of Rs 10 each (Note 2)

**8,997.15**8,997.15**RESERVES AND SURPLUS****SCHEDULE - 2**

(Rupees in Lacs)

	Balance as at 31st March, 2008	Transfer from profit and loss account/additions during the year	Transfer to profit and loss account/ deductions during the year	<b>Balance as at 31st March, 2009</b>
Capital reserve	42.23 (42.23)	- (-)	- (-)	<b>42.23</b> <b>(42.23)</b>
Securities premium account	4,611.57 (4,611.57)	- (-)	- (-)	<b>4,611.57</b> <b>(4,611.57)</b>
Revaluation reserve account (Note 4)	2,106.84 (2,126.95)	- (-)	20.11 (20.11)	<b>2,086.73</b> <b>(2,106.84)</b>
General reserve	14,890.38 (14,906.33)	- (-)	- (15.95)	<b>14,890.38</b> <b>(14,890.38)</b>
Profit and loss account	5,897.45 (7,088.26)	6,551.59 (5,897.45)	5,897.45 (7,088.26)	<b>6,551.59</b> <b>(5,897.45)</b>
	27,548.47 (28,775.34)	6,551.59 (5,897.45)	5,917.56 (7,124.32)	<b>28,182.50</b> <b>(27,548.47)</b>

Figures in brackets relate to previous year.



## SECURED LOANS

## SCHEDULE - 3

(Rupees in Lacs)

As at

As at  
31st March, 2009

As at  
31st March, 2008

Loans from financial institutions		
Term loans [amounts due within one year Rs. 416.64 lacs (Previous year Rs. 416.64 lacs)]	<b>729.12</b>	1,145.76
Loans from banks		
Term loans [amounts due within one year Rs. 2,083.33 lacs (Previous year Rs. 2,083.33 lacs)]	<b>4,773.43</b>	6,856.83
Others (Long term)	<b>1,601.94</b>	3,098.58
[Amounts due within one year Rs. 120.79 lacs (Previous year Rs. 1,486.28 lacs)]		
Others (Short term)	<b>5,848.65</b>	5,807.44
	<b><u>12,953.14</u></b>	<u>16,908.61</u>

Note:

1. Term Loan of Rs.729.12 lacs (previous year Rs. 1145.76 lacs) from a financial institution is secured by first mortgage by deposit of title deeds of all 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 3(B) below) ranking pari passu with the loans stated in Note 2 and 3(A) below.
2. Term loans from banks of Rs. 4773.43 lacs (previous year Rs. 6856.83 lacs) are secured by a first mortgage by deposit of title deeds of all 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 3 (B) below) ranking pari passu with the loans stated in note 1 above and 3(A) below.
3. (A) Term loan (others) of Rs. Nil [(previous year Rs.1375 lacs) was secured by, first mortgage by deposit of title deeds of all company's immovable properties, both present and future, and charge on all the movable properties of the company (except for exclusive charge referred in note 3(B) ranking pari passu with the loans stated in note 1 & 2, an exclusive charge on the Diesel Generator Sets and auxiliary equipments installed at the Chlor Alkali Division of the company and pledge of all the equity shares held by the Company in Henkel India Limited].  
  
(B) Term Loan of Rs. 1601.94 lacs (previous year Rs. 1723.58 lacs ) is secured by an exclusive mortgage of a specified property at Chennai by way of deposit of title deeds and rent receivables on the said property.
4. Other (short term) loans from banks of Rs. 5,848.65 lacs (previous year Rs. 5,807.44 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 mortgage by deposit of title deeds of immovable properties, both present and future, on second charge basis ranking pari passu and except for exclusive charges stated in note 3 above.

## UNSECURED LOANS

## SCHEDULE - 4

(Rupees in Lacs)

As at

As at  
31st March, 2009

As at  
31st March, 2008

Interest free Sales Tax Loan	<b>2,172.79</b>	2,116.67
	<b><u>2,172.79</u></b>	<u>2,116.67</u>

**FIXED ASSETS**
**SCHEDULE - 5**  
(Rupees in Lacs)

Description	COST / VALUATION				DEPRECIATION				NET BOOK VALUE	
	As at 31.03.2008	Additions / Adjustments	Deductions / Adjustments	As at 31.03.2009	As at 31.03.2008	For the Year	Deductions / Adjustments	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Land	2,748.28	-	561.02	<b>2,187.26</b>	-	-	-	-	<b>2,187.26</b>	2,748.28
Buildings	5,811.88	-	119.93	<b>5,691.95</b>	1,648.90	134.49	22.82	<b>1,760.57</b>	<b>3,931.38</b>	4,162.98
Plant and machinery	1,14,137.50	999.57	5,673.65	<b>1,09,463.42</b>	80,277.39	3,089.35	3,466.60	<b>79,900.14</b>	<b>29,563.28</b>	33,860.11
Furnitures and fixtures	142.57	2.66	6.19	<b>139.04</b>	108.08	5.55	1.88	<b>111.75</b>	<b>27.29</b>	34.49
Office and other equipment	856.01	20.59	-	<b>876.60</b>	607.46	41.87	-	<b>649.33</b>	<b>227.27</b>	248.55
Vehicles	64.07	28.60	31.94	<b>60.73</b>	47.27	6.98	27.83	<b>26.42</b>	<b>34.31</b>	16.80
	<b>1,23,760.31</b>	<b>1,051.42</b>	<b>6,392.73</b>	<b>1,18,419.00</b>	<b>82,689.10</b>	<b>3,278.24</b>	<b>3,519.13</b>	<b>82,448.21</b>	<b>35,970.79</b>	
Previous year	1,20,099.70	5,635.40	1,974.79	<b>1,23,760.31</b>	80,812.92	3,302.58	1,426.40	<b>82,689.10</b>		41,071.21
Capital work in progress including advances									<b>938.36</b>	1,754.80
									<b>36,909.15</b>	42,826.01

**INVESTMENTS**
**SCHEDULE - 6**  
(Rupees in Lacs)

**As at**  
**31st March, 2009**
**As at**  
**31st March, 2008**
**Long Term Investments**
**Shares, debentures and bonds**
**Trade (at cost) (quoted)**

Henkel 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)

-

-

**Trade (at cost) (unquoted)**
**Subsidiary companies:**

Certus Investment &amp; Trading Limited, Mauritius

2,04,190 equity shares of US dollar 100 each

**9,645.13**

9,645.13

SPIC Electric Power Corporation (Private) Limited

2,76,44,955 equity shares of Rs.10/- each (Refer Note 21)

**2,764.50**

2,764.50

**Associate company :**

Petro Araldite Private Limited

13,68,000 equity shares of Rs. 100 each

**1,368.00**

1,368.00

**17,980.08**
**17,980.08**

Aggregate value of unquoted investments

**13,777.63**

13,777.63

Aggregate value of quoted investments

**4,202.45**

4,202.45

Market value of quoted investments

**2,455.52**

3,733.71



**CURRENT ASSETS, LOANS AND ADVANCES**

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

	As at 31st March, 2009	As at 31st March, 2008
<b>A. CURRENT ASSETS:</b>		
Inventories		
Stores	2,941.70	2,842.03
Loose tools	4.21	3.64
Raw materials	2,619.46	1,234.90
Work in process	78.66	88.57
Finished goods	<u>1,357.14</u>	<u>1,372.53</u>
	<b>7,001.17</b>	5,541.67
<b>Sundry debtors (Unsecured)</b>		
Outstanding over six months		
Considered good	635.11	0.17
Considered doubtful	<u>44.92</u>	<u>67.54</u>
	<b>680.03</b>	67.71
Outstanding under six months		
Considered good	<u>4,567.07</u>	<u>5,233.11</u>
	<b>5,247.10</b>	5,300.82
Less : Provision for doubtful debts	<u>44.92</u>	<u>67.54</u>
	<b>5,202.18</b>	5,233.28
<b>Cash and bank balances</b>		
Cash on hand	1.00	1.50
Cheques on hand	50.10	317.48
With scheduled banks:		
On current accounts	278.54	322.93
On unpaid dividend account	100.13	128.22
On deposit accounts	0.97	0.90
On margin money account	<u>129.41</u>	<u>131.49</u>
	<b>560.15</b>	902.52
<b>B. LOANS AND ADVANCES:</b>		
(Unsecured)		
Advances recoverable in cash or in kind or for value to be received		
Considered good	5,724.88	4,849.26
Considered doubtful	<u>125.23</u>	<u>125.23</u>
	<b>5,850.11</b>	4,974.49
Less : Provision for doubtful advances	<u>125.23</u>	<u>125.23</u>
	<b>5,724.88</b>	4,849.26
Balances with excise and customs authorities	737.61	328.98
Taxation (net of provisions)	294.22	254.33
Fringe benefit tax (net of provisions)	0.28	-
MAT credit entitlement	<u>19.91</u>	-
	<b>6,776.90</b>	5,432.57
	<u><b>19,540.40</b></u>	<u>17,110.04</u>

**CURRENT LIABILITIES AND PROVISIONS****SCHEDULE - 8**  
(Rupees in Lacs)

	<b>As at 31st March, 2009</b>	<b>As at 31st March, 2008</b>
<b>A. CURRENT LIABILITIES</b>		
Acceptances	<b>1,908.55</b>	2,094.70
Sundry creditors		
- Total outstanding dues to micro enterprises and small enterprises	-	-
- Others	<b>12,711.35</b>	<u>12,265.36</u>
	<b>12,711.35</b>	12,265.36
Unpaid dividends	<b>100.13</b>	128.22
Interest accrued but not due	-	1.65
Advances received from customers	<b>2,018.19</b>	<u>2,019.20</u>
	<b>16,738.22</b>	<u>16,509.13</u>
<b>B. PROVISIONS</b>		
Compensated absences	<b>252.07</b>	237.46
Gratuity	<b>27.35</b>	<u>13.81</u>
	<b>279.42</b>	<u>251.27</u>
	<b>17,017.64</b>	<u>16,760.40</u>

Note : There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March 2009

**OTHER INCOME****SCHEDULE - 9**  
(Rupees in Lacs)

	<b>Year ended 31st March, 2009</b>	<b>Year ended 31st March, 2008</b>
Scrap Sales	<b>151.30</b>	356.38
Exchange difference(net)	<b>553.59</b>	73.34
Rent	<b>342.23</b>	320.72
Insurance claims	<b>77.31</b>	831.06
Profit on sale of assets (net)	<b>269.54</b>	585.59
Provision for doubtful debts written back	<b>22.62</b>	-
Miscellaneous income	<b>305.26</b>	<u>283.51</u>
	<b>1,721.85</b>	<u>2,450.60</u>



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**MANUFACTURING AND OTHER EXPENSES**

**SCHEDULE - 10**  
(Rupees in Lacs)

	Year ended 31st March, 2009	Year ended 31st March, 2008
Raw materials and Intermediates consumed	52,255.21	42,570.00
Purchase of traded goods	-	768.51
Stores and spare parts consumed	2,284.72	2,255.61
Utilities consumed	996.01	868.62
Power and fuel	19,700.47	16,682.30
Payments to and provisions for employees		
Salaries and allowances	1,538.59	1,416.54
Contribution to provident and other funds	131.08	159.63
Staff welfare	333.78	358.01
Travel and conveyance	221.73	194.36
Insurance	284.47	260.30
Rent	172.10	152.36
Rates and taxes	73.69	23.32
Repairs and maintenance		
Machinery	1,025.33	875.60
Buildings	139.59	91.53
Others	183.15	171.24
	<u>1,348.07</u>	<u>1,138.37</u>
Discounts	6,915.04	3,765.83
Commission	261.19	279.57
Freight	1,761.68	2,191.95
Directors' sitting fees	12.00	10.70
Legal and professional charges	248.35	187.22
Miscellaneous expenses	997.28	703.33
Increase / (Decrease) in excise duty included in opening and closing stock of finished goods	(68.89)	119.33
(Increase) / Decrease in work in process and finished goods		
Opening Stock		
Work in process	88.57	463.12
Finished goods	1,372.53	3,295.68
	<u>1,461.10</u>	<u>3,758.80</u>
Closing Stock		
Work in process	78.66	88.57
Finished goods	1,357.14	1,372.53
	<u>1,435.80</u>	<u>1,461.10</u>
	<u>25.30</u>	<u>2,297.70</u>
	<u>89,491.87</u>	<u>76,403.56</u>

**INTEREST****SCHEDULE - 11**  
(Rupees in Lacs)

	Year ended 31st March, 2009	Year ended 31st March, 2008
Interest expenses		
- on fixed period loans	985.00	1,184.12
- on others	<u>1,602.30</u>	<u>1,292.78</u>
	<u>2,587.30</u>	<u>2,476.90</u>
	<b>2,587.30</b>	<b>2,476.90</b>
Less : Interest income		
- on bank and inter corporate deposits (tax deducted at source Rs. 2.16 lacs previous year 4.58 lacs)	19.10	23.20
- on others	<u>0.44</u>	<u>59.94</u>
	<u>19.54</u>	<u>83.14</u>
	<u>2,567.76</u>	<u>2,393.76</u>

**SCHEDULE - 12****NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009****1 ACCOUNTING POLICIES**

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

**I BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention, in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, employee retirement benefit plans, provision for income taxes and the useful lives of fixed assets etc. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

**II 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 VAT) and any directly attributable cost of bringing the assets to its working condition for its 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.

Fixed assets held for transfer are valued at cost (Refer Note 22)

Depreciation is provided on a pro-rata 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 for plant and machinery used in the Epichlorohydrin plant which is depreciated @ 10% and assets provided to employees which are depreciated @ 20%.

### III IMPAIRMENT OF ASSETS

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

### IV FOREIGN CURRENCY TRANSACTIONS

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

Foreign currency monetary assets and liabilities are translated at exchange rates prevailing on the Balance Sheet date or rate at the time of settlement, as applicable, and gain or loss arising on such translation is adjusted to the profit and loss account. Forward cover premium is recognised over the life of the contract.

### V INVESTMENTS

Long term investments are valued at their acquisition cost, less provision for diminution in value, other than temporary.

### VI INVENTORIES

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

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

### VII REVENUE RECOGNITION

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

### VIII EMPLOYEE BENEFITS

#### Short term employee benefits

Short term employee benefits are recognised as an expense at the undiscounted amounts in the Profit and Loss account of the year in which the related services are rendered.

#### Defined Contribution Plans

##### a) Superannuation:

This plan covers Wholetime directors and the staff of the Company and is administered by the Life Insurance Corporation of India. Contributions are made monthly at a predetermined rate to the Trust and debited to the Profit and Loss account on an accrual basis.

#### Defined Benefits Plans

##### a) Provident Fund:

Contributions are made monthly at a predetermined rate to the Provident Fund Trust managed by the company and debited to the Profit and Loss account on an accrual basis. The interest rate payable by the Trust to the beneficiaries is as notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rates and recognizes such shortfall as an expense.

##### b) Long term compensated absences:

Liability towards long term compensated absences is accrued based on an actuarial valuation at the balance sheet date based on the projected unit credit method and is not funded.

**c) Gratuity:**

The Company has an arrangement with the Life Insurance Corporation of India to administer its Gratuity fund. Premium paid / payable is determined based on an actuarial valuation carried out by LIC using the projected unit credit method as on the Balance Sheet date and debited to the Profit & Loss account on accrual basis. Actuarial gain or loss is recognised in the statement of profit or loss as income or expense.

**IX TAXES ON INCOME**

- a. Current tax is the amount of tax payable on the taxable income for the year and determined in accordance with the provisions of the Income Tax Act, 1961.
- b. Deferred tax is recognised, 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.
- c. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

**X Provisions and contingencies**

1. A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the accounts. Contingent assets are neither recognised nor disclosed in the financial statement.
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. Research and development expenses incurred on revenue account is Rs.34.13 lacs (Previous year Rs.7.36 lacs).
4. The depreciation charge for the year shown in the profit and loss account is after deducting an amount of Rs. 20.11 lacs (previous year Rs.20.11 lacs) representing additional depreciation arising on revaluation of fixed assets withdrawn from revaluation reserve.



(Rs. in Lacs)

	As at March 31, 2009	As at March 31, 2008
<b>5. Contingent Liabilities</b>		
a) Bills discounted with recourse	<b>470.00</b>	434.91
b) Other claims not acknowledged as debts	-	-
<b>i) Sales tax</b>	<b>1710.22</b>	1710.22
The demands relate to disallowance of claims for exemption of turnover arising on account of stock transfers to branches and genuineness of declarations filed by certain customers for availing concessional rate of tax.		
<b>ii) Excise duty</b>	<b>328.57</b>	372.75
<b>iii) Service Tax</b>	<b>67.85</b>	67.85
<b>iv) Income Tax</b>	<b>105.63</b>	21.91
The above amounts are based on demands raised which the company is contesting with the concerned authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the company's rights for future appeals. No reimbursements are expected.		
<b>v) Electricity Cess</b>	<b>1,087.02</b>	1,060.71
Vide a Government Order dated 23rd September 1996, the Tamilnadu Government exempted specified industries permanently from payment of electricity tax on consumption of self generated electrical energy under the Tamilnadu Electricity (Taxation on Consumption) Act, 1962.		
The Tamilnadu Tax on Consumption or Sale of Electricity Act, 2003 repealed the 1962 Act, and withdrew the earlier exemption granted to specified industries. The Company's appeal against the withdrawal of exemption was dismissed by the Madras High Court. The Company filed a special leave petition before the Supreme Court against the verdict. On 15th May 2007 the Supreme Court upheld that the 2003 Act was not valid in respect of industries which were permanently exempted from payment of tax.		
Consequent to the Supreme Court judgment upholding the exemption, the Company (in June 2007) reversed the provision for electricity tax amounting to Rs. 878.77 lacs made since 2003-04.		
Subsequently, the Government of Tamilnadu passed the Tamilnadu Tax on Consumption or Sale of Electricity Amendment Act in November 2007 amending the 2003 Act to invalidate the exemption granted with retrospective effect. In December 2007, the Company filed a writ petition before the Madras High Court challenging the Amendment Act. On 13th February 2008, the High Court passed an interim order that in the event of non payment of tax on consumption for those covered under exemption, TNEB is at liberty to make the demand but not enforce it until further orders.		
The tax has since been withdrawn vide Notification dated 4th September 2008 for the period upto 31.03.2009.		

(Rs in Lacs)

**Year ended**  
**March 31, 2009**      Year ended  
March 31, 2008

**6. Managerial Remuneration**

Wholetime Directors' remuneration	<b>62.41</b>	62.24
Contribution to provident and other funds	<b>6.59</b>	6.59
Directors' Sitting Fee	<b>12.00</b>	10.70
	<u><b>81.00</b></u>	<u>79.53</u>

**7. Computation of net profit under Section 198 of the Companies Act, 1956**

	<b>Year ended</b> <b>March 31, 2009</b>	Year ended March 31, 2008
Profit / (Loss) before taxation as per profit and loss account	<b>190.72</b>	(1,838.62)
Add: Depreciation as per accounts	<b>3,258.13</b>	3,282.47
Managerial remuneration	<b>81.00</b>	79.53
(Profit)/Loss on sale of assets (net) as per accounts	<u><b>(269.54)</b></u>	<u>(585.59)</u>
	<b>3,069.59</b>	2,776.41
	<b>3,260.31</b>	937.79
Less: Depreciation under section 350 of the Companies Act, 1956	<b>3,870.49</b>	3,854.86
(Profit)/Loss on sale of assets (net) as per Section 349 of the Companies Act, 1956.	<u><b>(267.75)</b></u>	<u>(299.09)</u>
	<b>3,602.74</b>	3,555.77
Net Loss in terms of Section 198 of the Companies Act, 1956	<b>(342.43)</b>	(2,617.98)
Excess of expenditure over income under Section 349(4) (1) of the Companies Act, 1956.	<u><b>(4,524.48)</b></u>	<u>(1,906.50)</u>
	<b>(4,866.91)</b>	(4,524.48)
Commission to non wholetime directors	<b>Nil</b>	Nil

**8. Auditor's remuneration**

Audit fee	<b>15.00</b>	15.00
Other services	<b>3.00</b>	2.00
Reimbursement of expenses / levies	<b>-</b>	0.17

**Year ended**  
**March 31, 2009**      Year ended  
March 31, 2008

**9. CIF Value of imports**

Intermediates	<b>8,915.87</b>	201.79
Raw materials	<b>1,944.06</b>	260.90
Traded goods	<b>-</b>	768.51
Stores and spares	<b>451.57</b>	137.29

**10. Expenditure in foreign currency**

Travel and training	<b>3.66</b>	13.70
Technical fees	<b>16.06</b>	50.49
Others	<b>527.53</b>	28.42

**11. Earnings in foreign exchange**

Export of goods on FOB basis	<b>5,627.43</b>	4,552.40
------------------------------	-----------------	----------

**12. Capacity and Production**

Class of goods	Unit of Measurement	Installed Capacity*		Actual production	
		Current Year	Previous Year	Current Year	Previous Year
Linear Alkyl Benzene	MT	<b>1,20,000</b>	1,20,000	<b>75,707</b>	78,630
Heavy Normal Paraffin	MT	<b>15,000</b>	15,000	<b>Nil</b>	612
Heavy Alkylate	MT	<b>N.A</b>	N.A	<b>3,040</b>	2,749
Epichlorohydrin	MT	<b>10,000</b>	10,000	<b>7,836</b>	8,967
Wind Power	KW/Units	<b>12,000 KW</b>	12,000 KW	<b>**8,15,391 Units</b>	15,988,837 Units
Caustic Soda	MT	<b>56,100</b>	56,100	<b>52,884</b>	55,844
Chlorine	MT	<b>40,000</b>	40,000	<b>41,943</b>	44,313
Hydrochloric acid	MT	<b>39,600</b>	39,600	<b>28,660</b>	37,642
Ammonium Chloride	MT	<b>21,000</b>	21,000	<b>1,128</b>	350

\* As certified by the management and relied on by the auditors without verification being a technical matter. The above products are delicensed.

\*\* The windmills were sold during the year.

N.A Not applicable

**13. (a) Raw materials and intermediates consumed**

	Unit of Measurement	Year ended March 31, 2009		Year ended March 31, 2008	
		Quantity	Value (Rs. Lacs)	Quantity	Value (Rs. Lacs)
Kerosene	KL	<b>48,425</b>	<b>18,614.70</b>	57,319	16,686.86
Benzene	MT	<b>25,580</b>	<b>12,398.37</b>	26,439	12,900.89
Normal Paraffin	MT	<b>19,952</b>	<b>13,466.48</b>	17,278	8,201.63
Others			<b>7,775.66</b>		4,780.62
<b>Total</b>			<b>52,255.21</b>		42,570.00

(b) Consumption of imported and indigenous raw materials, stores and spare parts and percentage of each to total consumption.

	Year ended March 31, 2009		Year ended March 31, 2008	
	% of Total Consumption	Value (Rs. Lacs)	% of Total Consumption	Value (Rs. Lacs)
<b>(i) Raw materials and intermediates consumed</b>				
Imported	<b>12</b>	<b>6,479.08</b>	0.37	159.43
Indigenous	<b>88</b>	<b>45,776.13</b>	99.63	42,410.57
	<b>100</b>	<b>52,255.21</b>	100	42,570.00
<b>(ii) Stores and spare parts consumed</b>				
Imported	<b>27</b>	<b>625.41</b>	24	547.68
Indigenous	<b>73</b>	<b>1,659.31</b>	76	1,707.93
	<b>100</b>	<b>2,284.72</b>	100	2,255.61

14. **Purchase of traded goods**

	Unit of Measurement	Year ended March 31, 2009		Year ended March 31, 2008	
		Quantity	Value (Rs. Lacs)	Quantity	Value (Rs. Lacs)
Benzene	MT	-	-	1508	768.51

There are no opening and closing stocks of traded goods.

15. **Sales**

	Unit of Measurement	Year ended March 31, 2009		Year ended March 31, 2008	
		Quantity	Value (Rs. Lacs)	Quantity	Value (Rs. Lacs)
Linear Alkyl Benzene	MT	74,829	79,858.07	82,160	64,163.86
Epichlorohydrin	MT	7,621	7,336.36	8,745	8,082.50
Others			18,045.47		16,486.66
<b>Total</b>			<b>105,239.90</b>		<b>88,733.02</b>

16. **Stock particulars of finished goods\***

	Year ended March 31, 2009				Year ended March 31, 2008			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Quantity MT	Value (Rs. Lacs)	Quantity MT	Value (Rs. Lacs)	Quantity MT	Value (Rs. Lacs)	Quantity MT	Value (Rs. Lacs)
Linear Alkyl Benzene	879	731.72	1746	936.31	4,447	3,095.32	879	731.72
Others		640.81		420.83		200.36		640.81
<b>Total</b>		<b>1,372.53</b>		<b>1,357.14</b>		<b>3,295.68</b>		<b>1,372.53</b>

\* Net of transit/handling loss.

17. (a) The Company has obtained exemption from the Government of India, Department of Company Affairs, vide Order No. 46/24/2009-CL-III dated 12th March 2009, from giving information in respect of Para 3(i)(a) and 3(ii)(a)(1)&(2) of part II of Schedule VI to the Companies Act, 1956, only for those goods, for which total quantity manufactured / traded is less than 10% of total value of goods.
- (b) The Government of India, Department of Company Affairs vide its Order No. 47/33/2009-CL-III dated 17th February 2009 issued under Section 212 (8) of the Companies Act, 1956 has directed that in relation to the Subsidiaries of the Company, the provision 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.
18. The Company has identified parties covered under "The Micro, Small and Medium Enterprises Development Act, 2006". On the basis of confirmation received there are no overdue amounts payable as at the end of the financial year to such parties. Further, no interest has been paid to such parties under the said Act.

**19. Earnings per share**

	<b>Year ended March 31, 2009</b>	Year ended March 31, 2008
Profit / (Loss) after taxation (Rs. in lacs)	654.14	(1,190.81)
Weighted number of equity shares outstanding	89,971,474	89,971,474
Basic and diluted earnings per share ( Face value – Rs.10/- per share )	0.73	(1.32)

**20. 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<br>2.Tamilnadu Industrial Development Corporation Limited   |
| B) Associate  | Petro Araldite Private Limited  |
| C) Subsidiaries   | 1. Certus Investment and Trading Limited (CITL), Mauritius<br>2. Certus Investment and Trading (S) Private Limited<br>3. Proteus Petrochemicals Private Limited (formerly TPL India Singapore Private Limited).<br>4. SPIC Electric Power Corporation (Private) Limited |
| D) Joint Venture  | Gulf Petroproduct Company 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. RM. Muthukaruppan<br>Managing Director<br>2. Thiru. V. Ramani<br>Director & Chief Financial Officer   |
| 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 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

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

(Rupees in lacs)

Sl. No	Particulars	Promoters	Associate	Joint Venture	Subsidiaries	Key management personnel (KMP)
1	Advance against equity SPIC Electric Power Corporation (Private) Limited				- (5.18)	
2	Sale of goods  Certus Investments and Trading Limited	51.78 (18.25)	7967.79 (8690.58)		781.40 (1486.39)	
3	Service/Consultancy charges paid	5.59 (10.41)				
4	Commission paid	30.83 (32.31)				
5	Managerial remuneration					69.00 (68.83)
6	Rent paid	1.80 (1.73)				
7	Reimbursement of expenses	32.16 (30.18)				
8	Sitting fees (TIDCO)	4.30 (3.30)				
9	Balance outstanding as of 31st March 2009	25.77 Cr (30.14)Cr	319.73Dr (289.41)Dr	158.37Dr (158.37)Dr	1,626.60 Dr (916.09)Dr	18.00 Cr (18.00)Cr

Transactions with promoters are with SPIC unless otherwise disclosed.

Figures in brackets are in respect of the previous year.

21. As at 31st March 2009 the Company has investments of Rs. 2764.50 lacs in SPIC Electric Power Corporation (Private) Ltd., (SEPC) made during the period 1995-2003 and advances against equity of Rs. 33.91 lacs made during the financial years 2006-2008. The Company signed a Memorandum of Understanding (MoU) 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 regulatory clearances for establishment, operation and maintenance of the project and also got the appraisal done by IDBI. As per the Power Purchase Agreement (PPA), TNEB had committed to provide Escrow. However, as there was a delay in allocation of Escrow by TNEB, SEPC filed a Writ Petition in the Hon'ble High Court seeking a direction for allocation of Escrow. The Company is awaiting the outcome of the case.

The Company and SEPC have executed a MoU with an investor company on 14th June 2007 for implementation of the Power Project. The investor company has agreed to bring in 74% of the equity to the project and to pay the over due land lease rentals. The terms of the Shareholders and Share Subscription Agreement between the investor company and the Company have been finalized and is expected to be executed soon. The investor company has been meeting the day to day expenses of SEPC since August 2007 and so far contributed an amount of Rs.37.45 lacs upto 31st March 2009.

Due to non payment of land lease rentals, Tuticorin Port Trust (TPT) sought to repossess the land allotted to SEPC for the power project. SEPC approached the Hon'ble High Court of Madras (High Court) for appointment of an Arbitrator. The High Court passed orders on 18th July 2008 appointing a sole Arbitrator to settle the dispute between SEPC and TPT. SEPC also filed an appeal before the Division Bench of the High Court seeking an interim injunction restraining TPT from transferring the land by way of lease or otherwise to any other party. The Division Bench by its Order dated 4th September 2008 stated that SEPC is at liberty to approach the Arbitrator for seeking appropriate interim measure.

The Arbitrator in his proceedings dated 13th February 2009 has observed that the rights of TPT & SEPC will be subject to the outcome of the arbitration proceedings in so far as the disputed site is concerned. The arbitration proceedings are in progress.

In view of these developments, no provision in the value of investment and advance against equity is considered necessary at this stage.

22. During the year 2004, due to change in global market conditions for Normal Paraffin, the company decided not to proceed with the expansion of Normal paraffin capacity. The equipments and drawings pertaining to this project amounting to Rs.2,138.81 lacs is expected to be transferred at not less than cost to its proposed overseas project at Singapore during 2011.

**23. Joint Venture Disclosure**

i) Interest in Joint Venture

Name of Company	Country of Incorporation	Proportion of ownership interest
Gulf Petroproduct Company E.C.*	Kingdom of 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 the Joint Venture (Rs. in Lacs)

Particulars	Current year	Previous year
I a) Net Fixed Assets	-	-
b) Cash and Bank Balances	<b>3.42</b>	2.12
c) Loans and Advances	<b>1801.71</b>	1,422.90
II Current Liabilities and Provisions	<b>1582.71</b>	1,067.35
Advance received towards equity	<b>208.68</b>	198.38
III Expenses	<b>0.82</b>	0.71
Depreciation	-	-

**24. Details of Deferred tax asset / (liability) is as under** (Rs. in lacs)

	As at March 31, 2008	Tax effect for the year	As at March 31, 2009
Deferred tax asset :			
Unabsorbed depreciation / carry forward business loss	1,117.37	(857.66)	<b>259.71</b>
Accrued expenses deductible on payment	69.12	4.53	<b>73.65</b>
Provision for doubtful debts/Advances	65.53	(7.70)	<b>57.83</b>
Total	1,252.02	(860.83)	<b>391.19</b>
Deferred tax (liability):			
Fixed assets	(8,975.66)	1,339.25	<b>(7,636.41)</b>
Net deferred tax (liability)	(7,723.64)	478.42	<b>(7,245.22)</b>

**25. Derivative instruments:**

a) Forward Exchange Contracts entered into by the Company and outstanding at the year end:

No. of Contracts	Buy/Sell	US Dollars	Equivalent in INR (Rs. in Lacs)
2	Buy	15,00,000	748.73
(-)		(-)	(-)

b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :

	US Dollars	Equivalent in INR (Rs. in Lacs)
Amount receivable in Foreign currency - Exports	3,156,958	1,592.69
	(2,923,516)	(1,273.09)
Amount payable in Foreign currency - Imports	5,19,267	259.49
	(-)	(-)

Figures in brackets are in respect of the previous year.

## 26. Employee Defined Benefit Plans

(Rs. in Lacs)

	Current year		Previous year	
	Gratuity (Funded)	Compensated Absences (Not funded)	Gratuity (Funded)	Compensated Absences (Not funded)
<b>a. Net Asset/ ( Liability) recognized in the Balance Sheet as at March 31, 2009</b>				
Present value of obligation	(400.99)	(252.07)	(368.09)	(237.46)
Fair value of plan assets	373.64	-	354.28	-
Net liability	(27.35)	(252.07)	(13.81)	(237.46)
<b>b. Expense recognized in the Profit &amp; Loss account for the year ended March 31, 2009</b>				
Current service cost	21.00	12.87	21.45	9.86
Interest cost	27.75	16.78	22.18	14.92
Expected return on plan assets	(27.89)	-	(24.74)	-
Actuarial (gains) / Losses	23.71	26.81	48.94	41.80
Total expense	44.57	56.46	67.83	66.58
<b>c. Change in present value of Obligation during the year ended March 31, 2009</b>				
Present value of defined benefit obligation as at the beginning of the year	368.09	237.46	321.31	197.46
Current service cost	21.00	12.87	21.45	9.86
Interest cost	27.75	16.78	22.18	14.92
Actuarial (gains) / losses	26.58	26.81	54.35	41.80
Benefits paid	(42.43)	(41.85)	(51.20)	(26.58)
Present value of defined benefit obligation as at the end of the year	400.99	252.07	368.09	237.46
<b>d. Change in fair value of plan assets during the year ended March 31, 2009</b>				
Plan assets at the beginning of the year	354.28	-	335.63	-
Expected return on plan assets	27.89	-	24.74	-
Actuarial gains / (losses)	2.87	-	5.41	-
Contributions by employer	31.03	41.85	39.70	-
Benefits paid	(42.43)	(41.85)	(51.20)	-
Plan assets at the end of the year	373.64	-	354.28	-
<b>e. Principal actuarial assumptions as at March 31, 2009</b>				
Discount rate	8.00%	7.30%	8.00%	7.75%
Expected return on plan assets	8.00%	-	8.00%	-
Mortality Table - LIC (94-96) Ultimate Mortality				
<b>f. Basis used to determine expected rate of return.</b>				
The information on major categories of plan assets and expected return on each class of plan assets are not readily available. However LIC has confirmed that the average rate of return on plan assets is 8%.				
<b>g. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions and other factors.</b>				

27. Details relating to segments are disclosed in the Consolidated Financial Statements.

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



**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.

State Code :

Balance Sheet :        
Date Month Year

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

Public Issue

Rights Issue

Bonus Issue

Private Placement

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

Total Liabilities

Total Assets

**Sources of Funds**

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liabilities (net)

**Application of Funds**

Net Fixed Assets

Investments

Net Current Assets

Accumulated Losses

Misc Expenditure

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

Turnover (including other income)

Total Expenditure

+ -

Profit Before Tax

+ -

Profit After Tax

Basic Earnings per Share in Rs.

Dividend rate %

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

Item Code No.

Product Description

Item Code No.

Product Description :

Item Code No.

Product Description :

For and on behalf of the Board

A.C. MUTHIAH

Vice Chairman

M.B. GANESH

C. RAMACHANDRAN

Director

Secretary

T.K. ARUN

Director

V. RAMANI

Director & CFO

RM. MUTHUKARUPPAN

Managing Director

Place : Chennai

Date : 7th May 2009

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

Name of the Subsidiary Company	Certus Investment & Trading Limited	Certus Investment & Trading (\$) Private Limited (See foot note 1)	Proteus Petrochemical Private Limited (formerly TPL India Singapore Private Limited (See foot note 1)	SPIC Electric Power Corporation (Private) Limited
1 The Financial Year of the Subsidiary Companies ended on	31st December, 2008	31st December, 2008	31st December, 2008	31st March, 2009
2 Date from which they became Subsidiary Companies	30th October, 2001	10th November, 2004	11th May, 2006	26th September, 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	2,04,190 Equity Shares of the face value of US \$100 each fully paid-up	18,75,339 Equity Shares of the face value of US \$ 1 each fully paid-up held by Certus Investment & Trading Limited	3,00,000 Equity Shares of the face value of US \$ 1 each fully paid-up held by Certus Investment & Trading Limited	2,76,44,955 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%	100.00%	100.00%	98.22%
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:				
i) for subsidiary's financial year	US \$ 252,053 Rs. 127.16 lacs	US \$ (119,977) Rs. (60.53) lacs	US \$ (27,173) Rs. (13.71) lacs	Nil
ii) for the previous Financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	US \$ 1,736,902 Rs. 876.27 lacs	US \$ (65,640) Rs. (33.12) lacs	US \$ (121,939) Rs. (61.52) lacs	Nil
b. Dealt with in Holding Company's accounts:				
i) for subsidiary's financial year	Nil	Nil	Nil	Nil
ii) for the previous Financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	Nil	Nil	Not Applicable	Nil
5 Changes in the interest of the Holding Company between the end of the financial year of the subsidiary Company's and the end of the Holding Company's financial year.				
Number of Equity Shares allotted	Nil	Nil	Nil	Not Applicable
Face Value				
Paid up value				
Extent of Shareholding				
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	Nil	Nil	Not Applicable
ii) subsidiary's Investments	Nil	Nil	Nil	Not Applicable
iii) monies lent by the Subsidiary	Nil	Nil	Nil	Not Applicable
iv) monies borrowed by the subsidiary, other than that of meeting current liabilities (advance towards equity)	Nil	Nil	Nil	Not Applicable

Note : 1. 100 % Subsidiary of Certus Investment & Trading Limited.

For and on behalf of the Board

Place : Chennai  
Date : 7th May 2009

RM. MUTHUKARUPPAN  
Managing Director

V. RAMANI  
Director & CFO

M.B. GANESH  
Secretary



**Auditor's report to the Board of Directors of Tamilnadu Petroproducts Limited on the consolidated financial statements of Tamilnadu Petroproducts Limited**

We have examined the attached consolidated balance sheet of Tamilnadu Petroproducts Limited and its subsidiaries (TPL Group) as at 31<sup>st</sup> March, 2009 and also the consolidated profit and loss account and the consolidated cash flow statement for the year then ended on that date annexed thereto. These consolidated 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 generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and 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.

We did not audit the financial statements of the subsidiaries and joint venture, whose financial statements reflect total assets of Rs.19901.97 lacs as at 31<sup>st</sup> March 2009 and total revenues of Rs. 680.88 lacs and cash flows amounting to Rs.1267.09 lacs for the year then ended as considered in the Consolidated Accounts and associate whose financial statements reflect the TPL group's share of reserves and surplus of Rs.132.04 lacs including profit of Rs.119.14 lacs for the year ended 31<sup>st</sup> March 2009. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of the other auditors. In respect of three subsidiaries and joint venture of the Company having total assets of Rs 14608.92 lacs as at 31<sup>st</sup> March, 2009, total revenues of Rs 680.88 lacs for the year ended 31<sup>st</sup> March, 2009 and in the case of an associate having a profit of Rs 119.14 lacs for the year ended 31<sup>st</sup> March, 2009 we have relied upon the unaudited financial statements provided by the management 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 Accounting

standard AS 21 - Consolidated Financial Statements, AS 23 - Accounting for Investment in Associates in Consolidated Financial Statements and AS 27 - Financial reporting of interest in Joint Ventures notified by Central Government of India under "the Companies (Accounting Standards) Rules, 2006".

- I *As stated in Note 12, no provision has been considered necessary by the management in respect of the net assets included in these accounts reflecting the value of investment of Rs.2764.50 lacs and advance against equity of Rs.33.91 lacs held by the holding company in its subsidiary, SPIC Electric Power Corporation Private Limited. In view of the considerable delay in the implementation of the project we are unable to express an opinion on the provision, if any, required in respect of the said net assets reflecting the value of the above referred investments and advance against equity.*
- II *As stated in Note 13, assets held by the company amounting to Rs. 2138.81 lacs are expected to be transferred to the proposed overseas project at not less than cost. We are unable to express an opinion on the realisable value of these assets.*

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 to the best of our information and according to the explanations given to us, *subject to our comments in the paragraph (i) & (ii) above, the effect of which could not be determined*, 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 31<sup>st</sup> March 2009;

(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 Deloitte Haskins & Sells  
Chartered Accountants

B. Ramaratnam

Partner

Place: Chennai

Date : 7th May 2009

Membership No. 21209

**Consolidated Balance Sheet of Tamilnadu Petroproducts Limited as at 31st March 2009** (Rupees in lacs)

	Schedule	As at	
		31st March, 2009	As at 31st March, 2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds:</b>			
Share capital	1	8,997.15	8,997.15
Reserves and surplus	2	<u>29,646.85</u>	<u>26,698.18</u>
		<b>38,644.00</b>	35,695.33
<b>Advance towards share capital</b>		<b>1,014.24</b>	1,003.24
<b>Minority Interest</b>		<b>50.00</b>	50.00
<b>Loan Funds:</b>			
Secured	3	12,953.14	16,908.61
Unsecured	4	<u>2,172.79</u>	<u>2,116.67</u>
		<b>15,125.93</b>	19,025.28
<b>Deferred tax liability (net)</b>		<b>7,245.22</b>	<u>7,723.64</u>
<b>TOTAL</b>		<b><u>62,079.39</u></b>	<b><u>63,497.49</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets:</b>			
Gross block	5	1,18,500.64	1,23,840.35
Less: Depreciation		<u>82,511.78</u>	<u>82,751.67</u>
Net Block		<b>35,988.86</b>	41,088.68
Capital work in progress including advances		<u>2,381.34</u>	<u>2,516.28</u>
		<b>38,370.20</b>	43,604.96
Fixed assets held for transfer (Note 13)		<b>2,138.81</b>	2,138.81
<b>Expenditure during construction period pending allocation</b>	6	<b>4,814.53</b>	4,790.09
<b>Investments</b>	7	<b>5,702.49</b>	5,583.35
<b>Current Assets, Loans And Advances</b>			
Inventories	8	7,001.17	5,541.67
Sundry debtors		5,984.08	5,823.60
Cash and bank balances		8,249.96	7,325.24
Loans and advances		<u>10,063.27</u>	<u>7,977.61</u>
		<b>31,298.48</b>	<u>26,668.12</u>
<b>Less: Current Liabilities And Provisions</b>			
Current liabilities	9	19,968.29	19,039.34
Provisions		<u>280.32</u>	<u>251.99</u>
		<b>20,248.61</b>	19,291.33
<b>Net Current Assets</b>		<b>11,049.87</b>	7,376.79
<b>Miscellaneous Expenditure</b>		<b>3.49</b>	3.49
Preliminary expenses (to the extent not written off or adjusted)			
<b>TOTAL</b>		<b><u>62,079.39</u></b>	<b><u>63,497.49</u></b>
Notes to the accounts	13		

As per our report of even date attached

For and on behalf of the Board

For Deloitte Haskins & Sells  
Chartered Accountants

A.C. MUTHIAH  
C. RAMACHANDRAN  
T.K. ARUN  
V. RAMANI  
RM. MUTHUKARUPPAN

Vice Chairman  
Director  
Director  
Director & CFO  
Managing Director

M.B. GANESH  
Secretary

Place : Chennai  
Date : 7th May 2009



**Consolidated Profit and Loss Account of Tamilnadu Petroproducts Limited  
for the year ended 31st March 2009**

(Rupees in lacs)

	SCHEDULE	Year ended 31st March, 2009	Year ended 31st March, 2008
<b>INCOME</b>			
Sales and services		1,05,184.16	88,786.27
Less : Excise duty		<u>11,453.27</u>	<u>10,942.45</u>
Net Sales and services		<b>93,730.89</b>	77,843.82
Other income	10	<u>3,890.12</u>	<u>2,377.26</u>
		<b>97,621.01</b>	<b>80,221.08</b>
<b>EXPENDITURE</b>			
Manufacturing and other expenses	11	<b>89,542.57</b>	77,224.10
Interest (Net)	12	<b>2,438.24</b>	2,038.20
Depreciation for the year		<b>3,278.70</b>	3,302.58
Less: Credit for amount withdrawn from revaluation reserve		<u>20.11</u>	<u>20.11</u>
		<b>3,258.59</b>	<b>3,282.47</b>
		<b>95,239.40</b>	<b>82,544.77</b>
<b>PROFIT/ (LOSS) BEFORE TAXATION</b>		<b>2,381.61</b>	<b>(2,323.69)</b>
Provision for tax			
- current		<b>19.91</b>	17.08
- Less: MAT credit entitlement		<b>(19.91)</b>	-
- Prior year		<b>(4.61)</b>	-
- deferred		<b>(478.42)</b>	(662.81)
- fringe benefit		<u>15.00</u>	<u>15.00</u>
		<b>(468.03)</b>	<b>(630.73)</b>
<b>PROFIT / (LOSS) AFTER TAXATION</b>		<b>2,849.64</b>	<b>(1,692.96)</b>
Share of profits of Associate		<u>119.14</u>	<u>36.16</u>
<b>Net profit / (loss)</b>		<b>2,968.78</b>	<b>(1,656.80)</b>
Balance brought forward		<b>6,077.60</b>	<b>7,734.40</b>
Balance carried to balance sheet		<u><b>9,046.38</b></u>	<u><b>6,077.60</b></u>
Earnings per share			
Basic and diluted		<b>3.30</b>	<b>(1.84)</b>
Notes to the accounts	13		

Per our report of even date attached  
to the Balance Sheet

For Deloitte Haskins & Sells  
Chartered Accountants

B. Ramaratnam  
Partner

Place : Chennai  
Date : 7th May 2009

For and on behalf of the Board

A.C. MUTHIAH  
C. RAMACHANDRAN  
T.K. ARUN  
V. RAMANI  
RM. MUTHUKARUPPAN

Vice Chairman  
Director  
Director  
Director & CFO  
Managing Director

M.B. GANESH  
Secretary

**Consolidated Cash Flow Statement for the year ended 31st March 2009**

(Rupees in Lacs)

	<b>For the year ended 31st March 2009</b>	For the year ended 31st March 2008
<b>A Cash Flow from Operating Activities:</b>		
<b>Profit / (loss) before tax</b>	<b>2,381.61</b>	(2,323.69)
Adjustments for :		
Depreciation	<b>3,258.59</b>	3,282.47
(Profit) / Loss on sale / scrapping of fixed assets (net)	<b>(269.54)</b>	(585.59)
Provision for doubtful debts written back	<b>(22.62)</b>	-
Unrealised exchange gain (net)	<b>(146.12)</b>	(79.08)
Interest expense	<b>2,587.30</b>	2,476.90
Interest income	<b>(149.06)</b>	(438.70)
	<b><u>5,258.55</u></b>	<u>4,656.00</u>
Operating profit before working capital changes	<b>7,640.16</b>	2,332.31
Adjustments for :		
(Increase)/Decrease in sundry debtors	<b>8.26</b>	698.69
(Increase)/Decrease in inventories	<b>(1,459.50)</b>	4,349.73
(Increase)/Decrease in loans and advances	<b>(2,040.59)</b>	(2,311.78)
Increase/(Decrease) in current liabilities and provisions	<b>985.91</b>	(2,232.74)
	<b><u>(2,505.92)</u></b>	<u>503.90</u>
Cash generated from operations	<b>5,134.24</b>	2,836.21
Direct taxes paid	<b>(61.78)</b>	(121.64)
Net Cash from Operating Activities	<b><u>5,072.46</u></b>	<u>2,714.57</u>
<b>B Cash Flow from Investing Activities:</b>		
Additions to fixed assets (including capital work in progress and advances)	<b>(918.08)</b>	(1,002.76)
Expenditure pending capitalisation	<b>(24.44)</b>	(22.65)
Advance towards Share Capital	<b>11.00</b>	-
Proceeds from sale of fixed assets	<b>3,143.14</b>	1,134.22
Interest received	<b>157.03</b>	433.90
	<b><u>2,368.65</u></b>	<u>542.71</u>
<b>Net cash (used) in investing activities</b>	<b><u>2,368.65</u></b>	<u>542.71</u>



Consolidated Cash Flow Statement for the year ended 31st March 2009 (Continued)

(Rupees in Lacs)

	For the year ended 31st March 2009	For the year ended 31st March 2008
<b>C Cash Flow from Financing Activities:</b>		
Proceeds from new borrowings	315.51	1,615.30
Repayment of borrowings	(4,214.86)	(4,038.25)
Dividend paid (including for previous year)	(2.94)	(8.00)
Paid to Investor Education and Protection Fund	(25.15)	(26.17)
Interest paid	<u>(2,588.95)</u>	<u>(2,480.13)</u>
	<b><u>(6,516.39)</u></b>	<b><u>(4,937.25)</u></b>
<b>Net cash (used) in financing activities</b>	<b><u>(6,516.39)</u></b>	<b><u>(4,937.25)</u></b>
<b>Net cash flows during the year (A+B+C)</b>	<b>924.72</b>	<b>(1,679.97)</b>
<b>Cash and cash equivalents (Opening balance)</b>	<b>7,325.24</b>	<b>9,005.21</b>
<b>Cash and cash equivalents (Closing balance)</b>	<b>8,249.96*</b>	<b>7,325.24</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b><u>924.72</u></b>	<b><u>(1,679.97)</u></b>

\* Includes margin money Rs. 129.41 lacs (Rs. 131.49 lacs as at 31.03.2008 and Rs. 143.33 lacs as at 31.03.2007)

As per our report attached  
to the Balance Sheet

For Deloitte Haskins & Sells  
Chartered Accountants

B. Ramaratnam  
Partner

Place : Chennai  
Date : 7th May 2009

For and on behalf of the Board

RM. MUTHUKARUPPAN  
Managing Director

V. RAMANI  
Director & CFO

M.B. GANESH  
Secretary

**SHARE CAPITAL****SCHEDULE - 1**

(Rupees in Lacs)

	<b>As at 31st March, 2009</b>	As at 31st March, 2008
<b>Authorised</b>		
200,000,000 equity shares of Rs.10 each	<u>20,000.00</u>	<u>20,000.00</u>
<b>Issued</b>		
89,976,899 equity shares of Rs 10 each (Note 3)	<u>8,997.69</u>	<u>8,997.69</u>
<b>Subscribed and fully paid up</b>		
89,971,474 equity shares of Rs 10 each (Note 3)	<u>8,997.15</u>	<u>8,997.15</u>

**RESERVES AND SURPLUS****SCHEDULE - 2**

(Rupees in Lacs)

	Balance as at 31st March, 2008	Transfer from profit and loss account/additions during the year	Transfer to profit and loss account/ deductions during the year	<b>Balance as at 31st March, 2009</b>
Capital reserve	42.23	-	-	42.23
	(42.23)	(-)	(-)	(42.23)
Securities premium account	4,611.57	-	-	4,611.57
	(4,611.57)	(-)	(-)	(4,611.57)
Revaluation reserve account (Note 5)	2,106.84	-	20.11	2,086.73
	(2,126.95)	(-)	(20.11)	(2,106.84)
General reserve	13,859.94	-	-	13,859.94
	(13,875.89)	-	(15.95)	(13,859.94)
Profit and loss account	6,077.60	9,046.38	6,077.60	9,046.38
	(7,734.40)	(6,077.60)	(7,734.40)	(6,077.60)
	26,698.18	9,046.38	6,097.71	29,646.85
	(28,391.04)	(6,077.60)	(7,770.46)	(26,698.18)

Figures in brackets relate to previous year.

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

	<b>As at 31st March, 2009</b>	As at 31st March, 2008
Loans from financial institutions		
Term loans [amounts due within one year Rs. 416.64 lacs (Previous year Rs. 416.64 lacs)]	<b>729.12</b>	1,145.76
Loans from banks		
Term loans [amounts due within one year Rs. 2,083.33 lacs (Previous year Rs. 2,083.33 lacs)]	<b>4,773.43</b>	6,856.83
Others (Long term)		
[Amounts due within one year Rs. 120.79 lacs (Previous year Rs. 1,486.28 lacs)]	<b>1,601.94</b>	3,098.58
Others (Short term)	<b><u>5,848.65</u></b>	<u>5,807.44</u>
	<b><u>12,953.14</u></b>	<u>16,908.61</u>

**UNSECURED LOANS****SCHEDULE - 4**  
(Rupees in Lacs)

	<b>As at 31st March, 2009</b>	As at 31st March, 2008
Interest free Sales Tax Loan	<b><u>2,172.79</u></b>	<u>2,116.67</u>
	<b><u>2,172.79</u></b>	<u>2,116.67</u>

**FIXED ASSETS**
**SCHEDULE - 5**  
 (Rupees in Lacs)

Description	COST / VALUATION				DEPRECIATION				NET BOOK VALUE	
	As at 31.03.2008	Additions / Adjustments	Deductions / Adjustments	As at 31.03.2009	As at 31.03.2008	For the year	Deductions / Adjustments	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Land	2,763.28	-	561.02	<b>2,202.26</b>	-	-	-	-	<b>2,202.26</b>	2,763.28
Buildings	5,811.88	-	119.93	<b>5,691.95</b>	1,648.90	134.49	22.82	<b>1,760.57</b>	<b>3,931.38</b>	4,162.98
Plant and machinery	1,14,137.50	999.57	5,673.65	<b>1,09,463.42</b>	80,279.35	3,089.35	3,466.60	<b>79,902.10</b>	<b>29,561.32</b>	33,858.15
Furnitures and fixtures	163.01	2.66	6.19	<b>159.48</b>	131.56	5.68	1.88	<b>135.36</b>	<b>24.12</b>	31.45
Office and other equipment	895.41	22.19	-	<b>917.60</b>	641.63	42.53	-	<b>684.16</b>	<b>233.44</b>	253.78
Vehicles	69.27	28.60	31.94	<b>65.93</b>	50.23	7.19	27.83	<b>29.59</b>	<b>36.34</b>	19.04
	<b>1,23,840.35</b>	<b>1,053.02</b>	<b>6,392.73</b>	<b>1,18,500.64</b>	<b>82,751.67</b>	<b>3,279.24</b>	<b>3,519.13</b>	<b>82,511.78</b>	<b>35,988.86</b>	
Previous year	1,20,179.98	5,635.40	1,975.03	<b>1,23,840.35</b>	80,874.77	3,303.30	1,426.40	<b>82,751.67</b>		41,088.68
Capital work in progress including advances									<b>2,381.34</b>	2,516.28
									<b>38,370.20</b>	43,604.96

Depreciation for the year includes Rs. 0.54 lacs (previous year Rs. 0.72 lacs) in respect of SPIC Electric Power Corporation (Private) Limited grouped under Schedule 6



**EXPENDITURE DURING CONSTRUCTION PERIOD PENDING ALLOCATION**

**SCHEDULE - 6**  
(Rupees in Lacs)

	<b>As at</b>	<b>As at</b>
	<b>31st March, 2009</b>	<b>31st March, 2008</b>
Payment to and provision for employees		
Salaries and allowances	<b>469.88</b>	456.37
Contribution to provident and other funds	<b>35.92</b>	35.88
Staff welfare	<b>52.96</b>	52.16
	<b>558.76</b>	544.41
Repairs and maintenance - others	<b>38.20</b>	36.91
Land lease rent	<b>1,685.27</b>	1,685.27
Rent, rates and taxes	<b>131.70</b>	131.40
Professional fees	<b>1,617.45</b>	1,617.21
Travel	<b>266.17</b>	265.91
Directors sitting fees	<b>7.75</b>	7.15
Miscellaneous expenditure	<b>403.32</b>	396.35
Depreciation	<b>146.54</b>	146.01
Loss on sale of assets	<b>3.48</b>	3.48
	<b>4,858.64</b>	4,834.10
Less : Interest on deposits	<b>44.11</b>	44.01
	<b>4,814.53</b>	4,790.09

**INVESTMENTS**

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

	<b>As at</b>	<b>As at</b>
	<b>31st March, 2009</b>	<b>31st March, 2008</b>
<b>Long Term Investments</b>		
<b>Shares, debentures and bonds.</b>		
<b>Trade (at cost) (quoted)</b>		
Henkel India Limited (formerly Henkel SPIC India Limited) 1,93,95,900 equity shares of Rs.10 each	<b>4,202.45</b>	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)	-	-
<b>Trade (at cost) (unquoted)</b>		
<b>Associate Company (accounted on equity method)</b>		
Petro Araldite Private Limited 13,68,000 equity shares of Rs 100 each	<b>1,500.04</b>	1,380.90
	<b>5,702.49</b>	5,583.35
Aggregate value of unquoted investments	<b>1,500.04</b>	1,380.90
Aggregate value of quoted investments (net of provisions)	<b>4,202.45</b>	4,202.45
Market value of quoted investments	<b>2,455.52</b>	3,733.71

**CURRENT ASSETS, LOANS AND ADVANCES**

**SCHEDULE - 8**  
(Rupees in Lacs)

	<b>As at</b>	<b>As at</b>
	<b>31st March, 2009</b>	<b>31st March, 2008</b>
<b>A. CURRENT ASSETS:</b>		
<b>Inventories</b>		
Stores	2,941.70	2,842.03
Loose tools	4.21	3.64
Raw materials	2,619.46	1,234.90
Work in process	78.66	88.57
Finished goods	<u>1,357.14</u>	<u>1,372.53</u>
	<b>7,001.17</b>	5,541.67
<b>Sundry debtors (Unsecured)</b>		
Outstanding over six months		
Considered good	635.11	0.17
Considered doubtful	<u>44.92</u>	<u>67.54</u>
	<b>680.03</b>	67.71
Outstanding under six months		
Considered good	<u>5,348.97</u>	<u>5,823.43</u>
	<b>6,029.00</b>	5,891.14
Less : Provision for doubtful debts	<u>44.92</u>	<u>67.54</u>
	<b>5,984.08</b>	5,823.60
<b>Cash and bank balances</b>		
Cash on hand	1.00	1.50
Cheques on hand	50.10	317.48
With scheduled banks:		
On current accounts	279.42	337.42
On unpaid dividend account	100.13	128.22
On deposit accounts	0.97	0.90
On margin money account	129.41	131.49
With non scheduled banks on current account	<u>7,688.93</u>	<u>6,408.23</u>
	<b>8,249.96</b>	7,325.24
<b>B. LOANS AND ADVANCES:</b>		
(Unsecured)		
Advances recoverable in cash or in kind or for value to be received		
Considered good	9,017.86	7,413.52
Considered doubtful	<u>125.23</u>	<u>125.23</u>
	<b>9,143.09</b>	7,538.75
Less : Provision for doubtful advances	<u>125.23</u>	<u>125.23</u>
	<b>9,017.86</b>	7,413.52
Balances with excise and customs authorities	737.61	328.98
Taxation (net of provisions)	287.61	235.11
Fringe benefit tax (net of provisions)	0.28	-
MAT credit entitlement	<u>19.91</u>	<u>-</u>
	<u>10,063.27</u>	<u>7,977.61</u>
	<b>31,298.48</b>	<b>26,668.12</b>



## CURRENT LIABILITIES AND PROVISIONS

### SCHEDULE - 9 (Rupees in Lacs)

	As at 31st March, 2009	As at 31st March, 2008
<b>A. CURRENT LIABILITIES</b>		
Acceptances	1,908.55	2,094.70
Sundry creditors		
- Total outstanding dues to micro enterprises and small enterprises	-	-
- Others	<u>15,941.42</u>	<u>14,795.57</u>
	15,941.42	14,795.57
Unpaid dividends	100.13	128.22
Interest accrued but not due	-	1.65
Advances received from customers	<u>2,018.19</u>	<u>2,019.20</u>
	<u>19,968.29</u>	<u>19,039.34</u>
<b>B. PROVISIONS</b>		
Compensated absences	252.97	238.18
Gratuity	<u>27.35</u>	<u>13.81</u>
	<u>280.32</u>	<u>251.99</u>
	<u>20,248.61</u>	<u>19,291.33</u>

Note : There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March 2009

## OTHER INCOME

### SCHEDULE - 10 (Rupees in Lacs)

	Year ended 31st March, 2009	Year ended 31st March, 2008
Scrap Sales	151.30	356.38
Rent	342.23	320.72
Insurance claims	77.31	831.06
Profit on sale of assets (net)	269.54	585.59
Exchange gain (net)	2,721.86	-
Provision for doubtful debts written back	22.62	-
Miscellaneous income	<u>305.26</u>	<u>283.51</u>
	<u>3,890.12</u>	<u>2,377.26</u>

**MANUFACTURING AND OTHER EXPENSES****SCHEDULE - 11**

(Rupees in lacs)

	<b>Year ended 31st March, 2009</b>	<b>Year ended 31st March, 2008</b>
Raw materials and Intermediates consumed	<b>52,255.21</b>	42,570.00
Purchase of traded goods	-	768.51
Stores and spare parts consumed	<b>2,284.72</b>	2,255.61
Utilities consumed	<b>996.01</b>	868.62
Power and fuel	<b>19,700.47</b>	16,682.30
Payments to and provisions for employees		
Salaries and allowances	<b>1,538.59</b>	1,416.54
Contribution to Provident and other funds	<b>131.08</b>	159.63
Staff welfare	<b>333.78</b>	358.01
Travel and conveyance	<b>221.73</b>	194.52
Insurance	<b>284.47</b>	260.30
Rent	<b>172.13</b>	152.62
Rates and taxes	<b>73.69</b>	23.32
Repairs and maintenance		
Machinery	<b>1,025.79</b>	876.29
Buildings	<b>139.59</b>	91.53
Others	<b>183.15</b>	171.24
	<b>1,348.53</b>	1,139.06
Discounts	<b>6,915.04</b>	3,765.83
Commission	<b>261.19</b>	279.57
Freight	<b>1,761.68</b>	2,191.95
Directors' sitting fees	<b>12.00</b>	10.70
Exchange fluctuation (net)	-	698.50
Legal and Professional charges	<b>254.19</b>	192.87
Miscellaneous expenses	<b>1,041.65</b>	818.61
Increase / (Decrease) in excise duty included in opening and closing stock of finished goods	<b>(68.89)</b>	119.33
(Increase) / Decrease in work in process and finished goods		
Opening Stock		
Work in process	<b>88.57</b>	463.12
Finished goods	<b>1,372.53</b>	3,295.68
	<b>1,461.10</b>	3,758.80
Closing Stock		
Work in process	<b>78.66</b>	88.57
Finished goods	<b>1,357.14</b>	1,372.53
	<b>1,435.80</b>	1,461.10
	<b>25.30</b>	2,297.70
	<b>89,542.57</b>	77,224.10



TPL

**INTEREST**

**SCHEDULE - 12**  
(Rupees in Lacs)

	<b>Year ended 31st March, 2009</b>	Year ended 31st March, 2008
Interest expenses		
- on fixed period loans	<b>985.00</b>	1,184.12
- others	<b><u>1,602.30</u></b>	<u>1,292.78</u>
	<b><u>2,587.30</u></b>	<u>2,476.90</u>
	<b>2,587.30</b>	2,476.90
Less : Interest income		
- on bank and intercorporate deposits	<b>148.62</b>	411.56
- on others	<b><u>0.44</u></b>	<u>27.14</u>
	<b><u>149.06</u></b>	<u>438.70</u>
	<b><u>2,438.24</u></b>	<u>2,038.20</u>

**SCHEDULE - 13**

**NOTES TO THE CONSOLIDATED ACCOUNTS OF TAMILNADU PETROPRODUCTS LIMITED FOR THE YEAR ENDED 31ST MARCH 2009**

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", notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006.

The companies considered in these consolidated financial statements are:

Name of the Company	Relationship	Country of Incorporation	Proportion of ownership interest	Accounts drawn upto / whether audited
Certus Investment & Trading Limited	Subsidiary	Mauritius	100%	31.12.2008 Unaudited
Certus Investment and Trading (S) Private Limited	Subsidiary	Singapore	100%	31.12.2008 Unaudited
SPIC Electric Power Corporation (Private) Limited	Subsidiary	India	98.22%	31.03.2009 Audited
Proteus Petrochemical Private Limited (formerly TPL India Singapore Private Limited)	Subsidiary	Singapore	100%	31.12.2008 Unaudited
Gulf Petroproduct Company E.C. *	Joint Venture	Kingdom of Bahrain	50.00%	31.12.2008 Unaudited
Petro Araldite Private Limited	Associate	India	24.00%	31.03.2009 Unaudited

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

## **2. ACCOUNTING POLICIES**

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

### **I BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention, in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, employee retirement benefit plans, provision for income taxes and the useful lives of fixed assets etc. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

### **II 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 VAT) and any directly attributable cost of bringing the assets to its working condition for its 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. Fixed assets held for transfer are valued at cost. (Refer Note 13)

Depreciation is provided on a pro-rata 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 for plant and machinery used in the Epichlorohydrin plant which is depreciated @ 10% and assets provided to employees which are depreciated @ 20%.

### **III IMPAIRMENT OF ASSETS**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

### **IV FOREIGN CURRENCY TRANSACTIONS**

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

Foreign currency monetary assets and liabilities are translated at exchange rates prevailing on the Balance Sheet date or rate at the time of settlement, as applicable, and gain or loss arising on such translation is adjusted to the profit and loss account. Forward cover premium is recognised over the life of the contract

#### **Overseas Operations**

Fixed assets are recorded at the rates of exchange prevailing on the date of acquisition of such assets. Monetary assets and liabilities are translated at the exchange rate prevailing on the last day of the accounting period and difference in exchange is recognized as a charge in the Profit and Loss Account. All revenue transactions are translated at the average rates.

### **V INVESTMENTS**

Long term investments are valued at their acquisition cost, less provision for diminution in value, other than temporary.

### **VI INVENTORIES**

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

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

### **VII REVENUE RECOGNITION**

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

## VIII EMPLOYEE BENEFITS

### Short term employee benefits

Short term employee benefits are recognised as an expense at the undiscounted amounts in the Profit and Loss account of the year in which the related services are rendered.

### Defined Contribution Plans

#### a) Superannuation:

This plan covers Wholetime directors and the staff of the Company and is administered by the Life Insurance Corporation of India. Contributions are made monthly at a predetermined rate to the Trust and debited to the Profit and Loss account on an accrual basis.

### Defined Benefits Plans

#### a) Provident Fund:

Contributions are made monthly at a predetermined rate to the Provident Fund Trust managed by the company and debited to the Profit and Loss account on an accrual basis. The interest rate payable by the Trust to the beneficiaries is as notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rates and recognizes such shortfall as an expense.

#### b) Long term compensated absences:

Liability towards long term compensated absences is accrued based on an actuarial valuation at the balance sheet date based on the projected unit credit method and is not funded.

#### c) Gratuity:

The Company has an arrangement with the Life Insurance Corporation of India to administer its Gratuity fund. Premium paid / payable is determined based on an actuarial valuation carried out by LIC using the projected unit credit method as on the Balance Sheet date and debited to the Profit & Loss account on accrual basis. Actuarial gain or loss is recognised in the statement of profit or loss as income or expense.

## IX TAXES ON INCOME

- a. Current tax is the amount of tax payable on the taxable income for the year and determined in accordance with the provisions of the Income Tax Act, 1961.
- b. Deferred tax is recognised, 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.
- c. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

## X Provisions and contingencies

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the accounts. Contingent assets are neither recognised nor disclosed in the financial statement.

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. Research and development expenses incurred on revenue account is Rs.34.13 lacs (Previous year Rs.7.36 lacs).
5. The depreciation charge for the year shown in the profit and loss account is after deducting an amount of Rs. 20.11 lacs (previous year Rs.20.11 lacs) representing additional depreciation arising on revaluation of fixed assets withdrawn from revaluation reserve.

(Rs. in Lacs)

	As at March 31, 2009	As at March 31, 2008
6. Capital Commitments not provided for	<b>379.24</b>	-
<b>7. Contingent Liabilities</b>		
a) Bills discounted with recourse	<b>470.00</b>	434.91
b) Other claims not acknowledged as debts		
<b>i) Sales tax</b>		
The demands relate to disallowance of claims for exemption of turnover arising on account of stock transfers to branches and genuineness of declarations filed by certain customers for availing concessional rate of tax.	<b>1710.22</b>	1710.22
<b>ii) Excise duty</b>	<b>328.57</b>	372.75
<b>iii) Service Tax</b>	<b>67.85</b>	67.85
<b>iv) Income Tax</b>	<b>105.63</b>	21.91
The above amounts are based on demands raised which the company is contesting with the concerned authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the company's rights for future appeals. No reimbursements are expected.		
<b>v) Electricity Cess</b>		
Vide a Government Order dated 23rd September 1996, the Tamilnadu Government exempted specified industries permanently from payment of electricity tax on consumption of self generated electrical energy under the Tamilnadu Electricity (Taxation on Consumption) Act, 1962.	<b>1,087.02</b>	1,060.71
The Tamilnadu Tax on Consumption or Sale of Electricity Act, 2003 repealed the 1962 Act, and withdrew the earlier exemption granted to specified industries. The Company's appeal against the withdrawal of exemption was dismissed by the Madras High Court. The Company filed a special leave petition before the Supreme Court against the verdict. On 15th May 2007 the Supreme Court upheld that the 2003 Act was not valid in respect of industries which were permanently exempted from payment of tax.		
Consequent to the Supreme Court judgment upholding the exemption, the Company (in June 2007) reversed the provision for electricity tax amounting to Rs. 878.77 lacs made since 2003-04.		
Subsequently, the Government of Tamilnadu passed the Tamilnadu Tax on Consumption or Sale of Electricity Amendment Act in November 2007 amending the 2003 Act to invalidate the exemption granted with retrospective effect. In December 2007, the Company filed a writ petition before the Madras High Court challenging the Amendment Act. On 13th February 2008, the High Court passed an interim order that in the event of non payment of tax on consumption for those covered under exemption, TNEB is at liberty to make the demand but not enforce it until further orders.		
The tax has since been withdrawn vide Notification dated 4th September 2008 for the period upto 31.03.2009.		
<b>vi) Others</b>	<b>1.87</b>	-

(Rs. in Lacs)

	Year ended March 31, 2009	Year ended March 31, 2008
<b>8 Managerial Remuneration</b>		
Whole time Directors' remuneration	<b>62.41</b>	62.24
Contribution to provident and other funds	<b>6.59</b>	6.59
Directors' Sitting Fee	<b>12.00</b>	10.7
	<b>81.00</b>	79.53



(Rs. in Lacs)  
Year ended

**Year ended**  
**March 31, 2009**      March 31, 2008

<b>9. Auditor's remuneration</b>		
Audit fee	<b>21.06</b>	20.87
Other services	<b>3.00</b>	2.00
Reimbursement of expenses / levies	-	0.17
<b>10. Earnings per share</b>		
Net Profit / (Loss) (Rs. in lacs)	<b>2,968.78</b>	(1,656.80)
Weighted number of equity shares outstanding	<b>89,971,474</b>	89,971,474
Basic and diluted earnings per share ( Face value – Rs.10/- per share )	<b>3.30</b>	(1.84)

**11. 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 (SPIC) 2. Tamilnadu Industrial Development Corporation Limited (TIDCO)
B) Associate	Petro Araldite Private Limited
C) Joint Venture	Gulf Petroproduct 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. RM. Muthukaruppan Managing Director 2. Thiru. V. Ramani Director & Chief Financial Officer
F) 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 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

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

Sl. No	Particulars	Promoters	Associate	Joint Venture	Key management personnel (KMP)
1	Sale of goods	51.78 (18.25)	7967.79 (8690.58)		
2	Service/Consultancy charges paid	5.59 (10.41)			
3	Commission paid	30.83 (32.31)			
4	Managerial remuneration				69.00 (68.83)
5	Rent paid	1.8 (1.73)			
6	Reimbursement of expenses	32.16 (30.18)			
7	Sitting fees (TIDCO)	4.30 (3.30)			
8	Balance outstanding as of 31st March 2009	25.77 Cr (30.14)Cr	319.73Dr (289.41)Dr	158.37Dr (158.37)Dr	18.00 Cr (18.00)Cr

Transactions with promoters are with SPIC unless otherwise disclosed.

Figures in brackets are in respect of the previous year.

12. As at 31st March 2009 the Company has investments of Rs. 2764.50 lacs in SPIC Electric Power Corporation (Private) Ltd., (SEPC) made during the period 1995-2003 and advances against equity of Rs.33.91 lacs made during the financial years 2006-2008. In these consolidated accounts the assets and liabilities of the said subsidiary have been incorporated which reflect the value of this investment. The Company signed a Memorandum of Understanding (MoU) 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 regulatory clearances for establishment, operation and maintenance of the project and also got the appraisal done by IDBI. As per the Power Purchase Agreement (PPA), TNEB had committed to provide Escrow. However, as there was a delay in allocation of Escrow by TNEB, SEPC filed a Writ Petition in the Hon'ble High Court seeking a direction for allocation of Escrow. The Company is awaiting the outcome of the case.

The Company and SEPC have executed a MoU with an investor company on 14th June 2007 for implementation of the Power Project. The investor company has agreed to bring in 74% of the equity to the project and to pay the over due land lease rentals. The terms of the Shareholders and Share Subscription Agreement between the investor company and the Company have been finalized and is expected to be executed soon. The investor company has been meeting the day to day expenses of SEPC since August 2007 and has so far contributed an amount of Rs.37.45 lacs upto 31st March 2009.

Due to non payment of land lease rentals, Tuticorin Port Trust (TPT) sought to repossess the land allotted to SEPC for the power project. SEPC approached the Hon'ble High Court of Madras (High Court) for appointment of an Arbitrator. The High Court passed orders on 18th July 2008 appointing a sole Arbitrator to settle the dispute between SEPC and TPT. SEPC also filed an appeal before the Division Bench of the High Court seeking an interim injunction restraining TPT from transferring the land by way of lease or otherwise to any other party. The Division Bench by its Order dated 4th September 2008 stated that SEPC is at liberty to approach the Arbitrator for seeking appropriate interim measure.

The Arbitrator in his proceedings dated 13th February 2009 has observed that the rights of TPT & SEPC will be subject to the outcome of the arbitration proceedings in so far as the disputed site is concerned. The arbitration proceedings are in progress.

In view of these developments, no provision in the value of investment and advance against equity is considered necessary at this stage.

13. During the year 2004, due to change in global market conditions for Normal Paraffin, the company decided not to proceed with the expansion of Normal paraffin capacity. The equipments and drawings pertaining to this project amounting to Rs.2,138.81 lacs is expected to be transferred at not less than cost to its proposed overseas project at Singapore during 2011.

14. **Details of Deferred tax asset / (liability) is as under**

(Rs. in lacs)

	As at March 31, 2008	Tax effect for the year	As at March 31, 2009
Deferred tax asset :			
Unabsorbed depreciation / carry forward business loss	1,117.37	(857.66)	<b>259.71</b>
Accrued expenses deductible on payment	69.12	4.53	<b>73.65</b>
Provision for doubtful debts/Advances	65.53	(7.70)	<b>57.83</b>
Total	1,252.02	(860.83)	<b>391.19</b>
Deferred tax (liability):			
Fixed assets	(8,975.66)	1,339.25	<b>(7,636.41)</b>
Net deferred tax (liability)	(7,723.64)	478.42	<b>(7,245.22)</b>

**15. Employee Defined Benefit Plans**

	Current year		Previous year	
	Gratuity (Funded)	Compensated Absences (Not funded)	Gratuity (Funded)	Compensated Absences (Not funded)
a. Net Asset / ( Liability) recognized in the Balance Sheet as at March 31, 2009				
Present value of obligation	<b>(400.99)</b>	<b>(252.97)</b>	(368.09)	(238.18)
Fair value of plan assets	<b>373.64</b>	-	354.28	-
Net liability	<b>(27.35)</b>	<b>(252.97)</b>	(13.81)	(238.18)
b. Expense recognized in the Profit & Loss account for the year ended March 31, 2009				
Current service cost	<b>21.00</b>	<b>13.77</b>	21.45	10.58
Interest cost	<b>27.75</b>	<b>16.78</b>	22.18	14.92
Expected return on plan assets	<b>(27.89)</b>	-	(24.74)	-
Actuarial (gains) / Losses	<b>23.71</b>	<b>26.09</b>	48.94	41.80
Total expense	<b>44.57</b>	<b>56.64</b>	67.83	67.30
c. Change in present value of Obligation during the year ended March 31, 2009				
Present value of defined benefit obligation as at the beginning of the year	<b>368.09</b>	<b>238.18</b>	321.31	197.46
Current service cost	<b>21.00</b>	<b>13.77</b>	21.45	10.58
Interest cost	<b>27.75</b>	<b>16.78</b>	22.18	14.92
Actuarial (gains) /losses	<b>26.58</b>	<b>26.09</b>	54.35	41.80
Benefits paid	<b>(42.43)</b>	<b>(41.85)</b>	(51.20)	(26.58)
Present value of defined benefit obligation as at the end of the year	<b>400.99</b>	<b>252.97</b>	368.09	238.18
d. Change in fair value of plan assets during the year ended March 31, 2009				
Plan assets at the beginning of the year	<b>354.28</b>	-	335.63	-
Expected return on plan assets	<b>27.89</b>	-	24.74	-
Actuarial gains / (losses)	<b>2.87</b>	-	5.41	-
Contributions by employer	<b>31.03</b>	<b>41.85</b>	39.70	-
Benefits paid	<b>(42.43)</b>	<b>(41.85)</b>	(51.20)	-
Plan assets at the end of the year	<b>373.64</b>	-	354.28	-
e. Principal actuarial assumptions as at March 31, 2009				
Discount rate	<b>8.00%</b>	<b>7.30%</b>	8.00%	7.75%
Expected return on plan assets	<b>8.00%</b>	-	8.00%	-
Mortality Table - LIC (94-96) Ultimate Mortality				
f. Basis used to determine expected rate of return -				
The information on major categories of plan assets and expected return on each class of plan assets are not readily available. However LIC has confirmed that the average rate of return on plan assets is 8%.				
g. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions and other factors.				

16. Information disclosed in accordance with the Government of India, Department of Company Affairs, vide Order No. 47/33/2009-CL-III dated 17th February 2009.

Particulars	Certus Investment and Trading Limited (including its subsidiaries, Certus Investment and Trading (S) Private Limited and Proteus Petrochemical Private limited (formerly TPL India Singapore Private Limited))		SPIC Electric Power Corporation (Private) Limited
	Rupees in lacs*	In USD	Rupees in lacs
Capital	10,301.39	20,419,000	2,814.50
Reserves	895.23	1,774,493	-
Total assets	13,246.08	26,255,858	5,293.06
Total liabilities	13,246.08	26,255,858	5,293.06
Investments	216.94	430,000	-
Turnover (inc other income)	745.08	1,476,859	-
Profit before tax	33.50	66,396	-
Provision for taxation	(4.52)	(8,969)	-
Profit after tax	38.02	75,365	-
Proposed dividend	-	-	-

\* Translated at exchange rate prevailing as on 31.03.2009

1 USD = Rs.50.45

#### 17. Joint Venture Disclosure

The Interest in the Assets, Liabilities, Income and Expenses with respect to the Joint Venture have been consolidated on a line by line basis as per details given below

(Rs. in Lacs)

Particulars	Current year	Previous year
1. Cash and Bank Balances	<b>3.42</b>	2.12
2. Loans and Advances	<b>1,801.71</b>	1,422.90
3. Current Liabilities and provisions	<b>1,583.53</b>	1,067.35
4. Expenses	<b>0.82</b>	0.71



18. Based on the principles for determination of segments given in Accounting Standard - 17 "Segment reporting", notified by Central Government of India under The Companies (Accounting Standard) Rules, 2006, the Company's primary business segments are 'Industrial Intermediates Chemicals and Power'. Industrial Intermediates Chemicals comprises of Linear Alkyl Benzene, Epichlorohydrin and Chlor Alkalies which mainly have similar risks and returns.

**CONSOLIDATED SEGMENT INFORMATION**

(Rupees in lacs)

(A)	Information about primary business segments	2009			2008		
		Industrial Intermediate Chemicals	Power	Total	Industrial Intermediate Chemicals	Power	Total
a)	<b>REVENUE</b>						
	Sales to external customers	93,730.89	-	93,730.89	77,843.82	-	77,843.82
	Other income	3,547.89	-	3,547.89	2,056.54	-	2,056.54
	<b>Total revenue</b>	<b>97,278.78</b>	<b>-</b>	<b>97,278.78</b>	<b>79,900.36</b>	<b>-</b>	<b>79,900.36</b>
b)	<b>RESULT</b>						
	Segment result	4,477.62	-	4,477.62	(606.21)	-	(606.21)
	Interest expense	-	-	(2,587.30)	-	-	(2,476.90)
	Interest income	-	-	149.06	-	-	438.70
	Unallocated corporate income	-	-	342.23	-	-	320.72
	Income taxes including deferred tax	-	-	468.03	-	-	630.73
	Profit after tax	-	-	2,849.64	-	-	(1,692.96)
	Share of profit of Associate company	-	-	119.14	-	-	36.16
	<b>Net Profit</b>	<b>-</b>	<b>-</b>	<b>2,968.78</b>	<b>-</b>	<b>-</b>	<b>(1,656.80)</b>
c)	<b>OTHER INFORMATION</b>						
	Segment assets	71,328.97	5,293.05	76,622.02	70,510.28	5,282.98	75,793.26
	Unallocated corporate assets	-	-	5,705.98	-	-	7,336.77
	<b>Total Assets</b>	<b>71,328.97</b>	<b>5,293.05</b>	<b>82,328.00</b>	<b>70,510.28</b>	<b>5,282.98</b>	<b>83,130.03</b>
d)	Segment liabilities	32,929.90	2,444.64	35,374.54	37,333.38	2,434.57	39,767.95
	Unallocated corporate liabilities	-	-	7,245.22	-	-	7,616.75
	<b>Total Liabilities</b>	<b>32,929.90</b>	<b>2,444.64</b>	<b>42,619.76</b>	<b>37,333.38</b>	<b>2,434.57</b>	<b>47,384.70</b>
e)	Capital expenditure	918.08	-	918.08	1,002.76	-	1,002.76
	Depreciation	3,258.59	-	3,258.59	3,282.47	-	3,282.47
f)	Non-cash expenses other than depreciation	146.12	-	146.12	79.08	-	79.08

(B)	Information about secondary geographic segments	2009			2008		
		Domestic	Overseas	Total	Domestic	Overseas	Total
	Segment revenue	92,432.75	4,846.03	97,278.78	75,294.71	4,605.65	79,900.36
	Segment assets	75,029.33	1,592.69	76,622.02	64,524.87	11,268.39	75,793.26
	Additions to fixed assets	918.08	-	918.08	1,002.76	-	1,002.76

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

For and on behalf of the Board

A.C. MUTHIAH

Vice Chairman

M.B. GANESH

C. RAMACHANDRAN

Director

Secretary

T.K. ARUN

Director

Place : Chennai

V. RAMANI

Director & CFO

Date : 7th May 2009

RM. MUTHUKARUPPAN

Managing Director

