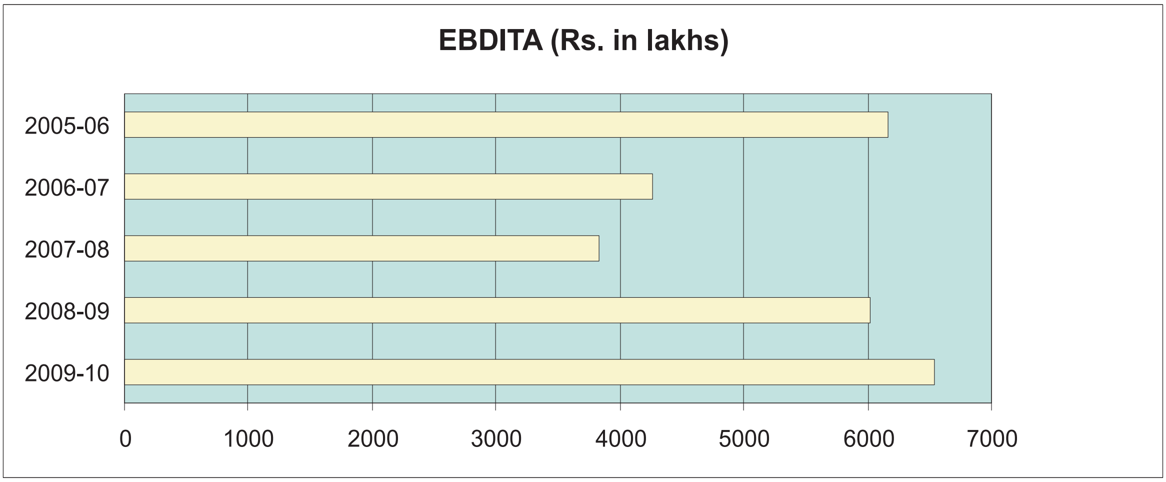
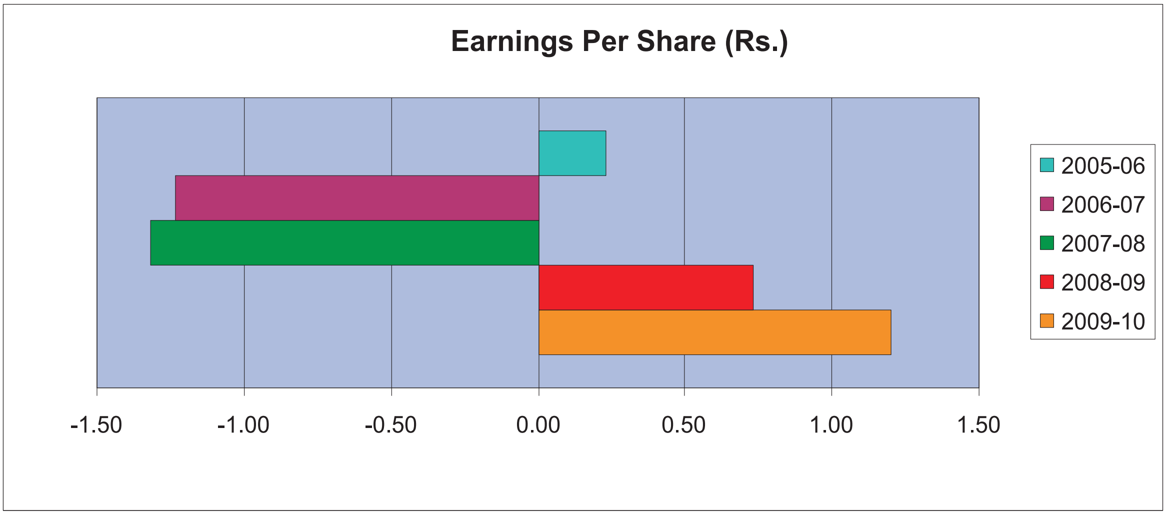
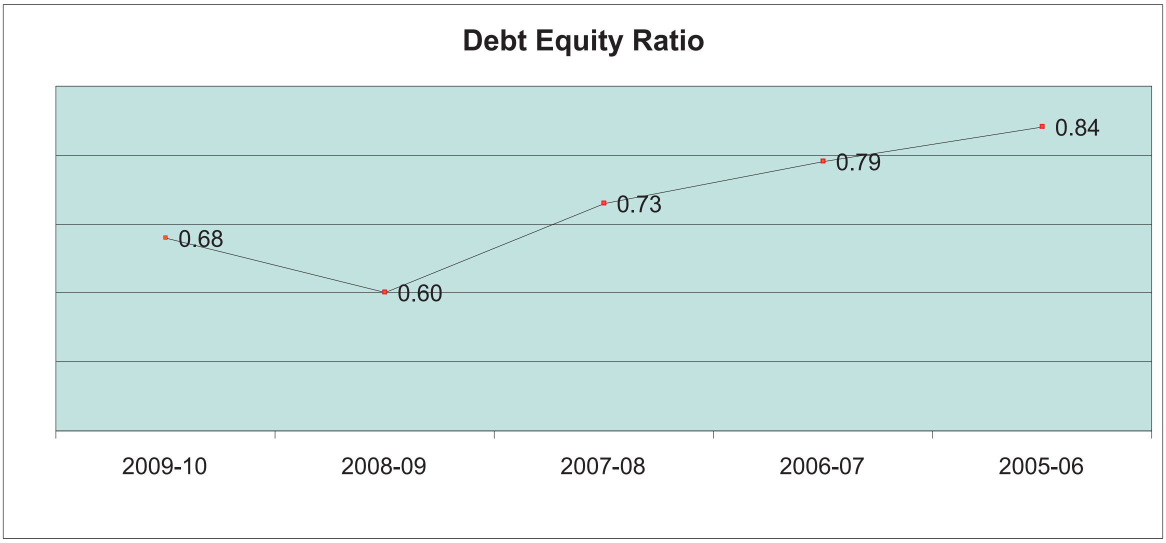
Tamilnadu Petroproducts Limited

1984 - 2009
25 Years
MOVING AHEAD

25th ANNUAL REPORT
2009 - 10


EBDITA (Rs. in lakhs)
2005-06
2006-07
2007-08
2008-09
2009-10
0
1000
2000
3000
4000
5000
6000
7000


Earnings Per Share (Rs.)
2005-06
2006-07
2007-08
2008-09
2009-10
-1.50
-1.00
-0.50
0.00
0.50
1.00
1.50


Debt Equity Ratio
0.68
0.60
0.73
0.79
0.84
2009-10
2008-09
2007-08
2006-07
2005-06

TPL

BOARD OF DIRECTORS
(As on 5th May 2010)

RAJEEV RANJAN, IAS	Chairman
DR. A.C. MUTHIAH	Vice Chairman
T.K. ARUN	Director
R. KARTHIKEYAN	Director
SUNIL PALIWAL, IAS	Director
ASHWIN C. MUTHIAH	Director
C. RAMACHANDRAN	Director
DHANANJAY N. MUNGALE	Director
N.R. KRISHNAN	Director
Dr. K.U. MADA	Director
V. RAMANI (Whole-time Director)	Director & Chief Financial Officer
RM. MUTHUKARUPPAN (Whole-time Director)	Managing Director

AUDIT COMMITTEE

C. RAMACHANDRAN	Chairman
T.K. ARUN	Member
DHANANJAY N. MUNGALE	Member
N.R. KRISHNAN	Member
DR. K.U. MADA	Member

M.B. GANESH Secretary

REGISTERED OFFICE & FACTORY

Manali Express Highway, Manali,
Chennai - 600 068.
Tel : 25941501 - 10 Fax : 25941139
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 - 110 008.
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)

	2005-06	2006-07	2007-08	2008-09	2009-10
Gross Profit	61.62	42.58	38.38	60.17	**65.44**
Interest	21.88	24.74	23.94	25.68	**21.29**
Profit before depreciation	39.74	17.84	14.44	34.49	**44.15**
Depreciation	38.68	33.11	32.83	32.58	**30.82**
Exceptional Item	0.40	-	-	-	**-**
Profit Before Tax	1.46	(15.27)	(18.39)	1.91	**13.33**
Provision for Tax	(0.58)	(4.21)	(6.48)	(4.63)	**2.55**
Profit after Tax	2.04	(11.06)	(11.91)	6.54	**10.77**
Networth	367.52*	356.46*	344.39*	353.87*	**356.44***

* *Net of Revaluation Reserve*

NOTICE FOR THE TWENTY FIFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 25th Annual General Meeting of the Company will be held at 10.30 a.m. on Wednesday the 11th August 2010 at Tamil Isai Sangam, Rajah Annamalai Hall, Esplanade, Chennai – 600 108 to transact the following business:

Ordinary Business

1. To receive and adopt the audited Balance Sheet as at 31st March 2010 and Profit and Loss Account of the Company for the year ended 31st March 2010 and the Report of the Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in place of Thiru N.R. Krishnan, who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in place of Thiru Ashwin C Muthiah, who retires by rotation and being eligible offers himself for re-election.
5. To appoint a Director in place of Thiru T.K. Arun, who retires by rotation and being eligible offers himself for re-election.
6. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

   "RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants (Registration No. 008072S), the retiring Auditors be and are hereby re-appointed as Statutory Auditors of the Company to hold office until the conclusion of the 26th Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors of the Company."

Special Business

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

   "RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and other approvals as may be necessary, approval be and is hereby accorded for the re-appointment of Thiru RM. Muthukaruppan as Whole-time Managing Director (not liable to retirement by rotation) of the Company for a period of three years from 4th February 2010 to 3rd February 2013 and for payment of remuneration/minimum remuneration as described below :

   (1) Salary

   Rs.1,10,000/- per month.

   (2) Performance linked pay

   Performance linked pay of Rs.15,00,000/- per annum.

   (3) Allowances & Perquisites

   Allowances & Perquisites shall be allowed in addition to both Salary and Performance linked pay. However, it shall be restricted to an amount equal to Rs.14,53,640/- per annum. Allowances and Perquisites are broadly classified as follows, viz., House Rent Allowance, Gas, Electricity, Water & Furnishing; Medical Reimbursement, Leave Travel concession and Insurance as per the rules of the Company, Meal vouchers, Books & Periodicals, Special Allowances, Fees of clubs subject to a maximum of two clubs, Educational Allowances, Festival celebrations etc.

   For the purpose of calculating the above ceiling, perquisites will be evaluated as per Income Tax rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.

   However, ceilings under each of the above heads shall be fixed / re-fixed as may be mutually agreed to between the Company and the appointee so as not to exceed the limit of Rs.14,53,640/- or to allow any other perquisite.

   (4) Other Payments and Provisions which shall not be included in the computation of the ceiling on remuneration :

   i) Contribution towards Provident Fund and Superannuation Fund:

   Contribution towards Provident Fund will be subject to a ceiling of 12.5% of the salary. Contributions to Pension / Superannuation / Annuity Fund together with contribution to Provident Fund shall not exceed 27.5% of the salary. Contributions to Provident Fund, Pension / Superannuation / Annuity Fund to the extent of the limits prescribed under I.T.Rules 1962 or notification issued there under from time to time will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act / Rules / Notifications.

   ii) Gratuity

   Gratuity payable shall not exceed one half month's salary for each completed year of service.

   iii) Leave encashment

   Encashment of Leave as per the rules of the Company and at the end of the tenure.

iv) Car

Provision of Company's car for business and personal use.

v) Telephone

Provision of telephone at residence.

(5) Entertainment Expenses

Reimbursement of entertainment expenses actually and properly incurred for the business of the Company subject to a reasonable ceiling as may be fixed from time to time by the Board.

Minimum Remuneration

The remuneration aforesaid shall be the minimum remuneration payable to Thiru RM. Muthukaruppan".

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

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, and other approvals as may be necessary, approval be and is hereby accorded for the re-appointment of Thiru V. Ramani, Whole-time Director & Chief Financial Officer (liable to retirement by rotation) of the Company for a period of three years from 4th February 2010 to 3rd February 2013 and for payment of remuneration/ minimum remuneration as described below :

(1) Salary

Rs.90,000/- per month.

(2) Performance linked pay

Performance linked pay of Rs.13,00,000/- per annum.

(3) Allowances & Perquisites

Allowances & Perquisites shall be allowed in addition to both Salary and Performance linked pay. However, it shall be restricted to an amount equal to Rs.11,71,160/- per annum. Allowances and Perquisites are broadly classified as follows, viz., House Rent Allowance, Gas, Electricity, Water & Furnishing; Medical Reimbursement, Leave Travel concession and Insurance as per the rules of the Company, Meal vouchers, Books & Periodicals, Special Allowances, Fees of clubs subject to a maximum of two clubs, Educational Allowances, Festival celebrations etc.

For the purpose of calculating the above ceiling, perquisites will be evaluated as per Income Tax rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.

However, ceilings under each of the above heads shall be fixed / re-fixed as may be mutually agreed to between the Company and the appointee so as not to exceed the limit of Rs.11,71,160/- or to allow any other perquisite.

(4) Other Payments and Provisions which shall not be included in the computation of the ceiling on remuneration :

i) Contribution towards Provident Fund and Superannuation Fund:

Contribution towards Provident Fund will be subject to a ceiling of 12.5% of the salary. Contributions to Pension / Superannuation / Annuity Fund together with contribution to Provident Fund shall not exceed 27.5% of the salary. Contributions to Provident Fund, Pension / Superannuation / Annuity Fund to the extent of the limits prescribed under I.T.Rules 1962 or notification issued there under from time to time will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act / Rules / Notifications.

ii) Gratuity

Gratuity payable shall not exceed one half month's salary for each completed year of service.

iii) Leave encashment

Encashment of Leave as per the rules of the Company and at the end of the tenure.

iv) Car

Provision of Company's car for business and personal use.

v) Telephone

Provision of telephone at residence.

(5) Entertainment Expenses

Reimbursement of entertainment expenses actually and properly incurred for the business of the Company subject to a reasonable ceiling as may be fixed from time to time by the Board.

Minimum Remuneration

The remuneration aforesaid shall be the minimum remuneration payable to Thiru V. Ramani".

By order of the Board
for TAMILNADU PETROPRODUCTS LIMITED

Regd.Office:
Manali Express Highway,
Manali, Chennai-600 068 M.B. GANESH
5th May 2010 Secretary

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. The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting, in default, the instrument of proxy shall not be treated as valid.

b) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Resolutions set out against Item Nos. 7 and 8 of the Notice is annexed hereto.

c) The Register of Members and the Share Transfer Books of the Company will remain closed from 28th July 2010 to 11th August 2010 (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) Dividend on Equity Shares as recommended by the Board of Directors, if declared at the Meeting will be paid to those Shareholders whose names appear in the Register of Members on 11th August 2010.

f) Claims on unpaid dividend, if any, for the financial years 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 2002-03 is due for transfer to “Investor Education and Protection Fund” established by the Central Government under Section 205C of the Companies Act, 1956 during September 2010, after which no claims will be permitted by Central Government.

g) Members / Proxies should bring the Attendance slip duly filled in for attending the Meeting.

h) All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays, Sundays and holidays between 8.15 A.M. to 5.00 P.M. upto the date of the Annual General Meeting.

i) 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 2010-11.

j) *Shareholders seeking any information with regard to accounts are requested to write to the Company well in advance so as to enable the Management to reply.*

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

Item Nos. 7 & 8 of the Notice

The Board of Directors at their Meeting held on 28th January 2010 re-appointed Tvl. RM. Muthukaruppan as Whole-time Managing Director (not liable to retirement by rotation) and V.Ramani as Whole-time Director & Chief Financial Officer (liable to retirement by rotation) for a period of 3 years from 4th February 2010 to 3rd February 2013 and authorised the Remuneration Committee to fix the remuneration subject to approval of shareholders. Subsequently the Remuneration Committee at their Meeting held on 28th January 2010 having regard to the various requirements stipulated in Schedule XIII of the Companies Act, 1956, trends in the industry, appointees qualification, experience, past performance and past remuneration have fixed the remuneration payable to Tvl. RM. Muthukaruppan and V. Ramani as detailed in the Resolution Nos. 7 and 8 subject to approval of the shareholders.

In this regard, as required under Part II, Section II of Schedule XIII to the Companies Act, 1956 the following information is furnished :

I. GENERAL INFORMATION :

Nature of Industry : Chemical and Petrochemical (Manufacture and Sale of Linear Alkyl Benzene, Epichlorohydrin and Caustic Soda).

Date of commencement of commercial Production :

Linear Alkyl Benzene - April 1988
Epichlorohydrin - March 1995
Caustic Soda - The Chlor Alkali plant owned by SPIC was taken over by the Company during August 2000.

Financial Performance :

The following are the results of the Company during the last five years, at a glance:

(Rs. in lacs)

Financial parameters	2004-05	2005-06	2006-07	2007-08	2008-09
Turnover	82986.23	92316.17	94538.90	88733.02	105239.90
Net Profit (As per P&L Account)	1182.37	203.76	(1105.96)	(1190.81)	654.14
Amount of Dividend paid	899.71	899.71	Nil	Nil	Nil
Rate of dividend declared in %	10%	10%	Nil	Nil	Nil

Export performance, net foreign exchange earnings and collaborations :

During 2009-10, the Company's foreign exchange earnings on account of exports on FOB basis was Rs. 7194.89 lacs and expenditure in foreign currency is Rs. 17390.16 lacs inclusive of CIF value of imports.

II. INFORMATION ABOUT THE APPOINTEES :

Background details, recognition/awards :

Thiru RM. Muthukaruppan is a Chemical Engineer with vast experience in Refining and Petrochemical Industries. Held various positions handling process, production, technical services, project development, market development, implementation and commissioning of various Refinery units, LAB and ECH plants. Besides the technical expertise he has experience in Business Development, General Management and Administration.

Thiru V. Ramani, is 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.

Past remuneration :

Thiru RM. Muthukaruppan

Period	Salary (in Rs.)	Commission/Performance Linked Pay (in Rs.)	Perquisites (in Rs.)	Retirement Benefits (in Rs.)	Total (in Rs.)
4.2.2006 - 31.3.2007	7,76,786	7,59,854	8,01,440	2,76,789	26,14,869
1.4.2007 - 31.3.2008	10,80,000	10,00,000	12,65,441	4,38,923	37,84,364
1.4.2008 - 31.3.2009	10,80,000	10,00,000	12,75,820	3,48,923	37,04,743

Thiru V Ramani

Period	Salary (in Rs.)	Commission/Performance Linked Pay (in Rs.)	Perquisites (in Rs.)	Retirement Benefits (in Rs.)	Total (in Rs.)
4.2.2006 - 31.3.2007	7,07,321	6,78,633	7,24,796	2,30,507	23,41,257
1.4.2007 - 31.3.2008	9,60,000	8,00,000	10,12,619	3,26,080	30,98,699
1.4.2008 - 31.3.2009	9,60,000	8,00,000	11,25,165	3,10,080	31,95,245

Job profile and suitability :

Thiru RM. Muthukaruppan as Managing Director is responsible for the overall management of the affairs of the Company subject to superintendence and guidance of the Board of Directors. With the requisite knowledge and experience as detailed in the background and considering the talents and skills acquired in the course of his career development both in India and Overseas, it is considered that the appointee is suitable for the assignment.

Thiru V. Ramani as Director & Chief Financial Officer is responsible for finance related areas in production, trading and resource management together with Accounts function. He is responsible for mobilization of funds, debt re-structuring and prudent utilization of funds at least cost. With the requisite knowledge and experience as detailed in the background both in India and Overseas and considering the talents and skills acquired in the course of his career development in handling corporate finance, it is considered that the appointee is suitable for the assignment.

Remuneration proposed to the Appointees :

Details of remuneration payable to Tvl. RM Muthukaruppan, Managing Director and V Ramani, Director & Chief Financial Officer are furnished in the resolutions under Item Nos. 7 and 8 respectively of the Notice.

Comparative remuneration profile with respect to industry, size of the company, profile of the position and person :

Taking into consideration (a) the size of the organization (b) level of operation of three business units (c) the invaluable experience by the incumbents (d) adverse business scenario faced by the Company in view of ever increasing oil prices and tight market situation (e) efforts required to be put in by the incumbents to bring back the Company to be profit making and (f)industrial norms on remuneration package to Whole-time Directors in Chemical and Petrochemical Industries, the remuneration package is considered very reasonable.

Pecuniary relationship, directly or indirectly with the Company / relationship with Managerial personnel, if any :

Tvl. RM Muthukaruppan and V Ramani have no pecuniary relationship with the Company, directly or indirectly (except to the extent of the remuneration received / receivable by them from the Company and their respective holding in the Company's equity share capital).

III. OTHER INFORMATION :

Reasons of loss or inadequate profits, Steps taken or proposed to be taken for improvement, Expected increase in productivity and profits in measurable terms.

The Company operates three divisions viz. Linear Alkyl Benzene (LAB), Epichlorohydrin and Chlor Alkali. The LAB division has posted a turnaround performance during 2009-10. Chlor Alkali Division (CAD) which was contributing to bottom line is on a downward trend due to the high cost of power, the essential raw material for manufacturing caustic soda. Tamilnadu Electricity Board has imposed power cut since there is power deficit. Coupled with this, the price of furnace oil, the key raw material for generation of power through DG set has also been on the increase. The cost of production has therefore increased on account of utilization of power for production of Caustic Soda through DG sets for want of grid power. Temporary imposition of safe guard duty for caustic soda did not provide the relief and import of caustic soda is continuing on a large scale. Further, most of the existing caustic soda manufacturers have expanded their capacity resulting in over supply of material. All these factors have substantially dented the profit of the CAD. The Company however has been taking several steps to contain the cost and also measures to mitigate risk for containing the increase in power cost by planning to implement the coal based power plant. Steps will be taken by the Company to work on alternate fuel for generation of power for running the caustic soda plant. The concerted efforts taken has resulted in posting a net profit after tax for 2008-09 and 2009-10 compared to a loss during 2006-07 and 2007-08.

Installation of the new Molecular Sieves is likely to improve further the bottom line of the LAB division as this new equipment will substantially reduce dependence on imported normal paraffin. In respect of LAB division, further steps will be taken not only to sustain the performance, but also work on improving the same. As has been the usual practice, the Company will continue to focus on controlling various manufacturing and other expenditures to improve the performance.

Hence, the proposed special resolutions seeking approval of shareholders.

Memorandum of Interest

None of the Directors except Tvl. T.K. Arun, Dr. A.C. Muthiah, Ashwin C Muthiah, being Directors of SPIC, V. Ramani and RM. Muthukaruppan are interested in the resolution.

By order of the Board
for TAMILNADU PETROPRODUCTS LIMITED

Chennai - 600 068 M.B. GANESH
5th May 2010 Secretary

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT ABOUT THE PARTICULARS OF DIRECTORS WHO ARE PROPOSED TO BE APPOINTED / RE APPOINTED AT THE 25TH AGM.

Item No. 3, 4 & 5 of the Notice

	Item No.3	Item No.4	Item No.5
Name of the Directors (Tvl.)	**N.R. Krishnan**	**T.K. Arun**	**Ashwin C. Muthiah**
Age	71	50	44
Qualification	B.Sc(Hons) and M.Sc. degree in Chemistry from the University of Delhi.	B.Com., ACS	B.Com., M.B.A.
Expertise	Retired Member of the Indian Administrative Service. He was the Secretary to the Government of India, in the Ministry of Fertilizers and Chemicals and also in the Ministry of Environment and Forests. He has been a Director on the Boards of several Companies.	Company Secretary and Head of Personnel and Administration Dept, TIDCO. Also serving as Nominee Director in Companies assisted by TIDCO. Expertise involves Project structuring for Public Private Partnerships (PPPs) in Infrastructure including Water, Ports and Roads; PPP documentation viz., Concession Agreements and related Contracts; Bid Process Structuring and Bid Process Management; Contract drafting/negotiation and Contract Management and Arbitration.	Industrialist
No. of Shares held	Nil	Nil	Nil
Other Directorships	**Director:** Tamilnadu Road Development Company Ltd., India Cements Ltd., Ponni Sugars (Erode) Ltd.	**Director:** DLF Info Park Developers (Chennai) Ltd., Ascendas IT Park (Chennai) Ltd., Cheslind Textiles Ltd., Asian Bearing Ltd., Great Sea Trawler Building Yard Mandapam Ltd, Sree Maruthi Marine Industries Ltd., Tanflora Infrastructure Park Ltd., Southern Petrochemical Industries Corpn.Ltd., Manali Petrochemical Ltd.	**Chairman:** Sical Distriparks Ltd., SDB Certis Cisco India Ltd., SICAL Logistics Ltd., Manali Petrochemical Ltd., SICAL Infra Assets Ltd., **Vice Chairman:** PSA Sical Terminals Ltd., Southern Petrochemical Industries Corpn.Ltd., **Director:** SPEL Semiconductor Ltd., Mitsuba Sical India Ltd., Totalcomm Infra Services Private Ltd., Tuticorin Alkali Chemicals and Fertilizers Ltd.
Committee Memberships Chaiman (C) Member (M)	**Audit Committee** Tamilnadu Road Development Company Ltd., (C) Tamilnadu Petroproducts Ltd., (M) Ponni Sugars (Erode) Ltd., (M) **Remuneration Committee** Tamilnadu Road Development Company Ltd., (C) Tamilnadu Petroproducts Ltd., (M)	**Audit Committee** Tanflora Infrastructure Park Ltd. (C), Tamilnadu Petroproducts Ltd., (M) Manali Petrochemical Ltd., (M) Southern Petrochemical Industries Corporation Ltd., (M), Cheslind Textiles Ltd. (M), Ascendas IT Park (Chennai) Ltd. (M). **Share Transfer & Shareholders/ Investors Grievance Committee** Tamilnadu Petroproducts Ltd., (M) **Shareholders/Investors Grievance Committee** Southern Petrochemical Industries Corporation Ltd., (M), Cheslind Textiles Ltd. (M) **Remuneration Committee** Manali Petrochemical Ltd. (M), Ascendas IT Park (Chennai) Ltd. (M)	**Remuneration Committee** Southern Petrochemical Industries Corporation Ltd., (M) **Audit Committee** SICAL Logistics Ltd., (M) **Share Transfer & Shareholders'/ Investors Grievance Committee** Tamilnadu Petroproducts Ltd. (M)

DIRECTORS' REPORT

To
The Shareholders

Your Directors have pleasure in presenting the Twenty Fifth Annual Report on the business and operations of your Company and the audited Statement of Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS	(Rupees in crores)	
	2009-10	2008-09
Sales (Gross)	**973.49**	1052.40
Profit before Depreciation and interest	**65.44**	60.17
Less: Interest and Financial charges	**21.29**	25.68
Profit after Interest	**44.15**	34.49
Less: Depreciation	**30.82**	32.58
Profit before tax	**13.33**	1.91
Provision for tax	**2.56**	(4.63)
Profit after tax	**10.77**	6.54
Balance carried to Balance Sheet	**71.02**	65.52

FINANCIAL REVIEW

Your Company was able to garner support from its bankers on account of improved performance during the year. This facilitated your Company to obtain additional working capital limit both fund and non fund based, besides availing one time credit facility to meet the urgent working capital needs. Your Company has been continuously working to reduce the overall interest cost and as a means to achieve the same during 2008-09, sale of non-core assets were made to pre pay high cost debt. Despite non-acceleration of debt repayment during 2009-10, the overall interest cost reduced from Rs. 25.68 crores in 2008-09 compared to Rs. 21.28 crores during current year, primarily due to reduction in working capital interest.

Your Company availed term loan from two of its existing bankers for replacement of Adsorbent chamber internals and Molecular Sieves in LAB plant molex section at interest rates below the prime lending rate of the respective banks and with a longer tenor. In view of the incremental revenues arising from the increased captive paraffin production, the loan can be liquidated without strain. The support extended by the working capital lenders and the extended credit support by suppliers helped your Company to tie up raw materials required to maintain production schedules for 2009-10.

DIVIDEND

Your Company declared dividend for the financial year 2005-06 and thereafter could not reward the shareholders considering the loss incurred. The good turnaround performance during the year under review ended up with a net profit after tax of Rs. 10.77 crores. The Board of Directors therefore considers it imperative to declare dividend for 2009-10 and have recommended payment of dividend of 5% (Rs.0.50 per equity share) on the paid up equity share capital.

OPERATIONAL HIGHLIGHTS

During the year your Company has completed 25 years, since its inception in 1984. Over the years, your Company has grown to be recognized as one of the major Petrochemical manufacturers in India. At this juncture, your Company has redefined its vision to sustain and excel foreseeing the opportunities and threat considering the dynamic and highly competitive business environment.

Linear Alkyl Benzene (LAB)

The performance of the LAB operations during the year showed signs of reasonably improved margins and profitability in view of a fairly steady oil price scenario and with the specific consumption of key raw materials being maintained within the norms. LAB production during the year was higher at 85,068 MTs compared to the previous year. However the capacity utilization could have been higher but for the plant turnaround during January 2010 for replacement of adsorbent chamber internals and sieves in the Molex unit. The sieves replacement is expected to restore the captive normal paraffin production to installed capacity levels thereby reducing the imports substantially in future. Your Company continues to enjoy the benefits of process efficiency and energy optimization gained through Advanced Process Control implemented earlier. LAB imports from the Middle-east countries are still a matter of concern as imports are increasing year after year. Your Company has therefore taken up the matter with the Government of India to impose anti dumping duty from specific countries which are trying to dump LAB into India at very low prices. Despite this scenario, your Company continues to be the sole supplier to Procter & Gamble and Henkel, KGaA, the leading international detergent manufacturers for their domestic requirements.

Epichlorohydrin (ECH)

The performance of the ECH operations during the year showed a reduced loss. Though the Sales quantity improved compared to the previous year, the realization has not been commensurate in view of subdued international price of ECH. The rising trend of input costs and particularly, the energy cost coupled with the inverted duty structure has greatly affected the margins. M/s. Petro Araldite Private Ltd. continues to source their ECH requirements from your Company.

Caustic Soda / Chlor Alkali

The performance of Chlor Alkali operations during the year diminished considerably due to various extraneous factors. The profitability was greatly affected due to increased variable costs consequent to high cost of captive power consumption in view of severe power cut imposed in Tamilnadu, which prevailed for most part of the year coupled with depressed caustic soda price due to cheaper imports. Your Company therefore decided to operate the plant at optimum capacity levels to the extent of using grid power and hence the capacity utilization was not comparable with the previous year's level of production. This strategy however helped to minimize the loss of the division. Imposition of safeguard duty by the Government on temporary basis has not provided the desired relief to realize better margins.

SAFETY, HEALTH & ENVIRONMENT

Your Company has been maintaining safety standards required for the safety of employees and the society. During the year, your Company has won awards from the Factories Inspectorate for safe operations of the plant for the years 2006 and 2007. The safe days of operation achieved in the LAB, ECH and Chlor Alkali plant as on 31st March 2010 are 4997, 1038 and 133 respectively. Adequate care and attention is bestowed towards the health of the employees and the environment in and around the plant.

RESEARCH & DEVELOPMENT

Research and Development activities were mainly focused on quality improvement of products. Attention was paid towards process improvements to achieve specific consumptions of new bench mark levels. Focus was also on studies related to improving over all environmental performance of the organization. A few activities towards value addition of side stream products were carried out during the year.

SUBSIDIARIES

SPIC Electric Power Corporation Private Ltd. (SEPC)

The efforts to develop the 525 MW Thermal power project at Tuticorin has gained momentum with the signing of the Shareholders' and Share Subscription Agreement during last year with an investor company, Goldstone Exports Ltd. (name changed as Trinity Infraventures Ltd.). The investor company has been infusing funds and has so far contributed Rs. 1.51 crores.

A joint committee consisting of representatives from Central Electricity Authority (CEA) / Tamilnadu Electricity Board (TNEB) / Tuticorin Port Trust (TPT) has recommended an alternative site for locating the power project. SEPC after making preliminary investigations has found the land suitable. Thereafter the alternate site has been approved by TNEB/TPT/CEA. Consequent to the above development, the Arbitration proceedings initiated earlier to settle the dispute between SEPC and TPT over the earlier land allocation have been kept in abeyance.

Certus Investment and Trading Ltd. and its Wholly owned Subsidiaries

Taking cognizance of its core strength in LAB business, your Company envisioned to be a dominant global producer by building new capacities in regions with promising growth potential viz. Middle East and South East Asia for setting up of LAB & Normal Paraffin projects. With the perspective of setting up such Projects overseas on joint venture basis, your Company established M/s. Certus Investment and Trading Limited (CITL), Mauritius, as a Wholly owned Subsidiary Company (WOS) of TPL, to serve as a Special Purpose Vehicle (SPV). CITL, in partnership with M/s Saudi Offset Limited Partnership (SOLP), established a company, M/s Gulf Petroproduct Co. to set up a LAB Project in the Middle East.

The Project proposal is to construct a 80,000 MT per annum standalone LAB Plant together with associated offsite facilities in Yanbu Industrial City, Kingdom of Saudi Arabia. The equity investment in the Project company would be made through Gulf Petroproduct Co. (GPC) in which CITL, the wholly owned subsidiary of TPL, has 50% shareholding.

The Project Company is in discussion with M/s Shell to finalize the terms of Feedstock Agreement, proposed to be supplied from the Pearl Shell Gas to Liquids (GTL) Project under construction in Qatar, with whom a Heads of Agreement (HoA) has earlier been executed in 2008. The feedstock supply will be made available from Pearl Shell GTL Project's 2nd phase which is slated for completion in 2012.

Based on the Information Memorandum & Financial Model of the Project, an investment bank in Middle East has evinced interest in Equity participation. A firm investment decision is expected from the investor after approval from their Board. Renewal of Investment license from Saudi Arabian General Investment Authority (SAGIA) & request for Site allocation will be initiated subsequent to firming of Feedstock supply Agreement with M/s Shell and tie up of Equity partners. The Project completion schedule is revised to the last quarter of 2012, to be in line with the Feedstock availability.

CITL has 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.

Proteus Petrochemicals Private Ltd.

CITL has set up a subsidiary, M/s Proteus Petrochemicals Private Limited as the project company for setting up a Normal Paraffin Project in Singapore. The proposal is to establish a green-field Normal Paraffin (NP) Project plant along with the associated utilities and off-sites. The Project was originally conceived for a capacity of 100,000 Metric tons per annum and was estimated to cost USD 125 Million, to be funded on a Debt : Equity ratio of 70:30. CITL had proposed to invest 51% of the Equity, with the balance Equity contribution coming from a Foreign Investor and Singapore's Economic Development Board (EDBi).

The Project Company has now firmed up feedstock tie-up with Shell Singapore at a more competitive price than the earlier arrangement, for which the final Board approval from Shell Management is expected by May 2010. In view of the superior quality of feedstock to be obtained from Shell, the production capacity will be higher for the same quantity of feedstock to be processed. Accordingly in line with the higher design of Plant Capacity for 125,000 MTs per annum, the Project cost has been revised upwards to USD 150 Million. The Debt : Equity structure of the Project has also been changed to 65:35. However, to maintain the investment amount as envisaged earlier, CITL will now take only 28% of the Equity. Singapore's EDBi and another Associate Investor will be investing 5% & 22% respectively towards Equity. In view of this arrangement, the Management control will still be with TPL. Balance 45% of the Equity is to be taken up by M/s Toyota Tsusho, a group company of Toyota Motor Corporation, Japan. Presence of Toyota Tsusho is expected to add value as it will be providing guarantee for 100% of debt, besides providing marketing support by virtue of their experience in LAB/NP trading business.

The Process Licensor Agreement & Engineering Agreement with M/s UOP has been finalized and is due for execution. The Detailed Engineering Contractor too has been finalized. The Project is now scheduled to kick-off in June 2010 with a target for commencement of commercial production by June 2012.

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)

Henkel India Limited achieved a turnover of Rs.509 crores for the year ended 31st December 2009 compared to Rs.508 crores in the previous year with Profit (before exceptional items) of Rs.12.71 crores as against Profit of Rs.4.19 crores in the previous year. Henko and Mr.White, the main laundry care brands recorded a sales volume growth of 11% and 2% respectively. Pril Utensil Cleaner registered a 22% growth in volume. In the Cosmetics and toiletries business of the Company, Soap category grew by 10.1% in value, Fa deodorant sales grew by 4% while Neem Active toothpaste witnessed a sales growth of 6.2%. The Schwarzkopf Professional Hair-Care Division (SKP) posted an impressive growth of 34%. SKP was official hair and styling partner for the Femina Miss India 2009, besides establishing a Hair-care Academy in Chennai.

Petro Araldite Pvt. Ltd. (PAPL)

During the financial year 2009-10, PAPL has earned a net profit of Rs.13.53 crores (unaudited) as against Rs.5.07 crores during previous year. The capacity utilization was 88% compared to 82% during the previous year. Total exports during the period was 3768 MT compared to 5030 MT during the same period last year. PAPL declared a maiden dividend of 5% on the paid up equity share capital for the year 2008-09 and your Company received a dividend of Rs.68.40 lacs on its equity investment.

FIXED DEPOSITS

During the year, the unclaimed deposit of Rs. 10,000/- was repaid to the deposit holder based on the claim received by your Company. Consequently, there is no unclaimed deposit as on 31st March 2010.

EMPLOYEES

Management is strongly committed to the belief that the sustenance and viability of the Company is commensurate with the quantity and quality of its manpower in terms of understanding, experience, decision making and problem solving skills both individually and as members of a well knit team.

In order to concretize this concept, the Company has been pursuing various HR initiatives and interventions with special focus on employee empowerment, multi-skilling and personality development both to recognize and retain the talents as well as to enhance their capabilities.

The HR Policy seeks to retain and re-orient the existing hands while infusing new blood and faces for a judicious balance. The HR department pursues a practice of continuing the Company's long built traditions, while gradually welcoming transition to newer concepts and tools in the context of globalization.

The communication system has been so structured as to enable information and messages to flow smoothly and without distortion both horizontally and vertically. Both to remove ennui and lassitude among employees, the Company has devised a system of progressions / promotions oriented to career development to ensure employee satisfaction and productivity. With a view to identify and recognize the extraordinary merits and contributions by employees, a system has been evolved to institute "The Best Employee of the Quarter" award in each and every Unit. Through a system of Performance Appraisal, employee's contribution and achievements are objectively graded and suitable correctives are timely applied by purposeful training sessions and counselling.

Thanks to the approach to HR adopting the latest techniques, the disciplinary aspect and the Industrial Relations have been deftly managed impacting on production and harmony.

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.

DIRECTORS

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

The Board of Directors on 28th January 2010

(a) recorded the withdrawal of nomination of Thiru M.F. Farooqui, I.A.S. as Director and Chairman by TIDCO. On the same day, Thiru Rajeev Ranjan, I.A.S. was co-opted as Director and appointed as Chairman vice Thiru M.F. Farooqui, I.A.S.

(b) co-opted Thiru Sunil Paliwal, I.A.S. as a Director of the Company representing TIDCO vice Tmt. Anita Praveen, I.A.S. and

(c) co-opted Thiru R. Karthikeyan as Director of the Company representing TIDCO vice Thiru T.S. Surendranath.

The Board of Directors wish to place on record their appreciation of the valuable services rendered by Tvl. M.F. Farooqui, I.A.S. as Director & Chairman, T.S. Surendranath and Tmt. Anita Praveen, I.A.S. as Directors during their tenure on the Board.

Pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Tvl.N.R. Krishnan, Ashwin C. Muthiah and T.K. Arun 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 2010, 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 2010 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 have been taken in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing/detecting fraud and irregularities; 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 24th Annual General Meeting held on 23rd September 2009, retire at the conclusion of the 25th 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 the Company, SPIC Electric Power Corporation Private Limited (SEPC) and an investor company have signed a Shareholders' and Share Subscription Agreement on 28th May 2009 for implementation of Power Project. The investor company has agreed to bring in 74% of the equity and has been meeting all the expenses of SEPC since August 2007. An alternative site for the project was identified and approved by TNEB/Tuticorin Port Trust (TPT)/Central Electricity Authority. SEPC has found the land suitable for the project. Demarcations under the Coastal Zone Regulation, Contour Survey, preliminary soil investigation have been completed. The process of obtaining environmental clearance from the Ministry of Environment and Forests for setting up the project is at an advanced stage. SEPC will pay the arrears of lease rentals on taking possession of the land. The Detailed Project Report with the revised project cost is under consideration by SEPC. Consequent to the above developments, the arbitration proceedings between SEPC and TPT over the land allotted to SEPC and sought to be repossessed by the latter have been kept in abeyance. The Ministry of Power, Government of India has clarified by its letter dated 24th February 2010 that the change of the alternate site would not alter the legal enforceability of the already concluded Power Purchase Agreement between SEPC and TNEB. In view of the substantial progress made in respect of this power project, no provision in the value of investment and advance against equity is considered necessary as explained in Note No. 21 of Notes to the Accounts.

(b) pertaining to the Assets held by the company amounting to Rs. 2123.63 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 No. 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, 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

Chennai – 600 068 RAJEEV RANJAN
5th May 2010 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 involved in manufacture of 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 continues to be the most versatile surfactant used in the ingredients in the formulation of synthetic detergent. The LAB business in the country over the last couple of years has remained highly competitive due to additions to domestic capacities and steadily increasing imports. Nevertheless, the consistent growth in the detergent market has contributed to the increased LAB consumption in the country. Presently, sign of revival is being witnessed despite facing pressure due to surging LAB imports and availability of substitute products like alpha olefin sulphonates, Methyl Ester sulphonates and detergents Alcohols.

Stability seen in the crude oil prices besides the raw materials linked pricing strategy adopted by your Company helped to sustain the business. Your Company is continuing with its efforts to source energy inputs at competitive price. The representation made to the Government of India, seeking relief by imposition of safe guard duty on large scale LAB imports causing damage to domestic manufacturers was not duly reviewed and acknowledged. Hence, a fresh appeal has been made to the Government of India to introduce Anti dumping duty on LAB imports from specific countries that are causing damage to the domestic market.

EPICHLOROHYDRIN (ECH)

Your Company continues to be the sole manufacturer of ECH in India, which finds application in manufacture of Epoxy resins, Pesticides and Pharmaceuticals. The demand for ECH in India during the year has remained fairly constant in line with the slow down of economy. The gap in domestic market requirements is met by way of imports from Europe, Russia and China etc. The export price to India is determined by the overseas manufacturers based on capacity of their plant, demand in other countries and shutdown of various plants across the world.

It is a fact that the raw material and energy costs of overseas manufacturers are more competitive when compared to India in view of the administered pricing mechanism continued to be followed by oil companies for products like propylene, fuel oil etc, the key inputs required for our ECH plant. M/s. Petro Araldite Pvt. Ltd., the joint venture of TPL, continues to source their major requirements of ECH from your Company.

The year under review experienced extended soft price for the ECH whereas the raw material and fuel oil prices continued to rule high. The cost increase could not be passed on to customers as the price of ECH in India is determined based on import parity associated with appreciating rupee. This has primarily contributing to the average performance of the Epichlorohydrin business.

CAUSTIC SODA / CHLOR ALKALI

The manufacturers of Caustic Soda and Chlorine in India have been resorting to all probable ways and means to sell out their enhanced capacities of caustic lye production. This unhealthy competition amongst the manufacturers coupled with cheaper imports into India has led to an unprecedented low in prices of Caustic lye. Despite this, your Company is maintaining its position in the southern markets by making prudent changes in the operating philosophy. To take advantage of the depressed price level, caustic soda customers have resorted to maintaining low inventory thus contributing to a reduced off-take. The huge import inventory build up is acting as a buffer for spurt in demand, if any.

The steps taken by your Company to improve the hydrogen gas sales to customers in and around Chennai has been worthwhile. Maximization of hydrogen usage within the plant as a fuel is continuing. The major plan for the future is to effectively use of hydrogen for other uses, rather than as a fuel that is proposed to be taken up when the fuel oil prices get softened.

The use of Co-product of Caustic lye i.e. Chlorine consumption in our Epichlorohydrin plant and by an adjacent industry in Manali is continuing, which is a welcome feature for both your Company and the neighbouring industry as well.

Hydrochloric acid from the membrane plant is sought after by specific industries for its pristine quality for various applications.

THREATS AND OPPORTUNITIES

Linear Alkyl Benzene

One of the major threats continuing to haunt LAB manufacturers in India is the free flow of LAB imports. During this year, around 25% of the domestic consumption of LAB was met through imports. LAB has been imported by Regional LABSA / Detergent manufacturers for their own consumption as well as for trading in the market. This has weakened the market and has led to unhealthy competition by way of offering huge discounts to fend off competition and to promote selling. Continuous efforts are being pursued by MNCs to identify a strong substitute for LAB. Substitutes are also finding way into the detergent industry in a slow and steady pace. The large scale usage of competitively priced substitutes will pose a real threat to the LAB business.

The growing volumes of MNCs detergent business is providing us an opportunity to grow alongwith them, who have a definite strategy, put in place to tap the growing demand of consumers. LAB therefore still remains to be the major surfactant to cater to the world demand with other alternatives still to be proven as real threat.

Epichlorohydrin

The business of ECH in India by your Company is continued to be inflicted by the import of the final product i.e. Epoxy Resin by the end users. Besides the fact that the imported final products i.e. Epoxy resin is priced cheaper facilitated by reduced duty, the other reason for such stand off in the market is in view of the risk associated in transporting ECH. Thus, the direct import of Resins, the final product, is giving downstream manufacturers better margins to make value added products in Resin rather than the conventional route of Basic Liquid Resin (BLR) manufactured from ECH and then to value added product. This is a main threat to your Company, being a stand alone manufacturer affected by the unfair Administered pricing mechanism in existence for most of the petroleum product including fuel oil, the prime contributing factor for increased power and fuel costs. The continued high prices of propylene and fuel oil accentuates the threat scenario with higher variable cost of production making our product uncompetitive in the market. The earlier threats of Free Trade Agreements with ASEAN and Far-East countries and inverted duty structure for ECH in India continue to haunt our ECH business.

The new technology / process for manufacture of ECH from Bio-raw materials is still to be proven on commercial scale for competitiveness. It is stated that a large scale plants adopting the new technology is under construction in China. However, fears of continued availability of bio raw materials due to increased demand for other important uses is making new investors to hold/to defer such ventures.

The resurgence seen in the Infrastructure sector in India together with the impetus given by Government of India for the creation of Special Economic Zones (SEZ) in various parts of the Country is expected to add “glitter” to the demand for ECH. The Government’s initiative to un-clutter the Administered pricing mechanism by setting up a high-power committee is expected to yield benefits to your Company, should the committee’s report after fair review be considered for implementation.

Caustic Soda / Chlor Alkali

The key raw materials for this product is Electric Power apart from industrial grade salt. The continued power cut in the state coupled with the poor reliability of power is adversely affecting the business of higher production cost and increased unproductive power usage. Continued operation of captive power plant as a reliable power supply source is unviable as the cost of fuel oil has reached prohibitively high levels making the caustic soda manufacturers to suffer, the situation of which is expected to continue. During the year, the Salt availability was not a major concern while the quality of salt has been given due consideration similar to other large scale manufacturers in countries like China etc. Your Company sourced salt from Northern India to mitigate any major price rise in salt associated with reduced availability from nearby sources.

RISKS & CONCERNS

Linear Alkyl Benzene

Risk became associated with LAB business when the demand was outdone by supply. The increase of imports year after year, creates unhealthy competition thereby reducing the margins for the domestic suppliers to near zero limits. The inverted duty structure with higher duty on inputs compared to a lesser duty level on finished product is affecting the competitiveness of the domestic industry. The reduced availability of the intermediate product N-paraffin is forcing the Company to under utilize the capacity of LAB. The surge in rupee appreciation is likely to have an adverse impact on our export realization. The consumer spend has not increased much on the rural part of our country and hence the consumption levels in rural India is still minimal. This is likely to have a bearing on the increase in demand for LAB.

Epichlorohydrin

Manufacturing of this specialty chemical is increasingly becoming uncompetitive as our existing process requires more power and water per ton of product. The increased power cut, poor quality of power, reduced availability of water are the major risks that your Company is facing. The other risks like higher raw material costs associated with existence of administered pricing mechanism for petroleum based products in our country still exists. The prices of fuel oil had not shown any sign of reduction and remain flat at the high end. The concern due to increased imports, appreciating rupee, shift to import of final product i.e. Resins are to be addressed by the Company.

Unless, the new technology is proved and the fear of continued availability of bio raw material is removed, the process of setting new plants will be a far cry. The availability of agri-products i.e. food security for the growing world population – a priority factor over the requirement of industries, is gaining its due support in all podiums across the world. This will be a determining factor for future of this new process and sustained survival for existing ones.

Caustic Soda / Chlor Alkali

The enforcement and continuing "power cuts" had led to non availability of electrical energy in required quantity and quality for the State Electricity Board and is a major risk to this industry, as the manufacturing process is power intensive. The increased price of Fuel Oil is an additional matter of concern to your Company which is already subjected to severe burden of higher power cost, reduced realization, increased build up of inventory due to market factors thereby leading to the point of no return until Government initiates action to curb imports / relaxes the imposed power cut.

Bench marking activities for this industry towards saving electrical energy has been initiated by the Government and the work has been begun by the authorized agencies to identify and to report the same. The recommendations when adopted will act as a catalyst for the adoption of newer technology for this industry to increase productivity by achieving energy inputs reduction.

High volume of imports on continued basis by large volume consumers and traders is of concern to the business.

The reduced use of Chlorine by paper manufacturers considering environmental issues is a matter of concern.

OUTLOOK

Linear Alkyl Benzene

The outlook for LAB market is encouraging and can be viewed with optimism considering the growth rate of 5% witnessed during the previous year. In view of the rise in demand for LAB, supply constraints have started to sprout occasionally over when one or more of the manufacturers take a shutdown. The completion of sieves replacement in Molex unit will help increase the captive n-paraffin production thereby reducing the burden on imports substantially and to minimize the cost of production.

Epichlorohydrin

The price trend of ECH since beginning of first quarter of 2010-11 is promising, which is a positive factor for your Company. If this trend continues, the outlook appears better for your Company. The increasing truth and belief, that India is a major source of economy driver for other countries, will make the Rupee to appreciate. This will be a deterrent factor for the pricing of the product.

The increased use of Resins for corrosion prevention will step up and accelerate the demand for ECH. Other specialty usage in pharma and insecticide applications are expected to continue but the demand appears stagnant in nature with no substantial increase in contribution to the total demand. However, these factors should catalyze the growth of this product. Another area is usage of Resins in Auto sector which is being looked as a main foreign exchange earner for our country with the export potential in this sector appearing phenomenal; the demand for ECH is set to increase if the domestically manufactured resin becomes a viable proposition for these manufacturers, which is likely to do good to your Company.

However, to capitalize on this potential opportunity, the constraints faced to maintain economical cost of production viz. hardened price of raw materials, rising energy cost, due to reduced availability/unreliable quality of power, increased availability of imported ECH at competitive prices and appreciating rupee have to be overcome by taking appropriate measures.

While your Company is confident that the domestic demand can be met by its production capacity, the buyers sporadic alignment to source their requirement through hostile imports is eroding the realizations of the product.

Caustic Soda / Chlor Alkali

The market for caustic soda despite the presence of several manufacturers is more matured and wide spread. Currently the price of caustic soda is very much softened both domestically and internationally due to greater availability and reduced demand. However, the earlier large scale capacity additions by major manufacturers who have an advantage in terms of economies of scale of operation is set to impact the existing thin/negative margins. Unless energy/power price comes down, or price levels of caustic lye improved, the outlook will be unfavourable for this product. While company looks forward eagerly to get benefited by the continued imposition of safeguard duty to curb dumping of imports, the quantum of imports has come down during the temporary regime of safeguard duty.

The Chlorine demand appears promising as our production quantity is used both internally and by neighbourhood Manali industry. The availability of chlorine is a matter to balance the inventory of caustic soda.

Your Company looks forward to a reduction in power cut, increased availability of reliable and lesser fuel oil prices to redeem the industry from the shackles of under and poor performance and to instill the confidence in its stake holders.

FINANCE

The Company has been enjoying the support of lenders primarily due to meeting of debts service commitments, even when the cash accruals were minimal in the recent past. Consistent improvement in performance on quarter to quarter basis also changed the perception of the lenders. This apart, proactive steps as in the past will be taken by your Company to tie up additional limits by way of both fund and non-fund based from the existing member banks. Some of the member banks have also evinced interest to enhance their share reflecting the confidence in Company's financial performance. This will enable your Company to source the raw materials directly from the suppliers rather than routing through accredited trading houses of Government of India. Your Company has been stressing on the member banks to reduce the interest spread due to improved financial ratios and the total interest cost for the current year is a reflection of your Company's efforts. It is expected that the improved performance of your Company's operations will pave the way for Company to have a better negotiating strength with short term and long term lenders leading to further bring down the overall interest burden in the next financial year. The continued surge in production of LAB will lead to additional requirement of raw materials in 2010-11. The rupee dollar parity will be double edged weapon for your Company as imports will become cheaper but pricing of finished products will go down as well.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has adequate internal control system monitored by the Internal Audit Department on continuous basis. Audit Reports are submitted periodically to the Management and to the Audit Committee. The Audit Committee at its meetings, reviews the audit reports & 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 the implementation status of 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' expectation. Action taken is periodically reported to the Audit Committee.

MATERIAL DEVELOPMENTS ON HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONTS.

The man power strength as on 31st March 2010 was 592. The current situation of economic slow down has pushed the Corporates across the world to defer their recruitment plans, down size their manpower strength and trimming of pay bills. The higher rates of attrition prevailed in the previous years has come down currently and Company is comfortable in retaining the talents. The Company is poised to meet the manpower demand-supply pattern through strategic manpower planning.

Negotiations with Employees' Unions of LAB/ECH and HCD Divisions are in progress for long term settlements for revision of 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.

Disclosure of particulars under Section 217(1)(e) of the Companies Act, 1956 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 2010.

CONSERVATION OF ENERGY

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

LAB

1. Hot oil heat exchanger has been taken online instead of steam heater to heat the circulating fuel oil and this has resulted in the savings of around 1 MT of fuel oil /day and 900 units per day of electrical energy.
2. High capacity Fuel oil circulation pump has been replaced with new small capacity fuel oil pump and has resulted in the savings of around 240 units/day.
3. Hydrobon heater stack damper controller has been provided to reduce the excess air and it has resulted in the savings of around 0.5 MT/Day of fuel oil.
4. 18 no of 160 watts M.V. Lamp bulbs were replaced with 125 watts bulbs. This has resulted in a saving of approximately 8 units per day.

ECH

1. The existing 75 KW, Raw Water Pump motor was replaced with Energy efficient motor of 45 KW and the savings achieved is about 144 Units/Day.
2. 8 Nos. of 160 watts M.V. Lamp bulbs were replaced with eight numbers of 18 watts CFL bulbs. This has resulted in a saving of approximately 14 units per day.

CAD

1. New hydrogen bottling compressor of higher capacity had been commissioned. This has increased the utilization of hydrogen by 4 %.
2. Energy saving cathode coating has been done including anodes coating and membrane change in cells to minimize the power consumption.

FORM - A

Form for disclosure of particulars with respect to conservation of Energy

A.	**Power and Fuel Oil consumption**	**Current year 2009-10**	Previous year 2008-09
1)	**Electricity**		
	a. Purchased power		
	Units(in lakhs)	**729.08**	653.34*
	Variable cost (Rs. in lakhs)	**2697.72**	2436.09
	Total cost (Rs. in lakhs)	**3152.22**	2945.27
	Rate/Unit (Rs.)		
	Units charges (Rs. / Unit)**	**3.70**	3.70
	Demand charges (Rs. / KVA)	**300**	300
	*Net of windfarm adjustment		
	**Variable cost includes peak hour charges		
	b. Own generation		
	Through Diesel generator		
	Units (in lakhs)**	**1357.05**	1319.38
	Units/Litre of fuel	**4.06**	4.00
	Rate/Unit (Rs.)	**5.25**	5.30
	**Includes power exported to grid		
2)	**Coal**		
	Quantity (Tonnes)	**--**	--
	Total cost	**--**	--
	Average rate	**--**	--
3)	**Furnace oil/LSHS**		
	Quantity (KL)	**80733.80**	80011.60
	Total amount (Rs. in lakhs)	**16378.25**	15960.84
	Average rate (Rs./KL)	**20286.73**	19948.15
4)	**Diesel**		
	Quantity (KL)	**85.57**	31.38
	Total amount (Rs. in lakhs)	**27.81**	10.78
	Average rate (Rs. / KL)	**32500.15**	34367.69
5)	**Windfarm**		
	Units generated (in lakhs)	**--**	122.42
	Total amount (Rs. In lakhs)	**--**	23.20
	Rate / Unit (Rs.)	**--**	0.19

B. Consumption per unit (MT) of production

Products with details	(Standard if any)	**Current year**			Previous year		
		LAB	**ECH**	**CAD-Caustic**	LAB	ECH	CAD-Caustic
Electricity (KWHR/MT)		**634.55**	**1461.00**	**2702.50**	683.49	1587.00	2694.00
Furnace oil (MT)		**0.47**	**0.69**	**0.03**	0.52	0.65	0.02
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 development of value added by-products from process streams.

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

a) Studies related to identification and development of LAB process streams for new applications.

b) Development of process for separation and purification of chemicals from process streams formed during ECH Production process.

c) Analysis of data pertaining to product characteristics and using the information derived for quality improvement.

d) Studies related to improve the quality effluents generated for improving environmental performance.

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

a) Value addition by developing new products
b) Improvement in the Process performance
c) Improving the Quality of products for enhancing customer satisfaction
d) Improving the environmental performance of the organisation.

3) Future Plan of Action

a) Development of new applications for side stream products
b) Studies aimed at improving specific consumption norms.

4) Expenditure on R&D

Capital	:	Nil
Recurring	:	Rs. 34.16 lacs
Total	:	Rs. 34.16 lacs

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 OUT GO

a.	Foreign Exchange outgo	:	Rs. 17390.16 lacs
b.	Foreign Exchange earnings	:	Rs. 7194.89 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 2010.

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	57	B.E. (Chemical)	34	Senior Engineer, Cochin Refineries Ltd	17-10-1985	37,78,077/-
V. Ramani*	Director & Chief Financial Officer	58	B.A., A.C.A	34	Executive Director, SPIC Limited	04-02-2004	32,31,483/-

* Not a relative of any director of the company. The appointment is contractual.

REPORT ON CORPORATE GOVERNANCE (2009 - 10)

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 Director-ships@	Committee Membership*	
						Chairman	Member
1	Rajeev Ranjan, IAS (TIDCO Nominee) [Appointed as Director and Chairman w.e.f. 28th Jan 2010]	Chairman	1	NA	11	--	--
2	Dr A.C. Muthiah (SPIC Nominee)	Vice-Chairman	4	Yes	5	--	--
3	Ashwin C Muthiah (SPIC Nominee)	Director	1	No	11	--	2
4	T K Arun (TIDCO Nominee)	Director	5	Yes	9	1	8
5	Sunil Paliwal, IAS (TIDCO Nominee) [Appointed as Director w.e.f. 28th Jan 2010]	Director	1	NA	13	--	3
6	R Karthikeyan (TIDCO Nominee) [Appointed as Director w.e.f. 28th Jan 2010]	Director	1	NA	12	--	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	--	1

c. Independent Non-Executive Directors

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

@ *Does not include directorships in companies excluded under 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 and their nominees are considered independent.

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

Persons who ceased to be Directors

	Name (Tvl./Tmt)	Designation / Date of cessation	No. of Board Meetings attended	Attendance at last AGM#	No. of other Directorships	Committee Membership	
1	S J Chiru, IAS	Director/30th Jul'2009	Nil	NA	11	--	4
2	Anita Praveen, IAS	Director/28th Jan'2010	1	No	14	--	5
3	M.F. Farooqui, IAS	Chairman/28th Jan'2010	2	No	10	--	--
4	T S Surendranath	Director/28th Jan'2010	3	Yes	5	--	3

\# *NA – Not applicable*

- Number of Board Meetings held : 5
- Dates on which held : 7th May 2009, 30th July 2009, 23rd September 2009, 30th October 2009 & 28th January 2010.

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 of the Audit Committee in brief 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 and Names of Chairman and Members:

The Board of Directors have constituted an Audit Committee comprising of 5 Directors as Members. The Committee held 5 Meetings on 6th May 2009, 30th July 2009, 30th October 2009, 28th January 2010 and 29th March 2010.

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

- There was no change in the constitution of the Audit Committee.
- 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 2009-10: (Rupees)

Name (Tvl.) and Term of Service	Salary	Performance linked pay	Perquisites	Retirement Benefits	Total
RM. Muthukaruppan 4.2.2007 – 3.2.2010 4.2.2010 – 3.2.2013 (Reappointed)	11,17,857	10,00,000	12,99,066	3,61,154	37,78,077
V. Ramani 4.2.2007 – 3.2.2010 4.2.2010 – 3.2.2013 (Reappointed)	9,78,929	8,00,000	11,36,360	3,16,194	32,31,483
Total	20,96,786	18,00,000	24,35,426	6,77,348	70,09,560

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 (2009-10)

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 2009-10.

Sitting Fees paid to Non-Executive Directors during 2009-10:

Name (Tvl.)	Sitting Fees (Rs)	
	Board Meetings	Committee Meetings
M.F. Farooqui, IAS	20,000*	--
Rajeev Ranjan, IAS	10,000*	--
Dr. A.C. Muthiah	40,000	--
Ashwin C. Muthiah	10,000	60,000
T.K. Arun	50,000*	2,80,000*
Anita Praveen, IAS	10,000*	--
Dhananjay N. Mungale	40,000	50,000
N.R. Krishnan	50,000	60,000
Sunil Paliwal, IAS	10,000*	--
Dr. K.U. Mada	50,000	50,000
T.S. Surendranath	30,000*	--
C. Ramachandran	50,000	2,90,000
R. Karthikeyan	10,000*	--
Total	3,80,000	7,90,000

* Paid to TIDCO as they are TIDCO Nominees.

5. Remuneration Committee: (Non Mandatory)

The Remuneration Committee of Directors consisting of three Independent Directors viz., Tvl. C. Ramachandran as Chairman, Dhananjay N Mungale and N.R. Krishnan as Members, was constituted on 28th January 2010 by the Board of Directors to decide the remuneration payable to Tvl. RM. Muthukaruppan, Managing Director and V. Ramani, Director & Chief Financial Officer on their re-appointment for the period from 4th February 2010 to the end of their tenure i.e. 3rd February 2013.

6. 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 and Names 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, 70 letters/complaints received from the shareholders were attended to/resolved. As on 31st March 2010, 18 valid transfer deeds involving 687 Equity Shares were under process, out of which 6 proposals involving 675 Equity Shares were subsequently approved during April 2010 and the balance are pending for technical reasons.

General Body Meetings:

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

Year	Date & Time	Venue	Special Resolutions considered thereof	Result
2006-07	28.9.2007 10.15 AM	Tamil Isai Sangam, Raja Annamalai Hall, Esplanade Chennai – 600 108	1) Appointment of Auditors 2) Re-appointment of Thiru RM. Muthukaruppan as 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 Thiru V. Ramani as 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
2008-09	23.9.2009 10.25 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 25th AGM to be held on 11th August 2010.

7. Disclosures:

- Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large. : NIL
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last 3 years.: NIL
- 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.
- Equity shares of the Company held by Non Executive Directors as on 31st March 2010: Dr. A.C. Muthiah - 1001 Equity Shares and Dr. K.U. Mada - 3500 Equity Shares.

8. 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) and Bombay Stock Exchange Ltd., upon approval by the Board of Directors and published in a leading Newspaper in English and Tamil (Regional language). The financial results are also displayed on the Company's website, www.tnpetro.com. The shareholding pattern, quarterly financial results etc. were displayed in SEBI website www.sebiedifar.nic.in as per Listing Agreement requirements upto the third quarter of 2009-10. Consequent to SEBI discontinuing the EDIFAR System with effect from 1st April 2010, the Company is providing the abovementioned information to the Stock Exchange as required under the Listing Agreement entered into with them.

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

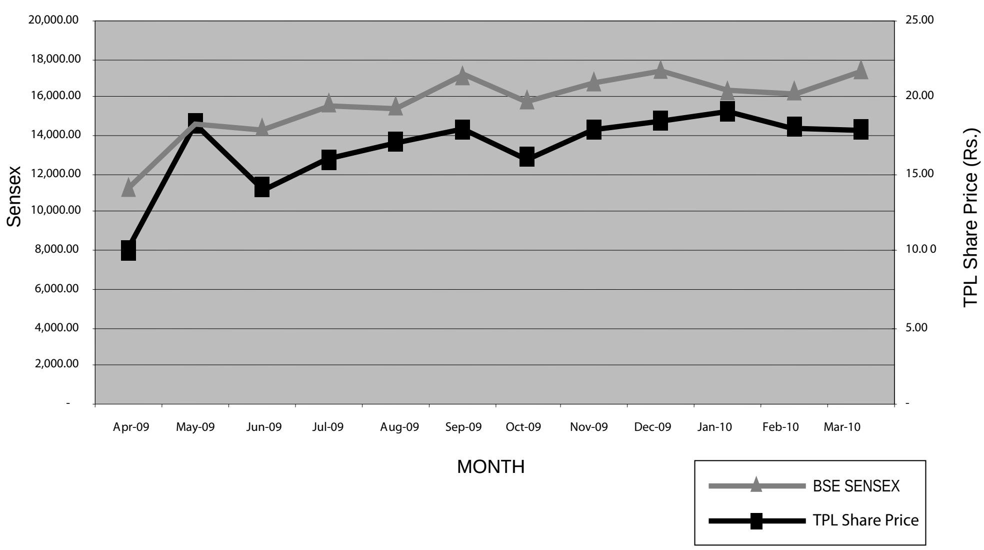
9. General Shareholder Information

- Annual General Meeting : 25th Annual General Meeting will be held on 11th August 2010 at Tamil Isai Sangam, Rajah Annamalai Hall, Esplanade, Chennai-600 108.
- Financial Calendar
  - Annual Results (Audited) - May / June
  - Unaudited First Quarter Results (subject to limited review by Auditors) - July / August
  - Annual General Meeting - August / September
  - Unaudited Second Quarter Results (subject to limited review by Auditors) - October / November
  - Unaudited third Quarter Results (subject to limited review by Auditors) - January / February
- Date of Book closure : The Register of Members and the Share Transfer Books of the Company will remain closed from 28th July 2010 to 11th August 2010 (both days inclusive)
- Dividend payment Date : August / September 2010
- Listing of Securities on Stock Exchanges (Equity shares) : Bombay Stock Exchange Ltd (BSE) & National Stock Exchange of India Ltd.(NSE)
- Stock Code (Equity shares) : NSE - TNPETRO / BSE - 500777

Market Price Data [High / Low during each month in 2009-10]

	Apr 2009	May 2009	Jun 2009	Jul 2009	Aug 2009	Sept 2009	Oct 2009	Nov 2009	Dec 2009	Jan 2010	Feb 2010	Mar 2010
BSE												
High (in Rs.)	12.00	20.90	20.00	16.30	17.25	19.40	19.40	21.80	22.00	22.45	23.00	19.00
Low (in Rs.)	8.25	9.80	13.60	11.99	14.35	16.40	15.10	15.05	17.55	18.00	16.00	16.05
NSE												
High (in Rs.)	12.00	20.85	19.90	16.45	17.40	19.90	19.40	21.85	20.45	22.45	20.80	19.25
Low (in Rs.)	8.35	9.80	13.60	12.55	14.50	16.45	15.65	14.90	17.10	17.10	18.00	17.25

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, 23 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 2010:

Category (No. of Shares)	No. of Shareholders	Percentage	No.of Shares	Percentage
1 - 500	89166	89.23	14374435	15.98
501 - 1000	6501	6.51	5383377	5.98
1001 - 2000	2310	2.31	3589196	3.99
2001 - 3000	667	0.67	1734195	1.93
3001 - 4000	305	0.31	1111960	1.24
4001 - 5000	303	0.30	1450770	1.61
5001 - 10000	362	0.36	2701890	3.00
10001 & above	310	0.31	59625651	66.27
Total	**99924**	**100**	**89971474**	**100**

  (b) Shareholding Pattern as of 31st March 2010:

Category	No. of Equity Shares	% to Paid-up Capital	No. of Shareholders
Promoters :			
Tamilnadu Industrial Development Corpn.Ltd.	15843751	17.61	1
Southern Petrochemical Industries Corpn. Ltd.	15234375	16.93	1
Other Corporate Bodies	7008300	7.79	911
General Public	39698116	44.12	96390
Non Resident Individuals	3915626	4.35	2508
Foreign Institutional Investors & OCBs	3654224	4.06	5
Indian Financial Institutions	4470729	4.97	8
Mutual Funds & Banks	19225	0.02	32
Shares in Transit [clearing Member account]	103689	0.12	61
Trust	23439	0.03	7
TOTAL	**89971474**	**100**	**99924**

Dematerialization of Shares : Over 73.94% of the 89971474 outstanding shares (including TIDCO's holding) have been dematerialized upto 31st March 2010. Balance 26.06% (including SPIC's holding) are held in physical mode.

- 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 : Nil
- 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

  (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 for Investor Grievance : 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(I) 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 2009 to 31st March 2010.

Place : Chennai	RM. MUTHUKARUPPAN
Date : 5th May 2010.	MANAGING DIRECTOR

CERTIFICATE

To
The Members of Tamilnadu Petroproducts Limited

We have examined the compliance of conditions of Corporate Governance by Tamilnadu Petroproducts Limited ("the Company") for the year ended on 31st March 2010, 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
(Registration No. 008072S)

B. Ramaratnam
Partner
Membership No. 21209

Place : Chennai
Date : 5th May 2010

AUDITORS' REPORT TO THE MEMBERS OF TAMILNADU PETROPRODUCTS LIMITED

1. We have audited the attached Balance Sheet of Tamilnadu Petroproducts Limited ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the company for the year ended on that date, both 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
   a. 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;
   b. in our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
   c. the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d. in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
   e. *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;*
   f. *as stated in Note 22, assets held by the company amounting to Rs. 2123.63 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.*
   g. *subject to paragraphs (e) & (f) 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:
      i. in the case of the balance sheet, of the state of affairs of the company as at 31st March 2010;
      ii. in the case of the profit and loss account, of the profit for the year ended on that date; and
      iii. in the case of the cash flow statement, of the cash flows for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No.008072S)

B.Ramaratnam
Partner
Membership No. 21209

Place: Chennai
Date : 5th May 2010

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

i. In respect of its fixed assets:

a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) The fixed assets are physically verified by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

ii. In respect of its inventory:

a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification

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 the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

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. According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year 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 adequate internal audit system commensurate with the size and the nature of its business.

viii. We have broadly reviewed the books of accounts maintained by the Company, pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of manufacturing of Linear Alkyl Benzene and Caustic Soda and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

ix. According to the information and explanations given to us in respect of statutory dues:

a. The Company has generally been 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, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it, with the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.

c. Details of dues, if any, of Income tax, Sales Tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess which have not been deposited as on March 31, 2010 on account of disputes are given below:

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved net of deposits (Rs. in Lacs)
Various State Sales Tax Acts	Sales tax	Tribunal	1993-94 to 2002-2003	1,659.00
Central Excise Act	Excise duty	High Court	1994-2002	13.89
		Tribunal	2001-2005	206.50
		Commissioner (Appeals)	2002-2008	6.01
		Deputy Commissioner	1994-1997	10.90
Finance Act	Service tax	Tribunal	1997-2006	89.64
		Commissioner (Appeals)	2005-2006	0.05
Income Tax Act	Income tax	High court	Assessment Year 2000-01	79.05
		Tribunal	Assessment Year 2002-03	151.16

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 In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

xv In our opinion and 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 In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

xvii In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that, prima facie, funds raised on short-term basis have not been used during the year for long-term investment.

xviii According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year.

xix According to the information and explanations given to us, the Company has not issued any debentures during the year.

xx According to the information and explanations given to us, the Company has not raised any money by way of public issues during the year.

xxi To the best our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No.008072S)

B.Ramaratnam
Partner
Membership No. 21209

Place: Chennai
Date : 5th May 2010

BALANCE SHEET

As at 31st March 2010 (Rupees in Lacs)

	SCHEDULE		As at 31st March, 2010		As at 31st March, 2009
SOURCES OF FUNDS					
Shareholders' Funds:					
Share capital	1	**8,997.15**		8,997.15	
Reserves and surplus	2	**28,713.03**		28,182.50	
			37,710.18		37,179.65
Loan Funds:					
Secured	3	**15,807.91**		12,953.14	
Unsecured	4	**2,344.24**		2,172.79	
			18,152.15		15,125.93
Deferred tax liability (net)			**7,342.05**		7,245.22
TOTAL			**63,204.38**		59,550.80
APPLICATION OF FUNDS					
Fixed Assets:	5				
Gross block		**123,666.17**		118,419.00	
Less: Depreciation		**85,541.16**		82,448.21	
Net Block		**38,125.01**		35,970.79	
Capital work in progress including advances		**705.95**		938.36	
			38,830.96		36,909.15
Fixed assets held for transfer (Note 22)			**2,123.63**		2,138.81
INVESTMENTS	6		**17,980.08**		17,980.08
Current Assets, Loans and Advances	7				
Inventories		**9,056.85**		7,001.17	
Sundry debtors		**6,334.55**		5,202.18	
Cash and bank balances		**1,192.73**		560.15	
Loans and advances		**4,815.24**		6,776.90	
		21,399.37		19,540.40	
Less:Current Liabilities and Provisions	8				
Current liabilities		**16,313.47**		16,738.22	
Provisions		**816.19**		279.42	
		17,129.66		17,017.64	
Net current assets			**4,269.71**		2,522.76
TOTAL			**63,204.38**		59,550.80
Notes to the accounts	12				

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : 5th May 2010

For and on behalf of the Board

A.C. MUTHIAH Vice Chairman
C. RAMACHANDRAN Director
T.K. ARUN Director
V. RAMANI Director & CFO
RM. MUTHUKARUPPAN Managing Director

M.B. GANESH
Secretary

Place : Chennai
Date : 5th May 2010

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PROFIT AND LOSS ACCOUNT
for the year ended 31st March, 2010

(Rupees in Lacs)

	SCHEDULE		**Year ended 31st March, 2010**		Year ended 31st March, 2009
INCOME					
Sales and services		**97,348.75**		105,239.90	
Less : Excise Duty		**6,841.21**		11,453.27	
Net Sales and services			**90,507.54**		93,786.63
Other income	9		**895.70**		1,721.85
			91,403.24		95,508.48
EXPENDITURE					
Manufacturing and other expenses	10		**84,859.56**		89,491.87
Interest (Net)	11		**2,129.28**		2,567.76
Depreciation for the year		**3,102.03**		3,278.24	
Less: Credit for amount withdrawn from revaluation reserve		**20.11**		20.11	
			3,081.92		3,258.13
			90,070.76		95,317.76
PROFIT BEFORE TAXATION			**1,332.48**		190.72
Provision for tax					
- current		**226.45**		19.91	
- Less: MAT credit entitlement		**(67.75)**		(19.91)	
- deferred		**96.83**		(478.42)	
- fringe benefits		**-**		15.00	
			255.53		(463.42)
PROFIT AFTER TAXATION			**1,076.95**		654.14
Balance brought forward			**6,551.59**		5,897.45
Balance carried to balance sheet			**7,628.54**		6,551.59
APPROPRIATIONS					
Proposed dividends			**449.86**		-
Tax on dividends			**76.45**		-
Balance carried to balance sheet			**7,102.23**		6,551.59
			7,628.54		6,551.59
Earnings per share :					
Basic and diluted			**1.20**		0.73
Notes to the accounts	12				

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : 5th May 2010

For and on behalf of the Board

A.C. MUTHIAH — Vice Chairman
C. RAMACHANDRAN — Director
T.K. ARUN — Director
V. RAMANI — Director & CFO
RM. MUTHUKARUPPAN — Managing Director

M.B. GANESH
Secretary

Place : Chennai
Date : 5th May 2010

Cash Flow Statement for the year ended 31st March 2010 (Rupees in Lacs)

			For the year ended 31st March, 2010		For the year ended 31st March, 2009
A	**Cash Flow from Operating Activities:**				
	Profit before tax		**1,332.48**		190.72
	Adjustment for				
	Depreciation	**3,081.92**		3,258.13	
	(Profit) on sale / scrapping of fixed assets (net)	**(1.92)**		(269.54)	
	Provision for doubtful debts written back	**-**		(22.62)	
	Unrealised exchange gain (net)	**135.99**		(146.12)	
	Dividend income	**(68.40)**		-	
	Interest expense	**2,173.56**		**2,587.30**	
	Interest income	**(44.28)**	**5,276.87**	(19.54)	5,387.61
	Operating profit before working capital changes		**6,609.35**		5,578.33
	Adjustments for :				
	(Increase)/Decrease in sundry debtors	**(1,369.74)**		199.84	
	(Increase)/Decrease in inventories	**(2,055.68)**		(1,459.50)	
	(Increase)/Decrease in loans and advances	**1,819.42**		(1,312.13)	
	Increase/(Decrease) in current liabilities and provisions	**(282.60)**		286.98	
			(1,888.60)		(2,284.81)
	Cash generated from operations		**4,720.75**		3,293.52
	Direct taxes paid		**(16.25)**		(55.17)
	Net Cash from Operating Activities		**4,704.50**		3,238.35
B	**Cash Flow from Investing Activities:**				
	Additions to fixed assets (including capital work in progress and advances)	**(4,894.17)**		(234.98)	
	Proceeds from sale of fixed assets	**11.67**		3,143.14	
	Dividend received	**68.40**		-	
	Interest received	**44.07**		27.51	
			(4,770.03)		2,935.67
	Net cash from / (used in) investing activities		**(4,770.03)**		2,935.67

Cash Flow Statement for the year ended 31st March 2010(continued)

(Rupees in Lacs)

		For the year ended 31st March, 2010		For the year ended 31st March, 2009
C Cash Flow from Financing Activities:				
Proceeds from new borrowings	**7,401.28**		315.51	
Repayment of borrowings	**(4,375.06)**		(4,214.86)	
Dividends paid for previous years	**(3.77)**		(2.94)	
Paid to Investor Education and Protection Fund	**(26.54)**		(25.15)	
Interest paid	**(2,297.80)**		(2,588.95)	
		698.11		(6,516.39)
Net cash from / (used in) financing activities		**698.11**		(6,516.39)*
Net cash flows during the year (A+B+C)		**632.58**		(342.37)
Cash and cash equivalents (Opening balance)		**560.15**		902.52
Cash and cash equivalents (Closing balance)*		**1,192.73**		560.15*
Net increase / (decrease) in cash and cash equivalents		**632.58**		(342.37)

* includes margin money Rs.137.23 lacs (Rs. 129.41 lacs as at 31.03.2009 and Rs.131.49 lacs as at 31.03.2008)

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : 5th May 2010

For and on behalf of the Board

RM. MUTHUKARUPPAN
Managing Director

V. RAMANI
Director & CFO

M.B. GANESH
Secretary

Place : Chennai
Date : 5th May 2010

SCHEDULES **SCHEDULE - 1**

SHARE CAPITAL

(Rupees in Lacs)

	As at 31st March, 2010	As at 31st March, 2009
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, 2009	Transfer from profit and loss account/additions during the year	Transfer to profit and loss account/ deductions during the year	**Balance as at 31st March, 2010**
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 4)	2,086.73	-	20.11	**2,066.62**
	(2,106.84)	(-)	(20.11)	**(2,086.73)**
General reserve	14,890.38	-	-	**14,890.38**
	(14,890.38)	(-)	(-)	**(14,890.38)**
Profit and loss account	6,551.59	7,102.23	6,551.59	**7,102.23**
	(5,897.45)	(6,551.59)	(5,897.45)	**(6,551.59)**
	28,182.50	7,102.23	6,571.70	**28,713.03**
	(27,548.47)	(6,551.59)	(5,917.56)	**(28,182.50)**

Figures in brackets relate to previous year.

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SECURED LOANS

SCHEDULE - 3

(Rupees in Lacs)

	As at 31st March, 2010	As at 31st March, 2009
Loans from financial institutions		
Term loans [amounts due within one year Rs. 312.48 lacs (Previous year Rs. 416.64 lacs)]	**312.48**	729.12
Loans from banks		
Term loans [amounts due within one year Rs. 2641.17 lacs (Previous year Rs. 2,083.33 lacs)]	**6,371.06**	4,773.43
Others (Long term) [Amounts due within one year Rs. 207.80 lacs (Previous year Rs. 120.79 lacs)]	**1,415.90**	1,601.94
Others (Short term)	**7,708.47**	5,848.65
	15,807.91	12,953.14

Note:

1. Term Loan of Rs.312.48 lacs (previous year Rs. 729.12 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 below) ranking pari passu with the loans stated in Note 2.
2. Term loans from banks of Rs. 6371.06 lacs (previous year Rs. 4773.43 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 below) ranking pari passu with the loans stated in note 1 above.
3. Others (long term) loan of Rs. 1415.90 lacs (previous year Rs. 1601.94 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. Others (short term) loans from banks of Rs. 7708.47 lacs (previous year Rs.5848.65 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 amongst them (except for exclusive charges stated in note 3 above).

UNSECURED LOANS

SCHEDULE - 4

(Rupees in Lacs)

	As at 31st March, 2010	As at 31st March, 2009
Interest free Sales Tax Loan	**2,344.24**	2,172.79
	2,344.24	2,172.79

FIXED ASSETS **SCHEDULE - 5**

(Rupees in Lacs)

Description	COST / VALUATION				DEPRECIATION				NET BOOK VALUE	
	As at 01.04.2009	Additions / Adjustments	Deductions / Adjustments	**As at 31.03.2010**	As at 01.04.2009	For the Year	Deductions / Adjustments	**As at 31.03.2010**	**As at 31.03.2010**	As at 31.03.2009
Land	2,187.26	-	-	**2,187.26**	-	-	-	**-**	**2,187.26**	2,187.26
Buildings	5,691.95	-	-	**5,691.95**	1,760.57	133.41	-	**1,893.98**	**3,797.97**	3,931.38
Plant and machinery	109,463.42	5,249.02	17.85	**114,694.59**	79,900.14	2,921.86	8.63	**82,813.37**	**31,881.22**	29,563.28
Furnitures and fixtures	139.04	-	0.98	**138.06**	111.75	5.41	0.45	**116.71**	**21.35**	27.29
Office and other equipment	876.60	16.98	-	**893.58**	649.33	34.09	-	**683.42**	**210.16**	227.27
Vehicles	60.73	-	-	**60.73**	26.42	7.26	-	**33.68**	**27.05**	34.31
	118,419.00	5,266.00	18.83	**123,666.17**	82,448.21	3,102.03	9.08	**85,541.16**	**38,125.01**	
Previous year	123,760.31	1,051.42	6,392.73	**118,419.00**	82,689.10	3,278.24	3,519.13	**82,448.21**		35,970.79
Capital work in progress including advances									**705.95**	938.36
									38,830.96	36,909.15

INVESTMENTS **SCHEDULE - 6**

(Rupees in Lacs)

	As at 31st March, 2010	As at 31st March, 2009
Long Term Investments		
Equity Shares		
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 & 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	**6,361.86**	2,455.52

CURRENT ASSETS, LOANS AND ADVANCES **SCHEDULE - 7**

(Rupees in Lacs)

		As at 31st March, 2010		As at 31st March, 2009
A. CURRENT ASSETS:				
Inventories				
Stores	**3,300.81**		2,941.70	
Loose tools	**15.90**		4.21	
Raw materials	**4,802.09**		2,619.46	
Work in process	**46.54**		78.66	
Finished goods	**891.51**		1,357.14	
		9,056.85		7,001.17
Sundry debtors (Unsecured)				
Outstanding over six months				
Considered good	**219.73**		635.11	
Considered doubtful	**44.92**		44.92	
	264.65		680.03	
Outstanding under six months				
Considered good	**6,114.82**		4,567.07	
	6,379.47		5,247.10	
Less : Provision for doubtful debts	**44.92**		44.92	
		6,334.55		5,202.18
Cash and bank balances				
Cash on hand	**1.19**		1.00	
Cheques on hand	**118.73**		50.10	
With scheduled banks:				
On current accounts	**864.89**		278.54	
On unpaid dividend account	**69.82**		100.13	
On deposit accounts	**0.87**		0.97	
On margin money account	**137.23**		129.41	
		1,192.73		560.15
B. LOANS AND ADVANCES:				
(Unsecured)				
Advances recoverable in cash or in kind or for value to be received				
Considered good	**2,859.16**		5,724.88	
Considered doubtful	**-**		125.23	
	2,859.16		5,850.11	
Less : Provision for doubtful advances	**-**		125.23	
	2,859.16		5,724.88	
Balances with excise and customs authorities	**1,784.12**		737.61	
Taxation (net of provisions)	**84.30**		294.22	
Fringe benefit tax (net of provisions)	**-**		0.28	
MAT credit entitlement	**87.66**		19.91	
		4,815.24		6,776.90
		21,399.37		19,540.40

CURRENT LIABILITIES AND PROVISIONS **SCHEDULE - 8**

(Rupees in Lacs)

	As at 31st March, 2010	As at 31st March, 2009
A. CURRENT LIABILITIES		
Acceptances	**3,208.63**	1,908.55
Sundry creditors		
- Total outstanding dues to micro enterprises and small enterprises	**-**	-
- Others	**11,016.86**	12,711.35
Unpaid dividends	**69.82**	100.13
Advances received from customers	**2,018.16**	2,018.19
	16,313.47	16,738.22
B. PROVISIONS		
Compensated absences	**257.88**	252.07
Gratuity	**32.00**	27.35
Proposed dividend	**449.86**	-
Tax on proposed dividend	**76.45**	-
	816.19	279.42
	17,129.66	17,017.64

Note : There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March, 2010

OTHER INCOME **SCHEDULE - 9**

(Rupees in Lacs)

	Year ended 31st March, 2010	Year ended 31st March, 2009
Scrap Sales	**119.78**	151.30
Exchange difference(net)	**-**	553.59
Rent	**395.83**	342.23
Dividend Received	**68.40**	-
Insurance claims	**78.79**	77.31
Profit on sale of assets (net)	**1.92**	269.54
Provision for doubtful debts written back	**-**	22.62
Miscellaneous income	**230.98**	305.26
	895.70	1,721.85

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MANUFACTURING AND OTHER EXPENSES **SCHEDULE - 10**

(Rupees in Lacs)

		Year ended 31st March, 2010		Year ended 31st March, 2009
Raw materials and Intermediates consumed		**43,510.75**		52,255.21
Purchase of traded goods		**2,640.63**		-
Stores and spare parts consumed		**2,830.93**		2,284.72
Utilities consumed		**840.10**		996.01
Power and fuel		**19,776.79**		19,700.47
Payments to and provisions for employees				
Salaries and allowances		**1,665.40**		1,538.59
Contribution to provident and other funds		**197.32**		131.08
Staff welfare		**382.30**		333.78
Travel and conveyance		**199.88**		221.73
Insurance		**312.78**		284.47
Rent		**70.53**		172.10
Rates and taxes		**141.59**		73.69
Repairs and maintenance				
Machinery	**1,021.00**		1,025.33	
Buildings	**84.86**		139.59	
Others	**198.90**		183.15	
		1,304.76		1,348.07
Discounts		**7,382.59**		6,915.04
Commission		**225.78**		261.19
Freight		**2,042.26**		1,761.68
Directors' sitting fees		**11.70**		12.00
Bad advances written off	**125.23**		-	
Less : Provision for doubtful advances written back	**125.23**		-	
		-		-
Exchange difference(net)		**86.17**		-
Legal and professional charges		**150.45**		248.35
Miscellaneous expenses		**630.77**		997.28
Increase / (Decrease) in excise duty included in opening and closing stock of finished goods		**(41.67)**		(68.89)
(Increase) / Decrease in work in process and finished goods				
Opening Stock				
Work in process	**78.66**		88.57	
Finished goods	**1,357.14**		1,372.53	
	1,435.80		1,461.10	
Closing Stock				
Work in process	**46.54**		78.66	
Finished goods	**891.51**		1,357.14	
	938.05		1,435.80	
		497.75		25.30
		84,859.56		89,491.87

INTEREST

SCHEDULE - 11

(Rupees in Lacs)

		Year ended 31st March, 2010		Year ended 31st March, 2009
Interest expenses				
- on fixed period loans	**887.01**		985.00	
- on others	**1,410.79**		1,602.30	
		2,297.80		2,587.30
		2,297.80		2,587.30
Less : Interest income				
- on bank (tax deducted at source Rs. 2.91 lacs previous year Rs. 2.16 lacs)	**9.56**		19.10	
- on others	**34.72**		0.44	
		44.28		19.54
		2,253.52		2,567.76
Less : Interest capitalised		**124.24**		-
		2,129.28		2,567.76

SCHEDULE - 12

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

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 including borrowing 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%, assets provided to employees which are depreciated @ 20% and certain specific assets whose useful life has been determined at 4.5 years.

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 recognized, 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 realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize 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.34.16 lacs (Previous year Rs.34.13 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, 2010	As at March 31, 2009
5. **Contingent Liabilities**		
a) Bills discounted with recourse	-	470.00
b) Other claims not acknowledged as debts		
i) Sales tax	**1,669.96**	1,669.96
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.		
ii) Excise duty	**169.51**	328.57
iii) Service Tax	**67.85**	67.85
iv) Income Tax	**-**	105.63
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.		
v) Electricity Tax	**1,138.00**	1,087.02
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.		
Exemption from payment of electricity tax has been extended to 30th September 2009.		

TPL

(Rs in Lacs)

	Year ended March 31, 2010	Year ended March 31, 2009
6. Managerial Remuneration		
Wholetime Directors' remuneration	**63.32**	62.41
Contribution to provident and other funds	**6.77**	6.59
Directors' Sitting Fee	**11.70**	12.00
	81.79	81.00

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

			Year ended March 31, 2010		Year ended March 31, 2009
	Profit before taxation as per profit and loss account		**1,332.48**		190.72
Add:	Depreciation as per accounts	**3,081.92**		3,258.13	
	Managerial remuneration	**81.79**		81.00	
	(Profit)/Loss on sale of assets (net) as per accounts	**(1.92)**		(269.54)	
			3,161.79		3,069.59
			4,494.27		3,260.31
Less:	Depreciation under section 350 of the Companies Act, 1956	**3,747.52**		3,870.49	
	(Profit)/Loss on sale of assets (net) as per Section 349 of the Companies Act, 1956.	**(1.92)**		(267.75)	
			3,745.60		3,602.74
	Net Profit / (Loss) in terms of Section 198 of the Companies Act, 1956		**748.67**		(342.43)
	Excess of expenditure over income under Section 349(4) (1) of the Companies Act, 1956.		**(4,866.91)**		(4,524.48)
			(4,118.24)		(4,866.91)
	Commission to non wholetime directors		**Nil**		Nil
8.	**Auditor's remuneration**				
	Audit fee		**16.00**		15.00
	Other services		**3.00**		3.00

	Year ended March 31, 2010	Year ended March 31, 2009
9. CIF Value of imports		
Intermediates	**8,498.08**	8,915.87
Raw materials	**4,481.42**	1,944.06
Capital Goods	**2,788.98**	-
Traded goods	**848.21**	-
Stores and spares	**736.01**	451.57
10. Expenditure in foreign currency		
Travel and training	**5.31**	3.66
Technical fees	**22.30**	16.06
Others	**9.85**	527.53
11. Earnings in foreign exchange		
Export of goods on FOB basis	**7,194.89**	5,627.43

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	**1,20,000**	1,20,000	**85,068**	75,707
Heavy Normal Paraffin	MT	**15,000**	15,000	**Nil**	Nil
Heavy Alkylate	MT	**N.A**	N.A	**3,258**	3,040
Epichlorohydrin	MT	**10,000**	10,000	**7,246**	7,836
Wind Power	KW/Units	**Nil**	12,000 KW	**Nil**	8,15,391 Units
Caustic Soda	MT	**56,100**	56,100	**51,293**	52,884
Chlorine	MT	**40,000**	40,000	**39,989**	41,943
Hydrochloric acid	MT	**39,600**	39,600	**30,901**	28,660
Ammonium Chloride	MT	**21,000**	21,000	**424**	1,128

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

N.A Not applicable

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

	Unit of Measurement	**Year ended March 31, 2010**		Year ended March 31,2009	
		Quantity	**Value (Rs. in Lacs)**	Quantity	Value (Rs. in Lacs)
Kerosene	KL	**48,622**	**12,674.03**	48,425	18,614.70
Benzene	MT	**28,608**	**11,349.93**	25,580	12,398.37
Normal Paraffin	MT	**26,612**	**13,171.78**	19,952	13,466.48
Others			**6,315.01**		7,775.66
Total			**43,510.75**		52,255.21

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

	Year ended March 31, 2010		Year ended March 31, 2009	
	% of Total Consumption	**Value (Rs. in Lacs)**	% of Total Consumption	Value (Rs. in Lacs)
(i) Raw materials and intermediates consumed				
Imported	**21**	**9,311.96**	12	6,479.08
Indigenous	**79**	**34,198.79**	88	45,776.13
	100	**43,510.75**	100	52,255.21
(ii) Stores and spare parts consumed				
Imported	**36**	**1017.30**	27	625.41
Indigenous	**64**	**1813.63**	73	1659.31
	100	**2830.93**	100	2284.72

14. **Purchase of traded goods**

	Unit of Measurement	**Year ended March 31, 2010**		Year ended March 31, 2009	
		Quantity	**Value (Rs. in Lacs)**	Quantity	Value (Rs. in Lacs)
Benzene	MT	**586**	**248.48**	-	-
Linear Alkyl Benzene	MT	**3283**	**2392.15**	-	-
Total			**2640.63**		-

There are no opening and closing stocks of traded goods.

15. **Sales**

	Unit of Measurement	**Year ended March 31, 2010**		Year ended March 31, 2009	
		Quantity	**Value (Rs. in Lacs)**	Quantity	Value (Rs. in Lacs)
Linear Alkyl Benzene	MT	**89,327**	**76,926.37**	74,829	79,858.07
Epichlorohydrin	MT	**-**	**-**	7,621	7,336.36
Others			**20,422.38**		18,045.47
Total			**97,348.75**		105,239.90

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

	Year ended March 31, 2010				Year ended March 31, 2009			
	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	**1746**	**936.31**	**721**	**539.45**	879	731.72	1746	936.31
Others		**420.83**		**352.06**		640.81		420.83
Total		**1,357.14**		**891.51**		1,372.53		1,357.14

* Net of transit/handling loss.

17. (a) The Company has obtained exemption from the Government of India, Ministry of Company Affairs, vide Order No. 46/17/2010-CL-III dated 23rd February 2010, 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. 47/48/2010-CL-III dated 26th March 2010 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**

	Year ended March 31, 2010	Year ended March 31, 2009
Profit after taxation (Rs. in lacs)	**1,076.95**	654.14
Weighted number of equity shares outstanding	**89,971,474**	89,971,474
Basic and diluted earnings per share (Face value – Rs.10/- per share)	**1.20**	0.73

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 2.Tamilnadu Industrial Development Corporation Limited
B)	Associate	Petro Araldite Private Limited
C)	Subsidiaries	1. Certus Investment and Trading Limited (CITL), Mauritius 2. Certus Investment and Trading (S) Private Limited 3. Proteus Petrochemicals Private Limited (formerly TPL India Singapore Private Limited). 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 Managing Director 2. Thiru. V. Ramani 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	Sale of goods	17.68 (51.78)	6647.23 (7967.79)			
	Certus Investments and Trading Limited				2019.22 (781.40)	
2	Service/Consultancy charges paid	0.50 (5.59)				
3	Commission paid	35.11 (30.83)				
4	Managerial remuneration					70.09 (69.00)
5	Rent paid	0.59 (1.80)				
6	Reimbursement of expenses	31.03 (32.16)				
7	Sitting fees (TIDCO)	4.20 (4.30)				
8	Dividend received		68.40 (-)			
9	Balance outstanding as of 31st March 2010	30.25 Cr (25.77)Cr	104.76Dr (319.73)Dr	158.37Dr (158.37)Dr	880.48 Dr (1626.60)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 2010 the Company has investments of Rs.2764.50 lacs in SPIC Electric Power Corporation (Private) Ltd., (SEPC) for setting up a 525 MW coal based power project (power project) made during the period 1995-2003 and advances against equity of Rs.33.91 lacs made during the period 2006-2008. The Company signed a Memorandum of Understanding (MoU) with Tamilnadu Electricity Board (TNEB) in February 1995 for setting up the power project at Tuticorin, Tamilnadu. 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, SEPC and an investor company executed on 28th May 2009, a Shareholders & Share Subscription Agreement (SSA) broadly underlining the obligations of the Shareholders with regard to the power project. The investor company has agreed to bring in 74% of the equity for the power project. They have been meeting all the expenses of SEPC since August 2007 and have so far contributed a sum of Rs151.45 lacs upto 31st March 2010.

Due to non payment of 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 for appointment of an Arbitrator and by orders dated 18th July 2008 a sole arbitrator was appointed 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. Thereafter, the arbitrator in his proceedings dated 13th February 2009 observed that the rights of TPT and SEPC will be subject to the outcome of the arbitration proceedings in so far as the disputed site is concerned.

A joint committee consisting of representative from Central Electricity Authority (CEA)/TNEB/TPT recommended an alternative site for locating the power project. SEPC after making preliminary investigations has found the land suitable. Thereafter the alternate site has been approved by TNEB/TPT/CEA. The arbitration proceedings between SEPC and TPT have therefore been kept in abeyance.

The process of obtaining environmental clearance from Ministry of Environmental and Forests (MoEF) is at an advanced stage. Demarcation under the Coastal Zone Regulation, Contour Survey and Preliminary soil investigations have been completed. The detailed project report with a revised project cost is under consideration. SEPC will pay the arrears of lease rentals on taking possession of the land.

The Ministry of Power, Government of India has clarified by a letter dated 24th February 2010 that the change to an alternate site would not alter the legal enforceability of the already concluded PPA between SEPC and TNEB. SEPC has filed a petition dated 14th April 2010 with Tamilnadu Electricity Regulatory Committee (TNERC) to direct TNEB to act in accordance with the terms and conditions in the concluded PPA.

In view of the substantial progress achieved, the Company is confident that the power project would be implemented.

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.2,123.63 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	**5.97**	3.42
	c)	Loans and Advances	**1620.26**	1,801.71
II	Current Liabilities and Provisions		**1384.09**	1,582.71
	Advance received towards equity		**242.50**	208.68
III	Expenses		**0.86**	0.82
	Depreciation		**-**	-

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

	As at March 31, 2009	Tax effect for the year	**As at March 31, 2010**
Deferred tax asset :			
Unabsorbed depreciation / carry forward business loss	259.71	(259.71)	**-**
Accrued expenses deductible on payment	73.65	1.99	**75.64**
Provision for doubtful debts/Advances	57.83	(42.92)	**14.91**
Total	391.19	(300.64)	**90.55**
Deferred tax (liability):			
Fixed assets	(7,636.41)	203.81	**(7,432.60)**
Net deferred tax (liability)	(7,245.22)	(96.83)	**(7,342.05)**

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	5,564,282 (3,156,958)	2,500.03 (1,592.69)
Amount payable in Foreign currency - Imports	8,708,389 (519,267)	3,911.12 (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)
a.	**Net Asset/ (Liability) recognized in the Balance Sheet as at March 31, 2010**				
	Present value of obligation	**449.50**	**(257.88)**	(400.99)	(252.07)
	Fair value of plan assets	**417.50**	**-**	373.64	-
	Net liability	**(32.00)**	**(257.88)**	(27.35)	(252.07)
b.	**Expense recognized in the Profit & Loss account for the year ended March 31, 2010**				
	Current service cost	**22.84**	**10.49**	21.00	12.87
	Interest cost	**32.08**	**18.12**	27.75	16.78
	Expected return on plan assets	**(33.75)**	**-**	(27.89)	-
	Actuarial (gains) / Losses	**15.45**	**(15.16)**	23.71	26.81
	Total expense	**36.62**	**13.45**	44.57	56.46
c.	**Change in present value of Obligation during the year ended March 31, 2010**				
	Present value of defined benefit obligation as at the beginning of the year	**400.99**	**252.07**	368.09	237.46
	Current service cost	**22.84**	**10.49**	21.00	12.87
	Interest cost	**32.08**	**18.12**	27.75	16.78
	Actuarial (gains) / losses	**15.45**	**(15.16)**	26.58	26.81
	Benefits paid	**(21.86)**	**(7.65)**	(42.43)	(41.85)
	Present value of defined benefit obligation as at the end of the year	**449.50**	**257.88**	400.99	252.07
d.	**Change in fair value of plan assets during the year ended March 31, 2010**				
	Plan assets at the beginning of the year	**373.64**	**-**	354.28	-
	Expected return on plan assets	**33.75**	**-**	27.89	-
	Actuarial gains / (losses)	**-**	**-**	2.87	-
	Contributions by employer	**31.97**	**7.65**	31.03	41.85
	Benefits paid	**(21.86)**	**(7.65)**	(42.43)	(41.85)
	Plan assets at the end of the year	**417.50**	**-**	373.64	-
e.	**Principal actuarial assumptions as at March 31, 2010**				
	Discount rate	**8.00%**	**8.00%**	8.00%	7.30%
	Expected return on plan assets	**9.30%**	**-**	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 9.3%.				
g.	Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions and other factors.				

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.

TPL

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. 0 1 0 9 3 1   State Code : 1 8

Balance Sheet : 3 1 (Date) 0 3 (Month) 1 0 (Year)

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

Public Issue	Rights Issue
- - - N I L - - -	- - - N I L - - -
Bonus Issue	**Private Placement**
- - - N I L - - -	- - - N I L - - -

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

Total Liabilities	Total Asets
8 0 3 3 4 0 4	8 0 3 3 4 0 4

Sources of Funds

Paid-up Capital	Reserves & Surplus
8 9 9 7 1 5	2 8 7 1 3 0 3
Secured Loans	**Unsecured Loans**
1 5 8 0 7 9 1	2 3 4 4 2 4
Deferred Tax Liabilities (net)	
7 3 4 2 0 5	

Application of Funds

Net Fixed Assets	Investments
4 0 9 5 4 5 9	1 7 9 8 0 0 8
Net Current Assets	
4 2 6 9 7 1	
Accumulated Losses	**Misc Expenditure**
- - - N I L - - -	- - - N I L - - -

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

Turnover (including other income)	Total Expenditure
9 1 4 0 3 2 4	9 0 0 7 0 7 6
Profit Before Tax (+ ✔ / -)	**Profit After Tax** (+ ✔ / -)
1 3 3 2 4 8	1 0 7 6 9 5
Basic Earnings per Share in Rs.	**Dividend rate %**
1 . 2 0	5

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

Item Code No. 3 8 1 7 1 0 0 1

Product Decription L I N E A R A L K Y L B E N Z E N E

Item Code No. 2 9 1 0 3 0 0 0

Product Description E P I C H L O R O H Y D R I N

Item Code No. 2 8 1 5 1 2

Product Description C A U S T I C S O D A

For and on behalf of the Board

A.C. MUTHIAH	Vice Chairman	
C. RAMACHANDRAN	Director	
T.K. ARUN	Director	
V. RAMANI	Director & CFO	M.B. GANESH
RM. MUTHUKARUPPAN	Managing Director	Secretary

Place : Chennai
Date : 5th May 2010

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 (S) Private Limited (See foot note 1)	Proteus Petrochemicals 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, 2009	31st December, 2009	31st December, 2009	31st March, 2010
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%	100%	100%	93.22%
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 $ 50,902 Rs. 22.86 lacs	US $ (10,621) Rs.(4.77) lacs	US $ 209,105 Rs.(93.91) lacs	Nil
	ii) for the previous Financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	US $ 1,972,559 Rs. 885.88 lacs	US $ (76,261) Rs. (34.25) lacs	US $ 83,653 Rs. 37.57 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	RM. MUTHUKARUPPAN	V. RAMANI	M.B. GANESH
Date : 5th May 2010	Managing Director	Director & CFO	Secretary

Auditors' report to the Board of Directors of Tamilnadu Petroproducts Limited

1) We have audited the attached Consolidated Balance Sheet of Tamilnadu Petroproducts Limited (the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute the "the Group") as at 31St March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3) (a) We did not audit the financial statements of the subsidiaries and joint venture, whose financial statements reflect total assets of Rs.18,435.32 lacs, as at 31st March 2010, total revenues of Rs.2,098.66 lacs and net cash outflows amounting to Rs.1,430.49 lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and joint ventures is based solely on the reports of the other auditors.

   (b) The financial statements of one associate, which reflect the Group's share of profits of Rs.247.18 lacs for the year ended March 31, 2010 and Group's share of profits of Rs.379.21 lacs upto March 31, 2010 are not audited and we have relied upon the unaudited financial statements as provided by the management of that company.

4) We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interest in Joint Ventures) as notified 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 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. 2123.63 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.

5) Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries and joint ventures and associates, and to the best of our information and according to the explanations given to us, subject to our comments in the paragraph 4 (i) & (ii) above, the effect of which could not be determined, in our opinion, the 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 Group as at 31st March 2010;

   (b) in the case of the Consolidated Profit and Loss Account, of the profit of,the Group for the year ended on that date; and

   (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No.008072S)

B.Ramaratnam
Partner
Membership No. 21209

Place: Chennai
Date : 5th May 2010

Consolidated Balance Sheet of Tamilnadu Petroproducts Limited as at 31st March 2010 (Rupees in lacs)

	Schedule		As at 31st March, 2010		As at 31st March, 2009
SOURCES OF FUNDS					
Shareholders' funds:					
Share capital	1	**8,997.15**		8,997.15	
Reserves and surplus	2	**29,492.51**		29,646.85	
			38,489.66		38,644.00
Advance received by a Subsidiary pending issue of shares			**1,003.70**		1,014.24
Minority Interest			**201.00**		50.00
Loan Funds:					
Secured	3	**15,807.91**		12,953.14	
Unsecured	4	**2,344.24**		2,172.79	
			18,152.15		15,125.93
Deferred tax liability (net)			**7,342.05**		7,245.22
TOTAL			**65,188.56**		62,079.39
APPLICATION OF FUNDS					
Fixed Assets:	5				
Gross block		**123,740.62**		118,500.64	
Less: Depreciation		**85,583.58**		82,511.78	
Net Block		**38,157.04**		35,988.86	
Capital work in progress including advances		**2,892.44**		2,381.34	
			41,049.48		38,370.20
Fixed assets held for transfer (Note 13)			**2,123.63**		2,138.81
Expenditure during construction period pending allocation	6		**4,876.78**		4,814.53
Investments	7		**5,949.67**		5,702.49
Current Assets, Loans And Advances	8				
Inventories		**9,056.85**		7,001.17	
Sundry debtors		**6,644.44**		5,984.08	
Cash and bank balances		**7,452.05**		8,249.96	
Loans and advances		**7,745.69**		10,063.27	
		30,899.03		31,298.48	
Less: Current Liabilities And Provisions	9				
Current liabilities		**18,896.37**		19,968.29	
Provisions		**817.15**		280.32	
		19,713.52		20,248.61	
Net Current Assets			**11,185.51**		11,049.87
Miscellaneous Expenditure			**3.49**		3.49
Preliminary expenses (to the extent not written off or adjusted)					
TOTAL			**65,188.56**		62,079.39
Notes to the accounts	13				

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : 5th May 2010

For and on behalf of the Board

A.C. MUTHIAH	Vice Chairman	
C. RAMACHANDRAN	Director	
T.K. ARUN	Director	
V. RAMANI	Director & CFO	M.B. GANESH
RM. MUTHUKARUPPAN	Managing Director	Secretary

Place : Chennai
Date : 5th May 2010

TPL

Consolidated Profit and Loss Account of Tamilnadu Petroproducts Limited for the year ended 31st March 2010

(Rupees in lacs)

	SCHEDULE		**Year ended 31st March, 2010**		Year ended 31st March, 2009
INCOME					
Sales and services		**97,338.36**		105,184.16	
Less : Excise duty		**6,841.21**		11,453.27	
Net Sales and services			**90,497.15**		93,730.89
Other income	10		**902.12**		3,890.12
			91,399.27		97,621.01
EXPENDITURE					
Manufacturing and other expenses	11		**85,809.27**		89,542.57
Interest (Net)	12		**2,105.96**		2,438.24
Depreciation for the year		**3,103.42**		3,278.70	
Less: Credit for amount withdrawn from revaluation reserve		**20.11**		20.11	
			3,083.31		3,258.59
			90,998.54		95,239.40
PROFIT BEFORE TAXATION			**400.73**		2,381.61
Provision for tax					
- current		**226.45**		19.91	
- Less: MAT credit entitlement		**(67.75)**		(19.91)	
- Overseas tax		**0.30**		-	
- Prior year		**-**		(4.61)	
- deferred		**96.83**		(478.42)	
- fringe benefit		**-**		15.00	
			255.83		(468.03)
PROFIT AFTER TAXATION			**144.90**		2,849.64
Share of profits of Associate			**247.18**		119.14
Net profit			**392.08**		2,968.78
Balance brought forward			**9,046.38**		6,077.60
			9,438.46		9,046.38
APPROPRIATIONS					
Proposed dividends			**449.86**		**-**
Tax on dividends			**76.45**		**-**
Balance carried to balance sheet			**8,912.15**		9,046.38
			9,438.46		9,046.38
Earnings per share					
Basic and diluted			**0.44**		3.30
Notes to the accounts	13				

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : 5th May 2010

For and on behalf of the Board

A.C. MUTHIAH	Vice Chairman	
C. RAMACHANDRAN	Director	
T.K. ARUN	Director	
V. RAMANI	Director & CFO	M.B. GANESH
RM. MUTHUKARUPPAN	Managing Director	Secretary

Place : Chennai
Date : 5th May 2010

Consolidated Cash Flow Statement for the year ended 31st March 2010

(Rupees in Lacs)

			For the year ended 31st March 2010		For the year ended 31st March 2009
A	**Cash Flow from Operating Activities:**				
	Profit before tax		**400.73**		2,381.61
	Adjustments for :				
	Depreciation	**3,083.31**		3,258.59	
	(Profit) on sale / scrapping of fixed assets (net)	**(1.92)**		(269.54)	
	Provision for doubtful debts written back	**-**		(22.62)	
	Unrealised exchange gain (net)	**135.99**		(146.12)	
	Dividend income	**(68.40)**		-	
	Interest expense	**2,173.56**		2,587.30	
	Interest income	**(67.60)**		(149.06)	
			5,254.94		5,258.55
	Operating profit before working capital changes		**5,655.67**		7,640.16
	Adjustments for :				
	(Increase)/Decrease in sundry debtors	**(897.73)**		8.26	
	(Increase)/Decrease in inventories	**(2,055.68)**		(1,459.50)	
	(Increase)/Decrease in loans and advances	**2,181.95**		(2,040.59)	
	Increase/(Decrease) in current liabilities and provisions	**(929.71)**		985.91	
			(1,701.17)		(2,505.92)
	Cash generated from operations		**3,954.50**		5,134.24
	Direct taxes paid		**(23.16)**		(61.78)
	Net Cash from Operating Activities		**3,931.34**		5,072.46
B	**Cash Flow from Investing Activities:**				
	Additions to fixed assets (including capital work in progress and advances)	**(5,653.39)**		(918.08)	
	Expenditure during construction period	**(62.25)**		(24.44)	
	Proceeds from issue of Share Capital to minority Shareholders	**140.46**		-	
	Advance towards Share Capital received by a Subsidiary	**-**		11.00	
	Proceeds from sale of fixed assets	**12.03**		3,143.14	
	Dividend received	**68.40**		-	
	Interest received	**67.39**		157.03	
			(5,427.36)		2,368.65
	Net cash from / (used in) investing activities		**(5,427.36)**		2,368.65
C	**Cash Flow from Financing Activities:**				
	Proceeds from new borrowings	**7,401.28**		315.51	
	Repayment of borrowings	**(4,375.06)**		(4,214.86)	
	Dividend paid for previous years	**(3.77)**		(2.94)	
	Paid to Investor Education and Protection Fund	**(26.54)**		(25.15)	
	Interest paid	**(2,297.80)**		(2,588.95)	
			698.11		(6,516.39)
	Net cash from / (used in) financing activities		**698.11**		(6,516.39)
	Net cash flows during the year (A+B+C)		**(797.91)**		924.72
	Cash and cash equivalents (Opening balance)		**8,249.96**		7,325.24
	Cash and cash equivalents (Closing balance)*		**7,452.05**		8,249.96
	Net increase / (decrease) in cash and cash equivalents		**(797.91)**		924.72

* includes margin money Rs.137.23 lacs(Rs.129.41 lacs as at 31.03.2009 and Rs.131.49 lacs as at 31.03.2008)

In terms of our report attached

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 : 5th May 2010

Place : Chennai
Date : 5th May 2010

SHARE CAPITAL **SCHEDULE - 1**

(Rupees in Lacs)

	As at 31st March, 2010	As at 31st March, 2009
Authorised		
200,000,000 equity shares of Rs.10 each	**20,000.00**	20,000.00
Issued		
89,976,899 equity shares of Rs 10 each (Note 3)	**8,997.69**	8,997.69
Subscribed and fully paid up		
89,971,474 equity shares of Rs 10 each (Note 3)	**8,997.15**	8,997.15

RESERVES AND SURPLUS **SCHEDULE - 2**

(Rupees in Lacs)

	Balance as at 31st March, 2009	Transfer from profit and loss account/additions during the year	Transfer to profit and loss account/ deductions during the year	**Balance as at 31st March, 2010**
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)	2,086.73	-	20.11	2,066.62
	(2,106.84)	(-)	(20.11)	(2,086.73)
General reserve	13,859.94	-	-	13,859.94
	(13,859.94)	(-)	(-)	(13,859.94)
Profit and loss account	9,046.38	8,912.15	9,046.38	8,912.15
	(6,077.60)	(9,046.38)	(6,077.60)	(9,046.38)
	29,646.85	8,912.15	9,066.49	29,492.51
	(26,698.18)	(9,046.38)	(6,097.71)	(29,646.85)

Figures in brackets relate to previous year.

SECURED LOANS **SCHEDULE - 3**

(Rupees in Lacs)

	As at 31st March, 2010	As at 31st March, 2009
Loans from financial institutions		
Term loans [amounts due within one year Rs. 312.48 lacs (Previous year Rs. 416.64 lacs)]	**312.48**	729.12
Loans from banks		
Term loans [amounts due within one year Rs. 2641.17 lacs (Previous year Rs. 2,083.33 lacs)]	**6,371.06**	4,773.43
Others (Long term) [Amounts due within one year Rs. 207.80 lacs (Previous year Rs. 120.79 lacs)]	**1,415.90**	1,601.94
Others (Short term)	**7,708.47**	5,848.65
	15,807.91	12,953.14

UNSECURED LOANS **SCHEDULE - 4**

(Rupees in Lacs)

	As at 31st March, 2010	As at 31st March, 2009
Interest free Sales Tax Loan	**2,344.24**	2,172.79
	2,344.24	2,172.79

FIXED ASSETS **SCHEDULE - 5**

(Rupees in Lacs)

	COST / VALUATION				DEPRECIATION				NET BOOK VALUE	
Description	As at 01.04.2009	Additions / Adjustments	Deductions / Adjustments	**As at 31.03.2010**	As at 01.04.2009	For the year	Deductions / Adjustments	**As at 31.03.2010**	**As at 31.03.2010**	As at 31.03.2009
Land	2,202.26	-	-	**2,202.26**	-	-	-	**-**	**2,202.26**	2,202.26
Buildings	5,691.95	-	-	**5,691.95**	1,760.57	133.41	-	**1,893.98**	**3,797.97**	3,931.38
Plant and machinery	109,463.42	5,249.02	17.85	**114,694.59**	79,902.10	2,921.86	8.63	**82,815.33**	**31,879.26**	29,561.32
Furnitures and fixtures	159.48	-	0.98	**158.50**	135.36	5.41	0.45	**140.32**	**18.18**	24.12
Office and other equipment	917.60	32.88	23.09	**927.39**	684.16	35.67	22.73	**697.10**	**230.29**	233.44
Vehicles	65.93	-	-	**65.93**	29.59	7.26	-	**36.85**	**29.08**	36.34
	118,500.64	5,281.90	41.92	**123,740.62**	82,511.78	3,103.61	31.81	**85,583.58**	**38,157.04**	
Previous year	123,840.35	1,053.02	6,392.73	**118,500.64**	82,751.67	3,279.24	3,519.13	**82,511.78**		35,988.86
Capital work in progress including advances									**2,892.44**	2,381.34
									41,049.48	38,370.20

Depreciation for the year includes Rs. 0.19 lacs (previous year Rs. 0.54 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)

		As at 31st March, 2010		As at 31st March, 2009
Payment to and provision for employees				
Salaries and allowances	**484.67**		469.88	
Contribution to provident and other funds	**36.13**		35.92	
Staff welfare	**53.57**		52.96	
		574.37		558.76
Repairs and maintenance - others		**39.03**		38.20
Land lease rent		**1,685.27**		1,685.27
Rent, rates and taxes		**135.83**		131.70
Professional fees		**1,617.46**		1,617.45
Travel		**271.43**		266.17
Directors sitting fees		**8.65**		7.75
Miscellaneous expenditure		**438.64**		403.32
Depreciation		**146.73**		146.54
Loss on sale of assets		**3.48**		3.48
		4,920.89		4,858.64
Less : Interest on deposits		**44.11**		44.11
		4,876.78		4,814.53

INVESTMENTS

SCHEDULE - 7

(Rupees in Lacs)

	As at 31st March, 2010	As at 31st March, 2009
Long Term Investments		
Shares, debentures and bonds.		
Trade (at cost) (quoted)		
Henkel India Limited (formerly Henkel SPIC India Limited) 1,93,95,900 equity shares of Rs.10 each	**4,202.45**	4,202.45
Standard Motor Products of India Limited 40,00,000 equity shares of Rs.10 each (cost Rs 400 lacs less provision for diminution in value of Rs. 400 lacs)	**-**	-
Trade (at cost) (unquoted)		
Associate Company (accounted on equity method)		
Petro Araldite Private Limited 13,68,000 equity shares of Rs 100 each	**1,747.22**	1,500.04
	5,949.67	5,702.49
Aggregate value of unquoted investments	**1,747.22**	1,500.04
Aggregate value of quoted investments (net of provisions)	**4,202.45**	4,202.45
Market value of quoted investments	**6,361.86**	2,455.52

CURRENT ASSETS, LOANS AND ADVANCES

SCHEDULE - 8

(Rupees in Lacs)

		As at 31st March, 2010			As at 31st March, 2009
A.	**CURRENT ASSETS:**				
	Inventories				
	Stores	**3,300.81**		2,941.70	
	Loose tools	**15.90**		4.21	
	Raw materials	**4,802.09**		2,619.46	
	Work in process	**46.54**		78.66	
	Finished goods	**891.51**		1,357.14	
			9,056.85		7,001.17
	Sundry debtors (Unsecured)				
	Outstanding over six months				
	Considered good	**2.13**		5.16	
	Considered doubtful	**44.92**		44.92	
		47.05		50.08	
	Outstanding under six months				
	Considered good	**6,642.31**		5,978.92	
		6,689.36		6,029.00	
	Less : Provision for doubtful debts	**44.92**		44.92	
			6,644.44		5,984.08
	Cash and bank balances				
	Cash on hand	**1.19**		1.00	
	Cheques on hand	**118.73**		50.10	
	With scheduled banks:				
	On current accounts	**883.43**		279.42	
	On unpaid dividend account	**69.82**		100.13	
	On deposit accounts	**0.87**		0.97	
	On margin money account	**137.23**		129.41	
	With non scheduled banks on current account	**6,240.78**		7,688.93	
			7,452.05		8,249.96
B.	**LOANS AND ADVANCES:**				
	(Unsecured)				
	Advances recoverable in cash or in kind or for value to be received				
	Considered good	**5,789.61**		9,017.86	
	Considered doubtful	**-**		125.23	
		5,789.61		9,143.09	
	Less : Provision for doubtful advances	**-**		125.23	
		5,789.61		9,017.86	
	Balances with excise and customs authorities	**1,784.12**		737.61	
	Taxation (net of provisions)	**84.30**		287.61	
	Fringe benefit tax (net of provisions)	**-**		0.28	
	MAT credit entitlement	**87.66**		19.91	
			7,745.69		10,063.27
			30,899.03		31,298.48

CURRENT LIABILITIES AND PROVISIONS **SCHEDULE - 9**

(Rupees in Lacs)

		As at 31st March, 2010	As at 31st March, 2009
A.	**CURRENT LIABILITIES**		
	Acceptances	**3,208.63**	1,908.55
	Sundry creditors		
	- Total outstanding dues to micro enterprises and small enterprises	-	-
	- Others	**13,599.76**	15,941.42
	Unpaid dividends	**69.82**	100.13
	Advances received from customers	**2,018.16**	2,018.19
		18,896.37	19,968.29
B.	**PROVISIONS**		
	Compensated absences	**258.84**	252.97
	Gratuity	**32.00**	27.35
	Proposed dividend	**449.86**	-
	Tax on proposed dividend	**76.45**	-
		817.15	280.32
		19,713.52	20,248.61

Note : There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March 2010

OTHER INCOME **SCHEDULE - 10**

(Rupees in Lacs)

	Year ended 31st March, 2010	Year ended 31st March, 2009
Scrap Sales	**119.78**	151.30
Rent	**395.83**	342.23
Insurance claims	**78.79**	77.31
Profit on sale of assets (net)	**1.92**	269.54
Exchange gain (net)	**-**	2,721.86
Provision for doubtful debts written back	**-**	22.62
Dividend received	**68.40**	-
Miscellaneous income	**237.40**	305.26
	902.12	3,890.12

MANUFACTURING AND OTHER EXPENSES **SCHEDULE - 11**

(Rupees in lacs)

		Year ended 31st March, 2010		Year ended 31st March, 2009
Raw materials and Intermediates consumed		**43,510.75**		52,255.21
Purchase of traded goods		**2,640.63**		-
Stores and spare parts consumed		**2,830.93**		2,284.72
Utilities consumed		**840.10**		996.01
Power and fuel		**19,776.79**		19,700.47
Payments to and provisions for employees				
Salaries and allowances		**1,665.40**		1,538.59
Contribution to Provident and other funds		**197.32**		131.08
Staff welfare		**382.30**		333.78
Travel and conveyance		**199.88**		221.73
Insurance		**312.78**		284.47
Rent		**70.53**		172.13
Rates and taxes		**141.59**		73.69
Repairs and maintenance				
Machinery	**1,023.90**		1,025.79	
Buildings	**84.86**		139.59	
Others	**198.90**		183.15	
		1,307.66		1,348.53
Discounts		**7,382.59**		6,915.04
Commission		**225.78**		261.19
Freight		**2,042.26**		1,761.68
Directors' sitting fees		**11.70**		12.00
Exchange fluctuation (net)		**989.11**		-
Legal and Professional charges		**164.20**		254.19
Miscellaneous expenses		**660.89**		1,041.65
Increase / (Decrease) in excise duty included in opening and closing stock of finished goods		**(41.67)**		(68.89)
(Increase) / Decrease in work in process and finished goods				
Opening Stock				
Work in process	**78.66**		88.57	
Finished goods	**1,357.14**		1,372.53	
	1,435.80		1,461.10	
Closing Stock				
Work in process	**46.54**		78.66	
Finished goods	**891.51**		1,357.14	
	938.05		1,435.80	
		497.75		25.30
		85,809.27		89,542.57

INTEREST **SCHEDULE - 12**

(Rupees in Lacs)

		Year ended 31st March, 2010		Year ended 31st March, 2009
Interest expenses				
- on fixed period loans	**887.01**		985.00	
- others	**1,410.79**		1,602.30	
		2,297.80		2,587.30
		2,297.80		2,587.30
Less : Interest income				
- on bank and intercorporate deposits	**32.88**		148.62	
- on others	**34.72**		0.44	
		67.60		149.06
		2,230.20		2,438.24
Less : Interest capitalised		**124.24**		-
		2,105.96		2,438.24

SCHEDULE - 13

NOTES TO THE CONSOLIDATED ACCOUNTS OF TAMILNADU PETROPRODUCTS LIMITED FOR THE YEAR ENDED 31ST MARCH 2010

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%	31.12.2009 Audited
Certus Investment and Trading (S) Private Limited	Subsidiary	Singapore	100%	31.12.2009 Audited
SPIC Electric Power Corporation Private Limited	Subsidiary	India	93.22%	31.03.2010 Audited
Proteus Petrochemical Private Limited (formerly TPL India Singapore Private Limited)	Subsidiary	Singapore	100%	31.12.2009 Audited
Gulf Petroproduct Company E.C. *	Joint Venture	Kingdom of Bahrain	50.00%	31.12.2009 Audited
Petro Araldite Private Limited	Associate	India	24.00%	31.03.2010 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 including borrowing 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%, assets provided to employees which are depreciated at 20% and certain specific assets whose useful life has been determined at 4.5 years.

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 change in the Profit and Loss Account. All the 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.34.16 lacs (Previous year Rs.34.13 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, 2010	As at March 31, 2009
6. **Capital Commitments not provided for**	**416.37**	379.24
7. **Contingent Liabilities**		
a) Bills discounted with recourse	**-**	470.00
b) Other claims not acknowledged as debts		
i) Sales Tax	**1669.96**	1669.96
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.		
ii) Excise duty	**169.51**	328.57
iii) Service Tax	**67.85**	67.85
iv) Income Tax	**-**	105.63
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.		
v) Electricity Tax	**1,138.00**	1,087.02
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. Exemption from payment of electricity tax has been extended to 30th September 2009.		
vi) Others	**1.87**	1.87

(Rs. in Lacs)

	Year ended March 31, 2010	Year ended March 31, 2009
8. **Managerial Remuneration**		
Whole time Directors' remuneration	**63.32**	62.41
Contribution to provident and other funds	**6.77**	6.59
Directors' Sitting Fee	**11.70**	12.00
	81.79	81.00

		Year ended March 31, 2010	(Rs. in Lacs) Year ended March 31, 2009
9.	**Auditor's remuneration**		
	Audit fee	**29.75**	21.06
	Other services	**3.00**	3.00
10.	**Earnings per share**		
	Net Profit (Rs. in lacs)	**392.08**	2,968.78
	Weighted number of equity shares outstanding	**89,971,474**	89,971,474
	Basic and diluted earnings per share (Face value – Rs.10/- per share)	**0.44**	3.30

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 (D) or (E) 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	17.68 (51.78)	6647.23 (7967.79)		
2	Service/Consultancy charges paid	0.50 (5.59)			
3	Commission paid	35.11 (30.83)			
4	Managerial remuneration				70.09 (69.00)
5	Rent paid	0.59 (1.80)			
6	Reimbursement of expenses	31.03 (32.16)			
7	Sitting fees (TIDCO)	4.20 (4.30)			
8	Dividend received		68.40 (-)		
9	Balance outstanding as of 31st March 2010	30.25 Cr (25.77)Cr	104.76Dr (319.73)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 2010 the Company has investments of Rs. 2764.50 lacs in SPIC Electric Power Corporation (Private) Ltd., (SEPC) for setting up a 525 MW coal based power project (power project) made during the period 1995-2003 and advances against equity of Rs.33.91 lacs made during the period 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 the power project at Tuticorin, Tamilnadu. 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, SEPC and an investor company executed on 28th May 2009, a Shareholders & Share Subscription Agreement (SSA) broadly underlining the obligations of the Shareholders with regard to the power project. The investor company has agreed to bring in 74% of the equity for the power project. They have been meeting all the expenses of SEPC since August 2007 and have so far contributed a sum of Rs. 151.45 lacs upto 31st March 2010.

    Due to non payment of 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 for appointment of an Arbitrator and by orders dated 18th July 2008 a sole arbitrator was appointed 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. Thereafter, the arbitrator in his proceedings dated 13th February 2009 observed that the rights of TPT and SEPC will be subject to the outcome of the arbitration proceedings in so far as the disputed site is concerned.

    A joint committee consisting of representative from Central Electricity Authority (CEA)/TNEB/TPT recommended an alternative site for locating the power project. SEPC after making preliminary investigations has found the land suitable. Thereafter the alternate site has been approved by TNEB/TPT/CEA. The arbitration proceedings between SEPC and TPT have therefore been kept in abeyance.

    The process of obtaining environmental clearance from Ministry of Environmental and Forests (MoEF) is at an advanced stage. Demarcation under the Coastal Zone Regulation, Contour Survey and Preliminary soil investigations have been completed. The detailed project report with a revised project cost is under consideration. SEPC will pay the arrears of lease rentals on taking possession of the land.

    The Ministry of Power, Government of India has clarified by a letter dated 24th February 2010 that the change to an alternate site would not alter the legal enforceability of the already concluded PPA between SEPC and TNEB. SEPC has filed a petition dated 14th April 2010 with Tamilnadu Electricity Regulatory Committee (TNERC) to direct TNEB to act in accordance with the terms and conditions in the concluded PPA.

    In view of the substantial progress achieved, the company is confident that the power project will be implemented.

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.2,123.63 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, 2009	Tax effect for the year	**As at March 31, 2010**
Deferred tax asset :			
Unabsorbed depreciation / carry forward business loss	259.71	(259.71)	**-**
Accrued expenses deductible on payment	73.65	1.99	**75.64**
Provision for doubtful debts/Advances	57.83	(42.92)	**14.91**
Total	391.19	(300.64)	**90.55**
Deferred tax (liability):			
Fixed assets	(7,636.41)	203.81	**(7,432.60)**
Net deferred tax (liability)	(7,245.22)	(96.83)	**(7,342.05)**

15. **Employee Defined Benefit Plans**

(Rs. in Lacs)

		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, 2010				
	Present value of obligation	**449.50**	**(257.88)**	(400.99)	(252.07)
	Fair value of plan assets	**417.50**	**-**	373.64	-
	Net liability	**(32.00)**	**(257.88)**	(27.35)	(252.07)
b.	Expense recognized in the Profit & Loss account for the year ended March 31, 2010				
	Current service cost	**22.84**	**10.49**	21.00	12.87
	Interest cost	**32.08**	**18.12**	27.75	16.78
	Expected return on plan assets	**(33.75)**	**-**	(27.89)	-
	Actuarial (gains) / Losses	**15.45**	**(15.16)**	23.71	26.81
	Total expense	**36.62**	**13.45**	44.57	56.46
c.	Change in present value of Obligation during the year ended March 31, 2010				
	Present value of defined benefit obligation as at the beginning of the year	**400.99**	**252.07**	368.09	237.46
	Current service cost	**22.84**	**10.49**	21.00	12.87
	Interest cost	**32.08**	**18.12**	27.75	16.78
	Actuarial (gains) /losses	**15.45**	**(15.16)**	26.58	26.81
	Benefits paid	**(21.86)**	**(7.65)**	(42.43)	(41.85)
	Present value of defined benefit obligation as at the end of the year	**449.50**	**257.88**	400.99	252.07
d	Change in fair value of plan assets during the year ended March 31, 2010				
	Plan assets at the beginning of the year	**373.64**	**-**	354.28	-
	Expected return on plan assets	**33.75**	**-**	27.89	-
	Actuarial gains / (losses)	**-**	**-**	2.87	-
	Contributions by employer	**31.97**	**7.65**	31.03	41.85
	Benefits paid	**(21.86)**	**(7.65)**	(42.43)	(41.85)
	Plan assets at the end of the year	**417.50**	**-**	373.64	-
e.	Principal actuarial assumptions as at March 31, 2010				
	Discount rate	**8.00%**	**8.00%**	8.00%	7.30%
	Expected return on plan assets	**9.30%**	**-**	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 9.30%.				
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, Ministry of Corporate Affairs, vide Order No. 47/48/2010-CL-III dated 26th March 2010.

Particulars	Certus Investments and Trading Limited		Certus Investments and Trading(S) Private Limited		Proteus Petrochemicals Private Limited (formerly TPL India Singapore Private Limited)		SPIC Electric Power Corporation (Private) Limited
	Rupees in lacs*	In USD	Rupees in lacs*	In USD	Rupees in lacs*	In USD	Rupees in lacs
Capital	9,645.13	20,419,000.00	842.03	1,875,339.76	3,512.17	7,820,457.86	2,965.50
Reserves	435.94	19,52,672.92	(33.17)	(66,075.30)	22.04	113,215.92	-
Total assets	10,050.25	22,303,055.16	1,754.83	3,915,644.60	3,948.86	8,856,981.64	5,417.26
Total liabilities	10,050.25	22,303,055.16	1,754.83	3,915,644.60	3,948.86	8,856,981.64	5,417.26
Investments	1,206.27	2,605,339.75	-	-	-	-	-
Turnover (inc other income)	31.60	65,663.69	2,580.24	5,360,980.97	110.70	230,005.00	-
Profit before tax	14.93	31,016.45	(7.35)	(15,266.21)	100.78	209,385.71	-
Provision for taxation	-	-	-	-	0.14	280.71	-
Profit after tax	14.93	31,016.45	(7.35)	(15,266.21)	100.64	209,105.00	-
Proposed dividend	-	-	-	-	-	-	-

*Translated at exchange rate prevailing as on 31.03.2010

1 USD = Rs.44.91

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	**5.97**	3.42
2. Loans and Advances	**1,620.26**	1,801.71
3. Current Liabilities and provisions	**1,384.09**	1,583.53
4. Expenses	**0.86**	0.82

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	2010			2009		
		Industrial Intermediate Chemicals	Power	Total	Industrial Intermediate Chemicals	Power	Total
a)	REVENUE						
	Sales to external customers	90,497.15	-	90,497.15	93,730.89	-	93,730.89
	Other income	506.29	-	506.29	3,547.89	-	3,547.89
	Total revenue	91,003.44	-	91,003.44	97,278.78	-	97,278.78
b)	RESULT						
	Segment result	2,110.86	-	2,110.86	4,477.62	-	4,477.62
	Interest expense	-	-	(2,173.56)	-	-	(2,587.30)
	Interest income	-	-	67.60	-	-	149.06
	Unallocated corporate income	-	-	395.83	-	-	342.23
	Income taxes including deferred tax	-	-	(255.83)	-	-	468.03
	Profit after tax	-	-	144.90	-	-	2,849.64
	Share of profit of Associate company	-	-	247.18	-	-	119.14
	Net Profit	-	-	392.08	-	-	2,968.78
c)	OTHER INFORMATION						
	Segment assets	71,609.76	5,417.27	77,027.03	71,328.97	5,293.05	76,622.02
	Unallocated corporate assets	-	-	7,875.05	-	-	5,705.98
	Total Assets	71,609.76	5,417.27	84,902.08	71,328.97	5,293.05	82,328.00
d)	Segment liabilities	35,925.21	1,414.15	37,339.36	32,929.90	2,444.64	35,374.54
	Unallocated corporate liabilities	-	-	7,868.36	-	-	7,245.22
	Total Liabilities	35,925.21	1,414.15	45,207.72	32,929.90	2,444.64	42,619.76
e)	Capital expenditure	5,609.00	44.39	5,653.39	918.08	-	918.08
	Depreciation	3,083.31	-	3,083.31	3,258.59	-	3,258.59
f)	Non-cash expenses other than depreciation	135.99	-	135.99	(146.12)	-	(146.12)

(B)	Information about secondary geographic segments	2010			2009		
		Domestic	Overseas	Total	Domestic	Overseas	Total
	Segment revenue	85,904.76	5,098.68	91,003.44	92,432.75	4,846.03	97,278.78
	Segment assets	75,478.77	1,548.26	77,027.03	75,029.33	1,592.69	76,622.02
	Additions to fixed assets	5,653.39	-	5,653.39	918.08	-	918.08

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	
C. RAMACHANDRAN	Director	
T.K. ARUN	Director	
V. RAMANI	Director & CFO	M.B. GANESH
RM. MUTHUKARUPPAN	Managing Director	Secretary

Place : Chennai
Date : 5th May 2010

TPL

TAMILNADU PETROPRODUCTS LIMITED

Regd. Office: Manali Express Highway, Manali, Chennai – 600 068.

INFORMATION TO SHAREHOLDERS

Sub: Payment of Dividend for 2009-10 through NECS

Reserve Bank of India has introduced National Electronic Clearing Service (NECS) and the remittance of money through ECS is replaced by NECS with effect from 1st October 2009. NECS operates on the new and unique bank account number allotted by banks after implementation of Core Banking Solutions. This process eliminates risk of loss of dividend warrants in postal transit or fraudulent encashment and facilitates faster credit of remittances to beneficiary's account with coverage of more bank branches.

Shareholders are therefore advised to follow the procedure below mentioned, if they so desire.

Procedure for shares held in Physical mode

Kindly complete the NECS form overleaf and send the same to our R & T Agents viz., M/s.Cameo Corporate Services Ltd., under the signature of the sole / first named shareholder. You are requested to send the form duly filled in by post or courier to the R & T Agents and not through e-mail or fax.

Procedure for shares held in Demat mode

Kindly provide the bank details to your Depository Participant (DP) in the format supplied by the DP. The bank details should not be given to the Company or R&T Agents. Please note that, if the shareholders holding shares in dematerialized mode send the NECS data to the Company or the R & T Agents, we will not be able to act on the same and consequently dividends will not be remitted through NECS

The details referred above may be provided by the shareholders to the R&T Agents/DP as the case may be on or before 27th July 2010.

✦ ✦ ✦ ✦ ✦

FOR USE BY SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL MODE ONLY

To

Cameo Corporate Services Limited
"Subramanian Building"
No.1, Club House Road
Chennai – 600 002.

Unit: TAMILNADU PETROPRODUCTS LIMITED

Name of the first / sole holder	
Share Folio No.	
Bank Name	
Branch Name & Address	
Account Number (as appearing in the cheque book)	
9 digit Code Number of the Bank and Branch appearing on the MICR cheque issued by the Bank (Please attach a blank "cancelled" cheque or a photocopy thereof)	
Account Type (please tick) ☑	**Savings** ☐ **Current** ☐ **Cash Credit** ☐

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold TPL responsible. I have read the option invitation letter and agree to discharge my responsibility as a participant under the Scheme.

Date: **Signature of Shareholder**

Tamilnadu Petroproducts Limited

Regd. Office & Factory : Manali Express Highway, Manali, Chennai - 600 068.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE MEETING HALL

Folio No. : ....

DP ID No. : ....

Client ID No. : ....

Name of the Shareholder : ....

I hereby record my presence at the **Twenty Fifth Annual General Meeting held on 11th August, 2010.**

Venue : Tamil Isai Sangam, Rajah Annamalai Hall, Esplanade, Chennai - 600 108.

Time : 10.30 a.m.

____________________________ Signature of the Shareholder

____________________________ Signature of the Proxy

Tamilnadu Petroproducts Limited

Regd. Office & Factory : Manali Express Highway, Manali, Chennai - 600 068.

PROXY FORM

I/We ____

of________________in the district of ________________________________being a Member/Members

of TAMILNADU PETROPRODUCTS LIMITED, hereby appoint ___________________________

of _________________________ in the district of _______________ or failing him _______________

of ____________________ in the district of _______________as my / our proxy in my / our absence to

attend and vote for me / us and on my / our behalf, at the Twenty Fifth Annual General Meeting of

the Company, to be held at 10.30 a.m. on 11th August, 2010 and at any adjournment thereof.

Signed this ____________________ day of _____________ 2010

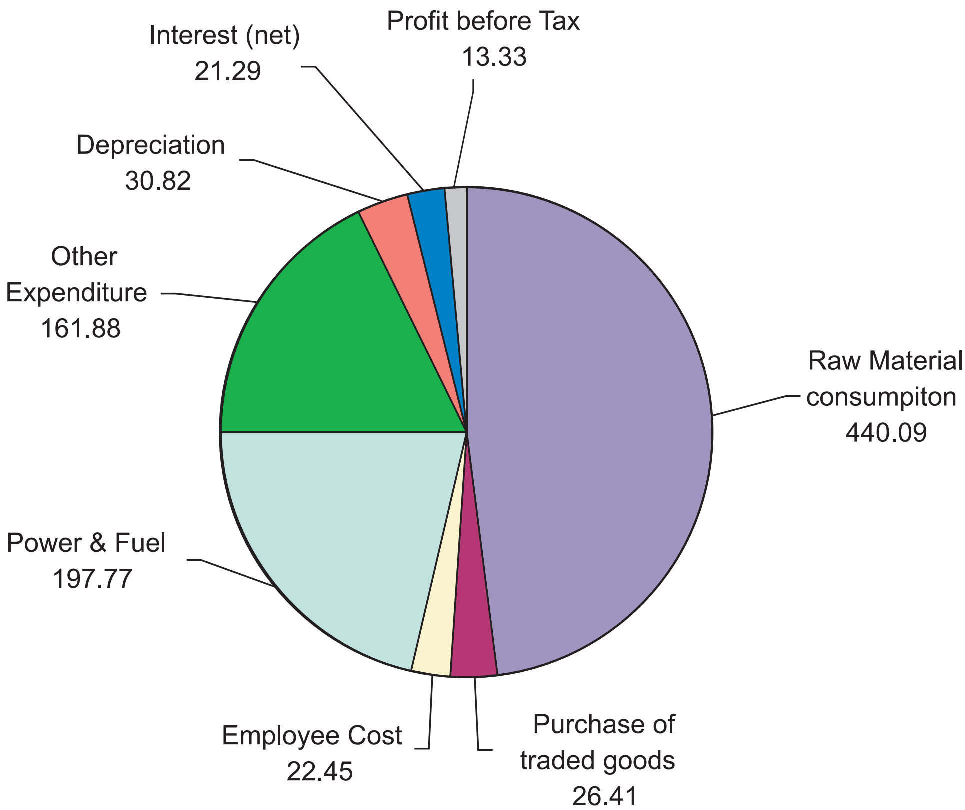
Affix Re.1/- Revenue Stamp

Signed by the said _________

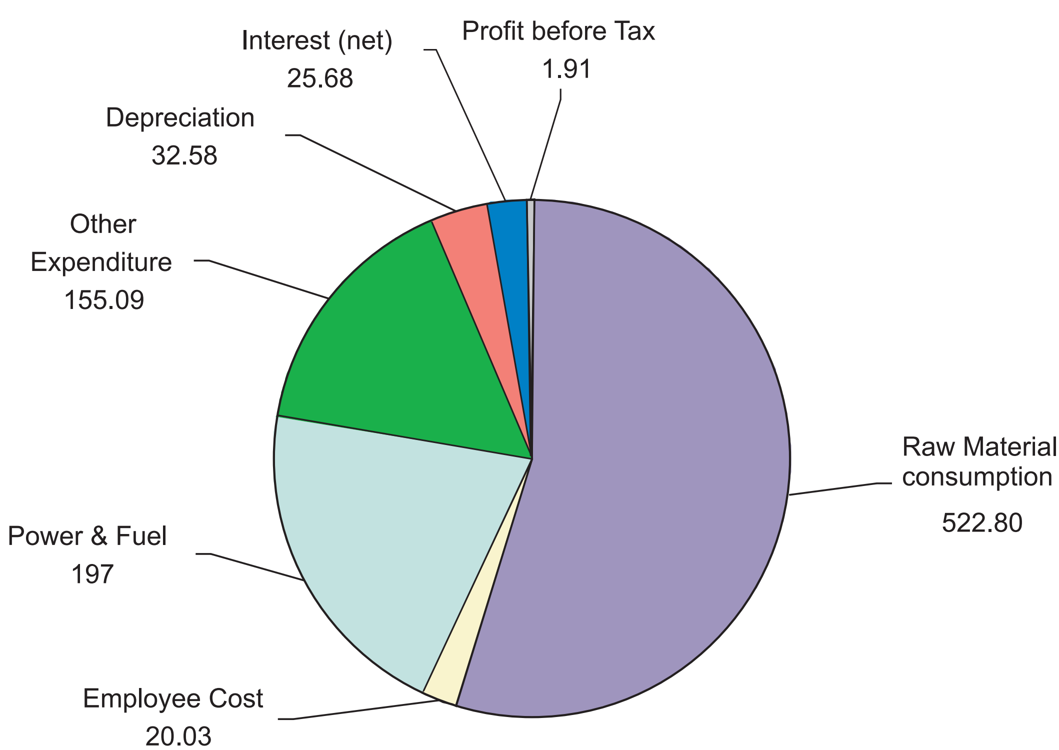
Note : The Proxy must be deposited at the Registered Office of the Company at Manali Express Highway, Manali, Chennai - 600 068, not less than 48 hours before the time for holding the meeting. The Proxy need not be a member of the Company.

PLEASE NOTE: NO GIFTS WILL BE DISTRIBUTED.

Cost and Profit to Income 2009-10
(Rs. in crores)



Cost and Profit to Income 2008-09
(Rs. in crores)



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