Tamilnadu Petroproducts Limited

27th ANNUAL REPORT
2011 - 12

FINANCIAL HIGHLIGHTS

(₹ in Crores)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Share Capital	89.97	89.97	89.97	89.97	**89.97**
Reserves & Surplus	275.48	281.83	287.13	305.94	**306.45**
Networth	344.39	353.87	356.44	375.45	**376.16**
Return on Capital Employed (%)	1.12	5.99	7.61	12.54	**9.21**
Fixed Assets (net)	449.65	369.09	388.31	354.75	**355.63**
Sales / Other Income	802.41	955.08	914.03	1,074.35	**1,320.99**
Gross Profit	38.38	60.17	65.44	73.68	**75.30**
Interest / Finance Charges	23.94	25.68	21.29	28.54	**31.66**
Depreciation	32.83	32.58	30.82	37.99	**37.19**
Current Tax	0.15	0.15	1.59	5.03	**3.91**
Deferred Tax	(6.63)	(4.78)	0.97	(5.12)	**(3.40)**
Net Profit / (Loss)	(11.91)	6.54	10.77	29.47	**5.94**
Dividend (incl. Tax)	-	-	5.26	10.46	**5.23**
Dividend (%)	-	-	5.00	10.00	**5.00***
Earnings Per Share (₹)	(1.32)	0.73	1.20	3.28	**0.66**

* Subject to approval of Shareholders at the 27th AGM.

TPL

BOARD OF DIRECTORS
(As on 26th April 2012)

DR. N. SUNDARADEVAN, IAS	Chairman
ASHWIN C. MUTHIAH	Vice Chairman
DR. A.C. MUTHIAH	Director
K. DHANAVEL, IAS	Director
T.K. ARUN	Director
R. KARTHIKEYAN	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
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 N Ramana Towers,
Venkatanarayana Road, T.Nagar,
Chennai - 600 017.

LEGAL ADVISOR
T. Raghavan,
New No. 47, Old No. 25, T.T.K. Road,
Alwarpet, Chennai - 600 017

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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NOTICE FOR THE TWENTY SEVENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 27th Annual General Meeting of the Company will be held at 10.35 a.m. on Tuesday the 18th September, 2012 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 2012 and Statement of Profit and Loss of the Company for the year ended 31st March 2012 and the Report of the Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in place of Thiru Dhananjay N Mungale, who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in place of Thiru T K Arun, who retires by rotation and being eligible offers himself for re-election.
5. To appoint a Director in place of Thiru V Ramani, who retires by rotation and being eligible offers himself for re-election.
6. To consider and if thought fit, to pass with or without modifications 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 28th 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 an Ordinary Resolution:

   "RESOLVED THAT Thiru K. Dhanavel. I.A.S., be and is hereby appointed as Director of the Company liable to retirement by rotation."
8. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

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

   a) additional working capital facility of Rs.2,500 lacs lent and advanced by IDBI Bank
   b) additional working capital facility of Rs.2,200 lacs lent and advanced by ABL
   c) additional working capital facility of Rs.1,500 lacs lent and advanced by IIBL

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

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

By order of the Board
for TAMILNADU PETROPRODUCTS LIMITED

Regd.Office:
Manali Express Highway,
Manali, Chennai-600 068
26th April, 2012

M.B. GANESH
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 form attached 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 Resolution set out against Item No. 7 & 8 of the Notice is annexed hereto.

c) The Register of Members and the Share Transfer Books of the Company will remain closed from

4th September 2012 to 18th September 2012 (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 18th September 2012 .

f) *Claims on unclaimed dividend, if any, for the financial years 2005-06, 2009-10 and 2010-11 shall be made to the Company or Share Transfer Agents.*

g) *The Shareholders may kindly note that the amounts in the unpaid dividend account relating to the financial year 2004-05 is due for transfer to "Investor Education and Protection Fund" established by the Central Government under Section 205C of the Companies Act, 1956, during October 2012 after which no claims will be permitted by Central Government.*

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

i) 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.

j) 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 2012-13.

k) ***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 No.7

Thiru K. Dhanavel, I.A.S., was co-opted as Additional Director representing Tamilnadu Industrial Development Corporation Limited (TIDCO) with effect from 26th April 2012. As per Section 260 of the Companies Act, 1956 (the Act), Thiru K. Dhanavel, I.A.S., shall hold office upto the date of the Twenty Seventh Annual General Meeting. The Company has received Notice from TIDCO under Section 257 of the Act, proposing Thiru K. Dhanavel, I.A.S., for appointment as Director, liable for retirement by rotation along with a deposit of ₹ 500/-. Hence, the proposed resolution.

Memorandum of Interest

None of the Directors except Tvl. Dr. N. Sundaradevan, IAS, Chairman, K. Dhanavel, T.K. Arun and R. Karthikeyan, Directors are deemed to be interested in the resolution.

Item No.8

During the year IDBI Bank Ltd, (IDBI Bank), Axis Bank Limited (ABL), and IndusInd Bank Ltd., (IIBL) have sanctioned to the Company additional Working Capital facilities of ₹ 2,500 lacs, ₹ 2,200 lacs and ₹ 1,500 lacs respectively. One of the conditions stipulated for availing the said financial assistance is to secure the loan by a mortgage/charge on all the immovable and movable properties of the Company both present and future ranking pari passu with the charges created and/or to be created in favour of the existing charge holders, subject to the exclusive mortgage of a specified property by way of deposit of title deeds to Housing Development Finance Corporation Limited.

Hence approval of shareholders for mortgaging/charging its moveable and immovable properties as security in favour of IDBI Bank, ABL and IIBL, is sought under Section 293(1)(a) of the Companies Act, 1956.

Hence, the proposed resolution.

None of the Directors is interested in the resolution.

By order of the Board
for TAMILNADU PETROPRODUCTS LIMITED

Chennai - 600 068
26th April 2012

M.B. GANESH
Secretary

TPL

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT ABOUT THE PARTICULARS OF DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED AT THE 27TH AGM.

Item No.3, 4, 5 & 7 of the Notice

	Item No.3	Item No.4	Item No.5	Item No.7
Name of the Directors (Tvl.)	Dhananjany N Mungale	T K Arun	V Ramani	K Dhanavel,IAS
Age	58	52	60	57
Qualification	B.Com., A.C.A., L.L.B	B.Com, ACS	B.A., A.C.A	B.Sc.,M.A., B.L., MBA
Expertise	Consultant, having wide experience in International Finance, Capital Markets and Merchant Banking. Held various senior positions in Foreign Bank.	Company Secretary, 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.	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.	After having worked as an Officer in a Nationalized Bank for six years (1979-85), joined Tamilnadu Civil Services as Deputy Collector in 1985. Elevated to Indian Administrative Service (in the 1992 Batch) and served as the District Collector of Tirunelveli(1998-2001) and also served in Govt.of India in the Ministry of Health and Family Welfare (2004-2009). Also served as the Secretary, Revenue Dept and Secretary, PWD, Govt of Tamilnadu. Before joining Managing Director TIDCO, served in the State Planning Commission as Member Secretary.
No.of shares held	Nil	Nil	100	Nil
Other Directorships	**Director** Investor Advisores Private Limited, Mentor Technologies Private Limited, Snowcem Paints Pvt.Ltd., Vayugrid Marketplace Services Pvt. Ltd., JP Morgan Asset Management India Pvt.Ltd, LICHFL Trustee Company Private Limited, Lavgan Dockyard Pvt.Ltd., L & T Infra Investment Partners Advisory Pvt.Ltd, Chowgule Steamships Limited, LIC Housing Finance Limited, Kalpataru Limited, National Organic Chemical Ltd, Mahindra Composites Limited, Mahindra & Mahindra Financial Services Ltd, Samson Maritime Limited	**Director** DLF Info Park Developers (Chennai) Limited, Ascendas IT Park (Chennai) Ltd., Tanflora Infrastructure Park Ltd., Sree Maruthi Marine Industries Ltd, Cheslind Textiles Ltd, Manali Petrochemicals Ltd, Southern Petrochemical Industries Corpn.Ltd., TIDEL Park Limited	**Director** SPIC Electric Power Corporation Private Ltd.	**Director** Tamilnadu Industrial Development Corporation Ltd, Ennore SEZ Company Ltd., Tanflora Infrastructure Park Ltd., TRIL Infopark Ltd., Tamilnadu Road Development Company Ltd., IT Expressway Ltd., Titan Industries Ltd., L & T Shipbuilding Limited, TICEL Bio Park Ltd., TIDEL Park Coimbatore Ltd., TIDEL Park Ltd and Tamilnadu Trade Promotion Organization (Sec.25 Company).
Committee Memberships Chairman(C) Member(M)	**Audit Committee** Chowgule Steamships Ltd (C), Mahindra & Mahindra Financial Services Ltd (C), Mahindra Composites Ltd (M), National Organic Chemical Ltd (M), LIC Housing Finance Ltd (M) Kalpataru Limited (M), Samson Maritime Limited (M) **Compensation Committee** Chowgule Steamships Ltd(M), Mahindra & Mahindra Financial Services Ltd (M), Mahindra Composites Ltd., (M), National Organic Chemical Ltd (M), Kalpataru Limited (M), Samson Maritime Limited (M) **ALCO Committee** Mahindra & Mahindra Financial Services Ltd (C)	**Audit Committee** Tamilnadu Petroproducts Ltd (M), Manali Petrochemicals Ltd (M), Tanflora Infrastructure Part Ltd (C), Cheslind Textiles Ltd (M), Ascendas IT Park (Chennai) Ltd., (M), Southern Petrochemical Industries Corpn. Ltd (M) **Shareholders/Investors' Grievance Committee** Tamilnadu Petroproducts Ltd. (M), Cheslind Textiles Ltd (M), Southern Petrochemical Industries Corpn. Ltd. (M) **Remuneration Committee** Manali Petrochemicals Ltd (M), Ascendas IT Park(Chennai) Ltd., (M)	**Audit Committee** SPIC Electric Power Corporation Private Ltd., (M)	

DIRECTORS' REPORT

To

The Shareholders

Your Directors have pleasure in presenting the Twenty Seventh Annual Report on the business and operations of your Company and the audited Statement of Accounts for the year ended 31st March 2012.

FINANCIAL RESULTS	(Rs. in crores)	
	2011-12	2010-11
Revenue from Operations	**1309.35**	1066.46
Profit before Depreciation and Finance Cost	**75.30**	73.68
Less: Interest and Finance Cost	**31.66**	28.54
Less: Depreciation	**37.19**	37.99
Add: Exceptional Item	**--**	22.22
Profit before tax	**6.45**	29.38
Provision for tax	**0.51**	-0.09
Profit/(loss) after tax	**5.94**	29.47
Balance carried to Balance Sheet	**90.75**	90.04

FINANCIAL REVIEW

The year 2011-12 witnessed vast changes and volatility in interest rates and forex markets making the cost of funds dearer. Your Company has been constantly working towards achieving interest reduction despite unfavourable macro economic factors. The efforts taken by your Company helped to restrict the weighted average Cash Credit interest to 14.64% as against 16.50% being the average lending rate for the Financial Year. This was possible due to improvement in the financial rating by Credit Analysis and Research Limited (CARE) during the year under review to BBB plus. Your Company also leveraged on the Buyers credit arrangements with Banks to save on interest cost.

Your Company was supported by additional working capital limits from working capital lenders which enabled to achieve budgeted production and sales of the three divisions. There was no additional term loan borrowing during the year, while one of the term loans was repaid in full.

With the forex markets remaining extremely volatile during this period your Company managed to mitigate partly the currency exposure risks by a combination of natural hedge of exports against imports and through appropriate forward covers.

DIVIDEND

Your Company has achieved a net profit after tax of Rs. 5.94 crores for the year 2011-12 as against Rs. 29.47 crores during 2010-11. Your Company came back into the dividend paying stream two years ago in 2009-10 after a gap of 3 years. In order to continue paying dividend and reward the shareholders, the Board of Directors, despite lower profits, take pleasure in recommending payment of dividend of 5% (0.50 paise per equity share) on the paid up equity share capital of your Company.

OPERATIONAL HIGHLIGHTS

Linear Alkyl Benzene (LAB)

The performance of LAB operations continued to be good throughout the year and comparable with the previous year. LAB production was maintained at high levels during the year due to the installation of new molecular sieves in 2010.

Crude prices continued to be unstable. The acute power shortage in the State of Tamilnadu and the obligation on the part of the HT consumer to buy Renewable Energy Certificates has increased the cost of power. However, every effort is taken through energy audit, advance process control, etc., to reduce the energy consumption and optimal use of raw material. This has helped in controlling the cost of production. The first phase of Prefrac revamp was completed during end March 2012 and the benefit will be realised from the second quarter of 2012-13 onwards.

Continuous efforts are being made to identify and develop new markets. Your Company continues to meet sizeable demand of the domestic market for LAB and supplies to major international detergent manufacturers.

Epichlorohydrin (ECH)

The ECH unit has performed reasonably well compared to the previous year. The capacity utilisation was about 85%. The crude price variation has impacted the raw material prices largely. However, the finished product price also moved directionally in line with raw material price. Your Company continues to supply majority of the volume to the joint venture company M/s Petro Araldite Private limited. Large quantities of imported ECH and Epoxy resin are landing into the country from European sources due to sluggish demand in those places. The impact on cost of production due to power cut and rupee appreciation is partly being mitigated by carrying out energy optimisation and process optimisation.

Caustic Soda/ Chlor Alkali

The Chlor Alkali Division performance was better during the year over the previous year. The capacity utilisation was above 90%. However, the acute power shortage in the State of Tamilnadu has increased the power cost heavily. Due to high crude prices, the fuel oil prices increased and so the energy cost. The caustic market was very attractive with better realisation. However, the chlorine market has taken a beating as chlorine has to be disposed at throw away prices because of lower demand. The increase in cost of production due to energy cost rise is being combated by introducing various energy conservation and optimisation measures.

SAFETY, HEALTH & ENVIRONMENT

Your Company continuously follows adequate process safety standards to run the plants safely. Protection of employees, plant and machinery and the environment is accorded prime importance at all times. Your Company has won safety award from National Safety Council of India during 2011 for LAB plant. Safe operating days of 396, 1769 and 862 in LAB, ECH and CAD plants respectively were achieved as on 31st March 2012. Health of the employees is taken care bestowing fullest attention. As part of corporate social responsibility, your Company is preparing inventory of green house gases in the plants, to achieve carbon emission reduction. Your Company also provided class room amenities to a Primary School in Manali.

RESEARCH & DEVELOPMENT

On the R&D front main focus was given to improve the finished product quality. Studies related to improvement of production processes and development of new products using existing by-products as raw materials was also carried out. R&D wing also focussed environment performance assessment and source identification.

SUBSIDIARIES

SPIC Electric Power Corporation Private Ltd. (SEPC)

SEPC has been pursuing with various agencies to move forward on the 525 MW Thermal Power Plant at Tuticorin (the Project). During the year, M/s VO Chidambaranar Port Trust permitted SEPC to enter upon the alternate land for starting the Project work as SEPC had paid the lease rent dues and also obtained Environmental Clearance. SEPC therefore commenced various site development work such as Joint Physical Survey, Corner stone laying work, Name Board installation and site leveling work. With regard to the allocations / permissions for the foreshore facilities comprising of Coal jetty, Conveyor routing and Pump-house, SEPC had held discussions with VOCPT.

In response to the petition filed by SEPC before Hon'ble TNERC during April 2010, an order was delivered on 9.5.2011 informing that there is no impediment in implementing the Project and further directed certain amendments to the PPA already executed by SEPC and TANGEDCO. Subsequently, SEPC and TANGEDCO negotiated and signed the amendments to the PPA on 10.1.2012 as ordered and submitted the same to Hon'ble TNERC. Consent to Establish the Project to be given by Tamilnadu Pollution Control Board is in the advanced stage of issuance. SEPC would be continuing with its efforts so that the financial closure could be achieved early.

Certus Investment and Trading Ltd., and its Wholly owned Subsidiaries

Your Company established M/s. Certus Investment and Trading Ltd. (CITL) Mauritius as a Wholly Owned Subsidiary (WOS) of TPL to serve as a Special Purpose Vehicle (SPV) and set up LAB and NP projects in regions with encouraging demand potential viz., Middle East and South East Asia. M/s CITL in partnership with M/s. Saudi Offset Limited Partnership (SOLP) established a Company viz., M/s Gulf Petroproduct Co., EC (GPC) to set up a LAB project in the Middle East. Pre-project activities are in progress.

Proteus Petrochemical Private Ltd.(Proteus)

Proteus is a subsidiary of CITL formed for setting up a Normal Paraffin Project in Singapore. The proposal is to establish a green-field Normal Paraffin (NP) project plant along with associated utilities and off-sites.

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 general exemption granted by the Ministry of Corporate Affairs under Section 212(8) of the Companies, Act, 1956 during February 2011, 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 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 of TPL and of the subsidiary company concerned.

STATUS OF ACTIVE INVESTMENTS

Petro Araldite Pvt. Ltd. (PAPL)

In 2011-12, PAPL produced a total of 29,510 MTs (as against 30,536 MTs in 2010-11) comprising of Basic Liquid Resin, Solid Resin and Formulated products. Sales during the year was Rs.339.57 crores compared to Rs.327.42 crores during 2010-11.

During the financial year 2011-12, PAPL incurred a net loss of Rs.7.49 crores (unaudited) as against a net profit of Rs.10.11 crores during the previous year. The reason for the dip in performance was mainly due to sluggish demand for epoxy resins. PAPL declared a dividend of 10% on the paid up equity share capital for the year 2010-11 and your Company received a dividend of Rs.136.80 lacs on its equity investment.

Henkel India Limited (HIL)

Your Company after the sale of 14.90% of the equity share capital of HIL to M/s. Jyothy Laboratories Ltd. (JLL) terminated the Shareholders' Agreement with Henkel AG & Co., KGaA on 6th April 2011. Subsequently, your Company sold the balance holding of 1.76% of the equity share capital of HIL to JLL on 2nd August 2011.

EMPLOYEES

Management strongly believes that the strength of your Company is directly proportional to the strength of its employees in terms of the knowledge, experience, analytical and decision making skills. Your Company has been practicing various HR initiatives such as recognition, empowerment, personality development, decentralization of delegation of powers etc., to retain the talents and to enhance their enabling capabilities. A balanced staffing system has been judiciously adopted in your Company wherein competent fresh talents have been engaged to infuse young blood into the steam of experienced hands.

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

To improve the efficiency of manpower, a scientific system of performance planning and review system has been established to bring about a healthy competition among the employees by motivating them through recognition by way of rewards linked with progressions/promotions based on performance scores. Your Company has introduced a scheme titled as "Best Employee of the Quarter" to identify the Best Employee. The Best Employee is identified in each unit viz., LAB/ECH and HCD for every quarter and suitable reward is given with the title of – "The Best Employee of the Quarter".

The training needs of employees have been identified at regular intervals through performance appraisal systems and necessary training are imparted through in-house and external programmes. Apart from the routine job related training for personality development and leadership skills are imparted to enhance the administrative capabilities of employees.

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

The wage settlement for LAB/ECH is pending from 1.1.2005. The case was referred to Industrial Tribunal (IT). The IT have given award for LAB / ECH division. However, the Management challenged the Award in the Madras High Court. The Madras High Court stayed the award with the condition of matching the salary as per 18(1) settlement to the unsigned employees and deposit 50% of the Industrial Tribunal award in the Court. The Management duly fulfilled the order of the High Court and the main case is in trial. In the meanwhile, talks are also going on to complete the settlement.

During the year, no employee of your Company was in receipt of remuneration exceeding the sum prescribed under Section 217(2A) of the Companies Act, 1956. Hence, furnishing of particulars under the Companies (Particulars of Employees) Rules, 1975 does not arise.

DIRECTORS

Since the date of the last Directors Report, Thiru K. Dhanavel, I.A.S. was appointed as an additional Director of your Company representing TIDCO at the Board Meeting held on 26th April 2012.

Pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Tvl. Dhananjay N. Mungale, T.K. Arun, Directors and V. Ramani, Director & Chief Financial Officer shall retire by rotation and being eligible, offer themselves for re-election.

The term of office of Thiru K. Dhanavel, IAS, shall be upto the date of the ensuing Annual General Meeting. Notice in writing pursuant to Section 257 of the Companies Act, 1956 has been received from TIDCO proposing the candidature for appointment as Director of your Company liable to retirement by rotation.

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 2012, all the applicable accounting standards have been followed;

(ii) prescribed accounting policies were adopted and applied consistently and judgements and estimates made 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 2012 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 Statutroy Auditors at the 26th Annual General Meeting held on 16th September 2011 retire at the conclusion of 27th Annual General Meeting and are eligible for re-appointment.

COST AUDITORS

Thiru A.N. Raman, Cost Accountant was appointed as the Cost Auditor of your Company for the financial year 2011-12 pursuant to Section 233B of the Companies Act, 1956 to carry out the audit of your Company's cost records of its three products viz. Linear Alkyl Benzene, Epichlorohydrin and Chlor Alkali. The Cost Audit Report for the year ended 31st March 2011, was duly certified by Thiru A.N. Raman, Cost Auditor and filed within the due date with the Ministry of Corporate Affairs on 12th September 2011.

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 persistent efforts, involvement and contribution of all the employees which have been instrumental for the improved performance.

For and on behalf of the Board of Directors

Chennai – 600 068 — DR N. SUNDARADEVAN
26th April 2012 — 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.

Linear Alkyl Benzene (LAB)

LAB continues to be the leading surfactant in the formulation of synthetic detergents. The rapid increase in LAB imports into India from the Middle East countries has pushed the prices to very low levels leading to thin margins. With new capacities coming up in Middle East and China by mid-2012, imports are expected to flood the Indian Market. However, the growth in domestic demand at a moderate pace of 3~4%, would absorb part of the increase in capacity addition in the next two years.

Unlike the past, LAB business is directly related to the growth in competition in Indian market. Price is the key factor where all the customers irrespective of volume demand the lowest available price in the market. The unstable crude prices and the appreciation of Indian Rupee had some appreciable impact on the raw material prices. However, the raw material linked pricing has helped us to recover slightly from the impact. Continuous efforts are being taken to reduce the cost of production thro' prudent supply chain management and process optimization.

Epichlorohydrin (ECH)

ECH finds a wide use in the manufacture of epoxy resins, marine and powder coatings and in the pharma and pesticide sectors. It also finds speciality applications in the electrical and electronic industries, namely printed wire boards, PCB manufacturing, wind generators, transformers for cathode ray and x-ray tubes etc,. Your company is the sole producer of this product in India. The growing purchasing power of the people in our country, has led to an increasing growth in the pharma, pesticide, automobile and computer hardware sectors. These have enabled a steady increase in the consumption of epoxy resins (liquid, solid and speciality resins), thus maintaining a steady demand for ECH. Imports of ECH continue to come into the country mainly from China, South Korea and Europe, due to the lower capacity of our facility as compared to the consumption.

Despite representations to the Government of India at various forums, the inverted duty structure on ECH continues to exist. This enables end users to import at a price lower than indigenous ECH prices for production of their speciality formulations. Propylene, the major raw material being a derivative of crude oil, follows the ups and downs in price trends based on crude prices. ECH prices do not necessarily follow suit and hence there is a lag/lead in its pricing vis-à-vis propylene prices. M/s. Petro Araldite Private Limited, the joint venture company continues to source 80% of ECH production of TPL.

Caustic Soda/Chlor alkali

Caustic soda or Sodium hydroxide is one of the oldest man made chemicals. The chemical finds wide application in the areas of aluminium smelting, pulp and paper, textiles, detergents and soaps etc. There was a reduction in imports as compared to the previous year, leading to higher indigenous caustic soda demand. However, indigenous caustic/chlorine mismatch that prevailed during the year, lead to lower capacity utilisation.

The Chlor alkali industry forms part of a bulk of the production within the basic chemical units in the country. The capacity utilisation by the Alkal manufacturer was lower due to limitation on demand for chlorine. With the continued depressed outlook for Chlorine, the caustic soda market continues to stay firm, with steady demand from the end use sectors. Higher global prices of caustic soda during the second half of the financial year 2011-12 is expected to continue during 2012-13 sometime, which will also ensure a steady caustic demand.

THREATS AND OPPORTUNITIES

Linear Alkyl Benzene

Imports had been growing year by year. Increasing volumes shows that imports are amongst the major threat that cannot be neglected. Our volume tie ups with MNC's and other allied customers will help fending off the import threats. Our service levels and relationship with customers are par excellence providing intangible benefit and creating goodwill to the organization. Indian economy is growing despite global slowdown. Though the growth rate has been slow there is an urge amongst industries to generate business for Manufacturers in the coming years.

There are still untapped rural markets in India for detergents which are being targeted by the MNC's for growth. The same rural markets can be the game changer for India altogether with an increase in purchasing power a little early. As the MNC's are able to penetrate the detergent market and grow in this country and globally, in line with their growth there is an opportunity for the Company to grow.

Epichlorohdyrin (ECH)

Imports of ECH and its derivatives, namely basic liquid and solid resins (BLR and BSR) continue to come in large quantities into the country primarily due to larger individual operating plants worldwide. These units are able to procure their key raw materials at competitive prices because of locational advantage and, in addition, their efficiencies of scale make them cost competitive, enabling them to penetrate the Indian market. Lower energy costs globally, alternative cost effective technologies and free trade agreement (FTA) suppliers have added to the additional imports, thereby causing a potential threat to this business. Dependence on high priced local raw materials supplied by the Government companies coupled with the exorbitant energy costs have all but wiped out the competitiveness of the local ECH manufacturing sector.

Currently end users in the formulations sector prefer to import the intermediates BLR and BSR in order to produce their final value added products, rather than resorting to purchase of ECH. There is a likelihood of a new ECH manufacturing facility coming up in the Western India . This would be an added competition to imports, if commissioned.

With the steady but gradual increase in the US industrial growth and the news that the European economy may not deteriorate further, there is a possibility of a growth momentum in the epoxy based industries and hence the ECH sector. With Indian industry predicted to grow at a faster rate, infrastructure development has already been given a thrust by Government of India. This would throw open lot of opportunities for this sector.

Caustic soda/Chlor alkali

Capacity overhang continues to plague the Indian Caustic soda industry, which achieved an average capacity utilisation of around 75% for the period. Higher energy costs due to power cuts and power holidays imposed by the State Government had a further significant impact on the operations of this power intensive industry in the State of Tamilnadu. Till the power situation improves and the prohibitively high energy costs come down, the threat of sustaining the margins will remain a concern. Availability of Industrial salt continues to be limited in the proximity areas, due to which large quantities have to be procured from far away places.

International prices of caustic soda which started moving up from the 3rd quarter of 2011, continue to remain firm. This will reduce imports into the country and hence keep domestic prices stable. Also with newer end user industries in the alumina sector coming up coupled with expansion of existing alumina units will lend stability to the caustic market.

RISKS AND CONCERNS

Linear Alkyl Benzene

Highly competitive price levels and our inability to stretch is of high risk in terms of volume share. The continuing power cuts in the state and high cost of energy are the risks to remain competitive in the market.

The capacity addition in Middle East is likely to be sold in India, eroding further our market share and margin. Further reduction in customs duty from 7.5% introduced 5 years ago can be on the cards. Sustainability at these low price levels should be challenging unless price competitiveness is achieved. Our own risks have been largely addressed by increase in the production which helped us achieve the targeted sales and commitment made to customer. Crude prices remaining at higher than USD100/- bbl throughout the year is a matter of concern as the detergent makers might try out for other formulations.

Epichlorohydrin

The worsening power situation in the state, culminating in very high cost of quality power, high fuel oil prices and increased propylene prices (which are not in line with international prices), are all high risk factors. Larger capacity plants, especially in the Far East with access to latest technologies, with lower production costs, will have an impact on the Indian subcontinent. The inverted duty structure continues to be a hurdle in the manufacturer of Epichlorohydrin, as the end users prefer to import the intermediate, i.e., the base resin for their formulations, rather than procuring Epichlorohydrin.

Caustic soda/ Chlor alkali

The caustic soda industry has two key inputs, namely power and Industrial salt, which together account for major portion of the operating cost. Power being a scarce commodity in the state, irrespective of the stable prices of caustic soda, it is a major cause of concern to your company, due to its high cost coupled with non availability. Large scale exports of Industrial grade salt and dwindling production from proximity salt fields poses a risk , being a key input. The Bureau of Energy Efficiency (BEE) has notified targets for energy reduction in Chlor- Alkali Industry under the Perform, Achieve and Trade (PAT) scheme and it is now mandatory for the industries. Under this scheme the specific energy consumption in this division shall be reduced by about 4% by 2014-15 failing which a penalty is leviable. This can also be used as an opportunity to reduce power cost that would benefit the Company.

OUTLOOK

Linear Alkyl Benzene

LAB industry outlook for 2012 should be stable if imports are checked and restricted. In 2013, LAB will be abundant and surplus in the market so will be the consumption across the nation. LAB selling price will be lowered but not volumes. Therefore total LAB production in India is set to increase in forthcoming year which is an encouraging one.

Epichlorohydrin

The operations of the plant is getting streamlined in terms of both quality and capacity. Hence, your Company will be in a position to ensure better volumes to the joint venture Company, PAPL. With the automobile, pharma and infrastructure sectors growing at faster pace, it is expected that the price of ECH is likely to increase.

Caustic soda/ Chlor alkali

Caustic soda prices are firm both in the domestic and international markets. There is a mismatch between caustic soda and chlorine internationally to some extent and domestically to a greater extent. This is expected to continue in the domestic market , due to lower demand and realisation for chlorine and its derivatives. This, in turn would reduce the operating capacity utilisations of units which depend on merchant sale of chlorine. This provides a good opportunity for your company as almost the entire quantity of chlorine is tied up through pipeline transfer. The notification of the PAT scheme by the Government will provide a challenge to your company to look at all means to bring down the specific energy consumption, which in turn will have a positive impact on the operating cost.

Notwithstanding the above points, the high cost of power, non availability of quality power in the state and the uncertainties regarding the time frame for power cut imposed on the industries in the state will have a dampening effect on the margins, thereby making your company find alternatives to sustain the margins.

FINANCE

The Company mobilised additional working capital limits both fund and non fund based. With an improved rating on a year to year basis for the last three years, the lenders were comfortable extending support to the Company. The financial markets for the year 2011-12 were marked by Forex volatility and continuous increase in the interest rates due to macro economic factors. In view of the improved performance over the last three years, the Company was able to prevail upon the lenders and obtain reduction in spread. The flare on account of forex volatility was contained by adopting judicial policies in managing the timing of the inflows and outflows in terms of USD. The Company is a net importer and hence to save interest cost, the Company availed buyers' credit denominated in USD and linked to LIBOR rates. Forex covers were also taken so as to minimise the exchange differences. The risk factors confronting your Company during 2012-13 are acute power crisis in Tamilnadu with steep escalation in tariff and the likely volatility of the crude and surge in the rupee dollar parity. The Company has drawn up mitigation plans to combat the risks.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has an adequate and effective internal control system monitored by the Internal Audit Department on a 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 and 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 the 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 FRONT

The man power strength as on 31st March 2012 was 608. 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. Your Company is poised to meet the manpower demand – supply pattern through strategic manpower planning.

With regards to Wage settlement pertaining to LAB/ ECH, the Industrial Tribunal has given the award, which was challenged by the Management in the Madras High Court and has stayed the award. The main case is in trial stage. With regard to Heavy Chemicals Division wage settlement was signed mutually on 23.11.2011 for the period 1.7.2005 to 30.6.2014.

However, Management is negotiating with LAB/ECH Union for mutual settlement.

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 2012.

CONSERVATION OF ENERGY

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

LAB

1. Hot oil Heater forced draft fan K1601BR was replaced with a smaller capacity fan which resulted in savings of around 46650 units of electrical energy.
2. Variable frequency drive was commissioned for one of the cooling tower fans A1803A/2 which resulted in savings of around 40320 units.
3. 24W LED lights used in place of 4x20w tube light fittings at control room - 25 Nos which resulted in savings of 12264 units.
4. 36W LED lights used in place of 2x36w tube light fittings at Sub stations - 40 Nos which resulted in savings of 12614 units.
5. 250w street light fittings were replaced with 120w induction type light fittings - 40 Nos which resulted in savings of around 22776 units.

ECH

1. Optimizing the loading of Auxiliary Transformers at Process and Utility Power & Motor Control Centre panels. Total savings 29280 units.

CAD

1. Zero gap retrofit cathodes fixed in 4 electrolysers. Total savings 420000 Units/year.
2. 3 Nos of evaporators replaced in chillers and chilled water header was modified which resulted in savings of around 234000 units.
3. Chlorine compressor B 502 B was replaced with Devi high-tech compressor which resulted in savings of 72240 units.
4. 2 Nos 22 KW motors, clarified brine pump motor P122A and NaOH circulation pump motor P202A replaced with energy efficient motors which resulted in savings of 173 Units.

FORM - A

Form for disclosure of particulars with respect to conservation of Energy

		Current year 2011-12	Previous year 2010-11
A.	**Power and Fuel Oil consumption**		
1)	**Electricity**		
	a. Purchased power from TNEB		
	Units (in lakhs)	**958.80**	901.60
	Variable cost (Rs in lakhs)	**4187.60**	3684.40
	Total cost (Rs in lakhs)	**4973.00**	4311.80
	Rate/Unit (Rs)		
	Units charges (Rs / Unit)**	**4.4**	4.1
	Demand charges (Rs/KVA)	**300**	300
	**Variable cost includes peak hour charges		
	Purchased power from Third Party	**189.81**	
	Total Cost (Rs.in lakhs)	**898.92**	
	Unit charges (Rs/Unit)	**4.7**	
	b. Own generation		
	Through Diesel generator		
	Units (in lakhs)**	**945.33**	1168.83
	Units/Litre of fuel	**4.02**	4.11
	Rate/Unit (Rs.)	**8.88**	6.16
	**Includes power exported to grid		
2)	**Coal**		
	Quantity (Tonnes)	**--**	--
	Total cost	**--**	--
	Average rate	**--**	--
3)	**Furnace oil/LSHS**		
	Quantity (KL)	**78405.20**	82204.70
	Total amount (Rs. in lakhs)	**25384.60**	18803.40
	Average rate (Rs./KL)	**32376.20**	22873.90
4)	**Diesel**		
	Quantity (KL)	**35.044**	55.446
	Total amount (Rs. in lakhs)	**14.45**	21.59
	Average rate (Rs. / KL)	**41240.40**	38941.00

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)		**617.07**	**1419.00**	**2715.00**	631.24	1536.00	2687.00
Furnace oil (MT)		**0.4739**	**0.662**	**0.058**	0.47	0.60	0.05
Coal (Specify quality)		-	-	-	-	-	-
Others (Specify)		-	-	-	-	-	-

TPL

FORM-B

Form for disclosure of particulars with respect to Technology absorption

RESEARCH & DEVELOPMENT

Research and Development activities are mainly focussed on Quality improvement studies of existing Products, Studies related to improvement production processes and studies related to the development of new products using existing by-products as raw materials.

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

a) Development of new applications for existing products

b) Studies related to improvement of Quality of ECH Product.

c) Setting up pilot plant for producing high pure 1,2,3 Trichloropropane from by-products of ECH process

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) Improving the customer satisfaction there by retaining the existing customers.

c) Aim to contribute for improving turnover with exiting inputs

d) Improving the environmental performance of the organisation.

3) Future Plan of Action

1. Development of new applications for side stream products
2. Studies aimed at improving specific consumption norms.

4) Expenditure on R&D

Capital	: Rs.Nil
Recurring	: Rs. 36.44 lakhs (includes Depreciation amount of Rs. 34.24 lakhs)
Total	: Rs. 36.44 lakhs

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. 24698.52 lacs
b.	Foreign exchange earnings	:	Rs. 10272.47 lacs

REPORT ON CORPORATE GOVERNANCE (2011 - 12)

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

Sl. No	Name (Tvl.)	Category	No. of Board Meetings attended	Attendance at last AGM	No. of other Director-ships@	Committee Membership*	
						Chairman	Member
1	Dr N Sundaradevan, IAS (TIDCO Nominee)	Chairman	3	Yes	14	-	-
2	Ashwin C Muthiah (SPIC Nominee)	Vice Chairman	3	Yes	4	-	1
3	Dr A.C. Muthiah (SPIC Nominee)	Director	4	Yes	2	-	-
4	T K Arun (TIDCO Nominee)	Director	5	Yes	8	1	8
5	R Karthikeyan (TIDCO Nominee)	Director	3	No	6	-	3
b.	**Promoter Executive Directors**						
6	RM Muthukaruppan (SPIC Nominee)	Managing Director	5	Yes	1	-	1
7	V Ramani (SPIC Nominee)	Director & Chief Financial Officer	5	Yes	1	-	1
c.	**Independant Non-Executive Directors**						
8	C. Ramachandran	Director	5	Yes	7	1	6
9	Dhananjay N Mungale	Director	2	No	7	2	5
10	N R Krishnan	Director	4	Yes	4	1	3
11	Dr K U Mada	Director	4	Yes	3	3	4

TIDCO is a Public Financial Institution as per Section 4A of the Companies Act, 1956 and their nominees are also considered independent.

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

* *As per SEBI guidelines, memberships in Audit Committee / Shareholders Grievance Committee only are taken into consideration.*

Persons who ceased to be Directors

Sl. No	Name (Tvl.)	Designation / Date of cessation	No. of Board Meetings attended	Attendance at last AGM#	No. of other Directorships	Committee Membership	
1	Rajeev Ranjan, IAS	Chairman/29th July 2011	1	NA	11	--	--
2	Sunil Paliwal, IAS	Director/29th July 2011	1	NA	13	1	2

 # NA – Not applicable

- Number of Board Meetings held : 5
- Dates on which held : 27th April 2011, 29th July 2011, 16th September 2011, 9th November 2011 & 2nd February 2012.

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

During the year 4 Meetings were held on 27th April'11, 29th July'11, 8th Nov'11 and 2nd Feb'12.

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

Persons who ceased to be Members

Sl. No	Name (Tvl)	Designation / Date of cessation	No. of Meetings attended
1	Dhananjay N Mungale	Member /27th Apr'11	NA

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

4. (a) Details of Remuneration paid to Whole-Time Directors during 2011-12: (₹)

Name (Tvl.) and Term of Service	Salary	Performance linked pay	Perquisites	Retirement Benefits	Total
RM. Muthukaruppan 4.2.2010 – 3.2.2013	13,20,000	15,00,000	14,53,640	4,26,360	47,00,000
V. Ramani 4.2.2010 – 3.2.2013	10,80,000	13,00,000	11,71,160	3,48,840	39,00,000
Total	24,00,000	28,00,000	26,24,800	7,75,200	86,00,000

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 (2011-12)

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 2011-12.

Sitting Fees paid to Non-Executive Directors during 2011-12:

Name (Tvl.)	Sitting Fees Paid (Board meetings / Committee meetings) (₹)	Name (Tvl.)	Sitting Fees Paid (Board meetings / Committee meetings) (₹)
Rajeev Ranjan, IAS	10,000*	N R Krishnan	80,000
Dr N Sundaradevan, IAS	30,000*	Sunil Paliwal, IAS	10,000*
Dr. A C Muthiah	40,000	Dr K U Mada	80,000
Ashwin C Muthiah	1,30,000	C Ramachandran	3,20,000
T K Arun	2,90,000*	R Karthikeyan	30,000
Dhananjay N Mungale	20,000	Total	10,40,000

* Paid to TIDCO as they are TIDCO Nominees.

5. Remuneration Committee: (Non Mandatory)

There was no requirement to constitute and convene a meeting of the Remuneration Committee.

6. Share Transfer & Shareholders / Investors Grievances Committee:

The Board of Directors constituted a Share Transfer & Shareholders / Investors' Grievance Committee to approve the Share Transfer in physical form and also 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. During the year, 23 meetings were held.

Composition and Name of Members and Chairman:

Thiru C. Ramachandran	:	Member
Thiru Ashwin C Muthiah	:	Member
Thiru T K Arun	:	Member
Thiru RM. Muthukaruppan	:	Member

(Chairman of the meeting will be elected by the Members at each Meeting).

During the year, 42 letters/complaints received from the shareholders were attended to/resolved. As on 31^{st} March 2012, 31 valid transfer deeds involving 5,675 Equity Shares were under process, out of which 10 proposals involving 1,375 Equity Shares were subsequently approved during April 2012. The balance are pending for compliance by shareholders on technical grounds.

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

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
2008-09 (AGM)	23.9.2009 / 10.25 AM	Tamil Isai Sangam, Rajah Annamalai Hall, Esplanade, Chennai-600108	Re-appointment of Auditors	Passed
2009-10 (AGM)	11.8.2010 / 10.30 AM	-do-	Re-appointment of Auditors	Passed
			Re-appointment of Thiru RM Muthukaruppan as Whole-time Managing Director for a period of three years from 4^{th} Feb'10 to 3^{rd} Feb'13 and payment of remuneration	Passed
			Re-appointment of Thiru V Ramani as Whole-time Director & Chief Financial Officer for a period of three years from 4^{th} Feb'10 to 3^{rd} Feb'13 and payment of remuneration	Passed
2010-11 (AGM)	16.9.2011 / 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 27^{th} AGM to be held on 18^{th} September 2012.

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 muthu@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 2012: Dr A.C. Muthiah – 6,22,195 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. and Bombay Stock Exchange Ltd., upon approval by the Board of Directors and published in a leading Newspaper in English language and Tamil (Regional language). The financial results are also displayed on the Company's website, www.tnpetro.com. Consequent to SEBI discontinuing the EDIFAR System with effect from 1st April 2010, the Company is providing the above mentioned 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.

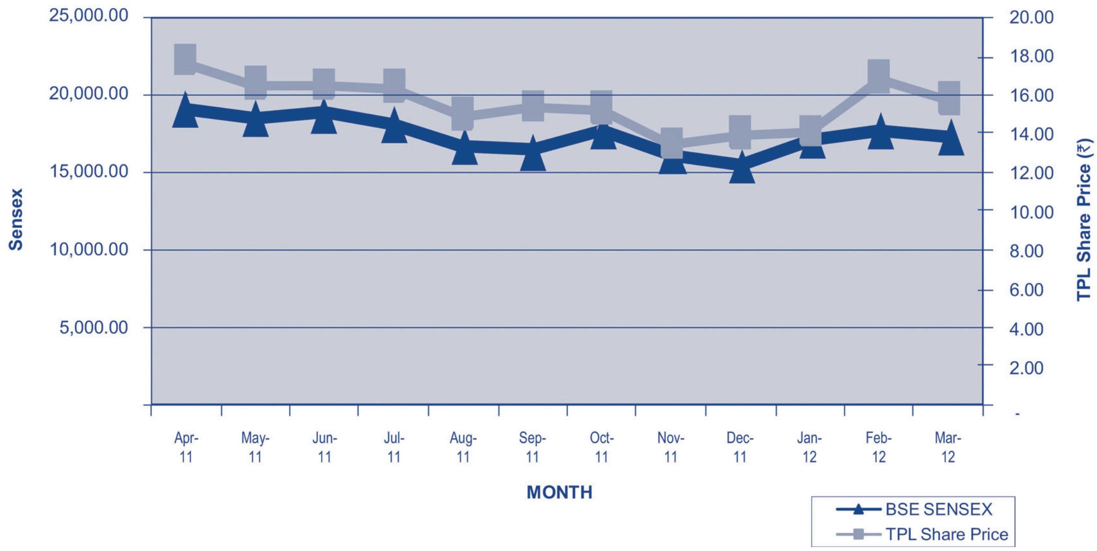
9. General Shareholder Information

• Annual General Meeting	:	27th Annual General Meeting will be held on 18th September 2012 at Tamil Isai Sangam, Rajah Annamalai Hall, Esplanade, Chennai-600 108.
• Financial Calendar		
Annual Results (Audited)	:	April / May
Unaudited First Quarter Results (subject to limited review by Auditors)	:	On or before 14th August
Annual General Meeting	:	August / September
Unaudited Second Quarter Results (subject to limited review by Auditors)	:	On or before 15th November
Unaudited third Quarter Results (subject to limited review by Auditors)	:	On or before 15th February
• Date of Book closure	:	The Register of Members and the Share Transfer Books of the Company will remain closed from 4th September 2012 to 18th September 2012 (both days inclusive)
• Dividend payment Date	:	On or before 12th October 2012.
• Listing of Securities (Equity Shares) on Stock Exchanges	:	Bombay Stock Exchange Ltd (BSE) & National Stock Exchange of India Ltd.(NSE)
• Stock Code (Equity Shares)	:	NSE - TNPETRO / BSE – 500777
ISIN (International Securities Identification Number) for the Company's Equity Shares with National Securities Depository Ltd. and Central Depository Services (India) Ltd.	:	INE 148A01019

Market Price Data [High / Low during each month in 2011-12] (in ₹)

	Apr 2011	May 2011	Jun 2011	Jul 2011	Aug 2011	Sept 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012
BSE												
High (in Rs.)	20.00	19.00	18.15	20.40	17.50	16.80	18.00	15.80	14.30	15.10	17.65	17.85
Low (in Rs.)	15.00	16.00	15.60	16.35	14.50	14.55	14.40	13.30	12.26	12.50	13.00	15.00
NSE												
High (in Rs.)	19.70	18.20	20.00	19.50	17.95	16.90	16.90	16.00	14.45	14.75	17.65	17.85
Low (in Rs.)	16.25	16.05	15.80	16.25	14.55	14.40	15.00	13.15	12.25	13.25	14.00	15.50

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, No.1 Club House Road, "Subramanian Building", Chennai 600 002, Tel No.044-28460084 / 28460395 / 28460390 (5 Lines) Fax No.044-28460129 E-mail: investor@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. The entire process, including despatch of share certificates to the shareholders, were completed within the time stipulated under the Listing Agreement.

  (a) Distribution of Shareholding as of 31st March 2012:

Category (No. of Shares)	No. of Shareholders	Percentage	No.of Shares	Percentage
1 - 500	83025	89.53	13027660	14.48
501 - 1000	5706	6.15	4714179	5.24
1001 - 2000	2077	2.24	3229573	3.59
2001 - 3000	633	0.68	1655023	1.84
3001 - 4000	277	0.30	1011522	1.12
4001 - 5000	285	0.31	1372650	1.53
5001 - 10000	398	0.43	2998813	3.33
10001 & above	330	0.36	61962054	68.87
Total	**92731**	**100**	**89971474**	**100**

TPL

(b) Shareholding Pattern as of 31st March 2012:

Category	No. of Equity Shares	% to Paid-up Capital	No. of Shareholders
Shareholding of Promoter & Promoter Group :			
Tamilnadu Industrial Development Corpn.Ltd.	15843751	17.61	1
Southern Petrochemical Industries Corpn. Ltd.	15234375	16.93	1
Other Corporate Bodies	8063875	8.96	757
General Public	41054915	45.63	89587
Non Resident Individuals	3744591	4.16	2310
Foreign Institutional Investors	--	--	-
Overseas Corporate Bodies	1509200	1.68	3
Indian Financial Institutions/Banks	13025	0.01	15
Insurance Companies	4459729	4.96	5
Mutual Funds/UTI	15800	0.02	17
Shares in Transit [clearing Member account]	9474	0.01	29
Trust	22739	0.03	6
TOTAL	**89971474**	**100**	**92731**

- Dematerialization of Shares : Over 74.74% of the 89971474 outstanding shares (including TIDCO's holding) have been dematerialized up to 31st March 2012. Balance 25.26% (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:	**(B) Corporate Office**:
Post Box No.9, Manali Express Highway,	"TPL House"
Manali, Chennai – 600 068.	No.3, III Floor, Cenotaph Road
Tel No: 044-25941501-10 / 25940761	Teynampet, Chennai-600 018.
Fax No: 044-25941139 / 25940761	Tel No: 044-24311035
Email: secy-legal@tnpetro.com	Fax No: 044-24311033
mbg@tnpetro.com	Website: www.tnpetro.com

- Designate e-mail ID for Investor grievance : investorgrievance@tnpetro.com addressed to the Compliance Officer for redressal.

- 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.

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 2011 to 31st March 2012.

Place : Chennai	RM. MUTHUKARUPPAN
Date : 26th April 2012.	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 2012, 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 : 26th April 2012

TPL

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, 2012, the Statement of Profit and Loss 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 give 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 that:

   (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 Statement of Profit and Loss 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 Statement of Profit and Loss 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) 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 2012;

      (ii) in the case of the Statement of Profit and Loss, 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, 2012 taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March, 2012 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 : 26th April 2012

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

i) Having regard to the nature of the Company's business/activities/result, clauses (v), (vi), (x), (xii) to (xiv) and (xviii) to (xx) of CARO are not applicable.

ii) 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 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.

iii) 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

iv) 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.

v) 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.

vi) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

vii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.

viii) 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, 2012 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, 2012 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 - 1994 to 2002-2003	1,659.00
		High Court	2006 - 2007	58.08
Central Excise Act	Excise duty	High Court	1994 - 2002	13.89
		Tribunal	2001 - 2005	206.50
		Commissioner (Appeals)	2002 - 2007	5.11
		Deputy Commissioner	1994 - 1997	10.90
Finance Act	Service tax	Tribunal	1997 - 2009	336.38
		Commissioner (Appeals)	2005 - 2006	0.05
Income Tax Act	Income tax	High court	Assessment Year 2000-01	60.16
		Tribunal	Assessment Year 2002-03	151.16

ix) 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.

x) 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.

xi) 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.

xii) 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.

xiii) To the best of 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 : 26th April 2012

BALANCE SHEET

AS AT 31ST MARCH, 2012

(RUPEES IN LAKHS)

	Notes		As at 31st March, 2012		As at 31st March, 2011
EQUITY AND LIABILITIES					
Shareholders' funds					
Share Capital	3	**8,997.15**		8,997.15	
Reserves and Surplus	4	**30,645.45**		30,594.39	
			39,642.60		39,591.54
Non- Current liabilities					
Long-term borrowings	5	**5,271.88**		6,477.33	
Deferred tax liabilities(net)	6	**6,490.07**		6,830.00	
Other long term liabilities	7	**374.26**		323.42	
Long-term provisions	8	**295.10**		197.51	
			12,431.31		13,828.26
Current liabilities					
Short -term borrowings	9	**10,106.41**		3,503.47	
Trade payables	10	**13,146.89**		15,102.00	
Other current liabilities	11	**2,238.38**		2,597.08	
Short-term provisions	12	**853.32**		1,257.63	
			26,345.00		22,460.18
TOTAL			**78,418.91**		75,879.98
ASSETS					
Non- Current Assets					
Fixed Assets					
Tangible Assets	13		**31,945.59**		34,651.90
Capital Work-in-progress			**3,618.38**		823.51
Fixed assets held for transfer	14		**-**		2,123.63
Non- current investments	15		**13,777.63**		13,777.63
Long term loans and advances	16		**2,153.78**		1,906.04
Current Assets					
Current Investments	17	**-**		442.92	
Inventories	18	**13,316.46**		9,923.75	
Trade receivables	19	**9,236.67**		8,266.49	
Cash and cash equivalents	20	**2,195.36**		2,038.72	
Short-term loans and advances	21	**2,144.77**		1,902.56	
Other Current assets	22	**30.27**		22.83	
			26,923.53		22,597.27
TOTAL			**78,418.91**		75,879.98

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : 26th April, 2012

For and on behalf of the Board

N. SUNDARADEVAN — Chairman
ASHWIN C. MUTHIAH — Vice Chairman
C. RAMACHANDRAN — Director
V. RAMANI — Director & CFO
RM. MUTHUKARUPPAN — Managing Director

M.B. GANESH
Secretary

Place : Chennai
Date : 26th April, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rupees in lakhs)

	Notes		Year ended 31st March, 2012		Year ended 31st March, 2011
INCOME					
Revenue from operations	23		**130,934.68**		106,645.96
Other income	24		**1,163.86**		788.73
Total Revenue			**132,098.54**		107,434.69
EXPENSES					
Cost of Materials consumed	25		**76,104.28**		59,728.25
Purchase of Stock-in-trade	26		**181.14**		155.06
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	27		**(2,765.12)**		(20.84)
Employee benefits expense	28		**2,951.54**		2,575.04
Finance costs	29		**3,166.14**		2,853.53
Depreciation	13 & 32		**3,719.09**		3,798.55
Other expenses	30		**48,096.40**		37,629.47
Total expenses			**131,453.47**		106,719.06
Profit before exceptional item and tax			**645.07**		715.63
Exceptional item			**-**		2,222.46
Profit before tax			**645.07**		2,938.09
Tax expense:					
Current tax		**391.00**		558.00	
Less: MAT credit entitlement		**-**		(55.00)	
Deferred tax		**(339.94)**		(512.05)	
			51.06		(9.05)
Profit for the year			**594.01**		2,947.14
Earnings per equity share:					
Basic and diluted			**0.66**		3.28

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : 26th April, 2012

For and on behalf of the Board

N. SUNDARADEVAN — Chairman
ASHWIN C. MUTHIAH — Vice Chairman
C. RAMACHANDRAN — Director
V. RAMANI — Director & CFO
RM. MUTHUKARUPPAN — Managing Director

M.B. GANESH
Secretary

Place : Chennai
Date : 26th April, 2012

Cash Flow Statement for the year ended 31st March 2012

(Rupees in Lakhs)

		For the year ended 31st March, 2012		For the year ended 31st March, 2011
A. Cash flow from operating activities:				
Profit before tax		**645.06**		2,938.09
Adjustments for				
Depreciation	**3,719.09**		3,798.55	
Loss on sale of fixed assets (net)	**7.74**		0.08	
Finance costs	**3,166.14**		2,853.53	
Dividend income	**(136.80)**		(136.80)	
Interest income	**(108.54)**		(38.42)	
Rental income from operating leases	**(419.24)**		(472.13)	
Net (gain) on sale of investments	**(272.56)**		(2,222.46)	
Net unrealised exchange (gain) / loss	**313.87**		101.46	
Sundry balances/excess provision written back	**(153.72)**		-	
		6,115.98		3,883.81
Operating profit before working capital changes		**6,761.04**		6,821.90
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	**(3,392.72)**		(866.90)	
Trade receivables	**(825.98)**		(1,938.12)	
Short-term loans and advances	**(242.21)**		1,143.65	
Long-term loans and advances	**(236.99)**		(241.53)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	**(2,417.96)**		1,738.71	
Other current liabilities	**148.34**		(1,938.58)	
Other long-term liabilities	**50.84**		104.97	
Long-term provisions	**138.41**		(20.49)	
Short-term provisions	**97.59**		(19.15)	
		(6,680.68)		(2,037.44)
Cash generated from operations		**80.36**		4,784.46
Net income tax (paid)		**(267.92)**		(314.78)
Net cash flow from / (used in) operating activities (A)		**(187.56)**		4,469.68
B. Cash flow from investing activities:				
Capital expenditure on fixed assets, including capital advances	**(1,733.75)**		(483.71)	
Proceeds from sale of fixed assets	**21.88**		20.52	
Proceeds from sale of current investment	**715.48**		-	
Proceeds from sale of long-term investment	**-**		5,981.99	
Interest received - others	**101.10**		91.15	
Dividend received - Associate	**136.80**		136.80	
Rental income from operating leases	**419.24**		472.13	
Bank balances not considered as cash and cash equivalents	**(29.11)**		(9.22)	
		(368.36)		6,209.66
Net cash flow from / (used in) investing activities (B)		**(368.36)**		6,209.66

TPL

Cash Flow Statement for the year ended 31st March 2012 (Continued)

(Rupees in Lakhs)

		For the year ended 31st March, 2012		For the year ended 31st March, 2011
C. Cash flow from financing activities:				
Proceeds from long-term borrowings	-		968.92	
Repayment of short-term borrowings	(521.57)		(2,007.55)	
Repayment of long-term borrowings	(1,205.45)		(1,211.42)	
Net increase / (decrease) in working capital borrowings	6,602.94		(4,205.00)	
Finance costs	(3,170.72)		(2,843.59)	
Dividends paid	(862.92)		(435.09)	
Paid to Investor Education and Protection Fund	(17.63)		(13.23)	
Tax on dividend	(145.96)		(76.45)	
		678.69		(9,823.41)
Net cash from / (used in) financing activities (C)		678.69		(9,823.41)
Net cash flows during the year (A+B+C)		122.77		855.93
Cash and cash equivalents at the beginning of the year	1,822.45		985.68	
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	19.16		-	
		1,841.61		985.68
Cash and cash equivalents at the end of the year	1,949.98		1,822.45	
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	14.40		19.16	
		1,964.38		1,841.61
Net increase / (decrease) in cash and cash equivalents		122.77		855.93
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 20)		2,195.36		2,038.72
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 - Cash Flow Statements:				
Unpaid dividend account		90.52		71.36
Margin money deposits		154.86		144.91
Cash and cash equivalents at the end of the year *		1,949.98		1,822.45
*** Comprises:**				
Cash on hand		1.41		1.89
Cheques on hand		578.27		615.63
Balances with banks				
In current accounts		1,135.75		1,160.54
In EEFC account		234.55		44.39
		1,949.98		1,822.45

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : 26th April, 2012

For and on behalf of the Board

RM. MUTHUKARUPPAN, Managing Director
V. RAMANI, Director & CFO
M.B. GANESH, Secretary

Place : Chennai
Date : 26th April, 2012

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate information

Tamilnadu Petroproducts Limited (TPL) was incorporated in 1984 as a public limited Company and is jointly promoted by Southern Petrochemicals Industries Corporation Limited (SPIC) and Tamilnadu Industrial Development Corporation Limited (TIDCO). Its shares are listed on two stock exchange in India. viz. National Stock Exchange of India Limited and Bombay Stock Exchange Ltd. The Company is currently engaged in the manufacturing and selling of petrochemical products namely Linear Alkyl Benzene (LAB), Epichlorohydrin (ECH) and Caustic Soda from the manufacturing facilities situated at Manali, near Chennai

2. Summary of Accounting policies

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

I. BASIS OF ACCOUNTING

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before 1 April, 1996, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

II. USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

III. 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.

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.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

IV. 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.

V. 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 Statement of profit and loss. Forward cover premium is recognised over the life of the contract.

VI. INVESTMENTS

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

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Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

VII. 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.

VIII. CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

IX. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

X. REVENUE RECOGNITION

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

XI. OTHER INCOME

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

XII. EMPLOYEE BENEFITS

Short term employee benefits

Short term employee benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss on accrual basis. Actuarial gain or loss is recognised in the statement of profit or loss as income or expense.

XIII. 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.

XIV. 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.

XV. OPERATING LEASES:

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

XVI. EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

XVII.RESEARCH AND DEVELOPMENT EXPENSES

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss.

XVIII.INSURANCE CLAIMS

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

XIX. SERVICE TAX INPUT CREDIT

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

(Rupees in lakhs)

3. Share Capital	As at 31st March, 2012	As at 31st March, 2011
Authorised		
200,000,000 equity shares of Rs.10 each with voting rights	**20,000.00**	20,000.00
Issued		
89,976,899 equity shares of Rs 10 each with voting rights	**8,997.69**	8,997.69
Subscribed and fully paid up		
89,971,474 equity shares of Rs 10 each with voting rights	**8,997.15**	8,997.15

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.

Details of Shareholders holding more than 5% shares in the Company

	31st March 2012		31st March 2011	
Equity Shares of Rs. 10/- each fully paid up	**No of Shares**	**% of holding**	No of Shares	% of holding
Tamilnadu Industrial Development Corporation Ltd.	**15,843,751**	**17.61**	15,843,751	17.61
Southern Petrochemical Industries Corporation Limited	**15,234,375**	**16.93**	15,234,375	16.93

There has been no movement in equity share capital during the year.

The Company has only one class of equity shares having a par value of Rs.10/-. Each holder is entitled to one vote per equity share. Dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting. The amount of dividend proposed to be distributed to equity shareholders is ₹ 449.86 lacs and the related amount per equity shares is ₹ 0.50.

Repayment of capital will be in proportion to the number of equity shares held.

(Rupees in lakhs)

4. Reserves and Surplus	As at 31st March, 2012	As at 31st March, 2011
Capital reserve	**42.23**	42.23
Securities premium account	**4,611.57**	4,611.57
Revaluation reserve		
Opening balance	**2,046.51**	2,066.62
Less: Utilised for set off against depreciation	**20.11**	20.11
Closing balance	**2,026.40**	2,046.51
General reserve	**14,890.38**	14,890.38
Surplus in Statement of Profit and Loss		
Opening balance	**9,003.70**	7,102.23
Add: Profit for the year	**594.01**	2,947.14
Less: Appropriations		
Proposed equity final dividend (amount per share Re.0.50 (31 March 2011:Re.1)	**449.86**	899.71
Tax on proposed equity dividend	**72.98**	145.96
Closing balance	**9,074.87**	9,003.70
	30,645.45	30,594.39

5. Long Term borrowings	As at 31st March, 2012	(Rupees in lakhs) As at 31st March, 2011
Term loans		
Indian rupee loan from banks (secured)	**1,546.45**	2,322.65
Other loans and advances		
From financial institutions (secured)	**1,756.02**	1,993.88
Interest free deferred sales tax loan (unsecured)	**1,969.41**	2,160.80
	5,271.88	6,477.33

Details of terms of repayment and security:

(Rupees in lakhs)

Particulars	Terms of repayments	31st March, 2012	31st March, 2011
Term loan from banks			
Bank I (Refer Note (i) below)	Repayable in 7 quarterly installments.	**700.00**	1,100.00
Bank II (Refer Note (i) below)	Repayable in 9 quarterly installments	**846.45**	1,222.65
Other loan from Financial Institution (Refer Note (ii) below)	Repayable in 59 monthly installments	**1,756.02**	1,993.88
Deferred payment liabilities			
Interest free deferred sales tax loan	Repayable in 96 monthly installments	**1,969.41**	2,160.80
		5,271.88	6,477.33

(i) Average rate of interest on Term loan from Bank I is 13.68% p.a (2011:13.00%) and Bank II is 15.72% p.a. (2011:13.67%). The Loans are secured by a first mortgage of all the company's immovable properties, both present and future, and second charge on all the movable properties of the company (except for exclusive charges referred in note (ii) below) by deposit of title deeds, ranking pari passu amongst them.

(ii) Average rate of interest on loan from Financial Institution is 13.71% p.a (2011:13.36%). The Loan 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,

6. Deferred tax liabilities (net)	As at 31st March, 2012	(Rupees in lakhs) As at 31st March, 2011
Tax effect of item constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	**6,589.53**	6,911.31
	6,589.53	6,911.31
Tax effect of items constituting deferred tax assets		
Provision for compensated absences	**97.41**	66.74
Provision for doubtful debts/advances	**2.05**	14.57
	99.46	81.31
Net deferred tax liability	**6,490.07**	6,830.00
7. Other long-term liabilities		
Security deposit received	**374.26**	323.42
	374.26	323.42

(Rupees in lakhs)

8. Long Term Provisions	As at 31st March, 2012	As at 31st March, 2011
Provision for employee benefits		
Compensated absences	**295.10**	197.51
	295.10	197.51

9. Short term borrowings		
Loan repayable on demand from Banks (Secured)	**10,106.41**	3,503.47
	10,106.41	3,503.47

Loans 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, (except for exclusive charges stated in note 5 (ii) above) on second charge basis ranking pari passu amongst them.

10. Trade payables		
Trade payables:		
Acceptances	**5,339.42**	6,113.98
Other than acceptances	**7,779.47**	8,967.26
Payable to related parties	**28.00**	20.76
	13,146.89	15,102.00

11. Other current liabilities		
Current maturities of long term debt (Refer Note No.i below)	**1,194.76**	1,716.33
Interest accrued but not due on borrowings	**5.36**	9.94
Unpaid dividends	**90.52**	71.36
Deposits	**10.00**	306.71
Payable to related parties	**0.62**	52.46
Other Payables		
Statutory remittances (Contributions to PF and ESIC and other taxes payable)	**428.12**	423.17
Advances from customers	**509.00**	17.11
	2,238.38	2,597.08

Note (i): Current maturities of long-term debt (Please refer (i) and (ii) of Note 5:

Term loan from Banks (Secured)	**776.20**	1,401.20
Loans from Financial Institution (Secured)	**237.85**	194.89
Deferred sales tax loan (unsecured)	**180.71**	120.24
	1,194.76	1,716.33

12. Short term provisions		
(a) Provision for employee benefits		
Provision for Gratuity	**145.05**	16.89
Provision for Compensated absences	**46.09**	35.84
	191.14	52.73
(b) Provisions - Others		
Provision for taxation (Net)	**139.34**	159.23
Provision for proposed equity dividend	**449.86**	899.71
Provision for tax on proposed dividend	**72.98**	145.96
	662.18	1,204.90
	853.32	1,257.63

13. Fixed assets

(Rupees in lakhs)

Description	Cost / Valuation				Depreciation				Net book value	
	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	As at 01 .04.2011	For the year	Deductions	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Tangible assets:										
Land (Freehold)	2,187.26	-	-	**2,187.26**	-	-	-	-	**2,187.26**	2,187.26
Buildings:										
Own use	4,574.34	41.68	-	**4,616.02**	1,864.95	119.94	-	**1,984.88**	**2,631.14**	2,709.39
Given under operating lease	1,117.61	-	-	**1,117.61**	162.43	13.66	-	**176.10**	**941.51**	955.18
Plant and Equipment **	114,932.48	1,006.47	114.04	**115,824.91**	86,429.59	3,557.67	87.87	**89,899.39**	**25,925.52**	28,502.89
Furniture and Fixtures	141.62	1.66	3.61	**139.67**	121.81	4.37	2.55	**123.63**	**16.04**	19.81
Vehicles	61.88	-	4.52	**57.36**	35.41	7.17	2.13	**40.45**	**16.91**	26.47
Office equipment	969.81	12.70	-	**982.51**	718.91	36.39	-	**755.30**	**227.21**	250.90
Total	123,985.00	1,062.51	122.17	**124,925.34**	89,333.10	3,739.20	92.55	**92,979.75**	**31,945.59**	
Previous year	123,666.17	366.15	47.32	123,985.00	85,541.16	3,818.66	26.72	89,333.10		34,651.90

** Additions of current year includes Rs.43.42 lakhs relating to effect of foreign currency exchange differences (refer note 44).

14. During the year 2004, the company had acquired assets in the form of equipments and drawings amounting to Rs 2123.63 lacs for revamp of Normal Paraffin(NP) capacity at the existing plant in Manali. However due to change in Global market conditions resulting in availability of NP at competitive prices, the Company decided not to proceed with the revamp. During the same period, the Company proposed to set up a Greenfield NP Project at Singapore. It was then decided that the assets would be utilized in the Singapore NP Project and transferred to them at not less than cost. During early 2012, the availability of NP became scarce globally and the Company considered it prudent to utilize these assets to augment captive production of NP, as it was cost advantageous compared to the price of imported NP. Further, the Singapore project was getting delayed due to issues with raw material supplies. The company has obtained a report from an independent consultant confirming that the assets are in good condition and usable in the current expansion and there is no impairment. The installation of these assets is in progress. Consequently amounts lying under 'Assets held for transfer' have been transferred to capital work in progress and will be capitalized on commissioning.

15. Non Current Investments

(Rupees in lakhs)

Investments (At cost)	As at 31st March, 2012	As at 31st March, 2011
A Trade (unquoted)		
Investment in equity instruments:		
(i) of Subsidiary		
2,04,190 (31 March 2011: 2,04,190) Equity shares of US $ 100 each fully paid up in Certus Investment & Trading Limited, Mauritius	**9,645.13**	9,645.13
(ii) of associate		
13,68,000 (2011: 13,68,000) Equity shares of Rs 100 each fully paid up in Petro Araldite Private Limited	**1,368.00**	1,368.00
Total - Trade (A)	**11,013.13**	11,013.13

(Rupees in lakhs)

B. Other Investments (unquoted)	As at 31st March, 2012	As at 31st March, 2011
Investment in equity instruments:		
(i) of Subsidiary		
2,76,44,955 (2011: 2,76,44,955) Equity shares of Rs.10 each fully paid up in SPIC Electric Power Corporation Private Limited. Refer Note (i) below.	**2,764.50**	2,764.50
(ii) of others		
40,00,000(31st March 2011: 40,00,000) Equity shares of Rs.10 each fully paid-up in Standard Motor Products of India Limited (fully provided for)	**400.00**	400.00
Total - Other investments (B)	**3,164.50**	3,164.50
Total (A + B)	**14,177.63**	14,177.63
Provision for diminution in value of investments	**400.00**	400.00
Total	**13,777.63**	13,777.63
Aggregate amount of unquoted investments	**13,777.63**	13,777.63

Note (i):

As at 31st March 2012, 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 advance 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 of Madras 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. 2968.45 lacs upto 31st March 2012. Against this amount, 1,54,14,550 equity shares of ₹ 10/- each for cash at par have been allotted to them and the balance is shown under 'Advance towards share capital' in the books of SEPC.

Due to non payment of lease rentals, Tuticorin Port Trust, presently known as V.O. Chidambaranar Port Trust (VOCPT) 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 the High Court by their Order dated 18th July 2008 a sole arbitrator was appointed to settle the dispute between SEPC and VOCPT . SEPC also filed an appeal before the Division Bench of the High Court of Madras seeking an interim injunction restraining TPT from transferring the land by way of lease or otherwise to any other party. The Division Bench by its order dated 4th September 2008 stated that SEPC is at liberty to approach the arbitrator for seeking appropriate interim measure. The arbitrator in his proceedings dated 13th February 2009 observed that the rights of VOCPT and SEPC will be subject to the outcome of the arbitration proceedings in so far as the disputed site is concerned. Subsequently it was agreed between VOCPT and SEPC to defer the arbitration proceedings on the understanding that the issue would be amicably settled.

Arising out of this, a joint committee consisting of representatives from Central Electricity Authority (CEA)/TNEB/VOCPT was constituted. The committee recommended an alternate site for locating the power project. SEPC after making preliminary investigations found the alternate site suitable. Ministry of shipping, Government of India during February 2010 approved the proposal for allocation of alternate site to SEPC and VOCPT communicated their willingness to enter into a long term lease. The Ministry of Environment and Forests (MoEF) had accorded clearance for the project on November 03, 2010. SEPC has paid lease rentals to VOCPT by calculating penal interest @ 15% amounting to Rs.830 lacs as against 18% proposed by VOCPT. A representation from SEPC for charging 15% interest is under consideration by VOCPT.

Pending permission to take physical possession of the alternate land, VOCPT had permitted SEPC to enter upon the said land for starting the project work as SEPC already paid the Lease Rent due and also obtained Environmental Clearance. In continuation, SEPC has commenced the various site development works such as Joint Physical Survey, Corner stone laying work, Name Board installation and site leveling work. With regard to the allocations / permissions for the Fore Shore facilities comprising of Coal jetty, Conveyor routing and Pump-house, SEPC held discussions with VOCPT and the allocations are being considered by VOCPT favourably for which a detailed report was also submitted by SEPC.

SEPC approached the Tamilnadu Pollution Control Board for grant of Consent to Establish the Project and the same is in the advanced stage of issuance. Further, SEPC is continuing the process of finalization of the EPC Contract as per the directions of Hon'ble TNERC. With regard to the fuel supply contracts for supply of Coal and Fuel Oil, discussions are underway with the suppliers.

The Company filed a Misc. Petition dated 14th April 2010 with Hon'ble TNERC seeking its direction to pass orders directing the respondent TNEB Board to act in accordance with the terms contained in the concluded PPA between SEPC and TNEB. During the course of hearing of the petition, TNEB filed an affidavit conveying its acceptance of the terms conveyed in the PPA and also stated that the PPA was valid and that it would stand by the said PPA. The Hon'ble TNERC passed the final orders on 9.5.2011 for implementation of the project including directing certain changes to the PPA in line with the TNERC Tariff Regulations of 2005. Accordingly, SEPC and TANGEDCO (formerly TNEB) signed the amendments to the PPA on 10.1.2012 with the approval of the Board of TANGEDCO and the amended PPA was submitted to Hon'ble TNERC on 13.1.2012.

The detailed project report with revised project cost for the power plant has been finalized. SEPC's application for financial assistance is being processed by the Financial Institutions. Since substantial progress has been achieved as mentioned above in implementation including commencement of physical activities in the alternate land, the Company is hopeful that the project will be set up soon.

16. Long-Term Loans and Advances (Considered good)

(Rupees in lakhs)

	As at 31st March, 2012	As at 31st March, 2011
Capital Advances - Unsecured	**18.85**	-
Security deposit - Unsecured	**1,194.05**	1,095.90
Loan and advances to related parties (Unsecured)	**192.28**	192.28
MAT credit entitlement	**-**	142.97
Balances with Customs, Sales tax and Excise Authorities	**708.94**	421.57
Other loans and advances - Unsecured	**39.66**	53.32
Total	**2,153.78**	1,906.04

17. Current Investments

Current portion of long-term investment (At cost)		
Investment in equity instruments (quoted)		
2,044,214 (1,93,95,900 :31 March 2011) equity shares of Rs.10 each fully paid-up in Henkel India Limited	**-**	442.92
	-	442.92
Aggregate market value of quoted investment	**-**	857.55

18. Inventories

Raw materials and components	**6,713.90**	5,872.10
Work-in-progress	**220.56**	93.69
Finished goods	**3,503.45**	865.20
Stores and spares	**2,878.55**	3,092.64
Loose tools	**-**	0.12
	13,316.46	9,923.75
Details of Work-in-progress:		
Linear Alkyl Benzene	**31.38**	68.38
Epichlorohydrin	**23.87**	14.87
Others	**165.31**	10.44
	220.56	93.69

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19. Trade receivables (Unsecured)

(Rupees in lakhs)

		As at 31st March, 2012		As at 31st March, 2011
Trade receivables outstanding for a period exceeding six months from the date they were due for payment:				
Considered good		**45.99**		78.11
Considered doubtful		**6.33**		44.92
		52.32		123.03
Other trade receivables - Considered good		**9,190.68**		8,188.38
		9,243.00		8,311.41
Less: Provision for doubtful receivables		**6.33**		44.92
		9,236.67		8,266.49
20. Cash and cash equivalents				
Cash on hand		**1.41**		1.89
Cheques on hand		**578.27**		615.63
Balances with banks				
In current accounts		**1,135.75**		1,160.54
In EEFC account		**234.55**		44.39
In earmarked accounts				
- Unpaid dividend account		**90.52**		71.36
- Margin Money deposits		**154.86**		144.91
		2,195.36		2,038.72
21. Short-Term Loans and Advances (Considered good)				
Security deposits - Unsecured		**189.43**		165.75
Receivable from Related party		**8.45**		3.91
Loans and advances to employees				
Secured	**40.26**		90.54	
Unsecured	**16.10**		18.93	
		56.36		109.47
Prepaid expenses - Unsecured		**73.88**		6.96
Balances with Government authorities				
(i) CENVAT credit receivable	**131.78**		232.85	
(ii) VAT credit receivable	**21.27**		7.59	
(iii) Service Tax credit receivable	**230.74**		19.21	
(iv) Customs	**100.74**		-	
		484.53		259.65
Advances to suppliers (Unsecured)		**1,332.12**		1,356.82
Total		**2,144.77**		1,902.56
22. Other current assets				
Interest accrued on deposits		**30.27**		22.83
		30.27		22.83

23. Revenue from operations

(Rupees in lakhs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
Sale of products	**142,281.07**	116,643.47
Sale of services	**487.27**	458.36
Other operating revenues	**187.99**	202.90
	142,956.33	117,304.73
Less: Excise Duty	**12,021.65**	10,658.77
	130,934.68	106,645.96
Sale of products comprises		
Manufactured goods		
Linear Alkyl Benzene	**111,929.31**	91,264.44
Epichlorohydrin	**9,636.73**	8,548.07
Caustic soda	**12,243.32**	8,856.61
Others	**8,269.46**	7,827.38
	142,078.82	116,496.50
Traded goods		
Linear Alkyl Benzene	**202.25**	146.97
	202.25	146.97
Total - Sale of products	**142,281.07**	116,643.47
Sale of services comprises		
Effluent Treatment	**351.92**	337.84
Steam	**135.35**	120.52
Total - Sale of Services	**487.27**	458.36
Other Operating revenues comprises		
Scrap sales	**187.99**	187.52
Others	**-**	15.38
Total - Other operating revenues	**187.99**	202.90

24. Other income

Interest from banks on		
Deposits	**13.17**	9.00
Others	**42.24**	29.42
Interest on Income tax refund	**53.13**	-
Dividend income from long term investment -associates	**136.80**	136.80
Net gain on sale of current investments	**272.56**	-
Net gain on foreign currency transactions and translation	**27.27**	-
Rental income from operating leases	**419.24**	472.13
Insurance claim received	**45.73**	125.13
Sundry balances / excess provision written back	**153.72**	16.25
	1,163.86	788.73

(Rupees in lakhs)

25. Cost of materials consumed

	Year ended 31st March, 2012	Year ended 31st March 2011
Opening stock	**5,872.10**	4,802.09
Add: Purchases	**76,946.08**	60,798.26
	82,818.18	65,600.35
Less: Closing Stock	**6,713.90**	5,872.10
Cost of material consumed	**76,104.28**	59,728.25
Material consumed comprises:		
Kerosene	**31,578.51**	26,900.76
Benzene	**18,130.39**	15,746.72
Normal Paraffin	**16,525.07**	10,077.88
Propylene	**4,009.51**	3,091.23
Salt	**1,885.34**	1,325.53
others	**3,975.46**	2,586.13
	76,104.28	59,728.25

26. Purchase of Stock in Trade

Linear Alkyl Benzene	**181.14**	155.06
	181.14	155.06

27. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Inventories at the end of the year		
Finished goods	**3,503.45**	865.20
Work-in-progress	**220.56**	93.69
	3,724.01	958.89
Inventories at the beginning of the year		
Finished goods	**865.20**	891.51
Work-in-progress	**93.69**	46.54
	958.89	938.05
	(2,765.12)	(20.84)

28. Employee benefits expenses

Salaries and wages	**2,257.16**	1,978.28
Contributions to provident and other funds	**282.34**	197.33
Staff welfare expenses	**412.04**	399.43
	2,951.54	2,575.04

29. Finance costs

Interest expense on :		
(i) Borrowings	**2,032.44**	2,351.60
(ii) Trade payables	**33.46**	-
Other borrowing costs	**701.95**	491.30
Net loss on foreign currency transactions and translation (considered as finance cost)	**398.29**	10.63
	3,166.14	2,853.53

(Rupees in lakhs)

30. Other expenses	Year ended 31st March, 2012	Year ended 31st March 2011
Consumption of stores and spare parts	**2,965.80**	2,535.86
Power and fuel	**31,368.14**	23,133.70
Rent	**218.94**	192.39
Repairs to buildings	**38.73**	149.80
Repairs to machinery	**1,204.48**	1,168.68
Payment to Auditors:		
Towards audit fee	**17.00**	17.00
For other services	**4.30**	19.25
Insurance	**241.84**	243.56
Rates and Taxes	**121.41**	132.79
Sales discount	**6,116.16**	4,604.54
Freight and forwarding	**3,297.96**	3,119.88
Net loss on foreign currency transactions	**-**	190.79
Bad Receivables written off	**29.75**	-
Less: Provision for doubtful receivables written back	**(29.75)**	-
Miscellaneous expenses	**2,501.64**	2,121.23
	48,096.40	37,629.47

31. Research and Development

Research and development expenses incurred on revenue account is Rs.36.44 lakhs (Previous year Rs.38.74 lakhs).

32. Depreciation Withdrawn from Revaluation reserve

The depreciation charge for the year shown in the Statement of profit and loss is after deducting an amount of Rs. 20.11 lakhs (previous year Rs.20.11 lakhs) representing additional depreciation arising on revaluation of fixed assets withdrawn from revaluation reserve.

(Rupees in lakhs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
Depreciation for the year (note 13)	**3739.20**	3818.66
Less: Credit for amount withdrawn from revaluation reserve	**20.11**	20.11
	3,719.09	3,798.55

33. Contingent Liabilities and commitments (to the extent not provided for)

(Rupees in lakhs)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
A. Contingent liabilities:		
i) Sales Tax	**1728.05**	1728.05
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	**168.61**	168.61
iii) Service Tax	**314.59**	67.85

Particulars	(Rupees in lakhs) Year ended 31st March, 2012	Year ended 31st March, 2011
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.		
iv) Electricity Tax	**1,231.42**	1,138.00
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.		
Interim orders of Madras High Court exempting from payment of electricity tax is in force pending disposal of the Writ Petition. The petition is yet to be disposed.		
v) As per the Tamil Nadu Electricity Regulatory Commission (Renewable Energy Purchase Obligation) (Amendment) Regulations, 2011(***the Regulations***), the Company is an obligated entity and is therefore required to achieve compliance with the requirements under the Regulations, i.e.., purchase certain percentage of their total power requirement from renewable energy sources, (RPO) failing which liability would arise for making payment in lieu of the shortfall in RPO. The Company therefore filed a Writ Petition during March 2012 before the Hon'ble Madras High Court and on 26th March 2012 an interim stay was granted on the operation of the Regulations. However. the Company considered it prudent to provide on a conservative basis 50% of the estimated obligation and disclose the balance as contingent liability	**111.56**	-
B. Commitments		
Capital commitments	**63.37**	-
Confirmed purchase commitments to be fulfilled within one year	**34,489.92**	47,753.38
Confirmed sales commitments to be fulfilled within one year	**33,088.13**	36,906.27

(Rupees in lakhs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
34. CIF Value of Imports		
Intermediates	**12,665.62**	11,392.70
Raw materials	**10,592.48**	7,129.10
Capital Goods	**512.55**	473.41
Traded goods	**181.14**	-
Stores and spares	**609.56**	378.03
	24,561.35	19,373.24
35. Expenditure in Foreign Currency		
Travel and training	**3.40**	5.70
Technical services	**37.67**	181.58
Others	**96.10**	45.09
	137.17	232.37
36. Earnings in Foreign Exchange		
Export of goods on FOB basis	**10,272.47**	9,987.44
37. Earnings per share		
Profit after taxation (Rs. In lacs)	**594.01**	2,947.14
Weighted number of equity shares outstanding	**89,971,474**	89,971,474
Basic and diluted earnings per share- Rs. (Face value – Rs.10/- per share)	**0.66**	3.28

	Year ended March 31, 2012		Year ended March 31, 2011	
38. Consumption of Imported and Indigenous raw materials, stores and spare parts and percentage of each to total consumption	**% of Total Consumption**	**Value (Rs in Lacs)**	% of Total Consumption	Value (Rs in Lacs)
(i) Raw Materials and intermediates consumed				
Imported	**36.05**	**27,432.60**	35.93	21,460.19
Indigenous	**63.95**	**48,671.68**	64.07	38,268.06
	100.00	**76,104.28**	100.00	59,728.25
(ii) Stores and spare parts consumed				
Imported	**29.55**	**876.48**	29.00	740.03
Indigenous	**70.45**	**2,089.32**	71.00	1,795.83
	100.00	**2,965.80**	100.00	2,535.86

39. Related Party Disclosure under Accounting Standard -18

i) The list of related parties as identified by the management and relied upon by the auditors 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) 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.

(Rs. In Lakhs)

Particulars	Promoters	Associate	Joint Venture	Subsidiaries	Key Management Personnel (KMP)
Sale of Goods	-	9,399.98			
	(0.62)	(8,248.02)			
Certus Investments and Trading Limited	-			1,543.90	
	-			(1,613.62)	
Sale of services		487.27			
		(458.36)			
Commission paid	-				
	(46.59)				
Managerial remuneration					86.00
					(78.73)
Rent paid	2.16				
	(2.95)				
Reimbursement of expenses	24.51				
	(27.63)				
Recovery of Expenses				17.47	
				(19.97)	
Sitting fees (TIDCO)	3.70				
	(3.40)				
Dividend received		136.80			
		(136.80)			
Dividend Paid					
-TIDCO	158.44				
	(79.22)				
-SPIC	152.34				
	(76.17)				
Balance outstanding as of 31st March 2012					
Trade Receivables		854.43		1,403.72	
		(265.43)		(1,488.87)	
Loans and Advances			158.37	33.91	
			(158.37)	(33.91)	
Other Receivables				8.45	
				(3.91)	
Other payables	0.62				28.00
	(52.46)				(20.76)

Transactions with promoters are with SPIC unless otherwise disclosed.
Figures in brackets are in respect of the previous year.

40. Based on, and to the extent of information received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 there are no overdue amounts payable to them. Such parties are as identified by the management and relied upon by the auditors. Further, no interest during the year has been paid or payable under the terms of the Act.

41. Joint Venture Disclosure

i) Interest in Joint Venture

Name of the 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 lakhs)

Particulars		**31st March, 2012**	31st March, 2011
I	a) Net Fixed Assets	**-**	-
	b) Cash and Bank balances	**5.44**	4.77
	c) Loans and Advances	**258.64**	226.62
II	a) Current Liabilities and provisions	**1.53**	7.39
	b) Non-current liabilities	**63.41**	48.92
III	a) Expenses	**0.67**	0.73
	b) Depreciation	**-**	-

42. Derivative Instruments

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

	US Dollars	Equivalent INR (Rs. in lakhs)
Amount receivable in foreign currency - Exports	**3,313,652**	**1,685.99**
	(51,91,493)	(2,314.37)
Amount payable in foreign currency - Imports	**3,152,079**	**1,603.78**
	(99,77,278)	(4,447.87)
Amount payable in foreign currency - Buyers Credit	**6,651,639**	**3,384.35**
	(4,331,337)	(1,930.91)

Figures in brackets are in respect of the previous year

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43. Employee Defined Benefit Plans

The Company offers Gratuity benefits to its employees. The following table sets out the funded status of the Gratuity scheme and the amount recognised in the financial statements.

(Rs. in lakhs)

	Current year	Previous year
A) Net Asset/ (Liability) recognized in the Balance Sheet as at March 31, 2012		
Present value of obligation	**699.72**	518.18
Fair value of plan assets	**554.67**	501.29
Net liability	**(145.05)**	(16.89)
B) Expense recognized in the Profit & Loss account for the year ended March 31, 2012		
Current service cost	**31.25**	21.99
Interest cost	**40.04**	35.96
Expected return on plan assets	**(47.00)**	(38.49)
Actuarial (gains) / Losses	**147.57**	28.40
Total expense	**171.86**	47.86
C) Change in present value of Obligation during the year ended March 31, 2012		
Present value of defined benefit obligation as at the beginning of the year	**518.18**	449.50
Current service cost	**31.25**	21.99
Interest cost	**40.04**	35.96
Actuarial (gains) /losses	**145.67**	28.40
Benefits paid	**(35.42)**	(17.67)
Present value of defined benefit obligation as at the end of the year	**699.72**	518.18
D) Change in fair value of plan assets during the year ended March 31, 2012		
Plan assets at the beginning of the year	**501.29**	417.50
Expected return on plan assets	**47.00**	38.49
Actuarial gains /(losses)	**(1.90)**	-
Contributions by employer	**43.70**	62.97
Benefits paid	**(35.42)**	(17.67)
Plan assets at the end of the year	**554.67**	501.29
E) Principal actuarial assumptions as at March 31, 2012		
Discount rate	**8.6%**	8.0%
Expected return on plan assets	**9.3%**	9.3%
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.		
G) Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions and other factors.		

44. Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending Accounting Standard 11, the Company has exercised the option available in Para 46A of the Standard introduced by this amendment, for all long term monetary assets and liabilities. Accordingly, the exchange differences on foreign currency monetary liabilities has been accounted by adjustment to the cost of the assets so far it relates to depreciable capital assets. Consequently an amount of Rs. 43.42 lakhs has been capitalised as at 31st March 2012, and the balance to be amortised is Rs. 41.89 lakhs.

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

46. The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure

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 March, 2012	31st March, 2012	31st March, 2012	31st March, 2012
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%	63.46%
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 $ (10,394) Rs. (4.96) lacs	US $ 83,507 Rs.39.87 lacs	US $ (2,616,826) Rs.(1249.53) lacs	Nil
	ii) for the previous Financial years of the Subsidiary Companies since they became the Holding Company's subsidiaries	US $ 1,947,156 Rs. 990.71 lacs	US $ 17,708 Rs. 9.01 lacs	US $(4,482,939) Rs. (2280.92) 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 : 100 % Subsidiary of Certus Investment & Trading Limited.

For and on behalf of the Board

Place : Chennai
Date : 26th April, 2012

RM. MUTHUKARUPPAN
Managing Director

V. RAMANI
Director & CFO

M.B. GANESH
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 Group") as at 31st March, 2012, the Consolidated Statement of Profit and Loss 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) The financial statements of the Subsidiaries and Joint Venture, whose financial statements reflect total assets of Rs.3,774 lakhs as at 31st March 2012, total revenues of Rs.1,393 lakhs and net cash flows amounting to Rs.467 lakhs for the year ended on that date and the financial statements of one Associate, whose financial statement reflect the Group's share of loss of Rs.301 lakhs for the year ended 31st March, 2012 and Group's share of profits(net) of Rs.172 lakhs upto March 31, 2012 are unaudited and we have relied upon the financial statements as provided by the management of those companies.

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.

5) In our opinion and to the best of our information and according to the explanations given to us, and subject to the matters referred to in paragraph 3 above, the aforesaid 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 2012;

   (b) in the case of the Consolidated Statement of Profit and Loss, of the loss 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 : 26th April, 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

(Rupees in lakhs)

	Notes		As at 31st March, 2012		As at 31st March, 2011
EQUITY AND LIABILITIES					
Shareholders' funds					
Share Capital	3	8,997.15		8,997.15	
Reserves and Surplus	4	30,175.54		30,743.66	
			39,172.69		39,740.81
Share application money pending allotment	5		1,427.00		1,003.24
Minority Interest			1,591.46		1,241.46
Non- Current liabilities					
Long-term borrowings	6	5,271.88		6,477.33	
Deferred tax liabilities(net)	7	6,490.07		6,830.00	
Other long term liabilities	8	1,473.93		364.01	
Long-term provisions	9	295.10		197.51	
			13,530.98		13,868.85
Current liabilities					
Short -term borrowings	10	10,106.41		3,503.47	
Trade payables	11	13,171.28		15,679.66	
Other current liabilities	12	2,340.16		2,676.55	
Short-term provisions	13	853.32		1,258.15	
			26,471.17		23,117.83
TOTAL			82,193.30		78,972.19
ASSETS					
Non- Current Assets					
Fixed Assets					
Tangible Assets	14		31,969.39		34,682.54
Capital Work-in-progress			4,375.02		3,365.38
Fixed assets held for transfer	15		-		2,123.63
Expenditure during construction period pending allocation	16		5,397.88		4,623.14
Non- current investments	17		1,539.62		1,977.62
Long term loans and advances	18		2,173.15		1,979.88
Current Assets					
Current Investments	19	-		442.92	
Inventories	20	13,316.46		9,923.75	
Trade receivables	21	8,814.50		7,340.43	
Cash and cash equivalents	22	9,128.15		7,258.15	
Short-term loans and advances	23	5,448.86		5,231.92	
Other Current assets	24	30.27		22.83	
			36,738.24		30,220.00
TOTAL			82,193.30		78,972.19

See accompanying notes forming part of the Consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : 26th April, 2012

For and on behalf of the Board

N. SUNDARADEVAN — Chairman
ASHWIN C. MUTHIAH — Vice Chairman
C. RAMACHANDRAN — Director
V. RAMANI — Director & CFO
RM. MUTHUKARUPPAN — Managing Director

M.B. GANESH
Secretary

Place : Chennai
Date : 26th April, 2012

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CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rupees in lakhs)

	Notes		Year ended 31st March, 2012		Year ended 31st March, 2011
INCOME					
Revenue from operations	25		**130,934.68**		106,645.96
Other income	26		**2,556.38**		669.41
Total Revenue			**133,491.06**		107,315.37
EXPENSES					
Cost of Materials consumed	27		**76,104.28**		59,728.25
Purchase of Traded goods	28		**181.14**		155.06
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	29		**(2,765.12)**		(20.84)
Employee benefits expense	30		**2,951.54**		2,575.04
Finance costs	31		**3,166.14**		2,853.53
Depreciation	14 & 34		**3,726.85**		3,801.92
Other expenses	32		**49,799.14**		38,504.36
Total expenses			**133,163.97**		107,597.32
Profit / (Loss) before exceptional item and tax			**327.09**		(281.95)
Exceptional item			**-**		2,222.46
Profit before tax			**327.09**		1,940.51
Tax expense:					
Current tax		**391.00**		558.00	
Less: MAT credit entitlement		**-**		(55.00)	
Overseas tax				(0.17)	
Deferred tax		**(339.94)**		(512.05)	
			51.06		(9.22)
Profit for the year			**276.03**		1,949.73
Add: Share of Profit / (Loss) of associate			**(301.20)**		367.20
Net Profit/(Loss) for the year			**(25.17)**		2,316.93
Earnings per equity share:					
Basic and diluted			**(0.03)**		2.58

See accompanying notes forming part of the Consolidated financial statements

In terms of our report attached	For and on behalf of the Board		
For Deloitte Haskins & Sells	N. SUNDARADEVAN	Chairman	
Chartered Accountants	ASHWIN C. MUTHIAH	Vice Chairman	
	C. RAMACHANDRAN	Director	
B. Ramaratnam	V. RAMANI	Director & CFO	M.B. GANESH
Partner	RM. MUTHUKARUPPAN	Managing Director	Secretary
Place : Chennai	Place : Chennai		
Date : 26th April, 2012	Date : 26th April, 2012		

Consolidated Cash Flow Statement for the year ended 31st March 2012 (Rupees in Lakhs)

			For the year ended 31st March, 2012		For the year ended 31st March, 2011
A.	**Cash flow from operating activities:**				
	Profit before tax		**327.09**		1,940.51
	Adjustments for				
	Depreciation	**3,726.85**		3,801.92	
	Loss on sale/ written off of fixed assets (net)	**1,407.77**		0.08	
	Finance costs	**3,166.14**		2,853.53	
	Interest income	**(116.32)**		(55.73)	
	Rental income from operating leases	**(419.24)**		(472.13)	
	Net (gain) on sale of investments	**(272.56)**		(2,222.46)	
	Net unrealised exchange (gain) / loss	**313.87**		101.10	
	Sundry balances/excess provision written back	**(153.72)**		(16.25)	
			7,652.79		3,990.06
	Operating profit before working capital changes		**7,979.88**		5,930.57
	Changes in working capital:				
	Adjustments for (increase) / decrease in operating assets:				
	Inventories	**(3,392.71)**		(866.90)	
	Trade receivables	**(1,329.87)**		(1,088.80)	
	Short-term loans and advances	**(216.94)**		1,143.65	
	Long-term loans and advances	**(182.52)**		(873.79)	
	Adjustments for increase / (decrease) in operating liabilities:				
	Trade payables	**(2,988.24)**		474.43	
	Other current liabilities	**185.17**		(2,011.80)	
	Other long-term liabilities	**1,109.92**		104.97	
	Long-term provisions	**97.59**		(20.49)	
	Short-term provisions	**137.89**		(19.15)	
			(6,579.71)		(3,157.88)
	Cash generated from operations		**1,400.17**		2,772.69
	Net income tax (paid)		**(267.92)**		(314.61)
	Net cash flow from operating activities (A)		**1,132.25**		2,458.08
B.	**Cash flow from investing activities:**				
	Capital expenditure on fixed assets, including capital advances	**(1,351.79)**		(839.26)	
	Expenditure pending allocation	**(774.75)**		255.15	
	Proceeds from sale of fixed assets	**22.11**		20.52	
	Proceeds from issue of share capital to minority shareholders	**773.76**		1,040.00	
	Proceeds from sale of current investment	**715.48**		-	
	Proceeds from sale of long-term investment	**-**		5,981.99	
	Interest received - others	**108.87**		124.13	
	Dividend received - Associate	**136.80**		136.80	
	Rental income from operating leases	**419.24**		472.13	
	Bank balances not considered as cash and cash equivalents	**(2,209.12)**		366.25	
			(2,159.40)		7,557.71
	Net cash flow (used in)/ from investing activities (B)		**(2,159.40)**		7,557.71

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Consolidated Cash Flow Statement for the year ended 31st March 2012 (cont...)

		For the year ended 31st March, 2012		(Rupees in Lakhs) For the year ended 31st March, 2011
C. Cash flow from financing activities:				
Proceeds from long-term borrowings	**-**		968.92	
Repayment of short-term borrowings	**(521.57)**		(2,007.55)	
Repayment of long-term borrowings	**(1,205.46)**		(1,211.42)	
Net increase / (decrease) in working capital borrowings	**6,602.94**		(4,205.00)	
Finance costs	**(3,166.14)**		(2,843.59)	
Dividends paid	**(862.92)**		(435.09)	
Paid to Investor Education and Protection Fund	**(17.63)**		(13.23)	
Tax on dividend	**(145.96)**		(76.45)	
		683.26		(9,823.41)
Net cash from / (used in) financing activities (C)		**683.26**		(9,823.41)
Net cash flows during the year (A+B+C)		**(343.89)**		192.38
Cash and cash equivalents at the beginning of the year	**2,295.00**		2,121.78	
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	**19.16**		-	
		2,314.16		2,121.78
Cash and cash equivalents at the end of the year	**1,955.87**		2,295.00	
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	**14.40**		19.16	
		1,970.27		2,314.16
Net (decrease) / increase in cash and cash equivalents		**(343.89)**		192.38
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 22)		**9,128.15**		7,258.15
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 - Cash Flow Statements:				
Unpaid dividend account		**90.52**		71.36
Margin money deposits		**154.86**		144.91
In deposit accounts with original maturity of more than three months		**6,926.90**		4,746.88
Cash and cash equivalents at the end of the year *		**1,955.87**		2,295.00
*** Comprises:**				
Cash on hand		**7.14**		6.74
Cheques on hand		**578.27**		615.63
Balances with banks				
In current accounts		**1,135.91**		1,628.24
In EEFC account		**234.55**		44.39
		1,955.87		2,295.00

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : 26th April, 2012

For and on behalf of the Board

RM. MUTHUKARUPPAN, Managing Director
V. RAMANI, Director & CFO
M.B. GANESH, Secretary

Place : Chennai
Date : 26th April, 2012

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidation

"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	100.00%	31.03.2012 Unaudited
Certus Investment and Trading (S) Private Limited *	Subsidiary	Singapore	100.00%	31.03.2012 Unaudited
SPIC Electric Power Corporation Private Limited	Subsidiary	India	69.01%	31.03.2012 Unaudited
Proteus Petrochemical Private Limited *	Subsidiary	Singapore	100.00%	31.03.2012 Unaudited
Gulf Petroproduct Company E.C. *	Joint Venture	Kingdom of Bahrain	50.00%	31.12.2011 Unaudited
Petro Araldite Private Limited	Associate	India	24.00%	31.03.2012 Unaudited

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

2. Summary of Accounting policies

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

I. BASIS OF ACCOUNTING

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before 1 April, 1996, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

II. USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

III. 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.

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.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

IV. 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.

V. 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 Statement of profit and loss. 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 Statement of Profit and Loss. All the revenue transactions are translated at the average rates.

VI. INVESTMENTS

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

Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

VII. 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.

VIII. CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

IX. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

X. REVENUE RECOGNITION

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

XI. OTHER INCOME

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

XII. EMPLOYEE BENEFITS

Short term employee benefits

Short term employee benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss on accrual basis. Actuarial gain or loss is recognised in the statement of profit or loss as income or expense.

XIII. 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.

XIV. 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.

XV. OPERATING LEASES:

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

XVI. EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

XVII. RESEARCH AND DEVELOPMENT EXPENSES

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss.

XVIII. INSURANCE CLAIMS

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

XIX. SERVICE TAX INPUT CREDIT

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

(Rupees in lakhs)

3. Share Capital	As at 31st March, 2012	As at 31st March, 2011
Authorised		
200,000,000 equity shares of Rs.10 each with voting rights	**20,000.00**	20,000.00
Issued		
89,976,899 equity shares of Rs 10 each with voting rights	**8,997.69**	8,997.69
Subscribed and fully paid up		
89,971,474 equity shares of Rs 10 each with voting rights	**8,997.15**	8,997.15

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.

Details of Shareholders holding more than 5% shares in the Company

	31st March 2012		31st March 2011	
Equity Shares of Rs. 10/- each fully paid up	**No of Shares**	**% of holding**	% of holding	% of holding
Tamilnadu Industrial Development Corporation Ltd.	**15,843,751**	**17.61**	15,843,751	17.61
Southern Petrochemical Industries Corporation Ltd.	**15,234,375**	**16.93**	15,234,375	16.93

There has been no movement in equity share capital during the year.

The Company has only one class of equity shares having a par value of Rs.10/-. Each holder is entitled to one vote per equity share. Dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting. The amount of dividend proposed to be distributed to equity shareholders is Rs. 449.86 lakhs and the related amount per equity share is Re. 0.50./-

Repayment of capital will be in proportion to the number of equity shares held.

(Rupees in lakhs)

4. Reserves and Surplus	As at 31st March, 2012	As at 31st March, 2011
Capital reserve	**42.23**	42.23
Securities premium account	**4,611.57**	4,611.57
Revaluation reserve		
Opening balance	**2,046.51**	2,066.62
Less: Utilised for set off against depreciation	**20.11**	20.11
Closing balance	**2,026.40**	2,046.51
General reserve	**13,859.94**	13,859.94
Surplus in Statement of Profit and Loss		
Opening balance	**10,183.41**	8,912.15
Add: (Loss) Profit for the year	**(25.17)**	2,316.93
Less: Appropriations		
Proposed equity final dividend (amount per share Re. 0.50) (31 March 2011:Re.1)	**449.86**	899.71
Tax on proposed equity dividend	**72.98**	145.96
Closing balance	**9,635.40**	10,183.41
	30,175.54	30,743.66

5. Share application money pending allotment

As at 31 March 2012, the share application money pending allotment represents monies received by the subsidiary SPIC Electic Power Corporation Private Limited (SEPC) from an investor company of Rs. 1427 Lakhs towards equity shares. The share application money was received pursuant to the shareholders and share subscription agreement entered into between the Company, investor company and SEPC, pursuant to which the Company and the investor company are entitled for allotment of Equity Shares of Rs. 10/- each for cash at par.

(Rupees in lakhs)

6. Long Term borrowings	As at 31st March, 2012	As at 31st March, 2011
Term loans		
Indian rupee loan from banks (secured)	**1,546.45**	2,322.65
Other loans and advances		
From financial institutions (secured)	**1,756.02**	1,993.88
Interest free deferred sales tax loan (unsecured)	**1,969.41**	2,160.80
	5,271.88	6,477.33

Details of terms of repayment and security:

Particulars	Terms of repayments	31st March, 2012	31st March, 2011
Term loan from banks			
Bank I (Refer Note (i) below)	Repayable in 7 quarterly installments	**700.00**	1,100.00
Bank II (Refer Note (i) below)	Repayable in 9 quarterly installments	**846.45**	1,222.65
Other loan from Financial Institution (Refer Note(ii)below)	Repayable in 59 monthly installments	**1,756.02**	1,993.88
Deferred payment liabilities	Repayable in 96 monthly installments		
Interest free deferred sales tax loan		**1,969.41**	2,160.80
		5,271.88	**6,477.33**

(i) Average rate of interest on Term loan from Bank I is 13.68% p.a (2011:13.00%) and Bank II is 15.72%p.a. (2011:13.67%). The Loans are secured by a first mortgage of all the company's immovable properties, both present and future, and second charge on all the movable properties of the company (except for exclusive charges referred in note (ii) below) by deposit of title deeds, ranking pari passu amongst them.

(ii) Average rate of interest on loan from Financial Institution is 13.71% p.a (2011:13.36%). The Loan 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,

(Rupees in lakhs)

7. Deferred Tax Liabilities (net)	As at 31st March, 2012	As at 31st March, 2011
Tax effect of item constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	**6,589.53**	6,911.31
	6,589.53	6,911.31
Tax effect of items constituting deferred tax assets		
Provision for compensated absences	**97.41**	66.74
Provision for doubtful debts/advances	**2.05**	14.57
	99.46	81.31
Net deferred tax liabilities	**6,490.07**	6,830.00
8. Other long-term liabilities		
Security deposit received	**374.26**	323.42
Others	**1,099.67**	40.59
	1,473.93	364.01
9. Long Term Provisions		
Provision for employee benefits		
Compensated absences	**295.10**	197.51
	295.10	197.51
10. Short term borrowings		
Loan repayable on demand from Banks (Secured)	**10,106.41**	3,503.47
	10,106.41	3,503.47

Loans 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, (except for exclusive charges stated in note 6 (ii) above) on second charge basis ranking pari passu amongst them.

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(Rupees in lakhs)

	As at 31st March, 2012	As at 31st March, 2011
11. Trade payables		
Acceptances	**5,339.42**	6,113.98
Other than acceptances	**7,803.86**	9,544.92
Payable to Related Party	**28.00**	20.76
	13,171.28	15,679.66
12. Other current liabilities		
Current maturities of long term debt (Refer Note No.i below)	**1,194.76**	1,716.33
Interest accrued but not due on borrowings	**5.36**	9.94
Unpaid dividends	**90.52**	71.36
Deposits	**10.00**	306.71
Payable to Related Party	**0.62**	52.46
Other Payables		
Statutory remittances (Contributions to PF and ESIC and other taxes payable)	**428.65**	423.17
Advances from customers	**509.00**	17.11
Accrued expenses	**101.25**	79.47
	2,340.16	2,676.55
Note (i): Current maturities of long-term debt (Please refer (i) and (ii) of Note 6):		
Term loan from Banks (Secured)	**776.20**	1,401.20
Loans from Financial Institution (Secured)	**237.85**	194.89
Deferred sales tax loan (unsecured)	**180.71**	120.24
	1,194.76	1,716.33
13. Short term provisions		
(a) Provision for employee benefits		
Provision for Gratuity	**145.05**	16.89
Provision for Compensated absences	**46.09**	36.36
	191.14	53.25
(b) Provisions - Others		
Provision for taxation (Net)	**139.34**	159.23
Provision for proposed equity dividend	**449.86**	899.71
Provision for tax on proposed dividend	**72.98**	145.96
	662.18	1,204.90
	853.32	1,258.15

14. Fixed assets Rs in Lakhs

Description	Cost / Valuation				Depreciation				Net book value	
	As at 1 April, 2011	Additions	Deductions	As at 31 March, 2012	As at 1 April, 2011	For the year	Deductions	As at 31 March, 2012	As at 31 March, 2012	As at 31 March, 2011
Tangible assets:										
Land (Freehold)	2,202.26	-	-	**2,202.26**	-	-	-	**-**	**2,202.26**	2,202.26
Buildings:										
Own use	4,574.34	41.68	-	**4,616.02**	1,864.95	119.94	-	**1,984.89**	**2,631.13**	2,709.39
Given under operating lease	1,117.61	-	-	**1,117.61**	162.43	13.66	-	**176.09**	**941.52**	955.18
Plant and Equipment **	114,932.48	1,006.47	114.04	**115,824.91**	86,431.55	3,557.66	87.86	**89,901.35**	**25,923.56**	28,500.93
Furniture and Fixtures	162.06	3.86	3.61	**162.31**	145.42	5.26	2.55	**148.13**	**14.18**	16.64
Office and Other equipment	1,003.62	12.92	0.22	**1,016.32**	733.98	44.54	-	**778.52**	**237.80**	269.64
Vehicles	67.08	-	4.52	**62.56**	38.58	7.17	2.13	**43.62**	**18.94**	28.50
Total	124,059.45	1,064.93	122.39	**125,001.99**	89,376.91	3,748.23	92.54	**93,032.60**	**31,969.39**	
Previous year	123,740.62	366.15	47.32	124,059.45	85,583.58	3,820.05	26.72	89,376.91		34,682.54

Depreciation for the year includes Rs. 1.27 lacs (previous year Rs. (1.98) lacs) in respect of SPIC Electric Power Corporation (Private) Limited grouped under Expenditure during construction period pending allocation- Note 16.

** Additions of current year includes Rs.43.42 lakhs relating to effect of foreign currency exchange differences (refer note 44).

15. During the year 2004, the company had acquired assets in the form of equipments and drawings amounting to Rs 2123.63 lakhs for revamp of Normal Paraffin(NP) capacity at the existing plant in Manali. However due to change in Global market conditions resulting in availability of NP at competitive prices, the Company decided not to proceed with the revamp. During the same period, the Company proposed to set up a Greenfield NP Project at Singapore. It was then decided that the assets would be utilized in the Singapore NP Project and transferred to them at not less than cost. During early 2012, the availability of NP became scarce globally and the Company considered it prudent to utilize these assets to augment captive production of NP, as it was cost advantageous compared to the price of imported NP. Further, the Singapore project implementation was getting delayed due to issues with raw material supplies. The company has obtained a report from an independent consultant confirming that the assets are in good condition and usable in the current expansion and there is no impairment. The installation of these assets is in progress. Consequently amounts lying under 'Assets held for transfer' have been transferred to capital work in progress and will be capitalized on commissioning.

(Rupees in lakhs)

	As at 31st March, 2012	As at 31st March, 2011
16. Expenditure during construction period pending allocation		
Payment to and provision for employees		
Salaries and allowances	**520.69**	500.59
Contribution to provident and other funds	**36.47**	36.31
Staff welfare	**54.03**	53.85
Repairs and maintenance - general	**39.62**	39.18
Land Lease Rent	**1,525.62**	1,261.77
Rent, rates and taxes	**143.81**	139.80
Project Development Expenses	**426.59**	-
Professional fees	**1,674.53**	1,618.01
Travel	**280.67**	275.22
Directors Sitting fees	**10.25**	9.40
Miscellaneous	**610.95**	591.01
Depreciation	**146.02**	144.75
Loss on sale of asset	**3.48**	3.48
Excess provision written back	**(9.61)**	(9.61)
Preliminary expenses	**3.49**	3.49
	5,466.61	4,667.25
Less: Interest on deposits	**68.73**	44.11
	5,397.88	4,623.14
17. Non Current Investments		
Investments (At cost)		
A Trade (unquoted)		
of associate		
13,68,000 (2011: 13,68,000) Equity shares of Rs 100 each fully paid up in Petro Araldite Private Limited	**1,539.62**	1,977.62
B Other Investments (unquoted)		
Investment in equity instruments:		
40,00,000(31st March 2011: 40,00,000) Equity shares of Rs.10 each fully paid-up in Standard Motor Products of India Limited (fully provided for)	**400.00**	400.00
	1,939.62	2,377.62
Provision for diminution in value of investments	**400.00**	400.00
	1,539.62	1,977.62
Aggregate amount of unquoted investments	**1,539.62**	1,977.62
18. Long-Term Loans and Advances (Considered good)		
Capital Advances - Unsecured	**18.85**	-
Security deposit - Unsecured	**1,194.05**	1,095.90
MAT credit entitlement	**-**	142.97
Advance Income tax	**7.63**	-
Balances with Customs, Sales tax and Excise Authorities	**708.94**	421.57
Other loans and advances - Unsecured	**243.68**	319.44
	2,173.15	1,979.88

(Rupees in lakhs)

	As at 31st March, 2012	As at 31st March, 2011
19. Current Investments		
Current portion of long-term investment (At cost)		
Investment in equity instruments (quoted)		
2,044,214 (1,93,95,900 :31 March 2011) equity shares of Rs.10 each fully paid-up in Henkel India Limited	-	442.92
	-	442.92
Aggregate market value of quoted investment	-	857.55
20. Inventories		
Raw materials and components	**6,713.90**	5,872.10
Work-in-progress	**220.56**	93.69
Finished goods	**3,503.45**	865.20
Stores and spares	**2,878.55**	3,092.64
Loose tools	-	0.12
	13,316.46	9,923.75
Details of Work-in-progress:		
Linear Alkyl Benzene	**31.38**	68.38
Epichlorohydrin	**23.87**	14.87
Others	**165.31**	10.44
	220.56	93.69
21. Trade receivables (Unsecured)		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment:		
Considered good	**535.65**	567.77
Considered doubtful	**6.33**	44.92
	541.98	612.69
Other trade receivables - Considered good	**8,278.85**	6,772.66
	8,820.83	7,385.35
Less: Provision for doubtful receivables	**6.33**	44.92
	8,814.50	7,340.43
22. Cash and cash equivalents		
Cash on hand	**7.14**	6.74
Cheques on hand	**578.27**	615.63
Balances with banks		
In current accounts	**1,135.91**	1,628.24
In EEFC account	**234.55**	44.39
In earmarked accounts		
- Unpaid dividend account	**90.52**	71.36
- Margin Money deposits	**154.86**	144.91
In deposit accounts (Refer Note (i) below)	**6,926.90**	4,746.88
	9,128.15	7,258.15

Notes

(i) Balances with banks include deposits amounting to Rs. 391.73 Lakhs (As at 31 March, 2011 Rs. 4,746.88 Lakhs) which have an original maturity of more than 12 months.

(Rupees in lakhs)

	As at 31st March, 2012	As at 31st March, 2011
23. Short-Term Loans and Advances (Considered good)		
Security deposits - Unsecured	**197.20**	173.26
Loans and advances to employees		
(i) Secured	**40.26**	90.54
(ii) Unsecured	**16.27**	18.93
Prepaid expenses - Unsecured	**73.88**	6.96
Balances with Government authorities		
(i) CENVAT credit receivable	**131.78**	232.89
(ii) VAT credit receivable	**21.27**	7.59
(iii) Service Tax credit receivable	**230.74**	19.21
(iv) Customs	**100.74**	-
Advances to suppliers (Unsecured)	**4,636.72**	4,682.54
	5,448.86	5,231.92
24. Other current assets		
Interest accrued on deposits	**30.27**	22.83
	30.27	22.83
25. Revenue from operations		
Sale of products	**142,281.07**	116,643.47
Sale of services	**487.27**	458.36
Other operating revenues	**187.99**	202.90
	142,956.33	117,304.73
Less: Excise Duty	**12,021.65**	10,658.77
	130,934.68	106,645.96
Sale of products comprises		
Manufactured goods		
Linear Alkyl Benzene	**111,929.31**	91,264.44
Epichlorohydrin	**9,636.73**	8,548.07
Caustic soda	**12,243.32**	8,856.61
Others	**8,269.46**	7,827.38
	142,078.82	116,496.50
Traded goods		
Linear Alkyl Benzene	**202.25**	146.97
	202.25	146.97
Total - Sale of products	**142,281.07**	116,643.47
Sale of services comprises		
Effluent Treatment	**351.92**	337.84
Steam	**135.35**	120.52
Total - Sale of Services	**487.27**	458.36
Other operating revenues comprises		
Scrap sales	**187.99**	187.52
Others	**-**	15.38
Total - Other operating revenues	**187.99**	202.90
26. Other income		
Interest from banks on		
Deposits	**13.17**	9.00
Others	**50.02**	46.73
Interest on Income tax refund	**53.13**	-
Net gain on sale of current investments	**272.56**	-
Net gain on foreign currency transactions and translation	**1,152.60**	-
Rental income from operating leases	**419.24**	472.13
Insurance claim received	**45.73**	125.30
Sundry balances / excess provision written back	**153.72**	16.25
Miscellaneous Income	**396.21**	-
	2,556.38	669.41

(Rupees in lakhs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
27. Cost of Materials Consumed		
Opening stock	**5,872.10**	4,802.09
Add: Purchases	**76,946.08**	60,798.26
	82,818.18	65,600.35
Less: Closing Stock	**6,713.90**	5,872.10
Cost of material consumed	**76,104.28**	59,728.25
Material consumed comprises:		
Kerosene	**31,578.51**	26,900.76
Benzene	**18,130.39**	15,746.72
Normal Paraffin	**16,525.07**	10,077.88
Propylene	**4,009.51**	3,091.23
Salt	**1,885.34**	1,325.53
others	**3,975.46**	2,586.13
	76,104.28	59,728.25
28. Purchase of Traded goods		
Linear Alkyl Benzene	**181.14**	155.06
	181.14	155.06
29. Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Inventories at the end of the year		
Finished goods	**3,503.45**	865.20
Work-in-progress	**220.56**	93.69
	3,724.01	958.89
Inventories at the beginning of the year		
Finished goods	**865.20**	891.51
Work-in-progress	**93.69**	46.54
	958.89	938.05
	(2,765.12)	(20.84)
30. Employee benefits expenses		
Salaries and wages	**2,257.16**	1,978.28
Contributions to provident and other funds	**282.34**	197.33
Staff welfare expenses	**412.04**	399.43
	2,951.54	2,575.04
31. Finance costs		
Interest expense on :		
(i) Borrowings	**2,032.44**	2,351.60
(ii) Trade payables	**33.46**	-
Other borrowing costs	**701.95**	491.30
Net loss on foreign currency transactions and translation (considered as finance cost)	**398.29**	10.63
	3,166.14	2,853.53

32. Other expenses	Year ended 31st March, 2012	(Rupees in lakhs) Year ended 31st March, 2011
Consumption of stores and spare parts	**2,965.80**	2,535.86
Power and fuel	**31,368.14**	23,133.70
Rent	**218.94**	192.39
Repairs to buildings	**38.73**	149.80
Repairs to machinery	**1,204.48**	1,173.59
Payment to Auditors:		
Towards audit fee	**29.33**	22.10
For other services	**4.30**	19.25
Insurance	**241.84**	243.56
Rates and Taxes	**121.41**	132.79
Sales discount	**6,116.16**	4,604.54
Freight and forwarding	**3,297.96**	3,119.88
Net loss on foreign currency transactions	**-**	859.42
Bad Receivables written off	**29.75**	-
Less: Provision for doubtful receivables written back	**(29.75)**	-
Miscellaneous expenses	**4,192.05**	2,317.48
	49,799.14	38,504.36

33. Research and Development

Research and development expenses incurred on revenue account is Rs.36.44 lakhs (Previous year Rs.38.74 lakhs).

34. Depreciation Withdrawn from Revaluation reserve

The depreciation charge for the year shown in the Statement of profit and loss is after deducting an amount of Rs. 20.11 lakhs (previous year Rs.20.11 lakhs) representing additional depreciation arising on revaluation of fixed assets withdrawn from revaluation reserve

	Year ended 31st March 2012	(Rupees in lakhs) Year ended 31st March 2011
Depreciation for the year (note 14)	**3,748.23**	3,820.05
Less: Credit for amount withdrawn from revaluation reserve	**20.11**	20.11
Less: Credit for amount grouped under Expenditure during construction period pending allocation (note 16)	**1.27**	(1.98)
Depreciation charge for the year	**3,726.85**	3,801.92

35. Contingent Liabilities and commitments (to the extent not provided for)

Particulars		
A. Contingent liabilities:		
i) Sales Tax	**1,728.05**	1,728.05
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	**168.61**	168.61
iii) Service Tax	**314.59**	67.85

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.

	Year ended 31st March, 2012	(Rupees in lakhs) Year ended 31st March, 2011
iv) Electricity Tax	**1,231.42**	1,138.00

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

Interim orders of Madras High Court exempting from payment of electricity tax is in force pending disposal of the Writ Petition. The petition is yet to be disposed.

v) As per the Tamil Nadu Electricity Regulatory Commission (Renewable Energy Purchase Obligation) (Amendment) Regulations, 2011(the Regulations), the Company is an obligated entity and is therefore required to achieve compliance with the requirements under the Regulations, i.e.., purchase certain percentage of their total power requirement from renewable energy sources, (RPO) failing which liability would arise for making payment in lieu of the shortfall in RPO. The Company therefore filed a Writ Petition during March 2012 before the Hon'ble Madras High Court and on 26th March 2012 an interim stay was granted on the operation of the Regulations. However. the Company considered it prudent to provide on a conservative basis 50% of the estimated obligation and disclose the balance as contingent liability	**111.56**	-
vi) Others	**1.87**	1.87
B. Commitments:		
i) Capital commitments	**63.37**	158.48
ii) Confirmed purchase commitments to be fulfilled within one year	**34,489.92**	47,753.38
iii) Confirmed sales commitments to be fulfilled within one year	**33,088.13**	36,906.27

36. As at 31st March 2012, 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 advance 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 of Madras 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. 2968.45 lacs upto 31st March 2012. Against this amount, 1,54,14,550 equity shares of ₹ 10/- each for cash at par have been allotted to them and the balance is shown under 'Advance towards share capital' in the books of SEPC.

Due to non payment of lease rentals, Tuticorin Port Trust, presently known as V.O. Chidambaranar Port Trust (VOCPT) 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 the High Court by their Order dated 18th July 2008 a sole arbitrator was appointed to settle the dispute between SEPC and VOCPT . SEPC also filed an appeal before the Division Bench of the High Court of Madras seeking an interim injunction restraining TPT from transferring the land by way of lease or otherwise to any other party. The Division Bench by its order dated 4th September 2008 stated that SEPC is at liberty to approach the arbitrator for seeking appropriate interim measure. The arbitrator in his proceedings dated 13th February 2009 observed that the rights of VOCPT and SEPC will be subject to the outcome of the arbitration proceedings in so far as the disputed site is concerned. Subsequently it was agreed between VOCPT and SEPC to defer the arbitration proceedings on the understanding that the issue would be amicably settled.

Arising out of this, a joint committee consisting of representatives from Central Electricity Authority (CEA)/TNEB/VOCPT was constituted. The committee recommended an alternate site for locating the power project. SEPC after making preliminary investigations found the alternate site suitable. Ministry of Shipping, Government of India during February 2010 approved the proposal for allocation of alternate site to SEPC and VOCPT communicated their willingness to enter into a long term lease. The Ministry of Environment and Forests (MoEF) had accorded clearance for the project on November 03, 2010. SEPC has paid lease rentals to VOCPT by calculating penal interest @ 15% amounting to Rs.830 lacs as against 18% proposed by VOCPT. A representation from SEPC for charging 15% interest is under consideration by VOCPT.

Pending permission to take physical possession of the alternate land, VOCPT had permitted SEPC to enter upon the said land for starting the project work as SEPC already paid the Lease Rent due and also obtained Environmental Clearance. In continuation, SEPC has commenced the various site development works such as Joint Physical Survey, Corner stone laying work, Name Board installation and site leveling work. With regard to the allocations / permissions for the Fore Shore facilities comprising of Coal jetty, Conveyor routing and Pump-house, SEPC held discussions with VOCPT and the allocations are being considered by VOCPT favourably for which a detailed report was also submitted by SEPC.

SEPC approached the Tamilnadu Pollution Control Board for grant of Consent to Establish the Project and the same is in the advanced stage of issuance. Further, SEPC is continuing the process of finalization of the EPC Contract as per the directions of Hon'ble TNERC. With regard to the fuel supply contracts for supply of Coal and Fuel Oil, discussions are underway with the suppliers.

The Company filed a Misc. Petition dated 14th April 2010 with Hon'ble TNERC seeking its direction to pass orders directing the respondent TNEB Board to act in accordance with the terms contained in the concluded PPA between SEPC and TNEB. During the course of hearing of the petition, TNEB filed an affidavit conveying its acceptance of the terms conveyed in the PPA and also stated that the PPA was valid and that it would stand by the said PPA. The Hon'ble TNERC passed the final orders on 9.5.2011 for implementation of the project including directing certain changes to the PPA in line with the TNERC Tariff Regulations of 2005. Accordingly, SEPC and TANGEDCO (formerly TNEB) signed the amendments to the PPA on 10.1.2012 with the approval of the Board of TANGEDCO and the amended PPA was submitted to Hon'ble TNERC on 13.1.2012.

The detailed project report with revised project cost for the power plant has been finalized. SEPC's application for financial assistance is being processed by the Financial Institutions. Since substantial progress has been achieved as mentioned above in implementation including commencement of physical activities in the alternate land, the Company is hopeful that the project will be set up soon.

37. Earnings per share	**Year ended 31st March 2012**	Year ended 31st March 2011
Profit / (Loss) after taxation (Rs. In lakhs)	**(25.17)**	2,316.93
Weighted number of equity shares outstanding	**89,971,474**	89,971,474
Basic and diluted earnings per share- Rs. (Face value – Rs.10/- per share)	**(0.03)**	2.58

38. Related Party Disclosure under Accounting Standard -18

i) The list of related parties as identified by the management and relied upon by the auditors 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.

(Rs. In Lakhs)

Particulars	Promoters	Associate	Joint Venture	Key Management Personnel (KMP)
Sale of Goods	- (0.62)	9,399.98 (8,248.02)		
Sale of services		487.27 (458.36)		
Commission paid	- (46.59)			
Managerial remuneration				86.00 (78.73)
Rent paid	2.16 (2.95)			
Reimbursement of expenses	24.51 (27.63)			
Sitting fees (TIDCO)	3.70 (3.40)			
Dividend received		136.80 (136.80)		
Dividend Paid				
-TIDCO	158.44 (79.22)			
-SPIC	152.34 (76.17)			
Balance outstanding as of 31st March 2012				
Trade Receivables		854.43 (265.43)		
Loans and Advances			(158.37) (158.37)	
Other payables	0.62 (52.46)			28.00 (20.76)

Transactions with promoters are with SPIC unless otherwise disclosed.
Figures in brackets are in respect of the previous year.

39. 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 lakhs)

Particulars	31 March, 2012	31 March, 2011
Cash and Bank balances	**5.44**	4.77
Loans and Advances	**258.64**	226.62
Current Liabilities and provisions	**1.53**	7.39
Non current liabilities	**63.41**	48.92
Expenses	**0.67**	0.73

40. Derivative Instruments

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

Particulars	US Dollars	(Rs. in lakhs) Equivalent INR
Amount receivable in foreign currency - Exports	**3,313,652**	**1,685.99**
	(51,91,493)	(2,314.37)
Amount payable in foreign currency - Imports	**3,152,079**	**1,603.78**
	(99,77,278)	(4,447.87)
Amount payable in foreign currency - Buyers Credit	**6,651,639**	**3,384.35**
	(4,331,337)	(1,930.91)

Figures in brackets are in respect of the previous year

41. Employee Defined Benefit Plans

The Company offers Gratuity benefits to its employees. The following table sets out the funded status of the Gratuity scheme and the amount recognised in the financial statements.

(Rs. in lakhs)

		Current year	Previous year
A)	**Net Asset/ (Liability) recognized in the Balance Sheet as at March 31, 2012**		
	Present value of obligation	**699.72**	518.18
	Fair value of plan assets	**554.67**	501.29
	Net liability	**(145.05)**	(16.89)
B)	**Expense recognized in the Profit & Loss account for the year ended March 31, 2012**		
	Current service cost	**31.25**	21.99
	Interest cost	**40.04**	35.96
	Expected return on plan assets	**(47.00)**	(38.49)
	Actuarial (gains) / Losses	**147.57**	28.40
	Total expense	**171.86**	47.86
C)	**Change in present value of Obligation during the year ended March 31, 2012**		
	Present value of defined benefit obligation as at the beginning of the year	**518.18**	449.50
	Current service cost	**31.25**	21.99
	Interest cost	**40.04**	35.96
	Actuarial (gains) /losses	**145.67**	28.40
	Benefits paid	**(35.42)**	(17.67)
	Present value of defined benefit obligation as at the end of the year	**699.72**	518.18
D)	**Change in fair value of plan assets during the year ended March 31, 2012**		
	Plan assets at the beginning of the year	**501.29**	417.50
	Expected return on plan assets	**47.00**	38.49
	Actuarial gains /(losses)	**(1.90)**	-
	Contributions by employer	**43.70**	62.97
	Benefits paid	**(35.42)**	(17.67)
	Plan assets at the end of the year	**554.67**	501.29

(Rs. in lakhs)

	Current year	Previous year
E) Principal actuarial assumptions as at March 31, 2012		
Discount rate	**8.6%**	8.0%
Expected return on plan assets	**9.3%**	9.3%
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.

G) Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions and other factors.

42. 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 lakhs)

(A)	Information about primary business segments	**Year ended 31st March 2012**			Year ended 31st March 2011		
		Industrial Intermediate Chemicals	**Power**	**Total**	Industrial Intermediate Chemicals	Power	Total
a)	**REVENUE**						
	Sales to external customers	**130,934.68**	**-**	**130,934.68**	106,645.96	-	106,645.96
	Other income	**2,556.38**	**-**	**2,556.38**	669.41	-	669.41
	Total revenue	**133,491.06**	**-**	**133,491.06**	107,315.37	-	107,315.37
b)	**RESULT**						
	Segment result	**3,010.80**	**-**	**3,010.80**	4,266.18	-	4,266.18
	Finance cost	**-**	**-**	**(3,166.14)**	-	-	(2,853.53)
	Interest income	**-**	**-**	**63.19**	-	-	55.73
	Unallocated corporate income	**-**	**-**	**419.24**	-	-	472.13
	Income taxes including deferred tax	**-**	**-**	**(51.06)**	-	-	9.22
	Profit after tax	**-**	**-**	**276.03**	-	-	1,949.73
	Share of Profit / (Loss) of Associate company	**-**	**-**	**(301.20)**	-	-	367.20
	Net Profit / (Loss)	**-**	**-**	**(25.17)**	-	-	2,316.93
c)	**OTHER INFORMATION**						
	Segment assets	**73,754.16**	**6,888.40**	**80,642.56**	71,318.50	5,086.69	76,405.19
	Unallocated corporate assets	**-**	**-**	**1,550.74**	-	-	2,567.00
	Total Assets	**73,754.16**	**6,888.40**	**82,193.30**	71,318.50	5,086.69	78,972.19
d)	Segment liabilities	**31,778.37**	**1,071.53**	**32,849.90**	28,908.20	43.58	28,951.78
	Unallocated corporate liabilities	**-**	**-**	**8,579.25**	-	-	9,038.14
	Total Liabilities	**31,778.37**	**1,071.53**	**41,429.15**	28,908.20	43.58	37,989.92
e)	Capital expenditure	**1,349.37**	**2.42**	**1,351.79**	836.50	2.76	839.26
	Depreciation	**3,726.85**	**-**	**3,726.85**	3,801.92	-	3,801.92
f)	Non-cash expenses other than depreciation	**313.87**	**-**	**313.87**	101.10	-	101.10
(B)	Information about secondary geographic segments	**Year ended 31st March 2012**			Year ended 31st March 2011		
		Domestic	**Overseas**	**Total**	Domestic	Overseas	Total
	Segment revenue	**124,762.49**	**8,728.57**	**133,491.06**	98,941.55	8,373.82	107,315.37
	Segment assets	**70,135.79**	**10,506.77**	**80,642.56**	64,679.77	11,725.42	76,405.19
	Additions to fixed assets	**1,351.79**	**-**	**1,351.79**	839.26	-	839.26

43. Information disclosed in accordance with the Government of India, Ministry of Corporate Affairs, vide Order No. 51/12/2007-CL-III dated 8th February 2011 granting general exemption under section 212 (8) of the Companies Act, 1956

Particulars	Certus Investments and Trading Limited (M)		Certus Investments and Trading (S) Private Limited		Proteus Petrochemicals Private Limited		SPIC Electric Power Corporation (Private) Limited
	31st March 2012		31st March 2012		31st March 2012		31st March 2012
	Rupees in lakhs*	In USD	Rupees in lakhs*	In USD	Rupees in lakhs*	In USD	Rupees in lakhs*
Capital	10,389.19	20,419,000	954.17	1,875,340	152.64	300,000	4,355.96
Reserves	990.71	1,947,156	9.01	17,708	(2,280.92)	(4,482,939)	-
Total assets	11,393.44	22,392,759	4,149.08	8,154,639	920.92	1,809,989	6,890.72
Total liabilities	13.54	26,603	3,185.90	6,261,591	3,049.20	5,992,928	2,534.76
Investments	1,325.60	2,605,340	-	-	-	-	-
Turnover (inc other income)	7.43	14,600	2,237.89	4,398,359	518.16	1,018,403	-
Profit / (loss) before tax	(5.88)	(11,551)	48.49	95,312	(1,331.44)	(2,616,826)	-
Provision for taxation	(0.59)	(1,157)	6.01	11,806	-	-	-
Profit / (loss) after tax	(5.29)	(10,394)	42.49	83,506	(1,331.44)	(2,616,826)	-

*** Translated at exchange rate prevailing as on 31.03.2012**

1 USD = Rs. 50.88

44. Pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs amending Accounting Standard 11, the Company has exercised the option available in Para 46A of the Standard introduced by this amendment, for all long term monetary assets and liabilities. Accordingly, the exchange differences on foreign currency monetary liabilities has been accounted by adjustment to the cost of the assets so far it relates to depreciable capital assets. Consequently an amount of Rs. 43.42 lakhs has been capitalised as at 31st March 2012, and the balance to be amortised is Rs. 41.89 lakhs.

45. The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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TPL

TAMILNADU PETROPRODUCTS LIMITED

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

Telephone: 2594 1350 Telefax: 2594 1139 Website : www.tnpetro.com

17th August 2012

Dear Shareholder,

Sub : Green initiative in Corporate Governance - Service of documents in electronic mode.

Ref : Circular No. 18/2011 dated 29th April 2011 from Ministry of Corporate Affairs.

As part of implementing “Green initiative in Corporate Governance” announced by Ministry of Corporate Affairs (MCA), allowing paperless compliance by companies through electronic mode, the Company, in future, proposes to send the Notices / Annual Reports / other shareholder communications / documents in electronic mode to our shareholders, if they so desire, to their email id provided by them directly or made available to the DP. This move would result in reduction of paper consumption and would contribute towards a sustainable greener environment.

Please note that these documents will also be available in Company’s website. As a Member of the Company, you will be entitled to be furnished free of cost, with a copy of the Annual Report of the Company and all other documents required to be attached thereto, upon receipt of a requisition from you.

We are confident that you would whole-heartedly support this initiative and join the Company to achieve sustainable greener environment.

If you wish to receive the aforesaid documents in electronic form, we request you kindly to fill the details in the form attached and forward the same to our Registrar & Share Transfer Agents.

Thanking You,

Yours faithfully,
for TAMILNADU PETROPRODUCTS LIMITED

M.B. GANESH
SECRETARY

REGISTRATION FORM

(Service of Documents in electronic mode)

To:
Mis. Cameo Corporate Services Ltd.
Unit: TPL
‘Subramanian Building’
1, Club House Road,
Chennai - 600 002.

Dear Sirs,

Sub : Green initiative in Corporate Govemance - Registration of email id.

I agree to exercise my option to receive all communication viz. Annual Reports, Circulars and Notices etc. to be sent by the Company under the Companies Act, 1956 in the electronic mode. Please register my email id in your records for sending communication through email.

Folio No. / DP ID & Client ID :
Name of the 1st Regd. Holder :
Name of the Joint Holder(s) :
Registered Address :

E-mail ID :
Contact - Phone / Mobile No. :

Date: Signature of the First Holder

Notes:

- Please fill up the form and send for registration of your email id at the earliest to our Registrar & Share Transfer Agents, Mis. Cameo Corporate Services Ltd., ‘Subramanian Building’, 1 Club House Road, Chennai - 600 002.
- On registration, all communications will be sent to your registered email id.
- Shareholders are requested to keep the Registrar & Share Transfer Agents informed as and when there is any change in the email id.

In the absence of your response, the documents will be sent in physical form to the address recorded in the Register of Members of the Company.

NOTES
(for use of Shareholder)

Tamilnadu Petroproducts Limited

Regd. Offce & 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 Seventh Annual General Meeting held on 18th September, 2012.**

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

Time : 10.35 a.m.

________________________ Signature of the Shareholder

________________________ Signature of the Proxy

Tamilnadu Petroproducts Limited

Regd. Offce & 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 Seventh Annual General Meeting of the Company, to be held at 10.35 a.m. on 18th September, 2012 and at any adjournment thereof.

Signed this ___________________ day of ____________ 2012

Affx
15 paise
Revenue
Stamp

Signed by the said ________

Note : The Proxy must be deposited at the Registered Offce 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.

BOOK POST

To

If undelivered, please return to:
Tamilnadu Petroproducts Limited,
Manali Express Highway,
Manali, Chennai-600 068, India.

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