FORM A

Covering letter of the annual audit report to be filed with the stock exchanges under Clause 31 of the Listing Agreement

1	Name of the Company	: **Tamilnadu Petroproducts Limited**
2	Annual financial statements for the year ended	: **March 31, 2013**
3	Type of Audit observation	: **Un-qualified**
4	Frequency of observation	: **Not Applicable**

For Tamilnadu Petroproducts Limited	**Auditor of the Company**
Muthukrishnan Ravi ***Managing Director***	Refer our Audit Report dated 22 April 2013 to the Members of the Company on the stand alone Financial Statements for FY 2012-13 .
P S Narayan ***Chief Financial Officer***	**For DELOITTE HASKINS & SELLS** Chartered Accountants (Firm Registration No. 008072S)
C Ramachandran, IAS (Retd.) ***Chairman, Audit Committee***	**M K Ananthanarayanan** Partner Membership No. 19521 **Chennai** 22nd April 2013

DELOITTE HASKINS & SELLS CHENNAI-17 CHARTERED ACCOUNTANTS

Tamilnadu Petroproducts Limited

28th ANNUAL REPORT
2012 – 13

FINANCIAL HIGHLIGHTS

(Rs. in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Share Capital	89.97	89.97	89.97	89.97	**89.97**
Reserves & Surplus	281.83	287.13	305.94	306.45	**255.7**
Networth	353.87	356.44	375.45	376.16	**325.61**
Retrun on Capital Employed (%)	5.99	7.61	12.54	9.21	**(9.94)**
Fixed Assets (net)	369.09	388.31	354.75	355.63	**328.95**
Sales / Other Income	955.08	914.03	1,074.35	1,259.82	**1286.96**
Gross Profit / (Loss)	60.17	65.44	73.68	75.3	**(0.34)**
Interest / Finance Charges	25.68	21.29	28.54	31.66	**31.83**
Depreciation	32.58	30.82	37.99	37.19	**38.62**
Current Tax	0.15	1.59	5.03	3.91	**-**
Deferred Tax	(4.78)	0.97	(5.12)	(3.40)	**(21.97)**
Net Profit / (Loss)	6.54	10.77	29.47	5.94	**(50.56)**
Dividend (incl. Tax)	-	5.26	10.46	5.23	**-**
Dividend (%)	-	5.00	10.00	5.00	**-**
Earnings Per Share (Rs.)	0.73	1.20	3.28	0.66	**(5.62)**

Important Information

Dividend for the year 2005-06 remaining unclaimed and unpaid will be transferred to Investor Education and Protection Fund (IEPF) during November 2013. Shareholders who are yet to encash their dividend warrants are requested to contact the Company or the Registrars at an early date and lodge their claims. Please note that upon transfer to IEPF, no claims shall lie against the Fund or the Company and hence it will not be possible for the Shareholders to make any further claims in this regard after the said transfer.

TPL

Board of Directors*

N.S. Palaniappan, IAS	Chairman
Ashwin C Muthiah	Vice Chairman
Hans Raj Verma, IAS	Director
C. Ramachandran, IAS (Retd)	Director
N.R. Krishnan,IAS (Retd)	Director
Dr. K.U. Mada	Director
Dhananjay N. Mungale	Director
T.K. Arun	Director
Sanjiv Ralph Noronha	Director
R. Karthikeyan	Director
Muthukrishnan Ravi	Managing Director

* As on 22nd April 2013

Audit Committee

C. Ramachandran, IAS (Retd)	Chairman
N.R. Krishnan, IAS (Retd)	Member
Dr. K.U. Mada	Member
T.K. Arun	Member

Chief Financial Officer

P.S. Narayan

Company Secretary

R. Kothandaraman

Registered Office & Factory

Manali Express Highway,
Manali, Chennai - 600 068.
Tel : 25941501 - 10 Fax : 25941139
Website : www.tnpetro.com

Regional Office

C/o. SPIC Limited,
1201, 12th Floor, 16,
Vikram Tower, Rajendra Place,
New Delhi - 110 008.
Tel : 011-25868018 Fax : 011-25868019

Auditors

Deloitte Haskins & Sells
ASV N Ramana Towers,
52, Venkatanarayana Road,
T.Nagar, Chennai - 600 017.

Cost Auditors

P.R. Tantri
B-1580, Sahakara Nagar, Bangalore - 560 092

Legal Advisor

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

Bankers

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

Registrars & Share Transfer Agent

Cameo Corporate Services Limited
“Subramanian Building”.
1, Club House Road, Chennai - 600 002.
Tel : 28460084 / 28460395 Fax : 28460129

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DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS REPORT

To

The Shareholders

Your Directors have pleasure in presenting the Twenty Eighth Annual Report on the business and operations of the Company and the audited Statement of Accounts for the year ended 31st March 2013.

FINANCIAL RESULTS

(Rs. in crore)

Description	2012-13	2011-12
Revenue from Operations	**1281.42**	1248.19
Profit / (Loss) before Depreciation and Finance Cost	**(0.34)**	75.30
Less: Finance Cost	**31.83**	31.66
Less: Depreciation	**38.62**	37.19
Less: Exceptional Item	**1.74**	--
Profit / (Loss) before tax	**(72.53)**	6.45
Tax expense	**(21.97)**	0.51
Profit/(Loss) after tax	**(50.56)**	5.94
Balance carried to Balance Sheet	**40.19**	90.75

OPERATIONAL HIGHLIGHTS AND PRODUCT-WISE PERFORMANCE

During the year under review, revenue from operations was Rs. 1281 crore vis a vis Rs. 1248 crore in FY 2011-12. Though there was some increase in the topline, the profitability was impacted severely primarily on account of astronomical increase in input cost, depreciation of rupee value and imported goods flooding the market. The Company could not pass on the additional costs to the customers due to intense competition from overseas suppliers and hence the results were negative.

During the year under review, there was a marginal dip in the capacity utilization of **Linear Alkyl Benzene (LAB)** due to fall in demand from domestic users. Crude price increases and higher exchange rate, coupled with additional cost for alternate power to meet energy shortage resulted in lower margins. To overcome these, steps have been taken to bring down the input cost through implementation of Advanced Process Control System and energy audits.

The Captive Power Plant (CPP), run on furnace oil, was operated at a higher capacity to meet the residual power requirements. However due to increased fuel costs, the cost of power from the CPP also went up, bringing down the margins further. In order to moderate the power cost, the Company has gone for purchase of power from third parties.

During the year under review, the **Chlor Alkali Division** producing **Caustic Soda and Chlorine** performed well, recording a 95% capacity utilization. However, due to increased cost of production and Chlorine prices continuing to be low, there was a reduction in margins, with resultant erosion in profits.

The operations of **Epichlorohydrin (ECH)** division were also hampered due to higher input cost and surge in imports, bringing down the market prices sharply. The Company could not even recover the product cost in full, resulting in heavy cash losses during the year. Under the circumstances, the Unit was operated only to honour contractual commitments to Petro Araldite Private Limited, (PAPL) the Joint Venture Company.

FINANCIAL REVIEW

The year 2012-13 witnessed moderate changes in interest rates. The repo rate increases during the year 2011-12 resulted in steep increase in lending rates of banks and other operators. However, during the year under review, Reserve Bank of India retained these rates at the previous year's level in the first half which were slightly brought down during the second half, to induce economic growth. On the forex front, there was a sharp decline in rupee value by about 6.7%.

The Company maintained its financial rating at BBB+ from Credit Analysis and Research Limited (CARE) during the year under review. This rating coupled with favorable key financial ratios, enabled the Company to obtain additional working capital limits for operations and financing cost was maintained at the previous levels through proactive steps.

During the year under review, there were no defaults either in servicing or repayment of debts. The proceeds from dis-investment of shares in SPIC Electric Power Corporation Private Limited (SEPC) were utilized as long term source for operations.

DIVIDEND

In view of the losses incurred, the Board of Directors expresses its inability to recommend any dividend for the year.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Your Company has three units viz., Linear Alkyl Benzene (LAB), Chlor Alkalis comprising Caustic Soda & Chlorine and Epichlorohydrin (ECH).

LAB is the leading surfactant used in the manufacture of household and industrial cleaning agent and enjoys a good demand from the detergent industry as its basic raw material. All the major manufacturers of LAB in India, including TPL, have adopted the technology from UOP, USA, which is considered superior to the other processes involving chlorination. The cost of production of LAB in India had been relatively higher than the international standards mainly on account of higher cost of kerosene and quality issues relating to the feedstock.

The domestic producers have been operating at full or beyond their capacities and till recently there were no major imports into India. In fact a substantial quantity was being exported. However, during the year 2012-13, there was a sudden spurt in import of LAB into India, mainly attributable to global economic slowdown and creation of new capacities in the Middle East. On the one hand, with very high crude price and sharp decline in rupee value, the cost of production of LAB went up substantially and on the other such higher cost could not be passed on in full to the customers, due to competition from overseas suppliers.

Caustic Soda, a most commonly used industrial chemical, finds wide application in Textile, Pulp & Paper, Soaps & Detergents and Aluminium industries in India. The capacity in India is about 4% of the global capacity and the overall capacity utilization during the year 2012 has been estimated at 80% vis a vis 74% in 2011. The caustic soda prices in India have firmed up in the last few years on account of imposition of anti-dumping duty on imports.

Chlorine, a co-product of Caustic Soda is widely used in sectors like Vinyl chloride, CPW, Pulp and Paper, Water Purification, Chlorinated Solvents, etc. Since this is a co-product of Caustic Soda, the prices take a dent when the demand for caustic soda increases and hence the pricing of the product has been affected considerably.

ECH is used as a key raw material in the manufacture of epoxy resins, pesticides and certain pharmaceutical formulations. Though there has been good demand for the product at global level, most of the top manufacturers use their entire capacity for

TPL

captive consumption. The market is already reeling under supply - demand mismatch and new capacities created across the globe, especially in China, have putrefied the situation.

Traditionally, ECH has been produced through petro-based feedstock, viz., propylene. However, glycerine, a bio-based feedstock obtained as a byproduct from biodiesel production, is slowly replacing propylene. It is expected that the increasing availability of bio-based glycerine from biodiesel production would make it possible to produce bio-based ECH, at a lower cost.

OPPORTUNITIES AND THREATS

Over the past few years there has been a marked improvement in awareness about hygiene and also the standard of living has shown considerable improvement in India. This has helped the detergent markets to make inroads into remote areas, with the help of visual advertisements. Therefore the production of detergents is expected to grow further, paving way for higher off-take of **LAB** in the years to come**.** However, the overseas manufacturers who have created huge LAB facilities elsewhere have chosen the Indian market to dump their products, at a cheaper rate. This constraints the Company's ability in marking up LAB price in line with the input cost.

Caustic Soda continues to be an important industrial intermediary finding application in many industries. With the demand for textiles and apparels increasing on account of urbanization and more spending on personal effects, the market for Caustic Soda is expected to grow further. However, unabated increase in cost of alternate power is curbing the profitability of the domestic manufacturers.

The per capita consumption of **Chlorine** in India is stated to be around 1.85 kg vis a vis 13 kg in China and hence there exists good growth opportunities. However, this could happen only if substantial investments are made in the vinyl industry, the key end-user of the product. At present India imports about 4 lakh tons of PVC, as the domestic industry is not large enough to cater to the demand and also no big investments are being contemplated. Presently, there is nothing much that the domestic Chlor Alkali industry could do to break this impasse but to wait for the domestic vinyl industry to grow, as export of Chlorine may not be feasible owing to its nature.

The rapid growth in the end user industries of **ECH** is expected to provide impetus to the demand for this product. It has been estimated that the global market for the product will grow from 1520 kilo tons in 2012 to 1926 kilo tons in 2017, with a CAGR of 4.8%. However due to the industry trends favouring the use of bio-based products, ECH manufacturers world over are shifting to glycerine based process. It has been reported that major ECH manufacturers in USA, Belgium, South Korea and China have already commenced use of renewable feedstock for ECH production. Therefore propylene based ECH manufacturing could face issues in the future.

OUTLOOK

LAB

Import of LAB in to India is increasing year on year which will impact the margins of TPL further. During the year 2012-13, the imports were over 1 lakh tons, forcing the Company to sell at lower prices. This trend may continue in the current year. However, the increase in demand for the product is expected to mitigate this to some extent. Also, TPL has established itself as a major player in the LAB market and hence the customer base is expected to be retained, in spite of competition through imports. Steps have also been initiated to curb the dumping of materials into India through the avenues available under law.

Caustic Soda / Chlor alkali

No major change is expected in Caustic Soda / Chlor alkali business of the Company in the near future as the capacity utilization could continue to be affected on account of sluggish chlorine sales. However, the efforts of the Company to bring down input cost through reduction in energy consumption are expected to improve the earnings.

ECH

Your Company is the only Indian manufacturer of ECH, established with a view to diversify its operations and also as an import substitution project. However, contrary to expectations, with the globalization opening up imports at relatively lesser cost and lower duties under WTO covenants, the pricing of the product has been under severe stress. Also creation of additional capacities abroad without adequate demand in their markets led to further dumping of materials into India. On the application of TPL, safeguard duty was imposed just for one year at the turn of this century, which was not sufficient for the Company to stabilize the ECH operations.

ECH imports into the country in the form of Resins increased its local availability thereby reducing the market prices for merchant ECH. In view of the above and due to the ever increasing input cost and competition from low-priced imports, the ECH business has been in red during the past one decade barring a couple of years. As a consequence, the overall business prospects of the Company have been jeopardized to a very great extent. The Company has been unable to reverse this trend in spite of its best efforts and so it has been decided that it may not be prudent to continue the operations any further. Accordingly the unit's manufacturing activities have been suspended from the start of FY 2013-14. However, the division continues to provide utilities and effluent treatment support to PAPL, the JV Company. Study has been initiated to look at alternate options for use of ECH facilities.

RISKS AND CONCERNS

As stated earlier the margins of the Company are under severe pressure due to cheaper imports and increased input costs, especially the cost of alternate power and depreciation of rupee. The moratorium in force in the Manali area is an impediment to go in for other value added products or alternate use of the existing facilities. Availability of salt for the CAD operations could be a matter of concern as the salt production in the State has been impaired due to varying monsoon conditions. Alternate sourcing of salt could increase the cost of procurement due to higher freight and handling charges and hence the margins could go down further.

SAFETY, HEALTH & ENVIRONMENT

Adequate safety standards have been prescribed and followed by the Company without compromise. Prime importance is given to protection of the employees, plant & machinery and environment at all times. During the year under review, your Company received "Safety Appreciation Award – 2009" for LAB plant from National Safety Council (Tamilnadu Chapter) and "State Safety Award – 2008" from Inspectorate of Factories for LAB and CAD plants. As on 31st March 2013, the company has achieved safe operating days of 762, 2134 and 1229 of LAB, ECH & CAD plants respectively.

Your Company has planted saplings in and around the factory premises as part of its green initiatives and to promote carbon offset. Your Company continues to support the Manali Primary School through distribution of free note books and provision of basic amenities in the school premises.

SUBSIDIARIES

Certus Investment and Trading Ltd., and its wholly owned subsidiaries

Your Company established **Certus Investment and Trading Ltd.** (CITL), Mauritius as its Wholly Owned Subsidiary (WOS) to serve as a Special Purpose Vehicle (SPV) to set up LAB and Normal Paraffin (NP) projects in Middle East and South East Asia. CITL in partnership with Saudi Offset Limited Partnership (SOLP) promoted Gulf Petroproduct Co. EC (GPC) to implement a LAB project in the Middle East. The project progress has been vitiated due to various factors, including large LAB capacities created in Saudi and other countries by the local refineries. Hence the sustainability of the proposition is being evaluated.

CITL also established **Certus Investment and Trading (S) Pte. Ltd.** in Singapore to function as a coordinator for TPL's overseas procurement and marketing activities.

Proteus Petrochemical Private Ltd. (Proteus) is a subsidiary of CITL formed for setting up a NP Project in Singapore. The proposal is to establish a green-field NP project plant along with associated utilities and off-sites. The project has run into certain problems and hence there has been delay in completing the same as per schedule. The Company is examining further action to be taken in this regard.

SPIC Electric Power Corporation Private Ltd. (SEPC)

SEPC was promoted by the Company to set up a 525 MW Thermal Power project in Tuticorin, with Trinity Infraventures Limited as a co-promoter. The implementation of the project has been delayed due to issues relating to land allocation and approvals resulting in escalations in project outlay. As per the revised schedule it is expected that the project could go in stream after about 3 years and would be profitable after six years of operation. Under the present circumstances, it would be difficult for the Company to infuse additional funds into the venture and hence your Company opted out of the project by diluting its holding from 63.46 % to 0.23 % in June 2012. In view of this, SEPC has ceased to be a subsidiary of your Company.

Information under Section 212

A statement pursuant to Section 212 of the Companies Act, 1956 (the Act) giving information on the subsidiary companies is attached hereto. In terms of the general exemption granted by the Ministry of Corporate Affairs under Section 212 of the Act, vide General Circular No: 2/2011 dated 8th February 2011 copies of the financial statements and other documents of the subsidiary companies have not been attached to this Report. The Consolidated Financial Statements presented herewith include the financial information of the subsidiaries, as required under Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India.

The annual accounts of the subsidiary companies and the related detailed information will be made available to shareholders of the Company and the subsidiary companies seeking such information and shall also be available for inspection at the Registered Offices of the Company and the subsidiaries.

JOINT VENTURE

Petro Araldite Pvt. Ltd. (PAPL)

PAPL was set up in the year 1996 to manufacture basic resins finding application in and the present JV Partner is Vantigo. The performance of PAPL has been cyclical, but in the recent past PAPL has been incurring losses due to changed market scenario.

As per the provisional figures made available to the Company, during FY 2012-13 PAPL produced a total of 30,323 MTs (as against 29,510 MTs in FY 2011-12) comprising of Basic Liquid Resin, Solid Resin and Formulated products. Sales during the year was Rs. 351 crore compared to Rs. 341 crore during the previous year. Though there was a marginal increase in the sales during the year, owing to the dampened market conditions and cheaper imports, the loss during the year was higher at Rs. 16.35 crore vis a vis Rs. 7.46 crore during the previous year.

HUMAN RESOURCES

Management strongly believes that the strength of your Company is directly proportional to the strength of its employees in terms of knowledge, experience, analytical and decision making skills. Your Company has been practicing various HR initiatives such as recognition, empowerment, personality development, decentralization through 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 stream of experienced hands.

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

The wage settlement for LAB/ECH is pending from 1.1.2005. The case was referred to Industrial Tribunal which gave an award. However, the Company has challenged the Award in the Madras High Court which granted stay and the case is under trial. Actions have been initiated to settle the issue amicably through dialogues, but response of the workmen has been lukewarm.

The manpower strength as on 31st March 2013 was 548 and none of the employees of your Company was in receipt of remuneration exceeding the sum prescribed under Section 217(2A) of the Companies Act, 1956.

DIRECTORS

The Board at the meeting held on 1st November 2012 recorded the resignations of Dr. N. Sundaradevan, IAS, Director & Chairman, Dr. A.C. Muthiah and Mr K. Dhanavel, IAS, as Directors and co-opted Mr. Vikram Kapur, IAS, as Director & Chairman, Mr. Hans Raj Verma, IAS and Mr. Sanjiv Ralph Noronha as Directors.

At the meeting held on 28th January 2013, Board recorded the resignation of Mr Vikram Kapur, IAS as Director & Chairman and co-opted Mr. N S Palaniappan, IAS as Director & Chairman in his place. The Board also recorded the conclusion of terms of office of Mr. RM. Muthukaruppan as Managing Director and Mr V. Ramani as Director & Chief Financial Officer effective close of work on 3rd February 2013 and co-opted Mr. Muthukrishnan Ravi as Director and who was also appointed as the Managing Director of the Company with effect from 4th February 2013.

Mr. N.R. Krishnan, IAS (Retd.) and Mr. C. Ramachandran, IAS (Retd.), Directors retire by rotation and being eligible, offer themselves for re-election.

Mr. N S Palaniappan, IAS, Chairman, Mr. Sanjiv Ralph Noronha, Director and Mr. Muthukrishnan Ravi, Managing Director, hold office upto the date of the ensuing Annual General Meeting. Notices have been received under Section 257 of the Act proposing their candidatures for appointment as Directors of your Company at the said AGM.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) In preparing the Annual Accounts for the year ended 31st March 2013, all the applicable accounting standards have been followed;

(ii) Prescribed accounting policies were adopted and applied consistently and judgments 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 2013 and of the 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.

ADEQUACY OF INTERNAL CONTROLS

Your company has in place adequate internal control systems combined with delegation of powers and periodical review of the process. The control system is also supported by internal audits and management reviews with documented policies and procedures.

CORPORATE GOVERNANCE

Your Company has complied with the requirements of Corporate Governance as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges. A Report on Corporate Governance is made a part of this Report and Auditors' Certificate regarding compliance with the requirements of Corporate Governance is attached to this Report.

AUDITORS

M/s. Deloitte Haskins & Sells, appointed as the Auditors of the Company at the 27th Annual General Meeting held on 18th September 2012 hold office till the conclusion of 28th Annual General Meeting and are eligible for re-appointment.

COST AUDIT

The Cost Audit Report for the year ended 31st March 2012, duly certified by Mr. A.N. Raman, Cost Accountant, the then Cost Auditor was filed on 1st February 2013 against the extended due date of 28th February 2013. Mr. P.R. Tantri, Cost Accountant has been appointed as the Cost Auditor of the Company for the financial year 2012-13 pursuant to Section 233B of the Companies Act, 1956.

FIXED DEPOSITS

Your Company has not accepted any deposits from the public during the year under review.

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 the extent applicable, and form part of the Report.

ACKNOWLEDGEMENT

Your Directors are grateful to the Government of India, the Government of Tamilnadu, financial institutions, banks, other lending institutions, promoters, technical collaborators, suppliers, customers, joint venture partners and marketing agents for their assistance, co-operation and support. The Directors wish to thank the shareholders for their continued support and also place on record their appreciation for the consistent good work put in by all cadres of employees.

DISCLAIMER

Estimates and expectations stated in the Reports of the Directors and Management Discussion and Analysis may be "forward-looking" statements within the meaning of applicable securities laws and regulations. Actual results could materially differ from those expressed or implied in these reports on account of any change economic conditions affecting demand / supply and price of the products, input cost, in the domestic and international markets, changes in the Government regulations, tax laws, statues and other incidental matters over which the Company has no direct or indirect control.

For and on behalf of the Board of Directors

22nd April 2013
Chennai – 600 068

N.S. PALANIAPPAN, IAS
Chairman

Annexure to Directors' Report

Particulars as required under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March 2013 are furnished below to the extent applicable:

A. CONSERVATION OF ENERGY

a) The following are the energy conversation measures implemented by the Company during the year under review and the impact of the same:
- In LAB division variable frequency drive was commissioned for Pump P1202A which resulted in savings of around 68,000 units/ year.
- P1912D was derated to achieve an energy savings of 450 units.
- In Chlor Alkali Division zero gap retrofit cathodes were fixed in 3 electrolysers resulting in total energy savings of about 3,69,360 units.
- As an energy saving measure one main transformar and two auxillary transformers were stopped which resulted in energy savings of around 95,130 Units.

b) Details of total energy consumption and energy consumption per unit of production are furnished in Form A below:

FORM - A

Form for disclosure of particulars with respect to conservation of Energy

	Current year 2012-13	Previous year 2011-12
(A) Power and Fuel Oil consumption		
1) Electricity		
a. Purchased from TNEB		
Units (in lakhs)	**750.80**	958.80
Variable cost (Rs. in lakhs)	**4,388.10**	4,187.60
Total cost (Rs. in lakhs)	**5,292.70**	4,973.00
Rate/Unit (Rs.)		
Units charges (Rs. / Unit)**	**5.84**	4.4
Demand charges (Rs. / KVA)	**300**	300
**Variable cost includes peak hour charges		
Purchased from Third Party	**488.92**	189.81
Total Cost (Rs. in lakhs)	**3,030.85**	898.92
Unit charges (Rs. / Unit)	**6.20**	4.74
Units (in lakhs) From IEX Power	**93.05**	-
Total Cost (Rs. in lakhs)	**634.65**	-
Unit Charges (Rs./Unit)	**6.82**	-

TPL

		Current year 2012-13	Previous year 2011-12
b.	Own generation		
	Through Diesel generator		
	Units (in lakhs)**	**749.07**	945.33
	Units/Litre of fuel	**4.00**	4.02
	Rate/Unit (Rs.)	**10.04**	8.88
	**Includes power exported to grid		
2)	**Furnace oil/LSHS**		
	Quantity (KL)	**73,704.90**	78,405.20
	Total amount (Rs. in lakhs)	**26,355.63**	25,384.60
	Average rate (Rs./KL)	**35,758.30**	32,376.20
3)	**Diesel**		
	Quantity (KL)	**20.965**	35.044
	Total amount (Rs. in lakhs)	**9.41**	14.45
	Average rate (Rs./KL)	**44,900.10**	41,240.40

(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)		**613.02**	**1433**	**2772**	617.07	1419	2715
Furnace oil (MT)		**0.4867**	**0.781**	**0.065**	0.474	0.662	0.058
Coal (Specify Quality)		**-**	**-**	**-**	-	-	-
Others (Specify)		**-**	**-**	**-**	-	-	-

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption are shown in Form B below:

FORM-B

I Research & Development (R&D):

Research and Development activities are mainly focussed towards enhancing the quality of the products manufactured by the Company and improving the process of manufacture to achieve better specific consumption of raw materials and chemicals. Studies are also conducted to develop new applications for existing by-products of the Company.

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

- Development of new applications for existing products
- Studies related to improvement of quality of Products.

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

- Value addition to existing products by developing new applications
- Improving the customer satisfaction there by retaining the existing customers.
- Aim to contribute for improving turnover with existing inputs

3) Future Plan of Action

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

4) Expenditure on R&D

(a) Capital : Rs.5.63 lakhs
(b) Recurring : Rs.31.04 lakhs
(c) Total : Rs. 36.67 lakhs
(d) Total R&D expenditure as a percentage of total turnover : 0.03%

II Technology Absorption Adaptation and Innovation

Improvements in the process developed by the Company's R&D department have been adopted in production wherever applicable.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

i. Earnings - Rs. 3,158.46 lakhs
ii. Outgo - Rs. 18,958.34 lakhs

TPL

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy :

Tamilnadu Petroproducts Limited firmly believes in the implementation of best practices of corporate governance so that the Company achieves its corporate goals and further enhances stakeholders' value. A great deal of importance is attached to 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 :

(i) Composition and membership in other Boards and Board Committees:

As on 31st March 2013, the Board comprised of Eleven directors as detailed below:

Name and Designation	Membership	
	Other Boards	Other Board Committees
a) Non-Executive Directors		
Mr. N.S.Palaniappan, IAS, Chairman, (Nominee of TIDCO)	14 (5)	-
Mr. Ashwin C Muthiah, Vice Chairman, (Nominee of SPIC)	4(3)	-
Mr. Hans Raj Verma,IAS, (Nominee of TIDCO)	13(5)	3(1)
Mr. T.K. Arun, (Nominee of TIDCO)	11 (1)	7
Mr. R. Karthikeyan, (Nominee of TIDCO)	6	3
Mr. Sanjiv Ralph Noronha, (Nominee of SPIC)	3	1
b) Executive Director		
Mr. Muthukrishnan Ravi, Managing Director (Nominee of SPIC)	1	1
c) Independent Non-Executive Directors		
Mr. C. Ramachandran, IAS (Retd)	8	7(1)
Mr. N.R. Krishnan, IAS (Retd)	4	3(1)
Mr. Dhananjay N Mungale	8	8(2)
Dr K U Mada	3	6(3)

Notes:

(a) TIDCO is a Public Financial Institution under Section 4A of the Companies Act, 1956 and their nominees are also considered Independent.

(b) Other Directorships exclude foreign companies, private companies, Sec.25 companies and alternate directorships.

(c) Only Membership in Audit Committees, Shareholders/Investors Grievance Committees (other than in TPL) are reckoned for other Board Committee Memberships.

(d) Figures in brackets denote the number of companies/committees in which the Director is Chairman.

(e) Other than Dr K.U. Mada, who holds 3500 equity shares, no other Director holds any shares in the Company.

(ii) Board Meetings, Annual General Meeting (AGM) and attendance thereat

The Board of Directors met five times during the year 2012-13 viz., 26th April, 2nd August, 18th September, 1st November 2012 and 28th January 2013. The 27th AGM of the Company was held on 18th September 2012 and all the Directors on the Board as on that date including the Audit Committee Chairman attended the AGM.

The details of attendance of the Directors at the Board Meetings are as follows:-

Name	Period of Office held during the year	No.of meetings held during the period of office	No. of Meetings attended	Attendance at the Last AGM
Dr N Sundaradevan, IAS	Upto 1-11-2012	4	2	Yes
Mr. Vikram Kapur, IAS	1-11-12 to 28-01-13	2	1	NA
Mr N S Palaniappan, IAS	28-1-13 onwards	1	-	NA
Mr.Ashwin C Muthiah	Full year	5	5	Yes
Mr.K Dhanavel,IAS	26-4-12 to 1-11-12	3	3	Yes
Mr Hans Raj Verma, IAS	1-11-12 onwards	2	1	NA
Mr T.K.Arun	Full year	5	5	Yes
Mr R Karthikeyan	Full year	5	4	Yes
Dr A C Muthiah	Upto 1-11-2012	4	2	Yes
Mr Sanjiv Ralph Noronha	1-11-12 onwards	2	1	NA
Mr. Dhananjay N. Mungale	Full year	5	4	Yes
Mr. N.R. Krishnan, IAS (Retd)	Full year	5	5	Yes

Name	Period of Office held during the year	No.of meetings held during the period of office	No. of Meetings attended	Attendance at the Last AGM
Dr K.U. Mada	Full year	5	4	Yes
Mr C. Ramachandran IAS (Retd)	Full year	5	5	Yes
Mr V Ramani	Upto 03-02-2013	5	5	Yes
Mr. RM. Muthukaruppan	Upto 03-02-2013	5	5	Yes
Mr. Muthukrishnan Ravi	4-2-13 onwards	-	-	NA

NA – Not applicable, as he was not a Director of the Company on the date of the last AGM.

3. Audit Committee:

(i) Terms of reference

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 brief description and terms of reference are;

- 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.
- Recommending the appointment and removal of external auditor, fixation of audit fees and also approval for payment for any other services.
- Reviewing with the Management the quarterly, half-yearly and annual Financial Statements before submission to the Board.
- Reviewing with the Management, statutory and internal Auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the Internal Audit Department.
- Discussion with Internal Auditors any significant findings and follow-up thereon.
- 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.
- 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.
- Reviewing the Company's financial and risk management policies.
- 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.
- Compliance with listing and other legal requirements relating to financial statements.

(ii) Composition

The Committee comprises of the following independent directors, viz., Mr. C.Ramachandran, IAS (Retd) Chairman, Dr K.U. Mada, Mr N.R. Krishnan, IAS (Retd) and Mr. T.K.Arun as Members.

Managing Director, Chief Financial Officer, representatives of Statutory Auditors, Cost Auditor and Internal Auditors are invitees to the Audit Committee meetings and the Company Secretary is the Secretary to the Committee.

(iii) Meetings and attendance

The Committee met six times during the year 2012-13 viz., on 2nd April, 26th April, 2nd August, 18th September, 1st November 2012 and 28th January 2013. Dr. K. U. Mada attended five meetings and the other members attended all the meetings.

4. Remuneration Committee:

(i) Terms of reference, composition and meeting:

The Committee reviews and recommends to the Board on matters relating to fixation and payment of remuneration to the Executive Directors and is constituted from time to time to consider and approve the remuneration payable to the Executive Directors.

During the year, Board constituted the Remuneration Committee comprising of Mr. C. Ramachandran, IAS (Retd), Director as the Chairman, Mr. N.R.Krishnan, IAS (Retd) and Mr. Dhananjay N Mungale, Directors as the other Members which met on 28th January 2013 to fix the remuneration payable to Mr Muthukrishnan Ravi, who was appointed as the Managing Director of the Company from 4th February 2013. All the members of the Committee attended the meeting.

(ii) Remuneration Policy

The following is the managerial remuneration policy of the Company.

(a) For Executive Directors

The remuneration of the Whole Time/ Executive Directors comprises of a fixed component and a performance linked pay, fixed by the Remuneration Committee, and subsequently approved by the Members. Remuneration trend in the industry and in the region, academic background, qualifications, experience and contribution of the individual are considered in fixing the remuneration. These Directors are not eligible to receive sitting fees for attending the meetings of the Board and Committees.

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(b) **For Non Executive Directors**

The Non-Executive Directors are paid sitting fees for attending the Board and Committee Meetings as per the stipulations in the Act, and the Articles of Association of the Company. In addition to this, the travel and other expenses incurred for attending the meetings are met by the Company. Subject to the provisions of the Act, the Company in General Meeting may by special resolution sanction and pay to the Directors remuneration not exceeding 1% of the net profits of the Company computed in accordance with the relevant provisions of the Act. The Company has no pecuniary relationship or transactions with any Non-Executive Directors.

(iii) (a) **Remuneration paid/payable to Executive Director(s):** (in Rs.)

Name & Designation	Salary	Performance linked pay	Perquisites	Retirement Benefits	Total
Mr. RM. Muthukaruppan Managing Director (till 3.2.2013)	11,11,786	12,63,393	12,24,346	4,00,333	39,99,858
Mr.V. Ramani Director & Chief Financial Officer (till 3.2.2013)	9,09,643	10,94,940	9,86,423	1,65,545	31,56,551
Mr. Muthukrishnan Ravi Managing Director (from 4.2.2013)	5,45,434	2,36,607	-	-	7,82,041
Total	25,66,863	25,94,940	22,10,769	5,65,878	79,38,450

All the above components are fixed, except the annual performance pay.

Executive Directors are under contract of employment with the Company which stipulates a notice period of three months from either side for early separation. No severance fee is payable to the Executive Directors and no Employee Stock Option has been offered by the Company to them. Mr. Muthukrishnan Ravi is also the Managing Director of Manali Petrochemicals Limited. It has been agreed between TPL and MPL that the overall remuneration to Mr. Ravi will be Rs. 100 lakhs and shared equally.

(b) **Remuneration to Non Executive Directors (2012-13)**

Due to the absence of profits no commission is payable to the Non-Executive Directors for the year 2012-13. Sitting Fees paid to Non-Executive Directors during 2012-13:

Name	Amount (in Rs.)	Name	Amount (in Rs.)
Dr N Sundaradevan, IAS*	20,000	Mr. N.R. Krishnan, IAS (Retd)	1,30,000
Dr A C Muthiah	20,000	Dr K.U. Mada	90,000
Mr. Ashwin C Muthiah	1,50,000	Mr Dhananjay N Mungale	50,000
Mr Hans Raj Verma, IAS*	10,000	Mr T.K. Arun*	3,50,000
Mr. Vikram Kapur, IAS*	10,000	Mr Sanjiv Ralph Noronha	10,000
Mr.K Dhanavel,IAS*	30,000	Mr R Karthikeyan*	40,000
Mr C. Ramachandran, IAS (Retd)	3,60,000	TOTAL	12,70,000

* Paid to TIDCO as they are TIDCO Nominees.

5. **Share Transfer & Shareholders / Investors Grievance Committee:**

(i) **Terms of reference :**

The Board of Directors constituted a Share Transfer & Shareholders / Investors' Grievance Committee (STSIGC) to approve the Share Transfer in physical form and also Transmission, Transposition of Name, Issue of Split / Duplicate Certificates, to ratify confirmations made on 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 Agent.

(ii) **Composition and Meetings:**

The Committee comprised of Messrs C. Ramachandran, IAS (Retd), Ashwin C Muthiah, T.K. Arun and RM. Muthukaruppan. Consequent to the retirement of Thiru RM. Muthukaruppan Mr. Muthukrishnan Ravi has been appointed as a Member of the Committee with effect from 4th February 2013. Mr. C. Ramachandran, IAS (Retd.) generally acts as the Chairman of the Meetings of the Committee. Mr M.B. Ganesh Company Secretary was the Compliance Officer till 31st March 2013 and Mr. R Kothandaraman has been appointed as the Company Secretary & Compliance Officer w.e.f. 1st April 2013. During the year, 24 meetings were held.

(iii) **Details of complaints received and redressed:**

During the year, 45 complaints were received, out of which except one all the other complaints were redressed.

6. 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
2010	11.8.2010	10.30 AM	Tamil Isai Sangam, Rajah Annamalai Hall, Esplanade, Chennai – 600 108	Re-appointment of Auditors
				Re-appointment of Thiru RM Muthukaruppan as Managing Director for a period of three years from 4th Feb'10 to 3rd Feb'13 and payment of remuneration
				Re-appointment of Thiru V Ramani as Whole-time Director & Chief Financial Officer for a period of three years from 4th Feb'10 to 3rd Feb'13 and payment of remuneration
2011	16.9.2011	10.25 AM	-do-	Re-appointment of Auditors
2012	18.9.2012	10.35 AM	-do-	Re-appointment of Auditors

There were no resolutions requiring approval through postal ballot during the last year and at present no such resolution is being proposed to be passed.

7. Disclosures:

i. There were no materially significant related party transactions that had potential conflict with the interests of the Company at large. Transactions in the ordinary course of business with the related parties are disclosed in the Notes to Financial Statements.

ii. There have been no instances of non-compliance by the Company on any matters related to the capital markets nor have any penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters.

iii. The Company has laid down procedures to inform the Board Members about the risk assessment and its mitigation, which is periodically reviewed to ensure that risk control is exercised by the Management effectively.

iv. As required under clause 49 (V) of the Listing Agreement, CEO / CFO Certification by Mr. Muthukrishnan Ravi, Managing Director and Mr. P.S. Narayan, Chief Financial Officer was placed before the Board at its meeting held on 22nd April 2013.

v A Management Discussion and Analysis Report has been presented as part of the Directors' Report.

vi The Company has complied with all the mandatory requirements stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

vii Compliance with Non-Mandatory requirements:

Remuneration Committee:

a. The Company constituted a Remuneration Committee for determining and approving the remuneration of Mr. Muthukrishnan Ravi, Managing Director. The details are furnished under Sl. No.4 of this Report.

b. **Whistle Blower Policy:**

Though no specific Whistle Blower Policy has been laid down, the Company has recognized the importance of such information and so access is available for any employee at any level to report to the Management about the unethical behaviour, if any or suspected fraud by staff / officers / suppliers / customers or any other point of concern.

8. Means of Communication:

The quarterly, half yearly and annual financial results of the Company are forwarded to the National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd. (BSE), 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.

The information stipulated under Clause 54 of the Listing Agreement have also been made available in the website of the Company. In addition, official press/news releases and several other details/information of interest to various stakeholders are made available in the website.

9. General Shareholder Information

i. Annual General Meeting : 28th Annual General Meeting will be held at 3.00 p.m. on 5th August 2013 at Tamil Isai Sangam, Rajah Annamalai Mandram, Esplanade, Chennai-600 108.

ii. Date of Book closure : 22nd July 2013 to 5th August 2013 (both days inclusive)

iii. Financial Calendar (tentative)

Financial year	1st April 2013 to 31st March 2014
First quarter results	Before 14th August 2013
Second quarter results	Before 14th November 2013
Third quarter results	Before 14th February 2014
Audited Results for the year 2013-14	Before 30th May 2014

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iv. Registrars and Share Transfer Agent:

All share registry work in respect of both physical and demat segments are handled by a single common agency M/s Cameo Corporate Services Limited, No.1 Club House Road, V Floor, "Subramanian Building", Chennai 600 002, as the Registrars and Share Transfer Agent (RTA) of the Company for all aspects of investor servicing relating to shares.

v. Share Transfer System:

Request for share transfer, transmissions, transpositions, split, consolidation, duplicate share certificates etc., are processed by the RTA and returned within the stipulated time, if the documents are found to be in order after approval by the STSIGC.

vi. Listing of Securities (Equity Shares) :

Name of Exchange	Stock Code
Bombay Stock Exchange Ltd (BSE)	500777
National Stock Exchange of India Ltd.(NSE)	TNPETRO

vii. Market Price Data and Share price performance vis a vis indices

Month & Year	BSE				NSE			
	Share price (Rs.)		S & P CNX Nifty		Share price (Rs.)		S & P CNX Nifty	
	High	Low	High	Low	High	Low	High	Low
April 2012	16.50	14.80	17,664.10	17,010.16	16.60	14.75	5,378.75	5,154.30
May	15.62	13.80	17,432.33	15,809.71	15.30	13.80	5,279.60	4,788.95
June	14.40	13.45	17,448.48	15,748.98	14.95	13.30	5,286.25	4,770.35
July	17.00	13.00	17,631.19	16,598.48	16.20	13.30	5,348.55	5,032.40
August	16.00	13.10	17,972.54	17,026.97	14.20	13.05	5,448.60	5,164.65
September	13.90	12.60	18,869.94	17,250.80	13.50	12.35	5,735.15	5,215.70
October	14.40	13.02	19,137.29	18,393.42	15.00	13.00	5,815.35	4,888.20
November	14.63	12.72	19,372.70	18,255.69	14.65	12.80	5,777.30	5,548.35
December	14.60	12.70	19,612.18	19,149.03	14.00	12.50	5,965.15	5,823.15
January 2013	14.34	12.05	20,203.66	19,508.93	14.35	12.05	6,111.80	5,935.20
February	12.99	10.60	19,966.69	18,793.97	12.60	10.60	6,052.95	5,748.60
March	12.70	10.15	19,754.66	18,568.43	12.65	10.15	5,971.20	5,604.85

viii. Distribution of Shareholding as on 31st March 2013:

Category (No. of Shares)	No. of Shareholders	Percentage	No. of Shares	Percentage
1 - 500	80,801	89.50	1,25,88,693	13.99
501 - 1,000	5,526	6.12	45,55,828	5.06
1,001 - 2,000	2,024	2.24	31,42,331	3.49
2,001 - 3,000	646	0.72	16,88,266	1.88
3,001 - 4,000	268	0.30	9,74,946	1.08
4,001 - 5,000	273	0.30	13,12,426	1.46
5,001 - 10,000	389	0.43	29,36,467	3.26
10,001 - And Above	349	0.39	6,27,72,527	69.77
Total	**90,276**	**100**	**8,99,71,474**	**100**

ix. Shareholding Pattern as on 31st March 2013

Category	No. of Equity Shares	% to Paid-up Capital	No. of Shareholders
Promoters : - Tamilnadu Industrial Development Corpn.Ltd. - Southern Petrochemical Industries Corpn. Ltd.	 1,58,43,751 1,52,34,375	 17.61 16.93	 1 1
Other Corporate Bodies	71,44,314	7.94	716
General Public	4,20,12,642	46.70	87,271
Non Resident Individuals	36,94,937	4.11	2,220
Overseas Corporate Bodies	15,09,200	1.68	3
Indian Financial Institutions/Banks	13,025	0.01	15
Insurance Companies	44,59,729	4.96	5
Mutual Funds & Banks	15,800	0.02	17
Shares in Transit [clearing Member account]	20,962	0.02	20
Trust	22,739	0.02	6
Total	**8,99,71,474**	**100**	**90,276**

x. **Dematerialization of Shares and liquidity** : The Company's Equity shares are traded on BSE & NSE in compulsory demat form and the ISIN of the shares is INE 148A01019. The shares are traded regularly on BSE & NSE. About 75% of the 8,99,71,474 outstanding shares have been dematerialized up to 31st March 2013. Balance shares are held in physical mode.

xi. **Plant Location** : Manali Express Highway, Manali, Chennai- 600 068.

xii. **Address for Correspondence:**

Investors may contact the Registrars and Transfer Agent for matters relating to shares, dividends, annual reports and related issues at the following address

M/s Cameo Corporate Services Limited, No.1 Club House Road, V Floor, "Subramanian Building", Chennai 600 002, Phone: 044 - 28460084 / 28460395 / 28460390 (5 lines), Fax: 044 - 28460129, E-mail: investor@cameoindia.com

For other general matters or in case of any difficulties/grievances investors may contact the Company Secretary and Compliance Officer at the Registered Office of the Company at

Post Box No.9, Manali Express Highway, Manali, Chennai - 600068, Tel No. 044-25941501-10/25940761, Fax No.044-25942239/25940761, E-mail: secy-legal@tnpetro.com, investorgrievance@tnpetro.com, Website:www.tnpetro.com.

Certificate Of Compliance Of Conditions Of Corporate Governance

We have examined the compliance of conditions of Corporate Governance by Tamilnadu Petroproducts Limited ("the Company") for the year ended on 31st March 2013, 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)

M.K. Ananthanarayanan
Partner
(Membership No. 19521)

Place : Chennai
Date : 22nd April 2013

Declaration by CEO

It is hereby declared that all Members of the Board of Directors and Senior Management personnel have affirmed compliance with respective Codes of Conduct envisaged by the Company for the period from 1st April 2012 to 31st March 2013.

Chennai
22nd April 2013.

Muthukrishnan Ravi
Managing Director

Independent Auditors' Report
to the Members of Tamilnadu Petroproducts Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **TAMILNADU PETROPRODUCTS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

   (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and

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

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by Section 227(3) of the Act, 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 comply with the Accounting Standards referred to in Section 211(3C) of the Act.

   (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

M. K. Ananthanarayanan
Partner
Membership No. 19521

Chennai, 22nd April 2013

Annexure to the Independent Auditors' Report

(Referred to in paragraph 7 under "Report on Other Legal and Regulatory Requirements" of Independent Auditors' report to the members of Tamilnadu Petroproducts Limited on the accounts for the year ended March 31, 2013)

i) Having regard to the nature of the Company's business/activities/results during the year, Clauses (vi), (xii) , (xiii), (xiv), (xviii) and (xx) of Paragraph 4 of the Order are not applicable to the Company.

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 regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

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

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 covered 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) According to the information and explanations given to us and to the best of our knowledge and belief there are no contracts or arrangements that need to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.

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

viii) We have broadly reviewed the 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.

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

a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it, with the appropriate authorities.

b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 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, 2013 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 Rupees in lakhs
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

TPL

x) The Company does not have accumulated losses at the end of the financial year. The Company has incurred cash losses during the financial year covered by the audit. No cash losses were incurred in the immediately preceding financial year.

xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions.

xii) 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.

xiii) 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.

xiv) 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.

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

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

M. K. Ananthanarayanan
Partner
Membership No. 19521

Chennai, 22nd April 2013

TPL

Balance Sheet as at March 31, 2013

	Notes		As at March 31, 2013 Rupees in lakhs		As at March 31, 2012 Rupees in lakhs
EQUITY AND LIABILITIES					
Shareholders' funds					
Share Capital	3	**8,997.15**		8,997.15	
Reserves and Surplus	4	**25,569.75**		30,645.45	
			34,566.90		39,642.60
Non-Current liabilities					
Long-term Borrowings	5	**3,978.04**		5,271.88	
Deferred Tax Liabilities (Net)	6	**4,292.63**		6,490.07	
Other Long-term Liabilities	7	**524.16**		374.26	
Long-term Provisions	8	**369.95**		295.10	
			9,164.78		12,431.31
Current liabilities					
Short-term Borrowings	9	**14,396.59**		10,106.41	
Trade Payables	10	**19,090.50**		13,147.51	
Other Current Liabilities	11	**2,327.14**		2,237.76	
Short-term Provisions	12	**245.06**		853.32	
			36,059.29		26,345.00
TOTAL			**79,790.97**		78,418.91
ASSETS					
Non-Current Assets					
Fixed Assets	13				
Tangible Assets			**31,345.45**		31,945.59
Capital Work-in-progress			**1,549.44**		3,618.38
Non-current Investments	14		**9,208.62**		13,777.63
Long-term Loans and Advances	15		**1,944.23**		2,518.97
Current Assets					
Inventories	16	**22,290.46**		13,316.46	
Trade Receivables	17	**10,790.14**		9,236.67	
Cash and Cash Equivalents	18	**1,289.59**		2,195.36	
Short-term Loans and Advances	19	**1,340.31**		1,779.58	
Other Current Assets	20	**32.73**		30.27	
			35,743.23		26,558.34
TOTAL			**79,790.97**		78,418.91

See accompanying Notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

MK Ananthanarayanan
Partner

Place : Chennai
Date : 22nd April 2013.

For and on behalf of the Board

Ashwin C Muthiah	Vice Chairman
T.K.Arun	Director
C.Ramachandran IAS (Retd)	Director
Muthukrishnan Ravi	Managing Director
R. Kothandaraman	Company Secretary

P.S. Narayan
Chief Financial Officer

TPL

Statement of Profit and Loss for the year ended March 31, 2013

	Notes	Year ended March 31, 2013 Rupees in lakhs	Year ended March 31, 2012 Rupees in lakhs
INCOME			
Revenue from Operations	21	**128,142.43**	124,818.52
Other Income	22	**553.68**	1,163.86
Total Revenue		**128,696.11**	125,982.38
EXPENSES			
Cost of Materials Consumed	23	**80,632.85**	75,774.28
Purchase of Stock-in-Trade	24	**3,302.77**	181.14
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	**(5,834.55)**	(2,765.12)
Employee Benefits Expense	26	**2,952.40**	2,951.54
Finance Costs	27	**3,182.62**	3,166.14
Depreciation	13 & 31	**3,861.75**	3,719.09
Other Expenses	28	**47,677.33**	42,310.24
Total Expenses		**135,775.17**	125,337.31
Profit / (Loss) Before Exceptional Item and Taxes		**(7,079.06)**	645.07
Exceptional Items (Net)	29	**173.97**	-
Profit / (Loss) Before Tax		**(7,253.03)**	645.07
Tax Expense:			
Current Tax		**-**	391.00
Deferred Tax		**(2,197.44)**	(339.94)
Profit / (Loss) for the year		**(5,055.59)**	594.01
Earnings per Equity Share: Basic and Diluted		**(5.62)**	0.66

See accompanying Notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

MK Ananthanarayanan
Partner

Place : Chennai
Date : 22nd April 2013.

For and on behalf of the Board

Ashwin C Muthiah — Vice Chairman
T.K.Arun — Director
C.Ramachandran IAS (Retd) — Director
Muthukrishnan Ravi — Managing Director
R. Kothandaraman — Company Secretary

P.S. Narayan
Chief Financial Officer

TPL

Cash Flow Statement for the year ended March 31, 2013

			Year ended March 31, 2013 Rupees in lakhs		Year ended March 31, 2012 Rupees in lakhs
A	Cash flow from operating activities:				
	Profit / (Loss) before tax		**(7,253.03)**		645.07
	Adjustments for				
	Depreciation	**3,861.75**		3,719.09	
	(Profit) / Loss on sale of fixed assets (Net)	**(114.04)**		7.74	
	Finance costs	**3,182.62**		3,166.14	
	Dividend income	**-**		(136.80)	
	Interest income	**(90.75)**		(108.54)	
	Loans and Advances Written off	**652.18**		-	
	Provision for diminution in the value of investment	**1,978.11**		-	
	Rental income from operating leases	**(285.97)**		(419.24)	
	Net gain on sale of long term investments	**(1,804.14)**		-	
	Net gain on sale of current investments	**-**		(272.56)	
	Net unrealised exchange loss	**577.35**		313.86	
	Sundry balances/excess provision written back	**-**		(153.72)	
			7,957.11		6,115.97
	Operating profit before working capital changes		**704.08**		6,761.04
	Changes in working capital:				
	Adjustments for (increase) / decrease in operating assets:				
	Inventories	**(8,974.00)**		(3,392.72)	
	Trade receivables	**(1,660.17)**		(825.98)	
	Short-term loans and advances	**439.25**		(242.21)	
	Long-term loans and advances	**(241.03)**		(236.99)	
	Adjustments for increase / (decrease) in operating liabilities:				
	Trade payables	**5,457.94**		(2,417.96)	
	Other current liabilities	**4.34**		148.34	
	Other long-term liabilities	**149.90**		50.84	
	Short-term provisions	**(28.34)**		138.41	
	Long-term provisions	**74.85**		97.59	
			(4,777.26)		(6,680.68)
	Cash generated from operations		**(4,073.18)**		80.36
	Net income tax paid		**(57.08)**		(267.92)
	Net cash flow used in operating activities (A)		**(4,130.26)**		(187.56)
B	Cash flow from investing activities:				
	Capital expenditure on fixed assets, including capital advances	**(1,272.69)**		(1,733.75)	
	Proceeds from sale of fixed assets	**173.95**		21.88	
	Proceeds from sale of current investment	**-**		715.48	
	Proceeds from sale of long-term investment	**4,558.65**		-	
	Interest received - others	**88.29**		101.10	
	Dividend received - Associate	**-**		136.80	
	Rental income from operating leases	**285.97**		419.24	
	Bank balances not considered as cash and cash equivalents	**1.36**		(29.11)	
			3,835.53		(368.36)
	Net cash flow from / (used in) investing activities (B)		**3,835.53**		(368.36)

Cash Flow Statement for the year ended March 31, 2013 (Continued)

			Year ended March 31, 2013 Rupees in lakhs		Year ended March 31, 2012 Rupees in lakhs
C	Cash flow from financing activities:				
	Proceeds from long-term borrowings	-		-	
	Proceeds from short-term borrowings	97.55		-	
	Repayment of short-term borrowings	-		(521.57)	
	Repayment of long-term borrowings	(1,293.84)		(1,205.45)	
	Net increase in working capital borrowings	4,290.18		6,602.94	
	Finance costs	(3,183.10)		(3,170.72)	
	Dividends paid	(442.58)		(862.92)	
	Tax on dividend	(72.98)		(145.96)	
	Remittance to Investor Education and Protection Fund	(19.31)		(17.63)	
			(624.08)		678.69
	Net cash from / (used in) financing activities (C)		(624.08)		678.69
	Net cash flows during the year (A+B+C)		(918.81)		122.77
	Cash and cash equivalents at the beginning of the year	1,949.98		1,822.45	
	Effect of exchange differences on reinstatement of foreign currency cash and cash equivalents	14.40		19.16	
			1,964.38		1,841.61
	Cash and cash equivalents at the end of the year	1,045.57		1,949.98	
	Effect of exchange differences on reinstatement of foreign currency cash and cash equivalents	-		14.40	
			1,045.57		1,964.38
	Net increase / (decrease) in cash and cash equivalents		(918.81)		122.77
	Reconciliation of Cash and cash equivalents with the Balance Sheet:				
	Cash and cash equivalents as per Balance Sheet (Refer Note 18)		1,289.59		2,195.36
	Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 - Cash Flow Statements:				
	Unpaid dividend accounts		78.49		90.52
	Margin money deposits		165.53		154.86
	Cash and cash equivalents at the end of the year *		1,045.57		1,949.98
	*** Comprises:**				
	Cash on hand		1.30		1.41
	Cheques on hand		385.61		578.27
	Balances with banks				
	In current accounts		658.66		1,135.75
	In EEFC account		-		234.55
			1,045.57		1,949.98

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

MK Ananthanarayanan
Partner

Place : Chennai
Date : 22nd April 2013.

For and on behalf of the Board

Ashwin C Muthiah	Vice Chairman
T.K.Arun	Director
C.Ramachandran IAS (Retd)	Director
Muthukrishnan Ravi	Managing Director
R. Kothandaraman	Company Secretary
P.S. Narayan	Chief Financial Officer

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 Ltd., 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 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

IV 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.

V 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.

VI 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.

VII 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.

VIII 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.

TPL

IX 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.

X 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.

XI Revenue Recognition

a) Sale of Goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to the customers. Sales include excise duty but exclude sales tax and value added tax.

b) Income from services

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

XII Other Income

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

Property lease rentals are accrued as per terms of the agreement with the lessees and are recognized equally on a straight-line basis over the non-cancellable lease period.

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

XIV Borrowing Interest Cost

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

XV 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 measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

XVI 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.

XVII 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.

XVIII 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.

XIX Research and Development Expenses

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

XX 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.

XXI 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.

3. Share Capital	**As at March 31, 2013 Rupees in lakhs**	As at March 31, 2012 Rupees in lakhs
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

Name of the Shareholders	**March 31, 2013**		March 31, 2012	
	No of Shares	**% of holding**	No of Shares	% of holding
Tamilnadu Industrial Development Corporation Limited	**1,58,43,751**	**17.61**	1,58,43,751	17.61
Southern Petrochemical Industries Corporation Limited	**1,52,34,375**	**16.93**	1,52,34,375	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. Repayment of capital will be in proportion to the number of equity shares held.

4. Reserves and Surplus

	As at March 31, 2013 Rupees in lakhs	As at March 31, 2012 Rupees in lakhs
Capital reserve	**42.23**	42.23
Securities premium account	**4,611.57**	4,611.57
Revaluation reserve		
Opening balance	**2,026.40**	2,046.51
Less: Utilised for set off against depreciation	**20.11**	20.11
Closing balance	**2,006.29**	2,026.40
General reserve	**14,890.38**	14,890.38
Surplus in Statement of Profit and Loss		
Opening balance	**9,074.87**	9,003.70
Add/(Less): Profit/(Loss) for the year	**(5,055.59)**	594.01
Less: Appropriations		
Proposed equity final dividend [amount per share NIL (31 March 2012:Re.0.50)]	**-**	449.86
Tax on proposed equity dividend	**-**	72.98
Closing balance	**4,019.28**	9,074.87
	25,569.75	30,645.45

5. Long Term Borrowings

Term Loans		
Indian rupee loan from banks (secured)	**770.25**	1,546.45
Other Loans and Advances		
From Financial Institutions (secured)	**1,478.58**	1,756.02
Interest Free Deferred sales Tax Loan (unsecured)	**1,729.21**	1,969.41
	3,978.04	5,271.88

Details of terms of repayment and security:

Particulars	**Terms of repayments**	**March 31, 2013 Rupees in lakhs**	March 31, 2012 Rupees in lakhs
Term loan from banks			
Bank I (Refer Note (i) below)	Repayable in 3 quarterly installments	**300.00**	700.00
Bank II (Refer Note (i) below)	Repayable in 5 quarterly installments	**470.25**	846.45
Other Loan from Financial Institution (Refer Note (ii) below)	Repayable in 47 monthly installments	**1,478.58**	1,756.02
Deferred Payment Liabilities			
Interest free Deferred Sales Tax Loan	Repayable in 84 monthly installments	**1,729.21**	1,969.41
		3,978.04	5,271.88

(i) Average rate of interest on Term loan from Bank I is 13.03% p.a (Previous Year:13.68%) and Bank II is14.02% p.a. (Previous Year:15.72%). 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 13.17% p.a (Previous Year:13.71%). The Loan is secured by an exclusive mortgage of a specified property at Chennai by way of deposit of title deeds and rent receivables from the said property.

		As at March 31, 2013 Rupees in lakhs	As at March 31, 2012 Rupees in lakhs
6.	**Deferred Tax Liabilities (Net)**		
	Tax effect of item Constituting Deferred Tax Liability		
	On difference between book balance and tax balance of fixed assets	**6,119.06**	6,589.53
	Tax effect of items Constituting Deferred Tax Assets		
	Unabsorbed depreciation and business losses	**1,709.40**	-
	Provision for compensated absences	**114.98**	97.41
	Provision for doubtful debts/advances	**2.05**	2.05
		1,826.43	99.46
	Net Deferred Tax Liability	**4,292.63**	6,490.07
7.	**Other long-term Liabilities**		
	Security deposit received	**507.49**	374.26
	Other liability	**16.67**	-
		524.16	374.26
8.	**Long Term Provisions**		
	Provision for employee benefits	**369.95**	295.10
	Compensated absences		
9.	**Short Term Borrowings**		
	Loan repayable on demand from Banks (Secured)	**14,396.59**	10,106.41

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**		
	Acceptances	**8,055.80**	5,339.42
	Other than acceptances (Refer note below)	**10,832.53**	7,779.47
	Payable to related parties	**202.17**	28.62
		19,090.50	13,147.51

i. The Long term wage settlement with one of the employee unions has expired in January 2005 and the negotiation is in progress. The liability towards the arrears of wages has been accrued based on management estimate and is in included in "other than acceptances."

ii. Regarding dues to MSMEs refer note no.39.

11.	**Other Current Liabilities**		
	Current maturities of long term debt (Refer Note below)	**1,292.31**	1,194.76
	Interest accrued but not due on borrowings	**4.88**	5.36
	Unpaid dividends	**78.49**	90.52
	Deposits	**10.00**	10.00
	Other Payables		
	Statutory remittances (Contributions to PF and ESIC and other taxes payable)	**441.46**	428.12
	Advances from related parties	**500.00**	-
	Advances from customers	**0.00**	509.00
		2,327.14	2,237.76
	Note: Current maturities of long-term debt (Refer (i) and (ii) of Note 5 for terms of interest and details of security)		
	Term Loan from Banks (Secured)	**776.20**	776.20
	Loans from Financial Institution (Secured)	**275.91**	237.85
	Deferred Sales Tax Loan (Unsecured)	**240.20**	180.71
		1,292.31	1,194.76

TPL

	As at March 31, 2013 Rupees in lakhs	As at March 31, 2012 Rupees in lakhs
12. Short Term Provisions		
Provision for employee benefits		
Provision for Gratuity	**105.00**	145.05
Provision for Compensated Absences	**57.80**	46.09
	162.80	191.14
Provisions - Others		
Provision for Taxation (Net)	**82.26**	139.34
Provision for Proposed Equity Dividend	**-**	449.86
Provision for Tax on Proposed Dividend	**-**	72.98
	82.26	662.18
	245.06	853.32

13. Fixed Assets

Rupees in lakhs

Current Year:

Description	Cost / Valuation				Depreciation				Net book value	
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	As at 01.04.2012	For the year	Deductions	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Tangible assets:										
Land (Freehold)	2,187.26	-	-	2,187.26	-	-	-	-	2,187.26	2,187.26
Buildings:										
Own use	4,616.02	25.14	32.82	4,608.34	1,984.88	112.34	24.04	2,073.18	2,535.16	2,631.14
Given under operating lease	1,117.61	-	-	1,117.61	176.10	22.77	-	198.87	918.74	941.51
Plant and Equipment	115,824.91	3,300.05	701.87	118,423.09	89,899.39	3,696.69	658.57	92,937.51	25,485.58	25,925.52
Furniture and Fixtures	139.67	1.89	12.13	129.43	123.63	3.17	8.15	118.65	10.78	16.04
Vehicles	57.36	-	28.59	28.77	40.45	8.31	26.51	22.25	6.52	16.91
Office equipment	982.51	14.55	69.24	927.82	755.30	38.58	67.47	726.41	201.41	227.21
Total	**124,925.34**	**3,341.63**	**844.65**	**127,422.32**	**92,979.75**	**3,881.86**	**784.74**	**96,076.87**	**31,345.45**	**31,945.59**

Previous Year:

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	1,874.05	110.83	-	1,984.88	2,631.14	2,700.29
Given under operating lease	1,117.61	-	-	1,117.61	153.33	22.77	-	176.10	941.51	964.28
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**	**34,651.90**

TPL

	As at March 31, 2013 Rupees in lakhs	As at March 31, 2012 Rupees in lakhs
14. Non Current Investments		
Investments (At Cost)		
(A) Trade (Unquoted)		
Investment in Equity Instruments of :		
(i) Wholly Owned Subsidiary		
2,04,190 (As at 31 March 2012: 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) Associate		
13,68,000 (As at 31 March 2012: 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
(B) Other Investments (Unquoted)		
Investment in Equity Instruments of :		
(i) Subsidiary		
1,00,000 (As at 31 March 2012: 2,76,44,955) Equity shares of Rs.10 each fully paid up in SPIC Electric Power Corporation Private Limited. (2,75,44,955 shares sold during the year)	**10.00**	2,764.50
(ii) Others		
40,00,000 (As at 31 March 2012: 40,00,000) Equity shares of Rs.10 each fully paid-up in Standard Motor Products of India Limited.	**400.00**	4 00.00
Current Year: Total - Other investments (B)	**410.00**	3,164.50
(C) Investments in Bonds (Unquoted)		
3 years 0% interest bond in Mercantile Ventures Limited (allotted on 27th March 2013 in settlement of dues) - (C)	**163.60**	-
Total (A + B + C)	**11,586.73**	14,177.63
Provision for diminution in value of investments	**2,378.11**	400.00
Total	**9,208.62**	13,777.63
Aggregate amount of unquoted investments	**9,208.62**	13,777.63
15. Long-term Loans and Advances (Considered Good)		
Capital Advances - Unsecured	**-**	18.85
Security Deposit - Unsecured	**901.88**	994.05
Security Deposit to Related Party - Unsecured	**193.34**	200.00
Loan and Advances to Related Parties (Unsecured)	**-**	192.28
Balances with Customs, Sales Tax and Excise Authorities	**809.75**	708.94
Other Loans and Advances - Unsecured	**39.26**	404.85
	1,944.23	2,518.97
16. Inventories		
Raw Materials and Components	**9,789.41**	6,713.90
Goods in Transit	**103.01**	-
Work-in-progress	**34.78**	220.56
Finished Goods	**9,523.78**	3,503.45
Stores and Spares	**2,839.48**	2,878.55
	22,290.46	13,316.46

		As at March 31, 2013 Rupees in lakhs		As at March 31, 2012 Rupees in lakhs
Details of Work-in-progress:				
Linear Alkyl Benzene		11.46		31.38
Epichlorohydrin		-		23.87
Others		23.32		165.31
		34.78		220.56
17. Trade Receivables (Unsecured)				
Trade receivables outstanding for a period exceeding six months from the date they were due for payment:				
Considered good		33.47		45.99
Considered doubtful		6.33		6.33
		39.80		52.32
Other trade receivables - Considered good		10,756.67		9,190.68
		10,796.47		9,243.00
Less: Provision for doubtful receivables		6.33		6.33
		10,790.14		9,236.67
18. Cash and Cash Equivalents				
Cash on hand		1.30		1.41
Cheques on hand		385.61		578.27
Balances with banks				
In current accounts		658.66		1,135.75
In EEFC account		-		234.55
In earmarked accounts				
Unpaid dividend account		78.49		90.52
Margin Money deposits		165.53		154.86
		1,289.59		2,195.36
19. Short-term Loans and Advances (Unsecured considered good unless otherwise stated)				
Security deposits		178.77		189.43
Receivable from Related party		0.02		8.45
Loans and advances to employees				
Secured loan against mortgage of title deeds	33.88		40.26	
Other loans	11.33	45.21	16.10	56.36
Prepaid expenses		100.59		73.88
Balances with Government Authorities				
(i) CENVAT credit receivable	149.18		131.78	
(ii) VAT credit receivable	35.60		21.27	
(iii) Service tax credit receivable	92.39		230.74	
(iv) Customs	-		100.74	
		277.17		484.53
Advances to suppliers		738.55		966.93
		1,340.31		1,779.58
20. Other Current Assets				
Interest accrued on deposits		32.73		30.27
		32.73		30.27

TPL

	Year ended March 31, 2013 Rupees in lakhs	Year ended March 31, 2012 Rupees in lakhs
21. Revenue from Operations		
Sale of products	**1,42,419.16**	1,36,164.91
Sale of services	**598.57**	487.27
Other operating revenues	**243.00**	187.99
	1,43,260.73	1,36,840.17
Less: Excise Duty	**15,118.30**	12,021.65
	1,28,142.43	1,24,818.52
Sale of Products Comprises		
Manufactured Goods		
Linear Alkyl Benzene	**1,08,071.16**	1,05,813.15
Epichlorohydrin	**9,402.00**	9,636.73
Caustic soda	**15,311.07**	12,243.32
Others	**6,289.31**	8,269.46
	1,39,073.54	1,35,962.66
Traded goods		
Ammonia	**3,345.62**	-
Linear Alkyl Benzene	**-**	202.25
	3,345.62	202.25
Total - Sale of Products	**1,42,419.16**	1,36,164.91
Sale of Services Comprises		
Effluent Treatment / Hydrogen Purg	**461.46**	351.92
Steam	**137.11**	135.35
Total - Sale of Services	**598.57**	487.27
Other operating revenues comprises		
Scrap sales	**243.00**	187.99
Total - Other operating revenues	**243.00**	187.99
22. Other Income		
Interest		
from bank deposits	**13.79**	13.17
from others	**76.96**	42.24
Interest on Income tax refund	**-**	53.13
Dividend income from long term investment -associates	**-**	136.80
Net gain on sale of current investments	**-**	272.56
Profit on sale of assets (net)	**114.04**	-
Net gain on foreign currency transactions and translation	**-**	27.27
Rental income from operating leases	**285.97**	419.24
Insurance claim received	**45.37**	45.73
Sundry balances / excess provision written back	**-**	153.72
Others	**17.55**	-
	553.68	1,163.86

TPL

	Year ended March 31, 2013 Rupees in lakhs	Year ended March 31, 2012 Rupees in lakhs
23. Cost of Materials Consumed		
Opening stock	**6,713.90**	5,872.10
Add: Purchases	**83,708.36**	76,946.08
	90,422.26	82,818.18
Less: Closing Stock	**9,789.41**	6,713.90
Cost of material consumed	**80,632.85**	75,774.28
Material Consumed Comprises:		
Kerosene	**33,253.37**	31,578.51
Benzene	**21,702.85**	18,130.39
Normal Paraffin	**18,961.56**	16,525.07
Propylene	**4,000.60**	4,009.51
Salt	**1,716.28**	1,885.34
Others	**998.19**	3,645.46
	80,632.85	75,774.28
24. Purchase of Stock in Trade:		
Ammonia	**3,302.77**	-
Linear Alkyl Benzene	**-**	181.14
	3,302.77	181.14
25. Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade		
Inventories at the end of the year		
Finished goods	**9,523.78**	3,503.45
Work-in-progress	**34.78**	220.56
	9,558.56	3,724.01
Inventories at the beginning of the year		
Finished goods	**3,503.45**	865.20
Work-in-progress	**220.56**	93.69
	3,724.01	958.89
	(5,834.55)	(2,765.12)
26. Employee Benefits Expense		
Salaries and wages	**2,261.49**	2,257.16
Contributions to provident and other funds	**189.05**	282.34
Staff welfare expenses	**501.86**	412.04
	2,952.40	2,951.54
27. Finance Costs		
Interest Expense on :		
(i) Borrowings	**2,374.43**	2,032.44
(ii) Trade payables	**-**	33.46
Letter of Credit and other bank charges	**614.54**	701.95
Net loss on foreign currency transactions and translation considered as finance cost	**193.65**	398.29
	3,182.62	3,166.14

	Year ended March 31, 2013 Rupees in lakhs	Year ended March 31, 2012 Rupees in lakhs
28. Other Expenses		
Consumption of stores and spare parts	**2,963.54**	2,965.80
Utilities consumed	**1,352.90**	1,272.01
Power and fuel	**35,313.89**	31,698.14
Rent	**246.99**	218.94
Repairs to buildings	**38.52**	38.73
Repairs to machinery	**1,556.01**	1,204.48
Payment to Auditors:		
Towards audit fee	**17.00**	17.00
For other services	**4.27**	4.30
Insurance	**242.87**	241.84
Rates and Taxes	**111.24**	121.41
Freight and forwarding	**2,806.86**	3,297.96
Net loss on foreign currency transactions (other than considered as finance cost)	**303.09**	-
Bad Loans and Advances written off	**652.18**	-
Trade Receivables written off	**-**	29.75
Less: Provision for doubtful receivables written back	**-**	(29.75)
Loss on sale of Fixed Assets (net)	**-**	7.74
Increase of excise duty on inventory	**655.36**	234.78
Miscellaneous expenses	**1,412.61**	987.11
	47,677.33	42,310.24
29. Exceptional Items (Net)		
Profit on sale of equity shares in SPIC Electric Power Corporation (Private) Limited	**(1,804.14)**	-
Provision for diminution in the value of Investments in subsidiary companies	**1,978.11**	-
	173.97	-
30. Research and Development		
Research and development expenses incurred on revenue account	**31.01**	36.44
31. Depreciation		
Depreciation for the year (Note 13)	**3881.86**	3739.20
Less: Amount withdrawn from revaluation reserve	**20.11**	20.11
	3,861.75	3,719.09

32. Contingent Liabilities and Commitments (to the extent not provided for)

A. Contingent liabilities:

Disputed Demands

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**	314.59

The above demands are disputed by the Company and appeals filed against these disputed demands are pending before respective appellate 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.

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	Year ended March 31, 2013 Rupees in lakhs	Year ended March 31, 2012 Rupees in lakhs
iv) Electricity Tax	**1,054.93**	1,231.42

The Tamilnadu Government vide Government Order dated 23rd September 1996 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 above Act was repealed by the Tamilnadu Tax on Consumption or Sale of Electricity Act, 2003, withdrawing the exemption granted to specified industries.

The Company's appeal against the withdrawal of exemption was dismissed by the Madras High Court and the Company filed a Special Leave Petition (SLP) before the Supreme Court. On 15th May 2007 the Supreme Court held that the 2003 Act was not valid in respect of industries which were permanently exempted from payment of tax. Consequent to this decision upholding the exemption, the Company, in June 2007 reversed the provision for electricity tax amounting to Rs. 878.77 lacs made in books since 2003-04.

In November 2007, the Government of Tamilnadu passed the Tamilnadu Tax on Consumption or Sale of Electricity (Amendment) Act amending the 2003 Act to invalidate the exemption granted, with retrospective effect. The writ petitions filed before the division bench of the High Court against this amendment were dismissed by its Order dated 15.06.2012.

The Company has filed a SLP before the Supreme Court in October 2012 challenging the High Court Order and is hopeful of a favorable decision by Supreme Court especially on invalidation of the exemption granted, with retrospective effect. Accordingly, no provision is considered necessary for the electricity tax relating to the period from 2003 to 2008 aggregating to Rs.1054.93 lakhs. However, provision has been made for this liability for subsequent periods excluding the periods for which specific exemption were granted through Notifications.

v) Renewable Energy Purchase Obligation (RPO)	**301.37**	111.56

The Company has disputed the obligation under the "Tamil Nadu Electricity Regulatory Commission (Renewable Energy Purchase Obligation) (Amendment) Regulations, 2011" under Gazette notification TNERC/RPO/19/2 dated 29th July 2011 and filed a Writ Petition in March 2012 before the Honorable Madras High Court. On 26th March 2012, an interim stay was granted by the Honorable Madras High Court on the operation of the Regulations. The Company is hopeful of successful outcome of the writ petition filed before the Honorable Madras High Court and hence no provision is considered necessary in this regard.

B. Commitments		
Capital commitments	**56.65**	63.37
Confirmed purchase commitments to be fulfilled within one year	**49,241.75**	34,489.92
Confirmed sales commitments to be fulfilled within one year	**22,643.79**	33,088.13

33. CIF Value of Imports		
Intermediates	**9,395.48**	12,665.62
Raw materials	**6,672.78**	10,592.48
Capital Goods	**150.28**	512.55
Traded goods	**1,920.13**	181.14
Stores and spares	**686.20**	609.56
	18,824.87	24,561.35

TPL

	Year ended March 31, 2013 Rupees in lakhs	Year ended March 31, 2012 Rupees in lakhs
34. Expenditure in Foreign Currency		
Travel and training	**2.07**	3.40
Technical services	**31.34**	37.67
Interest on buyers credit	**50.54**	65.16
Professional fee	**25.88**	-
Subscription	**23.64**	30.94
	133.47	137.17
35. Earnings in Foreign Exchange		
Export of goods on FOB basis	**3,158.46**	10,272.47
36. Earnings Per Share		
Profit / (Loss) after taxation	**(5,055.59)**	594.01
Weighted / Average number of equity shares	**8,99,71,474**	8,99,71,474
Basic and diluted earnings per share (Face value – Rs.10/- per share) in Rupees	**(5.62)**	0.66

37. Consumption of Imported and Indigenous raw materials, stores and spare parts and percentage of each to total consumption

	Year ended March 31, 2013		Year ended March 31, 2012	
	% of Total Consumption	**Value Rs in Lakhs**	% of Total Consumption	Value Rs in Lakhs
(i) Raw materials and Intermediates				
Imported	**33.21**	**26,782.10**	36.20	27,432.60
Indigenous	**66.79**	**53,850.75**	63.80	48,341.68
	100.00	**80,632.85**	100.00	75,774.28
(ii) Stores and Spare Parts Consumed				
Imported	**27.42**	**812.55**	29.55	876.48
Indigenous	**72.58**	**2,150.99**	70.45	2,089.32
	100.00	**2,963.54**	100.00	2,965.80

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) Associates
1. Petro Araldite Private Limited (PAPL)
2. Manali Petrochemicals Limited (MPL)
(Company in which the KMP can exercise significant influence)

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 (upto June 29, 2012)

D) Joint Venture
Gulf Petroproduct Company E.C.

E) Key Management Personnel
1. Thiru RM. Muthukaruppan, Managing Director (till February 3, 2013)
2. Thiru V. Ramani, Director & Chief Financial Officer (till February 3, 2013)
3. Thiru Muthukrishnan Ravi, Managing Director (from February 4, 2013)

TPL

Related Party Transactions

The Company has identified all related parties and details of transactions are given below

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

Rupees in lakhs

Particulars	Promoters	Associate	Joint Venture	Subsidiaries	Key Management Personnel (KMP)
Sale of Goods					
a) SPIC	**7.60** (-)				
b) PAPL		**10,835.02** (9,399.98)			
c) MPL		**227.35** (-)			
d) Certus Investments and Trading Limited				**2,145.78** (1,543.90)	
Sale of Services					
a) PAPL		**654.53** (487.27)			
b) MPL		**13.33** (-)			
Purchase of Goods					
MPL		**244.97** (-)			
Managerial remuneration					**79.38** (86.00)
Rent paid	**1.60** (2.16)				
Reimbursement of expenses	- (24.51)				
Recovery of Expenses				**4.65** (17.47)	
Advance written off					
GPC			**158.37** (-)		
Sitting fees (TIDCO)	**4.80** (3.70)				
Dividend received					
PAPL		**-** (136.80)			
Dividend Paid					
a)TIDCO	**79.22** (158.44)				
b)SPIC	**76.17** (152.34)				
Trade Advance received					
MPL		**600.00** (-)			
Balance outstanding as of 31st March 2013					
Trade Receivables					
a) SPIC	**0.05** (-)			**1,165.90** (1,403.72)	
b) PAPL		**1,123.62** (854.43)			
c) MPL		**134.12** (-)			

Rupees in lakhs

Particulars	Promoters	Associate	Joint Venture	Subsidiaries	Key Management Personnel (KMP)
Loans and Advances			-	-	
			(158.37)	(33.91)	
Deposit with MPL		**193.34**			
		(200.00)			
Trade payables - MPL		**170.10**			
		(-)			
Other Receivables					
SPIC	**0.02**			-	
	(-)			(8.45)	
Other payables					
SPIC	**-**				**25.94**
	(0.62)				(28.00)
MPL		**6.13**			
		(-)			
Trade Advance payable to MPL		**500.00**			
		(-)			

Figures in brackets relate to the previous year.

39. 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 said Act.

40. 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

		Particulars	As at March 31, 2013 Rupees in lakhs	As at March 31, 2012 Rupees in lakhs
I	a)	Cash and Bank balances	**4.14**	5.44
	b)	Loans and Advances	**0.18**	258.64
II	a)	Current Liabilities and provisions	**0.45**	1.53
	b)	Advance received towards equity	**37.42**	63.41
III	a)	Expenses	**0.49**	0.67

41. 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 Rupees in lakhs
Amount Receivable in Foreign Currency - Exports	**21,55,321**	1,169.91
	(33,13,652)	(1,685.99)
Amount Payable in Foreign Currency - Imports	**25,94,198**	1,408.13
	(31,52,079)	(1,603.78)
Amount Payable in Foreign Currency - Buyers Credit	**67,79,924**	3,680.14
	(66,51,639)	(3,384.35)

Figures in brackets are in respect of the Previous Year

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42. Employee Defined Benefit Plans

The Company offers Gratuity benefits to its employees which are funded with Life Insurance Corporation of India. The following table sets out the funded status of the Gratuity scheme and the amount recognised in the financial statements

		As at March 31, 2013 Rupees in lakhs	As at March 31, 2012 Rupees in lakhs
A)	**Net Asset / (Liability) recognized in the Balance Sheet**		
	Present value of Obligation	**712.44**	699.72
	Fair value of Plan Assets	**607.44**	554.67
	Net Liability	**(105.00)**	(145.05)
B)	**Expense recognized in the Statement of Profit and Loss**		
	Current Service Cost	**45.21**	31.25
	Interest Cost	**58.37**	40.04
	Expected Return on Plan Assets	**(51.79)**	(47.00)
	Actuarial (Gains) / Losses	**(45.43)**	147.57
	Net Expense	**6.36**	171.86
C)	**Change in present value of Obligation**		
	Present value of defined benefit obligation as at the beginning of the year	**699.72**	518.18
	Current service cost	**45.21**	31.25
	Interest cost	**58.37**	40.04
	Actuarial (gains) / losses	**(48.82)**	145.67
	Benefits paid	**(42.04)**	(35.42)
	Present value of defined benefit obligation as at the end of the year	**712.44**	699.72
D)	**Change in fair value of Plan Assets**		
	Plan assets at the beginning of the year	**554.67**	501.29
	Expected return on plan assets	**51.79**	47.00
	Actuarial gains / (losses)	**(3.39)**	(1.90)
	Contributions by employer	**46.41**	43.70
	Benefits paid	**(42.04)**	(35.42)
	Plan assets at the end of the year	**607.44**	554.67
E)	**Principal Actuarial Assumptions**		
	Discount rate	**8.0%**	8.6%
	Expected return on plan assets	**9.3%**	9.3%
	Salary escalation	**7.5%**	6.1%
	Attrition	**10.0%**	10.52%
	Mortality Table - LIC (94-96) Ultimate Mortality Table.		

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 have not been furnished in the absence of necessary information from Life Insurance Corporation of India.

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

H) In the absence of relevant information from the actuary, the above details do not include the experience adjustment in respect of actuarial losses/gains.

43. The Company operates in only one segment, namely, Industrial Intermediate Chemicals. Details relating to segments are disclosed in the Consolidated Financial Statements.

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44. Operating Leases

The property given under operating leases :

	Year ended March 31, 2013 Rupees in lakhs	Year ended March 31, 2012 Rupees in lakhs
Gross carrying amount of building	**1,117.61**	1,117.61
Accumulated depreciation	**198.87**	176.10
Depreciation for the year	**22.77**	22.77
Future minimum lease payments under non-cancellable operating leases		
Particulars		
Not later than 1 year	**261.61**	99.63
Later than 1 year and not later than 5 years	**257.09**	148.24

Significant Leasing Arrangements

Lease is non cancellable during the lock in period (33 to 60 months).

In the event of Lessee pre-determining the lease during the lock-in-period, the Company shall be entitled to recover the entire lease compensation for the remaining period of lease.

45. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

STATEMENT OF PARTICULARS OF SUBSIDIARIES PURSUANT TO SECTION 212 (1) (e) OF THE COMPANIES ACT, 1956

Sl.No	Particulars	Certus Investment & Trading Limited	Certus Investment & Trading (S) Private Limited #	Proteus Petrochemical Private Limited #
1	Date from which it became a Subsidiary of the Company	30th October, 2001	10th November, 2004	11th May, 2006
2	Financial Year end of the Subsidiary	March 31, 2013	March 31, 2013	March 31, 2013
3	Details of shares held by the Company in the subsidiaries on the above datea.			
	a. No. of equity shares, fully paid up	**2,04,190**	**18,75,339**	**3,00,000**
	b. Face Value	US $ 100 each	US $ 1 each	US $ 1 each
	c. Extent of holding	**100.00%**	**100.00%**	**100.00%**
4	Net aggregate amount of Profit / (Losses) of the Subsidiary so far as it concerns the members of the Company			
	a. Not dealt with in the Accounts of the Company			
	i) For the year ended 31st March 2013	**US $ 78,683** Rs. 42.81 lkhs	**US $ (1,019)** Rs. (0.55) lakhs	**US $ (28,289)** Rs. (15.39) lakhs
	ii) For the previous Financial years of the Subsidiary since it became a subsidiary	**US $ 1,878,569** Rs.825.81 lakhs	**US $ (381,664)** Rs. (186.17) lakhs	**US $ (5,101,289)** Rs.(2,402.07) lakhs
	b. Dealt with in Holding Company's accounts:			
	i) For the year ended 31st March 2013	Nil	Nil	Rs. (1,978.11) lakhs
	ii) For the previous Financial years of the Subsidiary since it became a subsidiary	Nil	Nil	Nil

100% subsidiaries of Certus Investment & Trading Limited

For and on behalf of the Board

	Ashwin C Muthiah	Vice Chairman	
	T.K.Arun	Director	
	C.Ramachandran IAS (Retd)	Director	
Place : Chennai	Muthukrishnan Ravi	Managing Director	P.S. Narayan
Date : 22nd April 2013.	R. Kothandaraman	Company Secretary	Chief Financial Officer

Independent Auditors' Report to the Board of Directors of Tamilnadu Petroproducts Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **TAMILNADU PETROPRODUCTS LIMITED** (the "Company"), its subsidiaries and jointly controlled entity (the Company, its subsidiaries and jointly controlled entity constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

6. The Consolidated Financial Statements include the unaudited financial information of two subsidiaries and one jointly controlled entity (Previous year ended 31st March, 2012: four subsidiaries and one jointly controlled entity), whose financial information reflect total assets (net) of Rs.582 lakhs as at 31st March, 2013 (As at 31st March, 2012: Rs.3,774 lakhs), total revenue of Rs.60 lakhs (Previous year ended 31st March, 2012: Rs.1,393 lakhs) and net cash flows amounting to Rs.5,779 lakhs for the year ended on that date (Previous year ended 31st March, 2012: Rs.467 lakhs), as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs.383 lakhs for the year ended 31st March, 2013, as considered in the consolidated financial statements, in respect of one associate (Previous year ended 31stMarch,2012:Rs.301 lakhs), based on their unaudited financial information. Our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, jointly controlled entity and associate, are based solely on such unaudited financial information.

Qualified Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries, jointly controlled entity referred to below in the Other Matter paragraph, 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, 2013;
   (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.

Other Matter

8. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets (net) of Rs.1,436 lakhs as at 31st March, 2013, total revenues of Rs.4 lakhs and net cash flows amounting to Rs.95 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, are based solely on the reports of the other auditors.

Our report is not qualified in respect of this matter.

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

M. K. Ananthanarayanan
(Partner)
(Membership No.19521)

Chennai, 22nd April, 2013

TPL

Consolidated Balance Sheet as at March 31, 2013

	Notes		As at March 31, 2013 Rupees in lakhs		As at March 31, 2012 Rupees in lakhs
EQUITY AND LIABILITIES					
Shareholders' funds					
Share Capital	3	**8,997.15**		8,997.15	
Reserves and Surplus	4	**26,754.60**		30,175.54	
			35,751.75		39,172.69
Share application money pending allotment			**-**		1,427.00
Minority Interest			**-**		1,591.46
Non-Current liabilities					
Long-term borrowings	5	**3,978.04**		5,271.88	
Deferred tax liabilities(net)	6	**4,292.63**		6,490.07	
Other long term liabilities	7	**524.16**		1,473.93	
Long-term provisions	8	**369.95**		295.10	
			9,164.78		50.98
Current liabilities					
Short-term borrowings	9	**14,396.59**		10,106.41	
Trade payables	10	**19,914.77**		13,171.28	
Other current liabilities	11	**2,336.38**		2,340.16	
Short-term provisions	12	**245.06**		853.32	
			36,892.80		26,471.17
TOTAL			**81,809.33**		82,193.30
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	13		**31,345.85**		31,969.39
Capital Work-in-progress			**1,549.44**		4,375.02
Expenditure during construction period pending allocation			**-**		5,397.88
Non-current investments	14		**1,330.65**		1,539.62
Long term loans and advances	15		**3,233.86**		2,173.15
Current Assets					
Inventories	16	**22,290.46**		13,316.46	
Trade receivables	17	**10,146.65**		8,814.50	
Cash and cash equivalents	18	**7,169.26**		9,128.15	
Short-term loans and advances	19	**4,710.43**		5,448.86	
Other current assets	20	**32.73**		30.27	
			44,349.53		36,738.24
TOTAL			**81,809.33**		82,193.30

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

MK Ananthanarayanan
Partner

Place : Chennai
Date : 22nd April 2013.

For and on behalf of the Board

Ashwin C Muthiah — Vice Chairman
T.K.Arun — Director
C.Ramachandran IAS (Retd) — Director
Muthukrishnan Ravi — Managing Director
R. Kothandaraman — Company Secretary

P.S. Narayan
Chief Financial Officer

TPL

Consolidated Statement of Profit and Loss for the Year ended March 31, 2013

	Notes	**Year ended March 31, 2013 Rupees in lakhs**	Year ended March 31, 2012 Rupees in lakhs
INCOME			
Revenue from operations	21	**128,144.16**	124,818.52
Other income	22	**615.15**	2,556.38
Total Revenue		**128,759.31**	127,374.90
EXPENSES			
Cost of Materials consumed	23	**80,632.85**	75,774.28
Purchase of Stock-in-trade	24	**3,302.77**	181.14
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	25	**(5,834.55)**	(2,765.12)
Employee benefits expense	26	**2,953.84**	3,578.16
Finance costs	27	**3,184.24**	3,166.14
Depreciation	13 & 30	**3,867.38**	3,726.85
Other expenses	28	**47,672.62**	43,386.36
Total expenses		**135,779.15**	127,047.81
Profit/ (Loss) before exceptional item		**(7,019.84)**	327.09
Exceptional item - Profit on sale of equity shares in SPIC Electric Power Corporation (Private) Limited		**(1,804.14)**	-
Profit / (Loss) before tax		**(5,215.70)**	327.09
Tax expense:			
Current tax		**-**	391.00
Deferred tax		**(2,197.44)**	(339.94)
Profit / (Loss) for the year		**(3,018.26)**	276.03
Add: Share of (Loss) of associate		**(382.57)**	(301.20)
Net Loss for the year		**(3,400.83)**	(25.17)
Earnings per equity share:			
Basic and diluted		**(3.78)**	(0.03)

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

MK Ananthanarayanan
Partner

Place : Chennai
Date : 22nd April 2013.

For and on behalf of the Board

Ashwin C Muthiah	Vice Chairman	
T.K.Arun	Director	
C.Ramachandran IAS (Retd)	Director	
Muthukrishnan Ravi	Managing Director	P.S. Narayan
R. Kothandaraman	Company Secretary	Chief Financial Officer

TPL

Consolidated Cash Flow Statement for the year ended March 31, 2013

		For the year ended March 31, 2013 Rupees in lakhs		For the year ended March 31, 2012 Rupees in lakhs
A Cash flow from operating activities:				
Profit / (Loss) before tax		**(5,215.70)**		327.09
Adjustments for				
Depreciation	**3,867.38**		3,726.85	
(Profit)/Loss on sale of fixed assets (net)	**(114.04)**		1,407.77	
Finance costs	**3,184.24**		3,166.14	
Interest income	**(113.81)**		(116.32)	
Loans and Advances Written off	**652.18**		-	
Rental income from operating leases	**285.97**		(419.24)	
Net (gain) on sale of long term investments	**(1,804.14)**		-	
Net (gain) on sale of current investments	**-**		(272.56)	
Net unrealised exchange (gain) / loss	**579.26**		313.87	
Sundry balances/excess provision written back	**(38.40)**		(153.72)	
		6,498.64		7,652.79
Operating profit before working capital changes		**1,282.94**		7,979.88
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	**(8,974.00)**		(3,392.72)	
Trade receivables	**(1,438.85)**		(1,329.87)	
Short-term loans and advances	**738.42**		(216.94)	
Long-term loans and advances	**(1,853.34)**		(182.52)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	**6,258.44**		(2,988.24)	
Other current liabilities	**(88.82)**		185.17	
Other long-term liabilities	**(949.77)**		1,109.92	
Short-term provisions	**(28.34)**		137.89	
Long-term provisions	**74.85**		97.59	
		(6,261.41)		(6,579.71)
Cash generated from operations		**(4,978.47)**		1,400.17
Net income tax (paid)		**(57.08)**		(267.92)
Net cash flow from / (used in) operating activities (A)		**(5,035.55)**		1,132.25
B Cash flow from investing activities:				
Capital expenditure on fixed assets, including capital advances	**(516.27)**		(1,351.79)	
Expenditure pending allocation	**-**		(774.75)	
Proceeds from sale of fixed assets	**185.28**		22.11	
Proceeds from sale of Minority Share holders	**-**		773.76	
Proceeds from sale of current investment	**-**		715.48	
Proceeds from sale of long-term investment	**4,193.57**		-	
Interest received - others	**111.35**		108.87	
Dividend received - Associate	**-**		136.80	
Rental income from operating leases	**(285.97)**		419.24	
Bank balances not considered as cash and cash equivalents	**6,928.26**		(2,209.12)	
		10,616.22		(2,159.40)
Net cash flow from / (used in) investing activities (B)		**10,616.22**		(2,159.40)

Consolidated Cash Flow Statement for the year ended March 31, 2013 (continued)

		For the year ended March 31, 2013 Rupees in lakhs		For the year ended March 31, 2012 Rupees in lakhs
C Cash flow from financing activities:				
Proceeds from short-term borrowings	**97.55**		-	
Repayment of short-term borrowings	**-**		(521.57)	
Repayment of long-term borrowings	**(1,293.84)**		(1,205.46)	
Net increase / (decrease) in working capital borrowings	**4,290.18**		6,602.94	
Finance costs	**(3,184.72)**		(3,166.14)	
Dividends paid	**(442.58)**		(862.92)	
Tax on dividend	**(72.98)**		(145.96)	
Remittance to Investor Education and Protection Fund	**(19.31)**		(17.63)	
		(625.70)		683.26
Net cash from / (used in) financing activities (C)		**(625.70)**		683.26
Net cash flows during the year (A+B+C)		**4,954.97**		(343.89)
Cash and cash equivalents at the beginning 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
Cash and cash equivalents at the end of the year	**6,925.24**		1,955.87	
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	**-**		14.40	
		6,925.24		1,970.27
Net increase / (decrease) in cash and cash equivalents		**4,954.97**		(343.89)
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 18)		**7,169.26**		9,128.15
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 - Cash Flow Statements:				
Unpaid dividend account		**78.49**		90.52
Margin money deposits		**165.53**		154.86
In deposit accounts with original maturity of more than three months		**-**		6,926.90
Cash and cash equivalents at the end of the year *		**6925.24**		1955.87
*** Comprises:**				
Cash on hand		**1.37**		7.14
Cheques on hand		**385.61**		578.27
Balances with banks				
In current accounts		**6,538.26**		1,135.91
In EEFC account		**-**		234.55
		6925.24		1955.87

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

MK Ananthanarayanan
Partner

Place : Chennai
Date : 22nd April 2013.

For and on behalf of the Board

Ashwin C Muthiah	Vice Chairman
T.K.Arun	Director
C.Ramachandran IAS (Retd)	Director
Muthukrishnan Ravi	Managing Director
R. Kothandaraman	Company Secretary

P.S. Narayan
Chief Financial Officer

TPL

Notes forming part of the Consolidated Financial Statements

1. Corporate information

Tamilnadu Petroproducts Limited ("the Company") 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 Ltd 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. The details of subsidiaries, jointly controlled entity and associate of the Company are as given below:

Name of the Company	Relationship	Country of Incorporation	Proportion of ownership interest	Accounts drawn upto / whether audited
Certus Investment and Trading Private Limited	Subsidiary	Mauritius	100%	31.03.2013 Unaudited
Certus Investment and Trading (S) Private Limited *	Subsidiary	Singapore	100%	31.03.2013 Unaudited
Proteus Petrochemical Private Limited *	Subsidiary	Singapore	100%	31.03.2013 Audited
Gulf Petroproduct Company E.C. *	Joint Venture	Kingdom of Bahrain	50%	31.03.2013 Unaudited
Petro Araldite Private Limited	Associate	India	24%	31.03.2013 Unaudited
* Shareholding is through a subsidiary, Certus Investment & Trading Limited.				

2 . Basis of Consolidation and Significant Accounting Policies

The significant accounting policies are as stated below

I Basis of Accounting and Preparation of Consolidated Financial Statements

The financial statements of the Company, its subsidiaries and jointly controlled entity (together the 'Group') 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 consolidated 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 consolidated financial statements are consistent with those followed in the previous year.

II Principles of Consolidation

(a) The financial statements of the Company and its Subsidiaries have been consolidated in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting Standards - 21, on a line-by-line basis by adding together the book value of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealized profit/losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Company's independent financial statements.

(b) Investments in associate company had been accounted for as per Accounting Standards-23, by using equity method whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post-acquisition change in the Company's share of net assets of the associate.

(c) The Company's interest in Jointly Controlled Entity is consolidated as per Accounting Standard -27, on a line-by-line basis by adding together the book values of assets, liabilities, income and expenses on a proportionate basis to the extent of the Group's equity interest in such entity as per Accounting Standard 27 - Financial Reporting of Interest in Joint Ventures. The intra group balances, intra-group transactions and unrealized profits or losses have been eliminated to the extent of the Group's share in the entity.

(d) The overseas subsidiaries viz., Certus Investment & Trading Private Limited, Certus Investment & Trading (S) Private Limited, Proteus Petrochemical Private Limited are classified as Integral foreign operations. The financials were translated into Indian Currency as per the Accounting Standard AS 11 (Revised) and the exchange gains / (losses) arising on conversion is adjusted to the Statement of Profit and Loss.

III 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.

TPL

IV Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

V 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.

VI 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.

VII 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.

Integral Foreign 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.

VIII 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.

IX 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.

X 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.

XI 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.

XII Revenue Recognition

a) Sale of Goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to the customers. Sales include excise duty but exclude sales tax and value added tax.

b) **Income from services**

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

XIII Other Income

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

Property lease rentals are accrued as per terms of the agreement with the lessees and are recognized equally on a straight- line basis over the non-cancellable lease period.

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

XV Borrowing Interest Cost:

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

XVI 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 measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

XVII 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.

XVIII 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.

XIX 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.

XX Research and Development Expenses

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

XXI 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.

XXII 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.

	As at March 31, 2013 Rupees in lakhs	As at March 31, 2012 Rupees in lakhs
3. Share Capital		
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

Name of the Shareholders	March 31, 2013		March 31, 2012	
	No of Shares	% of holding	No of Shares	% of holding
Tamilnadu Industrial Development Corporation Limited	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.

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

	As at March 31, 2013	As at March 31, 2012
4. Reserves and Surplus		
Capital reserve	**42.23**	42.23
Securities Premium Account	**4,611.57**	4,611.57
Revaluation Reserve		
Opening balance	**2,026.40**	2,046.51
Less: Utilised for set off against depreciation	**20.11**	20.11
Closing balance	**2,006.29**	2,026.40
General Reserve	**13,859.94**	13,859.94
Surplus in Statement of Profit and Loss		
Opening balance	**9,635.40**	10,183.41
Less: Loss for the year	**(3,400.83)**	(25.17)
Less: Appropriations Proposed equity final dividend [amount per share NIL (31 March 2012:Re.0.50)]	**-**	449.86
Tax on proposed equity dividend	**-**	72.98
Closing balance	**6,234.57**	9,635.40
	26,754.60	30,175.54
5. Long Term Borrowings		
Term Loans		
Indian Rupee Loan from Banks (Secured)	**770.25**	1,546.45
Other Loans and Advances		
From Financial Institutions (Secured)	**1,478.58**	1,756.02
Interest Free Deferred Sales Tax Loan (Unsecured)	**1,729.21**	1,969.41
	3,978.04	5,271.88

TPL

Details of terms of repayment and security:

Particulars	Terms of repayments	March 31, 2013 Rupees in lakhs	March 31, 2012 Rupees in lakhs
Term Loan from Banks			
Bank I (Refer Note (i) below)5	Repayable in 3 quarterly installments.	300.00	700.00
Bank II (Refer Note (i) below)	Repayable in 5 quarterly installments	470.25	846.45
Other Loan from Financial Institution (Refer Note (ii) below)	Repayable in 47 monthly installments	1,478.58	1,756.02
Deferred Payment Liabilities			
Interest free deferred sales tax loan	Repayable in 84 monthly installments	1,729.21	1,969.41
		3,978.04	5,271.88

(i) Average rate of interest on Term loan from Bank I is 13.03% p.a (Previous year:13.68%) and Bank II is14.02% p.a. (Previous year:15.72%). 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 13.17% p.a (Previous year:13.71%). The Loan is secured by an exclusive mortgage of a specified property at Chennai by way of deposit of title deeds and rent receivables from the said property,

	As at March 31, 2013 Rupees in lakhs	As at March 31, 2012 Rupees in lakhs
6. Deferred tax liability (net)		
Tax effect of item constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	**6,119.06**	6,589.53
Tax effect of items constituting deferred tax assets		
Unabsorbed depreciation and business losses	**1,709.40**	-
Provision for compensated absences	**114.98**	97.41
Provision for doubtful debts/advances	**2.05**	2.05
	1,826.43	99.46
Net deferred tax liability	**4,292.63**	6,490.07
7. Other long-term liabilities		
Security deposit received	**507.49**	374.26
Other liabilities	**16.67**	1,099.67
	524.16	1,473.93
8. Long term provisions		
Provision for employee benefits		
Compensated absences	**369.95**	295.10
9. Short term borrowings		
Loan repayable on demand from Banks (Secured)	**14,396.59**	10,106.41

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.

TPL

	As at March 31, 2013 Rupees in lakhs	As at March 31, 2012 Rupees in lakhs
10. Trade Payables		
Acceptances	**8,391.51**	5,339.42
Other than acceptances (Refer note below)	**11,321.09**	7,803.86
Payable to related parties	**202.17**	28.00
	19,914.77	13,171.28

The Long term wage settlement with one of the employee unions has expired in January 2005 and the negotiation is in progress. The liability towards the arrears of wages has been accrued based on management estimate and is in included in "other than acceptances."

	As at March 31, 2013 Rupees in lakhs	As at March 31, 2012 Rupees in lakhs
11. Other Current Liabilities		
Current maturities of long term debt (Refer Note below)	**1,292.31**	1,194.76
Interest accrued but not due on borrowings	**4.88**	5.36
Unpaid dividends	**78.49**	90.52
Deposits	**10.00**	10.00
Payable to related party	**-**	0.62
Other Payables		
Statutory remittances (Contributions to PF and ESIC and other taxes payable)	**441.46**	428.65
Advances from related parties	**500.00**	-
Advances from customers	**-**	509.00
Accured expenses	**9.24**	101.25
	2,336.38	2,340.16
Note: Current maturities of long-term debt [Refer (i) and (ii) of Note 5 for terms, interest and details of security]		
Term loan from Banks (Secured)	**776.20**	776.20
Loans from Financial Institution (Secured)	**275.91**	237.85
Deferred sales tax loan (unsecured)	**240.20**	180.71
	1,292.31	1,194.76
12. Short Term Provisions		
Provision for Employee Benefits		
Provision for Gratuity	**105.00**	145.05
Provision for Compensated absences	**57.80**	46.09
	162.80	191.14
Provisions - Others		
Provision for taxation (Net)	**82.26**	139.34
Provision for proposed equity dividend	**-**	449.86
Provision for tax on proposed dividend	**-**	72.98
	82.26	662.18
	245.06	853.32

TPL

13. Fixed Assets

Rupees in lakhs

Current Year

Description	Cost / Valuation				Depreciation				Net book value	
	As at 01.04.2012	Additions	Deduction / Adjustments	As at 31.03.2013	As at 01.04.2012	For the year	Deduction / Adjustments	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Tangible assets:										
Land (Freehold)	2,202.26	-	15.00	2,187.26	-	-	-	-	2,187.26	2,202.26
Buildings:										
Own use	4,616.02	25.14	32.82	4,608.34	1,984.88	112.34	24.04	2,073.18	2,535.16	2,631.14
Given under operating lease	1,117.61	-	-	1,117.61	176.10	22.77	-	198.87	918.74	941.51
Plant and Equipment	115,824.91	3,300.05	701.87	118,423.09	89,901.35	3,696.69	658.57	92,939.47	25,483.62	25,923.56
Furniture and Fixtures	162.31	1.89	21.29	142.91	148.13	3.17	19.10	132.20	10.71	14.18
Office equipment	1,016.32	14.77	77.04	954.05	778.52	44.21	70.49	752.24	201.81	237.80
Vehicles	62.56	-	28.59	33.97	43.62	8.31	26.51	25.42	8.55	18.94
Total	**125,001.99**	**3,341.85**	**876.61**	**127,467.23**	**93,032.60**	**3,887.49**	**798.71**	**96,121.38**	**31,345.85**	**31,969.39**

Previous year

Description	Cost / Valuation				Depreciation				Net book value	
	As at 01.04.2011	Additions	Deduction / Adjustments	As at 31.03.2012	As at 01.04.2011	For the year	Deduction / Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
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	1,874.05	110.83	-	1,984.88	2,631.14	2,700.29
Given under operating lease	1,117.61	-	-	1,117.61	153.33	22.77	-	176.10	941.51	964.28
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 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**	**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.

TPL

	As at March 31, 2013 Rupees in lakhs	As at March 31, 2012 Rupees in lakhs
14. Non Current Investments		
Investments (At cost)		
(A) Trade (Unquoted)		
Investment in Equity Instruments of :		
Associate		
13,68,000 (As at 31 March 2012: 13,68,000) Equity shares of Rs 100 each fully paid up in Petro Araldite Private Limited - (A)	**1,157.05**	1,539.62
(B) Other Investments (Unquoted)		
Investment in equity instruments of :		
(i) 1,00,000 (As at 31 March 2012: 2,76,44,955) Equity shares of Rs.10 each fully paid up in SPIC Electric Power Corporation (Private) Limited. (2,75,44,955 shares sold during the year)	**10.00**	-
(ii) 40,00,000 (As at 31 March 2012: 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)	**410.00**	400.00
(C) Investments in Bonds (Unquoted)		
3 years 0% interest bond in Mercantile Ventures Limited	**163.60**	-
(allotted on 27th March 2013 in settlement of dues) - (C)		
Total (A + B + C)	**1,730.65**	1,939.62
Provision for diminution in value of investments	**400.00**	400.00
Total	**1,330.65**	1,539.62
Aggregate Amount of Unquoted Investments	**1,330.65**	1,539.62
15. Long-term Loans and Advances (Considered good)		
Capital advances - Unsecured	**-**	18.85
Security deposit - Unsecured	**1,987.49**	1,194.05
Security deposit to related party - Unsecured	**193.34**	-
Advance Income Tax	**-**	7.63
Balances with Customs, Sales tax and Excise Authorities	**809.75**	708.94
Other loans and advances - Unsecured	**243.28**	243.68
	3,233.86	2,173.15
16. Inventories		
Raw materials and components	**9,789.41**	6,713.90
Goods in Transit	**103.01**	-
Work-in-progress	**34.78**	220.56
Finished goods	**9,523.78**	3,503.45
Stores and spares	**2,839.48**	2,878.55
	22,290.46	13,316.46
Details of Work-in-progress:		
Linear Alkyl Benzene	**11.46**	31.38
Epichlorohydrin	**-**	23.87
Others	**23.32**	165.31
	34.78	220.56

TPL

	As at March 31, 2013 Rupees in lakhs	As at March 31, 2012 Rupees in lakhs
17. Trade Receivables (Unsecured)		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment:		
Considered good	**555.88**	535.65
Considered doubtful	**6.33**	6.33
	562.21	541.98
Other trade receivables - Considered good	**9,590.77**	8,278.85
	10,152.98	8,820.83
Less: Provision for doubtful receivables	**6.33**	6.33
	10,146.65	8,814.50
18. Cash and Cash Equivalents		
Cash on hand	**1.37**	7.14
Cheques on hand	**385.61**	578.27
Balances with banks		
In current accounts	**6,538.26**	1,135.91
In EEFC account	**-**	234.55
In earmarked accounts		
Unpaid dividend account	**78.49**	90.52
Margin Money deposits	**165.53**	154.86
In deposit accounts	**-**	6,926.90
	7,169.26	9,128.15
19. Short-term Loans and Advances		
(Unsecured considered good unless otherwise stated)		
Security deposits	**179.09**	197.20
Receivable from Related party	**0.20**	-
Loans and advances to employees		
Secured loan against mortgage of title deeds	**33.89**	40.26
Other loans	**11.33**	16.27
Prepaid expenses	**102.08**	73.88
Balances with Government authorities		
(i) CENVAT credit receivable	**149.18**	131.78
(ii) VAT credit receivable	**35.60**	21.27
(iii) Service tax credit receivable	**92.39**	230.74
(iv) Customs	**-**	100.74
Advances to suppliers	**4,106.67**	4,636.72
	4,710.43	5,448.86
20. Other current assets		
Interest accrued on deposits	**32.73**	30.27
	32.73	30.27

TPL

	Year ended March 31, 2013 Rupees in lakhs	Year ended March 31, 2012 Rupees in lakhs
21. Revenue from Operations		
Sale of products	**1,42,420.89**	1,36,164.91
Sale of services	**598.57**	487.27
Other operating revenues	**243.00**	187.99
	1,43,262.46	1,36,840.17
Less: Excise Duty	**15,118.30**	12,021.65
	1,28,144.16	1,24,818.52
Sale of Products Comprises		
Manufactured Goods		
Linear Alkyl Benzene	**1,08,072.89**	1,05,813.15
Epichlorohydrin	**9,402.00**	9,636.73
Caustic soda	**15,311.07**	12,243.32
Others	**6,289.31**	8,269.46
	1,39,075.27	1,35,962.66
Traded Goods		
Ammonia	**3,345.62**	-
Linear Alkyl Benzene	**-**	202.25
	3,345.62	202.25
Total - Sale of Products	**1,42,420.89**	1,36,164.91
Sale of Services Comprises		
Effluent Treatment / Hydrogen Purg	**461.46**	351.92
Steam	**137.11**	135.35
Total - Sale of Services	**598.57**	487.27
Other operating revenues comprises		
Scrap sales	**243.00**	187.99
Total - Other Operating Revenues	**243.00**	187.99
22. Other Income		
Interest		
from bank deposits	**13.79**	13.17
from others	**100.02**	50.02
Interest on Income tax refund	**-**	53.13
Net gain on sale of current investments	**-**	272.56
Profit on sale of assets (net)	**114.04**	-
Net gain on foreign currency transactions and translation	**-**	1,152.60
Rental income from operating leases	**285.97**	419.24
Insurance claim received	**45.37**	45.73
Sundry balances / excess provision written back	**38.40**	153.72
Others	**17.56**	396.21
	615.15	2,556.38

TPL

	Year ended March 31, 2013 Rupees in lakhs	Year ended March 31, 2012 Rupees in lakhs
23. Cost of Materials Consumed		
Opening stock	**6,713.90**	5,872.10
Add: Purchases	**83,708.36**	76,616.08
	90,422.26	82,488.18
Less: Closing Stock	**9,789.41**	6,713.90
Cost of material consumed	**80,632.85**	75,774.28
Material Consumed Comprises:		
Kerosene	**33,253.37**	31,578.51
Benzene	**21,702.85**	18,130.39
Normal Paraffin	**18,961.56**	16,525.07
Propylene	**4,000.60**	4,009.51
Salt	**1,716.28**	1,885.34
others	**998.19**	3,645.46
	80,632.85	75,774.28
24. Purchase of Stock in Trade:		
Ammonia	**3,302.77**	-
Linear Alkyl Benzene	**-**	181.14
	3,302.77	181.14
25. Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade		
Inventories at the end of the year		
Finished goods	**9,523.78**	3,503.45
Work-in-progress	**34.78**	220.56
	9,558.56	3,724.01
Inventories at the beginning of the year		
Finished goods	**3,503.45**	865.20
Work-in-progress	**220.56**	93.69
	3,724.01	958.89
	(5,834.55)	(2,765.12)
26. Employee benefits expense		
Salaries and wages	**2,262.93**	2,883.78
Contributions to provident and other funds	**189.05**	282.34
Staff welfare expenses	**501.86**	412.04
	2,953.84	3,578.16
27. Finance costs		
Interest expense on :		
(i) Borrowings	**2,374.43**	2,032.44
(ii) Trade payables	**-**	33.46
Letter of Credit and other bank charges	**616.16**	701.95
Net loss on foreign currency transactions and translation considered as finance cost	**193.65**	398.29
	3,184.24	3,166.14

TPL

	Year ended March 31, 2013 Rupees in lakhs	Year ended March 31, 2012 Rupees in lakhs
28. Other Expenses		
Consumption of stores and spare parts	**2,963.54**	2,965.80
Utilities consumed	**1,352.90**	1,272.01
Power and fuel	**35,313.89**	31,698.14
Rent	**246.99**	218.94
Repairs to buildings	**38.52**	38.73
Repairs to machinery	**1,556.01**	1,204.48
Payment to Auditors:		
Towards audit fee	**23.10**	29.33
For other services	**4.27**	4.30
Insurance	**242.87**	241.84
Rates and Taxes	**114.87**	121.41
Freight and forwarding	**2,806.86**	3,297.96
Net loss on foreign currency transactions (other than considered as finance cost)	**268.01**	-
Bad Loans and Advances written off	**652.18**	-
Trade Receivables written off	**-**	29.75
Less: Provision for doubtful receivables written back	**-**	(29.75)
Loss on sale of fixed assets (net)	**-**	1407.77
Increase of excise duty on inventory	**655.36**	234.78
Miscellaneous expenses	**1,433.25**	650.87
	47,672.62	43,386.36
29. Research and Development		
Research and development expenses incurred on revenue account	**31.01**	36.44
30. Depreciation		
Depreciation for the year (Note 13)	**3,887.49**	3,748.23
Less: Amount withdrawn from revaluation reserve	**20.11**	20.11
Less: Credit for amount grouped under Expenditure during construction peroid pending allocation	**-**	1.27
	3,867.38	3,726.85

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

	Year ended March 31, 2013 Rupees in lakhs	Year ended March 31, 2012 Rupees in lakhs
A. Contingent liabilities:		
Disputed Demands		
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

	Year ended March 31, 2013 Rupees in lakhs	Year ended March 31, 2012 Rupees in lakhs
iii) Service Tax	**314.59**	314.59

The above demands are disputed by the Company and appeals filed against these disputed demands are pending before respective appellate 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	**1,054.93**	1,231.42

The Tamilnadu Government vide Government Order dated 23rd September 1996 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 Company's appeal against the withdrawal of exemption was dismissed by the Madras High Court and the Company filed a Special Leave Petition (SLP) before the Supreme Court. On 15th May 2007 the Supreme Court held that the 2003 Act was not valid in respect of industries which were permanently exempted from payment of tax. Consequent to this decision upholding the exemption, the Company, in June 2007 reversed the provision for electricity tax amounting to Rs. 878.77 lacs made in books since 2003-04.

In November 2007, the Government of Tamilnadu passed the Tamilnadu Tax on Consumption or Sale of Electricity (Amendment) Act amending the 2003 Act to invalidate the exemption granted, with retrospective effect. The writ petitions filed before the division bench of the High Court against this amendment were dismissed by its Order dated 15.06.2012.

The Company has filed a SLP before the Supreme Court in October 2012 challenging the High Court Order and is hopeful of a favorable decision by Supreme Court especially on invalidation of the exemption granted, with retrospective effect. Accordingly, no provision is considered necessary for the electricity tax relating to the period from 2003 to 2008 aggregating to Rs.1054.93 lakhs. However, provision has been made for this liability for subsequent periods excluding the periods for which specific exemption were granted through Notifications.

v) Renewable Energy Purchase Obligation (RPO)	**301.37**	123.41

The Company has disputed the obligation under the "Tamil Nadu Electricity Regulatory Commission (Renewable Energy Purchase Obligation) (Amendment) Regulations, 2011" under Gazette notification TNERC/RPO/19/2 dated 29th July 2011 and filed a Writ Petition in March 2012 before the Honorable Madras High Court. On 26th March 2012, an interim stay was granted by the Honorable Madras High Court on the operation of the Regulations. The Company is hopeful of successful outcome of the writ petition filed before the Honorable Madras High Court and hence no provision is considered necessary in this regard.

B. Commitments

Capital commitments	**56.65**	63.37
Confirmed purchase commitments to be fulfilled within one year	**49,241.75**	34,489.92
Confirmed sales commitments to be fulfilled within one year	**22,643.79**	33,088.13

32. Earnings Per Share

Profit / (Loss) after taxation	**(3,400.83)**	(25.17)
Weighted / Average number of equity shares outstanding	**8,99,71,474**	8,99,71,474
Basic and diluted earnings per share in Rupees - (Face value – Rs.10/- per share)	**(3.78)**	(0.03)

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33. 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
1. Petro Araldite Private Limited (PAPL)
2. Manali Petrochemicals Limited (MPL)
(Company in which the KMP can exercise significant influence)

C) Joint Venture
Gulf Petroproduct Company E.C.

D) Key management personnel
1. Thiru RM. Muthukaruppan, Managing Director (till February 3, 2013)
2. Thiru V. Ramani, Director & Chief Financial Officer (till February 3, 2013)
3. Thiru Muthukrishnan Ravi, Managing Director (from February 4, 2013)

Related Party Transactions

The Company has identified all related parties and details of transactions are given below

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

Rupees in lakhs

Particulars	Promoters	Associate	Joint Venture	Key Management Personnel (KMP)
Sale of Goods				
(i) SPIC	**7.60** (-)			
(ii) PAPL		**10,835.02** (9,399.98)		
(iii) MPL		**227.35** (-)		
Sale of services				
(i) PAPL		**654.53** (487.27)		
(ii) MPL		**13.33** (-)		
Purchase of goods				
MPL		**244.97** (-)		
Managerial remuneration				**79.38** (86.00)
Rent paid	**1.60** (2.16)			
Reimbursement of expenses	**-** (24.51)			
Sitting fees (TIDCO)	**4.80** (3.70)			
Dividend received		- (136.80)		
Dividend Paid				
(i) TIDCO	**79.22** (158.44)			
(ii) SPIC	**76.17** (152.34)			
Trade Advance (MPL)		**600.00** (-)		

Rupees in lakhs

Particulars	Promoters	Associate	Joint Venture	Key Management Personnel (KMP)
Balance outstanding as of 31st March 2013				
Trade Advance payable (MPL)		**500.00** (-)		
Deposit given (MPL)		**193.34** (200.00)		
Trade Receivables				
(i) SPIC	**0.05** (-)			
(ii) PAPL		**1,123.62** (854.43)		
(iii) MPL		**134.12** (-)		
Loans and Advances			**-** (109.)	
Trade payables (MPL)		**170.10** (-)		
Other Receivables				
(i) SPIC	**0.02** (-)			
Other payables				
(i) SPIC	**-** (0.62)			**25.94** (28.00)
(ii) MPL		**6.13** (-)		

Figures in brackets relate to the previous year.

34. Joint Venture Disclosure

i) Interest in the Assets, Liabilities, Income and Expenses with respect to the joint venture has been consolidated on a line by line basis as per details given below:

		Particulars	**March 31, 2013 Rupees in lakhs**	March 31, 2012 Rupees in lakhs
I	a)	Cash and Bank balances	**4.14**	5.44
	b)	Loans and Advances	**0.18**	258.64
II	a)	Current Liabilities and provisions	**0.45**	1.53
	b)	Advance received towards equity	**37.42**	63.41
III	a)	Expenses	**0.49**	0.67

35. 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	21,55,321	1,169.91
	(33,13,652)	(1,685.99)
Amount payable in foreign currency - Imports	25,94,198	1,408.13
	(31,52,079)	(1,603.78)
Amount payable in foreign currency - Buyers Credit	67,79,924	3,680.14
	(66,51,639)	(3,384.35)

Figures in brackets are in respect of the previous year

36. Employee Defined Benefit Plans

The Company offers Gratuity benefits to its employees which are funded with Life Insurance Corporation of India. The following table sets out the funded status of the Gratuity scheme and the amount recognised in the financial statements

	As at March 31, 2013 Rupees in lakhs	As at March 31, 2012 Rupees in lakhs
A) Net Asset/ (Liability) recognized in the Balance Sheet		
Present value of Obligation	712.44	699.72
Fair value of Plan Assets	607.44	554.67
Net liability	(105.00)	(145.05)
B) Expense recognized in the Statement of Profit and Loss		
Current Service Cost	45.21	31.25
Interest Cost	58.37	40.04
Expected return on Plan Assets	(51.79)	(47.00)
Actuarial (Gains) / Losses	(45.43)	147.57
Net expense	6.36	171.86
C) Change in Present value of Obligation		
Present value of Defined Benefit Obligation as at the beginning of the year		
Current Service Cost	699.72	518.18
Interest Cost	45.21	31.25
Actuarial (Gains) / losses	58.37	40.04
Benefits Paid	(48.82)	145.67
Present value of Defined Benefit Obligation as at the end of the year	(42.04)	(35.42)
	712.44	699.72
D) Change in fair value of Plan Assets		
Plan Assets at the Beginning of the year	554.67	501.29
Expected Return on Plan Assets	51.79	47.00
Actuarial Gains / (Losses)	(3.39)	(1.90)
Contributions by Employer	46.41	43.70
Benefits Paid	(42.04)	(35.42)
Plan Assets at the end of the year	607.44	554.67
E) Principal Actuarial Assumptions		
Discount rate	8.0%	8.6%
Expected return on Plan Assets	9.3%	9.3%
Salary Escalation	7.5%	6.1%
Attrition	10.0%	10.52%

Mortality Table - LIC (94-96) Ultimate Mortality Table.

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 have not been furnished in the absence of necessary information from Life Insurance Corporation of India.

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

H) In the absence of relevant information from the actuary, the above details do not include the experience adjustment in respect of actuarial losses/gains.

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37. 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.

38. Operating Leases

	Year ended March 31, 2013 Rupees in lakhs	Year ended March 31,2012 Rupees in lakhs
The property given under operating leases :		
Gross carrying amount of building	1,117.61	1,117.61
Accumulated depreciation	198.87	176.10
Depreciation for the year	22.77	22.77

Future minimum lease payments under non-cancellable operating leases

Particulars		
Not later than 1 year	261.61	99.63
Later than 1 year and not later than 5 years	257.09	148.24

Significant Leasing Arrangements

Lease is non cancellable during the lock in period (33 to 60 months).

In the event of Lessee pre-determining the lease during the lock-in-period, the Company shall be entitled to recover the entire lease compensation for the remaining period of lease.

39. 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**	
	March 31, 2013		**March 31, 2013**		**March 31, 2013**	
	Rupees in lakhs*	In USD	Rupees in lakhs*	In USD	Rupees in lakhs*	In USD
Capital	11,083.43	20,419,000.00	1,017.93	1,875,340.00	162.84	300,000.00
Reserves	1,044.36	1,924,020.00	(199.10)	(366,798.00)	(2,768.77)	(5,100,900.00)
Total assets	12,138.65	22,363,034.00	3,906.90	7,197,675.00	1,436.03	2,645,596.00
Total liabilities	12,138.65	22,363,034.00	3,906.90	7,197,675.00	1,436.03	2,645,596.00
Investments	1,414.18	2,605,340.00	0.00	0.00	0.00	0.00
Turnover (inc other income)	16.49	30,376.00	2,149.79	3,960,550.00	3.50	6,442.00
Profit / (loss) before tax	42.71	78,683.00	(0.55)	(1,019.00)	(15.36)	(28,289.00)
Provision for taxation	0.00	0.00	0.00	0.00	0.00	0.00
Profit / (loss) after tax	42.71	78,683.00	(0.55)	(1,019.00)	(15.36)	(28,289.00)

* Translated at exchange rate prevailing as on 31.03.2013

1 USD = Rs. 54.28

40. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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Consolidated Segment information Rupees in lakhs

(A)	Information about primary business segments	Year ended March 31, 2013			Year ended March 31, 2012		
		Industrial Intermediate Chemicals	Power	Total	Industrial Intermediate Chemicals	Power	Total
a)	**REVENUE**						
	Sales to external customers	128,144.16	-	128,144.16	124,818.52	-	124,818.52
	Total revenue	128,144.16	-	128,144.16	124,818.52	-	124,818.52
b)	**RESULT**						
	Segment result	(2,646.61)	-	(2,646.61)	3,073.99	-	3,073.99
	Finance cost	-	-	(3,184.24)	-	-	(3,166.14)
	Interest income	-	-	113.81	-	-	63.19
	Unallocated corporate income	-	-	285.97	-	-	419.24
	Other income	215.37	-	215.37	2,137.14	-	2,137.14
	Income taxes including deferred tax	-	-	2,197.44	-	-	(51.06)
	Profit before tax expense	-	-	(3,018.26)	-	-	276.03
	Share of Profit / (Loss) of Associate company	-	-	(382.57)	-	-	(301.20)
	Net Profit / (Loss)	-	-	(3,400.83)	-	-	(25.17)
c)	**OTHER INFORMATION**						
	Segment assets	78,726.58	-	78,726.58	73,754.16	6,888.40	80,642.56
	Unallocated corporate assets	-	-	3,082.75	-	-	1,550.74
	Total Assets	78,726.58	-	81,809.33	73,754.16	6,888.40	82,193.30
d)	Segment liabilities	41,682.69	-	41,682.69	31,778.37	1,071.53	32,849.90
	Unallocated corporate liabilities	-	-	4,374.89	-	-	8,579.25
	Total Liabilities	41,682.69	-	46,057.58	31,778.37	1,071.53	41,429.15
e)	Capital expenditure	516.27	-	516.27	1,349.37	2.42	1,351.79
	Depreciation	3,867.38	-	3,867.38	3,726.85	-	3,726.85
f)	Non-cash expenses other than depreciation	1,191.13	-	1,191.13	313.87	-	313.87
(B)	Information about secondary geographic segments	Year ended March 31, 2013			Year ended March 31, 2012		
		Domestic	Overseas	Total	Domestic	Overseas	Total
	Segment revenue	127,066.06	1,078.10	128,144.16	116,089.95	8,728.57	124,818.52
	Segment assets	77,560.68	1,165.90	78,726.58	70,135.79	10,506.77	80,642.56
	Additions to fixed assets	516.27	-	516.27	1,351.79	-	1,351.79

If undelivered, please return to :

Tamilnadu Petroproducts Limited

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

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NOTICE FOR THE TWENTY EIGHTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 28th Annual General Meeting of the Company will be held at 3.00 p.m on Monday the 5th August 2013 at Tamil Isai Sangam, Rajah Annamalai Mandram, Esplanade (Near High Court), Chennai - 600 108 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2013, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr N.R. Krishnan, IAS (Retd) who retires by rotation and being eligible offers himself for re-election.
3. To appoint a Director in the place of Mr C. Ramachandran, IAS (Retd) who retires by rotation and being eligible offers himself for re-election.
4. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants (Registration No.008072S), as the Auditors of the Company and fix their remuneration.

Special Business

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

   RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956 and the Articles of Association of the Company Mr. N. S. Palaniappan, IAS, be and is hereby appointed as a Director of the Company not liable to retire by rotation.

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

   RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956 and the Articles of Association of the Company Mr. Sanjiv Ralph Noronha be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

   RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956 and the Articles of Association of the Company Mr. Muthukrishnan Ravi be and is hereby appointed as a Director of the Company not liable to retire by rotation.

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

   RESOLVED THAT 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, for 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) and The Federal Bank Limited, (FBL) respectively to secure the

   a) additional working capital facility of Rs.2,400 lakhs lent and advanced by IDBI Bank
   b) additional working capital facility of Rs.630 lakhs lent and advanced by FBL

   together with interest thereon at the respective agreed rates, 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 and FBL 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 and FBL 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.

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

   RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 310, 311 & Schedule XIII and other applicable provisions of the Companies Act, 1956 and the Articles of Association of the Company and subject to the other approvals as may be necessary, sanction be and is hereby accorded for the appointment of Mr Muthukrishnan Ravi as the Managing Director of the Company on the following terms and conditions:

   a. Period of appointment :

      3 years (04-02-2013 to 03-02-2016)

   b. Nature of appointment:

      Contractual

   c. Remuneration :

      Mr. Muthukrishnan Ravi shall be paid remuneration as detailed below:

      i. Basic Salary – Rs. 95,000/- per month.
      ii. Allowances – Rs.1,57,920/- per month

         (including House Rent Allowance, Electricity, Water, furnishings, gas, R&M, Club fees, PAI premium, festival celebrations etc.)

      In addition to the above, Mr Muthukrishnan Ravi shall be eligible for annual performance pay not exceeding Rs 15 lakhs, allowance in lieu of superannuation contribution @ 15% of basic salary and leave travel concession not exceeding one month's basic pay per annum.

      Contribution to Provident and other Funds, leave, gratuity and other benefits shall be in accordance with the applicable law/service rules of the Company.

      The following shall not be included in the computation of the ceiling of remuneration to Mr Muthukrishnan Ravi:

      - Encashment of leave as per the rules of the Company

- Provision of car with driver for business and personal use
- Provision of telephone at residence and cellular phone
- Reimbursement of entertainment expenses and travelling expenses actually incurred for the conduct of the business of the Company, subject to a reasonable ceiling as may be fixed by the Board from time to time.

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

d. Minimum Remuneration

In the event of inadequacy or absence of profits, the remuneration as aforesaid shall be the minimum remuneration payable to Mr. Muthukrishnan Ravi.

Regd.Office
Manali Express Highway
Manali, Chennai-600 068
22nd April 2013

By order of the Board
for Tamilnadu Petroproducts Limited
R. Kothandaraman
Company 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. 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 Resolutions set out against Items 5 to 9 of the Notice is annexed hereto.

c) The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd July 2013 to 5th August 2013 (both days inclusive).

d) Members are requested to notify immediately any change in their address to the Company/Share Transfer Agent, if shares are held in physical mode and to the Depository Participants if shares are held in electronic mode.

e) Claims for dividend if any, for the financial years 2005-06, 2009-10, 2010-11 and 2011-12 shall be made to the Company or the Registrars and Share Transfer Agent. No Dividend was declared for the years from 2006-07 to 2008-09.

f) Shareholders may kindly note that the amounts in the unpaid dividend account relating to the financial year 2005-06 is due for transfer to "Investor Education and Protection Fund" established by the Central Government under Section 205C of the Companies Act, 1956, during November 2013 after which no claims will be permitted by Central Government.

g) Members are requested to bring their copies of the Annual Report.

h) Members / Proxies should bring the 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 2013-14.

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.

l) In terms of Section 219 of the Companies Act, read with Clause 32 of the Listing Agreement, as amended, the Company is sending Abridged Annual Report to all the members who have not opted for receiving the Annual Report in electronic mode. Full version of the Report is available in the Company's Website viz., www.tnpetro.com. Members desirous of receiving the complete Annual Report may send a request in writing to the Registrars or the Company by post/ courier or email with scanned copy of the request.

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Annexure to Notice

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

Items 5, 6 & 7

Appointment of directors under Section 257 of the Companies Act, 1956

At the meeting held on 1st November 2012, the Board appointed Mr N S Palaniappan, IAS as Director and Chairman and Mr. Sanjiv Ralph Noronha as a Director of the Company. At the meeting held on 28th January 2013 Mr. Muthukrishnan Ravi was co-opted as a Director and also appointed as the Managing Director with effect from 4th February 2013. In terms of the relevant provisions of the Act and the Articles of Association of the Company, these directors hold office upto the date of the ensuing Annual General Meeting. It is proposed to appoint them as Directors of the Company at the AGM, for which notices have been received under Section 257 of the Act. A brief profile of the above appointees are given in the enclosed statement.

In terms of the Articles of Association of the Company, Mr. N S Palaniappan, IAS and Mr. Muthukrishnan Ravi need not retire by rotation and Mr. Sanjiv Ralph Noronha will be liable to retirement by rotation.

The Board recommends the resolution for the consideration of the Members. Except the respective appointees, none of the other Directors is interested or concerned in these resolutions.

Item 8

During the year IDBI Bank Ltd., and The Federal Bank Limited have sanctioned to the Company additional Working Capital facilities of Rs. 2,400 lakhs and Rs.630 lakhs 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.

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

The Board recommends the resolution for the consideration of the Members. None of the Directors is interested in the resolution.

Item 9

The Board of Directors at its Meeting held on 28th January 2013 appointed Mr Muthukrishnan Ravi as the Managing Director for a period of 3 years from 4th February 2013 to 3rd February 2016 and authorised the Remuneration Committee to fix the remuneration subject to approval of shareholders. The Remuneration Committee at its meeting held on 28th January 2013 having regard to the various requirements stipulated in Schedule XIII to the Companies Act, 1956, trends in the industry, appointee's qualification, experience, past performance and past remuneration has fixed the remuneration payable to Mr. Muthukrishnan Ravi as detailed in Resolution No. 9 subject to approval of the shareholders. Mr. Ravi is also the Managing Director of Manali Petrochemicals Limited.

Statement pursuant to Clause (iv) of proviso to Sub Paragraph C of Paragraph 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956 to the extent applicable is enclosed.

The Board recommends the resolution for the consideration of the Members. Except Mr. Ravi, none of the other Directors is interested or concerned in the resolution.

By order of the Board
for Tamilnadu Petroproducts Limited

Chennai - 600 068
22nd April 2013

R. Kothandaraman
Company Secretary

TPL

STATEMENT PURSUANT TO CLAUSE (IV) OF PROVISO TO SUB PARAGRAPH C OF PARAGRAPH 1 OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956

A. General Information

(1) Nature of Industry	Chemical and Petrochemical (Manufacture and Sale of Linear Alkyl Benzene, Epichlorohydrin and Caustic Soda).			
(2) Commencement of Commercial Production	Linear Alkyl Benzene - April 1988; Epichlorohydrin - March 1995; Caustic Soda - The Chlor Alkali plant owned by SPIC was acquired by the Company during August 2000			
(3) Financial Performance				(Rs.in lakhs)
	Financial parameters	**2010-11**	**2011-12**	**2012-13**
	Turnover	1,18,274.47	1,24,818.52	1,28,142.43
	Profit After Tax	2,947.14	594.01	(5,055.59)
	Amount of Dividend paid	899.71	449.86	-
	Rate of dividend (%)	10	5	-
(4) Export performance	Foreign Exchange Earnings	9,987.44	10,272.47	3,158.46

B. Information about the Appointee:

(1) Background details	Furnished in statement enclosed.
(2) Past remuneration	This is the first appointment of Mr. Muthukrishnan Ravi as the Managing Director of the Company.
(3) Job profile and suitability	As Managing Director of the Company he will be responsible for the management of the Company, subject to the superintendence, guidance and control of the Board of Directors of the Company. Taking into account his previous experience, educational background, knowledge about the industry and the nature and size of operations of the Company, he is a fit and proper person to be appointed as the Managing Director of the Company.
(4) Remuneration proposed to the Appointee	Details furnished in the relevant resolution.
(5) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The proposed remuneration is reasonable with respect to the industry, size of the Company and job profile of the proposed appointee.
(6) Pecuniary relationship, directly or indirectly with the Company / relationship with Managerial personnel, if any	Mr.Muthukrishnan Ravi has no pecuniary relationship with the Company, directly or indirectly (except to the extent of the remuneration received / receivable by him from the Company).

C. Other Information

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

During the year the Company incurred loss due to high input cost and lower margins on account of spurt in cheap imports into the country. The Company has initiated various measures to overcome the situation including suspension of unviable operations.

Actions have been taken to utilize the resources optimally and bring down the cost. Action has also been taken against dumping of material into India by the overseas suppliers to protect the domestic industry. For more information please refer to the Reports of the Directors and Management Discussion & Analysis Report.

D. Disclosures:

1	Information on remuneration package	Details furnished in the relevant resolution.
2	Other disclosures	Information on elements of remuneration, components, terms of service and stock option are furnished in the resolution / report on Corporate Governance annexed to the Report of the Board of Directors.

By order of the Board
for Tamilnadu Petroproducts Limited

Chennai - 600 068
22nd April 2013

R. Kothandaraman
Company Secretary

TPL

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT ABOUT THE PARTICULARS OF DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED AT THE 28TH AGM.

Item No. 2, 3, 5, 6 & 7 of the Notice

Brief profile of Directors seeking appointment/reappointment at the 28th AGM

Mr. N R Krishnan, IAS (Retd,), 74, holds a Master's degree in Chemistry from University of Delhi. He has held various positions in the Government and was the Secretary to the Government of India, in the Ministry of Fertilizers and Chemicals and also in the Ministry of Environment and Forests. He is Director in Tamilnadu Road Development Company Limited (TNRDC), India Cements Limited, Cognizant Foundation (Sec 25 Co.), Ponni Sugars (Erode) Limited, Trinetra Cement Ltd and is the Chairman of Audit Committee and Remuneration Committee of TNRDC. He is also Member of the Audit Committees in Ponni Sugars and Trinetra Cements.

Mr. C Rmachandran, IAS (Retd.), 74, is an M.A and M.P.A. and well versed in management and public administration. He has held senior positions in the Government of Tamil Nadu and retired as its Industries Secretary. He is Director in Elnet Technologies Limited, IG3 Infra Limited, Elnet Software City Limited, Grand Luxe Hotels Ltd, ETL Power Services Ltd, The Great Indian Linen & Textile Infrastructure Company Pvt.Ltd, Appu Hotels Limited and Tulsyan NEC Limited. He is member of Audit Committees of Elnet Technologies, IG3 Infra, Grand Luxe Hotels and Appu Hotels. He is the Chairman of Share Allotment Committee of Appu Hotels and a member of Shareholders/Investors' Grievance Committee of Elnet Technologies. He is also a member of the Remuneration Committee of Appu Hotels and IG3 Infra Limited and Selection Committee of the latter.

Mr. N S Palaniappan, IAS, 54, M.A, has held various positions in the Tamil Nadu Government. He is at present the Principal Secretary to the Government, Industries Department. He is Director in Tamilnadu Industrial Guidance & Export Promotion Bureau (GUIDANCE),Tamilnadu Newsprint & Papers Limited (TNPL),Tamil Nadu Salt Corporation Limited, TIDEL Park Limited, Titan Industries Limited, Tamilnadu Industrial Development Corporation Limited, State Industries Promotion Corporation of Tamilnadu Limited (SIPCOT), Neyveli Lignite Corporation Limited, Tamilnadu Trade Promotion Organisation (Sec.25 Company), Chennai Metro Rail Limited,Tamilnadu Generation and Distribution Corporation Board, Tamilnadu Transmission Corporation Ltd, Tamilnadu Maritime Board, Tamilnadu Electricity Board Ltd, Tamilnadu Sugar Corporation Limited, Nilakottai Food Park Ltd and Tamilnadu Minerals Ltd, He is also Member of the Governing Council of Indian Institute of Technology, Madras, Chennai Metropolitan Development Authority, Entrepreneurship Development Institute and Mono Rail Empowered Committee.

Mr. Sanjiv Ralph Noronha, 47, received his Bachelor's Degree in Mechanical Engineering from Shivaji University in India. He completed his Master's in Business Management from the Asian Institute of Management in the Philippines.

Mr. Noronha is the Managing Director and Founder of SEAI International Pte Ltd. Prior to founding SEAI in September 2007 he was the Group Managing Director for Chemoil Energy Limited, a company listed on the Singapore Stock Exchange. He joined Chemoil in 1993 and from infancy grew the company to a US$ 6 billion Corporation with offices and operations around the globe. During his tenure in Chemoil he built its new ventures: a Global Shipping Company and an Oil Storage Facility. He has had a wide spectrum of experience in functional areas across the world. His extensive experience includes general management, new business start-up, providing strategy, strategy implementation, and turnaround management. Prior to joining Chemoil, he had 4 years of experience in banking in Manila, Philippines and automobile manufacturing in India.

Mr. Noronha is a Director of MPL, Greenstar Fertilizers Limited (GFL), PSA SICAL Terminals Limited, SEAI International Pte Ltd., Wilson International Trading Private Limited and Oceanconnect Singapore Private Limited and a also member of the Audit Committee of GFL and MPL.

Mr. Muthukrishnan Ravi, 52, a B. Tech in Chemical Engineering and MBA from XLRI started his career as an Assistant Engineer in Indian Organic Chemicals Ltd., Chennai in 1982. He was associated with reputed organizations like Madras Refineries Ltd (now CPCL), SADAF, Saudi Arabia, ESSO Singapore. He was the Commercial Head for Asia Pacific and Country Head for Indian Sub Continent, DOW Chemicals from 1997 to 2009, and took over as Executive Vice President for Strategy and Global Sourcing of Sanmar Chemplast in 2009. He joined Manali Petrochemicals Limited (MPL) in April 2011 as the Chief Operating Officer and became its Managing Director (MD) from October 2011. Besides being the MD of MPL, he is also the Director of Manali Petrochemicals Executives Welfare Foundation (Sec 25 Company), Manali Petrochemicals Officers and Staff Welfare Foundation (Sec 25 Company) and a member of the Shareholders'/Investors Grievance Committee of MPL.

None of the above directors hold any shares in the Company.