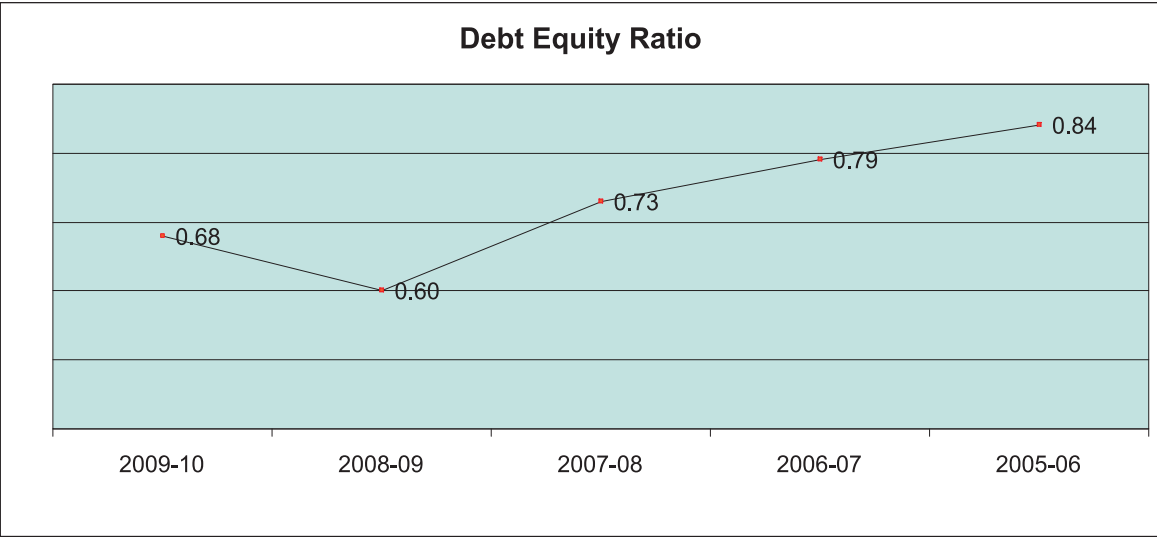
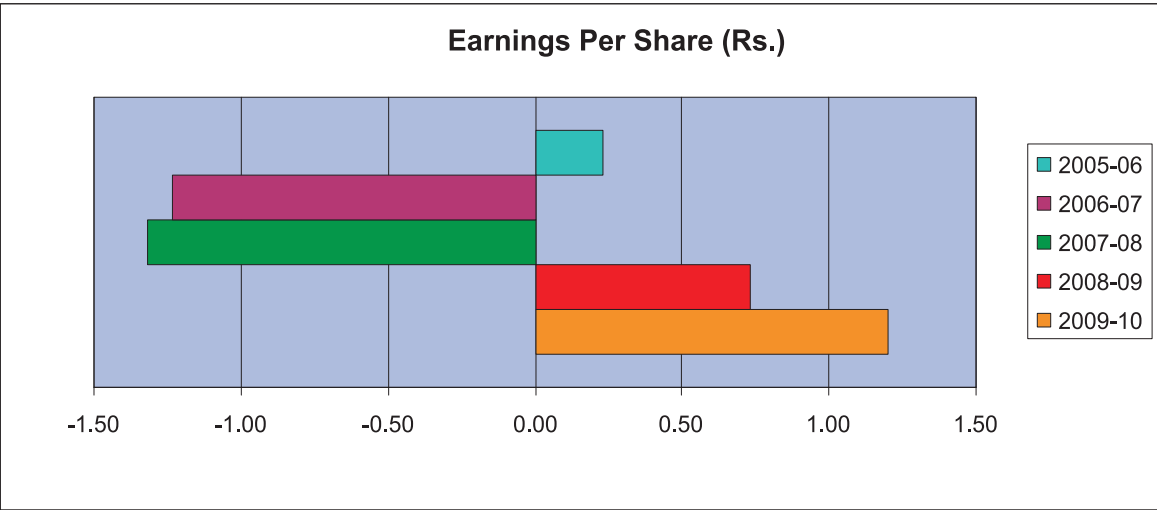
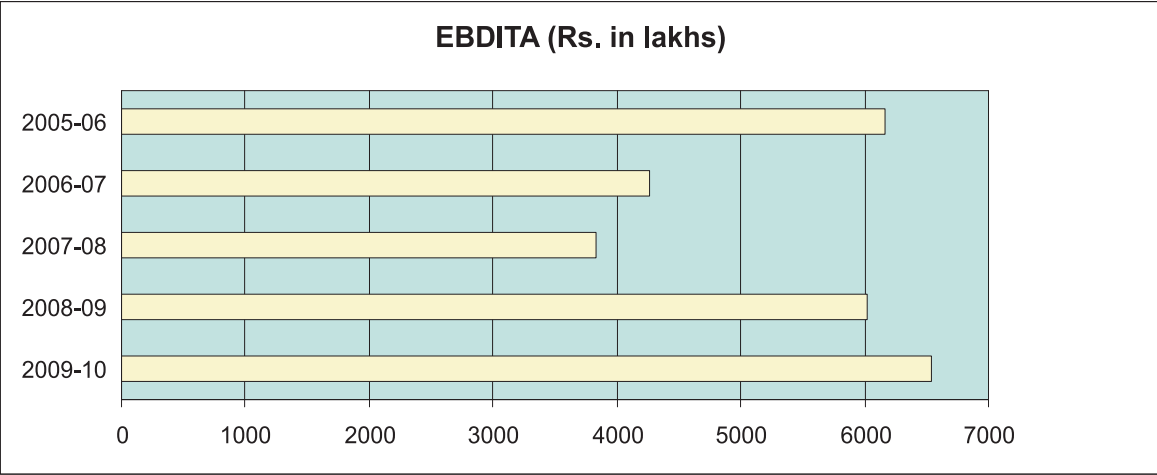




Tamilnadu Petroproducts Limited



25th ANNUAL REPORT
2009 - 10





BOARD OF DIRECTORS

(As on 5th May 2010)

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

AUDIT COMMITTEE

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

REGISTERED OFFICE & FACTORY

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

CORPORATE OFFICE

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

STATUTORY AUDITORS

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

LEGAL ADVISOR

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

REGIONAL OFFICE

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

BANKERS

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

SECRETARIAL DEPARTMENT

Manali Express Highway,
Manali, Chennai - 600 068.
Tel : 25940761 (Direct) : 25941501-10 Ext. 2388

REGISTRAR & SHARE TRANSFER AGENTS

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

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OPERATING RESULTS AT A GLANCE

(Rs. in Crores)

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

* *Net of Revaluation Reserve*

NOTICE FOR THE TWENTY FIFTH ANNUAL GENERAL MEETING

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

Ordinary Business

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

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

Special Business

7. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:
“RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and other approvals as may be necessary, approval be and is hereby accorded for the re-appointment of Thiru RM. Muthukaruppan as Whole-time Managing Director (liable to retirement by rotation) of the Company for a period of three years from 4th February 2010 to 3rd February 2013 and for payment of remuneration/minimum remuneration as described below :
 - (1) Salary
Rs.1,10,000/- per month.
 - (2) Performance linked pay
Performance linked pay of Rs.15,00,000/- per annum.

(3) Allowances & Perquisites

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

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

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

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

i) Contribution towards Provident Fund and Superannuation Fund:

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

ii) Gratuity

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

iii) Leave encashment

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

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

v) Telephone
Provision of telephone at residence.

(5) Entertainment Expenses

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

Minimum Remuneration

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

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

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

- (1) Salary
Rs.90,000/- per month.
- (2) Performance linked pay
Performance linked pay of Rs.13,00,000/- per annum.

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

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

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

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

- i) Contribution towards Provident Fund and Superannuation Fund:

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

- ii) Gratuity

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

- iii) Leave encashment

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

- iv) Car

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

- v) Telephone

Provision of telephone at residence.

- (5) Entertainment Expenses

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

Minimum Remuneration

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

By order of the Board
for TAMILNADU PETROPRODUCTS LIMITED

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

M.B. GANESH
Secretary

Notes :

- a) A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and on a poll to vote instead of himself and a proxy need not be a Member of the Company. The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting, in default, the instrument of proxy shall not be treated as valid.
 - b) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Resolutions set out against Item Nos. 7 and 8 of the Notice is annexed hereto.
 - c) The Register of Members and the Share Transfer Books of the Company will remain closed from 28th July 2010 to 11th August 2010 (both days inclusive).
 - d) Members are requested to notify immediately any change in their address to the Company/Share Transfer Agents if shares are held in physical mode and to the Depository Participants if shares are held in electronic mode.
 - e) Dividend on Equity Shares as recommended by the Board of Directors, if declared at the Meeting will be paid to those Shareholders whose names appear in the Register of Members on 11th August 2010.
 - f) Claims on unpaid dividend, if any, for the financial years 2003-04, 2004-05 and 2005-06 shall be made to the Company or Share Transfer Agents. The Shareholders may kindly note that the amounts in the unpaid dividend account relating to the financial year 2002-03 is due for transfer to "Investor Education and Protection Fund" established by the Central Government under Section 205C of the Companies Act, 1956 during September 2010, after which no claims will be permitted by Central Government.
 - g) Members / Proxies should bring the Attendance slip duly filled in for attending the Meeting.
 - h) All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays, Sundays and holidays between 8.15 A.M. to 5.00 P.M. upto the date of the Annual General Meeting.
 - i) The Company's equity shares are listed at Bombay Stock Exchange Limited (BSE) & National Stock Exchange of India Limited (NSE). The Company has paid the annual listing fees to BSE and NSE for the financial year 2010-11.
 - j) *Shareholders seeking any information with regard to accounts are requested to write to the Company well in advance so as to enable the Management to reply.*
-

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item Nos. 7 & 8 of the Notice**

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

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

I. GENERAL INFORMATION :

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

Date of commencement of commercial Production :

Linear Alkyl Benzene - April 1988

Epichlorohydrin - March 1995

Caustic Soda - The Chlor Alkali plant owned by SPIC was taken over by the Company during August 2000.

Financial Performance :

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

(Rs. in lacs)

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

Export performance, net foreign exchange earnings and collaborations :

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

II. INFORMATION ABOUT THE APPOINTEES :

Background details, recognition/awards :

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

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

Past remuneration :

Thiru RM. Muthukaruppan

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

Thiru V Ramani

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

Job profile and suitability :

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

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

Remuneration proposed to the Appointees :

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

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

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

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

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

III. OTHER INFORMATION :

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

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

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

Hence, the proposed special resolutions seeking approval of shareholders.

Memorandum of Interest

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

By order of the Board
for TAMILNADU PETROPRODUCTS LIMITED

Chennai - 600 068
5th May 2010

M.B. GANESH
Secretary