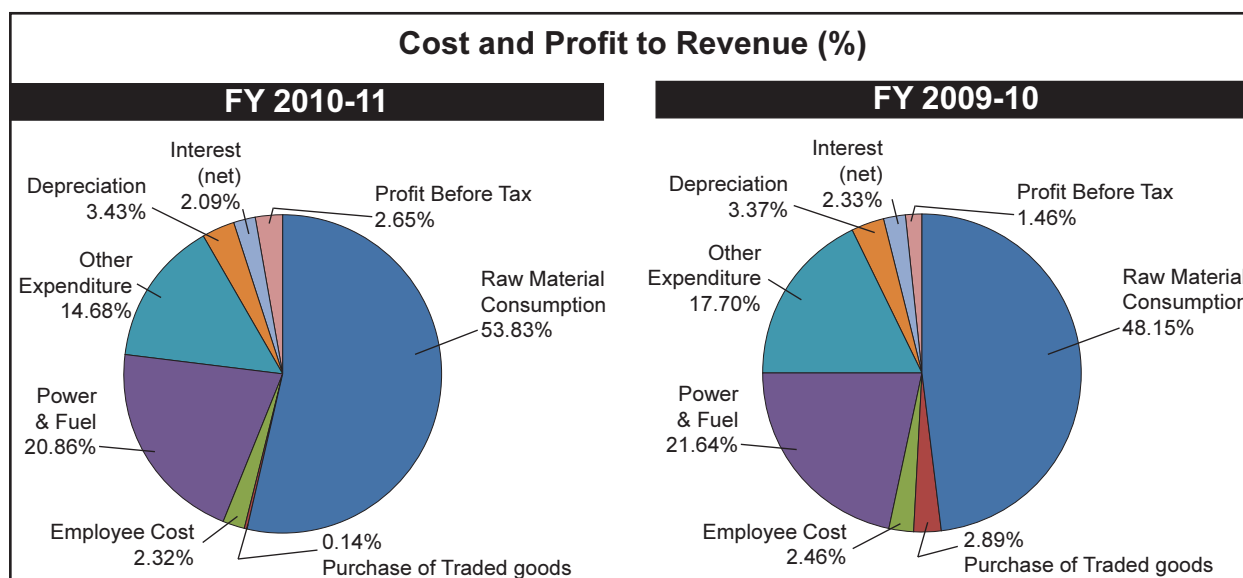
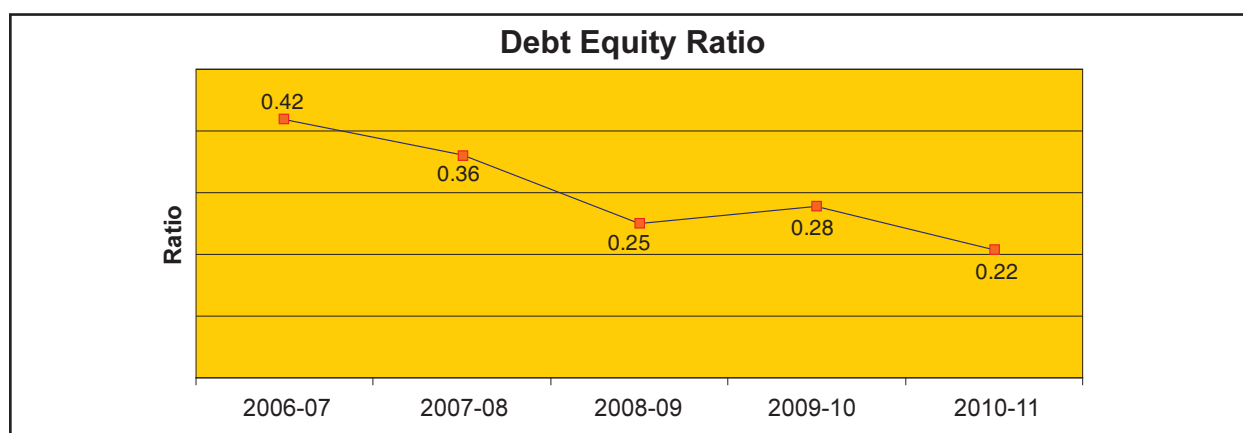
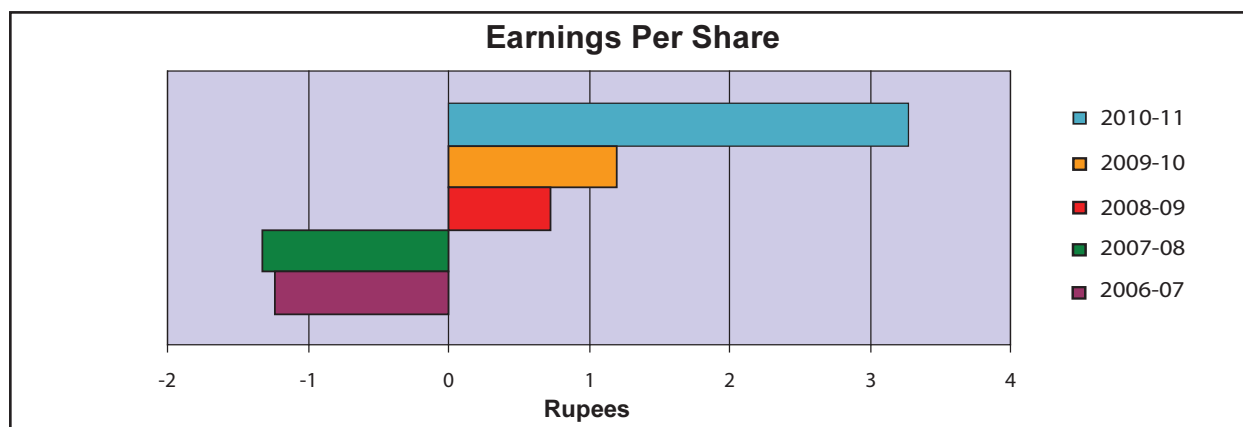
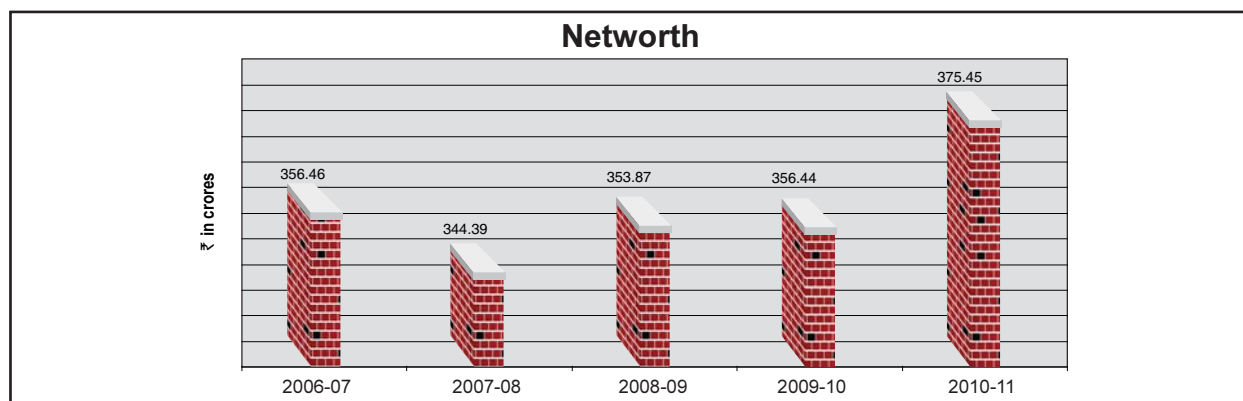




Tamilnadu Petroproducts Limited

26th ANNUAL REPORT
2010 - 11





BOARD OF DIRECTORS

(As on 29th July 2011)

Dr. N. SUNDARADEVAN, IAS	Chairman
Dr. A.C. MUTHIAH	Vice Chairman
T.K. ARUN	Director
R. KARTHIKEYAN	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
N.R. KRISHNAN	Member
Dr. K.U. MADA	Member
M.B. GANESH	Secretary

REGISTERED OFFICE & FACTORY

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

CORPORATE OFFICE

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

STATUTORY AUDITORS

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

LEGAL ADVISOR

T. Raghavan
New No. 47, Old No. 25, T.T.K. Road,
Alwarpet, Chennai - 600 018

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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FINANCIAL HIGHLIGHTS

(₹ in Crores)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Share Capital	89.97	89.97	89.97	89.97	89.97
Reserves & Surplus	287.75	275.48	281.83	287.13	305.94
Networth	356.46	344.39	353.87	356.44	375.45
ROCE (%)	1.76	1.12	5.99	7.61	11.37
Fixed Assets (net)	479.61	449.65	369.09	388.31	354.75
Sales / Other Income	837.51	802.41	955.08	914.03	1,086.89
Gross Profit	42.58	38.38	60.17	65.44	68.27
Interest / Finance Charges	24.74	23.94	25.68	21.29	23.13
Depreciation	33.12	32.82	32.58	30.82	37.99
Current Tax	0.16	0.15	0.15	1.59	5.03
Deferred Tax	(4.37)	(6.63)	(4.78)	0.97	(5.12)
Net Profit /(Loss)	(11.06)	(11.91)	6.54	10.77	29.47
Dividend (incl.Tax)	-	-	-	5.26	10.46
Dividend (%)	-	-	-	5.00	10.00*
Earnings Per Share (₹)	(1.23)	(1.32)	0.73	1.20	3.28

* Subject to approval of Shareholders at the 26th AGM.

NOTICE FOR THE TWENTY SIXTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 26th Annual General Meeting of the Company will be held at 10.25 a.m. on Friday, the 16th September 2011 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 2011 and Profit and Loss Account of the Company for the year ended 31st March 2011 and the Report of the Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in place of Thiru C. Ramachandran, who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in place of Dr. K.U. Mada, who retires by rotation and being eligible offers himself for re-election.
5. To appoint a Director in place of Thiru R Karthikeyan, who retires by rotation and being eligible offers himself for re-election.
6. To consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

“RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants (Registration No.008072S), the retiring Auditors be and are hereby re-appointed as Statutory Auditors of the Company to hold office until the conclusion of the 27th Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors of the Company.”

Special Business

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

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

- a) additional working capital facility of Rs.2,500 lacs lent and advanced by IDBI Bank

- b) additional working capital facility of Rs.2,000 lacs lent and advanced by ABL
- c) additional working capital facility of Rs.750 lacs lent and advanced by IIBL

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

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

By order of the Board
for TAMILNADU PETROPRODUCTS LIMITED

Regd.Office
Manali Express Highway
Manali, Chennai-600 068
29th July, 2011

M B GANESH
Secretary

Notes :

- a) A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and on a poll to vote instead of himself and a proxy need not be a Member of the Company. The proxy form attached must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting, in default, the instrument of proxy shall not be treated as valid.
- b) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Resolution set out against Item No. 7 of the Notice is annexed hereto.
- c) The Register of Members and the Share Transfer Books of the Company will remain closed from 30th August 2011 to 16th September 2011 (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 16th September 2011.
- f) Claims on unclaimed dividend, if any, for the financial years 2004-05, 2005-06 and 2009-10 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 2003-04 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 2011 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 2011-12.
- 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 No.7 of the Notice

IDBI Bank Ltd, (IDBI Bank), Axis Bank Limited (ABL), and IndusInd Bank Ltd., (IIBL) have sanctioned additional Working Capital facilities of Rs. 2,500 lacs, Rs.2,000 lacs and Rs.750 lacs respectively to the Company. One of the conditions stipulated for availing the said financial assistance is to secure the loan by a mortgage/charge on all the immovable and movable properties of the Company both present and future ranking pari passu with the charges created and/or to be created in favour of the existing charge holders, subject to the exclusive mortgage of a specified property by way of deposit of title deeds to Housing Development Finance Corporation Limited.

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

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

Hence, the proposed resolution.

None of the Directors is interested in the resolution.

By order of the Board
for TAMILNADU PETROPRODUCTS LIMITED

Chennai - 600 068
29th July, 2011

M B GANESH
Secretary

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT ABOUT THE PARTICULARS OF DIRECTORS WHO ARE PROPOSED TO BE RE-APPOINTED AT THE 26TH AGM.

Item No. 3, 4 & 5 of the Notice

	Item No. 3	Item No. 4	Item No. 5
Name of the Directors (Tvl.)	C. Ramachandran	Dr. K.U. Mada	R. Karthikeyan
Age	72	77	33
Qualification	M.A., M.P.A. (Master of Public Administration)	B.A. (Hon), M.A. (Eco), Ph.D. (Eco) & Cert. in Financial Management - Bombay University	B.E. (Mech.) MBA
Expertise	Retired Member of Indian Administrative Service. Management & Public Administration	Formerly Faculty Member - Bombay University, Member of Board of Governors, Management Development Institute, Executive Director, IDBI and acting Chairman & MD of Industrial Reconstruction Bank of India and presently Director in number of companies.	Experience in preparation of Project reports, project appraisal and promotion/monitoring the implementation of the projects. Also serving as Nominee Director in various joint venture companies promoted and assisted by TIDCO. Facilitated investments in specialized infrastructure projects in Tamilnadu through joint ventures of TIDCO.
No. of shares held	Nil	3,500	Nil
Other Directorships	Director : Elnet Technologies Limited, Indian Green Grid Group Ltd. (Formerly ETL Infrastructure Services Limited), Elnet Software City Limited, Grand Luxe Hotels Ltd. (Formerly ETL Hospitality Services Limited), The Great Indian Linen & Textile Infrastructure Company P. Ltd., ETL Corporate Services P. Ltd., ETL Power Services Ltd., Appu Hotels Limited, Tulsian NEC Limited	Director : Hotel Leelaventure Ltd., Lupin Ltd., PCI Ltd.	Director : Tamilnadu Trade Promotion Organisation (See 25 Co), Sree Maruthi Marine Industries Ltd., Malladi Specialities Ltd., Ramanasekhar Steels Ltd., Great Sea Trawler Building Yard Mandapam Ltd., Suvama Florex Ltd., Tanfac Industries Ltd., Tamilnadu Road Development Co. Ltd., IT Expressway Ltd., Jayamkondam Lignite Power Corpn. Ltd.
Committee Memberships Chairman (C) Member (M)	Audit Committee Tamilnadu Petroproducts Ltd. (C), Elnet Technologies Ltd. (M), Indian Green Grid Group Ltd. (M), Grand Luxe Hotels Ltd., (M), Appu Hotels Ltd., (M) Share Allotment Committee Appu Hotels Ltd., (C) Appointment & Remuneration Committee Indian Green Grid Group Ltd., (M) Remuneration Committee Tamilnadu Petroproducts Ltd. (C), Appu Hotels Ltd., (M) Share Transfer & Shareholders/ Investors Grievance Committee Tamilnadu Petroproducts Ltd., (M), Elnet Technologies Ltd. (M)	Audit Committee Lupin Ltd. (C), Hotel Leeventure Ltd. (M), PCI Ltd. (M), Tamilnadu Petroproducts Ltd. (M) Shareholders/Investor's Grievance Committee Hotel Leeventure Ltd. (C), PCI Ltd. (C), Lupin Ltd. (M)	Audit Committee Tanfac Industries Ltd., (M), Ramanasekhar Steels Ltd., (M) Shareholders/Investor's Grievance Committee Tanfac Industries Ltd., (M)

DIRECTORS' REPORT

To

The Shareholders

Your Directors have pleasure in presenting the Twenty Sixth Annual Report on the business and operations of your Company and the audited Statement of Accounts for the year ended 31st March 2011.

FINANCIAL RESULTS

	(₹ in crores)	
	2010-11	2009-10
Sales (Gross)	1182.74	973.49
Profit before Depreciation and Interest	68.28	65.44
Less: Interest and Financial charges	23.13	21.29
Profit after Interest	45.15	44.15
Less: Depreciation	37.99	30.82
Add: Exceptional Item	22.22	—
Profit before tax	29.38	13.33
Provision for tax	-0.09	2.56
Profit/(loss) after tax	29.47	10.77
Balance carried to Balance Sheet	90.04	71.02

FINANCIAL REVIEW

The company's debt equity ratio and Debt Service Coverage Ratio DSCR as at 31st March, 2011 stands at 0.22 and 2.01 times respectively. Your Company continues to maintain the confidence of lenders as short term working capital requirements for enhanced additional production were fully met from the working capital lenders by first quarter of 2009-10. Further, improved rating of BBB determined by Credit Analysis and Research Limited (CARE) helped the company to negotiate interest rates with lenders. With repayment of long term debts, the company's debt profile is skewed towards short term lending. With the upswing in interest rates due to policy announcements of RBI, the interest rate saw upward swings from quarter to quarter during the financial year 2009-10. Despite these developments, the company by judiciously managing the working capital, could limit the interest cost with only a marginal increase. The cash chest built out of disinvestment of equity shares of Henkel India Limited augurs well for your company as it would help to leverage the availing of working capital limits during 2011-12.

DIVIDEND

Your company has achieved a net profit after tax of ₹ 29.47 crores for the year 2010-11 as against ₹ 10.77 crores during 2009-10. Considering the satisfactory financial health, availability of funds and with a view to reward the shareholders, the Board of Directors have pleasure in recommending payment of dividend of 10% (₹ 1/- per equity share) on the paid up equity share capital of your Company.

OPERATIONAL HIGHLIGHTS

Linear Alkyl Benzene (LAB)

The overall performance of LAB operations has surpassed that of the previous year with increased production and sales. The installation of new molecular sieves in the n-paraffin unit in January 2010 has yielded results improving the normal paraffin plant capacity utilization. LAB production during the year was higher at 98,682 MT.

The steady increase in crude prices during the year has not affected the performance much. Your Company still derives energy conservation benefits year after year through advanced process controls and other stringent measures. During the year, your Company has taken up revamp of the pre-fractionation unit, to be followed by the revamp of the balance section of the n-paraffin unit. This will help to increase further the n-paraffin capacity in the years to come. New markets are being identified for increasing the sales volume.

Among the Indian Companies, your Company continued to be the leader in meeting the domestic supplies of LAB to leading international detergent manufacturers like Henkel AG & Co., KGaA, Germany and Procter & Gamble.

Epichlorohydrin (ECH)

The performance of ECH plant was profitable with improved production and sales. The capacity utilization of the plant was 80%. The higher sales volume compared to the previous year was due to higher off-take in India. The margins improved in line with the price trend in international market. The international price trend seems to be moving north due to shut down of plants in Japan and reduced availability of products from Russia. Margins could have been better but for the high price of propylene and cost of power. Although the low duty on imports continues to be a major deterrent, M/s. Petro Araldite Private Ltd., the Joint Venture Company is relying on your Company for its ECH requirements.

Caustic Soda / Chlor Alkali

The performance of the Chlor Alkali division, in terms of production and sales, was maintained in 2010-11 as well. Profitability was, however, greatly affected due to non-availability of industrial grade salt resulting in higher prices, power cuts/restrictions on usage of power by TNEB leading to higher reliance on captive power based on fuel oil with higher attendant costs. The increased cost of production could not be passed on to the consumer due to surplus supply and stiff competition.

SAFETY, HEALTH & ENVIRONMENT

Strict safety standards, on site and off site required to protect the employees, plant and machinery and the

environment were maintained. The Company won safety awards for safe operation of the plants. Safe days of operation reckoned as per safety practices achieved in LAB, ECH and Chlor-alkali plants as on 31st March 2011 stood at 31, 1403 and 498 respectively. Health of the employees is given utmost attention. As a contribution to the cause of environment and service to the society your Company undertook a tree plantation programme in a school in Manali.

RESEARCH & DEVELOPMENT

Research and development was given due importance to improve the quality of the products. Process improvements to achieve better specific consumptions and superior quality were the areas of concentration. Studies relating to the improvement of environmental performance of the organization were carried out. In the ECH plant, studies aimed at improving the quality of side stream products and converting them into value added products was carried out.

SUBSIDIARIES

SPIC Electric Power Corporation Private Ltd. (SEPC)

Project related activities to develop the 525 MW Thermal Power plant at Tuticorin are fast progressing. The investor company, Trinity Infraventure Limited, has been infusing funds and has contributed ₹1191.45 lakhs so far. Tuticorin Port Trust (presently known as "VO Chidambaranar Port Trust") have communicated to SEPC that the Ministry of Shipping, Government of India have approved the proposal of allocation of alternate land for the project. Action has been initiated to take possession of the land. Environmental clearance from the Ministry of Environment and Forests has been obtained for the project. SEPC filed a Petition during April 2010 before the Hon'ble Tamil Nadu Electricity Regulatory Commission (TNERC) seeking its direction to pass an order directing the Tamil Nadu Electricity Board (TNEB) to act in accordance with the terms contained in the already concluded PPA (Power Purchase Agreement) with SEPC. Hearing is over and final orders are reserved in the matter. SEPC has filed an application for financial assistance which is under consideration.

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

With the objective of setting up LAB and NP projects in regions with encouraging demand potential viz., Middle East and South East Asia, your Company established M/s. Certus Investment and Trading Ltd. (CITL) Mauritius as a Wholly Owned Subsidiary Company (WOS) of TPL to serve as a Special Purpose Vehicle (SPV).

M/s CITL in partnership with M/s. Saudi Offset Limited Partnership (SOLP) established a Company viz., M/s Gulf Petroproduct Co., EC (GPC) to set up a LAB project in the Middle East.

Pre-project activities for setting up the LAB unit are in the final stage. Steps are afoot to enter into a firm feedstock supply agreement with a Qatar based supplier who proposes to supply the feedstock, n-paraffin, from its gas to liquid plant. The gas to liquid plant is in the final stage of completion. The project will pick up momentum once the feedstock supply agreement is firmed up.

Proteus Petrochemicals Private Ltd.

CITL has set up a subsidiary, M/s. Proteus Petrochemicals Private Ltd., as the Project Company for setting up a Normal Paraffin Project in Singapore. The proposal is to establish a green-field Normal Paraffin (NP) project plant along with associated utilities and off-sites. The plant capacity is 125000 MTs per annum. CITL has proposed to invest 28% of the equity with the balance equity contribution being met by a foreign Investor and the Singapore Economic Development Board.

During the year under review, M/s. Proteus Petrochemicals Private Limited has recorded significant progress in its project activities. The Basic Engineering Agreement with UOP has been signed and the kick off meeting took place during December 2010. LOI on a lump sum fixed price basis was given to Mitsubishi Kakoki Kaisha Ltd. (a subsidiary of Mitsubishi Heavy Industries) for Engineering, Procurement and Design with completion and process guarantees. A definitive agreement is expected to be signed by July 2011. Financial closure is expected by May 2011 and commencement of commercial production by November 2012.

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

In terms of the exemption granted to your Company by the Central Government under Section 212(8) of the Companies, Act, 1956, copies of the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies that are required to be attached to the Balance Sheet of your Company have not been attached. The Annual Accounts of the subsidiary will be made available to the shareholders and the subsidiary company investors who seek such information. The Annual Accounts of the subsidiary companies will also be kept for inspection by any investor at the Registered Office of TPL and of the subsidiary company concerned.

STATUS OF ACTIVE INVESTMENTS

Henkel India Limited (HIL)

Henkel India Limited achieved a turnover of ₹ 553 crores for the year ending 31st December 2010 compared to