



Tamilnadu Petroproducts Limited

29th ANNUAL REPORT
2013 – 14

FINANCIAL HIGHLIGHTS

(Rs. in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Share Capital	89.97	89.97	89.97	89.97	89.97
Reserves & Surplus	287.13	305.94	306.45	255.70	218.19
Networth	356.44	375.45	376.16	325.61	288.30
Return on Capital Employed (%)	7.61	12.54	9.21	(9.94)	(3.13)
Fixed Assets (net)	388.31	354.75	355.63	328.95	302.25
Sales / Other Income	914.03	1,074.35	1,259.82	1,286.96	1,063.94
Gross Profit / (Loss)	65.44	73.68	75.3	(0.34)	7.09
Interest / Finance Charges	21.29	28.54	31.66	31.83	32.27
Depreciation	30.82	37.99	37.19	38.62	30.43
Current Tax	1.59	5.03	3.91	-	-
Deferred Tax	0.97	(5.12)	(3.40)	(21.97)	(18.30)
Net Profit / (Loss)	10.77	29.47	5.94	(50.56)	(37.30)
Dividend (incl. Tax)	5.26	10.46	5.23	-	-
Dividend (%)	5.00	10.00	5.00	-	-
Earnings Per Share (Rs.)	1.20	3.28	0.66	(5.62)	(4.15)

Please refer to Page No. 10 for important information on E-voting

Board of Directors*

C.V. Sankar, IAS.	DIN:00703204	Chairman
Ashwin C Muthiah	DIN:00255679	Vice Chairman
C. Ramachandran, IAS (Retd)	DIN:00050893	Director
N.R. Krishnan, IAS (Retd)	DIN:00047799	Director
Dr. K.U. Mada	DIN:00011395	Director
Dhananjay N. Mungale	DIN:00007563	Director
T.K. Arun	DIN:02163427	Director
Sanjiv Ralph Noronha	DIN:01905639	Director
R. Karthikeyan	DIN:00824621	Director
M. Pazhaniandy Pillai	DIN:06874820	Whole-Time Director (Operations)
Muthukrishnan Ravi	DIN:03605222	Managing Director

* As on 1st July, 2014

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

K.R. Anandan

Company Secretary

R. Deepti

Registered Office & Factory

Manali Express Highway,
Manali, Chennai - 600 068.
Tel : 25941501 - 10 Fax : 25941139
CIN: L23200TN1984PLC010931
E-Mail: secy-legal@tnpetro.com
Website : www.tnpetro.com

Auditors

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

Cost Auditor

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

Legal Advisor

Mr. 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.

Registrar & Share Transfer Agent (RTA)

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

CONTENTS

Notice	4
Instructions for exercise of Voting rights by Electronic Means	10
Directors' Report and Management Discussion & Analysis Report to the Shareholders	11
Report on Corporate Governance	15
Financial Statements - Standalone	
Auditors' Report on the Abridged Financial Statements	21
Abridged Balance Sheet	22
Abridged Statement of Profit and Loss	23
Abridged Cash Flow Statement	24
Notes forming part of the Financial Statements	25
Financial Statements - Consolidated	
Auditors' Report on the Abridged Consolidated Financial Statements	29
Abridged Consolidated Balance Sheet	30
Abridged Consolidated Statement of Profit and Loss	31
Abridged Consolidated Cash Flow Statement	32
Notes forming part of the Consolidated Financial Statements	33
Statement pursuant to Section 212 of the Companies Act, 1956	37
Request to Shareholders to Register their e-mail IDs	38
Attendance Slip and Proxy Form	39



NOTICE FOR THE TWENTY NINTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 29th Annual General Meeting (AGM) of the Company will be held at 2.45 p.m. on Tuesday, the 12th August, 2014 at Tamil Isai Sangam, Rajah Annamalai Mandram, No. 5, Esplanade Road (Near High Court), Chennai – 600 108 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March 2014 including audited Balance Sheet as at 31st March 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon by passing the following as an **Ordinary Resolution**:

RESOLVED THAT the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date together with the Notes thereon, the Cash Flow Statement for the said period, the Report of the Auditors and the Directors thereon be and are hereby received, considered and adopted.

2. To appoint a Director in place of Mr R Karthikeyan [DIN 00824621], who retires by rotation and being eligible offers himself for re-election by passing the following as an **Ordinary Resolution**:

RESOLVED THAT pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013, the Rules made thereunder and the Articles of Association of the company, Mr. R Karthikeyan [DIN 00824621], a Director retiring by rotation being eligible and offering for re-election, be and is hereby re-appointed as a Director of the Company.

3. To re-appoint M/s. Deloitte Haskins & Sells, Chartered Accountants (Registration No.008072S) as the Auditors of the Company by passing the following as an **Ordinary Resolution**:

RESOLVED THAT pursuant to Section 139 of the Companies Act, 2013, and the Rules made thereunder, M/s Deloitte Haskins and Sells, Chartered Accountants, Chennai, the retiring auditors with ICAI Registration Number 008072S, be and are hereby re-appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the 31st Annual General Meeting of the Company to be held during the year 2016 on a remuneration to be fixed by the Board of Directors.

Special Business

4. To consider and if thought fit, to pass the following as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of Section 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Company, Mr C V Sankar, IAS, (DIN 00703204) be and is hereby appointed as a Director of the Company not liable to retire by rotation.

5. To consider and if thought fit, to pass the following as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and the Articles of Association of the Company, Dr K U Mada, (DIN 00011395) be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 years from 27th May, 2014.

6. To consider and if thought fit, to pass the following as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and the Articles of Association of the Company, Mr. N R Krishnan, IAS (Retd.), (DIN 00047799) Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 years from 27th May, 2014.

7. To consider and if thought fit, to pass the following as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 160 and other applicable provisions if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and the Articles of Association of the Company Mr C. Ramachandran, IAS (Retd.), (DIN 00050893) be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 years from 27th May, 2014.

8. To consider and if thought fit, to pass the following as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and the Articles of Association of the Company, Mr. Dhananjay N Mungale, (DIN 00007563) be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 years from 27th May, 2014.

9. To consider and if thought fit, to pass the following as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of Section 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Company, Mr. M Pazhaniandy Pillai (DIN: 06874820) be and is hereby appointed as a Director of the Company liable to retire by rotation.

10. To consider and if thought fit, to pass the following as a **Special Resolution**:

RESOLVED THAT pursuant to Sections 196 & 197 of the Companies Act, 2013, ("the Act"), Schedule V thereto, the applicable Rules, Article 135 of the Articles of Association of the Company, and subject to the other provisions of the Act and of the Articles, as may be applicable, and such other approvals as may be required consent of the Members is accorded for the appointment of Mr. M Pazhaniandy Pillai (DIN: 06874820) as the Wholtime Director (Operations) of the Company for a period of three years with effect from 27-05-2014 on the following terms and conditions:

A. PERIOD OF APPOINTMENT 3 YEARS (27-05-2014 TO 26-05-2017)

B. NATURE OF APPOINTMENT CONTRACTUAL

C. REMUNERATION

- a. Mr. M Pazhaniandy Pillai (DIN: 06874820) shall be paid remuneration as detailed below:

- i. Basic Salary Rs.1,07,600/- per month
- ii. Allowances Rs.1,45,507/- per month

- b. In addition to the above, Mr. M Pazhaniandy Pillai (DIN: 06874820) shall be eligible for annual performance pay not exceeding Rs. 6,15,000/-

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

- d. The following shall not be deemed to be remuneration to Mr. M Pazhaniandy Pillai (DIN: 06874820):

- Provision of car with driver for official use
- Provision of telephone at residence and mobile 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 Managing Director from time to time.
- Other expenses incurred by him in relation to the discharge of his duties in relation to the business of the Company.

D. PAYMENT OF MINIMUM REMUNERATION IN THE EVENT OF LOSS OR INADEQUACY OF PROFITS

In the event of loss or inadequacy of profits, the aforesaid remuneration shall be the minimum remuneration payable to Mr. M Pazhaniandy Pillai (DIN: 06874820). The contribution to Provident Fund, gratuity payable and encashment of leave at the end of the tenure shall not be included in the computation of ceiling for the aforesaid minimum remuneration.

11. To consider and if thought fit, to pass the following as a **Special Resolution**:

RESOLVED THAT pursuant to Section 180(1)(c) and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs 1000 crore (Rupees one thousand crore) over and above the aggregate of the paid up share capital and free reserves of the Company, on such terms and conditions as may be agreed to between the Company and the Lenders.

RESOLVED FURTHER THAT consent of the Company be and is hereby accorded to the Board of Directors of the Company for mortgaging and / or creation of charge on the assets of the Company to secure the amount(s) borrowed/to be borrowed by the Company on such terms and conditions as may be agreed to between the Company and the Lenders.

Regd.Office
Manali Express Highway
Manali, Chennai-600 068
1st July 2014

By order of the Board
for Tamilnadu Petroproducts Limited
R. Deepti
Company Secretary

IMPORTANT NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from 4th August 2014 to 12th August 2014 (both days inclusive) in connection with the AGM.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. Member holding more than 10% of the total share capital of the Company is entitled to appoint a single proxy, who cannot be proxy of any other member.
4. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed, stamped and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
5. Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company has, accordingly, transferred Rs.18,76,522/- being the unpaid and unclaimed dividend amount pertaining to 2005-06 to the Investor Education and Protection Fund of the Central Government. As per the extant regulations, no claim shall lie against the Company or the IEPF in relation to the amount remitted to IEPF.
6. The details of unpaid dividend relating to the years 2010-11 and 2011-12 as on 5th August 2013, being the date of the last AGM is available in the website of the Company www.tnpetro.com
7. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the RTA.
9. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting are enclosed and form an integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
10. Electronic copy of the Full Version of the Annual Report for the year 2013-14 and the notice of the 29th AGM are being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Abridged Annual Report for the year is being sent in the permitted mode. These members are requested to register their e-mail ids with the DP/RTA as detailed in Page No. 38 of the 29th Annual Report.
11. Full version of the Report and the Notice of the AGM are 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 Registrar or the Company and send the same by post/courier or email with a scanned copy of the request.
12. Pursuant to the stipulations in Clause 35B of the Listing Agreement read with Section 108 of the Companies Act 2013, and the relevant Rules, the Company has entered into an arrangement with Central Depository Services Limited (CDSL) to facilitate the Members to exercise their right to vote at the Annual General Meeting by electronic means. The detailed process for participating in e-voting is furnished in the Annexure to the Notice in Page No. 10.
13. ***A person who has participated in e-voting is not debarred from participating in the meeting physically though he shall not be able to vote in the meeting again and his earlier vote cast electronically shall be treated as final. In terms of the provisions of Section 107 read with Section 109, there will be no voting by show of hands at the meeting and hence the provisions relating to demand for poll by the Members is irrelevant. The Chairman of the meeting will regulate the meeting and voting on the resolutions in accordance with the provisions of the Act and the applicable Rules.***
14. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any information, the shareholders may also send requests to the RTA.
15. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Holidays, up to and including the date of the Annual General Meeting of the Company.
16. 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.
17. Due notices have been received under Section 160 of the Companies Act, 2013 with regard to the appointment of directors proposed under items 4 to 9.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND CLAUSE 49 OF THE LISTING AGREEMENT

Item No.4

At the meeting held on 29th October 2013 of the Company, Board appointed Mr C V Sankar, IAS, as Director and Chairman. In terms of the relevant provisions of the Companies Act, 2013 (the new Act) and the Articles of Association of the Company, he holds office upto the date of the ensuing Annual General Meeting. It is proposed to appoint him as a Director of the Company at the AGM. A brief profile of the above appointee is given in the enclosed statement.

In terms of the Articles of Association of the Company, Mr C V Sankar, IAS, is not liable to retire by rotation.

The Board recommends the resolution for the consideration of the Members.

Except, Mr C V Sankar, IAS, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.4.

Item Nos.5, 6, 7 & 8

Dr K U Mada, Mr N R Krishnan, IAS (Retd.), Mr C Ramachandran, IAS (Retd.) and Mr Dhananjay N Mungale were appointed as Directors of the Company liable to retire by rotation, who are categorized as Independent Directors under the Listing Agreement. In terms of the relevant provisions of the Companies Act, 2013 (the new Act) and the Articles of Association of the Company these Directors have been appointed by the Board as Independent Directors under Section 149 of the new Act read with the other provisions, rules and Schedule IV to the Act. They will hold office for a period of five years from 27th May 2014. As per Section 150 their appointment is to be approved by the shareholders and hence the same are placed for consideration and approval at the AGM.

In terms of the relevant provisions of the Act, Mr C Ramachandran, Mr N R Krishnan, Mr Dhananjay N Mungale and Dr K U Mada will not be liable to retirement by rotation.

All the appointees comply with the criteria for independent directors specified in Section 149(6) of the new Act. Considering their qualification, experience, stature and standing, they are qualified to be appointed as the Independent Directors. Further they have been the independent directors of TPL and are well versed with the Company's business. Therefore their appointment and guidance as the Independent Directors will be of great value to the Company. The Board recommends the resolutions for the consideration of the Members.

Except the respective appointees, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions set out at Item Nos.5 to 8.

Item No. 9 & 10

At the Board Meeting held on 27th May 2014, Mr. M Pazhaniandy Pillai has been appointed as the Wholetime Director of the Company for a period of 3 years, subject to approval of the

Members. As per Section 161 of the new Act, he holds office till the ensuing AGM and it is proposed to appoint him as a Director under Section 152 of the new Act and also seek approval of the Members for his appointment as the Wholetime Director.

Mr. M Pazhaniandy Pillai, aged 61 is a Chemical Engineer and has more than 36 years of experience in the industry, especially in LAB projects and operations in India and abroad. In a career commencing in the year 1977, he has been associated with major corporates like Bongaion Refinery and Petrochemicals, TPL, Gulf Farabi Petrochemical Co., Proteus Petrochemicals Private Limited, Singapore, a subsidiary of TPL. He was appointed as Chief Operating Officer since August 2013.

At the meeting held on 27th May 2014, Board has, based on the recommendation of the Nomination and Remuneration Committee, appointed Mr. M Pazhaniandy Pillai as the WTD for a period of 3 years on the terms and conditions set out in the resolution.

Mr. Pazhaniandy Pillai holds 200 equity shares in TPL and does not hold directorship in any other company.

Statement pursuant to Clause (iv) of second proviso to Paragraph B of Section II of Part II of Schedule V to the Act is enclosed to the extent applicable.

The Board recommends the resolutions for the consideration of the members as a special resolution. Except, Mr. M Pazhaniandy Pillai, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 & 10.

Item No.11

The Shareholders at their Extra-Ordinary General Meeting held on 22nd December 1994 have authorized the Board of Directors of the Company to borrow in excess of the paid up capital and free reserves upto a limit of Rs. 1000 crore by an ordinary resolution. As per Section 180 of the Companies Act, 2013, the approval is to be by way of a Special Resolution. It has been, vide Circular issued by the Ministry of Corporate Affairs dated 25-03-2014 clarified that the previous resolution will be valid for a period of one year from the date of notification of the relevant provisions, viz., till 11th September 2014.

In view of the above, in order to enable the Board to borrow monies in excess of the paid-up capital and free reserves, the proposal is placed before the Members for approval by Special Resolution.

The proposal also includes the power to be vested with the Board of Directors for mortgaging and / or creation of charge on the assets of the Company to secure the borrowings as may be agreed to between the Company and the Lenders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.11. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the stock exchange.

By order of the Board
for Tamilnadu Petroproducts Limited

R. Deepti
Company Secretary

Chennai - 600 068
1st July 2014

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	2011-12	2012-13	2013-14
	Turnover	1,24,818.52	1,28,142.43	1,05,181.93
	Profit After Tax	594.01	(5,055.59)	(3,730.47)
	Amount of Dividend paid	449.86	-	-
	Rate of dividend (%)	5	-	-
(4) Export performance	Foreign Exchange Earnings	10,272.47	3,158.46	5,474.83

B. Information about the Appointee:

(1) Background details	Furnished under Item 9 & 10 of the Explanatory statement
(2) Past remuneration	This is the first appointment of Mr. M Pazhaniandy Pillai as the Whole-time Director of the Company.
(3) Job profile and suitability	As the Whole-time Director (Operations) Mr. M Pazhaniandy Pillai will be responsible for the Plant operations, Projects and other matter as may be delegated by the Managing Director from time to time. He will report to the Managing Director. Taking into account his previous experience, educational background, knowledge about the industry, past performance and the nature and size of operations of the Company, he is a fit and proper person to be appointed as the Whole-time Director (Operations) 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 appointee.
(6) Pecuniary relationship, directly or indirectly with the Company / relationship with Managerial personnel, if any	Mr. M Pazhaniandy Pillai 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 for 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 cheaper 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. 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.

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE 29TH AGM.

Mr R Karthikeyan, 36, B.E.(Mech), MBA is a Development Manager of TIDCO, and has experience in preparation of Project reports, project appraisal and promotion/monitoring the implementation of the projects. He is serving as Nominee Director in various joint venture companies promoted and assisted by TIDCO. He has facilitated investments in specialized/infrastructure projects in Tamilnadu through joint ventures of TIDCO. He is Director in Tamilnadu Trade Promotion Organisation (Sec 25 Company), Sree Maruthi Marine Industries Ltd, Ramanasekhar Steels Limited, Great Sea Trawler Building Yard Mandapam Limited, Suvama Florex Limited, Jayamkondam Lignite Power Corporation Limited and Tanfac Industries Ltd. He is also a Member of the Audit Committee and Shareholders/Investors' Grievance Committee of Tanfac Industries Ltd and Member of the Audit Committee of Ramanasekhar Steels Ltd.

Mr. C V Sankar, IAS, 58, is a post graduate in Commerce and MBA. At present he is the Principal Secretary to the Government of Tamil Nadu, Industries Department. He has held various responsibilities in the State Government including as District Collector, Coimbatore, Secretary in the office of the Chief Minister, Department of School Education and Principal Secretary in the Department of Environment & Forests and Department of Rural Development & Panchayat Raj. He was actively involved in the Tsunami Rehabilitation Programme of Government of Tamil Nadu between 2005 and 2008 and was working in the National Disaster Management Authority, New Delhi for implementing the National Cyclone Risk Mitigation Project, a World Bank Funded project. He is Chairman and Managing Director of Tamilnadu Sugar Corpn Ltd., Perambalur Sugar Mills Ltd., and Tamilnadu Newsprint & Papers Ltd. He is Chairman of Tamil Nadu Salt Corpn Ltd., Tamil Nadu Minerals Ltd., and Tamilnadu Cements Corpn Ltd. He is also Director in Tamilnadu Industrial Development Corpn Ltd., Neyveli Lignite Corpn Ltd., State Industries Promotion Corpn of Tamil Nadu Ltd., Tamilnadu Electricity Board Ltd., Tamil Nadu Generation and Distribution Corpn Ltd., Tamil Nadu Transmission Corpn Ltd., TIDEL Park Ltd., Titan Industries Ltd., Chennai Metro Rail Ltd., Nilakottai Food Park Ltd. and Tamil Nadu Water Investment Company.

Dr K U Mada, 80, B.A.(Hon), M.A.(Eco), Ph.D(Eco) & Cert.in Fin.Management-Bombay University. Formerly he was Faculty Member-Bombay University, Member of Board of Governors in Management Development Institute, Executive Director of IDBI and acting Chairman & MD of Industrial Reconstruction Bank of India. He is presently Director in Lupin Ltd., Hotel Leelaventure Ltd. and PCI Ltd. He is Chairman of Audit Committee, Remuneration Committee and Member of Investor Grievance Committee in Lupin Ltd., Chairman of Investor Grievance Committee and Member of Audit Committee & Remuneration Committee in Hotel Leelaventure Ltd. and Chairman of Investor Grievance Committee and Member of Audit Committee respectively in PCI Limited.

Mr N R Krishnan, IAS (Retd.), 76, 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 Ltd., (TNRDC), The India Cements Ltd, Cognizant Foundation (Sec 25 Company), Ponni Sugars (Erode) Ltd., Trinetra Cements Ltd., (Formerly Indo Zinc Ltd), India Cements Capital Ltd. and India Cements Investment Services Ltd. He is the Chairman of Audit Committee and Remuneration Committee of TNRDC. He is also Member of Audit Committees in Ponni Sugars (Erode) Ltd., Trinetra Cement Ltd, (Formerly Indo Zinc Ltd) and India Cements Capital Ltd.

Mr C Ramachandran, IAS (Retd.), 76, M.A. & M.P.A is well versed in management and public administration. He has held senior positions in the Government of Tamilnadu and retired as Industries Secretary. He is a Whole-time Director in IG3 Infra Ltd. He is also Director in Elnet Technologies Ltd., Elnet Software City Ltd., Grand Luxe Hotels Ltd., Appu Hotels Ltd., Tulsian NEC Ltd., and The Great Indian Linen & Textile Infrastructure Company Pvt Ltd. He is a Member of Audit Committees in Elnet Technologies Ltd., IG3 Infra Ltd., Grand Luxe Hotels Ltd and Appu Hotels Ltd. He is a Member of Shareholders/Investors Grievance Committee in Elnet Technologies Ltd. He is also the Chairman of Share Allotment Committee and Member of Remuneration Committee in Appu Hotels Ltd and Member in Appointment & Remuneration Committee and Selection Committees of IG3 Infra Ltd.

Mr Dhananjay N Mungale, 61, B.Com, A.C.A., L.L.B., is a renowned Consultant having wide experience in International Finance, Capital Markets and Merchant Banking. Held various senior positions in Foreign Banks. He is Director in Chowgule Steamships Ltd., Kalpataru Ltd., IL&FS Engineering and Construction Company Ltd., Mahindra & Mahindra Financial Services Ltd., Mahindra Composites Ltd., Mahindra CIE Automotive Ltd., National Organic Chemical Ltd. (NOCL), Samson Maritime Ltd., Sicagen India Ltd., Inestor Adviosores Pvt Ltd, JP Morgan Asset Management India Pvt.Ltd., LICHFL Trustee Company Pvt.Ltd., L&T Infra Investment Partners Advisory Pvt Ltd, Lavgan Dockyard Pvt Ltd., Mentor Technologies Pvt Ltd and Snowcem Paints Pvt Ltd. He is Chairman of Audit Committees of Chowgule Steamships Ltd. and Mahindra & Mahindra Financial Services Ltd. He is Chairman of Shareholders Grievance Committee of Mahindra CIE Automotive Ltd. He is the Member of Audit Committees in Kalpataru Ltd, Samson Maritime Ltd., Mahindra Composites Ltd., National Organic Chemical Ltd., Sicagen India Ltd and IL&FS Engg and Construction Company Ltd. He is also a Member of Compensation Committees of Chowgule Steamship Ltd., Mahindra & Mahindra Financial Services Ltd., Mahindra Composites Ltd., NOCL, Sicagen India Ltd., Kalpataru Ltd and Samson Maritime Ltd., Chairman of ALCO Committee of Mahindra & Mahindra Financial Services Ltd and Member of (CSR) Committee in Mahindra CIE Automotive Ltd.

Profile of **Mr. M Pazhaniandy Pillai** is furnished in the Explanatory Statement.

None of the above Directors hold any shares in the Company except Dr K U Mada and Mr. M. Pazhaniandy Pillai who hold 3500 shares and 200 shares respectively.

INSTRUCTIONS FOR EXERCISE OF VOTING RIGHTS BY ELECTRONIC MEANS

1. The voting period begins on 5th August 2014 and ends on 7th August 2014. E-Voting system will be available at all time except between 00:00 hrs to 01:00 hrs.(IST). During this period shareholders of the Company to whom notice of the AGM has been dispatched electronically or physically by registered post or courier, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
2. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to register themselves as Corporates by logging on to <https://www.evotingindia.co.in>. A scanned copy of the Registration Form duly signed and seal affixed should be e-mailed to helpdesk.evoting@cdslindia.com. The login details will be sent by CDSL by reply mail. After receiving the login details they have to create a compliance user who would be able to link the account(s) which they wish to vote on. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they can cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
3. The following are the instructions for participating in the e-voting on the resolutions contained in the notice of the Annual General Meeting. These apply to all the Members of the Company and who receive the notice either by e-mail or physical copy.
 - a. Log on to the e-voting website www.evotingindia.com during the voting period.
 - b. Click on "Shareholders" tab.
 - c. Select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
 - d. Enter your User ID as shown below:

Members holding shares in demat form with CDSL	Sixteen digits beneficiary ID
Members holding shares in demat form with NSDL	Eight character DP ID followed by eight digits Client ID
Members holding shares in Physical form	Folio No.

- e. Enter the image verification as displayed and click on "Login"
- f. Enter the Password:
 - Members holding shares in Demat form and who have already exercised e-voting on an earlier occasion through www.evotingindia.com in respect of their holding in any other company shall use their existing password. If the password has been forgotten they will have enter the User ID and Image Verification Code and then click on "Forgot Password" to enter the details as prompted by the system for retrieving the password.
 - Password entry for Members who are holding shares in demat form and are exercising e-voting for the first time and for Members holding shares in Physical form shall be as below:

PAN	10 digit PAN issued by the Income Tax Department, if the same has been registered with the DP or as the case may be with the Company. For Members who have not registered their PAN, the first two letters of their name followed by the eight digits Serial Number printed on the address slip shall be entered in the PAN Field.
Date of Birth	Date of Birth as registered with the DP or as the case may be with the Company in DD/MM/YYYY format.
Dividend Bank Details	As registered with the DP or as the case may be with the Company. If both the above details have not been registered with the DP or as the case may be with the Company, the demat account number or the Folio number is to be entered in this field.

- g. Click Submit for further processing. If the password entered is incorrect, system will not allow the login and you will have repeat the process under (e) above until the proper password is entered.
- h. Members holding shares in physical form will be directed to the "Company Selection" menu.
- i. Members holding shares in demat form and participating in e-voting through www.evotingindia.com for the first time will be required mandatorily to create their own password to proceed with the e-voting process. The new password shall be used by them for any future e-voting on CDSL Platform. After completion of the new password creation, they will be directed to the Company Selection Menu.
- j. Click on the EVSN for Tamilnadu Petroproducts Limited and you will be directed to the E-Voting Screen.
- k. The Description of the Resolutions as set out in the Notice of the Meeting and the voting options "YES/No" will be displayed for each of the resolutions on this Screen for voting.
- l. Click on the "Resolutions File Link" if you wish to view the full description of the resolutions.
- m. Select the option YES or NO for each of the item as desired by you. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- n. After selection click on SUBMIT and a confirmation box will be displayed. If you wish to confirm and complete the voting press OK, else press CANCEL to change your vote.
- o. Once you CONFIRM your vote on the resolution, you will not be allowed to modify your vote.
- p. You can also take print out of the voting done by you by clicking on "Click here to print" option on the Voting page.
4. Voting through electronic means would be on the basis of proportion of shares held by the member viz., on "one-share one-vote" basis.
5. For any queries or issues regarding e-voting, please refer to the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Twenty Ninth Annual Report on the business and operations of the Company and the audited Statement of Accounts for the year ended 31st March 2014.

FINANCIAL RESULTS

(Rs. in crore)

Description	2013-14	2012-13
Revenue from Operations	1051.82	1281.42
Earnings before Interest Depreciation and Tax	7.09	(0.34)
Less: Finance Cost	(32.27)	(31.83)
Less: Depreciation	(30.43)	(38.62)
Less: Exceptional Item	-	(1.74)
Loss before tax	(55.60)	(72.53)
Tax expenses	(18.30)	(21.97)
Loss after tax	(37.30)	(50.56)
Balance carried to Balance Sheet	2.88	40.19

OPERATIONAL HIGHLIGHTS AND PRODUCT-WISE PERFORMANCE

During the year under review, revenue from operations was Rs.1051.82 crore vis a vis Rs. 1281.42 crore in FY 2012-13. The loss for the year was lower at Rs. 37.30 crore against Rs. 50.56 crore in the previous year. Also the Company made an operating profit of Rs. 5 crore against operating loss of Rs. 34 lakhs in FY 2012-13. These could be achieved through concerted efforts to cut the cost and also ensure the best possible market realization, given the tough conditions faced by the Company due to unabated imports of LAB and Caustic Soda into India during the year under review.

Capacity utilization of Linear Alkyl Benzene (LAB) facilities was lower due to the domestic customers opting for imports in large scale. Increase in crude price and increase in power cost coupled with uncertainties in uninterrupted supply continued to be limiting factors to recover the fixed costs in full, resulting in losses. In order to bring down the cost of production, use of Captive Power Plant (CPP) was curtailed on trial basis. However, due to inconsistency in the supply of power from the EB grid, the CPP had to be operated continuously to avoid frequent interruptions and the cost of heavy re-start. In spite of the cost of power from CPP being higher on account of increased fuel prices, TPL had no alternative but to resort to such a measure to meet customer commitments bringing down the margins further.

The Chlor Alkali Division producing Caustic Soda and Chlorine was operated at a reduced load to optimize the cost of production forcing a dip in capacity utilization. However, the better quality of the output reduced the erosion of margins to some extent.

The ECH Plant, operation of which has been suspended since the beginning of the year on account of the huge and perpetual losses, continued to provide effluent treatment services to Petro Araldite Private Limited, the joint venture company.

FINANCIAL REVIEW

The finance cost as a ratio of total operating income was higher at 3.07% against 2.48% mainly on account of dip in the revenue

by 22%. Due to the poor financial performance over the last two years, the Company has been facing difficulties in raising the required funds, as the lenders are not inclined to look at any further exposures. In fact some of them have resorted to reduction in the limits, compounding the cash flow issues further. Under these circumstances, in order to sustain the operations, the Company had to arrange long term funds only through divestment of its major non-core asset, the TPL House for which agreement has been entered into during the year. A part of the payment consideration has been received and used to fund the working capital requirements.

Owing to losses, the CARE downgraded the rating from BBB+ to BBB, signifying that the Company has current capacity to meet its debt obligations. The average cost of finance was slightly higher than the last year mainly due to the above revision in the rating. During the year under review, there were no defaults either in servicing or repayment of debts.

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

LAB, a colorless organic compound is an intermediate chemical used in the manufacture of household and industrial cleaning agent and enjoys a good demand from the detergent industry as its basic raw material. Based on application, the LAB market can be broadly segmented into Linear Alkylbenzene Sulfonate (LAS) and other applications. A major portion of the global LAB production is utilised for the production of LAS. The applications for LAS have been further segmented on the basis of the end use namely heavy-duty laundry liquids, light-duty dishwashing liquids, and laundry powders, industrial and household cleaners. Heavy-duty laundry liquids are mainly used for commercial laundry purposes and are the most dominant application segment for LAS. It has been reported that the demand for household cleaners is expected to exhibit the fastest growth rate amongst all the application segments. Other niche applications of LAB include ink solvents, agricultural herbicides, wetting agents, emulsion polymerization, electric cable oil and the paint industry.

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.

Till recently, the domestic demand for LAB was being met fully through indigenous sources and a substantial quantity was being exported. However, from the year 2012-13, there has been a sudden spurt in import of LAB into India, mainly attributable to global economic slowdown and creation of new capacities in the Middle East. The imports during 2013-14 was more than 2.20 lakh tons against 1.15 lakh tons in the previous year. The sharp decline in the rupee value during the year also hit the profitability, though this led to lower imports during the period and TPL could regain some lost ground.

In sum, with very high crude price and rupee depreciation the cost of production of LAB was went up substantially but 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, Aluminium, Soaps & detergents industries in India. The capacity in India was about 31.34 lakh ton in March 2013 with a capacity utilization of around 81%. The capacity is expected to increase to 34.5 lakh ton by March 2015. India has enough capacity to meet the domestic demand but due to dumping from overseas, the capacity utilization has been low.

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 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 easily as 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 surplus capacity created overseas has resulted in dumping of materials in to India leading to price war. This constraints the Company's ability to realise the price in full.

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 power is curbing the profitability of the domestic manufacturers. Also the ever increasing imports has been affecting the margins and the profitability of domestic players.

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. Downstream PVC Industry in India is growing @ 14% (YOY in 2012-13) but not utilizing domestic chlorine due to non-availability of petro-chemical feedstock. India is one of the largest importers of EDC & VCM i.e. indirect imports of chlorine leading to low utilization of domestic chlorine. The problems of storage and disposal of Chlorine during peak demand for Caustic Soda are the major limiting factors for both Caustic Soda and Chlorine.

OUTLOOK

LAB

Import of LAB is increasing year on year which will impact the margins of TPL further. During the year 2013-14, the imports doubled to 2.15 lakh tons which were over 1 lakh ton in 2012-13. This trend may continue in the current year. 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. To overcome the increase in input cost, various energy saving measures have been taken up and modification in pre-fractionation unit has been initiated. As a step forward, TPL is also looking at increasing the NP capacity to bringdown imports.

Caustic Soda / Chlor alkali

The Global Caustic Soda growth is expected to be 3.2% by 2018. Alumina and Pulp & Paper sectors, major consumers of Caustic Soda have been impacted by the global economic outlook. It has been stated that the growth in many of developed regions will be slow. On the other hand based on the ongoing expansion projects, the caustic soda availability from the USA, Asia and Middle East will be more, threatening to further increase the imports into India, which is already affected by huge and ever-increasing imports. The imports have doubled in about 3 years at 3.79 lakh tons in 2013-14 from 1.87 lakh tons in 2010-11. The imports during April 2014 alone were over 56,000 tons, against 24,000 tons in the corresponding period in the previous year.

It has been reported that the Indian industry is capable of meeting its domestic demand but because of high input costs and poor infrastructure, is not competitive internationally. It also faces dumping of cheap imports from other countries like Iran, Saudi, Korea RP, Japan, etc. where power is available at a lower price. To overcome this, focus will have to be on zero liquid discharge and reduction in power consumption which will need more of integrated plants. However, under the present conditions TPL may not be able to go for integration and hence the long term survival of the HCD would depend on the success of the cost cutting efforts taken by the Company.

ECH

TPL is looking at alternate options for using the ECH facility which at present remains moth-balled. It is being explored if the facilities can be modified for the manufacture of Propylene Oxide so that the Company would be able to use the Chlorine as well and contribute to the overall operations.

RISKS AND CONCERNS

As stated earlier, the import of LAB, Caustic Soda and indirect form of Chlorine is the major risk faced by TPL. The average realization continues to be low and the efforts of the Company to curtail the imports through combined action of the domestic manufacturers did not materialize.

TPL is a power intensive industry and hence the renewable purchase obligation, which is being challenged by the Company at the appropriate forum, could be a dampener in its efforts to bring down the power cost. Also, the cost of salt and transportation are going up due to various factors. If the oil subsidy is marginalized, the input cost for TPL could go up substantially and the survival of the Chlor Alkali Division in the long run could be a major concern to be addressed by the Company.

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 a mock drill operation was held to show-case the preparedness of the Company to meet emergencies. The program was organized as a part of the Conference on Chemical (Industrial) Disaster Management held under the aegis of the National Disaster Management Authority and FICCI at Chennai during November 2013. More than 120 delegates from all over the country participated in the programme in addition to the dignitaries from various government agencies who were appreciative of the systems and procedures being practiced by the Company.

Your Company has planted saplings in and around the factory premises as part of its green initiatives and to promote carbon offset.

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 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 was affected due to varied factors, mainly regulatory issues in Bahrain. Therefore the project had to be abandoned and the company was liquidated voluntarily.

CITL also established CITL (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 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 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.

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 the shareholders of the Company and the subsidiary companies seeking such information and shall also be available for inspection at the Registered Office 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 for epoxy applications and the present JV Partner is Vantigo. PAPL has facilities to manufacture of Basic Liquid Resin, Solid Resin and Formulated products. The performance of the JV has been

cyclical, but in the recent past PAPL has been incurring losses due to changed market scenario.

With the conditions not improving, PAPL has closed down their Basic Resins manufacturing facilities during the 2nd half of the year and is now operating only its' formulations plant.

As per the unaudited figures furnished by PAPL, the total revenue during the year was Rs. 219.54 crore compared to Rs. 354.54 crore during 2012-13. The company incurred a loss of Rs. 8.29 crore against Rs. 14.45 crore in 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 the knowledge, experience, analytical and decision making skills. Your Company has been practicing various HR initiatives such as recognition, empowerment, personality development, decentralization of delegation of powers etc., to retain the talents and to enhance their enabling capabilities. A balanced staffing system has been judiciously adopted in your Company wherein competent fresh talents have been engaged to infuse young blood into the steam of experienced hands.

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

The wage settlement dispute with LAB/ECH workmen pending since 2005 was settled through negotiations. However, this has not helped restoring the cordial industrial relations owing to the indifference and unfair practices of the workmen. A stiff resistance by the workmen to the various measures taken by the Management to cut-down cost and increase productivity is snow-balling and the Management is adopting a wait and watch approach to avoid precipitating the issues further for the overall benefit of all the stakeholders.

The man power strength as on 31st March 2014 was 429 and none of the employees of your Company was in receipt of remuneration exceeding the sum prescribed under Section 217(2A) of the Act.

DIRECTORS

The Board at the meeting held on 29th October 2013 recorded the resignation of Mr N S Palaniappan, IAS, Director & Chairman. The Board places on record its appreciation for the invaluable services rendered by Mr. Palaniappan during his association with the Company.

Mr Hans Raj Verma, IAS, Chairman and Managing Director of TIDCO was transferred and consequently he resigned as a Director of TPL which effective from 18th June 2014. The Board places on record its appreciation for the invaluable services rendered by Mr. Verma during his association with the Company.

Mr C V Sankar, IAS appointed as Director & Chairman by the Board at the meeting held on 29th October 2013 holds office upto the date of the ensuing Annual General Meeting.

Mr. M Pazhaniandy Pillai was appointed as an Additional Director under Section 152 of the Act and Whole-time Director (Operations) by the Board at the meeting held on 27th May 2014. His appointment as a Director liable to retire by rotation under Section 160 of the Act and approval for his appointment as Whole-time Director (Operations) and his remuneration will be considered at the ensuing AGM.



At the aforesaid meeting of the Board, Mr. C Ramachandran, IAS, (Retd.), Mr. N R Krishnan, IAS (Retd.), Dr. K U Mada and Mr. Dhananjay Mungale have been appointed as Independent Directors under Section 149 of the Companies Act, 2013 (the new Act) and are not liable to retire by rotation. As per the provisions of the new Act, their appointment are to be approved by the shareholders in the general meeting and hence the same is proposed to be considered at the ensuing AGM.

Mr. R Karthikeyan, Director, retires by rotation and being eligible, offers himself for re-election.

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 2014, 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 2014 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 a Certificate from the Auditors 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 28th Annual General Meeting held on

5th August 2013 hold office till the conclusion of 29th Annual General Meeting and are eligible for re-appointment. As per Section 139 of the new Act, they can hold office from the conclusion of the 29th AGM till the conclusion of the 31st AGM. Their re-appointment will have to be ratified by the Members at the AGM, each year. In compliance with the requirements of the new Act, it is proposed to appoint the retiring Auditors to hold office till the conclusion of the 31st AGM to be held in the year 2016 and subject to ratification at the 30th AGM.

COST AUDIT

The Cost Audit Report for the year ended 31st March 2013, duly certified by Mr. P R Tantri, Cost Accountant, was filed on the due date i.e. on 27th September 2013. Mr. P.R. Tantri, Cost Accountant has been appointed as the Cost Auditor of the Company for the financial year 2013-14 pursuant to Section 233B of the Act.

FIXED DEPOSITS

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

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 Act, 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. The Directors also place on record their appreciation for the contributions by the 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, statutes and other incidental matters over which the Company has no direct or indirect control.

1st July 2014
Chennai – 600 068

For and on behalf of the Board of Directors

C V SANKAR, IAS
Chairman

Annexure to the Directors' Report are available in the full version of the Annual Report.

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 2014, the Board comprised of eleven directors as detailed below:

Name and Designation	Membership	
	Other Boards	Other Board Committees
a) Non-Executive Directors		
Mr. C V Sankar, IAS, Chairman, (Nominee of TIDCO)	18	-
Mr. Ashwin C Muthiah, Vice Chairman, (Nominee of SPIC)	4(3)	1
Mr. Hans Raj Verma, IAS (Nominee of TIDCO)	15(5)	3(1)
Mr. T.K. Arun (Nominee of TIDCO)	11 (1)	8 (1)
Mr. R. Karthikeyan, (Nominee of TIDCO)	6	3
Mr. Sanjiv Ralph Noronha, (Nominee of SPIC)	3	2
b) Executive Director		
Mr. Muthukrishnan Ravi, Managing Director (Nominee of SPIC)	2	1
c) Independent Non-Executive Directors		
Mr. C. Ramachandran, IAS (Retd)	6	5
Mr. N. R. Krishnan, IAS (Retd)	6	3(1)
Mr. Dhananjay N Mungale	9	9 (3)
Dr K U Mada	3	6 (3)

Notes:

- Nominees of TIDCO, a Public Financial Institution under Section 4A of the Companies Act, 1956 are Independent Directors as per Clause 49 of the Listing Agreement.
 - Other Directorships exclude foreign companies, private companies, Section 25 companies and alternate directorships but include Guarantee Companies.
 - Only Membership in Audit Committees and Shareholders/Investors Grievance Committees of Public Companies (other than in TPL) are reckoned for other Board Committee Memberships.
 - Figures in brackets denote the number of companies/committees in which the Director is Chairman.
 - Other than Dr K.U. Mada, who holds 3500 equity shares, no other Director hold any shares in the Company.
- (ii) Board Meetings, Annual General Meeting (AGM) and attendance thereat

The Board of Directors met six times during the year 2013-14 viz., on 22nd April, 5th August, 29th October 2013, 13th January, 12th February and 27th March 2014. The 28th AGM of the Company was held on 5th August 2013 .The details of attendance of the Directors at the Board Meetings and AGM 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
Mr. C V Sankar, IAS	29-10-13 onwards	4	2	NA
Mr. N S Palaniappan, IAS	Upto 29-10-2013	2	-	No
Mr. Ashwin C Muthiah	Full year	6	6	Yes
Mr. Hans Raj Verma, IAS	Full year	6	2	Yes
Mr. T.K.Arun	Full year	6	6	Yes
Mr. R. Karthikeyan	Full year	6	4	Yes
Mr. Sanjiv Ralph Noronha	Full year	6	6	Yes
Mr. Dhananjay N. Mungale	Full year	6	4	Yes
Mr. N.R. Krishnan, IAS (Retd.)	Full year	6	6	Yes
Dr K.U. Mada	Full year	6	5	Yes
Mr. C. Ramachandran, IAS (Retd.)	Full year	6	6	Yes
Mr. Muthukrishnan Ravi	Full year	6	6	Yes

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

As on 31st March 2014, the Committee comprised of the following independent directors, viz., Mr. C. Ramachandran as Chairman, Dr K.U. Mada, Mr N.R. Krishnan 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 four times during the year 2013-14 viz., 22nd April, 5th August, 29th October 2013 and 12th February 2014. Dr. K. U. Mada attended three meetings and the other members attended all the meetings.

4. Remuneration Committee:

(i) Constitution

The Company follows the practice of constituting Remuneration Committee for the specific purpose of determining the remuneration payable to Executive Directors as and when required. During the year constitution of such Committee was not occasioned.

(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.

(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 of the Non-Executive Directors.

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

Name & Designation	Salary	Performance linked pay	Total
Mr. Muthukrishnan Ravi, Managing Director	34.45	(2.37*)	32.08

* All the above components are fixed, except the performance linked pay. In view of the financial condition of the Company, performance linked pay for the year 2012-13 was not paid and the provision made in the previous year was reversed in the current year. No provision has been made for performance linked pay for the year 2013-14.

Mr. Muthukrishnan Ravi, Managing Director is 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 Director and no Employee Stock Option has been offered by the Company to him. He is also the Managing Director of Manali Petrochemicals Limited. It has been agreed between TPL and MPL that the overall remuneration to Mr Ravi shall be shared equally. The amount disclosed above is the share of remuneration paid/payable by the Company.

(b) Remuneration to Non Executive Directors

Commission

Due to the absence of profits no commission is payable to the Non-Executive Directors for the year 2013-14. Sitting Fees paid to Non-Executive Directors during 2013-14 are as follows:

Name	Amount (Rs. in lakhs)	Name	Amount (Rs. in lakhs)
Mr C V Sankar, IAS*	0.20	Mr Dhananjay N Mungale	0.40
Mr Ashwin C Muthiah	1.00	Mr T.K.Arun*	1.80
Mr Hans Raj Verma, IAS*	0.20	Mr Sanjiv Ralph Noronha	0.60
Mr C. Ramachandran, IAS (Retd.)	1.80	Mr R Karthikeyan*	0.40
Mr. N.R. Krishnan, IAS (Retd.)	1.30	TOTAL	8.50
Dr K.U. Mada	0.80		

* Paid to TIDCO as they are TIDCO Nominees.

5. Shareholders'/ Investors' Grievances Committee (SIGC):

(i) Terms of reference :

The Committee oversees redressal of shareholder and investor grievances and approves issue of share certificate(s) arising out of loss/destruction, split and re-materialization, etc. and also reviews the routine transfer, transmission, transposition, change of name, etc. approved by the Managing Director and Company Secretary.

(ii) Composition and Meetings:

As on 31st March 2014, the Committee comprised of Messrs C. Ramachandran, IAS (Retd.), as Chairman, Ashwin C Muthiah, T.K. Arun and Muthukrishnan Ravi as the other Members. Mr. Ashwin C Muthiah attended four meetings and the other members attended all the meetings.

(iii) Details of complaints received and redressed:

During the year 29 complaints were received, all of which were redressed by the Company/RTA. There were no pending complaints as at the year end.

6. General Body Meetings:

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

Year	Date	Time	Venue	Special Resolutions considered thereat
2011	16.9.2011	10.25 AM	Tamil Isai Sangam, Rajah Annamalai Hall, Esplanade, Chennai – 600 108	Re-appointment of Auditors
2012	18.9.2012	10.35 AM		Re-appointment of Auditors
2013	5.8.2013	3.00 PM		Appointment of Mr Muthukrishnan Ravi as Managing Director for a period of three years from 4 th Feb'13 to 3 rd Feb'16 and payment of remuneration

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:

- 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.
- 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.

- 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.
- As required under clause 49 (V) of the Listing Agreement, CEO / CFO Certification by Mr. Muthukrishnan Ravi, Managing Director and Mr. K R Anandan, Chief Financial Officer was placed before the Board at its meeting held on 27th May 2014.
- A Management Discussion and Analysis Report has been presented as part of the Directors' Report.
- The Company has complied with all the mandatory requirements stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

Compliance with Non-Mandatory requirements:

Remuneration Committee:

- The Company, on need basis constitutes Remuneration Committee for determining and approving the remuneration to executive directors as detailed in Sl.No. 4 of this Report.
- 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., 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

- Annual General Meeting** : The twenty-ninth AGM of the Company is scheduled to be held on 12th August 2014 at 2.45 p.m at Tamil Isai Sangam, Rajah Annamalai Mandram, Esplanade, Chennai 600 108
- Book Closure** : The Register of Members and Share Transfer Books of the Company will remain closed from 4th August 2014 to 12th August 2014 (both days inclusive)
- Financial Calendar for the year 2014-15 (tentative)**

Financial Year	1 st April 2014 to 31 st March 2015
First Quarter Results	Before 14 th August 2014
Second Quarter Results	Before 14 th November 2014
Third Quarter Results	Before 15 th February 2015
Audited Results for the year 2014-15	Before 30 th May 2015

iv. Registrar 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 Ltd., No.1 Club House Road, V Floor, "Subramanian Building" Chennai – 600 002, as the Registrar and Share Transfer Agent (RTA) of the Company for all aspects of investor servicing relating to shares.

v. Share Transfer System:

Requests for share transfer, transmissions, transpositions etc., are processed by the RTA and returned within the stipulated time, if the documents are found to be in order. The routine requests from shareholders like transfer, transmission, transposition, change of name etc., are approved by the Managing Director and Company Secretary and the details are placed before the Shareholders/ Investors Grievance Committee.

vi. Listing of Securities (Equity Shares):

Name of Exchange	Stock Code
Bombay Stock Exchange Limited (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.)		Sensex		Share price (Rs.)		S&P CNX Nifty	
	High	Low	High	Low	High	Low	High	Low
April 2013	12.45	10.50	19,622.68	18,144.22	11.75	10.60	5,962.30	5,477.20
May	12.50	10.90	20,443.62	19,451.26	12.60	10.85	6,229.45	5,910.95
June	11.55	9.25	19,860.19	18,467.16	11.65	9.10	6,011.00	5,566.25
July	11.35	8.05	20,351.06	19,126.82	11.35	8.05	6,093.35	5,675.75
August	9.80	7.30	19,569.20	17,448.71	9.65	7.00	5,808.50	5,118.85
September	8.90	7.00	20,739.69	18,166.17	8.80	7.05	6,142.50	5,318.90
October	8.40	7.15	21,205.44	19,264.72	8.15	7.30	6,309.05	5,700.95
November	8.50	7.05	21,321.53	20,137.67	8.60	7.20	6,342.95	5,972.45
December	8.89	7.34	21,483.74	20,568.70	8.80	7.45	6,415.25	6,129.95
January 2014	9.34	7.45	21,409.66	20,343.78	9.35	7.40	6,358.30	6,027.25
February	10.75	7.55	21,140.51	19,963.12	10.80	7.20	6,282.70	5,933.30
March	11.60	9.80	22,467.21	20,920.98	11.55	10.05	6,730.05	6,212.25

Listing fees have been paid to the aforesaid exchanges upto 2014-15.

viii. Distribution of Shareholding as on 31st March 2014:

Category (No. of Shares)	No. of Shareholders	Percentage	No. of Shares	Percentage
1 - 500	78,720	89.73	1,21,44,693	13.50
501 - 1000	5,257	5.99	43,28,619	4.81
1001 - 2000	1,929	2.20	29,93,113	3.33
2001 - 3000	614	0.70	15,99,176	1.78
3001 - 4000	253	0.29	9,16,428	1.02
4001 - 5000	252	0.29	12,09,253	1.34
5001 - 10000	382	0.44	28,48,582	3.17
10001 - And Above	323	0.37	6,39,31,610	71.05
Total	87,730	100	8,99,71,474	100

ix. Shareholding Pattern as of 31st March 2014

Category	No. of Equity Shares	% to Paid-up Capital	No. of Shareholders
Promoters :			
- Tamilnadu Industrial Development Corpn. Ltd.	1,58,43,751	17.61	1
- Southern Petrochemical Industries Corpn. Ltd.	1,52,34,375	16.93	1
Other Corporate Bodies	69,74,072	7.75	654
General Public	4,22,23,598	46.93	84824
Non Resident Individuals	36,22,740	4.03	2148
Overseas Corporate Bodies	15,22,325	1.69	7
Indian Financial Institutions (including Insurance Companies)	44,59,729	4.96	5
Mutual Funds & Banks	17,825	0.02	29
Shares in Transit [clearing Member account]	50,020	0.06	53
Foreign National	500	0.00	1
Trust	22,539	0.02	7
TOTAL	8,99,71,474	100	87730

- 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 92% of the 8,99,71,474 outstanding shares have been dematerialized up to 31st March 2014. Balance shares are held in physical mode.

- xi. Plant Location : Manali Express Highway, Manali, Chennai-600068.



xii. Address for Correspondence:

Investors may contact the Registrar 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.044-25941139/25940761, E-mail: secy-legal@tnpetro.com, investorgrievance@tnpetro.com,
Website:www.tnpetro.com.**

CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

The Members of Tamilnadu Petroproducts Limited

We have examined the compliance of conditions of Corporate Governance by Tamilnadu Petroproducts Limited ("the Company") for the year ended on 31st March 2014, 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
(Firm's Registration No. 008072S)

Place : Chennai
Date : 27th May 2014

M.K. Ananthanarayanan
Partner
Membership No. 19521

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 2013 to 31st March 2014.

Chennai
27th May 2014

Muthukrishnan Ravi
Managing Director

INDEPENDENT AUDITORS' REPORT ON ABRIDGED FINANCIAL STATEMENTS TO THE MEMBERS OF TAMILNADU PETROPRODUCTS LIMITED

The accompanying abridged financial statements, which comprise the abridged Balance Sheet as at 31st March 2014, the abridged Statement of Profit and Loss and the abridged Cash Flow Statement for the year then ended and related Notes, are derived from the audited financial statements of **TAMILNADU PETROPRODUCTS LIMITED** ("the Company") for the year ended 31st March 2014. We expressed an unmodified opinion on those financial statements in our report dated 27th May 2014.

The abridged financial statements do not contain all the disclosures required by the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) which were applied in the preparation of the audited financial statements of the Company. Reading the abridged financial statements, therefore, is not a substitute for reading the audited financial statements of the Company.

Management's Responsibility for the Abridged Financial Statements

Management is responsible for the preparation of the abridged financial statements in accordance with Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 (as amended), based on the audited financial statements of the Company for the year ended 31st March 2014 prepared in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India.

Auditor's Responsibility

Our responsibility is to express an opinion on the abridged financial statements based on our procedures conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Opinion

In our opinion, the abridged financial statements prepared in accordance with Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 (as amended), derived from the audited financial statements of the Company for the year ended 31st March 2014 prepared in accordance with the Accounting Standards notified under the Companies Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India, are a fair summary of those financial statements.

Emphasis of Matter

We refer to Note no.42 of the Notes forming part of the financial statements regarding the suspension of operations of the Epichlorohydrin plant. Considering the actions proposed to revive the operations of the plant as explained in the said Note, the management has assessed that there would be no impairment to the carrying value of the plant as at the Balance sheet date. We draw attention to the fact that the revenue generation from this plant would depend on the successful execution of the proposed plan for manufacture of the alternate product. This being a technical matter and is subject to uncertainty, we have relied on the estimates and assumptions made by the management in arriving at the recoverable value of the plant

Our opinion is not qualified in respect of this matter.

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

Place : Chennai
Date : 27th May 2014

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



Abridged Balance Sheet as at 31st March 2014

	As at 31st March, 2014 (Rupees in lakhs)	As at 31st March, 2013 (Rupees in lakhs)
EQUITY AND LIABILITIES		
Shareholders' funds		
Share Capital		
Paid up Equity Share Capital	8,997.15	8,997.15
Reserves and surplus		
Capital Reserve (including Revaluation Reserve)	6,639.98	6,660.09
Revenue Reserve	14,890.38	14,890.38
Surplus	2,88.81	4,019.28
	30,816.32	34,566.90
Non-current liabilities		
Long-term borrowings	1,519.81	3,978.04
Deferred tax liabilities(net)	2,463.08	4,292.63
Other long term liabilities	313.92	524.42
Long-term provisions	247.82	369.95
	4,544.63	9,165.04
Current liabilities		
Short-term borrowings	11,874.08	14,396.59
Trade payables	13,778.01	19,090.24
Other current liabilities	7,146.32	2,432.14
Short-term provisions	50.59	140.06
	32,849.00	36,059.03
TOTAL	68,209.95	79,790.97
ASSETS		
Non-current Assets		
Fixed assets		
Tangible assets	28,779.07	31,345.45
Capital work-in-progress	1,446.19	1,549.44
Non-current investments	9,210.86	9,208.62
Long term loans and advances	2,280.97	1,944.23
Current assets		
Inventories	15,735.02	22,290.46
Trade receivables	7,647.53	10,790.14
Cash and cash equivalents	1,130.06	1,289.59
Short-term loans and advances	1,848.97	1,340.31
Other current assets	131.28	32.73
	26,492.86	35,743.23
TOTAL	68,209.95	79,790.97

Refer notes to abridged financial statements

Compiled from the audited annual accounts of the
Company referred to in our report dated 27th May, 2014

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

M K Ananthanarayanan
Partner

Place : Chennai
Date : 27th May, 2014

Ashwin C Muthiah

T.K. Arun

C. Ramachandran IAS (Retd)

Muthukrishnan Ravi

R. Kothandaraman

Vice Chairman

Director

Director

Managing Director

Company Secretary

K.R. Anandan

Chief Financial Officer

Note: Complete Balance Sheet, Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Schedule VI to the Companies Act, 1956, are available at the Company's website at link www.tnpetro.com

Abridged Statement of Profit and Loss for the year ended 31st March, 2014

	Year ended 31st March, 2014 (Rupees in lakhs)	Year ended 31st March, 2013 (Rupees in lakhs)
INCOME		
Revenue from operations (gross)	117,290.54	143,260.73
Less: Excise Duty	<u>12,108.61</u>	<u>15,118.30</u>
Revenue from operations (Net)	105,181.93	128,142.43
Other income	1,211.88	553.68
Total Revenue	<u>106,393.81</u>	<u>128,696.11</u>
EXPENSES		
Cost of Materials consumed	63,327.06	80,632.85
Purchase of Stock-in-trade	3,216.93	3,302.77
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	2,684.86	(5,834.55)
Employee benefits expense	2,386.38	2,952.40
Finance costs	3,226.55	3,182.62
Depreciation	3,042.84	3,861.75
Other expenses	34,069.21	47,677.33
Total expenses	<u>111,953.83</u>	<u>135,775.17</u>
(Loss) before exceptional item and taxes	(5,560.02)	(7,079.06)
Exceptional items	-	173.97
(Loss) before tax	<u>(5,560.02)</u>	<u>(7,253.03)</u>
Tax expense:		
Deferred tax	<u>(1,829.55)</u>	<u>(2,197.44)</u>
(Loss) for the year	<u>(3,730.47)</u>	<u>(5,055.59)</u>
Earnings per equity share:		
Basic and diluted	(4.15)	(5.62)

Refer notes to abridged financial statements

Compiled from the audited annual accounts of the Company referred to in our report dated 27th May, 2014

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
M K Ananthanarayanan
Partner

Place : Chennai
Date : 27th May, 2014

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
	K.R. Anandan Chief Financial Officer

Note: Complete Balance Sheet, Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Schedule VI to the Companies Act, 1956, are available at the Company's website at link www.tnpetro.com



Abridged Cash Flow Statement for the year ended 31st March 2014

	For the year ended 31st March, 2014 (Rupees in lakhs)	For the year ended 31st March, 2013 (Rupees in lakhs)
Cash flow from operating activities:	4,917.16	(4,130.26)
Cash flow from investing activities:	1,129.59	3,835.53
Cash flow from financing activities:	(7,058.04)	(624.08)
Net increase / (decrease) in cash and cash equivalents	<u>(1,011.29)</u>	<u>(918.81)</u>
Cash and cash equivalents at the beginning of the year	1,045.57	1,964.38
Cash and cash equivalents at the end of the year	<u>34.28</u>	<u>1,045.57</u>
Net increase / (decrease) in cash and cash equivalents	<u>(1,011.29)</u>	<u>(918.81)</u>
18 Details of cash and cash equivalents shown below:		
Cash on hand	0.47	1.30
Cheques on hand	2.88	385.61
Balances with banks		
In current accounts	30.93	658.66
In earmarked accounts		
- Unpaid dividend account	59.51	78.49
- Margin Money deposits	<u>1,036.27</u>	<u>165.53</u>
	<u>1,130.06</u>	<u>1,289.59</u>

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

M K Ananthanarayanan
Partner

Place : Chennai

Date : 27th May, 2014

For and on behalf of the Board

Ashwin C Muthiah
T.K. Arun
C. Ramachandran IAS (Retd)
Muthukrishnan Ravi
R. Kothandaraman

Vice Chairman
Director
Director
Managing Director
Company Secretary

K.R. Anandan
Chief Financial Officer

Notes forming part of Abridged Financial Statements

	Year ended 31st March, 2014 (Rupees in lakhs)	Year ended 31st March, 2013 (Rupees in lakhs)
(i) 21. Revenue from operations		
Sale of products	1,16,538.81	1,42,419.61
Sale of services	673.63	598.57
Other operating revenues	78.10	243.00
	<u>1,17,290.54</u>	<u>1,43,260.73</u>
Less: Excise Duty	12,108.61	15,118.30
	<u>1,05,181.93</u>	<u>1,28,142.43</u>
(ii) 23. Cost of materials consumed		
Opening stock	9,789.41	6,713.90
Add: Purchases	58,811.28	83,708.36
	<u>68,600.69</u>	<u>90,422.26</u>
Less: Closing Stock	5,273.63	9,789.41
Cost of material consumed	<u>63,327.06</u>	<u>80,632.85</u>
Material consumed comprises:		
Kerosene	26,772.09	33,253.37
Benzene	18,568.16	21,702.85
Normal Paraffin	16,484.80	18,961.56
Propylene	-	4,000.60
Salt	1,339.07	1,716.28
others	162.94	998.19
	<u>63,327.06</u>	<u>80,632.85</u>
(iii) 28. Other expenses include		
Power and Fuel	27,053.40	35,313.89
(iv) 32. Contingent Liabilities and commitments (to the extent not provided for)		
Particulars	As at 31st March, 2014 (Rupees in lakhs)	As at 31st March, 2013 (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
(iii) Service Tax	314.59	314.59
(iv) Electricity Tax	1,054.93	1,054.93
The Tamilnadu Government vide Government Order dated 23 rd 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".		

	As at 31st March, 2014 (Rupees in lakhs)	As at 31st March, 2013 (Rupees in lakhs)
<p>The above Act was repealed by the "Tamilnadu Tax on Consumption or Sale of Electricity Act, 2003", withdrawing the exemption granted to specified industries.</p> <p>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.</p> <p>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.</p> <p>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.</p>		
v) Renewable Energy Purchase Obligation (RPO)	412.55	301.37
<p>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.</p> <p>Demands 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.</p>		
B Commitments		
Capital commitments	155.20	56.65
Confirmed purchase commitments to be fulfilled within one year	61,500.00	49,241.75
Confirmed sales commitments to be fulfilled within one year	28,292.80	22,643.79
(v) 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).	
D) Joint Venture	Gulf Petroproduct Company E.C. (upto 19 th August 2013)	
E) Key Management Personnel	1. Mr. Muthukrishnan Ravi, Managing Director	

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	0.77 (7.60)				
b) PAPL		425.35 (10,835.02)			
c) MPL		2,395.48 (227.35)			
d) Certus Investments and Trading Limited				- (2,145.78)	
Sale of services					
a) PAPL		654.84 (654.53)			
b) MPL		20.86 (-)			
Purchase of goods					
MPL		4.36 (244.97)			
Purchase of services (inclusive of service tax)					
MPL		14.98 (13.33)			
Managerial remuneration (excludes reversal of remuneration pertaining to KMPs for the year 2012-13 Rs. 25.95 lakhs)					34.58 (79.38)
Rent paid	0.30 (1.60)				
Interest paid on Trade Advance					
MPL		123.11 -			
Reimbursement of expenses	2.92 -				
Recovery of Expenses				- (4.65)	
Advance written off					
GPC			- (158.37)		
Sitting fees (TIDCO)	2.60 (4.80)				
Dividend Paid					
a)TIDCO	- (79.22)				
b)SPIC	- (76.17)				
Trade Advance received					
MPL		2,600.00 (600.00)			

(Rupees in lakhs)

Particulars	Promoters	Associate	Joint Venture	Subsidiaries	Key Management Personnel (KMP)
Balance outstanding as of 31st March 2014					
Trade Receivables					
a) SPIC	- (0.05)			- (1,165.90)	
b) PAPL		106.13 (1,123.62)			
c) MPL		16.00 (134.12)			
Deposit with MPL		248.76 (262.09)			
Other Receivables					
SPIC	- (0.02)				
Deposit received from PAPL		291.39 (291.39)			
Trade payables - MPL		35.49 (170.10)			
Other payables					
a) SPIC	1.73 -				1.04 (25.94)
b) MPL		- (6.13)			
c) CITL				9.61 -	
Trade Advance payable to MPL		1,737.15 (500.00)			

Figures in brackets relate to previous year.

(vi) 42. The Company suspended the operations of Epichlorohydrin plant from April 2013 owing to continuous losses. Availability of cheaper imports led to lower price realization and lower demand for this product. The management has been exploring the possibility of using this plant for manufacture of an alternate product. Pursuant to this, an Associate company has shown interest in utilizing this plant facility with suitable modifications to manufacture one of their raw materials and has initiated detailed engineering study in this regard. Based on Preliminary feasibility study, the Company has applied for obtaining environmental and other clearances for manufacture of the said product and the same is pending before the relevant authorities. Based on the estimated future revenues that would be generated by the plant with the production of the alternate product, the management is of the view that the recoverable value of the plant will be higher than the carrying value of Rs.1,340 lakhs as on the balance sheet date and hence no provision for impairment is considered necessary.

(vii) 43. The Company has been depreciating two of the assets in the processing plant over 4.5 years i.e. @ 22%. These assets are the proprietary products of an overseas vendor and based on their guaranteed useful life and technical re-evaluation carried out, the Company has revised the useful life of these assets to 8 and 15 years. Accordingly, the net book value of these assets as at the beginning of the year is depreciated over the remaining revised useful life. Consequently, the depreciation charge and loss for the year is lower by Rs. 682.44 lakhs.

(viii) 44. During the year, the Company has entered in to an agreement for sale of one of its immovable properties and received an advance. This transaction is expected to be completed by June 2015.

(ix) 47. The Company operates in only one segment, namely, Industrial Intermediate Chemicals. Details of secondary segment information are disclosed in the consolidated financial statements."

INDEPENDENT AUDITORS' REPORT ON THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF TAMILNADU PETROPRODUCTS LIMITED

The accompanying abridged consolidated financial statements, which comprise the Abridged Consolidated Balance Sheet as at 31st March, 2014, the Abridged Consolidated Statement of Profit and Loss and the Abridged Consolidated Cash Flow Statement for the year then ended, and related Notes, are derived from the audited consolidated financial statements ("the audited consolidated financial statements") of **TAMILNADU PETROPRODUCTS LIMITED** (the "company"), its subsidiaries and its associate (the company, its subsidiaries and its associate constitute "the Group") for the year ended 31st March, 2014. We expressed an qualified audit opinion on those consolidated financial statements in our report dated 27th May, 2014.

The abridged consolidated financial statements do not contain all the disclosures required by the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) which were applied in the presentation of audited consolidated financial statements of the company. Reading the abridged consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the company.

Management's Responsibility for the Abridged Financial Statements

Management is responsible for the preparation of these abridged consolidated financial statements in accordance with Rule 7A of the companies (Central Government's) General Rules and Forms, 1956 (as amended), based on the audited consolidated financial statements of the Company for the year ended 31st March, 2014, which were prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Act and accounting principles generally accepted in India.

Auditors' Responsibility

Our responsibility is to express an opinion on the abridged consolidated financial statements based on our procedures conducted in accordance with the Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Opinion

In our opinion, the abridged consolidated financial statements, derived from the audited consolidated financial statements of the company for the year ended 31st March, 2014, are a fair summary of those consolidated financial statements. However, the abridged consolidated financial statements have the same limitations as the audited consolidated financial statements on which we have issued an qualified audit opinion. Our qualified audit opinion in our report dated 27th May, 2014 contains basis for qualified opinion, the qualified opinion, emphasis of matter and other matter paragraph which are reproduced below:

Basis for Qualified Opinion

The consolidated financial statements include the Group's share of net loss of Rs. 473 lakhs for the year ended 31st March, 2014, as considered in the consolidated financial statements, in respect of one associates (Previous year ended 31st March, 2013: net loss of Rs.383 lakhs), based on their unaudited financial information. Our opinion, in so far as it relates to the amounts included in respect of this associate, is based solely on such unaudited financial information.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries 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, 2014;
- 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.

Emphasis of Matter

We refer to Note no.36 of the Notes forming part of the financial statements regarding the suspension of operations of the Epichlorohydrin plant. Considering the actions proposed to revive the operations of the plant as explained in the said Note, the management has assessed that there would be no impairment to the carrying value of the plant as at the Balance sheet date. We draw attention to the fact that the revenue generation from this plant would depend on the successful execution of the proposed plan for manufacture of the alternate product. This being a technical matter and is subject to uncertainty, we have relied on the estimates and assumptions made by the management in arriving at the recoverable value of the plant

Our opinion is not qualified in respect of this matter.

Other Matter

We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets (net) of Rs.2,322 lakhs as at 31st March, 2014, total revenues of Rs. 401 lakhs and net cash flows amounting to Rs.613 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 these subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)
M.K. Ananthanarayanan
Partner
(Membership No. 19521)

Place : Chennai
Date : 27th May 2014



Abridged Consolidated Balance Sheet as at 31st March, 2014

	As at 31st March, 2014 (Rupees in lakhs)	As at 31st March, 2013 (Rupees in lakhs)
EQUITY AND LIABILITIES		
Shareholders' funds		
Share Capital		
Paid-up Equity Share Capital	8,997.15	8,997.15
Reserves and Surplus		
Capital Reserve (including Revaluation Reserve)	6,639.98	6,660.09
Revenue Reserve	13,859.94	13,859.94
Surplus	<u>2,721.77</u>	<u>6,234.57</u>
	32,218.84	35,751.75
Non-Current liabilities		
Long-term borrowings	1,519.81	3,978.04
Deferred tax liabilities(net)	2,463.08	4,292.63
Other long term liabilities	313.92	524.42
Long-term provisions	<u>247.82</u>	<u>369.95</u>
	4,544.63	9,165.04
Current liabilities		
Short-term borrowings	11,874.08	14,396.59
Trade payables	14,684.87	19,914.51
Other current liabilities	7,158.76	2,441.38
Short-term provisions	<u>50.59</u>	<u>140.06</u>
	33,768.30	36,892.54
TOTAL	<u>70,531.77</u>	<u>81,809.33</u>
ASSETS		
Non-Current Assets		
Fixed Assets		
Tangible Assets	28,779.13	31,345.85
Capital Work-in-progress	1,446.19	1,549.44
Non-current investments	859.93	1,330.65
Long term loans and advances	3,478.57	3,233.86
Current Assets		
Inventories	15,735.02	22,290.46
Trade receivables	7,711.86	10,146.65
Cash and cash equivalents	7,623.39	7,169.26
Short-term loans and advances	4,766.40	4,710.43
Other Current assets	<u>131.28</u>	<u>32.73</u>
	35,967.95	44,349.53
TOTAL	<u>70,531.77</u>	<u>81,809.33</u>

Refer notes to abridged financial statements

Compiled from the audited annual accounts of the Company referred to in our report dated 27th May, 2014

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

M K Ananthanarayanan
Partner

Place : Chennai
Date : 27th May, 2014

For and on behalf of the Board

Ashwin C Muthiah
T.K. Arun

C. Ramachandran IAS (Retd)
Muthukrishnan Ravi
R. Kothandaraman

Vice Chairman
Director

Director
Managing Director
Company Secretary

K.R. Anandan
Chief Financial Officer

Note: Complete Balance Sheet, Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Schedule VI to the Companies Act, 1956, are available at the Company's website at link www.tnpetro.com

Abridged Consolidated Statement of Profit and Loss for the year ended 31st March, 2014

	Year ended 31st March, 2014 (Rupees in lakhs)	Year ended 31st March, 2013 (Rupees in lakhs)
INCOME		
Revenue from operations (gross)	1,17,290.54	143,262.46
Less: Excise duty	12,108.61	15,118.30
Revenue from operations (Net)	1,05,181.93	128,144.16
Other income	1,612.25	615.15
Total Revenue	1,06,794.18	1,28,759.31
EXPENSES		
Cost of Materials consumed	63,327.06	80,632.85
Purchase of Stock-in-trade	3,216.93	3,302.77
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	2,684.86	(5,834.55)
Employee benefits expense	2,389.64	2,953.84
Finance costs	3,228.37	3,184.24
Depreciation	3,043.18	3,867.38
Other expenses	33,767.85	47,672.62
Total expenses	1,11,657.89	1,35,779.15
(Loss) before exceptional item and taxes	(4,863.71)	(7,019.84)
Exceptional items - Profit on sale of equity shares in SPIC Electric Power Corporation (Private) Limited	-	(1,804.14)
(Loss) before tax	(4,863.71)	(5,215.70)
Tax expense:		
Current tax	5.68	-
Deferred tax	(1,829.55)	(2,197.44)
(Loss) for the year	(3,039.84)	(3,018.26)
Add: Share of (Loss) of associate	(472.96)	(382.57)
(Loss) for the year	(3,512.80)	(3,400.83)
Earnings per equity share:		
Basic and diluted	(3.90)	(3.78)

Refer notes to abridged financial statements

Compiled from the audited annual accounts of the Company referred to in our report dated 27th May, 2014

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
M K Ananthanarayanan
Partner

Place : Chennai
Date : 27th May, 2014

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
	K.R. Anandan Chief Financial Officer

Note: Complete Balance Sheet, Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Schedule VI to the Companies Act, 1956, are available at the Company's website at link www.tnpetro.com

Abridged Consolidated Cash Flow Statement for the year ended 31st March 2014

	For the year ended 31st March, 2014 (Rupees in lakhs)	For the year ended 31st March, 2013 (Rupees in lakhs)
Cash flow from operating activities:	5,522.48	(5,035.55)
Cash flow from investing activities:	1,139.75	10,616.22
Cash flow from financing activities:	(7,059.86)	(625.70)
Net increase / (decrease) in cash and cash equivalents	(397.63)	4,954.97
Cash and cash equivalents at the beginning of the year	6,925.24	1,970.27
Cash and cash equivalents at the end of the year	6,527.61	6,925.24
Net increase / (decrease) in cash and cash equivalents	(397.63)	4,954.97
18 Details of cash and cash equivalents shown below:		
Cash on hand	0.47	1.37
Cheques on hand	2.88	385.61
Balances with banks		
In current accounts	6,524.26	6,538.26
In earmarked account		
-Unpaid dividend account	59.51	78.49
-Margin Money deposits	1,036.27	165.53
	7,623.39	7,169.26

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

M K Ananthanarayanan
Partner

Place : Chennai
Date : 27th May, 2014

For and on behalf of the Board

Ashwin C Muthiah
T.K. Arun
C. Ramachandran IAS (Retd)
Muthukrishnan Ravi
R. Kothandaraman

Vice Chairman
Director
Director
Managing Director
Company Secretary

K.R. Anandan
Chief Financial Officer

Notes forming part of Abridged Consolidated Financial Statements

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Sale of services	673.63	598.57
Other operating revenues	78.10	243.00
	<u>117,290.54</u>	<u>143,262.46</u>
Less: Excise Duty	<u>12,108.61</u>	<u>15,118.30</u>
	<u>105,181.93</u>	<u>128,144.16</u>
(ii) 23. Cost of materials consumed		
Opening stock	9,789.41	6,713.90
Add: Purchases	<u>58,811.28</u>	<u>83,708.36</u>
	<u>68,600.69</u>	<u>90,422.26</u>
Less: Closing Stock	<u>5,273.63</u>	<u>9,789.41</u>
Cost of material consumed	<u>63,327.06</u>	<u>80,632.85</u>
Material consumed comprises:		
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others	<u>162.94</u>	<u>998.19</u>
	<u>63,327.06</u>	<u>80,632.85</u>
(iii) 28. Other expenses include		
Power and Fuel	27,053.40	35,313.89

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

Particulars	As at 31st March, 2014 (Rupees in lakhs)	As at 31st March, 2013 (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
iii) Service Tax	314.59	314.59
iv) Electricity Tax	1,054.93	1,054.93

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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.

Particulars	As at 31st March, 2014 (Rupees in lakhs)	As at 31st March, 2013 (Rupees in lakhs)
<p>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.</p> <p>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.</p>		
v) Renewable Energy Purchase Obligation (RPO)	412.55	301.37
<p>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.</p> <p>Demands 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.</p>		
B Commitments		
Capital commitments	155.20	56.65
Confirmed purchase commitments to be fulfilled within one year	61,500.00	49,241.75
Confirmed sales commitments to be fulfilled within one year	28,292.80	22,643.79
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i) The list of related parties as identified by the management and relied upon by the auditors are as under		
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C) Joint Venture	Gulf Petroproduct Company E.C. (upto 19 th August 2013)	
D) Key Management Personnel	1. Mr. Muthukrishnan Ravi, Managing Director	

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				
a) SPIC	0.77 (7.60)			
b) PAPL		425.35 (10,835.02)		
c) MPL		2,395.48 (227.35)		
Sale of services				
a) PAPL		654.84 (654.53)		
b) MPL		20.86 (-)		
Purchase of goods				
MPL		4.36 (244.97)		
Purchase of services (inclusive of service tax)				
MPL		14.98 (13.33)		
Managerial remuneration (excludes reversal of remuneration pertaining to KMPs for the year 2012-13 Rs. 25.95 lakhs)				34.58 (79.38)
Rent paid	0.30 (1.60)			
Interest paid on Trade Advance				
MPL		123.11 -		
Reimbursement of expenses	2.92 -			
Advance written off				
GPC			- (158.37)	
Sitting fees (TIDCO)	2.60 (4.80)			
Dividend Paid				
a) TIDCO	- (79.22)			
b) SPIC	- (76.17)			
Trade Advance received				
MPL		2,600.00 (600.00)		

(Rupees in lakhs)

Particulars	Promoters	Associate	Joint Venture	Key Management Personnel (KMP)
Balance outstanding as of 31st March 2014				
Trade Receivables				
a) SPIC	- (0.05)			
b) PAPL		106.13 (1,123.62)		
c) MPL		16.00 (134.12)		
Deposit with MPL		248.76 (262.09)		
Other Receivables				
SPIC	- (0.02)			
Deposit received from PAPL		291.39 (291.39)		
Trade payables - MPL		35.49 (170.10)		
Other payables				
a) SPIC	1.73 -			1.04 (25.94)
b) MPL		- (6.13)		
c) CITL		-		
Trade Advance payable to MPL		1,737.15 (500.00)		

Figures in brackets relate to previous year.

(vi) 36. The Company suspended the operations of Epichlorohydrin plant from April 2013 owing to continuous losses. Availability of cheaper imports led to lower price realization and lower demand for this product. The management has been exploring the possibility of using this plant for manufacture of an alternate product. Pursuant to this, an Associate company has shown interest in utilizing this plant facility with suitable modifications to manufacture one of their raw materials and has initiated detailed engineering study in this regard. Based on Preliminary feasibility study, the Company has applied for obtaining environmental and other clearances for manufacture of the said product and the same is pending before the relevant authorities. Based on the estimated future revenues that would be generated by the plant with the production of the alternate product, the management is of the view that the recoverable value of the plant will be higher than the carrying value of Rs.1,340 lakhs as on the balance sheet date and hence no provision for impairment is considered necessary.

(vii) 37. The Company has been depreciating two of the assets in the processing plant over 4.5 years i.e. @ 22%. These assets are the proprietary products of an overseas vendor and based on their guaranteed useful life and technical re-evaluation carried out, the Company has revised the useful life of these assets to 8 and 15 years. Accordingly, the net book value of these assets as at the beginning of the year is depreciated over the remaining revised useful life. Consequently, the depreciation charge and loss for the year is lower by Rs. 682.44 lakhs.

(viii) 38. During the year, the Company has entered in to an agreement for sale of one of its immovable properties and received an advance. This transaction is expected to be completed by June 2015.

(ix) 42. The Company Operates in only one segment, namely, Industrial Intermediate Chemicals. Details of secondary segments information are as follows

(Rupees in lakhs)

Particulars	Year ended 31st March 2014			Year ended 31st March 2013		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Segment revenue	1,05,181.92	-	1,05,181.92	1,27,066.06	1,078.10	1,28,144.16
Segment assets	68,159.31	64.33	68,223.64	77,560.68	1,165.90	78,726.58
Capital expenditure incurred during the year	534.65	-	534.65	516.27	-	516.27

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 (Refer note 1 below)	Proteus Petrochemical Private Limited (Refer note 1 below)
1	Date from which it became a Subsidiary of the Company	30 th October, 2001	10 th November, 2004	11 th May, 2006
2	Financial Year end of the Subsidiary	31 st March, 2014	31 st March, 2014	31 st March, 2014
3	Details of shares held by the Company in the subsidiaries on the above date.			
	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 31 st March 2014	US \$ (126,660) Rs. (76.51) lakhs	US \$ (23,242) Rs. (14.04) lakhs	US \$ (6,758) Rs. (4.08) lakhs
	ii) For the previous Financial years of the Subsidiary since it became a subsidiary	US \$ 1,751,909 Rs.749.3 lakhs	US \$ (404,906) Rs. (200.21) lakhs	US \$ (5,108,047) Rs.(2,406.15) lakhs
	b. Dealt with in Holding Company's accounts:			
	i) For the year ended 31 st March 2014	Nil	Nil	Nil
	ii) For the previous Financial years of the Subsidiary since it became a subsidiary	Nil	Nil	Rs. (1,978.11) lakhs

Note 1: 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	K.R. Anandan
Place : Chennai	Muthukrishnan Ravi	Managing Director	Chief Financial Officer
Date : 27 th May, 2014	R. Kothandaraman	Company Secretary	

Information pursuant to Clause (iv) of General Circular No. 2/2011 dated 8th February 2011 is available in the full version of the Annual Report.

REQUEST TO SHAREHOLDERS TO REGISTER THEIR E-MAIL IDS

The Ministry of Corporate Affairs and the Securities Exchange Board of India have, as part of their Green Initiative permitted the companies to send the annual report and the notices of their Green Initiative permitted the companies to send the annual report and the notices and communication to the shareholders in electronic form. As per Rule 18 of the Companies (Management & Administration) Rules, 2014 the company is permitted to send the notice of the meetings in electronic form and shall provide an advance opportunity atleast once in a financial year, to the member to register his e-mail address and changes therein.

Accordingly for receiving the annual report and other communication from the Company electronically, all the members who hold shares in physical form are requested to register their e-mail ids with the Registrar and Share Transfer Agents in the format appended. Members holding shares in demant form may kindly furnish their details to their Depository Participant.

To
Cameo Corporate Services Limited, Unit: TPL
 Subramanian Building
 1 Club House Road,
 Chennai 600 002
 E-mail: investor@cameoindia.com

Dear Sirs,

Sub: Registration of e-mail Id for receiving annual reports and other communication of Tamilnadu Petroproducts Limited in electronic form.

With reference to the above the e-mail particulars relating to my holding in the above Company is furnished below, which may kindly be registered for the said purpose.

Name of the Sole/First Holder	
Folio No.	
E-mail id	

Thanking you

Yours faithfully

Place:

Date:

Signature

**Tamilnadu Petroproducts Limited**

CIN : L23200TN1984PLC010931

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

Ph: 25941350/25940761 E-mail: secy-legal@tnpetro.com

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

Name of the attending Member(s) :

Folio/DP ID-Client ID No. :

No. of Shares held :

I hereby record my presence at the 29th ANNUAL GENERAL MEETING of the Company held at **TAMIL ISAI SANGAM, RAJAH ANNAMALAI MANDRAM**, No. 5, Esplanade Road (Near High Court), Chennai - 600 108 at 2.45 p.m. on Tuesday, the 12th August, 2014.

NAME OF PROXY IN BLOCK LETTERS

SIGNATURE OF THE SHAREHOLDER/PROXY*

* Strike out whichever is not applicable.

Please see overleaf for details of Folio No. / DP ID - Client ID & No. of Shares**Tamilnadu Petroproducts Limited**

CIN : L23200TN1984PLC010931

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

Ph: 25941350/25940761 E-mail: secy-legal@tnpetro.com

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :

Registered Address :

E-mail ID :

Folio/DP ID-Client ID No. :

I/We, being the member(s) of shares of the above named Company, hereby appoint:

- (1) Name Address
E-mail Id Signature or failing him/her;
- (2) Name Address
E-mail Id Signature or failing him/her;
- (3) Name Address
E-mail Id Signature or failing him/her;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on Tuesday, the 12th day of August, 2014 at 2.45 p.m. at **TAMIL ISAI SANGAM, RAJAH ANNAMALAI MANDRAM**, No. 5, Esplanade Road (Near High Court), Chennai - 600 108 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl.No. of Resolutions (as in the Notice annexed)

1	2	3	4	5	6
7	8	9	10	11	

(Tick Mark the Sl.No. of Resolutions for which the Proxy is appointed)

Signed this day of, 2014.

Member's Folio/DP ID-Client ID No..... Signature of Shareholder(s).....

Signature of Proxyholder(s).....

Affix
30 paise
Revenue
Stamp

Notes: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. In the case of a Corporation, the proxy form shall be either given under the Common Seal signed on its behalf by an Attorney or Officer of the Corporation.

PLEASE NOTE : NO GIFTS WILL BE DISTRIBUTED

REGISTERED BOOK POST

To :



If undelivered, please return to :

Tamilnadu Petroproducts Limited

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