



Tamilnadu Petroproducts Limited

30th ANNUAL REPORT
2014 – 15

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
Dhananjay N. Mungale	DIN:00007563	Director
Dr. K.U. Mada	DIN:00011395	Director
Kulbir Singh	DIN:00204829	Director
Sashikala Srikanth	DIN:01678374	Director
T.K. Arun	DIN:02163427	Director
R. Karthikeyan	DIN:00824621	Director
M. Pazhaniandy Pillai	DIN:06874820	Whole-Time Director (Operations)
Muthukrishnan Ravi	DIN:03605222	Managing Director

* As on 4th August, 2015

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

Registrar & Share Transfer Agent (RTA)

Cameo Corporate Services Limited
"Subramanian Building". 1, Club House Road,
Chennai - 600 002.

Auditors

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

Cost Auditor

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

Secretarial Auditor

Mrs. B. Chandra
Company Secretaries,
A2, Happy Home Apartments, No.9,
4th Main Road, United India Colony,
Kodambakkam, Chennai - 600 024.

Internal Auditors

M/s. Sundar Srin & Sridhar,
Chartered Accountants,
1st Floor, New No.9, Rajamannar Street,
T.Nagar, Chennai - 600 017.

Bankers

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

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

Your Directors have pleasure in presenting the Thirtieth Annual Report on the business and operations of the Company and the audited Statement of Accounts for the year ended 31st March 2015.

FINANCIAL RESULTS

(Rs. in crore)

Description	2014-15	2013-14
Loss Before Interest and Depreciation	(31.22)	7.09
Interest	(19.57)	(32.27)
Depreciation	(20.60)	(30.43)
Loss Before Tax	(71.39)	(55.60)
Tax expenses	(18.32)	(18.30)
Loss after tax	(53.07)	(37.30)

OPERATIONAL HIGHLIGHTS AND PRODUCT-WISE PERFORMANCE

During the year under review, revenue from operations was Rs. 949.87 crore vis-a-vis Rs. 1051.82 crore in FY 2013-14. The loss for the year was higher at Rs. 53.07 crore against Rs.37.30 crore in the previous year. Also, the Company made an operating loss of Rs. 17.55 crore against operating profit of Rs. 7 crore in FY 2013-14.

It may be recalled that through concerted efforts the operations improved during the first six months of the year under review and the Company recorded an operating profit of Rs. 18.12 crore against the operating loss of Rs. 14.13 crore in the corresponding period in the previous year. The unexpected fall in the crude prices during the 3rd quarter of the year resulted in sharp and sudden drop in the prices of Linear Alkyl Benzene (LAB) in the domestic market which was unprecedented. The crude prices remaining low for a long time, the high cost inventory held by the Company had to be sold at the lower prices to avoid compounding of the cash flow issues. This resulted in huge cash losses during the 3rd and 4th quarter.

Large scale import of cheaper LAB continued to wean away the domestic customers. The increase in power cost coupled with uncertainties in uninterrupted supply was also another limiting factor to recover the fixed costs in full, adding to the losses. Due to inconsistency in the supply of power from the EB grid, CPP had to be operated continuously to avoid frequent interruptions, the cost of heavy re-start and also to meet the customer commitments.

The Chlor Alkali Division producing Caustic Soda and Chlorine had to be operated at a reduced load due to lower demand and also storing and disposal issues of Chlorine. The imports of caustic soda into India increased from 3.74 lakh tons in 2013-14 to over 5 lakh tons during the year under review. The high cost of power which is the major production cost for the Division further reduced the margins and the Division continued to incur losses.

The operations of the ECH Division continued to remain suspended and the effluent treatment services to Petro Araldite Private Limited, the joint venture company was also stopped as the latter also ceasing operations during the 2nd half of the year.

FINANCIAL REVIEW

During the year 2014-15 there were moderate changes in interest rates and the bank rate came down from 9% in March 2014 to 8.5% in March 2015. There was decline in the overall bank credit growth and also aggregate of bank deposits. The inflation also

declined sharply mainly on account of lower crude oil prices and other steps taken by the regulators.

During the year under review the finance cost was lower at Rs. 19.57 crore against Rs. 32.27 crore during the previous year. This was made possible through lower borrowings and repayment of long term loans out of the proceeds from sale of property. CARE reaffirmed the rating at BBB, signifying the current capacity of the Company to meet its debt obligations.

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 utilized 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.

In the past domestic demand for LAB was being met fully through indigenous sources and a substantial quantity was being exported. In the past two years, LAB imports in India were more than 2.2 lakh tons. The sudden spurt in LAB imports into India during the past few years is mainly attributable to globalization, economic slowdown witnessed all over the world and creation of new capacities in the Middle East. The domestic players could not compete with the overseas suppliers due to modern facilities of large capacities which ensured very low cost compared to the cost structure of your Company.

Caustic Soda, a most commonly used industrial chemical, finds wide application in Textile, Pulp & paper, Aluminium, Soaps & detergent industries in India. The capacity in India was about 34.66 lakh ton in March 2015 with a capacity utilization of around 81%. The capacity is expected to increase to 36.70 lakh ton by March 2016. 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. Chlorine demand will be a major driver for Chlor-alkali production rates and the reason for low capacity utilization is due to inadequate opportunity for Chlorine utilization; – Lack of integrated plants, and downstream chlorine utilization projects.

OPPORTUNITIES AND THREATS

LAB

Concern about hygiene and improved standard of living has aided in considerable improvement of market conditions. This has helped the detergent markets to reach remote areas, with the facility of visual advertisements. Moreover, consumers have privilege of choosing from wide variety of product range and hence the companies are constantly upgrading their products and make every effort to bring the utmost innovative advertising campaign to increase their share in the global market. Since these companies target the bottom of the pyramid market, there is a huge potential for the LAB industry to grow.

However, India being an attractive market is targeted by the overseas LAB players and has resulted in increased imports to India. Addition of new plants in the Middle East is a big threat to the LAB market in India. Also, a new plant which is likely to be set up in Bangkok will be a major threat to the company, with Chennai being the nearest port. These will have an impact on domestic pricing which is already reeling under pressure.

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. Because of the erratic weather conditions, salt prices are unpredictable. India has adequate capacity to meet domestic demand of caustic soda, but due to heavy imports at low price from other countries, industry operating rates are low.

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 @ 10% (YOY in 2014-15) but not utilizing domestic chlorine due to non-availability of petro-chemical feedstock. In a year, nearly 30% of the PVC domestic demands are met by imports. India continues to be 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. "Mis-matched" demand for Caustic & Chlorine sets the price trend for the product and the realizations are affected considerably.

RISK MANAGEMENT POLICY

The Company has over the years developed a frame work for risk management and laid down procedures to inform Board members about the risk assessment and minimization procedures. A risk management plan has been framed and implemented and monitored by the Board. As required under S. 177 of the Act, the Audit Committee also reviews the risk management process periodically.

As part of the risk management plan, TPL has two employee-level Committees viz., a sub-committee and an Apex Committee which

is headed by the Whole-time Director (Operations) to review and assess the risks that could affect the Company's business. The sub-committee brings out the matters that could affect the operations and the same are reviewed by the Apex Committee, which determines the issues that could become business risk. The mitigation actions are also suggested by the Committee and the report of the Risk Controller is submitted to the Risk Management Committee of Directors (RMC), constituted in compliance with the Listing Agreement. The Committee which comprises Ms. Sashikala Srikanth as Chairperson, Mr. Muthukrishnan Ravi and Mr T.K. Arun as the other Members reviews the report of the Risk Controller and the recommendations are presented to the Board for final decision/guidance.

RISK AND CONCERNS

As mentioned above, the import of LAB, Caustic Soda and indirect form of Chlorine is the major risk faced by TPL. Due to the increasing transportation charges and bulk discounts offered to the customers in order to keep them intact, LAB realisation remains low. The uncertainty of the normal paraffin imports and the fluctuating exchange rates is yet another major risk to the company.

Chlor Alkali Division of 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. Continuous dip in the chlorine prices, soaring cost of salt and transportation are adding to the woes. To mitigate the risk of survival of Chlor Alkali Division in the long run, the input cost viz., power and salt is to be addressed by the company.

OUTLOOK

LAB

TPL has established itself as a major contributor in the LAB market. Despite ever increasing LAB imports year on year, TPL has been continuously offering its best service to its customers, thereby keeping the customer base intact. It is gratifying that TPL has been able to increase the volumes by over 15% during the year under review over the previous year and the losses have been on account of pricing issues caused by unabated imports into India.

During the year 2014-15, LAB imports were around 2.2 lakh tons against 2.15 lakh tons in 2013-2014, 3% more than the previous year's imports. TPL is also focussing on increasing the Normal Paraffin (NP) capacity to cut down its imports and capacity augmentation proposal is under implementation.

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, with the ongoing expansion projects, the caustic soda availability from the USA, Asia and Middle East will be threatening more with further increase in the imports into India, which is already affected by huge and ever-increasing imports. The imports have more than doubled in about 4 years at 5.08 lakh tons in 2014-15 from 1.87 lakh tons in 2010-11. The imports during April 2015 were over 75,000 tons against 56,000 tons in the corresponding period of 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, South Korea, 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

During the year, your company received environment clearance for conversion of the ECH facility to manufacture Propylene Oxide from the Ministry of Environment, Forest and Climate Change, Government of India. Further actions are on to operationalize the conversion which may take about 18 – 24 months. It may be recalled that the ECH facility remains suspended since 2013 due to unviable operations and incurring huge losses for eight years out of ten years. On completion of the conversion the Company would be in a position to sell/utilize the Chlorine for value and hence the production at HCD can be increased to more economic levels. Also it would have converted the otherwise unproductive facility to earn reasonable returns.

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, Heavy Chemicals Division of your company bagged State Safety award for the year 2011 and was honored by Inspectorate of Factories, Tamilnadu. There were no reportable incidents/accidents during the year 2014-15. To spread the awareness on safety, your company celebrated National Safety Day on 4th March 2015. World Environment Day was celebrated on 5th June 2015 and saplings were planted as a part of green initiative 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.

The policy on material subsidiaries is given in the website of the Company http://tnpetro.com/Financials/fina_policies.asp

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 for 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 previous year. The formulations plant was also stopped during the year under review. In the light of the above, provision has been made in the accounts for the year for the entire value of TPL's investment in PAPL.

As per the unaudited figures furnished by PAPL, the total revenue during the year was Rs. 107.74 crore compared to Rs. 219.71 crore during 2013-14 and incurred a loss of Rs. 3.34 crore against Rs. 10.55 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 stream 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 Industrial relations are cordial.

The manpower strength as on 31st March 2015 was 392 and none of the employees of your Company was in receipt of remuneration exceeding the sum prescribed under Section 198 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Details of Loans, guarantees or investments

During the year under review the Company purchased 2,20,735 equity shares of Rs. 10/- each in OPG Power Generation Private Limited to become a Group Captive Consumer of the power generated by the said company.

Audit Committee

The details are furnished under CGR annexed to this Report. All the recommendations of the Committee were accepted by the Board.

Vigil Mechanism

As required under S. 177 of the Act and Clause 49 of the Listing Agreement, the Company has established a vigil mechanism for directors and employees to report genuine concerns through the whistle blower policy of the Company as published in the website of the Company. As prescribed under the Act and the Listing Agreement, provision has been made for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.



Fixed Deposits

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

Related Party Transactions

During the year under review, there were no transactions with related parties referred to in S.188(1) of the Act. The other transactions with such parties were not material in terms of the policy framed by the Audit Committee of the Company as published in the website viz., http://tnpetro.com/Financials/fina_policies.asp

Board of Directors and related disclosures

The Board comprises of twelve directors of whom six are independent including a woman director. All the Independent Directors have furnished necessary declarations under Section 149 (7) of the Act and as per the said declarations they meet the criteria of independence as provided in Section 149 (6) of the Act.

The Board met five times during the year under review and the relevant details are furnished in the CGR.

The Board has approved the Remuneration Policy as recommended by the Nomination and Remuneration Committee (NRC) which inter alia contains the criteria for determining the positive attributes and independence of a director as formulated by the NRC. The policy on remuneration to directors is disclosed in the CGR annexed to this Report.

Mr. Sanjiv Ralph Noronha (DIN: 01905639) resigned as a Director effective from 11th August 2014

At the Board Meeting held on 12th August 2014, Mr. Kulbir Singh (DIN: 00204829) and Ms. Sashikala Srikanth (DIN: 01678374) were appointed as Additional & Independent Directors of the Company for a period of five years under Section 149 of the Act. Approval of the members for the same under Sections 150, 152, 160 read with Schedule IV to the Act will be considered at the ensuing AGM.

Mr. Ashwin C Muthiah, (DIN 00255679) Vice Chairman retires by rotation and being eligible offers himself for re-election.

At the meeting held on 27th May 2014, Mr. K R Anandan was appointed as the Chief Financial Officer under Section 203 of the Act who separated from the Company on 30th June 2015. Ms. R Deepti was appointed as the Company Secretary in the place of Mr. R. Kothandaraman from 1st June 2014.

Annual Evaluation of the Board, Committees and Directors

The formal evaluation of the Board and its Committees was done taking into account the various parameters such as their roles and responsibilities, composition and the adequacy, decision making processes and related practices, focus on important and critical issues, progress monitoring, governance and the like.

The evaluation of the individual directors, including the independent directors was done taking into account their qualification and experience, understanding of their respective roles (as a Director, Independent Director and as a member of the Committees of which they are Members/Chairpersons), adherence to Codes and ethics, conduct, attendance and participation in the meetings, etc.

In compliance with the requirements of Schedule VII to the Act and Clause 49 of the Listing Agreement, a separate meeting of the Independent Directors was held during the year.

During the year, the company had conducted familiarization programme for the Independent Directors and the details of the

same are made available in the website of the company viz., http://tnpetro.com/Financials/Fina_corp.asp

Directors' Responsibility Statement

Pursuant to the requirement of sub-sections 3 (c) and 5 of Section 134 of the Act it is hereby confirmed that

- (a) in the preparation of the annual accounts for the financial year ended 31st March 2015, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review.
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- (d) the Directors had prepared the accounts for the financial year ended 31st March, 2015 on a "going concern" basis.
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

Corporate Governance

Your Company has complied with the requirements of Corporate Governance stipulated 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 given in Annexure - I.

Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai were appointed as the Auditors of the Company at the 29th Annual General Meeting held on 12th August 2014 to hold office till the conclusion of 31st Annual General Meeting. As required under Section 139 of the Act, ratification of their appointment to hold office from the conclusion of the 30th AGM till the conclusion of the 31st AGM will be taken up at the ensuing AGM.

Reply to qualification in the Report of the Auditors on the Consolidated Financial Statement:

As regards the short term advance of Rs. 3419.54 lakh carried in the Consolidated Financial Statement (CFS), it has been confirmed that as on date the subsidiary has recovered the entire dues in full.

As regards the Long Term Loans and Advances of Rs. 1249.80 lakh in the CFS, which represent the advance paid to the technology partner for knowhow, there is time till December 2016 to avail the same. It is also being explored if the rights can be transferred to other interested parties and hence at present no adjustment is deemed necessary.

In the light of the above, it is expected that these matters will have no impact on the Consolidated Financial Statement.

Secretarial Audit Report

As required under Section 204 of the Act, the Secretarial Audit Report issued by Mrs. B Chandra, Company Secretary in practice is given in Annexure - II. As regards the observation of the Secretarial Auditor it is clarified that all the directions of the CPCB have been duly complied with and the inspection has also been completed.

Cost Audit

Mr. P.R.Tantri, Cost Accountant, Bengaluru was appointed as the Cost Auditor of the Company by the Board for the financial year 2014-15 on a remuneration of Rs. 1.25 lakh plus applicable taxes and reimbursement of out of pocket expenses.

As required under S. 148 of the Act, read with the relevant Rules, ratification of the members for the remuneration to the Cost Auditor for 2014-15 will be considered at the ensuing AGM of the Company.

Adequacy of Internal Financial Controls

Your company has in place adequate internal financial 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. The system was also reviewed by an external agency, and no major weaknesses were reported.

Conservation of Energy and other disclosures

As required under Section 134 of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, information on conservation of energy, technology absorption, foreign exchange earnings and outgo, to the extent applicable are given in Annexure - III and form part of this Report.

Extract of the Annual Report

The extract of the Annual Report is given in Annexure - IV, in the prescribed format.

Particulars of Employees and other disclosures

The disclosures prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure - V to this Report. It is hereby affirmed that the remuneration to the employees are as per the remuneration policy of the company.

CSR Policy and related Disclosures

The details are furnished in Annexure - VI

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 thank the shareholders for their continued support.

The Directors also place on record their appreciation for the contributions by all cadres of employees of the company.

Disclaimer

The Management Discussion and Analysis contained herein is based on the information available to the Company and assumptions based on experience in regard to domestic and global economy, on which the Company's performance is dependent. It may be materially influenced by changes in economy, government policies, environment and the like, on which the Company may not have any control, which could impact the views perceived or expressed herein.

For and on behalf of the Board of Directors

Muthukrishnan Ravi

DIN:03605222

Managing Director

Ashwin C. Muthiah

DIN:00255679

Vice Chairman

4th August 2015

Chennai – 600 068

ANNEXURE - I REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Code of Corporate Governance:

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.

This report covers the corporate governance aspects in your Company relating to the year ended 31st March 2015.

2. Board of Directors :

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

As on 31st March 2015, the Board comprised of twelve directors as detailed below:

Name	Category	Membership	
		Other Boards	Other Board Committees
Mr. C.V. Sankar, IAS., Chairman (Nominee of TIDCO)	Non-Executive, Non Independent	14(5)	2
Mr. Ashwin C Muthiah, Vice Chairman (Nominee of SPIC)	Non-Executive, Non Independent	4(3)	1
Mr. C. Ramachandran, IAS (Retd)	Non-Executive, Independent	6	5

Name	Category	Membership	
		Other Boards	Other Board Committees
Mr. N. R. Krishnan, IAS (Retd)	Non-Executive, Independent	7(1)	6(3)
Mr. Dhananjay N Mungale	Non-Executive, Independent	7	7 (3)
Dr K U Mada	Non-Executive, Independent	2	4(2)
Mr. Kulbir Singh	Non-Executive, Independent	2	2
Ms. Sashikala Srikanth	Non-Executive, Independent	6	4(1)
Mr. T.K. Arun, (Nominee of TIDCO)	Non-Executive, Non Independent	9	9 (1)
Mr. R. Karthikeyan, (Nominee of TIDCO)	Non-Executive, Non Independent	6(1)	3
Mr. Muthukrishnan Ravi, Managing Director (Nominee of SPIC)	Executive, Non Independent	1	1
Mr. M. Pazhaniandy Pillai, Whole-time Director, (Nominee of SPIC)	Executive, Non Independent	-	-

Notes:

- Other Directorships exclude foreign companies, private companies, Section 8 companies and alternate directorships.
- Only Membership in Audit Committees and Stakeholders' Relationship Committees (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
- None of the Directors other than Dr K.U. Mada & Mr. M. Pazhaniandy Pillai who hold 3500 shares and 200 shares respectively, hold any shares in the Company.
- None of the Directors have any inter-se relationship.

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

The Board of Directors met five times during the year 2014-15 viz., on 27th May 2014, 12th August 2014, 6th November 2014, 5th February 2015 and 23rd March 2015. The 29th AGM of the Company was held on 12th August 2014. 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	Full year	5	1	Yes
Mr. Hans Raj Verma, IAS	Upto 18.06.2014	1	1	NA
Mr. Ashwin C Muthiah	Full year	5	5	Yes
Mr. C. Ramachandran	Full year	5	5	Yes
Mr. N.R. Krishnan	Full year	5	5	Yes
Mr. Dhananjay N. Mungale	Full year	5	3	Yes
Dr K.U. Mada	Full year	5	4	Yes
Mr. Kulbir Singh*	From 12.08.2014	3	3	NA
Ms. Sashikala Srikanth*	From 12.08.2014	3	3	NA
Mr. T.K.Arun	Full year	5	5	Yes
Mr. R Karthikeyan	Full year	5	4	Yes
Mr. Sanjiv Ralph Noronha	Upto 11.08.2014	1	1	NA
Mr. Muthukrishnan Ravi	Full year	5	5	Yes
Mr. M. Pazhaniandy Pillai	Full year	5	5	Yes

* Appointed at the meeting held after the AGM.

3 Audit Committee:

(i) **Terms of reference**

The Audit Committee of the Board of Directors was constituted in 1987. The terms of reference of the Audit Committee covering the matters specified in respect of such Committee were modified in line with the then requirements of Clause 49 of the Listing Agreements with Stock Exchanges. Consequent to the enactment of the Companies Act, 2013 (the Act) at the Board meeting held on 12th August 2014, the terms of reference were aligned to the requirements of Section 177 of the Act and the amended Listing Agreement.

(ii) **Composition, Meetings and Attendance**

As on 31st March 2015, the Committee comprised of Mr.C.Ramachandran IAS (Retd.) as Chairman, Mr.N.R.Krishnan IAS (Retd.), Dr. K.U.Mada and Mr. T.K.Arun as the other members. The Committee met five times during the year 2014-15 viz., 27th May 2014, 12th August 2014, 6th November 2014, 5th February 2015 and 23rd March 2015. All the members attended all the meetings except Dr. K.U.Mada who attended four of these meetings. The Company Secretary is the Secretary to the Committee.

4. Nomination and Remuneration Committee

(i) Terms of reference and composition

In compliance with the requirements of Section 178 of the Act and clause 49 of the Listing Agreement, the Board constituted the Nomination and Remuneration Committee at the meeting held on 27th May 2014 with Mr. C Ramachandran, IAS (Retd.) as the Chairman & Mr. N R Krishnan, IAS (Retd.), Mr. Ashwin C Muthiah and Mr. T K Arun as the other members.

The terms of reference are to Identify persons who are qualified to become directors and who may be appointed in senior management, Recommend to the Board appointment and removal of the directors, evaluate the performance of the directors, formulate criteria for determining qualifications, positive attributes and independence of a director, recommend to the Board a policy relating to the remuneration to the directors, key managerial personnel and other employees, devise policy on Board diversity and such other matter as may be prescribed under the Act, the Rules made thereunder and the Listing Agreements.

(ii) Meetings and Attendance

The Committee met three times during the year 2014-15 viz., 27th May 2014, 12th August 2014, and 5th February 2015 and the meetings were attended by all the members. The Company Secretary is the Secretary to the Committee.

(iii) Remuneration Policy

The Remuneration Policy of the Company as approved by the Board inter alia, contains the criteria for appointment of Independent Directors, Executive Directors, Key Managerial Personnel and other employees, manner of appointment, remuneration policy for Executive and Non-Executive Directors, Guiding principles for fixing remuneration to employees who are not directors, etc. The following is the Remuneration Policy for Directors.

i. For Executive Directors

The remuneration of the Whole Time/ Executive Directors shall comprise of a fixed component and a performance linked pay, as may be fixed by the NRC 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 to be considered in fixing the remuneration. These Directors are not eligible to receive sitting fees for attending the meetings of the Board and Committees.

ii. For Non-Executive Directors

The Non-Executive Directors will be 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 and as recommended by the NRC. Different scales of sitting fee may be fixed for each category of the directors and type of meeting. However, the fees payable to the Independent Directors and Woman Directors shall not be lower than the fee payable to other categories of directors.

In addition to this, the travel and other expenses incurred for attending the meetings are to be met by the Company. Subject to the provisions of the Act and the Articles of Association, 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 shall have no other pecuniary relationship or transactions with any Non-Executive Directors.

iii. Details of remuneration paid

(a) Remuneration paid to Executive Directors for the year 2014-15 are as shown below:

(Rs. in lakh)

Sl. No	Description	Mr. Muthukrishnan Ravi, Managing Director	Mr. M. Pazhaniandy Pillai, Whole-time Director (Operations)
01	Salary & Allowances	32.89	25.72
02	Perquisites	3.41	0.13
	Total	36.30	25.85

Note:

- (1) In addition to the above contribution to Provident and other Funds are made by the Company as per the applicable rules. In view of the losses no performance linked pay was paid/ payable.
- (2) Both the above Directors are under contract of employment with the Company which stipulates a notice period of 3 months from either side for early separation. No severance fee is payable and no Employee Stock Option has been offered by the Company.
- (3) Remuneration to Mr. Ravi is being shared by Manali Petrochemicals Limited (MPL) of which also he is the Managing Director. The above is the remuneration relating to the Company only.

(b) Sitting fees paid to non-executive Directors during 2014-15 are detailed below:

Name	Amount (Rs. in lakh)	Name	Amount (Rs. in lakh)
Mr C V Sankar, IAS*	0.5	Mr. Kulbir Singh	1.5
Mr Ashwin C Muthiah	2.1	Ms. Sashikala Srikanth	1.5
Mr. Hans Raj Verma, IAS*	0.1	Mr T.K.Arun*	2.3
Mr C. Ramachandran, IAS (Retd.)	2.3	Mr Sanjiv Ralph Noronha	0.1
Mr. N.R. Krishnan, IAS (Retd.)	2.1	Mr. R. Karthikeyan*	1.2
Mr. Dhananjay N Mungale	0.7	TOTAL	16.1
Dr. K.U. Mada	1.7		

* Paid to TIDCO

The Company did not have any pecuniary relationship or transactions with the Non - Executive Directors during the Financial Year ended 31st March, 2015.

5. Stakeholders' Relationship Committee:

i. Chairman and Compliance Officer

The Chairman of the Committee is Mr. C. Ramachandran, IAS (Retd.) and Ms. R Deepti, Company Secretary is the Compliance Officer.

ii. Details of complaints received and pending

During the year 12 complaints were received, all of which were redressed by the Company/RTA. There were no pending complaints as at the end of the year.

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 thereof
2012	18.9.2012	10.35 AM	Tamil Isai Sangam, Rajah Annamalai Hall, Esplanade, Chennai-600 108	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
2014	12.8.2014	2.45 PM		1. Appointment of Mr. M. Pazhaniandy Pillai as Whole-time Director (Operations) for a period of three years from 27 th May 2014 to 26 th May 2017 and payment of remuneration. 2. Approval for borrowing money in the ordinary course of business not in excess of Rs. 1000 crore over and above the aggregate of the paid up capital and free reserves of the company on such terms and conditions as may be agreed to between the company and the lenders.

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. The procedure for postal ballot will be as prescribed under the Act.

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.
- As stipulated under the Act and the Listing Agreement a Whistle Blower Policy has been framed and the text of the same is uploaded in the website of the Company. The Policy, inter alia, provides for access to the Chairman of the Audit Committee in exceptional cases and no person has been denied access to the Chairman of Audit Committee.
- 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. Employee level and Board level Committees have been formed to analyze the issues relating to risk management and the action points arising out of the deliberations of the Committees are reviewed by the Board.



- v. 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 19th May 2015.
- vi. A Management Discussion and Analysis Report has been presented as part of the Directors' Report.
- vii. The Company has complied with all the mandatory requirements stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

viii. **Compliance with Non – Mandatory requirements:**

The following non-mandatory requirements have been adopted / complied with by the Company:

- a. The posts of Chairman and Managing Director are held by two separate individuals.
- b. There are no qualifications by the Auditors on the Stand Alone Financial Statements for the year 2014-15.
- c. The Company has appointed a third party firm as the internal Auditors which carries out the audit and submits a summary report to the Audit Committee for review and further directions.

8. Means of communication

As stipulated under Clause 41 of the Listing Agreement, the Quarterly Results are intimated to the Stock Exchanges and published in one English National Newspaper (Financial Express) and one Tamil Newspaper (Makkal Kural). The results are also posted in the website of the Company viz., 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 submitted to the Stock Exchanges and made available in the website.

9. General Shareholder Information

i. **Annual General Meeting**

The thirtieth AGM of the Company is scheduled to be held on 22nd September 2015 at 10.35 a.m at Tamil Isai Sangam, Rajah Annamalai Mandram, Esplanade, Chennai - 600 108

ii. **Book Closure**

The Register of Members and Share Transfer Books of the Company will remain closed from 14th September 2015 to 22nd September 2015 (both days inclusive)

iii. **Financial Calendar for the year 2015-16 (tentative)**

Financial Year	1 st April 2015 to 31 st March 2016
First Quarter Results	Before 14 th August 2015
Second Quarter Results	Before 14 th November 2015
Third Quarter Results	Before 14 th February 2016
Audited Results for the year 2015-16	Before 30 th May 2016

iv. **Registrar and Share Transfer Agent:**

All share registry work in respect to 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/Whole-time director and Company Secretary and the details are placed before the Stakeholders' Relationship Committee.

vi. **Listing / Stock Code of equity shares**

NAME AND ADDRESS OF EXCHANGE	STOCK CODE
Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	500777
National Stock Exchange of India Limited (NSE), Exchange Plaza, C-1, Block G. Bandra Kurla Complex, Bandra East, Mumbai- 400 051.	TNPETRO

Listing fees have been paid to the aforesaid exchanges upto 2015-16.

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
2014								
April	11.90	10.25	22,939.31	22,197.51	11.95	10.50	6869.85	6650.40
May	14.90	11.26	25,375.63	22,277.04	14.50	11.25	7563.50	6638.55
June	16.15	12.65	25,735.87	24,270.20	16.30	12.45	7700.05	7239.50
July	16.97	12.16	26,300.17	24,892.00	16.90	12.25	7840.95	7422.15
August	15.45	11.95	26,674.38	25,232.82	15.30	11.85	7968.25	7540.10
September	16.80	12.75	27,354.99	26,220.49	16.35	12.80	8180.20	7841.80
October	14.00	12.60	27,894.32	25,910.77	14.00	12.60	8330.75	7723.85
November	15.65	11.64	28,822.37	27,739.56	15.90	11.60	8617	8290.25
December	12.24	10.83	28,809.64	26,469.42	12.40	10.80	8626.95	7961.35
2015 January	12.30	10.80	29,844.16	26,766.12	12.35	10.75	8996.60	8065.45
February	15.75	11.05	29,522.86	28,044.49	16	11.05	8941.10	8470.50
March	16.00	13.05	30,024.74	27,248.45	15.205	13.05	9119.20	8269.15

viii. Distribution of Shareholding as on 31st March, 2015:

Range of shares	No. of Shareholders	Percentage	No. of Shares	Percentage
1 - 500	75335	90.05	1,14,52,053	12.73
501 - 1000	4863	5.81	40,01,682	4.45
1001 - 2000	1774	2.12	27,46,282	3.05
2001 - 3000	575	0.69	14,92,473	1.66
3001 - 4000	229	0.27	8,32,456	0.93
4001 - 5000	228	0.27	10,94,682	1.22
5001 - 10000	359	0.43	26,59,760	2.95
10001 and Above	295	0.35	6,56,92,086	73.01
Total	83658	100	8,99,71,474	100

ix. Shareholding pattern as on 31st March, 2015

Category	Holders		Shares	
	No	%	No	%
Promoters and Promoters Group	2	0.01	31078126	34.54
Mutual Funds / UTI	18	0.02	15900	0.02
Financial Institutions / Banks	15	0.02	13025	0.01
Insurance Companies	5	0.01	4459729	4.96
Directors and their Relatives	3	0.01	625895	0.70
Bodies Corporate	614	0.73	8318551	9.25
Foreign National	1	0.01	500	0.00
Individuals	79932	95.53	38434544	42.71
HUF	945	1.13	1919537	2.13
NRI / OCBs	2078	2.48	5039403	5.60
Trusts	7	0.01	22539	0.03
Clearing Members & Others	38	0.04	43725	0.05
Total	83658	100	89971474	100



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. As on 31st March 2015, about 92% of the 89971474 outstanding shares have been dematerialized and the balance is held in physical mode.

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

xii. Address for Correspondence:

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

**Cameo Corporate Services Ltd, Subramanian Building, V Floor, No: 1, Club House Road, Chennai – 600 002.
Phone: 044 - 28460390/28460394 & 28460718, 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,

**Post Box No.9, Manali Express Highway, Manali, Chennai – 600 068 Tel No.044-25941501-10 / 25940761
Fax No.044- 25942239/25940761, E-mail: secy-legal@tnpetro.com, investorgrievance@tnpetro.com,
Website: www.tnpetro.com**

Declaration by CEO

This is to declare that the respective Codes of Conduct envisaged by the Company for Members of the Board and Senior management Personnel have been complied with by all the members of the Board and Senior Management Personnel of the Company respectively.

Chennai
04 August 2015

Muthukrishnan Ravi
DIN: 03605222
Managing Director

REPORT OF THE AUDITORS ON CORPORATE GOVERNANCE

1. We, Deloitte Haskins & Sells, Chartered Accountants (Firm's Registration No.: 008072S), as Statutory Auditors of Tamilnadu Petroproducts Limited ("the Company"), having its Registered Office at Manali Express Highway, Manali, Chennai – 600068, have examined the compliance of conditions of corporate governance by the Company, for the year ended on 31 March 2015 as stipulated in Clause 49 of the Listing Agreement, as amended from time to time, of the Company with the stock exchanges.
2. We have been requested by the Management of the Company to provide a certificate on compliance of corporate governance under Clause 49 of the Listing Agreement, as amended from time to time.
3. The Management is responsible for the compliance of conditions of corporate governance. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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.
4. In our opinion and to the best of our information and according to the explanations given to us 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, as amended from time to time.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Chennai
Date : August 4, 2015

For Deloitte Haskins & Sells
Chartered Accountants
M K Ananthanarayanan
Partner
(Membership No. 19521)



ANNEXURE - II

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules,2014]

To

The Members

M/s. Tamilnadu Petroproducts Limited,
Manali Express Highway, Manali,
Chennai- 600068

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. TAMILNADU PETROPRODUCTS LIMITED**, CIN L23200TN1984PLC010931 ("the company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015, according to the provisions of:

- i. The Companies Act, 2013(the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers)Regulations,2011;
 - b) The Securities and Exchange Board of India(Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations,2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi. The Other laws as may be applicable specifically to the company:

Based on review of the copies of the compliance reports by the functional heads of the Company including in the factory located in Manali to the Top Management/Board of Directors of the Company, I report that the Company has substantially complied with the provisions of those Acts that are applicable to it such as the Factories Act 1948, Payment of Wages Act 1936, Industrial Disputes Act 1947, Minimum Wages Act 1948, Explosives Act 1884, Employees State Insurance Act 1948, Petroleum Act, 1934 with relevant rules thereunder, Public Liability Insurance Act, 1991, Employees Provident Fund Act 1952, Environmental Protection Act 1986 and other Pollution Control Laws and other laws mentioned in the said checklists.

- vii. No specific violation in respect of Tax laws came to the notice of the undersigned from the review of the said check list. However I report that I have not carried out the audit with reference to the applicable financial laws, such as the Direct and Indirect Tax Laws, as the same falls under the review of statutory audit and by other designated professionals.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standard on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI).



- (ii) The Listing Agreements entered into by the Company with the Stock Exchange(s) namely Bombay Stock Exchange (BSE) & National Stock Exchange (NSE).

During the period under review, the Company has complied with the provisions of the Act, other applicable Acts, Rules, Regulations, Listing Agreement with Stock Exchanges, Guidelines, Standards, etc. mentioned above subject to the following observation:

During the previous financial year, the Company received a show cause notice from Central Pollution Control Board (CPCB) containing Directions under section 5 of the Environment (Protection) Act 1986 and further directing the Company to make foolproof arrangements to comply with the directions. As per the reply submitted to the CPCB, the Company, as on the date of signing of this report, has confirmed compliance with the said directions.

I FURTHER REPORT THAT

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All decisions of the Board during the year were carried unanimously and recorded as part of the minutes.
3. I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For B CHANDRA

Company Secretaries

B Chandra, B.Com, AICWA, ACS

M. No. 20879 CP No. 7859

Proprietrix

Place: Chennai
Date 4.8.2015

ANNEXURE - III

Particulars as required under Rule 3 of the Companies (Accounts) Rules, 2014 for the year ended 31st March 2015, are furnished below to the extent applicable:

A) CONSERVATION OF ENERGY

- i) Steps taken or impact on conservation of energy

Installation of new heat exchanger to preheat the boiler feed water from 35°C to 130°C resulting in energy saving of 0.48 mkcal / hr. The annual savings from this is expected to be Rs. 117 lakh.

- ii) Steps taken for utilizing alternate sources of energy

Actions have been taken to operate the Captive Power Plant DG-IV with waste heat recovered from boiler this is expected to be commenced during the year 2015-16 and will result in an annual savings of about Rs. 50 lakh.

- iii) Capital investment in conservation of energy

The capital investment for new heat exchanger and waste heat recovery boiler mentioned above is Rs. 20 lakh and Rs. 14 lakh respectively.

B) TECHNOLOGY ABSORPTION

- i) Efforts made in technology absorption and benefits derived like product improvement, cost reduction, product development or import substitution

Technology absorption was fully made in the initial years. In the recent past, there was no new technology imported by the Company.

Steps for process improvement and the like to bring down the cost are being taken for catering wide customer base.

- ii) Expenditure on Research & Development

No expenditure on research & development was incurred during the year under review.



C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

- i) Foreign exchange in terms of actual inflows: Rs.2,666.44 lakh
- ii) Foreign exchange in terms of actual outflows: Rs.8,125.72 lakh

For and on behalf of the Board of Directors

4th August 2015
Chennai – 600 068

Muthukrishnan Ravi
DIN:03605222
Managing Director

Ashwin C. Muthiah
DIN:00255679
Vice Chairman

ANNEXURE - IV

Extract of Annual Return as on the financial year ended on 31st March 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN	L23200TN1984PLC010931
ii) Registration Date	22nd June 1984
iii) Name of the Company	Tamilnadu Petroproducts Limited
iv) Category / Sub-Category of the Company	Public Company limited by shares
v) Address of the Registered office and contact details	Manali Express Highway, Manali, Chennai - 600 068 Tel : 25941501 - 10 Fax : 25941139 E-mail: secy-legal@tnpetro.com; Website : www.tnpetro.com
vi) Whether listed company	Yes, Listed with BSE and NSE
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Limited, "Subramaniam Building", No. 1, Club House Road, Chennai – 600 002 Ph: 044 -2846 0390; E-mail: cameo@cameoindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of Main Products / Services	NIC Code of the Product/ Service	% to Total Turnover of the Company
1	Linear Alkyl Benzene	381710	87.76
2	Caustic Soda lye	281512	8.04

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name of the Company	Address of the Company	CIN/GLN
1	Certus Investment & Trading Ltd. - Subsidiary	IFS Court, TwentyEight Cybercity Ebene Mauritius	-
2	Certus Investment & Trading (S) Pte Ltd - Subsidiary	31 Cantonment Road, Singapore 089747	-
3	Proteus Petrochemicals Private Limited - Subsidiary	31 Cantonment Road, Singapore 089747	-
4	Petro Araldite Private Limited - Associate	5th Floor, Building No. 10, Solitaire Corporation Park, 167, Guru Hargovindji Marg, Chakala, Andheri East, Mumbai – 400 093	U24110MH1996PTC104393

(IV) SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Sl. No.	Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2014)			No. of Shares held at the end of the year (As on 31-03-2015)			% Change	
		Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
A.	Promoter								
1.	Indian								
	a) Bodies Corporate	15234375	Nil	15234375	16.93	15234375	Nil	15234375	16.93
	b) Banks / FI	15843751	Nil	15843751	17.61	15843751	Nil	15843751	17.61
	Foreign	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total Shareholding of Promoter(A)= (A)(1)+ (A)(2)	31078126	Nil	31078126	34.54	31078126	Nil	31078126	34.54
B.	Public Shareholding								
1.	Institutions								
	a) Mutual Funds	800	15000	15800	0.02	900	15000	15900	0.02
	b) Banks / FI	1625	11400	13025	0.01	1625	11400	13025	0.01
	c) Insurance Companies	4459429	300	4459729	4.96	4459429	300	4459729	4.96
	d) Sub-total (B)(1)	4461854	26700	4488554	4.99	4461954	26700	4488654	4.99
2.	Non-Institutions								
	Bodies corporate	6943322	30750	6974072	7.75	8287901	30650	8318551	9.25
	Individual shareholders holding nominal share capital upto Rs 1 lakh	18203700	5064404	23268104	25.86	16746215	4940632	21686847	24.1
	Individual shareholders holding nominal share capital in excess of Rs 1 lakh	16691950	Nil	16691950	18.55	16747697	Nil	16747697	18.61
	Others	5374892	2095776	7470668	8.3	5575973	2075626	7651599	8.5
	Sub-total (B) (2)	47213864	7190930	54404794	60.47	47357786	7046908	54404694	60.47
	Total Public shareholding (B)=(B)(1)+ (B)(2)	51675718	7217630	58893348	65.46	51819740	7073608	58893348	65.46
C.	Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Grand Total (A+B+C)	82753844	7217630	89971474	100	82897866	7073608	89971474	100

(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2014)			Shareholding at the end of the year (As on 31-03-2015)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Tamilnadu Industrial Development Corporation Ltd	15843751	17.61	Nil	15843751	17.61	Nil	Nil
2	Southern Petrochemical Industries Corporation Limited	15234375	16.93	Nil	15234375	16.93	Nil	Nil

(iii) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS,PROMOTERS AND HOLDERS OF GDRS AND ADRS): -

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 1 st April 2014)		Cumulative Shareholding during the year		At the End of the year (as on 31 st March 2015)	
		No. of shares	%	No. of shares	%	No. of shares	%
	Date wise Increase/ Decrease in Shareholding during the year						
1	SHREYANS SHANTILAL SHAH	4199427	4.67	4199427	4.67	4199427	4.67
2	LIFE INSURANCE CORPORATION OF INDIA	3850404	4.28	3850404	4.28	3850404	4.28
3	HITESH RAMJI JAVERI	1800000	2				
	Purchase 04-Apr-2014	52000	0.06	1852000	2.06		
	Purchase 11-Apr-2014	40846	0.04	1892846	2.1		
	Purchase 18-Apr-2014	7154	0.01	1900000	2.11		
	Purchase 25-Apr-2014	58973	0.07	1958973	2.18		
	Purchase 02-May-2014	39426	0.04	1998399	2.22		
	Purchase 09-May-2014	68235	0.08	2066634	2.3		
	Purchase 16-May-2014	117139	0.13	2183773	2.43		
	Purchase 23-May-2014	169577	0.19	2353350	2.62		
	Purchase 30-May-2014	26350	0.03	2379700	2.65	2379700	2.65
4	HARSHA HITESH JAVERI	1800000	2	1800000	2	1800000	2
5	PURICO (IOM) LIMITED	1377800	1.53	1377800	1.53	1377800	1.53
6	NATHU RAM PURI	1675600	1.85	1675600	1.85	1675600	1.85
7	SRI KESAVAN ADVISORY SERVICES PRIVATE LIMITED	0	0				
	Purchase 13-Feb-2015	600000	0.67	600000	0.67		
	Purchase 20-Feb-2015	475000	0.53	1075000	1.19		
	Purchase 27-Feb-2015	1379232	1.53	2454232	2.73		
	Purchase 06-Mar-2015	45760	0.05	2499992	2.78		
	Purchase 20-Mar-2015	200000	0.22	2699992	3		
	Purchase 27-Mar-2015	850000	0.94	3549992	3.95	3549992	3.95
8	AJAY NATWARLAL VORA	377000	0.42			377000	0.42
	Purchase 18-Jul-2014	323000	0.36	700000	0.78		
	Purchase 07-Nov-2014	5000	0	705000	0.78	705000	0.78
9	THE ORIENTAL INSURANCE COMPANY LIMITED	473700	0.53	473700	0.53	473700	0.53

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 1 st April 2014)		Cumulative Shareholding during the year		At the End of the year (as on 31 st March 2015)	
		No. of shares	%	No. of shares	%	No. of shares	%
	Date wise Increase/ Decrease in Shareholding during the year						
10	TPL EMPLOYEES WELFARE FOUNDATION	997831	1.11	997831	1.11	997831	1.11
11	KULGAM HOLDINGS PVT. LTD.	980962	1.09	980962	1.09	980962	1.09
12	AJAY NATWARLAL VORA	850000	0.94				
	JT1: SHILPA AJAY VORA						
	Purchase 07-Nov-2014	15000	0.02	865000	0.96	865000	0.96
13	KRUPANIDHI HOSPITAL PVT. LTD.	400000	0.44				
	Sale 11-Jul-2014	-400000	-0.44	0	-	0	-
14	MUTHIAH.A.C	622194	0.69	622194	0.69	622194	0.69
15	ANIL KUMAR GOEL	631000	0.7	631000	0.7	631000	0.7
16	SHILPA AJAY VORA	836000	0.93				
	JT1:AJAY NATWARLAL VORA						
	Purchase 18-Jul-2014	49000	0.05	885000	0.98		
	Purchase 31-Mar-2015	2700	0.00	887700	0.98	887700	0.98
17	JM FINANCIAL SERVICES LIMITED	1084351	1.14				
	Purchase 04-Apr-2014	12087	0.01	1096438	1.15		
	Sale 11-Apr-2014	-26382	-0.02	1070056	1.13		
	Purchase 18-Apr-2014	8724	0.01	1078780	1.14		
	Sale 25-Apr-2014	-50237	-0.06	1028543	1.14		
	Sale 02-May-2014	-534	-0.00	1028009	1.14		
	Purchase 09-May-2014	16025	0.02	1044034	1.16		
	Purchase 16-May-2014	5386	0.01	1049420	1.17		
	Purchase 23-May-2014	27849	0.03	1077269	1.20		
	Sale 30-May-2014	-81745	-0.09	995524	1.11		
	Purchase 06-June-2014	17238	0.02	1012762	1.12		
	Purchase 13-June-2014	34415	0.04	1047177	1.16		
	Sale 20-June-2014	-44301	-0.05	1002876	1.11		
	Sale 30-June-2014	-15845	-0.02	987031	1.10		
	Sale 04-July-2014	-72	-0.00	986959	1.10		
	Sale 11-July-2014	-923	-0.00	986036	1.10		
	Purchase 25-July-2014	1000	0.00	987036	1.10		
	Sale 01-August-2014	-999	-0.00	986037	1.10		
	Purchase 08-August-2014	2477	0.00	988514	1.10		
	Purchase 14-August-2014	123220	0.14	1111734	1.24		
	Sale 22-August-2014	-65317	-0.07	1046417	1.16		
	Purchase 29-August-2014	5482	0.01	1051899	1.17		
	Sale 05-Sep-2014	-45427	-0.05	1006472	1.12		
	Purchase 12-Sep-2014	99016	0.11	1105488	1.23		
	Sale 19-Sep-2014	-62437	-0.07	1043051	1.16		
	Sale 30-Sep-2014	-1043050	-1.16	1	0		
	Purchase 03-Oct-2014	3496	0.00	3497	0		
	Purchase 10-Oct-2014	2129	0.00	5626	0		
	Sale 17-Oct-2014	-5626	-0.01	0	0		
	Purchase 31-Oct-2014	275	0.00	275	0		

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 1 st April 2014)		Cumulative Shareholding during the year		At the End of the year (as on 31 st March 2015)	
		No. of shares	%	No. of shares	%	No. of shares	%
	Date wise Increase/ Decrease in Shareholding during the year						
	Sale 07-Nov-2014	-250	-0.00	25	0		
	Purchase 14-Nov-2014	475	0.00	500	0		
	Sale 21-Nov-2014	-500	-0.00	0	0		
	Purchase 05-Dec-2014	808076	0.90	808076	0.90		
	Purchase 16-Jan-2015	45370	0.05	853446	0.95		
	Purchase 06-Feb-2015	50	0.00	853496	0.95		
	Purchase 13-Feb-2015	50	0.00	853546	0.95		
	Purchase 20-Feb-2015	23987	0.03	877533	0.98		
	Sale 27-Feb-2015	-132078	-0.15	745455	0.83		
	Sale 06-Mar-2015	-2500	-0.00	742955	0.83		
	Purchase 13-Mar-2015	500	0.00	743455	0.83		
	Purchase 20-Mar-2015	1228	0.00	744683	0.83		
	Sale 27-Mar-2015	-408404	-0.45	336279	0.37		
	Purchase 31-Mar-2015	13044	0.01	349323	0.39	349323	0.39

(iv) Shareholding of Directors and KMP

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2014)			Shareholding at the end of the year (As on 31-03-2015)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Dr. K.U.Mada	3500	0.00	Nil	3500	0.00	Nil	Nil
2	M. Pazhaniandy Pillai	200	0.00	Nil	200	0.00	Nil	Nil

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment Rs. in lakh

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2255.17	1729.21	Nil	3984.38
ii) Interest due but not paid				
iii) Interest accrued but not due	0.85			0.85
Total (i+ii+iii)	2256.02	1729.21	Nil	3985.23
Change in Indebtedness during the financial year				
Addition				
Reduction	2161.12	303.46	Nil	2464.58
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	94.05	1425.75	Nil	1519.8
ii) Interest due but not paid				
iii) Interest accrued but not due	1.44			1.44
Total (i+ii+iii)	95.49	1425.75	Nil	1521.24

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

The details of remuneration paid to the Managing Director and Whole-time Director (Operations) are furnished in the Report on Corporate Governance in Annexure-I (excluding contribution to provident and other funds) against the ceiling on remuneration of Rs. 120 lakh for each of MD/WTD under the Act. No stock option, sweat equity or commission is given to these Directors.

B. Remuneration to other Directors:

The Non- Executive Directors, including the Independent Directors are paid sitting fees details of which have also been furnished in the Report on Corporate Governance. No commission or other payments are made to any of the Directors.

C. Remuneration to other Key Managerial Personnel

Sl. No.	Particulars of Remuneration	CS (Till 31.05.2014)	CS (From 01.06.2014)	CFO	Total Amount
1	Gross salary	Rs. In lakh	Rs. In lakh	Rs. In lakh	Rs. In lakh
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2.93	2.60	37.88	43.41
(b)	Value of perquisites u/s 17(2)Income-tax Act, 1961	0.02	-	0.31	0.33
	Total	2.95	2.60	38.19	43.74

a. There was no stock option, sweat equity or commission to the above persons.

b. The remuneration shown above is exclusive of contributions to Provident and Other Funds

VII PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board of Directors

4th August 2015
Chennai – 600 068

Muthukrishnan Ravi
DIN:03605222
Managing Director

Ashwin C. Muthiah
DIN:00255679
Vice Chairman

ANNEXURE - V

Disclosures under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Mr. Muthukrishnan Ravi Managing Director: 9.55 Mr. M. Pazhaniandy Pillai, WTD (O) : 6.80
b. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	During the year, there was increase in remuneration of CFO from Rs. 35 lakh to Rs. 50 lakh per annum
c. The percentage increase in the median remuneration of employees in the financial year;	6% increase for unionized category of employees. However, there was no increase for Non-unionized employees
d. The number of permanent employees on the rolls of company;	363 excluding trainees
e. The explanation on the relationship between average increase in remuneration and company performance;	The increase in remuneration to the unionized personnel was in terms of the wage agreement. For other employees no increase was considered in view of the poor performance of the Company for the past few years.
f. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	Various parameters like qualification, experience, contribution of the individual, prevailing remuneration scales to similarly placed persons in other companies and the like are taken into account for payment of remuneration to KMP. Considering these factors, remuneration to KMP is deemed to be reasonable.

g. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.	Description	2014-15	2013-14
	Market Capitalization (Rs. crore)	128.21	97.17
	Price Earnings Ratio is Not applicable in view of losses incurred by the Company.		
	Closing share price (Rs./share)	14.25	10.8
	Last public offer price	Rs. 30/- per share	
	% increase/decrease	52%	64%
h. Average percentile increase already made in the salaries of employees other than the key managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	<p>There has been no increase in the remuneration to the managerial personnel other than the CFO.</p> <p>The CFO of the Company is a Chartered Accountant, Cost Accountant and Company Secretary with nearly 25 years of experience. The remuneration paid was not commensurate with the duties and responsibilities and his performance. As could be seen from the results he achieved substantial savings in the finance cost, in spite of the difficult cash flow situation. As recommended by the NRC the remuneration of the CFO was revised, which though could appear to be higher is justified for the reasons stated above.</p>		
i. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;	As stated above.		
j. The key parameters for any variable component of remuneration availed by the directors;	<p>The annual performance pay is determined based on a structured appraisal system in vogue for all employees including the working directors. The parameters include the performance of the individual in key result areas, self-appraisal, review by the immediate supervisor and the performance of the Company. However in view of the losses none of the employees was paid any performance related payment.</p>		
k. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	None of the employees was in receipt of remuneration in excess of the highest paid director during the year.		

For and on behalf of the Board of Directors

4th August 2015
Chennai – 600 068

Muthukrishnan Ravi
DIN:03605222
Managing Director

Ashwin C. Muthiah
DIN:00255679
Vice Chairman

ANNEXURE - VI

ANNUAL REPORT ON CSR ACTIVITIES DURING THE YEAR 2014-15

1. Brief outline of the CSR Policy and related information

The policy

TPL appreciates that in any society inclusive growth of all the segments is of paramount importance. The Business Community owes its existence and growth to the other components of the Society at large. TPL is committed to contribute its mite for the sustained growth of the Society through various plans and programmes. TPL also believes that as a responsible organization, it can, together with similar such entities, transform the neglected sections of the Society through concerted efforts.

TPL also endeavours to ensure environmental sustainability by adopting best environmental practices and encourages conservation/ judicious use of natural resources.

TPL looks beyond mere financial resources and aims to undertake such of the activities which will provide long term benefits to the weaker sections and make them competent to face off the challenges in life.

The detailed CSR Policy is available in the website of the Company at http://tnpetro.com/Financials/fina_policies.asp



Overview of projects or programmes

During the year under review no CSR projects or programmes were taken-up by the Company.

2. Composition of the CSR Committee

The CSR Committee comprises Mr. Ashwin C Muthiah as Chairman and Mr. C. Ramachandran IAS (Retd.), Mr. Muthukrishnan Ravi, and Mr. T K Arun as the other Members.

In view of the losses incurred during the last three years, there is no amount to be spent on CSR and hence the other disclosures are not applicable for the year under review.

For and on behalf of the Board of Directors

4th August 2015
Chennai – 600 068

Muthukrishnan Ravi
DIN:03605222
Managing Director

Ashwin C. Muthiah
DIN:00255679
Vice Chairman

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAMILNADU PETROPRODUCTS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **TAMILNADU PETROPRODUCTS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Emphasis of Matter

We refer to Note no. 39 of the Notes forming part of standalone 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 alternative 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.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) The matter described in the Emphasis of Matter paragraph above and continuing cash losses incurred by the Company as reported in clause (viii) in the Annexure to this audit report, in our opinion, may have an adverse effect on the functioning of the Company.
- (f) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanation given to us :
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have material foreseeable losses on long term contracts and there were no derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

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

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

Place : Chennai
Date : May 19, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Tamilnadu Petroproducts Limited on the accounts for the year ended 31st March 2015)

- (i) Having regard to the nature of the Company's business / activities / result, clause (v) of the Order is not applicable to the Company in the current year.
- (ii) In respect of Fixed assets :
 - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and sale of inventory and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal control system.
- (vi) We have broadly reviewed the cost records maintained by the Company specified by the Central Government under sub-section (1) of Section 48 of the Companies Act, 2013 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, wealth tax, sales tax, service tax, value added tax, duty of customs, duty of excise, cess and other material statutory dues applicable to it with the appropriate authorities and there were no outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.
- (b) Details of dues of Income Tax, Sales Tax, Service Tax and Excise Duty which have not been deposited as on March 31, 2015 on account of disputes are given below:

Statute	Nature of dues	Forum where dispute is pending	Financial Year	Amount involved (Rs. in lakhs)
Various State Sales Tax Acts	Sales Tax	Tribunal	1993-1994 to 2002-03	1,659
		High Court	2006-07	58.08
Central Excise Act	Excise duty	High Court	1994-2002	13.89
		Tribunal	2001-2013	304.54
		Commissioner (Appeals)	2002-2007	5.11
		Deputy Commissioner	1994-1997	10.90
Finance Act	Service Tax	Tribunal	1997-2011	330.98
		Commissioner (Appeals)	2005-2006	0.05
Income Tax Act	Income Tax	High Court	Assessment Year 2000-01	60.16
		Tribunal	Assessment year 2001-02	2.29
			Assessment Year 2002-03	151.16
			Assessment Year 2003-04	75.54
		CIT (A)	Assessment Year 2009-10	248.08
			Assessment Year 2010-11	252.24
		Assessment Year 2011-12	391.37	

- (c) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.
- (viii) The accumulated losses of the Company at the end of the financial year are less than fifty percent of the networth and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues in respect of term loans.
- (x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

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

Place : Chennai
Date : May 19, 2015



Balance Sheet As at 31st March, 2015

	Notes	As at 31st March, 2015 (Rupees in lakhs)	As at 31st March, 2014 (Rupees in lakhs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	8,997.15	8,997.15
Reserves and Surplus	4	<u>15,101.42</u>	<u>21,819.17</u>
		24,098.57	30,816.32
Non- Current liabilities			
Long-term borrowings	5	986.67	1,519.81
Deferred tax liabilities(net)	6	-	2,463.08
Other long term liabilities	7	313.92	313.92
Long-term provisions	8	<u>231.71</u>	<u>247.82</u>
		1,532.30	4,544.63
Current liabilities			
Short -term borrowings	9	8,675.67	11,874.08
Trade payables	10	13,974.53	13,778.01
Other current liabilities	11	7,726.70	7,146.32
Short-term provisions	12	<u>41.80</u>	<u>50.59</u>
		30,418.70	32,849.00
TOTAL		<u>56,049.57</u>	<u>68,209.95</u>
ASSETS			
Non- Current Assets			
Fixed Assets			
Tangible Assets	13	24,677.56	28,779.07
Capital Work-in-progress		1,776.16	1,446.19
Non- current investments	14	7,867.14	9,210.86
Long term loans and advances	15	3,190.36	2,285.59
Current Assets			
Inventories	16	8,356.71	15,735.02
Trade receivables	17	6,391.72	7,647.53
Cash and cash equivalents	18	1,176.33	1,130.06
Short-term loans and advances	19	2,386.20	1,844.35
Other current assets	20	<u>227.39</u>	<u>131.28</u>
		18,538.35	26,488.24
TOTAL		<u>56,049.57</u>	<u>68,209.95</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

M K Ananthanarayanan
Partner

Place : Chennai
Date : May 19, 2015

For and on behalf of the Board of Directors

Ashwin C Muthiah
DIN : 00255679
Vice Chairman

K R Anandan
Chief Financial Officer

T K Arun
DIN : 02163427
Director

Muthukrishnan Ravi
DIN : 03605222
Managing Director

R Deepti
Company Secretary



Statement of Profit and Loss for the year ended 31st March, 2015

	Notes	Year ended 31st March, 2015 (Rupees in lakhs)	Year ended 31st March, 2014 (Rupees in lakhs)
INCOME			
Revenue from operations (gross)	21	107,064.90	117,290.54
Less: Excise Duty		<u>12,078.01</u>	<u>12,108.61</u>
Revenue from operations (net)		94,986.89	105,181.93
Other income	22	1,156.17	1,211.88
Total Revenue		<u>96,143.06</u>	<u>106,393.81</u>
EXPENSES			
Cost of Materials consumed	23	60,581.64	63,327.06
Purchase of Stock-in-trade	24	22.03	3,216.93
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	25	6,052.36	2,684.86
Employee benefits expense	26	2,732.09	2,386.38
Finance costs	27	1,956.92	3,226.55
Depreciation	13 & 29	2,059.85	3,042.84
Other expenses	28	28,509.47	34,069.21
Total expenses		<u>101,914.36</u>	<u>111,953.83</u>
Loss before exceptional item and taxes		(5,771.30)	(5,560.02)
Exceptional item	46	<u>1,368.00</u>	-
Loss before tax		<u>(7,139.30)</u>	<u>(5,560.02)</u>
Tax expense:			
Deferred Tax	6	<u>(1,832.24)</u>	<u>(1,829.55)</u>
Loss for the year		<u>(5,307.06)</u>	<u>(3,730.47)</u>
Earnings per equity share (in Rs.):			
Basic	34	(5.90)	(4.15)

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

M K Ananthanarayanan
Partner

Place : Chennai
Date : May 19, 2015

For and on behalf of the Board of Directors

Ashwin C Muthiah
DIN : 00255679
Vice Chairman

K R Anandan
Chief Financial Officer

T K Arun
DIN : 02163427
Director

Muthukrishnan Ravi
DIN : 03605222
Managing Director

R Deepti
Company Secretary



Cash Flow Statement for the year ended 31st March 2015

	For the year ended 31st March, 2015 (Rupees in lakhs)	For the year ended 31st March, 2014 (Rupees in lakhs)
A		
Cash flow from operating activities:		
Loss before tax	(7,139.30)	(5,560.02)
Adjustments for		
Depreciation	2,059.85	3,042.84
(Profit)/ loss on sale/write off of assets	(0.02)	127.82
Finance costs	1,956.92	3,226.55
Interest income	(286.50)	(224.73)
Bad loans and advances written off	2.15	12.76
Provision for diminution in the value of investment	1,368.00	-
Rental income from operating leases	(276.04)	(318.55)
Net unrealised exchange (gain) / loss	9.79	(36.08)
Sundry balances written back	(85.84)	(527.18)
	<u>4,748.31</u>	<u>5,303.43</u>
Operating profit/(loss) before working capital changes	(2,390.99)	(256.59)
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	7,378.31	6,555.44
Trade receivables	1,263.26	3,161.94
Short-term loans and advances	(541.82)	(504.04)
Long-term loans and advances	(797.24)	(349.51)
Other current assets	(39.52)	(60.00)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	265.12	(4,768.30)
Other current liabilities	(1,488.02)	1,564.94
Other long-term liabilities	-	(210.50)
Short-term provisions	(8.79)	(7.21)
Long-term provisions	(16.11)	(122.13)
	<u>6,015.19</u>	<u>5,260.63</u>
Cash generated from operations	3,624.20	5,004.04
Net income tax (paid)	(109.67)	(86.88)
Net cash flow from / (used in) operating activities (A)	<u>3,514.53</u>	<u>4,917.16</u>
B		
Cash flow from investing activities:		
Capital expenditure on fixed assets, including capital advances	(329.97)	(534.65)
Proceeds from sale of fixed assets	0.15	13.51
Advances received against sale of immovable property	4,000.00	2,000.00
Purchase of long term investment	(24.28)	(2.24)
Interest received - others	229.91	186.18
Rental income from operating leases	276.04	318.55
Bank balances not considered as cash and cash equivalents	145.38	(851.76)
	<u>4,297.23</u>	<u>1,129.59</u>
Net cash flow from / (used in) investing activities (B)	<u>4,297.23</u>	<u>1,129.59</u>



Cash Flow Statement for the year ended 31st March 2015(continued)

	For the year ended 31st March, 2015 (Rupees in lakhs)	For the year ended 31st March, 2014 (Rupees in lakhs)
C Cash flow from financing activities:		
Proceeds from short-term borrowings	(1,931.43)	1,172.26
Repayment of long-term borrowings	(533.14)	(2,458.23)
Net increase / (decrease) in working capital borrowings	(3,198.41)	(2,522.51)
Finance costs	(1,956.32)	(3,230.58)
Dividends paid	(0.76)	(0.64)
Paid to Investor Education and Protection Fund	-	(18.34)
	<u>(7,620.06)</u>	<u>(7,058.04)</u>
Net cash from / (used in) financing activities (C)	<u>(7,620.06)</u>	<u>(7,058.04)</u>
Net cash flows during the year (A+B+C)	<u>191.70</u>	<u>(1,011.29)</u>
Cash and cash equivalents at the beginning of the year	34.28	1,045.57
Cash and cash equivalents at the end of the year	<u>225.98</u>	<u>34.28</u>
Net increase / (decrease) in cash and cash equivalents	<u>191.70</u>	<u>(1,011.29)</u>

Reconciliation of Cash and cash equivalents with the Balance Sheet:

Cash and cash equivalents as per Balance Sheet (Refer Note 18)	1,176.33	1,130.06
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 - Cash Flow Statements:		
Unpaid dividend account	58.75	59.51
Margin money deposits	891.60	1,036.27
Cash and cash equivalents at the end of the year *	<u>225.98</u>	<u>34.28</u>
* Comprises:		
Cash on hand	0.47	0.47
Cheques on hand	-	2.88
Balances with banks		
In current accounts	225.51	30.93
	<u>225.98</u>	<u>34.28</u>

See accompanying notes forming part of the financial statements

In terms of our report attached	For and on behalf of the Board of Directors		
For Deloitte Haskins & Sells Chartered Accountants	Ashwin C Muthiah DIN : 00255679 Vice Chairman	T K Arun DIN : 02163427 Director	Muthukrishnan Ravi DIN : 03605222 Managing Director
M K Ananthanarayanan Partner	K R Anandan Chief Financial Officer		R Deepti Company Secretary

Place : Chennai
Date : May 19, 2015



Notes forming part of the financial statements

1. Corporate information

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

2. Summary of accounting policies

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

I BASIS OF ACCOUNTING

The financial statements of the Company has been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, and the relevant provisions of the Companies Act, 2013 ("the Act") / Companies Act, 1956 ("the 1956 Act") as applicable. The financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before 1 April, 1996, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation as more fully described in Note 40.

II USE OF ESTIMATES

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

III OPERATING CYCLE

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

IV FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost less depreciation. Cost comprises of purchase price (net of rebates and discounts), import duties, levies (net of CENVAT and VAT) and any directly attributable cost including borrowing cost, of bringing the assets to its working condition for its intended use. Certain assets have been revalued as on 31st March, 1996 and the resultant surplus has been added to the cost of the assets.

Depreciation amount for assets is the cost of an assets, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the assets, the operating conditions of the assets, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

General Plant and Machinery used in Epichlorohydrin plant - 10 years

Certain Plant and Machinery used in Linear Alkyl Benzene plant - 4.50 years

Furniture and Fixture provided to employees depreciated - 5 years

CAPITAL WORK-IN-PROGRESS:

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

V IMPAIRMENT OF ASSETS

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

VI FOREIGN CURRENCY TRANSACTIONS

Initial Recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

VII INVESTMENTS

Long term investments are carried individually at cost, less provision for diminution, other than temporary, in the value of such investments.

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

VIII INVENTORIES

Inventories are valued at lower of cost (weighted average basis) and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

IX CASH AND CASH EQUIVALENTS (FOR PURPOSE OF CASH FLOW STATEMENT)

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

X CASH FLOW STATEMENT

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

XI REVENUE RECOGNITION

a) Sale of Goods

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

b) Income from services

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

c) Export incentive

Export benefits in the nature of focus market scheme are accrued in the year of exports based on the eligibility taking into consideration the prevailing regulations/policies and when there is no uncertainty in receiving the same. Adjustments, if any, to the amounts recognized in accordance with the accounting policy, based on final determination by the authorities, would be dealt with appropriately in the year of final determination and acceptance.

XII OTHER INCOME

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

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

XIII EMPLOYEE BENEFITS

Short term employee benefits

Short term employee benefits are recognised as an expense at the undiscounted amounts in the Profit and Loss account of the year in which the related services are rendered.

Defined Contribution Plans

i) Superannuation:

This plan covers staff of the Company and is administered by the Life Insurance Corporation of India. Contributions are made monthly at a predetermined rate to the Trust and debited to the Profit and Loss account on an accrual basis. The superannuation contribution for staff is withdrawn with effect from October 1, 2013.

Defined Benefits Plans

ii) Provident Fund:

Contributions are made monthly at a predetermined rate to the Provident Fund Trust managed by the company and debited to the Profit and Loss account on an accrual basis. The interest rate payable by the Trust to the beneficiaries is as notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rates and recognizes such shortfall as an expense.

ii) Gratuity:

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

Long term compensated absences:

Liability towards long term compensated absences is accrued based on an actuarial valuation at the balance sheet date based on the projected unit credit method and is not funded.

XIV BORROWING COST:

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

XV TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the year and determined in accordance with applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability. Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

XVI PROVISIONS AND CONTINGENCIES

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the accounts. Contingent assets are neither recognised nor disclosed in the financial statement.

XVII OPERATING LEASES

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

XVIII EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued



on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

XIX RESEARCH AND DEVELOPMENT EXPENSES

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

XX INSURANCE CLAIMS

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

XXI SERVICE TAX INPUT CREDIT

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

3. Share Capital	As at 31st March, 2015 (Rupees in lakhs)	As at 31st March, 2014 (Rupees in lakhs)
Authorised		
200,000,000 equity shares of Rs.10 each with voting rights	20,000.00	20,000.00
Issued		
89,976,899 equity shares of Rs 10 each with voting rights	8,997.69	8,997.69
Subscribed and fully paid up		
89,971,474 equity shares of Rs 10 each with voting rights	<u>8,997.15</u>	<u>8,997.15</u>

3.1 In December 1993, the company came out with Rights cum Public Issue of Equity Shares. The difference between issued and subscribed capital of 5,425 shares (previous year 5,425 shares) is due to said shares kept in abeyance under Section 126 of the Companies Act, 2013.

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

Name of the Shareholders	31st March, 2015		31st March 2014	
	No of Shares	% of holding	No of Shares	% of holding
Equity Shares of Rs. 10/- each fully paid up				
Tamilnadu Industrial Development Corporation Limited	15,843,751	17.61	15,843,751	17.61
Southern Petrochemical Industries Corporation Limited	15,234,375	16.93	15,234,375	16.93

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

3.4 Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- . Each holder is entitled to one vote per equity share. Repayment of capital will be in proportion to the number of equity shares held.

4 Reserves and Surplus	As at 31st March, 2015 (Rupees in lakhs)	As at 31st March 2014 (Rupees in lakhs)
Capital reserve	42.23	42.23
Securities premium account	4,611.57	4,611.57
Revaluation reserve		
Opening balance	1,986.18	2,006.29
Less: Utilised for set off against depreciation	-	20.11
Closing balance	<u>1,986.18</u>	<u>1,986.18</u>
General reserve	14,890.38	14,890.38
Surplus in Statement of Profit and Loss		
Opening balance	288.81	4,019.28
(Less): Loss for the year	(5,307.06)	(3,730.47)
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax Rs.630.84 lakhs)	(1,410.69)	
Closing balance	<u>(6,428.94)</u>	<u>288.81</u>
	<u>15,101.42</u>	<u>21,819.17</u>

		As at 31st March, 2015 (Rupees in lakhs)	As at 31st March 2014 (Rupees in lakhs)
5 Long term borrowings	Terms of repayments		
Term loans			
Indian rupee loan from banks (secured) (Refer note no.11 for current maturities)		-	94.05
Interest free deferred sales tax loan (unsecured)	Repayable in 36 monthly installments	986.67	1,425.76
		<u>986.67</u>	<u>1,519.81</u>
5 (i) Average rate of interest on Term loan from Bank is 13.00% p.a . The Loans is secured by of all the Company's immovable properties by deposit of title deeds., both present and future, and second charge on all the movable properties of the Company			
6 Deferred tax liability (net)			
Tax effect of item constituting deferred tax liability			
On difference between book balance and tax balance of fixed assets		4,449.62	5,602.15
		<u>4,449.62</u>	<u>5,602.15</u>
Tax effect of items constituting deferred tax assets			
Unabsorbed depreciation and business losses		4,363.15	3,040.20
Provision for compensated absences		84.51	96.82
Provision for doubtful debts/advances		1.96	2.05
		<u>4,449.62</u>	<u>3,139.07</u>
Net deferred tax (asset) / liability		<u>-</u>	<u>2,463.08</u>
Deferred tax reconciliation:			
Deferred tax credit for the year based on the movement in net deferred tax liability as at the beginning and the end of the year as shown above		2,463.08	1,829.55
Less: Deferred tax impact netted off from depreciation on tangible fixed assets on transition to Schedule II of the Companies Act, 2013 adjusted to opening surplus in statement of Profit and Loss. Refer Notes 4 and 40		630.84	-
Deferred tax credit in the Statement of Profit and Loss		<u>1,832.24</u>	<u>1,829.55</u>
Unabsorbed business loss/depreciation (relating to current year as well as earlier years) have given raise to deferred tax assets amounting to Rs.4,446.27 lakhs which has been recognised only to the extent of net deferred tax liability available in the books and accordingly there is no deferred tax asset/liability as on balance sheet date..			
7. Other long-term liabilities			
Security deposit received		296.99	296.99
Other liability (Note 42)		16.93	16.93
		<u>313.92</u>	<u>313.92</u>
8. Long term provisions			
Provision for employee benefits			
Compensated absences		231.71	247.82
		<u>231.71</u>	<u>247.82</u>
9. Short term borrowings			
Loan repayable on demand from Banks (Secured)		8,675.67	11,874.08
Loans are secured by hypothecation by way of charge on inventories both on hand and in transit, book debts and other receivables, both present and future and further secured by way of mortgage by deposit of title deeds of immovable properties, both present and future, on second charge basis ranking pari passu amongst them.			



	As at 31st March, 2015 (Rupees in lakhs)	As at 31st March, 2014 (Rupees in lakhs)
10 Trade payables		
Acceptances	3,299.25	3,435.67
Other than acceptances (Note 37)	10,555.72	10,294.47
Payable to related parties	<u>119.56</u>	<u>47.87</u>
	13,974.53	13,778.01
11. Other current liabilities		
Current maturities of long term debt (Refer Note No. 11(i) below)	533.14	2,464.57
Interest accrued but not due on borrowings	1.44	0.85
Unpaid dividends *	58.75	59.51
Deposits	76.72	226.10
Gratuity payable	42.32	92.88
Other Payables		
Statutory remittances (Contributions to PF and ESIC and other taxes payable)	818.33	565.26
Advance from related parties	196.00	1,737.15
Advance against sale of immovable property (Note 41)	<u>6,000.00</u>	<u>2,000.00</u>
	7,726.70	7,146.32
* Amount to be credited to Investor Education and Protection Fund towards unpaid dividends	-	-
Note 11 (i): Current maturities of long-term debt of Note 5(i) for terms of interest and details of security.		
Term loan from Banks (Secured) Repayable in April 2015	94.05	676.20
Loans from HDFC Limited (Secured) The loan has been settled in full in the current year	-	1,484.92
Deferred sales tax loan (unsecured)	<u>439.09</u>	<u>303.45</u>
	533.14	2,464.57
12. Short Term Provisions		
Provision for employee benefits		
Provision for Compensated absences	<u>41.80</u>	<u>50.59</u>
	41.80	50.59

13. Fixed Assets

(Rs. in lakhs)

Current Year

Description	Cost / Valuation			Accumulated Depreciation			Net book value	
	As at 1 April, 2014	Additions	Deductions	As at 31 March, 2015	As at 1 April, 2014	For the year (Note 4 and 40)	As at 31st March, 2015	As at 31 March, 2014
Tangible assets: (Owned)								
Land (Freehold)	2,187.26	-	-	2,187.26	-	-	2,187.26	2,187.26
Buildings:								
Own use	4,659.20	-	-	4,659.20	2,187.59	480.93	1,191.42	2,471.61
Given under operating lease (Note 45)	1,117.61	-	-	1,117.61	220.29	19.53	877.79	897.32
Plant and Equipment (Note below)	118,123.48	-	-	118,123.48	95,079.27	1,523.03	20,364.50	23,044.21
Furniture and Fixtures	123.53	-	-	123.53	116.47	0.85	3.30	7.06
Vehicles	28.77	-	-	28.77	23.98	0.68	0.37	4.79
Office equipment	927.82	-	2.12	925.70	761.00	34.83	52.92	166.82
Total	127,167.67	-	2.12	127,165.55	96,388.60	2,059.85	24,677.56	28,779.07

Note: Depreciation on Plant and Equipment includes depreciation on R & D assets for Rs. 5.60 lakhs (Rs.5.81 lakhs)

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Previous Year

(Rs. in lakhs)

Description	Cost / Valuation			Accumulated Depreciation			Net book value	
	As at 1 April, 2013	Additions	Deductions	As at 31 March, 2014	As at 1 April, 2013	For the year (Note 4 and 40)	As at 31 March, 2014	As at 31 March, 2013
Tangible assets: (Owned)								
Land (Freehold)	2,187.26	-	-	2,187.26	-	-	2,187.26	2,187.26
Buildings:								
Own use	4,608.34	50.86	-	4,659.20	2,073.18	114.41	2,471.61	2,535.16
Given under operating lease (Note 45)	1,117.61	-	-	1,117.61	198.87	21.42	897.32	918.74
Plant and Equipment (Note below)	118,423.09	587.04	886.65	118,123.48	92,937.51	2,888.72	23,044.21	25,485.58
Furniture and Fixtures	129.43	-	5.90	123.53	118.65	2.08	116.47	10.78
Vehicles	28.77	-	-	28.77	22.25	1.73	23.98	6.52
Office equipment	927.82	-	-	927.82	726.41	34.59	166.82	201.41
Total	127,422.32	637.90	892.55	127,167.67	96,076.87	3,062.95	28,779.07	31,345.45

Note: Depreciation on Plant and Equipment includes depreciation on R & D assets for Rs.5.81 lakhs (Rs.25.45 lakhs).



	As at 31st March, 2015 (Rupees in lakhs)	As at 31st March, 2014 (Rupees in lakhs)
14. Non Current Investments		
Investments (At Cost)		
(A) Trade (Unquoted)		
Investment in Equity Instruments of :		
(i) Wholly Owned Subsidiary		
2,04,190 (31 March 2014: 2,04,190) Equity shares of US \$ 100 each fully paid up in Certus Investment & Trading Limited, Mauritius	9,645.13	9,645.13
Less: Provision for diminution in value of investments	<u>1,978.11</u>	<u>1,978.11</u>
	7,667.02	7,667.02
(ii) Associate		
13,68,000 (31 March 2014: 13,68,000) Equity shares of Rs 100 each fully paid up in Petro Araldite Private Limited	1,368.00	1,368.00
Less: Provision for diminution in value of investments (Note 46)	<u>1,368.00</u>	<u>-</u>
	-	1,368.00
Total - Trade (A)	<u>7,667.02</u>	<u>9,035.02</u>
(B) Other Investments (Unquoted)		
(i) Investment in Equity Instruments :		
(a) 1,00,000 Equity shares of Rs.10 each fully paid up in SEPC Power (Private) Limited (formerly known as SPIC Electric Power Corporation Private Limited) (Note 42)	10.00	10.00
(b) 40,00,000 Equity shares of Rs.10 each fully paid-up in Standard Motor Products of India Limited.	400.00	400.00
Less: Provision for diminution in value of Investment	<u>400.00</u>	<u>-</u>
(c) Suzlon Engitech Limited 22,463 Equity Shares of Rs.10 each fully paid up	2.24	2.24
(d) OPG Power Generation Private Limited 2,20,735 Equity shares of Rs.10 each fully paid up (acquired during the year)	<u>24.28</u>	<u>-</u>
	36.52	12.24
(ii) Investments in bonds		
3 years 0% interest bond in Mercantile Ventures Limited (allotted on 27th March 2013 in settlement of dues) (Refer Note 14B (ii) below)	163.60	163.60
Total - Other investments (B)	<u>200.12</u>	<u>175.84</u>
Aggregate amount of unquoted investments (A+B)	<u>7,867.14</u>	<u>9,210.86</u>
14 B (ii) Note: The company has the option to redeem these Bonds at the end of the third year from the date of issue (i.e. 27th March 2016) or converting the bonds into equity shares of Rs.10 each at par		
15. Long-term loans and advances (Unsecured, considered good)		
Capital advances	236.24	-
Security deposits	1,739.71	1,155.08
Security deposit to related party	235.44	248.76
Advance income tax (net of provisions of Rs.11,230 Lakhs (As at 31 March, 2014 Rs.11,230 Lakhs)	114.29	4.62
Balances with Customs, Sales tax and Excise Authorities	846.97	839.62
Other loans and advances	<u>17.71</u>	<u>37.51</u>
	<u>3,190.36</u>	<u>2,285.59</u>



	As at 31st March, 2015 (Rupees in lakhs)	As at 31st March, 2014 (Rupees in lakhs)
16. Inventories		
Raw materials and components	4,372.07	5,273.63
Goods in Transit	-	627.94
Work-in-progress	274.99	361.37
Finished goods	546.35	6,512.33
Stores and spares	3,163.30	2,959.75
	<u>8,356.71</u>	<u>15,735.02</u>
Details of Work-in-progress:		
Linear Alkyl Benzene	24.07	63.24
Benzene	9.43	12.77
Normal Paraffin	241.49	285.36
	<u>274.99</u>	<u>361.37</u>
17. Trade receivables (Unsecured)		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment::		
Considered good	138.70	98.90
Considered doubtful	6.33	6.33
	<u>145.03</u>	<u>105.23</u>
Other trade receivables - Considered good	6,253.02	7,548.63
	<u>6,398.05</u>	<u>7,653.86</u>
Less: Provision for doubtful receivables	6.33	6.33
	<u>6,391.72</u>	<u>7,647.53</u>
18. Cash and Cash Equivalents		
Cash on hand	0.47	0.47
Cheques on hand	-	2.88
Balances with banks		
In current accounts	225.51	30.93
In earmarked accounts:		
- Unpaid dividend account	58.75	59.51
- Margin Money deposits	891.60	1,036.27
	<u>1,176.33</u>	<u>1,130.06</u>
19. Short-term loans and advances (Unsecured considered good unless otherwise stated)		
Security deposits	27.82	22.52
Receivable from Related party	14.97	-
Loans and advances to employees:		
Secured loan against mortgage of title deeds	8.86	14.38
Other loans	11.99	20.85
	<u>18.17</u>	<u>32.55</u>
Prepaid expenses	86.72	58.10
Balances with Government Authorities		
(i) CENVAT credit receivable	171.79	923.82
(ii) VAT credit receivable	3.00	5.97
(iii) Service tax credit receivable	144.15	105.86
(iv) Customs	-	2.75
	<u>318.94</u>	<u>1,038.40</u>
Advances to suppliers	1,916.90	692.78
	<u>2,386.20</u>	<u>1,844.35</u>



	As at 31st March, 2015 (Rupees in lakhs)	As at 31st March, 2014 (Rupees in lakhs)
20. Other Current Assets		
Interest accrued on deposits	127.87	71.28
Claims and other receivable	<u>99.52</u>	<u>60.00</u>
	<u>227.39</u>	<u>131.28</u>
	Year ended 31st March, 2015 (Rupees in lakhs)	Year ended 31st March, 2014 (Rupees in lakhs)
21. Revenue from Operations		
Sale of products	106,285.97	116,538.81
Sale of services	255.88	673.63
Other operating revenues	<u>523.05</u>	<u>78.10</u>
	<u>107,064.90</u>	<u>117,290.54</u>
Less: Excise Duty	<u>12,078.01</u>	<u>12,108.61</u>
	<u>94,986.89</u>	<u>105,181.93</u>
Sale of products comprises		
Manufactured goods		
Linear Alkyl Benzene	93,278.52	94,349.76
Epichlorohydrin	-	89.77
Caustic soda	8,540.77	12,300.25
Others	<u>4,440.21</u>	<u>6,293.35</u>
	<u>106,259.50</u>	<u>113,033.13</u>
Traded goods		
Ammonia	-	2,669.70
Furnace Oil	<u>26.47</u>	<u>835.98</u>
	<u>26.47</u>	<u>3,505.68</u>
Total - Sale of Products	<u>106,285.97</u>	<u>116,538.81</u>
Sale of services comprises		
Effluent Treatment / Hydrogen Testing / Storage	-	379.33
Steam	<u>255.88</u>	<u>294.30</u>
Total - Sale of Services	<u>255.88</u>	<u>673.63</u>
Other operating revenues comprises		
Scrap sales	103.91	78.10
Sale of platinum	304.48	
Export incentive	<u>114.66</u>	
Total - Other operating revenues	<u>523.05</u>	<u>78.10</u>
22 Other income		
Interest		
from bank deposits	129.24	103.60
from others	157.26	121.13
Profit on sale of assets (net)	0.02	-
Rental income from operating leases	276.04	318.55
Insurance claim received	56.38	53.53



	Year ended 31st March, 2015 (Rupees in lakhs)	Year ended 31st March, 2014 (Rupees in lakhs)
Sundry balances written back	85.84	527.18
Others	<u>451.39</u>	<u>87.89</u>
	<u>1,156.17</u>	<u>1,211.88</u>
23. Cost of materials consumed		
Opening stock	5,273.63	9,789.41
Add: Purchases	<u>59,680.08</u>	<u>58,811.28</u>
	<u>64,953.71</u>	<u>68,600.69</u>
Less: Closing Stock	<u>4,372.07</u>	<u>5,273.63</u>
Cost of material consumed	<u>60,581.64</u>	<u>63,327.06</u>
Material consumed comprises:		
Kerosene	27,317.55	26,772.09
Benzene	18,353.58	18,568.16
Normal Paraffin	13,397.02	16,484.80
Salt	931.07	1,339.07
Others	<u>582.42</u>	<u>162.94</u>
	<u>60,581.64</u>	<u>63,327.06</u>
24. Purchase of Stock in trade		
Ammonia	-	2,564.74
Furnace Oil	<u>22.03</u>	<u>652.19</u>
	<u>22.03</u>	<u>3,216.93</u>
25. Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Inventories at the end of the year		
Finished goods	546.35	6,512.33
Work-in-progress	<u>274.99</u>	<u>361.37</u>
	<u>821.34</u>	<u>6,873.70</u>
Inventories at the beginning of the year		
Finished goods	6,512.33	9,523.78
Work-in-progress	<u>361.37</u>	<u>34.78</u>
	<u>6,873.70</u>	<u>9,558.56</u>
	<u>6,052.36</u>	<u>2,684.86</u>
26. Employee benefits expense		
Salaries and wages (Refer Note 47)	2,180.79	1,786.64
Contributions to provident and other funds	196.75	209.97
Staff welfare expenses	<u>354.55</u>	<u>389.77</u>
	<u>2,732.09</u>	<u>2,386.38</u>
27. Finance Costs		
Interest Expense on :		
(i) Borrowings	1,610.63	2,496.99
(ii) others	-	136.64



	Year ended 31st March, 2015 (Rupees in lakhs)	Year ended 31st March, 2014 (Rupees in lakhs)
Letter of Credit and other bank charges	346.29	382.87
Net loss on foreign currency transactions and translation considered as finance cost	-	210.05
	<u>1,956.92</u>	<u>3,226.55</u>
28. Other Expenses		
Consumption of stores and spare parts	1,420.74	1,572.04
Utilities consumed	503.34	593.24
Power and fuel	22,785.60	27,053.40
Rent	139.79	210.34
Repairs to buildings	40.47	57.76
Repairs to machinery	1,075.45	975.73
Payment to Auditors:		
Towards audit fee	15.00	15.00
For other services	12.10	11.90
Insurance	109.79	190.11
Rates and Taxes	108.48	109.81
Freight and forwarding	1,577.01	2,114.36
Net loss on foreign currency transactions (other than considered as finance cost)	351.10	414.63
Loss on fixed assets sold/ written off	-	127.82
Bad Loans and Advances written off	2.15	12.76
Decrease of excise duty on inventory	(599.81)	(430.14)
Miscellaneous expenses	968.26	1,040.45
	<u>28,509.47</u>	<u>34,069.21</u>
29. Depreciation		
Depreciation for the year (note 13 & 40)	2,059.85	3,062.95
Less: Amount withdrawn from revaluation reserve	-	20.11
	<u>2,059.85</u>	<u>3,042.84</u>
30. Contingent Liabilities and commitments (to the extent not provided for)		
Contingent liabilities:		
A1. Disputed Demands under Appeals		
(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	259.29	168.61
(iii) Service Tax	339.05	314.59
(iv) Income Tax	379.66	-
v) Electricity Tax	1,054.93	1,054.93
The Tamilnadu Government vide Government Order dated 23rd September 1996 exempted specified industries permanently from payment of electricity tax on consumption of self-generated electrical energy under the "Tamilnadu Electricity (Taxation on Consumption) Act, 1962".		



As at 31st March, 2015 (Rupees in lakhs)	As at March 31,2014 (Rupees in lakhs)
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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.

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

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

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.

A2. Income tax cases decided in favour of the company, against which department has filed appeal:

Income Tax	5,014.00	5,014.00
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A3.Others

Renewable Energy Purchase Obligation (RPO)

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.	545.68	412.55
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B Commitments

Capital commitments	142.09	155.20
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31 CIF Value of Imports

Intermediates	10,984.00	2,501.85
Raw materials	-	85.50
Traded goods	-	2,564.74
Stores and spares	891.62	814.12
	11,875.62	5,966.21

32 Expenditure in Foreign Currency

Travel and training	11.67	2.54
Technical services	77.38	55.68
Interest on buyers credit	19.28	9.08
Subscription	23.04	17.51
	131.37	84.81



	Year ended 31st March, 2015 (Rupees in lakhs)	Year ended March 31,2014 (Rupees in lakhs)
33 Earnings in Foreign Exchange		
Export of goods on FOB basis	2,268.85	5,474.83
34 Earnings per share		
Loss after taxation (Rs. In lacs)	(5,307.06)	(3,740.47)
Weighted number of equity shares outstanding	89,971,474	89,971,474
Basic earnings per share- (Face value – Rs.10/- per share)	(5.90)	(4.15)

	Year ended <u>31st March, 2015</u>		Year ended <u>31st March, 2014</u>	
35 Consumption of Imported and Indigenous raw materials, stores and spare parts and percentage of each to total consumption	% of Total Consumption	Value (Rs in Lakhs)	% of Total Consumption	Value (Rs in Lakhs)
(i) Raw materials and intermediates consumed				
Imported	22.11	13,397.02	11.58	7,335.34
Indigenous	77.89	47,184.62	88.42	55,991.72
	100.00	60,581.64	100.00	63,327.06
(ii) Stores and spare parts consumed				
Imported	39.70	564.10	71.15	1,118.52
Indigenous	60.30	856.64	28.85	453.52
	100.00	1,420.74	100.00	1,572.04

36 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) Key management personnel
- 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.

(Rs. in lakhs)

Particulars	Sale of Goods	Sale of Services	Sales of Assets	Purchase of goods	Purchase of services (inclusive of service tax)	Managerial Remuneration	Rent paid	Interest on Trade Advance	Reimbursement of expenses	Sitting Fees	Trade Advance Received
Promoters											
SPIC	11.67 (0.77)						- (0.30)		- (2.92)		
TIDCO										4.10 (2.60)	
Associates											
PAPL	- (425.35)	630.24 (654.84)									
MPL	1,514.64 (2395.48)	14.53 (20.86)	13.26 -	0.71 (4.36)	14.98 (14.98)			137.15 (123.11)			100.00 (2600.00)
Key Management Personnel						36.30 (34.58)					

Balance Outstanding as of 31st March 2015

(Rs. in lakhs)

Particulars	Trade Receivables	Deposits paid	Other Receivables	Deposits Received	Trade payables	Other payables	Trade Advance payable
Promoters							
SPIC	0.26 -		6.12 -			1.21 (1.73)	
Associates							
PAPL	38.90 (106.13)		60.00 -	291.39 (291.39)			
MPL	110.09 (16.00)	235.44 (248.76)	14.97 -		108.74 (35.49)		196.00 (1737.15)
Key Management Personnel						- (1.04)	
Subsidiaries							
CITL						9.61 (9.61)	

Figures in brackets relates to previous year

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

38. Derivative Instruments

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

	Currency	Amount in Foreign Currency	Amount (Rs.in lakhs)
Amount receivable in foreign currency - Exports	USD	590,669	369.11
	USD	(216,310)	(129.52)

	Currency	Amount in Foreign Currency	Amount (Rs.in lakhs)
Amount payable in foreign currency - Imports	USD	1,906,143	1,191.14
	USD	(469,077)	(280.88)
	JPY	-	-
	JPY	(2,368,720)	(14.35)
	EURO	5,011	3.37
	EURO	(7,316)	(6.23)
Amount payable in foreign currency - Buyers Credit	USD	4,516,896	2,822.60
	USD	-	-

There are no derivative contracts outstanding at the end of the year

Figures in brackets are in respect of previous year

39. 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 detailed engineering study in this regard is in progress. The Company has been granted Environmental Clearance by the MoEF (Ministry of Environment and Forests and Climate change) vide letter dated 15th May, 2015 and actions taken for other clearances. Production of the alternate product is expected to be commenced within 18 months after obtaining the necessary clearances. 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.1,224 lakhs as on the balance sheet date and hence no provision for impairment is considered necessary.

40. During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014 the Company has revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. The details of previously applied depreciation method, rates / useful life are as follows:

Asset	Previous depreciation method	Previous depreciation rate / useful life	Revised useful life based on SLM
Factory Buildings	SLM	3.34% / ~28 years	30 years
Office Equipment	SLM	40% / ~6 years	5 years
Plant and Machinery	SLM	5.28% / ~18 years	25 years
Furniture and Fixtures	SLM	6.33% / ~15 years	10 years
Vehicles	SLM	20% / ~5 years	6 years

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets (determined after considering the revised useful life as prescribed by Schedule II), net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs.1410.69 lakhs (Rs. 2041.53 net of deferred tax of Rs.630.84 lakhs) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is lower by Rs. 983.21 lakhs consequent to the adoption of revised useful life as prescribed by Schedule II of the Companies act, 2013.

41. During the financial year 2013-14, 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.

42. Other payable represent amount received in advance towards sale of 100000 equity shares in SEPC Power (Private) Limited during Financial year 2012-13. The same will get adjusted against Investment held, on successful implementation of the power project by SEPC Power (Private) Limited.

43. Employee Defined Benefit Plans

The Company offers Gratuity benefits to its employees which are funded with Life Insurance Corporation of India.



The following table sets out the funded status of the Gratuity scheme and the amount recognised in the financial statements.

	As at 31st March, 2015 (Rupees in lakhs)	As at 31st March, 2014 (Rupees in lakhs)
A). Net Asset/ (Liability) recognized in the Balance Sheet as at March 31, 2015		
Present value of obligation	550.88	654.94
Fair value of plan assets	<u>508.56</u>	<u>562.06</u>
Net liability	<u>(42.32)</u>	<u>(92.88)</u>
B). Expense recognized in the Statement of Profit and Loss account for the year ended March 31, 2015		
Current service cost	32.35	36.49
Interest cost	52.40	52.59
Expected return on plan assets	(47.51)	(47.58)
Actuarial (gains) / Losses	<u>(84.55)</u>	<u>45.59</u>
Total expense	<u>(47.31)</u>	<u>87.09</u>
C). Change in present value of Obligation during the year ended March 31, 2015		
Present value of defined benefit obligation as at the beginning of the year	654.94	712.44
Adjustment to opening balance of past service cost	-	(55.03)
Current service cost	32.35	36.49
Interest cost	52.40	52.59
Actuarial (gains) /losses	(84.55)	45.59
Benefits paid	<u>(104.26)</u>	<u>(137.14)</u>
Present value of defined benefit obligation as at the end of the year	<u>550.88</u>	<u>654.94</u>
D). Change in fair value of plan assets during the year ended March 31, 2015		
Plan assets at the beginning of the year	562.06	607.44
Adjustment to opening balance of past service cost	-	2.20
Expected return on plan assets	47.51	47.58
Actuarial gains /(losses)	-	-
Contributions by employer	3.25	41.98
Benefits paid	<u>(104.26)</u>	<u>(137.14)</u>
Plan assets at the end of the year	<u>508.56</u>	<u>562.06</u>
E). Principal actuarial assumptions as at March 31, 2015		
Discount rate	8.00%	8.00%
Expected return on plan assets	9.00%	8.75%
Salary escalation	5.00%	6.00%
Attrition	10.00%	10.00%

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

F). Basis used to determine expected rate of return.

The information on major categories of plan assets and expected return on each class of plan assets have not been furnished in the absence of necessary information from Life Insurance Corporation of India.

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

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

44. The Company operates in only one segment, namely, Industrial Intermediate Chemicals. Details of secondary segment information are disclosed in the consolidated financial statements.



	Year ended 31st March, 2015 (Rupees in lakhs)	Year ended 31st March, 2014 (Rupees in lakhs)
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45. Operating Leases

The property given under operating leases :

Gross carrying amount of building	1,117.61	1,117.61
Accumulated depreciation	239.82	220.29
Depreciation for the year	19.53	21.42

Future minimum lease payments under non- cancellable operating leases

Particulars

Not later than 1 year	47.43	211.37
Later than 1 year and not later than 5 years	-	26.65

Significant Leasing Arrangements

Lease is non cancellable during the lock in period (3 months). The current lease expires on June 30, 2015

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

46. Exceptional item represent provision towards diminution in the value of investment in an Associate Company (Petro Araldite Private Limited).

47. Employee benefits expense for the year includes an amount of Rs.344.27 lakhs towards compensation to the employees who had opted for early retirement from service (ERS) during the year.

48. The performance of Chlor Alkali Division (CAD) tapered considerably due to various extraneous factors since 2012. Though the demand for Caustic soda, the main product of the division has been constant, the profitability was greatly affected consequent to high cost of captive power consumption in view of severe power cuts imposed in the State. The management has been taking necessary steps to reduce the high cost of power. Based on the estimated future revenues that would be generated by the CAD and also based on valuation of the Plant by an Independent Chartered Engineers, the management has assessed and concluded that the recoverable value, as defined in the Accounting Standard 28, of the Plant is higher than the carrying value of Rs.5,550.51 lakhs (excluding land cost) as on the balance sheet date and hence no provision for impairment is considered necessary.

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



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAMILNADU PETROPRODUCTS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **TAMILNADU PETROPRODUCTS LIMITED** (hereinafter referred to as "the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its associate company comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements")

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, *except for the matters included in the Basis of qualified opinion paragraph* is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

The Consolidated financial statements carry Long term loans and advances amounting to Rs. 1249.80 lacs, short term loans and advances of Rs 3419.54 lacs and current liabilities of Rs. 950.12 lacs relating to the consolidated financial statements of the subsidiary company - Certus Investment & Trading Limited, Mauritius and its two subsidiaries. The Independent auditors of the Subsidiary company have disclaimed their opinion on the consolidated financial statements and have stated as follows:

Basis of disclaimer opinion:

We have been unable to obtain sufficient appropriate audit evidence with respect to:

- "Other asset amounting to USD 2,000,000. As stated in Note 8 of the consolidated financial statements, Proteus Petrochemicals Private Limited ("the subsidiary") made a deposit for a project which has been suspended until 31 December 2016 and there was no indication that the project will be proceeding. We were unable to determine whether any adjustment is required in respect of the carrying amount of the deposit."*
- "Short term advances amounting to USD 4,869,960 included in advances and prepayments. We were unable to ascertain the recoverability of this amount and to determine whether any adjustment is required in respect of the carrying amount of the short term advances."*
- "Payables amounting to USD 1,486,593 included in trade and other payables. We were unable to obtain direct confirmation in respect of the payables amounting to USD 1,486,593. There were no other satisfactory audit procedures that we could adopt to confirm the completeness and existence of this amount."*

Disclaimer of opinion

Because of the significance of the matters described in the Basis of Disclaimer of Opinion Paragraph we have not been able to obtain sufficient appropriate audit evidence to provide basis for an audit opinion. Accordingly we do not express our opinion on the consolidated financial statements."

Based on the disclaimer of opinion given by the auditors of the subsidiary, Certus Investment & Trading Limited, Mauritius as above, we are unable to express our opinion on the Long term loans and advances amounting to Rs. 1249.80 lacs, short term loans and advances of Rs 3419.54 lacs and current liabilities amounting to Rs. 950.12 lacs included in the consolidated financial statements.

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*, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate as at 31st March 2015 and their consolidated loss and their consolidated cash flow for the year ended on that date.

Emphasis of Matter

We refer to Note no.34 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 3 subsidiaries whose financial statements reflect total assets of Rs. 3,396 Lakhs as at 31 March 2015, total revenues of Rs.100lakhs and net cash flows amounting to Rs.99 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 on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and its associate and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and its associate, is based solely on the reports of the other auditors.

The consolidated financial statement include the Group's share of net loss of Rs. 684 lakhs for the year ended 31st March, 2015, as considered in the consolidated financial statements, in respect of one associate, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid associate is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies and associate company incorporated in India for which the Order is applicable, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
 - a) We have sought and *except for the possible effect of the matters described in the Basis for Qualified opinion above*, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, *except for the effect of the matters described in the Basis for Qualified opinion above*, proper books of

account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, *except for the matters described in the Basis for Qualified Opinion paragraph above*, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) The matter described in the Basis for Qualified Opinion paragraph regarding certain balances included in the consolidated financial statements, the matter referred in in the Emphasis of Matter paragraph above and continuing cash losses incurred by the Group and its associate on a consolidated basis as reported in clause (viii) in the Annexure to this audit report, in our opinion, may have an adverse effect on the functioning of the Group and its associate.
- f) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2015 taken on record by the Board of Directors of the Holding Company and its associate company incorporated in India, none of the directors of the Group companies and its associate company incorporated in India is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and on consideration of the reports of the other auditors of the subsidiaries/its associate entities incorporated in India:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate entities - Refer to Note 32 of the consolidated financial statements.
 - ii. The Group and its associate company did not have any material foreseeable losses on long term contracts including derivative contracts.
 - iii. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company and its associate company incorporated in India.

Place : Chennai
Date : 19th May 2015

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



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Referred to in paragraph (1) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Tamilnadu Petroproducts Limited on the accounts for the year ended 31st March 2015)

In respect of an associate company incorporated in India, which has been included in the consolidated financial statements based on unaudited financial information of such entity provided to us by the Management, whilst in our opinion, and according to the information and explanations given to us, reporting under the Order is applicable in respect of this entity, since this entity is unaudited, the possible effects of the same on our reporting under the Order in the case of these consolidated financial statements has not been considered. The Subsidiaries of the Company are incorporated outside India and hence the Order is not applicable to those Companies.

- (i) Having regard to the nature of the Company's business, clause (v), of the Order is not applicable to the Company in the current year and the observations are only in respect of the Holding Company:
- (ii) In respect of its fixed assets of the Company:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion and the opinion of the other auditors, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the respective entities and the nature of their business.
 - (c) In our opinion and according to the information and explanations given to us, the respective entities have maintained proper records of their inventories and no material discrepancies were noticed on physical verification.
- (iv) The Holding Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 by the respective entities.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the respective entities and the nature of their business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no continuing failure to correct major weakness in such internal control system has been observed.
- (vi) According to the information and explanations given to us, in our opinion, the Company, has, prima facie, made and maintained the prescribed cost records pursuant to the companies (Cost records and Audit) Rules 2014, as amended prescribed by the Central government under sub section (1) of Section 148 of the Companies Act, 2013. We have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has been generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to them with the appropriate authorities and there were no outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.

(b) Details of dues of income tax, service tax and luxury tax which have not been deposited as on March 31, 2015 on account of disputes are given below

Statute	Nature of dues	Forum where dispute is pending	Financial Year	Amount involved (Rs. in lakhs)
Various State Sales Tax Acts	Sales Tax	Tribunal	1993-94 to 2002-03	1,659
		High Court	2006-07	58.08
Central Excise Act	Excise duty	High Court	1994-2002	13.89
		Tribunal	2001-2013	304.54
		Commissioner(Appeals)	2002-2007	5.11
		Deputy Commissioner	1994-1997	10.90
Finance Act	Service Tax	Tribunal	1997-2011	330.98
		Commissioner (Appeals)	2005-2006	0.05
Income Tax Act	Income Tax	High Court	Assessment Year 2000-01	60.16
		Tribunal	Assessment Years	
			2001-02	2.29
			2002-03	151.16
			2003-04	75.54
		CIT (A)	Assessment Years	
			2009-10	248.08
			2010-11	252.24
			2011-12	391.37

(c) There are no amounts that are due to be transferred by the aforesaid entities to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder during the year.

- (viii) The consolidated accumulated losses of the Group, and its associate at the end of the Financial year are less than fifty percent of the consolidated net worth and the Group and its associate have incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Holding Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- (x) According to the information and explanations given to us and the other auditors, the Holding Company has not given guarantees for loans taken by others from banks and financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied during the year by the Company for the purposes for which they were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us and the other auditors, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

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

Place : Chennai
Date : May 19, 2015



Consolidated Balance Sheet As at 31st March, 2015

	Notes	As at 31st March, 2015 (Rupees in lakhs)	As at 31st March, 2014 (Rupees in lakhs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	8,997.15	8,997.15
Reserves and Surplus	4	<u>17,547.92</u>	<u>23,221.69</u>
		26,545.07	32,218.84
Non- Current liabilities			
Long-term borrowings	5	986.67	1,519.81
Deferred tax liabilities(net)	6	-	2,463.08
Other long term liabilities	7	313.92	313.92
Long-term provisions	8	<u>231.71</u>	<u>247.82</u>
		1,532.30	4,544.63
Current liabilities			
Short -term borrowings	9	8,675.67	11,874.08
Trade payables	10	14,913.23	14,684.87
Other current liabilities	11	7,738.15	7,158.76
Short-term provisions	12	<u>41.80</u>	<u>50.59</u>
		31,368.85	33,768.30
TOTAL		<u>59,446.22</u>	<u>70,531.77</u>
ASSETS			
Non- Current Assets			
Fixed Assets			
Tangible Assets	13	24,677.56	28,779.13
Capital Work-in-progress		1,776.16	1,446.19
Non- current investments	14	200.12	859.93
Long term loans and advances	15	4,440.16	3,483.19
Current Assets			
Inventories	16	8,356.71	15,735.02
Trade receivables	17	6,391.72	7,711.86
Cash and cash equivalents	18	7,570.66	7,623.39
Short-term loans and advances	19	5,805.74	4,761.78
Other current assets	20	<u>227.39</u>	<u>131.28</u>
		28,352.22	35,963.33
TOTAL		<u>59,446.22</u>	<u>70,531.77</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

M K Ananthanarayanan
Partner

Place : Chennai
Date : May 19, 2015

For and on behalf of the Board of Directors

Ashwin C Muthiah
DIN : 00255679
Vice Chairman

K R Anandan
Chief Financial Officer

T K Arun
DIN : 02163427
Director

Muthukrishnan Ravi
DIN : 03605222
Managing Director

R Deepti
Company Secretary



Consolidated Statement of Profit and Loss for the year ended 31st March, 2015

	Notes	Year ended 31st March, 2015 (Rupees in lakhs)	Year ended 31st March, 2014 (Rupees in lakhs)
INCOME			
Revenue from operations (gross)	21	107,064.90	117,290.54
Less: Excise Duty		12,078.01	12,108.61
Revenue from operations (net)		94,986.89	105,181.93
Other income	22	1,257.08	1,612.25
Total Revenue		<u>96,243.97</u>	<u>106,794.18</u>
EXPENSES			
Cost of Materials consumed	23	60,581.64	63,327.06
Purchase of Stock-in-trade	24	22.03	3,216.93
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	25	6,052.36	2,684.86
Employee benefits expense	26	2,732.09	2,389.64
Finance costs	27	1,958.71	3,228.37
Depreciation	13 & 29	2,059.91	3,043.18
Other expenses	28	28,246.13	33,767.85
Total expenses		<u>101,652.87</u>	<u>111,657.89</u>
Loss before tax		(5,408.90)	(4,863.71)
Current tax		2.33	5.68
Deferred tax	6	(1,832.24)	(1,829.55)
(Loss) for the year		(3,578.99)	(3,039.84)
Add: Share of (Loss) of associate		(684.09)	(472.96)
(Loss) for the year		<u>(4,263.08)</u>	<u>(3,512.80)</u>
Earnings per equity share in Rs.:			
Basic	31	(4.74)	(3.90)

See accompanying notes forming part of the financial statements

In terms of our report attached	For and on behalf of the Board of Directors		
For Deloitte Haskins & Sells Chartered Accountants	Ashwin C Muthiah DIN : 00255679 Vice Chairman	T K Arun DIN : 02163427 Director	Muthukrishnan Ravi DIN : 03605222 Managing Director
M K Ananthanarayanan Partner	K R Anandan Chief Financial Officer		R Deepti Company Secretary

Place : Chennai
Date : May 19, 2015



Consolidated Cash Flow Statement for the year ended 31st March 2015

	For the year ended 31st March, 2015 (Rupees in lakhs)	For the year ended 31st March, 2014 (Rupees in lakhs)
A Cash flow from operating activities:		
(Loss) before tax	(5,408.90)	(4,863.71)
Adjustments for		
Depreciation	2,059.91	3,043.18
(Profit)/ loss on sale/write off of assets	(0.02)	127.82
Bad trade receivable written off	65.70	-
Finance costs	1,958.71	3,228.37
Interest income	(308.24)	(234.89)
Bad loans and advances written off	2.15	93.59
Rental income from operating leases	(276.04)	(318.55)
Net unrealised exchange (gain) / loss	9.79	(36.08)
Sundry balances/excess provision written back	(85.84)	(527.18)
	<u>3,426.12</u>	<u>5,376.26</u>
Operating profit/(loss) before working capital changes	(1,982.78)	512.55
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	7,378.31	6,555.44
Trade receivables	1,261.89	2,454.12
Short-term loans and advances	(1,043.96)	(51.35)
Long-term loans and advances	(849.41)	(338.32)
Other current assets	(39.52)	(60.00)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	296.96	(4,685.68)
Other current liabilities	(1,489.01)	1,568.12
Other long-term liabilities	-	(210.50)
Short-term provisions	(8.79)	(7.21)
Long-term provisions	(16.11)	(122.13)
	<u>5,490.36</u>	<u>5,102.49</u>
Cash generated from operations	3,507.58	5,615.04
Net income tax (paid)	(112.00)	(92.56)
Net cash flow from / (used in) operating activities (A)	<u>3,395.58</u>	<u>5,522.48</u>
B Cash flow from investing activities:		
Capital expenditure on fixed assets, including capital advances	(329.97)	(534.65)
Proceeds from sale of fixed assets	0.15	13.51
Advances received against sale of immovable property	4,000.00	2,000.00
Purchase of long term investment	(24.28)	(2.24)
Interest received - others	251.65	196.34
Rental income from operating leases	276.04	318.55
Bank balances not considered as cash and cash equivalents	145.38	(851.76)
	<u>4,318.97</u>	<u>1,139.75</u>
Net cash flow from / (used in) investing activities (B)	<u>4,318.97</u>	<u>1,139.75</u>



Consolidated Cash Flow Statement for the year ended 31st March 2015(continued)

	For the year ended 31st March, 2015 (Rupees in lakhs)	For the year ended 31st March, 2014 (Rupees in lakhs)
C Cash flow from financing activities:		
Proceeds from short-term borrowings	(1,931.43)	1,172.26
Repayment of long-term borrowings	(533.14)	(2,458.23)
Net increase / (decrease) in working capital borrowings	(3,198.41)	(2,522.51)
Finance costs	(1,958.11)	(3,232.40)
Dividends paid	(0.76)	(0.64)
Paid to Investor Education and Protection Fund	-	(18.34)
	<u>(7,621.85)</u>	<u>(7,059.86)</u>
Net cash from / (used in) financing activities (C)	<u>(7,621.85)</u>	<u>(7,059.86)</u>
Net cash flows during the year (A+B+C)	<u>92.70</u>	<u>(397.63)</u>
Cash and cash equivalents at the beginning of the year	6,527.61	6,925.24
Cash and cash equivalents at the end of the year	6,620.31	6,527.61
Net increase / (decrease) in cash and cash equivalents	<u>92.70</u>	<u>(397.63)</u>
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 18)	7,570.66	7,623.99
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 - Cash Flow Statements:		
Unpaid dividend account	58.75	59.51
Margin money deposits	891.60	1,036.27
Cash and cash equivalents at the end of the year *	<u>6,620.31</u>	<u>6,527.61</u>
* Comprises:		
Cash on hand	0.47	0.47
Cheques on hand	-	2.88
Balances with banks		
In current accounts	6,619.84	6,524.26
	<u>6,620.31</u>	<u>6,527.61</u>
See accompanying notes forming part of the financial statements		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

M K Ananthanarayanan
Partner

Place : Chennai
Date : May 19, 2015

For and on behalf of the Board of Directors

Ashwin C Muthiah
DIN : 00255679
Vice Chairman

K R Anandan
Chief Financial Officer

T K Arun
DIN : 02163427
Director

Muthukrishnan Ravi
DIN : 03605222
Managing Director

R Deepti
Company Secretary



Notes forming part of the Consolidated Financial Statements

1. Corporate information

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

Name of the Company	Relationship	Country of Incorporation	Proportion of ownership interest	Accounts drawn upto / whether audited
Certus Investment and Trading Private Limited	Subsidiary	Mauritius	100%	31.03.2015 Audited
Certus Investment and Trading (S) Private Limited *	Subsidiary	Singapore	100%	31.03.2015 Audited
Proteus Petrochemical Private Limited *	Subsidiary	Singapore	100%	31.03.2015 Audited
Petro Araldite Private Limited	Associate	India	24%	31.03.2015 Unaudited

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

2. BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are as stated below

I BASIS OF ACCOUNTING AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company, its subsidiaries and associate (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before 1 April, 1996, that are carried at revalued amounts. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation as more fully described in Note 35.

II PRINCIPLES OF CONSOLIDATION

- The financial statements of the Company and its Subsidiaries have been consolidated in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting Standards - 21, on a line-by-line basis by adding together the book value of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealized profit/losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Company's independent financial statements.
- Investments in associate company had been accounted for as per Accounting Standards-23, by using equity method whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post-acquisition change in the Company's share of net assets of the associate.
- The overseas subsidiaries viz., Certus Investment & Trading Private Limited, Certus Investment & Trading (S) Private Limited, Proteus Petrochemical Private Limited are classified as Integral foreign operations. The financials were translated into Indian Currency as per the Accounting Standard AS 11 (Revised) and the exchange gains / (losses) arising on conversion is adjusted to the Statement of Profit and Loss.

III USE OF ESTIMATES

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

IV OPERATING CYCLE

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

V FIXED ASSETS AND DEPRECIATION

Fixed assets are stated cost less depreciation. Costs comprises of purchase price (net of rebates and discounts), import duties, levies (net CENVAT and VAT) and any directly attributable cost including borrowing cost, of bringing the assets to its working condition for its intended use. Certain assets have been revalued as on 31st March, 1996 and the resultant surplus has been added to the cost of the assets.

Depreciation amount for assets is the cost of an assets, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets of the Company has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into accounts the nature of the asset, technological changes, manufacturers warranties and maintenance support, etc.:

General Plant and Machinery used in Epichlorodyrin plant -10 years

Certain Plant and Machinery used in Linear Alkyl Benzene plant 4.5 years

Furniture and Fixture provided to employees depreciated – 5 years

Depreciation on the tangible fixed assets of the Company's foreign subsidiary has been provided on straight - line method as per the estimated useful life of such assets, as follows:

Computer equipment - 3 years.

Capital work-in-progress:

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

VI IMPAIRMENT OF ASSETS

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss.

VII FOREIGN CURRENCY TRANSACTIONS

Initial Recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognized as income or expense in the Consolidated Statement of Profit and Loss.

Integral Foreign Operations:

Fixed assets are recorded at the rates of exchange prevailing on the date of acquisition of such assets. Monetary assets and liabilities are translated at the exchange rate prevailing on the last day of the accounting period and difference in exchange is recognized as a change in the Consolidated Statement of Profit and Loss. All the revenue transactions are translated at the average rates.

VIII INVESTMENTS

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

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

IX INVENTORIES

Inventories are valued at the lower of cost (weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

X CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

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

XI CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash



flows from operating, investing and financing activities of the Company are segregated based on the available information.

XII REVENUE RECOGNITION

a) Sale of Goods

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

b) Income from services

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

c) Export incentive

Export benefits in the nature of focus market scheme are accrued in the year of exports based on the eligibility taking into consideration the prevailing regulations/policies and when there is no uncertainty in receiving the same. Adjustments, if any, to the amounts recognized in accordance with the accounting policy, based on final determination by the authorities, would be dealt with appropriately in the year of final determination and acceptance.

XIII OTHER INCOME

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

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

XIV EMPLOYEE BENEFITS

Short term employee benefits:

Short term employee benefits are recognised as an expense at the undiscounted amounts in the Profit and Loss account of the year in which the related services are rendered.

Defined Contribution Plans:

a) Superannuation:

This plan covers Wholetime directors and the staff of the Company and is administered by the Life Insurance Corporation of India. Contributions are made monthly at a predetermined rate to the Trust and debited to the Profit and Loss account on an accrual basis. The superannuation contribution for staff is withdrawn with effect from October 1, 2013.

Defined Benefits Plans:

a) Provident Fund:

Contributions are made monthly at a predetermined rate to the Provident Fund Trust managed by the company and debited to the Profit and Loss account on an accrual basis. The interest rate payable by the Trust to the beneficiaries is as notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rates and recognizes such shortfall as an expense.

b) Gratuity:

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

Long term compensated absences:

Liability towards long term compensated absences is accrued based on an actuarial valuation at the balance sheet date based on the projected unit credit method and is not funded

XV BORROWING INTEREST COST:

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

XVI TAXES ON INCOME

Current tax is determined on the basis of taxable income and tax credit computed for each of the entities in the Group in accordance with applicable tax rates and the provisions of the applicable tax laws of the respective jurisdictions where the entities are located.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability. Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Consolidated Statements of Profit and Loss.

The Group offsets deferred tax assets and deferred tax liabilities, and advance income tax and provisions for tax, if it has a legally enforceable right and these relate to taxes in income levies by the same governing taxation laws.

XVII PROVISIONS AND CONTINGENCIES

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the accounts. Contingent assets are neither recognised nor disclosed in the financial statement.

XVIII OPERATING LEASES

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

XIX EARNINGS PER SHARE

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

XX RESEARCH AND DEVELOPMENT EXPENSES

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

XXI INSURANCE CLAIMS

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

XXII SERVICE TAX INPUT CREDIT

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

As at
31st March, 2015
(Rupees in lakhs)

As at
31st March, 2014
(Rupees in lakhs)

3. Share Capital

Authorised

200,000,000 equity shares of Rs.10 each with voting rights 20,000.00 20,000.00

Issued

89,976,899 equity shares of Rs 10 each with voting rights 8,997.69 8,997.69

Subscribed and fully paid up

89,971,474 equity shares of Rs 10 each with voting rights 8,997.15 8,997.15

3.1 In December 1993, the company came out with Rights cum Public Issue of Equity Shares. The difference between issued and subscribed capital of 5,425 shares (previous year 5,425 shares) is due to said shares kept in abeyance under Section 126 of the Companies Act, 2013.

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

Name of the Shareholders	31st March, 2015		31st March 2014	
	No of Shares	% of holding	No of Shares	% of holding
Equity Shares of Rs. 10/- each fully paid up				
Tamilnadu Industrial Development Corporation Limited	15,843,751	17.61	15,843,751	17.61
Southern Petrochemical Industries Corporation Limited	15,234,375	16.93	15,234,375	16.93

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

3.4 Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- . Each holder is entitled to one vote per equity share. Repayment of capital will be in proportion to the number of equity shares held.

4. Reserves and Surplus

Capital reserve 42.23 42.23

Securities premium account 4,611.57 4,611.57

Revaluation reserve

Opening balance 1,986.18 2,006.29

Less: Utilised for set off against depreciation - 20.11

Closing balance 1,986.18 1,986.18

General Reserve 13,859.94 13,859.94

Surplus in Statement of Profit and Loss

Opening balance 2,721.77 6,234.57

(Less): Loss for the year (4,263.08) (3,512.80)

Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax Rs.630.84 lakhs) 1,410.69 -

Closing balance (2,951.98) 2,721.77

17,547.92 23,221.69

5. Long Term Borrowings

Terms of repayments

Term loans

Indian rupee loan from banks (secured) (Refer note no.11 for current maturities) - 94.05

Interest free deferred sales tax loan (unsecured) Repayable in 36 monthly installments 986.67 1,425.76

986.67 1,519.81

5 (i) Average rate of interest on Term loan from Bank is 13.00% p.a . The Loans is secured by of all the Company's immovable properties by deposit of title deeds., both present and future, and second charge on all the movable properties of the Company



	As at 31st March, 2015 (Rupees in lakhs)	As at 31st March 2014 (Rupees in lakhs)
6. Deferred tax liability (net)		
Tax effect of item constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	<u>4,449.62</u>	<u>5,602.15</u>
	4,449.62	5,602.15
Tax effect of items constituting deferred tax assets		
Unabsorbed depreciation and business losses	4,363.15	3,040.20
Provision for compensated absences	84.51	96.82
Provision for doubtful debts/advances	<u>1.96</u>	<u>2.05</u>
	4,449.62	3,139.07
Net deferred tax liability	<u>-</u>	<u>2,463.08</u>
Deferred tax reconciliation:		
Deferred tax credit for the year based on the movement in net deferred tax liability as at the beginning and the end of the year as shown above	2,463.08	1,829.55
Less: Deferred tax impact netted off from depreciation on tangible fixed assets on transition to Schedule II of the Companies Act, 2013 adjusted to opening surplus. Refer Note 4 and 35	630.84	-
Deferred tax credit in the Statement of Profit and Loss	<u>1,832.24</u>	<u>1,829.55</u>
<p>Unabsorbed business loss/depreciation (relating to current year as well as earlier years) have given raise to deferred tax assets amounting to Rs.4,446.27 lakhs which has been recognised only to the extent of net deferred tax liability available in the books and accordingly there is no deferred tax asset/liability as on balance sheet date.</p>		
7. Other long-term liabilities		
Security deposit received	296.99	296.99
Other liability (Note 37)	<u>16.93</u>	<u>16.93</u>
	313.92	313.92
8. Long term provisions		
Provision for employee benefits		
Compensated absences	<u>231.71</u>	<u>247.82</u>
9. Short term borrowings		
Loan repayable on demand from Banks (Secured)	<u>8,675.67</u>	<u>11,874.08</u>
<p>Loans are secured by hypothecation by way of charge on inventories both on hand and in transit, book debts and other receivables, both present and future and further secured by way of mortgage by deposit of title deeds of immovable properties, both present and future, on second charge basis ranking pari passu amongst them.</p>		
10. Trade Payables		
Acceptances	3,299.25	3,435.67
Other than acceptances	11,504.03	11,201.33
Payable to related parties	<u>109.95</u>	<u>47.87</u>
	14,913.23	14,684.87



	As at 31st March, 2015 (Rupees in lakhs)	As at 31st March 2014 (Rupees in lakhs)
11. Other Current Liabilities		
Current maturities of long term debt (Refer Note No.11 (i) below)	533.14	2,464.57
Interest accrued but not due on borrowings	1.44	0.85
Unpaid dividends *	58.75	59.51
Deposits	76.72	226.10
Gratuity payable	42.32	92.88
Other Payables		
Statutory remittances (Contributions to PF and ESIC and other taxes payable)	818.33	565.26
Advance from related parties	196.00	1,737.15
Advance against sale of immovable property (Note 36)	6,000.00	2,000.00
Accrued expenses	11.45	12.44
	<u>7,738.15</u>	<u>7,158.76</u>
* Amount to be credited to Investor Education and Protection Fund towards unpaid dividends	-	-
Note 11(i): Current maturities of long-term debt of Note 5(i) for terms of interest and details of security.		
Term loan from Banks (Secured)	Repayable in April 2015	676.20
Loans from HDFC Limited (Secured)	The loan has been settled in full in the current year	1,484.92
Deferred sales tax loan (unsecured)		303.45
	<u>439.09</u>	<u>303.45</u>
	<u>533.14</u>	<u>2,464.57</u>
12. Short Term Provisions		
Provision for employee benefits		
Provision for Compensated absences	41.80	50.59
	<u>41.80</u>	<u>50.59</u>

13. Fixed Assets
Current Year

(Rs. in lakhs)

Description	Cost / Valuation			Accumulated Depreciation			Net book value			
	As at 01.04.2014	Additions	Deductions	As at 31.03.2015	As at 01.04.2014	For the year	Transition Adjustment (Refer Note 4 and 35)	Deductions	As at 31.03.2015	As at 31.03.2014
Tangible assets: (Owned)										
Land (Freehold)	2,187.26	-	-	2,187.26	-	-	-	-	-	2,187.26
Buildings:										
Own use	4,659.20	-	-	4,659.20	2,187.59	480.93	799.26	-	3,467.78	1,191.42
Given under operating lease (Note 40)	1,117.61	-	-	1,117.61	220.29	19.53	-	-	239.82	877.79
Plant and Equipment (Note below)	118,123.48	-	-	118,123.48	95,081.23	1,523.03	1,156.68	-	97,760.94	20,362.54
Furniture and Fixtures	137.01	-	-	137.01	130.02	0.85	2.91	-	133.78	3.23
Vehicles	33.97	-	-	33.97	27.15	0.68	3.74	-	31.57	2.40
Office equipment	954.05	-	2.12	951.93	787.17	34.89	78.94	1.99	899.01	52.92
Total	127,212.58	-	2.12	127,210.46	98,433.45	2,059.91	2,041.53	1.99	102,532.90	28,779.13

Note: Depreciation on Plant and Equipment includes depreciation on R & D assets for Rs. 5.60 lakhs (Rs.5.81 lakhs)

Previous year

(Rs. in lakhs)

Description	Cost / Valuation			Accumulated Depreciation			Net book value			
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	As at 01.04.2013	For the year	Other Adjustments	Deductions	As at 31.03.2014	As at 31.03.2013
Tangible assets: (Owned)										
Land (Freehold)	2,187.26	-	-	2,187.26	-	-	-	-	-	2,187.26
Buildings:										
Own use	4,608.34	50.86	-	4,659.20	2,073.18	114.41	-	-	2,187.59	2,471.61
Given under operating lease (Note 40)	1,117.61	-	-	1,117.61	198.87	21.42	-	-	220.29	897.32
Plant and Equipment (Note below)	118,423.09	587.04	886.65	118,123.48	92,939.47	2,888.72	-	746.96	95,081.23	23,042.25
Furniture and Fixtures	142.91	-	5.90	137.01	132.20	2.08	-	4.26	130.02	6.99
Vehicles	33.97	-	-	33.97	25.42	1.73	-	-	27.15	6.82
Office equipment	954.05	-	-	954.05	752.24	34.93	-	-	787.17	166.88
Total	127,467.23	637.90	892.55	127,212.58	96,121.38	3,063.29	-	751.22	98,433.45	28,779.13

Note: Depreciation on Plant and Equipment includes depreciation on R & D assets for Rs. 5.81 lakhs (Rs.25.45 lakhs)



	As at 31st March, 2015 (Rupees in lakhs)	As at 31st March 2014 (Rupees in lakhs)
14. Non current investments		
Investments (At cost)		
(A) Trade (Unquoted)		
Investment in equity instruments of :		
Associate		
13,68,000 (31 March 2014: 13,68,000) Equity shares of Rs 100 each fully paid up in Petro Araldite Private Limited	-	684.09
Total - Trade (A)	<u>-</u>	<u>684.09</u>
(B) Other Investments (unquoted)		
(i) Investment in equity instruments :		
(a) 1,00,000 Equity shares of Rs.10 each fully paid up in SEPC Power (Private) Limited (formerly known as SPIC Electric Power Corporation Private Limited. (Note 37)	10.00	10.00
(b) 40,00,000 Equity shares of Rs.10 each fully paid-up in Standard Motor Products of India Limited.	400.00	400.00
Less: Provision for diminution in value of Investment	400.00	400.00
(c) Suzlon Engitech Limited 22,463 Equity Shares of Rs.10 each fully paid up	2.24	2.24
(d) OPG Power Generation Private Limited 2,20,735 Equity shares of Rs.10 each fully paid up (acquired during the year)	24.28	-
	<u>36.52</u>	<u>12.24</u>
(ii) Investments in bonds		
3 years 0% interest bond in Mercantile Ventures Limited (allotted on 27th March 2013 in settlement of dues) (Refer Note 14 B (ii) below)	163.60	163.60
Total - Other investments (B)	<u>200.12</u>	<u>175.84</u>
Aggregate amount of unquoted investments (A+B)	<u>200.12</u>	<u>859.93</u>
14 B (ii) Note: The company has the option to redeem these Bonds at the end of the third year from the date of issue (i.e. 27th March 2016) or converting the bonds into equity shares of Rs.10 each at par		
15. Long-term loans and advances (Unsecured, considered good)		
Capital advances - Unsecured	236.24	-
Security deposits	2,989.51	2,352.68
Security deposit to related party	235.44	248.76
Advance income tax (net of provisions of Rs.11,230 Lakhs (As at 31 March, 2014 Rs.11,230 Lakhs)	114.29	4.62
Balances with Customs, Sales tax and Excise Authorities	846.97	839.62
Other loans and advances	17.71	37.51
	<u>4,440.16</u>	<u>3,483.19</u>
16. Inventories		
Raw materials and components	4,372.07	5,273.63
Goods in Transit	-	627.94
Work-in-progress	274.99	361.37
Finished goods	546.35	6,512.33
Stores and spares	3,163.30	2,959.75
	<u>8,356.71</u>	<u>15,735.02</u>



	As at 31 st March 2015 (Rupees in lakhs)	As at 31 st March 2014 (Rupees in lakhs)
Details of Work-in-progress:		
Linear Alkyl Benzene	24.07	63.24
Benzene	9.43	12.77
Normal Paraffin	<u>241.49</u>	<u>285.36</u>
	274.99	361.37
17. Trade Receivables (Unsecured)		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment:		
Considered good	138.70	163.23
Considered doubtful	<u>6.33</u>	<u>6.33</u>
	145.03	169.56
Other trade receivables - Considered good	<u>6,253.02</u>	<u>7,548.63</u>
	6,398.05	7,718.19
Less: Provision for doubtful receivables	<u>6.33</u>	<u>6.33</u>
	6,391.72	7,711.86
18. Cash and cash equivalents		
Cash on hand	0.47	0.47
Cheques on hand	-	2.88
Balances with banks		
In current accounts	6,619.84	6,524.26
In earmarked accounts:		
- Unpaid dividend account	58.75	59.51
- Margin Money deposits	<u>891.60</u>	<u>1,036.27</u>
	7,570.66	7,623.39
19. Short-term loans and advances		
(Unsecured considered good unless otherwise stated)		
Security deposits	27.82	22.52
Receivable from Related party	14.97	-
Loans and advances to employees:		
Secured loan against mortgage of title deeds	8.86	14.38
Other loans	<u>11.99</u>	<u>18.17</u>
	20.85	32.55
Prepaid expenses	86.72	58.10
Balances with Government authorities		
(i) CENVAT credit receivable	171.79	923.82
(ii) VAT credit receivable	3.00	5.97
(iii) Service tax credit receivable	144.15	105.86
(iv) Customs	<u>-</u>	<u>2.75</u>
	318.94	1,038.40
Advances to suppliers	<u>5,336.44</u>	<u>3,610.21</u>
Total	5,805.74	4,761.78
20. Other current assets		
Interest accrued on deposits	127.87	71.28
Claims and other receivable	<u>99.52</u>	<u>60.00</u>
	227.39	131.28



	Year ended 31st March, 2015 (Rupees in lakhs)	Year ended 31st March, 2014 (Rupees in lakhs)
21. Revenue from Operations		
Sale of products	106,285.97	116,538.81
Sale of services	255.88	673.63
Other operating revenues	<u>523.05</u>	<u>78.10</u>
	<u>107,064.90</u>	<u>117,290.54</u>
Less: Excise Duty	<u>12,078.01</u>	<u>12,108.61</u>
	<u>94,986.89</u>	<u>105,181.93</u>
Sale of products comprises		
Manufactured goods		
Linear Alkyl Benzene	93,278.52	94,349.76
Epichlorohydrin	-	89.77
Caustic soda	8,540.77	12,300.25
Others	<u>4,440.21</u>	<u>6,293.35</u>
	<u>106,259.50</u>	<u>113,033.13</u>
Traded Goods		
Ammonia	-	2,669.70
Furnace Oil	<u>26.47</u>	<u>835.98</u>
	<u>26.47</u>	<u>3,505.68</u>
Total - Sale of Products	<u>106,285.97</u>	<u>116,538.81</u>
Sale of Services Comprises		
Effluent Treatment / Hydrogen Testing / Storage	-	379.33
Steam	<u>255.88</u>	<u>294.30</u>
Total - Sale of Services	<u>255.88</u>	<u>673.63</u>
Other operating revenues comprises		
Scrap sales	103.91	78.10
Sale of platinum	304.48	
Export incentive	<u>114.66</u>	
Total - Other operating revenues	<u>523.05</u>	<u>78.10</u>
22. Other income		
Interest		
from bank deposits	150.98	113.76
from others	157.26	121.13
Profit on sale of assets (net)	0.02	-
Net gain on foreign currency transactions and translation	79.17	371.12
Rental income from operating leases	276.04	318.55
Insurance claim received	56.38	53.53
Sundry balances written back	85.84	527.18
Others	<u>451.39</u>	<u>106.98</u>
	<u>1,257.08</u>	<u>1,612.25</u>
23. Cost of materials consumed		
Opening stock	5,273.63	9,789.41
Add: Purchases	<u>59,680.08</u>	<u>58,811.28</u>
	<u>64,953.71</u>	<u>68,600.69</u>
Less: Closing Stock	<u>4,372.07</u>	<u>5,273.63</u>
Cost of material consumed	<u>60,581.64</u>	<u>63,327.06</u>



	Year ended 31st March, 2015 (Rupees in lakhs)	Year ended 31st March, 2014 (Rupees in lakhs)
Material consumed comprises:		
Kerosene	27,317.55	26,772.09
Benzene	18,353.58	18,568.16
Normal Paraffin	13,397.02	16,484.80
Salt	931.07	1,339.07
others	582.42	162.94
	<u>60,581.64</u>	<u>63,327.06</u>
24. Purchase of Stock in Trade:		
Ammonia	-	2,564.74
Furnace Oil	22.03	652.19
	<u>22.03</u>	<u>3,216.93</u>
25. Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Inventories at the end of the year		
Finished goods	546.35	6,512.33
Work-in-progress	274.99	361.37
	<u>821.34</u>	<u>6,873.70</u>
Inventories at the beginning of the year		
Finished goods	6,512.33	9,523.78
Work-in-progress	361.37	34.78
	<u>6,873.70</u>	<u>9,558.56</u>
	<u>6,052.36</u>	<u>2,684.86</u>
26. Employee benefits expense		
Salaries and wages (Refer Note 42)	2,180.79	1,786.64
Contributions to provident and other funds	196.75	209.97
Staff welfare expenses	354.55	393.03
	<u>2,732.09</u>	<u>2,389.64</u>
27. Finance costs		
Interest expense on :		
(i) Borrowings	1,610.63	2,497.36
(ii) others	-	136.64
Letter of Credit and other bank charges	348.08	384.32
Net loss on foreign currency transactions and translation considered as finance cost	-	210.05
	<u>1,958.71</u>	<u>3,228.37</u>
28. Other Expenses		
Consumption of stores and spare parts	1,420.74	1,572.04
Utilities consumed	503.34	593.24
Power and fuel	22,785.60	27,053.40
Rent	139.79	210.34
Repairs to buildings	40.47	57.76
Repairs to machinery	1,075.45	975.73
Payment to Auditors:		
Towards audit fee	21.95	22.25
For other services	12.10	11.90
Insurance	109.79	190.11
Rates and Taxes	108.48	116.21
Freight and forwarding	1,577.01	2,114.36



	Year ended 31st March, 2015 (Rupees in lakhs)	Year ended 31st March, 2014 (Rupees in lakhs)
Loss on fixed assets sold/ written off	-	127.82
Bad Loans and Advances written off	2.15	93.59
Bad Trade Receivables written off	65.70	-
Decrease of excise duty on inventory	(599.81)	(430.14)
Miscellaneous expenses	983.37	1,059.24
	<u>28,246.13</u>	<u>33,767.85</u>
29. Depreciation		
Depreciation for the year (note 13 & 35)	2,059.91	3,063.29
Less: Amount withdrawn from revaluation reserve	-	20.11
	<u>2,059.91</u>	<u>3,043.18</u>

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

Particulars	Year ended 31st March, 2015 (Rupees in lakhs)	Year ended March 31,2014 (Rupees in lakhs)
Contingent liabilities:		
A1.Disputed Demands by Company		
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	259.29	168.61
iii) Service Tax	339.05	314.59
iv) Income Tax	379.66	-
v) Electricity Tax	1,054.93	1,054.93

The Tamilnadu Government vide Government Order dated 23rd September 1996 exempted specified industries permanently from payment of electricity tax on consumption of self-generated electrical energy under the "Tamilnadu Electricity (Taxation on Consumption) Act, 1962".

The above Act was repealed by the "Tamilnadu Tax on Consumption or Sale of Electricity Act, 2003", withdrawing the exemption granted to specified industries.

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

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



**Year ended
31st March, 2015
(Rupees in lakhs)**

**Year ended
March 31,2014
(Rupees in lakhs)**

Particulars

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.

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.

A2. Income tax cases decided in favour of the Company, against which department has filed appeal :

Income Tax	5,014.00	5,014.00
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A3.Others

Renewable Energy Purchase Obligation (RPO)

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.	545.68	412.55
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B Commitments

Capital commitments	142.09	155.20
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31 Earnings per share

Loss after taxation (Rs. In lacs)	(4,263.08)	(3,512.80)
Weighted number of equity shares outstanding	89,971,474	89,971,474
Basic earnings per share- (Face value – Rs.10/- per share)	(4.74)	(3.90)

32 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) Key management personnel | 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.

(Rs. in lakhs)

Particulars	Sale of Goods	Sale of Services	Sales of Assets	Purchase of goods	Purchase of services (inclusive of service tax)	Managerial Remuneration	Rent paid	Interest on Trade Advance	Reimbursement of expenses	Sitting Fees	Trade Advance Received
Promoters											
SPIC	11.67 (0.77)						- (0.30)		- (2.92)		
TIDCO										4.10 (2.60)	
Associates											
PAPL	- (425.35)	630.24 (654.84)									
MPL	1,514.64 (2395.48)	14.53 (20.86)	13.26 -	0.71 (4.36)	14.98 (14.98)			137.15 (123.11)			100.00 (2600.00)
Key Management Personnel						36.30 (34.58)					

Balance Outstanding as of 31st March 2015

(Rs. in lakhs)

Particulars	Trade Receivables	Deposits paid	Other Receivables	Deposits Received	Trade payables	Other payables	Trade Advance payable
Promoters							
SPIC	0.26 -		6.12 -			1.21 (1.73)	
Associates							
PAPL	38.90 (106.13)		60.00 -	291.39 (291.39)			
MPL	110.09 (16.00)	235.44 (248.76)	14.97 -		108.74 (35.49)		196.00 (1737.15)
Key Management Personnel						- (1.04)	

Figures in brackets relates to previous year.

33. Derivative Instruments

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

	Currency	Amount in Foreign Currency	Amount (Rs. in lakhs)
Amount receivable in foreign currency - Exports	USD	590,669	369.11
	USD	(216,310)	(129.52)
Amount payable in foreign currency - Imports	USD	1,906,143	1,191.14
	USD	(469,077)	(280.88)
	JPY	-	-
	JPY	(2,368,720)	(14.35)
	EURO	5,011	3.37
	EURO	(7,316)	(6.23)
Amount payable in foreign currency - Buyers Credit	USD	4,516,896	2,822.60
	USD	-	-

There are no derivative contracts outstanding at the end of the year

Figures in brackets are in respect of previous year

34. 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 detailed engineering study in this regard is in progress. The Company has been granted Environmental Clearance by the MoEF (Ministry of Environment and Forests and Climate change) vide letter dated 15th May, 2015 and actions taken for other clearances. Production of the alternate product is expected to be commenced within 18 months after obtaining the necessary clearances. 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.1,224 lakhs as on the balance sheet date and hence no provision for impairment is considered necessary.
35. During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014 the Company has revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. The details of previously applied depreciation method, rates / useful life are as follows:

Asset	Previous depreciation method	Previous depreciation rate / useful life	Revised useful life based on SLM
Factory Buildings	SLM	3.34% / ~28 years	30 years
Office Equipment	SLM	40% / ~6 years	5 years
Plant and Machinery	SLM	5.28% / ~18 years	25 years
Furniture and Fixtures	SLM	6.33% / ~15 years	10 years
Vehicles	SLM	20% / ~5 years	6 years

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets (determined after considering the revised useful life as prescribed by Schedule II), net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs.1410.69 lakhs (Rs. 2041.53 net of deferred tax of Rs.630.84 lakhs) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is lower by Rs. 983.21 lakhs consequent to the adoption of revised useful life as prescribed by Schedule II of the Companies act, 2013.

36. During the financial year 2013-14, 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.
37. Other payable represent amount received in advance towards sale of 100000 equity shares in SEPC Power (Private) Limited during Financial year 2012-13. The same will get adjusted against Investment held, on successful implementation of the power project by SEPC Power (Private) Limited.

38. Employee Defined Benefit Plans

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

	As at March 31, 2015 (Rupees in lakhs)	As at March 31, 2014 (Rupees in lakhs)
A). Net Asset/ (Liability) recognized in the Balance Sheet as at March 31, 2015		
Present value of obligation	550.88	654.94
Fair value of plan assets	508.56	562.06
Net liability	<u>(42.32)</u>	<u>(92.88)</u>
B). Expense recognized in the Statement of Profit and Loss account for the year ended March 31, 2015		
Current service cost	32.35	36.49
Interest cost	52.40	52.59
Expected return on plan assets	(47.51)	(47.58)
Actuarial (gains) / Losses	(84.55)	45.59
Total expense	<u>(47.31)</u>	<u>87.09</u>



	As at March 31, 2015 (Rupees in lakhs)	As at March 31, 2014 (Rupees in lakhs)
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C). Change in present value of Obligation during the year ended March 31, 2015

Present value of defined benefit obligation as at the beginning of the year	654.94	712.44
Adjustment to opening balance of past service cost	-	(55.03)
Current service cost	32.35	36.49
Interest cost	52.40	52.59
Actuarial (gains) /losses	(84.55)	45.59
Benefits paid	(104.26)	(137.14)
Present value of defined benefit obligation as at the end of the year	<u>550.88</u>	<u>654.94</u>

D). Change in fair value of plan assets during the year ended March 31, 2015

Plan assets at the beginning of the year	562.06	607.44
Adjustment to opening balance of past service cost	-	2.20
Expected return on plan assets	47.51	47.58
Actuarial gains /(losses)	-	-
Contributions by employer	3.25	41.98
Benefits paid	(104.26)	(137.14)
Plan assets at the end of the year	<u>508.56</u>	<u>562.06</u>

E) Principal actuarial assumptions as at March 31, 2015

Discount rate	8.0%	8.0%
Expected return on plan assets	9.00%	8.75%
Salary escalation	5.0%	6.0%
Attrition	10.0%	10.00%
Mortality Table - LIC (94-96) Ultimate Mortality Table.		

F) Basis used to determine expected rate of return.

The information on major categories of plan assets and expected return on each class of plan assets have not been furnished in the absence of necessary information from Life Insurance Corporation of India

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

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

39. The Company operates in only one segment, namely, Industrial Intermediate Chemicals. Details of secondary segment information are disclosed in the consolidated financial statements.

40. Operating Leases

	Year ended 31st March, 2015 (Rupees in lakhs)	Year ended March 31, 2014 (Rupees in lakhs)
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The property given under operating leases :

Gross carrying amount of building	1,117.61	1,117.61
Accumulated depreciation	239.82	220.29
Depreciation for the year	19.53	21.42
Future minimum lease payments under non- cancellable operating leases		

Particulars

Not later than 1 year	47.43	211.37
Later than 1 year and not later than 5 years	-	26.65

Significant Leasing Arrangements

Lease is non cancellable during the lock in period (3 months). The current lease expires on June 30, 2015

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

41. Certus Investment & Trading Limited (CITL), Mauritius, a wholly owned subsidiary of the Company, was incorporated as a Special Purpose Vehicle to set up a Linear Alkyl Benzene (LAB) Plant and Normal Paraffin Plant (NP) in Middle East and South East Asia respectively. Since some of the projects had set back due to regulatory and other issues in the earlier years, a provision for diminution in the value of investment to the extent of Rs.1,978.11 lakhs was made in 2012-13. The carrying value of the investments as on the date of the balance sheet is Rs.7667.02 Lakhs.

As regards the short term advance of Rs. 3419.54 lakh carried in the Consolidated Financial Statement (CFS), it has been confirmed that as on date the subsidiary has recovered Rs. 2199.82 lakh, representing more than 60% of the dues and the balance will be collected during the current year. As regards the Long Term Loans and Advances of Rs. 1249.80 lakh in the CFS, which represent the advance paid to the technology partner for knowhow, there is time till December 2016 to avail the same. It is also being explored if the rights can be transferred to other interested parties and hence the Company is hopeful that it would be able to realize the said carrying value and hence, no further provision for diminution in value is considered necessary.

42. Employee benefits expense for the year includes an amount of Rs.344.27 lakhs towards compensation to the employees who had opted for early retirement from service (ERS) during the year.
43. The performance of Chlor Alkali Division (CAD) tapered considerably due to various extraneous factors since 2012. Though the demand for Caustic soda, the main product of the division has been constant, the profitability was greatly affected consequent to high cost of captive power consumption in view of severe power cuts imposed in the State. The management has been taking necessary steps to reduce the high cost of power. Based on the estimated future revenues that would be generated by the CAD and also based on valuation of the Plant by an Independent Chartered Engineers, the management has assessed and concluded that the recoverable value, as defined in the Accounting Standard 28, of the Plant is higher than the carrying value of Rs.5,550.51 lakhs (excluding land cost) as on the balance sheet date and hence no provision for impairment is considered necessary.
44. The Company operates in only one segment, namely, Industrial Intermediate Chemicals. Details of secondary segment information are as follows:

(Rupees in lakhs)

Particulars	Year ended 31st March 2015			Year ended 31st March 2014		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Segment revenue	94,986.89	-	94,986.89	105,181.93	-	105,181.93
Segment assets	57,748.06	-	57,748.06	68,159.31	64.33	68,223.64
Capital expenditure incurred during the year	-	-	-	534.65	-	534.65

45. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the entity in the	Particulars				
	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		
	As % of consolidated net assets	Amount in lacs	As % of consolidated profit or loss	Amount in lacs	
Parent					
Tamilnadu Petroproducts Limited	62%	16,432	92%	(3,939)	
Subsidiaries					
- Foreign					
1 Certus Investments and Trading Limited, Mauritius	24%	6,353	-6%	252	
2 Certus Investments and Trading Limited, Singapore	12%	3,058	-1%	75	
3 Proteus Petrochemicals Private Limited	2%	702	-1%	33	
Associates (Investment as per the equity method)					
Indian					
1 Petro Araldite Private Limited	-	-	16%	(684)	
Total	100%	26,545	100%	-4,263	



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

Form AOC - I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures)

Part 'A' - Subsidiaries

Particulars	Certus Investments and Trading Limited (M)		Certus Investments and Trading (S) Private Limited		Proteus Petrochemicals Private Limited	
	31st March 2015		31st March 2015		31st March 2015	
	Rupees in lakhs*	In USD	Rupees in lakhs*	In USD	Rupees in lakhs*	In USD
Capital	12,759.83	20,419,000	1,171.90	1,875,340	187.47	300,000
Reserves	(2,331.97)	(3,731,745)	(313.57)	(501,797)	(3,187.96)	(5,101,550)
Total assets	10,439.59	16,706,017	3,064.31	4,903,688	1,644.13	2,631,033
Total liabilities	10,439.59	16,706,017	3,064.31	4,903,688	1,644.13	2,631,033
Investments	1,171.90	1,875,340	0.00	-	0.00	-
Turnover (inc other income)	15.86	25,385	21.84	34,942	0.00	-
Profit / (loss) before tax	1.15	1,833	(67.15)	(107,458)	3.87	6,195
Provision for taxation	0.00	-	2.33	3,723	0.05	87
Profit / (loss) after tax	1.15	1,833	(69.48)	(111,181)	3.82	6,108
Proposed dividend	-	-	-	-	-	-
% of Shareholding	100%		100%		100%	

* Translated at exchange rate prevailing as on 31.03.2015

1 USD = Rs. 62.49

Part - B " Associate"	
Name of Associate	Petro Araldite Private Limited
1. Latest audited Balance Sheet Date	31st March 2014
2. Shares of Associate held by the company on the year end	24%
Number of shares	1368000
Amount of Investment in Associate (Rs. In lakhs)	1,368
Extend of Holding %	24%
3. Description of how there is significant influence	Company hold more than 20% shareholding in PAPL
4. Reason why the associate is not consolidated	Not Applicable
5. Networth attributable to Shareholdings as per latest audited Balance Sheet (Rs. In lakhs)	949.49
6. Profit/(Loss) for the year	(1,055.10)
i. Considered in Consolidation	Yes. Consolidated under equity method as per Accounting standard

Note: During the financial year 2014-15 Company has impaired the entire investment in PAPL.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

M K Ananthanarayanan
Partner

Place : Chennai
Date : May 19, 2015

For and on behalf of the Board of Directors

Ashwin C Muthiah
DIN : 00255679
Vice Chairman

T K Arun
DIN : 02163427
Director

Muthukrishnan Ravi
DIN : 03605222
Managing Director

K R Anandan
Chief Financial Officer

R Deepti
Company Secretary

FINANCIAL HIGHLIGHTS

(Rs. in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Share Capital	89.97	89.97	89.97	89.97	89.97
Reserves & Surplus	305.94	306.45	255.70	218.19	151.01
Networth	375.45	376.16	325.61	288.30	131.15
Return on Capital Employed (%)	12.54	9.21	(9.94)	(3.13)	(13.29)
Fixed Assets (net)	354.75	355.63	328.95	302.25	264.54
Sales / Other Income	1,074.35	1,259.82	1,286.96	1,063.94	961.43
Gross Profit / (Loss)	73.68	75.3	(0.34)	7.09	(17.55)
Interest / Finance Charges	28.54	31.66	31.83	32.27	19.57
Depreciation	37.99	37.19	38.62	30.43	20.60
Current Tax	5.03	3.91	-	-	-
Deferred Tax	(5.12)	(3.40)	(21.97)	(18.30)	(18.32)
Net Profit / (Loss)	29.47	5.94	(50.56)	(37.30)	(53.07)
Dividend (incl. Tax)	10.46	5.23	-	-	-
Dividend (%)	10.00	5.00	-	-	-
Earnings Per Share (Rs.)	3.28	0.66	(5.62)	(4.15)	(5.90)



Tamilnadu Petroproducts Limited

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Manali, Chennai - 600 068.

CIN: L23200TN1984PLC010931

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Website : www.tnpetro.com