ANNUAL REPORT

2012 – 13

Manali Petrochemicals Limited

MANALI PETROCHEMICALS

Board of Directors

Ashwin C Muthiah	Chairman
T K Arun (Nominee of TIDCO)	Director
Brig (Retd.) Harish Chandra Chawla	Director
Kulbir Singh	Director
Sanjiv Ralph Noronha	Director
Muthukrishnan Ravi	Managing Director

Audit Committee

Brig (Retd.) Harish Chandra Chawla	Chairman
T K Arun	Member
Kulbir Singh	Member
Sanjiv Ralph Noronha	Member

Chief Financial Officer & Company Secretary

S Vasudevan

Registered Office

SPIC HOUSE
88 Mount Road
Guindy, Chennai 600 032

Principal Office & Plant - 1

Ponneri High Road
Manali, Chennai 600 068

Plant - 2

Sathangadu Village
Manali, Chennai 600 068

Auditors

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

Cost Auditor

S Gopalan & Associates
F-1, Nethrambigai Apartments
15, Vembuli Amman Koil Street
K K Nagar West
Chennai 600 078

Bankers

State Bank of India
State Bank of Hyderabad
State Bank of Patiala
Indian Bank
Canara Bank
Punjab National Bank
Corporation Bank
State Bank of Bikaner and Jaipur
State Bank of Mauritius

Registrars and Share Transfer Agent

Cameo Corporate Services Limited
Subramanian Building
1 Club House Road
Chennai 600 002

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Directors' Report and Management Discussion & Analysis Report

To

The Shareholders

The Directors present their 27th Annual Report on the business and operations of your Company and the Audited Statement of Accounts for the year ended 31st March 2013.

Financial Results

(Rs. in crore)

DESCRIPTION	2012-13	2011-12
Profit Before interest & depreciation	**43.83**	66.69
Interest	**2.14**	1.92
Depreciation	**6.36**	5.88
Profit Before Tax	**35.33**	58.89
Provision for Taxation	**8.02**	15.21
Profit After Tax	**27.31**	43.68
Cash Profit	**34.38**	49.87

Operational Highlights

During the year under review the operations of the Company were affected due to general economic slow-down aggravated by cut-throat competition from overseas polyol suppliers. On account of these, there was some setback in the operations vis a vis the performance in the last couple of years, resulting in lower production, sales and profits. The net profit for the year was lower by about 37% at Rs. 27.31 crore against Rs. 43.68 crore in the previous year.

Availability of bio mass fuel for the Captive Power Plant (CPP) has become dearer due to spurt in demand for casuarina wood from paper mills and also similar power plants. Even at increased costs supplies are not forthcoming, forcing the Company to operate the CPP at lower loads. The Company is developing alternate fuels for the CPP to ensure operations at optimum load. Also, plans are afoot to purchase power through energy exchanges to meet the short-fall.

Creation of bulk storage facility for Propylene Oxide at Ennore Port is in progress and is expected to be operational during the 2nd quarter of FY 2013-14.

Financial Review

The year 2012-13 witnessed moderate changes in interest rates. The repo rate increases during the year 2011-12 resulted in steep increase in lending rates of banks and other operators. However, during the year under review, these were retained at the previous year's level in the first half and slightly brought down during the second half, to induce economic growth. On the forex front, there was a sharp decline in rupee value by about 6.7%. These resulted in marginal increase in the cost of funds. Also the investible surplus was significantly lower due to decline in operations witnessed during the year and higher capital spending for creation of storage facilities.

The Company has been rated with CARE A (-) signifying 'low credit risk' for long-term bank facilities and CARE A1 signifying 'lowest credit risk' for short-term bank facilities .

Dividend

Your Directors recommend a 10 % dividend i.e. fifty paise for every equity share of Rs. 5/- each fully paid-up, for the year 2012-13, aggregating to Rs. 8.60 crore, excluding dividend distribution tax.

Industry structure and developments

Your Company operates in the Polyurethanes (PUs) Market, comprising two sectors: Methylene diisocyanate (MDI) & Toluene diisocyanate (TDI). The PUs market in India has displayed a robust growth rate over the past 5 years and is highly potential. MDI-based PUs are growing at a faster rate, as these are easier to handle and have a wider application base compared to TDI-based PUs.

Indian Polyurethane industry's performance during 2007-2012 had been impressive with double-digit growth, but the market has become stagnant in 2013 due to various factors like overall economic slow-down, impact of global economic crisis on Indian manufacturers, inflationary pressures, monsoon failure, etc.

Your Company also manufactures Propylene Glycol (PG) for pharma, fragrance and industrial applications and continues to perform well in the Pharma and fragrance sectors. The off-take of PG for industrial applications is lower due to availability of alternate cheaper materials.

Opportunities and Threats

Polyurethane materials, due to their versatility, perform extremely well as part of any application that is subject to dynamic stress. They provide many advantages including resilience, high tear resistance, low viscosity and low heat build-up. Polyurethane can be used for varied applications like building insulations, refrigeration, furniture, footwear, automotive, coatings and adhesives, sealants, etc. The development of polyurethane materials is still evolving and new applications are regularly being created. However, the growth of the industry is dependent on the overall economic situation and is driven by demand for goods which enhance life style than being essential for livelihood. Therefore the performance of the industry and its constituents are cyclical. Additional capacities created to meet peak demand may become dysfunctional due to drop in off-take, thereby inciting price wars and margin pressures.

Market Scenario

During the year under review, the Company achieved a turnover of Rs. 579.87 crore against Rs. 629.52 crore in FY 2011-12, lower by about 8% on account of the reasons stated above. It may be recalled that during the previous year (FY 2011-12), your Company achieved all time high sales and profits, notwithstanding the overall economic growth being lower as the Indian Polyurethane market performed better. The growth in automotive and appliances segments during the last few years intensified demand for PUs in India. However, during the year under review, the slow-down stretched to all the segments and hence your Company too suffered on account of sluggish market coupled with dumping of overseas materials by MNCs enjoying zero duty on polyols imported into India. With the global economy witnessing further deterioration, the situation worsened in the 2nd half of the year and in order to retain its market share, your Company had to sell products at very low prices, eroding the margins substantially.

Outlook

The World Trade Organization has scaled down the global trade growth forecast for the year 2013 at 3.30% from the earlier 4.5%; it may be pertinent to note that the global trade growth had fallen to 2% in 2012 from 5.11% in 2011. This trend is expected to persist in the short-term and revival could happen in the medium term.

In order to overcome the setback, your Company has taken steps to develop new applications for its products in brake fluid, drilling applications, water proofing, etc., while also taking care of its commitment to environment. The Company is also exploring the possibilities to develop product applications in medical devices. The Company has also created additional storage facilities for the finished goods at its plants, in addition to the arrangements for bulk storage facilities for imported raw materials in Ennore Port which are expected to provide flexibility in plant operations depending on market conditions.

Your Company is confident of overcoming the difficulties through modified product mix and foraying into newer markets.

Risks and Concerns

The continued moratorium in the Manali area denies opportunities to contemplate any capacity addition and/or changing over to new improved processes and hence the Company is constrained to operate with its existing facilities alone to face the tough competition from the MNCs.

Added to this, duty concessions for import of polyols and other products under the Free Trade Agreements with ASEAN countries have led to dumping of overseas materials into India, denying level playing field to the local manufacturers and is a great cause for concern. Your Company is taking steps to curb this hazard through avenues available under the applicable law.

Environment and Safety

Your Company has laid down clear policies for quality, environment and safety and has set-up various teams and committees to monitor and improve observance of the said policies. Besides periodical in-house reviews and audits, surveillance audits of ISO 9001 and ISO 14000 have been done regularly, ensuring proper adherence to the quality, environment and safety requirements.

Conservation of Energy

As required under Section 217(1)(e) of the Companies Act, 1956 ('the Act') read with Rule-2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, information on conservation of energy, technology absorption, foreign exchange earnings and outgo, to the extent applicable are annexed and form part of this report.

Fixed Deposits

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

Human Resources

Your Company believes that achievement of its goals is reliant on the abilities of its workforce to convert the plans into actions. Therefore every effort is taken to retain the talents and also introduce newer ideas from the younger generation, for the success story to continue. Various HR initiatives are also taken to enhance the competency of the employees through inclusive decision making process by delegation, recognition, leadership development, etc. Your Company imparts need based training to its employees with special focus on youngsters, stimulating them to play an important role in shaping the Company's future. The industrial relations have generally been cordial, except in relation to a wage dispute with the workmen from 2001, being contested in the Supreme Court. The Management's efforts to settle the issue through dialogues have not been fruitful.

As on 31st March 2013, your company had 310 employees on its roll at different locations including Senior Management Personnel, Engineers, Technicians and Trainees.

Particulars of Employees

Details prescribed under Section 217 (2A) of the Act, read with Companies (Particulars of Employees) Rules, 1975, as amended are attached to this Report.

Directors

Mr. Babu K Verghese, Director resigned on 12th June 2013 and the Board wishes to place on record its appreciation for the contributions of Mr. Verghese during his tenure as a Director of the Company.

Board appointed Mr. Kulbir Singh as an Additional Director of the Company on 12th June 2013 and he holds office till the ensuing Annual General Meeting. Pursuant to Section 257 of the Companies Act, 1956 notice has been received proposing his appointment as Director of the Company at the ensuing AGM.

Purusuant to the provisions of the Companies Act 1956 and the Articles of Association of the Company, Mr. Sanjiv Ralph Noronha, Director retires by rotation and being eligible offers himself for re-election.

Director's Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

a. in the preparation of the annual accounts for the financial year ended 31st March 2013, 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 profit 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 and
d. the Directors had prepared the accounts for the financial year ended 31st March 2013 on a "going concern" basis.

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 attached to this report.

Details of Unclaimed Share Certificates

In accordance with the requirements of Clause 5A, shares remaining unclaimed even after 3 reminders to the concerned shareholders have been transferred and held in a separate demat account. As per the information provided by the Registrars and Transfer Agent, out of the 17,85,853 shares which remained unclaimed by 7,404 shareholders at the beginning of the year, 5,475 shares were released to 23 shareholders during the year. As at the end of the year 17,80,378 shares remained unclaimed by 7,381 shareholders.

Auditors

Your Company's Auditors M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai, retire at the conclusion of this Annual General Meeting and are eligible for re-appointment.

Cost Audit

Upto the year 2011-12, the Government of India had, through a specific order, mandated the Company to conduct audit of the cost accounts in respect of 'Chemicals' manufactured by it and file the report as prescribed under the relevant rules. In compliance with the above, the Cost Audit Report for the year 2011-12 was filed with the Central Government on 08-01-2013, against the extended due date of 28th February 2013.

From the year 2012-13, in terms of the general order issued by the Government, the cost accounts of the Company in respect of all the products manufactured are required to be audited and Mr. S Gopalan, Proprietor, S Gopalan & Associates, Cost Accountants, Chennai has been appointed as the Cost Auditors of the Company for the year 2012-13.

Adequacy of Internal Controls

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

Acknowledgement

Your Directors express their sincere gratitude to the Government of India, the Government of Tamilnadu, the Promoters and the consortium of Banks for the assistance, co-operation and support extended to the Company. The Directors thank the shareholders for their continued support.

The Directors also place on record their appreciation of the consistent good work put in by all cadres of employees.

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

Chennai
12th June 2013

Ashwin C Muthiah
Chairman

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975

Name	Current Designation	Age	Qualification	Experience	Last employment and post held	Date of Commencement of employment	Gross Remuneration Rs.
Muthukrishnan Ravi	Managing Director	53 years	B. Tech. MBA (XLRI)	31 years	Sanmar Chemplast Limited as Executive Vice President for Strategy and Global Sourcing	01-04-2011	76,29,733

Notes:

1. The appointment is contractual and he is not related to any other director of the Company.
2. In addition to being the MD of MPL, Mr. Ravi has been appointed also as the MD of Tamilnadu Petroproducts Limited w.e.f. 4th February 2013. Effective the said date, it has been agreed between MPL and TPL that the overall remuneration to Mr. Ravi will be Rs.100 lakhs and shared equally.

Annexure to Directors' Report

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

A. Conservation of Energy

a. Energy conservation measures taken :

- Saponifier top stream in Propylene Oxide plant is being fed directly instead of through compressor, resulting in savings of steam, power and downtime.
- Two lower capacity compressors have been replaced with one high capacity compressor for refrigeration in Plant 2.
- Conveyor system in CPP for fuel feeding has been modified.

b. Additional investments and proposals being implemented for reduction of consumption of energy :

- Productivity at polyol plant to be augmented without any substantial increase in power consumption.
- Replacement of lower capacity compressors with one high capacity compressor for refrigeration in Plant 1.

c. Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

- Impact of energy conservation and productivity improvement measures at (a) is expected to be in the order of Rs.1.25 crore per annum.
- By augmenting polyol capacity without any additional power consumption the power cost per ton of polyol to be produced will come down.
- Power cost for refrigeration in Plant 1 is expected to be lower.

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

FORM – A

		Year Ended March 31, 2013	Year Ended March 31, 2012
(A)	Power and Fuel Consumption		
1.	Electricity		
	(a) Purchased		
	Units	**86,81,765**	66,73,870
	Amount (Rs.) (i.e. cost paid to TNEB)	**6,68,14,549**	3,17,34,816
	Rate per Unit (Rs.)	**7.70**	4.76
	MD Charges (Rs./ KVA)	**300**	300
	(b) Own Generation		
	i. Through Diesel Generator (Units)	**25,87,382**	15,46,917
	Units per litre of diesel	**3.51**	3.57
	Cost per unit (Rs.)	**13.52**	11.49
	ii. Through Steam Turbine (Gross)	**2,16,17,515**	2,79,38,495
	Through Steam Turbine (Net)	**1,71,84,877**	2,26,06,826
	Units per MT of wood, net of cogeneration steam	**551**	550
	cost per unit (Rs.)	**5.94**	4.94
2.	Furnace Oil (Qty in KL)	**4952**	5,607
	Amount (Rs.)	**19,00,46,909**	19,46,83,658
	Average Rate (Rs./KL)	**38,379**	34,719
3.	Others		
	Wood Qty. (MT)	**31,215**	41,090
	Amount in (Rs.)	**10,20,62,545**	11,16,88,123
	Average Rate (Rs. / MT)	**3,270**	2,718
(B)	Consumption per unit of production		
	Production (in MT)	**53,122**	58,887
	Electricity in units	**536**	519
	Furnace Oil in KL (**)	**0.184**	0.172
	Others - Wood (in MT) (++)	**1.140**	1.370
** Applicable for Plant I Only ++ Applicable for Plant II Only			

B. Technology Absorption

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

FORM - B

I. Research and Development (R&D):

1. Specific areas in which R&D carried out by the company.

- Formulation improvements
- New applications for polyols
- Cost reduction exercises
- Visco-elastic polyol systems for flexible moulded memory foam
- High functionality polyols
- Clouding polyols for oil field.
- Substitute for imported polymeric polyol used in manufacture of Flexible System Polyol
- Alternate blowing agent for rigid polyol to bring down use of toxic agents.

2. Benefits derived as a result of above:

- Foray into hitherto unexplored market for polyols through new applications
- Improved production and sales of polyols
- Reduction in operating cost

3. Future Plan of Action:

- Develop a polyol for visco elastic and flexible slab stock memory foam application
- Develop alternate blowing agents in lieu of HCFC in order to phase out the same as per government's environmental policy
- Develop special polyol for improved physical properties of moulded foam

4. Expenditure on R & D:

			(Rs. in lakhs)
a.	Capital	:	2.05
b.	Recurring	:	90.14
c.	Total	:	92.19
d.	Total R&D expenditure as a percentage of total turnover	:	0.16 %

II. Technology Absorption, Adaptation and Innovation :

1. Efforts, in brief, made towards technology absorption, adaptation and innovation :
   Technology has already been fully absorbed
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.:
   Use of Indigenous chemicals has reduced the cost of production. By development of CFC free formulations, we continue to retain our market share, thus avoiding imports into the country.

C. Foreign Exchange Earnings and outgo:

a. Efforts: Steps are being taken to explore export of products to various countries.
b. Foreign Exchange earnings and outgo

		(Rs. in lakhs)
i.	Earnings	Rs. 282.63
ii.	Outgo (on cash basis)	Rs. 12029.19

Report on Corporate Governance

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

The Board of Directors of your Company strongly supports the principles of Corporate Governance. Emphasis is laid on transparency, accountability and integrity in all operations and dealings with all the stakeholders. Your Company has been following the best practices in corporate governance much before the same was made mandatory by SEBI.

This report covers the corporate governance aspects in your Company relating to the year ended 31st March 2013.

2. Board of Directors:

i. Composition and membership in other Boards and Board Committees:

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

Name	Category	Membership	
		Other Boards	Other Board Committees
Mr. Ashwin C Muthiah, Chairman	Non Executive, Non Independent	4 (2)	1
Mr. T K Arun, Nominee of TIDCO	Non Executive, Independent	11 (1)	8
Mr. Babu K Verghese	Non Executive, Independent	-	-
Brig (Retd.) Harish Chandra Chawla	Non Executive, Independent	1	-
Mr. Sanjiv Ralph Noronha	Non Executive, Non Independent	3	1
Mr. Muthukrishnan Ravi, ManagingDirector	Executive Non Independent	1	1

Notes:

a. Other Directorships exclude foreign companies, private limited companies, Section 25 companies and alternate directorships.
b. Only Membership in Audit Committees and Shareholders/Investors Grievance Committees (other than in MPL) are reckoned for Other Board Committee Memberships.
c. Figures in brackets denote the number of companies / committees in which the Director is Chairman.
d. Other than Mr. Babu K Verghese, who holds 300 equity shares, no other director holds any shares in the Company.

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

The Board of Directors met five times during the year 2012-13 viz., on 25th April 2012, 3rd August 2012, 30th October 2012, 31st January 2013, and 29th March 2013. Mr. Sanjiv Ralph Noronha attended three meetings. Mr. Ashwin C Muthiah and Brig. (Retd.) Harish Chandra Chawla attended four meetings and the other directors attended all the five meetings.

The 26th AGM of the Company was held on 3rd August 2012 which was attended by all the directors including the Chairman of the Audit Committee.

3. Audit Committee:

i. Terms of reference

The Audit Committee was constituted in August 1990, much earlier to being made mandatory by SEBI and under the Companies Act, 1956 (the Act).The then terms of reference covered most of the aspects stipulated by SEBI and under the Act. These were reviewed during the year 2005-06 and modified in line with the requirements of Clause 49 of the Listing Agreements with Stock Exchanges. The current terms of reference fully conform to the requirements of Section 292A of the Act also.

The Unaudited Quarterly Financial Results and the Audited Annual Accounts/Audited Financial Results are reviewed by the Committee before submission to the Board for approval. The annual audit plan, compliance with accounting standards and other related matters are also discussed by the Audit Committee. In addition to the above, the Committee also reviews the report of the Cost Auditor, significant observations of the Internal Auditors and the follow-up action thereon. The matters relating to appointment of statutory auditors, cost auditors and internal auditors are placed before the Committee for suitable recommendation to the Board/Members.

ii. Composition:

The Committee comprises of Mr. Sanjiv Ralph Noronha, Mr. T K Arun and Brig (Retd.) Harish Chandra Chawla, Directors. Brig (Retd.) Harish Chandra Chawla was elected the Chairman of the Committee in the place of Mr. Sanjiv Ralph Noronha consequent to the re-categorization of the latter as a Non-Independent director from 1st November 2012.

Managing Director, CFO, representatives of the Statutory Auditors, Cost Auditor and Internal Auditors also attend the Audit Committee meetings and the Company Secretary is Secretary to the Committee.

iii. Meetings and attendance

The Committee met four times during the year 2012-13 on 25th April 2012, 2nd August 2012, 30th October 2012 and 31st January 2013. Mr. Sanjiv Ralph Noronha attended three of these meetings and the others attended all the four meetings.

4. Remuneration Committee:

i. Terms of reference, composition and meeting

The Committee reviews and recommends to the Board on matters relating to fixation and payment of remuneration to the Executive Directors and generally follows the practice in vogue since inception. The Remuneration Committee comprises of Mr. Babu K Verghese, Director as the Chairman, Mr. T.K.Arun, Director and Mr. Sanjiv Ralph Noronha, Director as the other members. During the year 2012-13, the Committee met on 25th April 2012 to recommend the revised remuneration payable to Mr. Muthukrishnan Ravi and all the members of the Committee attended the meeting.

ii. Remuneration policy:

The following is the managerial remuneration policy of the Company:

(a) For Executive Directors

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

(b) For Non-executive Directors

The Non-executive Directors are paid sitting fees for attending the Board and Committee Meetings as per the stipulations in the Act and the Articles of Association of the Company. In addition to this, the travel and other expenses incurred for attending the meetings are reimbursed. The Company has no pecuniary relationship or transactions with any Non-Executive Director.

iii. Details of remuneration paid:

(a) **Sitting fees paid to non-executive Directors during 2012-13 are detailed below:**

Name	Amount (Rs. in lakhs)
Mr. Ashwin C Muthiah	0.80
Mr. T K Arun (Paid to TIDCO)	1.22
Mr. Babu K Verghese	1.26
Brig (Retd.) Harish Chandra Chawla	1.00
Mr. Sanjiv Ralph Noronha	0.77
Total	**5.05**

(b) **Remuneration paid to Mr. Muthukrishnan Ravi, Managing Director for the year 2012-13:**

SNo.	Description	Amount (Rs. in lakhs)
01	Salary and Allowances	47.31
02	Contribution to PF and other funds	2.86
03	Perquisites	26.13
	Total	**76.30**

Mr. Ravi is 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 to him and no Employee Stock Option has been offered by the Company.

In addition to being the MD of MPL, Mr. Ravi was also appointed as the MD of Tamilnadu Petroproducts Limited (TPL) with effect from 4th February 2013. It has been agreed that effective the said date, the total remuneration to Mr. Ravi will be Rs. 100 lakhs per annum and shared between MPL and TPL equally. In view of this, the remuneration payable by MPL to Mr. Ravi stands revised to Rs. 50 lakhs per annum, vis a vis Rs. 80 lakhs per annum approved by the Members at the previous AGM.

5. Shareholders/Investors Grievance Committee

i. Terms of reference:

The Committee oversees redressal of shareholder and investor grievances and approves issue of share certificates arising out of loss/destruction, rematerialization etc. and also reviews the routine transfer, transmission, transposition, change of name, etc. approved by the Managing Director and Company Secretary.

ii. Composition, Meetings and attendance:

The Committee comprises of Mr. Babu K Verghese, Director as Chairman and Mr. Muthukrishnan Ravi, Managing Director as the other member. Mr. R Kothandaraman, Company Secretary was the Compliance Officer till 31st March 2013 and Mr. S Vasudevan, CFO has been appointed as the Company Secretary and the Compliance Officer with effect from 1st April 2013.

The Committee met 12 times during the year and all the Members were present thereat.

iii. Details of complaints received and redressed

During the year 108 complaints were received, all of which were redressed by the Company/RTA. There were no pending complaints as at the year end.

6. General Body Meetings

i. **Details of Annual General Meetings, Extraordinary General Meetings and Special Resolutions:**

AGM	YEAR	VENUE	DATE	TIME
24th	2010	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	22-09-2010	10.30 a.m.
25th	2011	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	29-07-2011	10.15 a.m.
26th	2012	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	03-08-2012	10.15 a.m.

The following special resolutions were passed in the previous three Annual General Meetings:

Date of AGM	Subject
22-09-2010	Reappointment of Mr. K K Rajagopalan, as Director (Finance) for the period from 01-10-2010 to 30-09-2011.
29-07-2011	Change of name of the Company as Manali Petrochemicals Limited.
03-08-2012	Appointment and remuneration of Mr. Muthukrishnan Ravi as the Wholetime Director from 29-07-2011 and as Managing Director from 01-10-2011 for the period upto 28-07-2014.

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

7. Disclosures

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

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

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

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

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

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

vii. Compliance with Non – Mandatory requirements:

a. **Remuneration Committee:**

The Company has constituted a Remuneration Committee for determining and recommending to the Board on matters relating to remuneration to Executive Directors. The details are furnished under Sl. No. 4 of this report.

b. **Whistle Blower Policy:**

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

c. **Audit Qualifications:**

There have been no audit qualifications on the financial statements and the Company is under a regime of unqualified financial statements.

8. Means of communication

As stipulated under Clause 41 of the Listing Agreement, the Quarterly Results are published in one English National Newspaper (Business Standard) and one Tamil Newspaper (Makkal Kural) within 48 hours of the conclusion of the Board meeting at which the results are approved. The results are also displayed in the website of the Company viz., www.manalipetro.com.

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

9. General Shareholder Information

i. 27th Annual General Meeting

- Date & time : 2nd August 2013, 10.15 a.m.
- Venue : Rajah Annamalai Mandram Esplanade, Chennai 600 108

ii. Book Closure date : 22nd July 2013 to 2nd August 2013 (both days inclusive)

iii. Dividend payment date : 23rd August 2013, subject to declaration at AGM

iv. Financial Calendar(tentative)

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

v. Registrars and Share Transfer Agent:

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

vi. Share Transfer System:

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

vii. Listing / Stock Code of equity shares

NAME OF EXCHANGE	STOCK CODE
Bombay Stock Exchange Limited (BSE)	500268
National Stock Exchange of India Limited (NSE)	MANALIPETC

Listing fees have been paid to the aforesaid exchanges upto 2012-13. Calcutta Stock Exchange has confirmed the delisting of the shares of the Company.

viii. Market Price Data & Share price performance vis a vis indices

Month & Year	NSE				BSE			
	Share Price (Rs.)		S & P CNX Nifty		Share Price (Rs.)		Sensex	
	High	Low	High	Low	High	Low	High	Low
April 2012	14.00	9.00	5,378.75	5,154.30	12.70	10.25	17,664.10	17,010.16
May	13.50	10.30	5,279.60	4,788.95	12.00	10.81	17,432.33	15,809.71
June	12.95	10.90	5,286.25	4,770.35	12.90	11.00	17,448.48	15,748.98
July	15.00	10.50	5,348.55	5,032.40	14.40	10.50	17,631.19	16,598.48
August	13.00	9.90	5,448.60	5,164.65	12.75	9.85	17,972.54	17,026.97
September	12.30	9.90	5,735.15	5,215.70	11.45	9.86	18,869.94	17,250.80
October	11.70	10.10	5,815.35	4,888.20	12.00	10.50	19,137.29	18,393.42
November	13.00	10.80	5,777.30	5,548.35	12.50	10.80	19,372.70	18,255.69
December	13.50	10.60	5,965.15	5,823.15	13.00	10.70	19,612.18	19,149.03
January 2013	12.90	10.25	6,111.80	5,935.20	11.99	9.00	20,203.66	19,508.93
February	10.50	8.35	6,052.95	5,748.60	11.45	8.31	19,966.69	18,793.97
March	9.00	7.55	5,971.20	5,604.85	9.20	7.66	19,754.66	18,568.43

ix. Distribution of shareholding as on March 31, 2013:

Range of shares		Holders		Shares	
From	To	No.	%	No.	%
1	100	16,827	12.08	9,37,371	0.54
101	500	98,385	70.63	2,24,82,188	13.07
501	1,000	13,583	9.75	1,07,80,575	6.27
1,001	2,000	5,689	4.08	87,04,282	5.06
2,001	3,000	1,737	1.25	45,54,222	2.65
3,001	4,000	610	0.44	22,39,263	1.30
4,001	5,000	707	0.51	33,90,715	1.97
5,001	10,000	969	0.70	73,71,712	4.29
10,001	& above	790	0.57	11,15,38,901	64.85
Total		**1,39,297**	**100.00**	**17,19,99,229**	**100.00**

x. Shareholding pattern as on March 31, 2013

Category	Holders		Shares	
	No.	%	No.	%
Promoters and Promoter Group	5	<0.01	7,70,81,103	44.82
Mutual Funds/UTI	13	0.01	1,85,100	0.11
Financial Institutions	15	0.01	26,325	0.02
Foreign Institutional Investors	1	<0.01	22,60,000	1.31
Bodies Corporate	1,071	0.77	1,11,44,330	6.48
Individuals	1,32,595	95.19	7,55,17,860	43.90
HUF	1,330	0.96	27,90,119	1.62
NRIs/OCBs	4,213	3.02	28,68,956	1.67
Clearing Members & others	54	0.04	1,25,436	0.07
Total	**1,39,297**	**100.00**	**17,19,99,229**	**100.00**

xi. Dematerialization of shares and liquidity

The shares, listed in BSE and NSE are to be traded only in dematerialized form. The ISIN of the shares is. INE201A01024. As at March 31, 2013, 15,63,80,284 shares were held in dematerialized form, representing about 91% of the total shares. The shares are traded regularly on BSE and NSE.

xii. Location of Plants:

Plant I : Ponneri High Road, Manali, Chennai – 600 068

Plant II : Sathangadu Village, Manali, Chennai – 600 068

xiii. 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: **Mr. S Vasudevan, CFO & Company Secretary and Compliance Officer, at the Principal Office of the Company, Chennai–600 068 Phone : 044 - 25941025 / 25943895, Fax : 044 - 25941199, E-mail :companysecretary@manalipetro.com**

Certificate of Compliance of conditions of Corporate Governance

We have examined the compliance of conditions of Corporate Governance by Manali Petrochemicals Limited (the Company) for the year ended on 31st March 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)
Bhavani Balasubramanian
Partner
Membership No.: 22156

Chennai
22nd April 2013

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
22nd April 2013

Muthukrishnan Ravi
Managing Director

Independent Auditors' Report to the Members of Manali Petrochemicals Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

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

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)
Bhavani Balasubramanian
Partner
Membership No: 22156

Chennai
22nd April 2013

Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) Having regard to the nature of the Company's business / activities / results during the year, clauses (vi), (x), (xii) to (xvi) and (xviii) to (xx) of CARO are not applicable to the Company.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of 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, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

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

(iii) In respect of its inventories:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Hence, Clause (iii) is not applicable.

(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Act, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.

(vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Act 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 records with a view to determine whether they are accurate or complete.

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

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

(b) There were no undisputed amounts payable, in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sale Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues, in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, which have not been deposited as on 31st March, 2013 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
Central Excise Act, 1944	Excise Duty	High Court of Madras	1996-97	4.64
Customs Act, 1972	Customs Duty	High Court of Madras	1993-94	10.04
Central Sales Tax Act, 1956	Sales Tax	High court of Madras	Various Years	10.23
Central Sales Tax Act, 1956	Sales Tax	Sales Tax Tribunal under Sales Tax Act	2000-01	10.74
Income Tax Act, 1961	Income Tax	Income Tax Apellate Tribunal	2003-04	5.14
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2006-07, 2007-08 & 2008-09	104.21

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

(xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long- term investment.

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

For **Deloitte Haskins & Sells Chartered Accountants**
(Registration No. 008072S)
Bhavani Balasubramanian
Partner
Membership No: 22156

Chennai
22nd April 2013

Balance Sheet as at March 31, 2013

(Rs. in lakhs)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
Share Capital	3	**8,603.47**	8,603.47
Reserves and Surplus	4	**10,643.16**	8,833.73
Total Shareholders' Funds		**19,246.63**	17,437.20
(2) Non-current Liabilities			
Deferred Tax Liabilities (Net)	36	**1,502.47**	1,344.20
Other Long-term Liabilities	5	**191.67**	207.00
Long-term Provisions	6	**94.87**	56.24
Total Non-current Liabilities		**1,789.01**	1,607.44
(3) Current Liabilities			
Short-term Borrowings	7	**202.90**	118.72
Trade Payables	8	**4,441.74**	5,036.14
Other Current Liabilities	9	**553.08**	679.57
Short-term Provisions	10	**1,672.13**	2,171.97
Total - Current Liabilities		**6,869.85**	8,006.40
TOTAL EQUITY AND LIABILITIES		**27,905.49**	27,051.04
II. ASSETS			
(1) Non-current Assets			
Fixed Assets			
Tangible Assets	11 A	**10,254.83**	9,890.90
Intangible Assets	11 B	**-**	8.07
Capital Work-in-progress		**374.40**	471.55
Total - Fixed Assets		**10,629.23**	10,370.52
Non-current Investments	12	**412.45**	0.45
Long-term Loans and Advances	13	**1,537.81**	572.71
Total - Non-Current Assets		**12,579.49**	10,943.68
(2) Current Assets			
Current Investments	14	**224.06**	1,803.45
Inventories	15	**5,983.89**	6,543.81
Trade Receivables	16	**3,919.81**	3,835.41
Cash and Cash equivalents	17	**645.87**	631.78
Short-term Loans and Advances	18	**4,550.00**	3,269.92
Other Current Assets	19	**2.37**	22.99
Total - Current Assets		**15,326.00**	16,107.36
TOTAL ASSETS		**27,905.49**	27,051.04

See accompanying Notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells	**For and on behalf of the Board of Directors**	
Chartered Accountants		
Bhavani Balasubramanian	**Ashwin C Muthiah**	**Brig (Retd.) Harish Chandra Chawla**
Partner M.No. 22156	Chairman	Director
Place : Chennai	**S Vasudevan**	**Muthukrishnan Ravi**
Date : 22nd April 2013	CFO & Company Secretary	Managing Director

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

(Rs. in lakhs)

Particulars	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
(I) Revenue from Operations (Gross)	20	**58,093.78**	63,045.36
Less: Excise Duty		**(5,878.51)**	(5,649.06)
Revenue from Operations (Net)		**52,215.27**	57,396.30
(II) Other Income	21	**707.76**	683.21
(III) Total Revenue (I+II)		**52,923.03**	58,079.51
(IV) Expenditure			
Cost of raw materials and packing materials consumed	22	**35,975.43**	39,432.27
Purchase of Traded Goods	22	**1,904.97**	1,365.05
Increase in Inventories	23	**(505.54)**	(1,381.46)
Employee Benefits Expense	24	**1,887.42**	2,483.74
Finance costs		**214.48**	192.29
Depreciation	11	**635.79**	588.40
Other Expenses	25	**9,276.98**	9,510.34
Total Expenditure		**49,389.53**	52,190.63
(V) Profit Before Tax (III-IV)		**3,533.50**	5,888.88
(VI) Tax Expense			
Current income Tax		**731.18**	1,490.29
MAT Credit Entitlement		**(87.54)**	-
Deferred Tax	36	**158.27**	30.62
(VII) Profit After Tax for the year (V-VI)		**2,731.59**	4,367.97
(VIII) Earnings Per Share (Basic and Diluted)	35	**1.59**	2.54

See accompanying Notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells	**For and on behalf of the Board of Directors**	
Chartered Accountants		
Bhavani Balasubramanian	**Ashwin C Muthiah**	**Brig (Retd.) Harish Chandra Chawla**
Partner M.No. 22156	Chairman	Director
Place : Chennai	**S Vasudevan**	**Muthukrishnan Ravi**
Date : 22nd April 2013	CFO & Company Secretary	Managing Director

Cash Flow Statement for the year ended March 31, 2013

(Rs. in lakhs)

		2012-13		2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax as per Statement of Profit and Loss		**3,533.50**		5,888.88
Adjustments for				
Depreciation	**635.79**		588.40	
Dividend Income	**(77.46)**		(131.21)	
Interest Expense	**214.48**		192.29	
Interest Income	**(349.67)**		(152.58)	
Provision for doubtful debts no longer required	**(45.38)**		(60.96)	
Foreign Exchange Fluctuations	**97.88**		186.77	
Loss on sale / retirement of assets	**18.62**		93.18	
Sub-total		**494.26**		715.89
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**4,027.76**		6,604.77
Adjustments for (increase) / decrease in Operating Assets				
Inventories	**559.92**		(2,230.82)	
Trade Receivables	**(42.75)**		(890.66)	
Short Term Loans and Advances	**(1,259.46)**		(2,248.46)	
Long Term Loans and Advances	**(877.56)**		(187.15)	
Adjustments for (increase) / decrease in Operating Liabilities				
Long-term Provisions	**38.62**		(19.99)	
Other Long-term Liabilities	**(15.33)**		(3.72)	
Short-term Provisions	**(301.03)**		356.15	
Trade Payables	**(1,230.75)**	**(3,128.34)**	639.65	(4,585.00)
		899.42		2,019.77
Income Tax paid		**(1,074.72)**		(1,248.98)
Net Cash from Operating Activities [A]		**(175.30)**		770.79
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Tangible Assets and payment towards CWIP		**(914.03)**		(1,088.26)
Proceeds from sale of Fixed Assets		**0.89**		25.06
Capital Subsidy received for Captive Power Plant		**84.00**		-
Interest Income		**353.40**		137.71
Dividend Income		**77.46**		131.21
Net Cash used in Investing activities [B]		**(398.28)**		(794.28)
C. CASH FLOW FROM FINANCING ACTIVITIES				
(Repayment) / Proceeds from Short-Term borrowings		**84.17**		(473.45)
Interest Paid		**(214.48)**		(192.29)
Dividend Paid		**(693.99)**		(590.00)
Tax on Proposed Equity Dividend		**(167.42)**		(139.51)
Net Cash Used in Financing Activities [C]		**(991.72)**		(1,395.25)
Net (Decrease) / Increase in Cash and Cash Equivalents (D) = (A+B+C)		**(1,565.30)**		(1,418.74)
Cash and Cash Equivalents at the beginning of the year		**2,435.23**		3,853.97
Cash and Cash Equivalents at the end of the year		**869.93**		2,435.23
Particulars				
Cash on hand and Balances with banks (Note 17)		**645.87**		631.78
Current investments (Note 14)		**224.06**		1,803.45
Cash & Cash equivalents		**869.93**		2,435.23

See accompanying Notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants
Bhavani Balasubramanian
Partner M.No. 22156
Place : Chennai
Date : 22nd April 2013

For and on behalf of the Board of Directors

Ashwin C Muthiah
Chairman

Brig (Retd.) Harish Chandra Chawla
Director

S Vasudevan
CFO & Company Secretary

Muthukrishnan Ravi
Managing Director

Notes to Financial Statements for the year ended March 31, 2013

1. Corporate Information

Manali Petrochemicals Limited (the 'Company') is a Public Company incorporated on June 11, 1986 in the State of Tamilnadu, India. The Company is engaged in the manufacture and sale of Propylene Oxide (PO), Propylene Glycol (PG) and Polyols (PY), which are used as industrial raw materials.

2. Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply with all material aspects with the Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on Accrual basis and under the historical cost convention.

The Accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

2.1 Summary of Significant Accounting Policies

(a) 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 these gets materialised.

(b) Fixed Assets, Intangible Assets and Capital Work in Progress

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of CENVAT / VAT) and any attributable cost of bringing the assets to its working condition for its intended use.

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. These are recorded at the consideration paid for acquisition.

Capital work-in-progress comprises outstanding advances paid to acquire fixed assets and / or the cost of fixed assets that are not yet ready for their intended use at the Balance Sheet date.

(c) Depreciation and Amortisation

(i) Depreciation on fixed assets is provided for on Straight-line basis at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956, except for moulds and wooden pallets included under plant and machinery, the cost of which are amortised over a period of 5 years from the date of purchase.

(ii) Expenditure incurred on acquisition of new software licenses, which constitute intangible assets, are amortised over a period of three years.

(iii) Leasehold land is amortised on Straight-line basis over the remaining period of lease.

(iv) Depreciation for additions to / deductions from fixed assets is calculated pro rata from / to the month of additions / deductions.

(v) Fixed assets individually costing Rs.5,000 or less is depreciated in full in the year of addition.

(d) Impairment of Fixed Assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their 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 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, except in the case of revalued assets.

(e) Investments

Long-term investments (excluding investment properties) 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, duties etc.

(f) Inventories

(a) Raw materials and stores and spares are valued at lower of cost and net realizable value. Cost is determined on moving weighted average basis and includes freight, taxes and duties net of CENVAT/VAT credit, wherever applicable. Customs duty payable on material in bond is added to cost.

(b) Finished goods and work-in-process are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of overheads based on normal operating capacity. Cost of finished goods include excise duty and is determined on a weighted average basis.

(g) Foreign Currency Transactions and Translations

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transactions and realized exchange gain/loss is dealt with in the Profit and Loss account. Monetary assets and liabilities denominated in foreign currencies are translated as at the balance sheet date at the rate of exchange prevailing at the year-end. Exchange differences arising on actual payments / realisations and year-end restatements are dealt with in the Profit & Loss Account. The premium / discount on forward exchange contracts are amortised over the period of the contract if such contracts relate to monetary items as at the balance sheet date.

(h) Revenue Recognition

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 customers. Sales include excise duty but exclude sales tax and value added tax.

Dividend

Dividend Income is recognised when the Company's right to receive the dividend is established by the reporting date.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest Income is included under the head 'Other Income' in the Statement of Profit and Loss.

(i) Retirement and other Employee Benefits

I. Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering service are classified as short-term employee benefits. The benefits like salaries, wages, short term compensated absences and the expected cost of bonus and exgratia are recognised as expense in the profit and loss account in the period in which the employee renders the related service on an undiscounted basis

II. Long-term Post employee benefits

i.Defined Contribution Plan

(a) Provident Fund

Fixed contributions made to the Provident Fund are charged to the statement of Profit and Loss.

(b) Superannuation

Contributions towards superannuation to employees who are covered under the defined contribution plan are made to Life Insurance Corporation of India (LIC) through the Trust established by the Company. Such contributions made are charged to the statement of Profit and Loss.

ii. Defined Benefit Plan

(a) Gratuity

Liability for gratuity to employees is determined on the basis of actuarial valuation using Projected Unit Credit method as on the Balance Sheet date and funded with the LIC / Trust established by the Company. The contribution thereof paid / payable is charged to the Statement of Profit and Loss. Actuarial gains / losses are recognised immediately in the Statement of Profit and Loss.

(b) Superannuation

Liability for superannuation to employees who are covered under the defined benefit plan is determined on the basis of actuarial valuation using Projected Unit Credit method as on the balance sheet date and is funded with the trust established by the Company. The contribution thereof paid / payable is charged to the satement of Profit and Loss.

(c) Compensated absences

Liability for long term compensated absences determined on the basis of actuarial valuation using Projected Unit Credit method as on the Balance Sheet date is provided for.

Liability for short term compensated absences are determined as per Company's policy / scheme and are recognized as expense in the Statement of Profit and loss based on expected obligation on undiscounted basis.

In respect of Officers category compensated absences, there has been a change in the Company's Human Resources policy with effect from January 1, 2013, wherein only officers retiring in Calendar Year 2013 are eligible for leave encashment. In respect of others, the accumulated leave balance as of January 1, 2013 can be availed only till December 31, 2017 and all subsequent accruals can be availed within the end of the relevant calender year, failing which they will not be eligible for leave availment / encashment. Accordingly, the balance as of January 1, 2013 has been considered as Non-Current and the subsequent accruals are treated as Current compensated absences.

(j) Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act 1961. Deferred tax is recognized on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods and are quantified using the substantively enacted tax rate as on the Balance Sheet date. Deferred Tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits. At each Balance Sheet date, the Company reassesses unrecognized deferred tax assets. It recognises unrecognized deferred tax asset to the extent that it has become virtually certain that sufficient future taxable income will be available against which such deferred tax assets can be realized Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal Income Tax during the specified period. The Company reviews the asset at each reporting date.

(k) Research and Development Expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

(l) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when a) The Company has a present obligation as a result of past events b) a probable outflow of resources is expected to settle the obligation and c) the amount of obligation can be reliably estimated.

Provisions 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 disclosed in the notes for i) Present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made ii) Possible obligation arising from past events which will be confirmed only by future events not wholly within the control of the Company.

Contingent assets are neither recognised nor disclosed in the financial statements.

(m) Segment Reporting

The Company is engaged in the business of manufacture of Petrochemicals, which is the only segment in the context of reporting business segment in accordance with Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountant of India. The Company does not disclose multiple geographical segments since its operations are primarily carried out in India.

(n) Earnings per Share

Basic earnings per share is computed by dividing the net 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 period. For the purpose of calculating diluted earnings per share, the net profit or (loss) (including the post tax effect of extraordinary items, if any) for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e., average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

(o) Cash and Cash Equivalents

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.

(p) 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.

(q) Leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year. 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.

(r) 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.

(s) 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.

(t) 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.

(u) Government Grants

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge. Government grants, in the nature of investment grants, received after the asset is put to use and / or the carrying value of asset is less than the grants received and where no repayment is ordinarily expected in respect thereof, are treated as capital reserve.

(Rs. in lakhs)

	As at March 31, 2013	As at March 31, 2012

3 - Share Capital

Authorised		
24,00,00,000 (Previous Year: 24,00,00,000) Equity Shares of Rs.5 each	**12,000.00**	12,000.00
Issued, Subscribed and Paid Up		
17,19,99,229 (Previous Year: 17,19,99,229) Equity Shares of Rs.5 each fully paid up	**8,599.96**	8,599.96
Add: Shares Forfeited	**3.51**	3.51
Total	**8,603.47**	8,603.47

There has been no movement in the Share Capital during the year. The Company has only one class of equity shares having a par value of Rs.5 per share. Each holder of the equity shares is entitled to one vote per share. In the event of repayment of Share Capital, the same will be in proportion to the number of equity shares held.

For the year ended March 31, 2013, the amount of dividend recognised as distributions to equity shareholders is Re.0.50 per share (previous year: Re.0.60 per share). The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Details of shares held by shareholders holding more than 5% shares in the Company:

	March 31, 2013		March 31, 2012	
Name of shareholders	**No. of shares**	**% holding**	No. of shares	% holding
SIDD Life Sciences Private Limited	**6,58,46,053**	**38.28**	**6,58,46,053**	**38.28**
Tamilnadu Industrial Development Corporation Ltd.	**1,12,12,500**	**6.52**	**1,12,12,500**	**6.52**

4 - Reserves and Surplus

A. SECURITIES PREMIUM RESERVE	**91.45**	91.45
B. GENERAL RESERVE		
Opening Balance	**109.20**	-
Add: Transferred during the year	**-**	109.20
Closing Balance	**109.20**	109.20
B. CAPITAL RESERVE*		
Opening Balance		
Add: Additions during the year	**84.00**	
Closing Balance	**84.00**	
C. SURPLUS IN THE STATEMENT OF PROFIT AND LOSS		
Opening Balance	**8,633.08**	5,573.73
Add: Profit for the year	**2,731.59**	4,367.97
Less: Appropriations		
Transfer to General Reserves		(109.20)
Proposed Equity Dividend (Amount per share Re.0.50 [Previous year: Re.0.60])	**(860.00)**	(1,032.00)
Tax on Proposed Equity Dividend	**(146.16)**	(167.42)
Closing Balance	**10,358.51**	8,633.08
Total	**10,643.16**	8,833.73

* During the year, Tamilnadu Energy Development Agency [TEDA] sanctioned and disbursed a Capital Subsidy of Rs.84 lakhs for the 4.2 MW Captive Power Plant, capitalised during the year 2008-09. These grants have been directly credited to Shareholders' Funds under Capital Reserves.

(Rs. in lakhs)

	As at March 31, 2013	As at March 31, 2012

5 - Other Long-term Liabilities

Deposits	**191.67**	207.00
Total	**191.67**	207.00

The deposits have been classified as under:

As Other Long-term Liabilities	**191.67**	207.00
As Other current Liabilities (Note 9)	**30.66**	23.00

Interest free deposit movement have been classified as under:

Opening Deposit Balance	**230.00**	230.00
Less: Deposit refunded during the year	**7.67**	0.00
Closing Balance	**222.33**	230.00

The above deposits represent amounts received from two entities towards use of treated effluent pipeline as per the agreements entered into with them. These deposits are interest free and are repayable in fifteen equal annual instalments commencing from April 2012.

6 - Long-term Provisions

Provision for Employee Benefits - Non Current (Note 33)		
Post Employment Benefits	**43.05**	-
Gratuity	**1.86**	-
Compensated absences	**49.96**	56.24
Total	**94.87**	56.24

7 - Short-term Borrowings

Cash Credit from Banks (Secured)	**202.90**	118.72
Total	**202.90**	118.72

Cash Credit from banks, which is repayable on demand, is secured by hypothecation of inventories, book debts and other receivables, both present and future, and by way of a second charge on the Company's immovable properties.

The Company had availed Interest-free sales tax loan in prior years, which has been fully settled in the year 2010. However the charge created on the immovable and movable properties of the Company on which the said loan was secured has not been released pending receipt of "No Dues Certificate", which is to be obtained from Sales Tax department. This is being followed up.

8 - Trade Payables

Acceptances	**571.62**	1,340.72
Other than acceptances (Refer Note 28)	**3,870.12**	3,695.42
Total	**4,441.74**	**5,036.14**

Trade payables are dues in respect of goods purchased or services received in the normal course of business.

(Rs. in lakhs)

	As at March 31, 2013	As at March 31, 2012

9 - Other Current Liabilities

Unpaid Dividend	**338.01**	269.99
Other Payables		
Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	**149.38**	294.81
Contractually reimbursible expenses	**26.42**	24.49
Employee Benefits Payable (Note 33)		
Post Employment Benefits	**1.22**	43.72
Gratuity	**7.39**	23.56
Current Portion of Deposits (Note 5)	**30.66**	23.00
Total	**553.08**	679.57

10 - Short-term Provisions

Provision for employee benefits (Note 33)		
For compensated absences - Current	**22.19**	44.27
Provision - Others		
Proposed Equity Dividend	**860.00**	1,032.00
Tax on Proposed Equity Dividend	**146.16**	167.42
Provision for Wage Arrears	**643.78**	696.00
Provision for Tax (Net of Advance Tax of Rs.1248.98 lakhs as at 31st March 2012)	**-**	232.28
Total	**1,672.13**	2,171.97

Provision for Wage Arrears

During the year 2004, a claim was raised against the Company by its workmen demanding a revision to wages for the years from 2001 to 2004. This matter was adjudicated by the Industrial Tribunal on September 23, 2008. The Company filed an appeal in the Supreme Court against the decision of the Tribunal. As per the directions of the Supreme Court, the Company had made interim payments aggregating to Rs.321.98 lakhs (including Rs.83.02 lakhs paid during the year), which have been adjusted against provisions made in earlier years. The appeal has been 'partly heard' by the Supreme Court as of March 31, 2013. Pending final decision of the Supreme Court, the Company, as a matter of abundant caution, had estimated the additional liability at Rs.695 lakhs and had during 2011-12 created provision for the said amount. During the current year, the Company has made further provisons aggregating to Rs.30.80 lakhs. This, according to the management, is the best estimate, which would more than cover the ultimate liability, which the Company may have to incur in this regard.

The movement in the provision for wage arrears is given below:

Balance at beginning of the year	**696.00**	86.35
Charge for the year	**30.80**	695.00
Payments made during the year	**(83.02)**	(83.35)
Balance at end of the year	**643.78**	696.00

11 - Fixed Assets

(Rs. in lakhs)

Particulars	Gross Block				Accumulated Depreciation and Amortisation				Net Book Value	
	As at April 1, 2012	Additions	Disposals	As at March 31, 2013	As at April 1, 2012	Expense for the year	Eliminated on disposal	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
A. Tangible Assets										
Land	**179.75**	**-**	**-**	**179.75**	**-**	**-**	**-**	**-**	**179.75**	179.75
Previous Year	179.75	-	-	179.75	-	-	-	-		179.75
Development on leasehold land	**20.25**	**-**	**-**	**20.25**	**14.71**	**1.07**	**-**	**15.78**	**4.47**	5.54
Previous Year	20.25	-	-	20.25	13.64	1.07	-	14.71		5.54
Buildings	**1,304.37**	**186.35**	**-**	**1,490.72**	**477.89**	**42.71**	**-**	**520.60**	**970.12**	826.48
Previous Year	1,303.43	0.94	-	1,304.37	439.32	38.57	-	477.89		826.48
Plant and Machinery	**25,422.24**	**697.92**	**164.84**	**25,955.32**	**16,706.20**	**560.72**	**148.23**	**17,118.69**	**8,836.63**	8,716.04
Previous Year	24,937.41	1,406.16	921.33	25,422.24	17,019.52	513.57	826.89	16,706.20		8,716.04
Furniture and Fixtures	**16.45**	**124.89**	**-**	**141.34**	**9.68**	**6.79**	**-**	**16.47**	**124.87**	6.77
Previous Year	79.16	2.43	65.14	16.45	71.13	0.16	61.61	9.68		6.77
Office Equipment	**104.78**	**0.21**	**-**	**104.99**	**10.50**	**2.77**	**-**	**13.27**	**91.72**	94.28
Previous Year	120.08	17.28	32.58	104.78	33.47	4.39	27.36	10.50		94.28
Computers	**358.89**	**1.80**	**0.60**	**360.09**	**328.55**	**10.27**	**0.32**	**338.50**	**21.59**	30.34
Previous Year	348.96	9.93	-	358.89	313.34	15.21	-	328.55		30.34
Vehicles	**66.46**	**-**	**5.90**	**60.56**	**34.76**	**3.39**	**3.27**	**34.88**	**25.68**	31.70
Previous Year	83.75	15.58	32.87	66.46	47.90	4.67	17.81	34.76		31.70
Sub-total - Current Year	**27,473.19**	**1,011.17**	**171.34**	**28,313.02**	**17,582.29**	**627.72**	**151.82**	**18,058.19**	**10,254.83**	9,890.90
Sub-total - Previous Year	27,072.79	1,452.32	1,051.92	27,473.19	17,938.32	577.64	933.67	17,582.29		9,890.90
B. Intangible Assets										
Computer Software	**32.28**	**-**	**-**	**32.28**	**24.21**	**8.07**	**-**	**32.28**	**0.00**	8.07
Previous Year	32.28	-	-	32.28	13.45	10.76	-	24.21	-	8.07
Total - Current Year	**27,505.47**	**1,011.17**	**171.34**	**28,345.30**	**17,606.50**	**635.79**	**151.82**	**18,090.47**	**10,254.83**	9,898.97
Total - Previous Year	27,105.07	1,452.32	1,051.92	27,505.47	17,951.77	588.40	933.67	17,606.50	9,898.97	9,153.30

(Rs. in lakhs)

	As at March 31, 2013	As at March 31, 2012

12 - Non-current Investments

Non-Trade - Quoted		
Investments in Equity shares		
500 Equity Shares of Rs.10 each fully paid-up in M/s. Chennai Petroleum Corporation Limited	**0.45**	0.45
Aggregate amount of Quoted investments (Market value - Rs.0.61 Lakhs [31 March, 2012 - Rs.0.77 Lakhs])		
Non-Trade - Unquoted		
Investments in Equity shares		
16,48,000 Equity Shares of Rs.10 each fully paid-up in M/s. Mercantile Ventures Limited*	**412.00**	-
Total	**412.45**	0.45

*During the year, 16,48,000 equity shares of Rs.10 each, fully paid-up, in Mercantile Ventures Limited [formerly MCC Finance Limited (MCC)] were allotted in pursuance of a Scheme of Compromise approved by the Honourable Madras High Court, at a premium of Rs.15 per share towards past dues to the Company as reflected in the books of MCC. Since the Company had recovered the said dues during the years 1999 to 2001 by adjusting the same against dues from a then associate of MCC, an amount equivalent to the above allotment has now been accounted for as payable to the then associate of MCC in the books of the Company

13 - Long-term Loans and Advances

Unsecured, considered Good		
Capital Advances	**124.89**	54.14
Advances to employees	**28.61**	21.26
MAT Credit Entitlement	**87.54**	-
Other Loans and Advances	**1,095.00**	300.00
Security Deposit	**201.77**	197.31
Total	**1,537.81**	572.71

14 - Current Investments

Current Investments (valued at lower of cost or fair value, unless stated otherwise)		
Unquoted Mutual funds		
UTI Liquid Fund	**73.04**	**-**
(No. of units - 7,303 [Previous Year - Nil])		
UTI Fixed Income Interval Fund	**-**	1,050.93
(No. of units - Nil [Previous Year - 1,05,31,643])		
UTI Money Market Fund	**-**	752.52
(No. of units - Nil [Previous Year - 74,999])		
SBI Mutual Fund	**151.02**	-
(No. of units -15,053 [Previous Year - Nil])		
Total	**224.06**	1,803.45

15 - Inventories

Stores and Spares	**514.92**	617.87
Raw Materials	**1,242.77**	1,452.01
Raw Materials in Transit	**645.69**	1,398.96
Work-in-Process	**36.24**	167.87
Traded Goods	**281.00**	144.06
Finished Goods	**3,263.27**	2,763.04
Total	**5,983.89**	6,543.81

(Rs. in lakhs)

	As at March 31, 2013	As at March 31, 2012

16 - Trade Receivables

Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured considered good	**0.16**	0.03
Unsecured considered doubtful	**293.43**	316.80
	293.59	316.83
Less: Provision for doubtful Receivables	**293.43**	316.80
	0.16	0.03
Others		
Unsecured considered good	**3,919.65**	3,835.38
Total	**3,919.81**	3,835.41

17 - Cash and Cash equivalents

Cash on hand	**1.95**	0.56
Cheques on hand	**-**	6.59
Bank Balances		
Current Accounts	**161.19**	127.63
Margin Money Deposit Accounts (Refer Note below)	**144.72**	227.01
Unpaid Dividend Accounts	**338.01**	269.99
Total	**645.87**	631.78

Cash and Cash Equivalents as at March 31, 2013 and March 31, 2012 include restricted bank balances of Rs.144.72 lakhs and Rs.227.01 lakhs respectively. The restrictions are primarily on account of bank balances being held as margin money deposits against Letters of Credit and Bank Guarantees. These deposits have an original maturity period of less than 12 months.

18 - Short-term Loans and Advances

Unsecured considered good		
Security Deposits	**22.14**	65.25
Loans and Advances to employees	**37.85**	47.43
Prepaid Expenses	**105.12**	87.23
Balances with Government authorities		
CENVAT credit receivable	**458.61**	347.27
Inter-corporate deposits (Refer Note below)	**2,700.00**	2,000.00
Prepaid Income Tax (net of provision of Rs.731.18 lakhs)	**125.92**	-
Others [Vendor Advance]	**1,100.36**	722.74
Total	**4,550.00**	3,269.92

Inter-corporate deposits carry an interest of 15% p.a. (Previous Year: 9.50% p.a) and is repayable within 12 months.

19 - Other Current Assets

Interest accrued on Deposits	**2.37**	22.99
Total	**2.37**	22.99

(Rs. in lakhs)

	Year ended March 31, 2013	Year ended March 31, 2012

20 - Revenue from Operations

Sale of Products		
Finished goods	**55,998.40**	61,307.66
Traded goods	**1,988.72**	1,644.62
Other Operating Revenue		
Scrap sales	**106.66**	93.08
Revenue from Operations (Gross)	**58,093.78**	63,045.36
Less: Excise Duty #	**(5,878.51)**	(5,649.06)
Revenue from Operations (Net)	**52,215.27**	57,396.30

Excise duty on sales amounting to Rs.5,878.51 lakhs (March 31, 2012: Rs.5,649.06 lakhs) has been reduced from Sales in the Statement of Profit and Loss and Excise Duty on increase in inventories amounting to Rs.64.91 lakhs (March 31, 2012: Rs.224.66 lakhs) has been considered as expense. (Refer Note 25).

Details of Sales

Manufactured Goods:		
Propylene Oxide	**70.17**	21.93
Propylene Glycol	**16,433.50**	20,550.55
Polyol	**35,653.74**	37,292.11
Others	**3,840.99**	3,443.07
	55,998.40	61,307.66
Traded Goods:		
Isocyanates	**1,988.72**	1,644.62
Total	**57,987.12**	62,952.28

21 - Other Income

Interest Income on		
Bank Deposits	**24.13**	19.13
Customer Deposits	**14.15**	45.01
Others	**311.39**	88.44
Dividend received from current investments	**77.46**	131.21
Insurance claims received	**124.67**	156.95
Provision for Doubtful Debts no longer required written back	**45.38**	60.96
Miscellaneous Income	**110.58**	181.51
Total	**707.76**	683.21

(Rs. in lakhs)

	Year ended March 31, 2013	Year ended March 31, 2012

22 - Cost of Raw Materials and Packing Materials Consumed

Opening Stock	**2,850.97**	2,090.83
Add: Purchases	**35,012.92**	40,192.41
	37,863.89	42,283.24
Less: Closing Stock	**(1,888.46)**	(2,850.97)
Total	**35,975.43**	39,432.27

Materials consumed comprises:

Propylene	**17,567.26**	17,515.60
Methyloxirane Propylene Oxide	**5,356.31**	6,850.95
Chlorine	**1,566.53**	3,606.67
Others (Individually less than 10% of consumption)	**11,485.33**	11,459.05
Total	**35,975.43**	39,432.27

Purchase of Traded goods

Isocyanates	**1,904.97**	1,365.05

23 - Increase in Inventories

Inventories at the beginning of the year		
Finished Goods	**2,763.04**	1,263.06
Work-in-process	**167.87**	200.57
Traded Goods	**144.06**	229.88
	3,074.97	1,693.51
Inventories at the end of the year		
Finished Goods	**3,263.27**	2,763.04
Work-in-process	**36.24**	167.87
Traded Goods	**281.00**	144.06
	3,580.51	3,074.97
(Increase) in Inventories	**(505.54)**	(1,381.46)

Details of Inventory

Work-in-process		
Propylene Oxide	**2.69**	2.12
Propylene Glycol	**1.69**	79.94
Polyol	**31.86**	85.81
Total	**36.24**	167.87

24 - Employee Benefits expense

Salaries and Wages *	**1,355.79**	1,970.97
Contribution to Provident and Other Funds	**77.42**	87.36
Gratuity Expense (Note 33)	**49.40**	29.96
Post-employment benefits (Note 33)	**31.49**	39.98
Staff Welfare Expenses	**373.32**	355.47
Total	**1,887.42**	2,483.74

* Salaries and Wages include Rs.57.81 lakhs (Previous Year Rs.53.28 lakhs) towards R&D expenses.

(Rs. in lakhs)

	Year ended March 31, 2013	Year ended March 31, 2012

25 - Other Expenses

Power and Fuel	**5,013.05**	4,770.12
Water charges	**654.41**	714.89
Consumption of Stores and Spares	**507.90**	454.05
Excise Duty on differential Inventory *	**64.91**	224.66
Rent	**18.32**	23.92
Repairs and Maintenance		
-- Plant and machinery	**637.19**	674.44
-- Building	**90.46**	163.21
-- Others	**26.19**	145.80
Insurance	**195.25**	205.97
Rates and Taxes	**99.39**	92.63
Discount	**681.31**	849.01
Agency Commission	**317.95**	222.54
Legal and Professional fees	**430.09**	318.75
Directors Sitting fees	**5.05**	5.29
Payment to Auditors:		
Audit fees	**9.00**	8.00
Taxation matters	**0.75**	0.75
Other services	**4.00**	3.00
Loss on Foreign Currency Fluctuation [net]	**97.88**	186.77
Provision for Doubtful Debts and advances	**22.02**	
Loss on sale and / or Retirement of Assets (net)	**18.62**	93.18
Miscellaneous Expenses	**383.24**	353.36
Total	**9,276.98**	9,510.34

* Represents Excise Duty related to the difference between the inventories at the beginning and end of the year.

Above expenses include those relating to R&D aggregating to Rs.32.33 lakhs (Previous Year Rs.11.62 lakhs).

26 - Capital and other Commitments

Estimated value of contracts in capital account remaining to be executed (net of advances) and not provided for as on March 31, 2013 is Rs.669.05 lakhs (Previous Year Rs.387.13 lakhs).

27 - Contingent Liabilities

	As at March 31, 2013	As at March 31, 2012
(a) Bills discounted	**144.96**	413.44
(b) Letters of Credit / Guarantees	**2,673.11**	3,075.75
(c) Disputed Excise & Customs demands	**68.07**	68.07
(d) Disputed Sales Tax demands	**57.71**	57.71
(e) Disputed Income Tax demands	**118.67**	118.67

(Rs. in lakhs)

The details of disputed demands pertaining to (c), (d) and (e) above are as follows:

Nature of the Dues	Forum before which the dispute is pending	Period to which it relates	As at March 31, 2013	As at March 31, 2012
Excise Duty	High Court of Madras	1996-97	**4.64**	4.64
	High Court of Madras	2007-08	**53.39**	53.39
Customs Duty	High Court of Madras	1993-94	**10.04**	10.04
			68.07	68.07
Sales Tax	Appellate Deputy Commissioner (CT)	2003-04	**36.74**	36.74
	Sales Tax Tribunal under Sales Tax Act	2000-01	**10.74**	10.74
	High Court of Madras	Various Years	**10.23**	10.23
			57.71	57.71
Income Tax	DCIT, LTU, Chennai	2003-04	**14.46**	14.46
	Commissioner of Income Tax (Appeals)	2006-07, 2007-08 & 2008-09	**104.21**	104.21
			118.67	118.67

The above amounts are based on the notices of demand or the assessment orders or notifications by the relevant authorities, as the case may be, and the Company is contesting these claims with the respective authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decisions of the Appellate Authorities and the Company's rights for future appeals before the Judiciary. No reimbursements are expected. Against the above demands, the Company has paid Rs.100.62 lakhs (Previous year - Rs.91.30 lakhs), which is included in long-term loans and advances.

28 - There are no dues to Micro, Small & Medium Enterprises [MSME] as at the Balance Sheet date and no interest has been paid to any such parties. This is based on the information on such parties having been identified on the basis of information available with the Company and relied upon by the auditors. Hence 'Trade Payables - Acceptances - Others' in Note 8 includes payable to creditors, other than MSME.

29 - Value of Imports calculated on CIF basis

	Year ended March 31, 2013	Year ended March 31, 2012
Raw Materials, Stores and Consumables	**9,524.19**	11,845.59
Traded goods	**1,607.05**	1,029.61
Total	**11,131.24**	12,875.20

30 - Expenditure in Foreign Currency

Travel	**40.69**	32.88
Others	**2.84**	6.96
Total	**43.53**	39.84

31 - Details of consumption of imported and indigenous items

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Percentage (%) of total consumption	Value	Percentage (%) of total consumption	Value
i) Raw materials				
Imported	**38.34**	**13,793.86**	33.98	13,398.19
Indigenous	**61.66**	**22,181.57**	66.02	26,034.08
	100.00	**35,975.43**	100.00	39,432.27
ii) Stores and consumables				
Imported	**18.14**	**92.14**	5.13	23.29
Indigenous	**81.86**	**415.76**	94.87	430.76
	100.00	**507.90**	100.00	454.05

32 - Earnings in Foreign Currency (Rs. in lakhs)

	Year ended March 31, 2013	Year ended March 31, 2012
Export of goods calculated on FOB basis	**282.63**	340.89
Freight and Insurance	**5.36**	10.02
Total	**287.99**	350.91

33 - Employee benefit plans

Defined contribution plans

The Company makes Provident fund and Superannuation contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.68.86 lakhs (year ended March 31, 2012 - Rs.65.64 lakhs) for Provident Fund contributions and Rs.31.49 lakhs (year ended March 31, 2012 - Rs.39.98 lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable by the Company to these plans are at the rates specified in the rules of the schemes.

Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

i) Gratuity
ii) Post-employment benefits and
iii) Compensated absences

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements.

Net employee benefit expenses (recognised in Employee Benefits Expense)

Particulars	Superannuation		Gratuity	
Net employee benefit expenses (recognised in employee cost)	**Year ended March 31, 2013**	Year ended March 31, 2012	**Year ended March 31, 2013**	Year ended March 31, 2012
Current Service Cost	**6.50**	5.43	**19.21**	19.63
Interest cost on benefit obligation	**8.42**	7.86	**36.26**	14.68
Expected return on plan assets	**(8.04)**	(7.70)	**(18.66)**	(17.11)
Net actuarial (gain) / loss recognised in the year	**(16.81)**	(4.20)	**2.08**	43.83
Total expense recognised in the Statement of Profit and Loss	**(9.93)**	1.39	**38.89**	61.03

Net Asset / (Liability) recognised in the Balance sheet

Particulars	Superannuation		Gratuity	
	As at March 31, 2013	As at March 31, 2012	**As at March 31, 2013**	As at March 31, 2012
Fair value of plan assets at the end of the year	**122.22**	119.57	**260.08**	220.62
Present value of defined obligations at the end of the year	**109.66**	114.19	**265.77**	247.87
Plan Asset / (Liability) recognised in the Balance Sheet	**12.56**	5.38	**(5.69)**	(27.25)

Changes in the Present Value of the defined benefit obligations are as follows

Particulars	Superannuation		Gratuity	
	Year ended March 31, 2013	Year ended March 31, 2012	**Year ended March 31, 2013**	Year ended March 31, 2012
Present value of defined benefit obligations as at the beginning of the year	**114.19**	106.16	**247.87**	214.05
Interest cost	**8.42**	7.86	**36.26**	14.68
Current service cost	**6.50**	5.43	**19.21**	19.63
Benefits paid	**(4.02)**	(2.71)	**(36.61)**	(37.34)
Actuarial (gains) / losses on obligation	**(15.43)**	(2.55)	**(0.96)**	36.85
Present Value of defined obligations as at the end of the year	**109.66**	114.19	**265.77**	247.87

Changes in the fair value of Plan Assets are as follows (Rs. in lakhs)

Particulars	Superannuation		Gratuity	
	Year ended March 31, 2013	Year ended March 31, 2012	**Year ended March 31, 2013**	Year ended March 31, 2012
Fair value of plan assets at the beginning of the year	**119.57**	110.16	**220.62**	212.01
Expected return on plan assets	**8.04**	7.70	**18.66**	17.11
Contributions	**0.00**	2.39	**52.06**	35.36
Benefits paid	**(4.02)**	(2.71)	**(36.61)**	(37.34)
Actuarial gains (losses) on plan assets	**(1.37)**	2.03	**5.35**	(6.52)
Fair value of plan assets as at the end of the year	**122.22**	119.57	**260.08**	220.62

Composition of the Plan Assets (As a percentage of total Plan Assets)

Particulars	Superannuation Trust		Gratuity Trust*	
	As at March 31, 2013	As at March 31, 2012	**As at March 31, 2013**	As at March 31, 2012
Central and State Government Securities	**45.22**	34.58	**45.07**	40.76
Investment in other permitted securities	**50.53**	52.56	**52.15**	55.63
Others	**4.25**	12.86	**2.78**	3.61
Total %	**100.00**	100.00	**100.00**	100.00

The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

* The composition of investments in the fair value of Plan Assets relating to Gratuity as given above relates to Plant I only. The Gratuity Fund relating to Plant II is maintained with LIC and details of investments are not furnished in the absence of information from LIC.

Experience Adjustments

Superannuation	Year ended				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Defined Benefit Obligations	**109.66**	114.19	106.16	100.72	68.59
Plan Assets	**122.22**	119.57	108.06	73.18	64.71
Surplus / (Deficit)	**12.56**	5.38	1.90	(27.54)	(3.88)
Experience Adjustments on Plan Liabilities	**(15.43)**	(2.55)	(7.43)	22.43	(0.45)
Experience Adjustments on Plan Assets	**(1.37)**	2.03	3.07	(0.16)	(0.12)

Gratuity	Year ended				
	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Defined Benefit Obligations	**265.77**	247.87	219.24	194.67	162.74
Plan Assets	**260.08**	220.62	210.17	170.84	148.18
Surplus / (Deficit)	**(5.69)**	(27.25)	(9.07)	(23.83)	(14.56)
Experience Adjustments on Plan Liabilities	**(0.02)**	36.85	1.31	11.14	9.54
Experience Adjustments on Plan Assets	**(1.17)**	(6.52)	2.07	(0.25)	0.17

Principal Actuarial assumptions for Gratuity and Post Employment obligations

Particulars	Rate (%)	
	2012-13	2011-12
a) Discount Rate	7.50	7.50
b) Future salary increase(*)	5.00	5.00
c) Attrition rate	3.00	5.00

(*) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

34 - Related Party Disclosures

List of Related Parties:

Associate:

SIDD Life Sciences Private Limited

Key Management Personnel:

Mr Muthukrishnan Ravi, Managing Director

Enterprise over which Key Management Personnel exercises significant influence:

Tamilnadu Petroproducts Limited (with effect from 4th February 2013)

Note: Related parties have been identified by the Management and relied upon by the Auditors.

Transactions with related parties and balance outstanding: (Rs. in lakhs)

Nature of Transaction	Related Party	FY 2012-13	FY 2011-12
Purchase of goods	Tamilnadu Petroproducts Limited	**240.73**	
Sale of goods	Tamilnadu Petroproducts Limited	**40.06**	
Remuneration paid	Mr. Muthukrishnan Ravi	**76.30**	47.33
Remuneration outstanding	Mr. Muthukrishnan Ravi	**19.23**	6.85
Reimbursement received in respect of Remuneration paid to Key Management Personnel	Tamilnadu Petroproducts Limited	**6.13**	
Amounts outstanding - Net Amount Receivable	Tamilnadu Petroproducts Limited	**534.31**	
Deposits outstanding - Amount payable	Tamilnadu Petroproducts Limited	**193.34**	

35 - Earnings Per Share (EPS)

The following reflects the profit and shares related data used in the Basic EPS computations:

	Year ended March 31, 2013	Year ended March 31, 2012
Net Profit After Tax (Rupees in Lakhs)	**2,731.59**	4,367.97
No. of shares used in computing Earnings Per Share	**171,999,229**	171,999,229
Earnings Per Share - Basic and diluted (in Rupees)	**1.59**	2.54
Face Value per share (in Rupees)	**5.00**	5.00

36 - Deferred Tax (Liability) / Asset

The components of Deferred Tax Liability [net] are as follows

Tax effect of items constituting Deferred Tax liability	As at March 31, 2012	**For the year**	**As at March 31, 2013**
On difference between book balance and Tax balance of fixed assets	1,726.92	**137.56**	**1,864.48**
Tax effect of items constituting Deferred Tax assets			
Provision for doubtful debts / advances	(102.78)	**3.04**	**(99.74)**
Disallowance under section 43B of Income Tax Act, 1961 (Provision for wage arrears)	(54.45)	**(164.37)**	**(218.82)**
Provision for compensated absences, Gratuity and other employee benefits	(225.49)	**182.04**	**(43.45)**
Net Deferred Tax (Liability) / Asset	1,344.20	**158.27**	**1,502.47**

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

Manali Petrochemicals Limited

Ponneri High Road, Manali,
Chennai - 600 068.

Notice to Shareholders

NOTICE is hereby given that the 27th Annual General Meeting of the Members of Manali Petrochemicals Limited will be held at Rajah Annamalai Mandram, 5, Esplanade Road (Near High Court), Chennai – 600 108, on Friday, the 2nd August 2013 at 10.15 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2013, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Mr. Sanjiv Ralph Noronha who retires by rotation and being eligible offers himself for re-election.
4. To consider and if thought fit, to pass, with or without modification, the following Resolution as an **ORDINARY RESOLUTION**:

   RESOLVED THAT pursuant to Section 224 of the Companies Act, 1956, M/s. Deloitte Haskins and Sells, Chartered Accountants, Chennai, the retiring Auditors with ICAI Registration Number 008072S, be and are hereby re-appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS

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

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

Date 12th June 2013
Registered Office:
SPIC HOUSE
88 Mount Road, Guindy
Chennai – 600 032

By Order of the Board
for Manali Petrochemicals Limited

S Vasudevan
CFO & Company Secretary

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and to vote on poll on his behalf. The proxy need not be a Member of the Company.
2. The proxies in order to be valid must be received by the Company at its Registered Office or Principal Office at Ponneri High Road, Manali not less than 48 hours before the commencement of the meeting.
3. Members / Proxies should bring the attendance slip, duly filled in and signed and hand over the same at the entrance of the hall for attending the meeting. Members are requested to indicate their Folio No./DP ID and Client ID numbers in the attendance slips.
4. Members are requested to bring their copies of the Annual Report.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd July 2013 to 2nd August 2013 (both days inclusive).
6. Members are requested to avail nomination facility by sending their request in the prescribed form to M/s Cameo Corporate Services Limited, Chennai, the Registrars and Share Transfer Agent (RTA) of the Company (if not already sent).
7. In terms of SEBI's circular mandating payment of dividend in electronic form, Members are requested to furnish their bank account details for receipt of dividend. The form for this purpose is available on the Company's website www.manalipetro.com and Members may send the same duly completed to the RTA. Members holding shares in demat form are requested to update their bank mandates with their respective Depository Participants.
8. The complete Annual Report for the years 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13 are available in the Company's website www.manalipetro.com.
9. In terms of the Green Initiative in Corporate Governance of the Ministry of Corporate Affairs, communicated vide General Circular No. 17/2011 dated 21-04-2011 read with General Circular No. 18/2011 dated 29-04-2011, the Annual Reports, notice of meetings and other statutory documents required to be furnished by the Company to the Members can be sent in electronic mode. For this purpose, the Members are requested to register their e-mail addresses with the RTA, for receiving the aforesaid information in electronic mode.
10. In terms of Section 219 of the Companies Act, 1956, read with Clause 32 of the listing agreement, the Abridged Financial Statements are enclosed together with other documents prescribed. The full version of the Annual Report is available in the website of the Company as stated above and will be available for inspection at the Registered Office of the Company on all working days. Members desirous of receiving the full version of the Annual Report may send their requests in writing by courier or post or e-mail with scanned copy of the request to the Registrars.

Annexure to Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

Item No: 5

The Board appointed Mr Kulbir Singh as an Additional Director of the Company with effect from 12th June 2013. Pursuant to Section 260 of the Companies Act, 1956 (the Act) he holds office till the ensuing Annual General Meeting. It is proposed to appoint him as a Director of the Company liable to retire by rotation for which notice has been received from a Member under Section 257 of the Act. He has a combination of leadership and advisory experience which will be beneficial to the Company.

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

Date 12th June 2013
Registered Office:
SPIC HOUSE
88 Mount Road, Guindy
Chennai – 600 032

By Order of the Board
for Manali Petrochemicals Limited

S Vasudevan
CFO & Company Secretary

Brief Profile of Directors seeking appointment / re-appointment at the 27th Annual General Meeting

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

Mr. Noronha is the Managing Director and Founder of SEAI International Pte Ltd. Prior to founding SEAI in September 2007 he was the Group Managing Director for Chemoil Energy Limited, a company listed on the Singapore Stock Exchange. He joined Chemoil in 1993 and from infancy grew the company to a US$ 6 billion Corporation with offices and operations around the globe. During his tenure in Chemoil he built its new ventures; a Global Shipping Company and an Oil Storage Facility.

He has had a wide spectrum of experience in functional areas across the world. His extensive experience includes general management, new business start-up, providing strategy, strategy implementation and turnaround management. Prior to joining Chemoil, he had 4 years of experience in banking in Manila, Philippines and automobile manufacturing in India.

Mr. Noronha does not hold any shares in MPL. He is a Director of Tamilnadu Petroproducts Limited, Greenstar Fertilizers Limited, PSA SICAL Terminals Limited, SEAI International Pte Ltd., Wilson International Trading Private Limited and Oceanconnect Singapore Private Limited and also a member of the Audit Committee of Greenstar Fertilizers Limited.

Mr. Kulbir Singh, 65, had his schooling in Doon School, Dehra Dun and holds an Honours Degree in Economics from St. Joseph's College, North Point, Darjeeling. After graduation, he joined Grindlays Bank in 1967 and served them for nearly 30 years. He was based in London, Hong Kong and Dubai for more than a decade. While in Dubai, he helped create and co-head the Private Banking Business of Grindlays across six countries in the Gulf, which then grew to become a multi-million dollar activity. Prior to relocating to the Middle East, he was responsible for the Bank's entire corporate banking business of Western India based in Mumbai, overseeing some of the organization's largest client relationships and leading a team of over 200 staff.

In end 1996 he returned to India to establish his own advisory business and since then has been advising various Groups and corporates on restructuring of business in India. Mr. Singh does not hold any shares in MPL. He is a Director of Citadel Corporate Services Private Limited, Harig Crankshafts Limited, Secure Earth Technologies Limited, Persistent Sentinel India Private Limited, PineBridge Investments Asset Management Company (India) Private Limited, Prem Narain Management Consultants Private Limited. He is also a member of Audit Committee of Secure Earth Technologies Limited.