MANALI
PETROCHEMICALS

ANNUAL REPORT

2011 – 12

Manali Petrochemicals Limited

(Formerly MANALI PETROCHEMICAL LTD.)

MANALI PETROCHEMICALS

Board of Directors

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

Audit Committee

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

Chief Financial Officer

S Vasudevan

Company Secretary

R Kothandaraman

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 600078

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

Registrars and Share Transfer Agent

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

CONTENTS

Notice to Shareholders

NOTICE is hereby given that the 26th 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 3rd August 2012 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 2012, 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. T K Arun 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 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 as an **ORDINARY RESOLUTION:**

   RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956 and the Articles of Association of the Company, Brig (Retd.) Harish Chandra Chawla be and is hereby appointed as a Director of the Company, liable to retire by rotation.
6. To consider and if thought fit, to pass, with or without modification, the following as an **ORDINARY RESOLUTION:**

   RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Sanjiv Ralph Noronha be and is hereby appointed as a Director of the Company, liable to retire by rotation.
7. To consider and if thought fit, to pass, with or without modification, the following as an **ORDINARY RESOLUTION:**

   RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Muthukrishnan Ravi be and is hereby appointed as a Director of the Company, not liable to retire by rotation.
8. To consider and if thought fit, to pass, with or without modification, the following as a **SPECIAL RESOLUTION:**

   RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311, Schedule XIII and other applicable provisions of the Companies Act, 1956, and the Articles of Association and subject to such approvals as may be required, consent of the Company be and is hereby accorded for the appointment of Mr. Muthukrishnan Ravi, as the Wholetime Director/Managing Director of the Company on the terms and conditions as detailed below:

   a Period of Appointment — 3 years (29-07-2011 to 28-07-2014)

   b Nature of Appointment — Contractual

   c Remuneration

   Mr. Muthukrishnan Ravi shall be paid remuneration as detailed below:

   i. Basic Salary — Rs. 1,50,000 per month

   ii. Allowances — Rs. 2,77,310 per month

   In addition to the above, Mr. Muthukrishnan Ravi shall be eligible for annual performance pay not exceeding Rs.10 lakhs for the period till 31st March 2012 and Rs.20 lakhs from 1st April 2012, allowance in lieu of superannuation contribution @ 15% of basic salary, medical reimbursement and leave travel concession, each not exceeding one month's basic pay per annum.

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

   The following shall not be included in the computation of the ceiling of remuneration to Mr. Muthukrishnan Ravi:

   - Encashment of leave as per the Rules of the Company.
   - Provision of car with driver for business and personal use.
   - Provision of telephone at residence and cellular phone.
   - Reimbursement of entertainment expenses and travelling expenses actually incurred for the conduct of the business of the Company, subject to a reasonable ceiling as may be fixed by the Board from time to time.

   d Payment of minimum remuneration in the event of loss or inadequacy of profits:

   In the event of inadequacy of profits, the aforesaid remuneration shall be the minimum remuneration payable to Mr. Muthukrishnan Ravi.

Date 25th April 2012
Registered Office:
SPIC HOUSE
88 Mount Road, Guindy,
Chennai - 600 032.

By Order of the Board
For **Manali Petrochemicals Limited**

R Kothandaraman
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 and 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 / 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 slip.
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 July 23, 2012 to August 3, 2012 (both days inclusive).
6. Members are requested to furnish the details of their nomination (if not already sent) in the prescribed form to M/s Cameo Corporate Services Limited, Chennai, the Registrars and Share Transfer Agent (RTA) of the Company.
7. To avoid postal delays, misplacement and fraudulent encashment of the dividend warrants, Members are requested to avail ECS facility for receipt of dividend. The form for this purpose is available on the Company's website www.manalipetro.com and Members desirous of using the facility 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. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 and a brief resume of the Director seeking re-election at the AGM are annexed to this notice.
9. The complete Annual Report for the years 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 are available in the Company's website www.manalipetro.com.
10. 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.

Annexure to Notice
EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 5, 6 and 7

Appointment of Directors under Section 257 of the Companies Act, 1956

The Board appointed Brig (Retd.) Harish Chandra Chawla, Mr. Sanjiv Ralph Noronha and Mr. Muthukrishnan Ravi as Additional Directors of the Company on 29th July 2011. Pursuant to Section 260 of the Companies Act, 1956, (the Act) they hold office till the ensuing Annual General Meeting. It is proposed to appoint them as Directors of the Company for which notices have been received from Members under Section 257 of the Act.

Mr. Ravi was also appointed as the Whole Time Director of the Company for a period of 3 years with effect from the said date and as the Managing Director from 1st October 2011. Mr. Chawla and Mr. Noronha will be liable to retire by rotation and in terms of Article 148 of the Articles of Association, Mr. Ravi, being the Managing Director will not be liable to retire by rotation. Brief profiles of the proposed appointees are as below:

Brig (Retd.) Harish Chandra Chawla holds a master's degree in science and is an M. Tech from IIT, Delhi, a Fellow of the Institution of Electronic and Telecom Engineers and a Member of Computer Society of India. He has done Finance Course in IIM, Bangalore and Executive Management Course in ISB, Hyderabad.

Mr. Chawla served the Indian Army in various capacities for 36 years and retired as a Brigadier. During his tenure with the Army, he has handled managerial, administrative and technical functions and in the last 3 years of his service, he held strategic level positions in a project of national importance and was involved in project planning and execution of a large project relating to development of equipment.

Post retirement from the Army, Mr. Chawla has 11 years experience in the private sector, including as Managing Director/Director for about six years. He was the Chairman of Modern Protection and Investigation, Mumbai a security services company, Managing Director of ISS SDB Services Pvt. Ltd. and Director of Innovative Salary Services and Payroll Advisor Pvt. Ltd. He is a Director of Security Knowledge & Skill Development Council, a Section 25 company.

Mr. Chawla does not hold any shares in MPL.

Mr. Sanjiv Ralph Noronha received his Bachelor's Degree in Mechanical Engineering from Shivaji University in India. He completed his Masters 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.

Mr. Noronha has had a wide spectrum of experience in various 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 SEAI International Pte Ltd., Singapore, Wilson International Trading Private Limited, Singapore, Greenstar Fertilizers Limited, Chennai and PSA SICAL Terminals Limited, Chennai.

Profile of Mr. Muthukrishnan Ravi is given under Item No. 8

The Board recommends the resolutions for the consideration of the members. Except the respective appointees, none of the other Directors is interested or concerned in the resolutions.

Item No. 8

Approval for appointment and remuneration of Mr. Muthukrishnan Ravi as the Managing Director of the Company

Mr. Muthukrishnan Ravi, a B.Tech., MBA started his career as an Assistant Engineer in Indian Organic Chemicals Ltd., Chennai in 1982. He was associated with reputed organizations like Madras Refineries Ltd (now CPCL), SADAF, Saudi Arabia and ESSO Singapore. He was the Commercial Head for Asia Pacific and Country Head for Indian Sub Continent, DOW Chemicals from 1997 to 2009 and took over as Executive Vice President for Strategy and Global Sourcing of Sanmar Chemplast in 2009.

Mr. Ravi joined Manali Petrochemicals as the Chief Operating Officer from 1st April 2011. He was appointed as an Additional Director of the Company at the Board Meeting held on 29th July 2011. He was appointed as a Whole Time Director for a period of 3 years on the remuneration recommended by the Remuneration Committee and approved by the Board. Mr. Ravi took over as the Managing Director of the Company from 1st October 2011.

At the meeting held on 25th April 2012, Board has, based on the recommendation of the Remuneration Committee, increased the annual performance pay to Mr. Ravi from Rs. 10 lakhs to Rs. 20 lakhs with effect from 1st April 2012.

Mr. Ravi does not hold any shares in MPL and also does not hold directorship in any other company.

Statement pursuant to Clause (iv) of proviso to Sub paragraph C of Paragraph 1 of Section II of Part II of Schedule XIII to the Act is enclosed to the extent applicable.

The Board recommends the resolution for the consideration of the Members. Except Mr. Muthukrishnan Ravi, none of the other Directors is interested or concerned in the resolution.

Date 25th April 2012
Registered Office:
SPIC HOUSE
88 Mount Road, Guindy,
Chennai - 600 032.

By Order of the Board
For **Manali Petrochemicals Limited**

R Kothandaraman
Company Secretary

Statement pursuant to Clause (iv) of proviso to Sub-paragraph C of Paragraph 1 of Section II of Part II of Schedule XIII to the Act

A. GENERAL INFORMATION

(1)	Nature of industry	Petrochemicals – Manufacture of Propylene Oxide, Propylene Glycol and Polyols, intermediates with applications across a spectrum of industries including Pharmaceuticals, Polyurethane, Resin, Fragrances, Food, Refrigeration, Oil Drilling, etc.		
(2)	Year of Commencement of commercial production	1990		
(3)	Financial performance		(Rs. lakhs)	
		YEAR	**SALES**	**PAT**
		2009-10	38,869.81	2,106.27
		2010-11	45,190.27	2,527.75
		2011-12	57,303.22	4,367.97
(4)	Export performance	**YEAR**	(Rs. lakhs)	
		2009-10	83.46	
		2010-11	251.54	
		2011-12	340.89	

B. INFORMATION ABOUT THE APPOINTEE

(1)	Background details	Furnished under Item 8 of the Explanatory statement
(2)	Past remuneration	This is the first appointment of Mr. Ravi as the Managing Director of the Company.
(3)	Job profile and his suitability	As Managing Director of the Company he will be responsible for the management of the Company, subject to the superintendence, guidance and control of the Board of Directors of the Company. Taking into account his previous experience, educational background, knowledge about the industry and the nature and size of operations of the Company, he is a fit and proper person to be appointed as the Managing Director of the Company.
(4)	Remuneration proposed	Details furnished in the relevant resolution.
(5)	Comparative remuneration profile with respect to industry, size of the company profile of the position and person.	The proposed remuneration is reasonable with respect to the industry, size of the company and job profile of the proposed appointee.
(6)	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	NIL

C. DISCLOSURES

(1)	Information on remuneration package	Details furnished in the relevant resolution.
(2)	Other disclosures	Information on elements of remuneration, components, terms of service and stock option are furnished in the resolution / report on Corporate Governance annexed to the Report of the Board of Directors.

Brief Resume of Mr. T K Arun, seeking re-appointment at the 26th Annual General Meeting

Mr. T K Arun holds a Bachelor's Degree in Commerce and is an Associate Member of the Institute of Company Secretaries of India, New Delhi. He is the General Manager and Secretary of Tamilnadu Industrial Development Corporation Limited (TIDCO), wholly owned by the Government of Tamilnadu. He also serves as Nominee Director in companies assisted by TIDCO.

Mr. Arun's expertise includes structuring of Public Private Partnerships (PPPs) for Infrastructure Projects including Water, Ports and Roads, PPP documentation viz., Concession Agreements and related Contracts, Bid Process Structuring, Bid Process Management; Contract drafting / negotiation, Contract Management and Arbitration.

Mr. Arun does not hold any equity shares in the Company. He is a Director of Cheslind Textiles Limited, Tamilnadu Petroproducts Limited, Southern Petrochemical Industries Corporation Limited, Ascendas IT Park (Chennai) Limited, DLF Infopark Developers (Chennai) Limited, Sree Maruthi Marine Industries Limited, Tanflora Infrastructure Park Limited and TIDEL Park Limited.

Directors' Report and Management Discussion & Analysis Report

To

The Shareholders

The Directors present their 26th Annual Report on the business and operations of your Company and the Audited Statement of Accounts for the year ended 31st March 2012.

Financial Results (Rs. in crore)

Description	2011-12	2010-11
Profit Before Interest & Depreciation	**66.69**	40.76
Interest	**1.92**	1.54
Depreciation	**5.88**	4.91
Profit Before Tax	**58.89**	34.31
Provision for Taxation	**15.21**	9.04
Profit After Tax	**43.68**	25.27
Cash Profit	**49.87**	31.60

During the year, the Company achieved a profit before tax of Rs. 58.89 crore and a profit after tax of Rs. 43.68 crore.

Operational Highlights

During the year under review, the process units were continued to be operated at higher capacity and production was stepped up and streamlined. The Company embarked on capital proposals for adding certain balancing equipments and facilities to optimize the capacity utilization. The new polyol facility in Plant 2, which was commissioned in Feb. 2011, was operated satisfactorily during the year. The bio-mass fired 4.2 MW co-generation captive power plant also performed well, enabling the Company to overcome the problems on account of restrictions imposed on power consumption.

In order to ensure availability of sufficient quantities of Propylene Oxide (PO) for the derivative plants, your Company has entered into agreement for storage of imported PO in bulk, which is expected to be ready by early 2013.

During the year, 1,14,51,053 equity shares were transferred by SPIC to Dr. A C Muthiah and SIDD Life Sciences Private Limited as inter se transfer among promoters.

The Registrar of Companies, Tamil Nadu, Chennai accorded his approval for change of the name of the Company as **Manali Petrochemicals Limited** vide fresh certificate of incorporation dated 18th August 2011.

Dividend

Your Directors recommend a 12 % dividend i.e. sixty paise for every equity share of Rs. 5/- each fully paid-up, for the year 2011-12, aggregating to Rs. 10.32 crore, excluding dividend distribution tax.

Market Scenario

The Company achieved a turnover of Rs. 630.45 crore against Rs. 497.63 crore in FY 2010-11, an increase of 27%. This was possible due to better selling price for the products and a marginal increase in sales volume.

During the year under review, the country witnessed a slow-down in economic growth and the manufacturing sector's performance was adversely affected due to various factors like high inflation, higher interest rates and frequent power cuts etc. Contrary to the general trend, the Indian Polyurethane market registered a positive growth in the last financial year. Sale of various grades of polyol like base polyol, slab stock polyol and elastomers improved considerably. However, reduction of duty on polyols to zero percent under Free Trade Agreements with ASEAN countries caused severe margin pressure on your Company. This was managed by a combination of better raw material sourcing and restructuring of the product portfolio.

Future Outlook and New Products

Indian Polyurethane industry's performance during 2007-2012 has been impressive with double-digit growth. The industry is expected to grow further in the medium term and your Company is confident of increasing its market share. Steps have also been initiated to foray into new segments by developing polyols for visco elastic and flexible slab stock memory foam application and to improve physical properties of moulded foam. In keeping with its commitment to environment, your Company is developing formulations that are more environment friendly and widely based on the international markets.

Opportunities and Threats

The Company is poised to increase its market share in the pharmaceutical and industrial application segments, where the value addition is more. However, as stated earlier, duty concessions for import of polyols and other products under the Free Trade Agreements with ASEAN countries have opened up stiff competition. The Company would have to operate with thin margins to ward off the competition. Protective actions are contemplated to overcome the situation through better value addition and new products.

Risks and Concerns

Availability of PO for the derivative plants at a reasonable cost could be a major risk, as the Company has facilities to produce only 36,000 TPA of PO with limited scope for expansion. Import of PO in ISO tankers would not be economical. However, on the storage facility of imported PO in bulk becoming operational, your Company would be in a position to meet its requirement of PO, without much difficulty and at a reasonable cost.

Environment and Safety

The periodic surveillance audits of ISO 9001 and ISO 14000 have been done regularly and the re-certification audits were conducted in March 2012.

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.

Industrial Relations

As on 31st March 2012, your company had 332 employees on its roll including Engineers, Technicians and Trainees. Wherever necessary, training is imparted at all levels.

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. M Sivagnanam, Director resigned on 29th July 2011 and on 30th September 2011, Mr. G Ramachandran, Managing Director took early retirement and Mr. K K Rajagopalan, Director (Finance) retired. The Board wishes to place on record its appreciation for the services rendered by Mr. Sivagnanam, Mr.Ramachandran and Mr.Rajagopalan during their association with the Company.

Brig (Retd.) Harish Chawla, Mr. Sanjiv Noronha and Mr. Muthukrishnan Ravi were appointed as Additional Directors on 29th July 2011 to hold office till the ensuing Annual General Meeting (AGM). Pursuant to Section 257 of the Act, notices have been received from Members proposing their appointment as Directors of the Company at the ensuing AGM.

Mr. Muthukrishnan Ravi was also appointed as a Whole-time Director on the said date and he became the Managing Director of the Company from 1st October 2011. The proposal seeking approval of his appointment and remuneration is being placed before the Members at the ensuing AGM.

Pursuant to the provisions of the Act and the Articles of Association of the Company Mr. T K Arun, Director retires by rotation and being eligible, offers himself for re-election.

Directors' Responsibility Statement

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

(a) in the preparation of the annual accounts for the Financial Year ended 31st March 2012, 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 2012 on a going concern basis.

Corporate Governance

Your Company has complied with the requirements of Corporate Governance as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges. A Report on Corporate Governance is made a part of this Report and a Certificate from the Auditors regarding compliance with the requirements of Corporate Governance is attached to this Report.

Details of unclaimed Share Certificates

As required under Clause 5A of the Listing Agreement, three reminders were sent to the concerned shareholders during the year.

As per the information provided by the Registrars and Share Transfer Agent, the following are the details of unclaimed share certificates:

Particulars	No. of shareholders	No. of shares
Balance as on 01-04-2011	7,177	17,43,308
Add: Returned during the year	656	98,400
Less : Released during the year	429	55,855
Balance as on 31-03-2012	7,404	17,85,853

Dematerializing the balance shares remaining unclaimed by the shareholders and transfer of the same to a separate demat account in accordance with the requirements of the said Clause 5A is under process.

Cost Audit

The Government of India has ordered the Company to conduct audit of the cost accounts in respect of ‘Chemicals’ manufactured by the Company and accorded its approval for appointment of Mr. S Gopalan, Proprietor, S Gopalan & Associates, Cost Accountants, Chennai as the Cost Auditor of the Company for the year 2011-12. The Cost Audit Report for the year 2010-11 was filed with the Central Government on 17-08-2011.

Auditors

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

Adequacy of Internal Controls

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

Acknowledgement

Your Directors express their grateful thanks for the assistance, co-operation and support extended to the Company by the Government of India, the Government of Tamilnadu, the Promoters and the consortium of Banks. The Directors wish to 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 macro economic/environment changes, on which the Company may have no control and impact the views perceived or expressed herein.

For and on behalf of the Board

Chennai
25th April 2012

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	52 years	B. Tech. MBA (XLRI)	30 years	Sanmar Chemplast Limited as Executive Vice President for Strategy and Global Sourcing	01-04-2011	70,00,000

Notes:

1. The appointment is contractual.
2. Mr. Ravi was appointed as the Chief Operating Officer on 01-04-2011 and as an Additional/Wholetime Director on 29-07-2011. He took over as the Managing Director w.e.f. 01-10-2011.

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 2012, are furnished below to the extent applicable:

A. Conservation of Energy

(a) Energy conservation measures taken :
- The Mono Propylene Glycol Column 1 at Plant II has been modified to operate at lower temperatures and savings in steam achieved.
- The pressure steam from Propylene Glycol plant has been recovered and utilized for Milk of Lime, resulting in savings in steam consumption.
- Saving in furnace oil and diesel through reduction in downtime of Captive Power Plant by operating the boiler at a lower temperature.

(b) Additional investments and proposals being implemented for reduction of consumption of energy:
- Saponifier top stream in Propylene Oxide plant will be fed directly instead of through compressor, resulting in savings of steam.
- Productivity at polyol plant to be augmented without any substantial increase in power consumption.

(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 about Rs. 1.50 Crore per annum.
- The savings envisaged by implementing the energy conservation measures as at (b) for reduction of energy consumption and consequent impact on the cost of production of goods estimated to be around Rs. 1.00 crore per annum.

(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, 2012	Year ended March 31, 2011
(A) Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Units	**66,73,870**	29,09,232
Amount (Rs.) (i.e. cost paid to TNEB)	**3,17,34,816**	1,50,70,998
Rate per Unit (Rs.)	**4.76**	5.18
MD Charges (Rs./ KVA)	**300**	300
(b) Own Generation		
i. Through Diesel Generator (Units)	**15,46,917**	20,81,919
Unit per litre of diesel	**3.57**	3.48
Cost per unit (Rs.)	**11.49**	11.15
ii. Through Steam Turbine (Gross)	**2,79,38,495**	2,90,30,150
Through Steam Turbine (Net)	**2,26,06,826**	2,40,17,525
Units per MT of wood, net of cogeneration steam	**550**	590
Cost per unit (Rs.)	**4.94**	4.22
2. Coal	**Nil**	Nil
3. Furnace Oil (Qty in KL)	**5,607**	6,024
Amount (Rs.)	**19,46,83,658**	15,20,41,739
Average Rate (Rs./KL)	**34,719**	25,241
4. Others		
Wood Qty. (MT)	**41,090**	40,732
Amount in (Rs.)	**11,16,88,123**	10,14,19,263
Average Rate (Rs. /MT)	**2,718**	2,490
(B) Consumption per unit of production		
Production (in MT)	**58,887**	54,740
Electricity (in Units)	**519**	521
Furnace Oil (in KL) (**)	**0.172**	0.140
Coal	**Nil**	Nil
Others - Wood (in MT) (++)	**1.370**	1.880

**** 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.
- Cost reduction exercises.
- Visco-elastic polyol systems for flexible moulded memory foam.
- High functionality polyols.
- Clouding polyols for oil field.

2. Benefits derived as a result of above:

- 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.
- Introduce formulations for alternative blowing agents to phase out HCFC as per country's programme.
- Develop special polyol for improved physical properties of moulded foam

4. Expenditure on R & D :

		(Rs. in Lakhs)
(a) Capital	:	15.93
(b) Recurring	:	64.90
(c) Total	:	80.83
(d) Total R&D expenditure as a percentage of total turnover	:	0.13%

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: Possibilities for increasing the export of products are being explored.

b. Foreign Exchange earnings and outgo:

	(Rs. in Lakhs)
i. Earnings	340.89
ii. Outgo (on cash basis)	12,609.63

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 2012.

2. Board of Directors:

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

As on 31st March 2012, 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	3 (1)	1
Mr. T K Arun, Nominee of TIDCO	Non Executive, Independent	8	8 (1)
Mr. Babu K Verghese	Non Executive, Independent	-	-
Brig (Retd.) Harish Chandra Chawla	Non Executive, Independent	-	-
Mr. Sanjiv Ralph Noronha	Non Executive, Independent	2	-
Mr. Muthukrishnan Ravi, Managing Director	Executive, Non Independent	-	-

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 2011-12 viz., on 27th April 2011, 29th July 2011, 12th October 2011, 19th October 2011, and 18th January 2012. The 25th AGM of the Company was held on 29th July 2011 and except Mr. G Raghavendran, all the other directors attended the AGM.

The details of attendance of the Directors at the Board Meetings are as follows:

Name	Period of Office held during the year	No. of meetings held during the period of office	No. of Meetings attended
Mr. Ashwin C Muthiah	Full year	5	5
Mr. G Raghavendran *	01-04-2011 to 29-07-2011	1	NIL
Mr. M Sivagnanam #	01-04-2011 to 29-07-2011	2	2
Mr. T K Arun	Full year	5	4
Mr. Babu K Verghese	Full year	5	4
Brig (Retd) Harish Chandra Chawla #	29-07-2011 to 31-03-2012	4	3
Mr. Sanjiv Ralph Noronha #	29-07-2011 to 31-03-2012	4	3
Mr. N Suryanarayanan	01-04-2011 to 27-04-2011	1	1
Mr. G Ramachandran	01-04-2011 to 30-09-2011	2	2
Mr. K K Rajagopalan	01-04-2011 to 30-09-2011	2	2
Mr. Muthukrishnan Ravi #	29-07-2011 to 31-03-2012	4	4

Appointed / ceased as Director of the Company at the Board Meeting held after the 25th AGM.

* Till the 25th AGM

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/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.

(ii) Composition:

The Committee comprised of the following independent directors, viz., Mr. M Sivagnanam, Chairman, Mr.G Raghavendran and Mr. T K Arun. Consequent to the changes in the composition of the Board, the Committee was re-constituted on 29th July 2011, with Mr. Sanjiv Ralph Noronha as the Chairman, Mr. T K Arun and Brig (Retd.) Harish Chandra Chawla as the other Members.

Managing Director, Director (Finance) / CFO, representatives of the Statutory Auditors, Cost Auditor and Internal Auditors are invitees to 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 2011-12 on 27th April 2011, 26th July 2011, 19th October 2011 and 18th January 2012 and the details of attendance are as follows:

Name	Period of Office held during the year	No. of meetings held during the period of office	No. of Meetings attended
Mr. M Sivagnanam	01-04-2011 to 29-07-2011	2	2
Mr. G Raghavendran	01-04-2011 to 29-07-2011	1	NIL
Mr. T K Arun	Full year	4	3
Brig (Retd) Harish Chandra Chawla	29-07-2011 to 31-03-2012	2	2
Mr. Sanjiv Ralph Noronha	29-07-2011 to 31-03-2012	2	2

The Unaudited Quarterly Financial Results and the Audited Annual Accounts/Audited Financial Results were reviewed by the Committee before submission to the Board for approval. The annual audit plan, compliance with accounting standards and other related matters were also discussed by the Audit Committee. The appointment of Chief Financial Officer was approved by the Committee at the meeting held on 18th January 2012. In addition to the above, the Committee also reviewed 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.

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 comprised of Mr. Babu K Verghese, Director as the Chairman, Mr. M. Sivagnanam and Mr. T.K.Arun, Directors as the other members. At the Board meeting held on 29th July 2011, Mr. Sanjiv Ralph Noronha was nominated as a Member of the Committee in the place of Mr. M Sivagnanam. During the year 2011-12, the reconstituted Committee met on 29th July 2011 to recommend the 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 2011-12 are detailed below:

Name	Amount (Rs.)
Mr. Ashwin C Muthiah	1,00,000
Mr. G Raghavendran	NIL
Mr. M Sivagnanam	62,000
Mr. T K Arun (Paid to TIDCO)	97,000
Mr. Babu K Verghese	1,08,000
Mr. N Suryanarayanan	20,000
Brig (Retd.) Harish Chandra Chawla	70,000
Mr. Sanjiv Ralph Noronha	72,000
Total	**5,29,000**

(b) Remuneration paid / payable to the Executive Directors for the year 2011-12 are detailed below:

(Rs. in lakhs)

Sl. No.	Name & Designation	Salary and allowances	Contribution to PF and other Funds	Perquisites	Total
01	Mr. G Ramachandran, Managing Director (till 30-09-2011)	18.11	1.72	3.69	23.52
02	Mr. K K Rajagopalan, Director (Finance) (till 30-09-2011)	18.67	1.53	3.24	23.44
03	Mr. Muthukrishnan Ravi Wholetime Director / Managing Director (from 29-07-2011)	26.18	2.04	19.11	47.33
	Total	**62.96**	**5.29**	**26.04**	**94.29**

Executive Directors are under contract of employment with the Company which stipulates a notice period of three months from either side for early separation. No severance fee is payable to the Executive Directors and no Employee Stock Option has been offered by the Company to them.

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, sub-division, consolidation, rematerialization etc. and also was approving the transfer, transmission and transposition of shares. Board at the meeting held on 27th April 2011, delegated the power to approve routine requests from shareholders for transfer, transmission, transposition, change of name etc to the Managing Director and Company Secretary. The Committee, earlier known as Shareholders/Investors Grievance and Share Transfer Committee has been renamed as Shareholders/ Investors Grievance Committee (SIGC).

(ii) Composition, Meetings and attendance:

The Committee comprised of Mr. Babu K Verghese, Director as Chairman and Mr. M Sivagnanam, Director and Mr. G Ramachandran, Managing Director as Members. The Committee was reconstituted on 12th October 2011 with Mr. Babu K Verghese as Chairman and Mr. Muthukrishnan Ravi as the other member. Mr. R Kothandaraman, Company Secretary is the Compliance Officer.

The Committee met 13 times during the year and all the respective Members were present thereat.

(iii) Details of complaints received and redressed:

During the year 75 complaints were received, which were redressed to the satisfaction of the complainants. There were no pending complaints as at the year end.

6. General Body Meetings:

(i) Details of Annual General Meetings and Special Resolutions:

AGM	Year	Venue	Date	Time
23rd	2009	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	17-09-2009	10.00 a.m.
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	10.00 a.m.

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

Date of AGM	Subject
17-09-2009	Reappointment of Mr. G Ramachandran, as Managing Director for the period from 01-09-2009 to 31-08-2012
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

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 25th April 2012.

(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 of 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) 26th Annual General Meeting:

- Date & time	3rd August 2012, 10.15 a.m.
- Venue	Rajah Annamalai Mandram, Esplanade, Chennai 600 108

(ii) Financial Calendar (tentative):

Financial year	1st April 2012 to 31st March 2013
First quarter results	Before 14th August 2012
Second quarter results	Before 14th November 2012
Third quarter results	Before 14th February 2013
Audited Results for the year 2012-13	Before 30th May 2013

(iii) Book Closure date : 23rd July 2012 to 3rd August 2012 (both days inclusive)

(iv) Dividend payment date : 24th August 2012, subject to declaration of dividend at AGM

(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 SIGC.

(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 2011-12. The Company awaits confirmation of delisting from Calcutta Stock Exchange.

(viii) Market Price Data

Month & Year	NSE				BSE			
	Share Price (Rs.)		S & P CNX Nifty		Share Price (Rs.)		Sensex	
	High	Low	High	Low	High	Low	High	Low
April 2011	16.50	11.80	5,944.45	5,693.25	16.10	11.77	19,811.14	18,976.19
May	14.80	12.35	5,775.25	5,328.70	15.00	12.46	19,253.87	17,786.13
June	15.45	12.10	5,657.90	5,195.90	15.45	11.10	18,873.39	17,314.38
July	15.05	13.20	5,740.40	5,453.95	15.45	13.20	19,131.70	18,131.86
August	13.75	10.10	5,551.90	4,720.00	13.75	10.10	18,440.07	15,765.53
September	12.20	10.20	5,169.25	4,758.85	12.20	10.50	17,211.80	15,801.01
October	11.40	10.90	5,399.70	4,728.30	11.95	10.35	17,908.13	15,745.43
November	11.20	09.10	5,326.45	4,639.10	11.30	09.03	17,702.26	15,478.69
December	10.05	07.50	5,099.25	4,531.15	10.05	07.55	17,003.71	15,135.86
January 2012	11.50	08.00	5,217.00	4,588.05	12.50	08.01	17,258.97	15,358.02
February	13.00	10.40	5,629.95	5,159.00	13.50	10.40	18,523.78	17,061.55
March	13.00	09.70	5,499.40	5,135.95	12.20	09.73	18,040.69	16,920.61

(ix) Distribution of shareholding as on March 31, 2012:

Range of shares		Holders		Shares	
From	To	No.	%	No.	%
1	100	17,469	11.65	10,02,790	0.58
101	500	1,07,611	71.75	2,44,50,510	14.22
501	1,000	14,301	9.54	1,13,19,168	6.58
1,001	2,000	5,885	3.92	89,87,270	5.23
2,001	3,000	1,744	1.16	45,92,052	2.67
3,001	4,000	618	0.41	22,69,588	1.32
4,001	5,000	725	0.48	34,74,319	2.02
5,001	10,000	911	0.61	70,09,146	4.08
10,001 & above		719	0.48	10,88,94,386	63.30
Total		**1,49,983**	**100.00**	**17,19,99,229**	**100.00**

(x) Shareholding pattern as on March 31, 2012:

Category	Holders		Shares	
	No.	%	No.	%
Promoters and Promoter Group	5	<0.01	7,70,81,103	44.82
Mutual Funds/UTI	14	0.01	1,92,900	0.12
Financial Institutions	5	<0.01	18,750	0.01
Foreign Institutional Investors	1	<0.01	22,60,000	1.31
Bodies Corporate	1,173	0.78	97,56,618	5.67
Individuals	1,42,655	95.12	7,56,33,348	43.97
HUF	1,322	0.88	40,97,585	2.38
NRIs/OCBs	4,753	3.17	28,04,635	1.63
Clearing Members & others	55	0.04	1,54,290	0.09
Total	**1,49,983**	**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, 2012, 15,43,83,386 shares were held in dematerialized form representing about 90% 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 Share 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. R Kothandaraman, 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 2012 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 the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. 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 the above mentioned Listing Agreement. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Chennai
25th April 2012

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.

Muthukrishnan Ravi
Managing Director

Chennai
25th April 2012

Auditors' Report

To The Members of Manali Petrochemicals Limited

1. We have audited the attached Balance Sheet of Manali Petrochemicals Limited (the Company) as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

   (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 dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

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

   (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Chennai
25th April 2012

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business / activities / result, clauses (xiii) and (xiv) of CARO are not applicable.

(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 inventory:

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

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

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

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(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 Companies Act, 1956, 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) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.

(viii) 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.

(ix) 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 Companies Act, 1956 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.

(x) 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 Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.

(c) There are no 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, 2012 on account of disputes except as given below:

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	Commissioner of Income Tax (Appeals)	2006-07, 2007-08 & 2008-09	104.21
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2003-04	14.46

(xi) In our opinion, the Company does not have any accumulated losses as at the end of the financial year.

(xii) 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.

(xiii) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xiv) In our opinion and according to the information and explanations given to us, the Company has not, during the year, given any guarantee for loans taken by others from banks or financial institutions.

(xv) The Company has not availed any term loan during the year.

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

(xvii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xviii) The Company has not issued any debentures during the year.

(xix) The Company has not raised any money by public issues during the year.

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

Chennai
25th April 2012

Balance Sheet as at March 31, 2012

(Rs. in lakhs)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
Share Capital	3	**8,603.47**	8,603.47
Reserves and Surplus	4	**8,833.73**	5,665.18
		17,437.20	**14,268.65**
(2) Non-current Liabilities			
Deferred Tax Liabilities (Net)	35	**1,344.20**	1,313.58
Other Long-term Liabilities	5	**207.00**	210.72
Long-term Provisions	6	**56.24**	76.23
		1,607.44	1,600.53
(3) Current Liabilities			
Short-term Borrowings	7	**118.72**	592.17
Trade Payables	8	**5,036.15**	4,431.21
Other Current Liabilities	9	**679.57**	458.10
Short-term Provisions	10	**2,171.96**	1,104.59
		8,006.40	6,586.07
TOTAL		**27,051.04**	22,455.25
II. ASSETS			
(1) Non-current Assets			
Fixed Assets			
Tangible Assets	11	**9,890.90**	9,134.47
Intangible Assets	11	**8.07**	18.83
Capital Work-in-progress		**471.55**	835.60
Non-current Investments	12	**0.45**	0.45
Long-term Loans and Advances	13	**572.71**	385.56
		10,943.68	10,374.91
(2) Current Assets			
Current Investments	14	**1,803.45**	3,393.84
Inventories	15	**6,543.81**	4,312.99
Trade Receivables	16	**3,835.41**	2,868.93
Cash and Cash equivalents	17	**631.78**	460.14
Short-term Loans and Advances	18	**3,292.91**	1,044.44
		16,107.36	12,080.34
TOTAL		**27,051.04**	22,455.25

See accompanying Notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

M.K. Ananthanarayanan
Partner
Place : Chennai
Date : 25th April 2012

For and on behalf of the Board of Directors

Ashwin C Muthiah
Chairman

Sanjiv Ralph Noronha
Director

S Vasudevan
Chief Financial Officer

R Kothandaraman
Company Secretary

Muthukrishnan Ravi
Managing Director

Statement of Profit & Loss for the year ended March 31, 2012

(Rs. in lakhs)

Particulars	Note No.	**Year ended March 31, 2012**	Year ended March 31, 2011
(I) Revenues from Operations (Gross)	19	**63,045.36**	49,763.29
Less: Excise Duty		**(5,649.06)**	(4,481.26)
Revenues from Operations (Net)		**57,396.30**	45,282.03
(II) Other Income	20	**683.21**	383.30
(III) Total Revenues (I+II)		**58,079.51**	45,665.33
(IV) Expenses			
Cost of raw materials and packing materials consumed	21	**39,432.27**	31,161.84
Purchase of Traded Goods	21	**1,365.05**	1,353.07
(Increase) in Inventories	22	**(1,381.46)**	(278.95)
Employee Benefits expense	23	**2,483.74**	1,481.28
Finance Costs		**192.29**	154.01
Depreciation	11	**588.40**	490.75
Other Expenses	24	**9,510.34**	7,872.08
Total Expenses		**52,190.63**	42,234.08
(V) Profit Before Tax (III-IV)		**5,888.88**	3,431.25
(VI) Tax Expense			
Current income Tax		**1,490.29**	761.91
Deferred Tax	35	**30.62**	141.59
(VII) Profit for the year (V-VI)		**4,367.97**	2,527.75
(VIII) Earnings Per Share (Basic and Diluted)	34	**2.54**	1.47

See accompanying Notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

M.K. Ananthanarayanan
Partner
Place : Chennai
Date : 25th April 2012

S Vasudevan
Chief Financial Officer

For and on behalf of the Board of Directors

Ashwin C Muthiah
Chairman

Sanjiv Ralph Noronha
Director

R Kothandaraman
Company Secretary

Muthukrishnan Ravi
Managing Director

Cash Flow Statement for the year ended March 31, 2012

(Rs. in lakhs)

		2011-12		2010-11
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax as per Statement of Profit and Loss		**5,888.88**		3,431.25
Non-cash Adjustments				
Depreciation	**588.40**		490.75	
Dividend Income	**(131.21)**		(147.04)	
Interest Expense	**192.29**		154.01	
Interest Income	**(152.58)**		(72.72)	
Provision for doubtful debts no longer required	**(60.96)**		(37.60)	
Foreign Exchange Fluctuations	**186.77**		(34.75)	
Loss on sale / retirement of assets	**93.18**		58.12	
		715.89		410.77
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**6,604.77**		3,842.02
Adjustment for Working Capital				
Inventories	**(2,230.82)**		(1,152.61)	
Trade Receivables	**(890.66)**		614.87	
Short Term Loans and Advances	**(2,248.46)**		335.20	
Long Term Loans and Advances	**(187.15)**		(79.14)	
Long-term Provisions	**(19.99)**		76.23	
Other Long-term Liabilities	**(3.72)**		210.72	
Short-term Provisions	**356.15**		(316.88)	
Trade Payables	**639.65**	**(4,585.00)**	516.87	205.26
Net Cash From Operating Activities before Income Tax		**2,019.77**		4,047.28
Income Tax paid		**(1,248.98)**		(657.37)
Net Cash from Operating Activities [A]		**770.79**		3,389.91
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Tangible Assets and payment towards CWIP		**(1,088.26)**		(2,755.49)
Proceeds from sale of Fixed Assets		**25.06**		73.95
Interest Income		**137.71**		64.73
Dividend Income		**131.21**		147.04
Net Cash used in Investing activities [B]		**(794.28)**		(2,469.77)
C. CASH FLOW FROM FINANCING ACTIVITIES				
(Repayment) / Proceeds from Short-Term borrowings		**(473.45)**		2.15
Interest Paid		**(192.29)**		(154.01)
Dividend Paid		**(590.00)**		(426.11)
Tax on Proposed Equity Dividend		**(139.51)**		(107.13)
Net Cash Used in Financing Activities [C]		**(1,395.25)**		(685.10)
Net (Decrease) / Increase in Cash and Cash Equivalents (D) = (A+B+C)		**(1,418.74)**		235.04
Cash and Cash Equivalents at the beginning of the year		**3,853.97**		3618.93
Cash and Cash Equivalents at the end of the year		**2,435.23**		3853.97
Cash and Cash Equivalents comprise the following:				
Cash on hand and Balances with banks (Note 17)		**631.78**		460.14
Current investments (Note 14)		**1,803.45**		3,393.84
Total		**2,435.23**		3,853.98

See accompanying Notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

M.K. Ananthanarayanan
Partner
Place : Chennai
Date : 25th April 2012

S Vasudevan
Chief Financial Officer

For and on behalf of the Board of Directors

Ashwin C Muthiah
Chairman

Sanjiv Ralph Noronha
Director

R Kothandaraman
Company Secretary

Muthukrishnan Ravi
Managing Director

Notes to Financial Statements for the year ended March 31, 2012

1. Corporate Information

Manali Petrochemicals Limited (the 'Company') is a public Company incorporated on 11th June 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 an accrual basis and under the historical cost convention.

The Accounting policies adopted in the preparation of financial statements are consistent with those of 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. They are recorded at the consideration paid for acquisition.

Capital Work in Progress comprises outstanding advances paid to acquire fixed assets, 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 licences 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 as at the balance sheet date are translated 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 employment benefits

i. Defined Contribution Plan

(a) Provident Fund

Fixed contributions made to the Provident Fund are charged to profit and loss account.

(b) Superannuation

Contributions towards superannuation benefits 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 profit and loss account.

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 Life Insurance Corporation of India/Trust established by the Company. The contribution thereof paid / payable is charged to profit and loss account. Actuarial gains / losses are recognised immediately in the Profit and Loss Account.

(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 profit and loss account.

(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 profit and loss account based on expected obligation on undiscounted basis.

(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 and

(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 Accountants of India. The Company does not dislcose 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.

2.2 Change in depreciation rates

During the year the Company has revised the useful life of Computers with effect from 1st April 2011 and hence the deprciation rates applied on these assets have been changed from 16.21% to 33.33%. Accordingly, the carrying value of these assets as on 1st April 2011 are being depreciated over their remaining revised useful life. The consequential impact of this revision on the financial statements is not material.

(Rs. in lakhs)

	As at March 31, 2012	As at March 31, 2011

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.

The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. For the year ended 31st March 2012, the amount of dividend recognized as distributions to equity shareholders is Re.0.60 per share (Previous year: Re.0.50).

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

	March 31, 2012		March 31, 2011	
Name of shareholders	**No. of shares**	**% holding**	No. of shares	% holding
SIDD Life Sciences Private Limited	**6,58,46,053**	**38.28**	5,44,00,000	31.63
Tamilnadu Industrial Development Corporation Ltd.	**1,12,12,500**	**6.52**	1,12,12,500	6.52
Southern Petrochemical Industries Corporation Limited	**10,000**	**0.01**	1,14,61,053	6.66

4 - Reserves and Surplus

A. SECURITIES PREMIUM RESERVE	**91.45**	91.45
B. GENERAL RESERVE		
Opening Balance	**-**	
Add: Transferred during the year	**109.20**	
Less: Utilised during the year	**-**	
Closing Balance	**109.20**	
C. SURPLUS IN THE STATEMENT OF PROFIT AND LOSS		
Opening Balance	**5,573.73**	4,045.49
Add: Profit for the year	**4,367.97**	2,527.75
Less: Appropriations		
Transfer to General Reserves	**(109.20)**	
Proposed Equity Dividend (Amount per share Re.0.60 [Previous year: Re.0.50])	**(1,032.00)**	(860.00)
Tax on Proposed Equity Dividend	**(167.42)**	(139.51)
Closing Balance	**8,633.08**	5,573.73
Total	**8,833.73**	5,665.18

(Rs. in lakhs)

	As at March 31, 2012	As at March 31, 2011

5 - Other Long-term Liabilities

Deposits	**207.00**	210.72
Total	**207.00**	**210.72**

Above deposits represent the 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 installments commencing from April 2012.

The above deposits have been classified as under:

As Non-current Liabilities	**207.00**	210.72
As Other current Liabilities (Note 9)	**23.00**	15.33

6 - Long-term Provisions

Provision for compensated absences - Non Current	**56.24**	76.23
Total	**56.24**	**76.23**

7 - Short-term Borrowings

Cash Credit from Banks (Secured)	**118.72**	592.17
Total	**118.72**	**592.17**

Cash Credit from banks 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 Cash Credit is repayable on demand.

Interest-free sales tax loan has been fully settled. 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" from Sales Tax department.

8 - Trade Payables

Acceptances	**1,340.72**	1,251.45
Other than acceptances (Refer Note 27)	**3,695.43**	3,179.76
Total	**5,036.15**	**4,431.21**

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

9 - Other Current Liabilities

Unpaid Dividend	**269.99**	218.89
Other Payables		
Statutory dues (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	**319.30**	161.38
Employee Benefits Payable (Note 32)		
Post Employment Benefits	**43.72**	39.03
Gratuity	**23.56**	23.47
Current Portion of Deposits (Note 5)	**23.00**	15.33
Total	**679.57**	**458.10**

(Rs. in lakhs)

	As at March 31, 2012	As at March 31, 2011

10 - Short-term Provisions

Provision for compensated absences - Current	**44.27**	4.81
Provision - Others		
Proposed Equity Dividend	**1,032.00**	860.00
Tax on Proposed Equity Dividend	**167.42**	139.51
Wage arrears	**696.00**	86.35
Provision for Tax (net of advance tax Rs.1248.98 lakhs [Previous year-Rs. 657.37 lakhs])	**232.27**	13.92
Total	**2,171.96**	1,104.59

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 23rd September 2008. The Company filed an appeal with 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.238.96 lakhs (including Rs.85.35 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 31st March 2012. Pending final decision of the Supreme Court, the Company, as a matter of abundant caution, has estimated the additional liability at Rs.695 lakhs and has during the year created a provision for the said amount. This, according to the management, is the best estimate, which would more than cover the ultimate liability, that the Company may incur in this regard.

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

Balance at beginning of the year	**86.35**	87.10
Charge for the year	**695.00**	-
Payments made during the year	**(85.35)**	(0.75)
Balance at end of the year	**696.00**	86.35

11 - Fixed Assets

(Rs. in lakhs)

Particulars	Gross Block				Accumulated Depreciation and Amortisation				Net Book Value	
	As at April 1, 2011	Additions	Disposals	As at March 31, 2012	As at April 1, 2011	Expense for the year	Eliminated on disposal	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Tangible Assets										
Land	179.75	-	-	**179.75**	-	-	-	-	**179.75**	179.75
Development on lease hold land	20.25	-	-	**20.25**	13.64	**1.07**	-	**14.71**	**5.54**	6.61
Buildings	1,303.43	**0.94**	-	**1,304.37**	439.32	**38.57**	-	**477.89**	**826.48**	864.11
Plant and Machinery	24,937.41	**1,406.16**	**921.33**	**25,422.24**	17,019.52	**513.57**	**826.89**	**16,706.20**	**8,716.04**	7,917.89
Furniture and Fixtures	79.16	**2.43**	**65.14**	**16.45**	71.13	**0.16**	**61.61**	**9.68**	**6.77**	8.03
Office Equipment	120.08	**17.28**	**32.58**	**104.78**	33.47	**4.39**	**27.36**	**10.50**	**94.28**	86.61
Computers	348.96	**9.93**	-	**358.89**	313.34	**15.21**	-	**328.55**	**30.34**	35.62
Vehicles	83.75	**15.58**	**32.87**	**66.46**	47.90	**4.67**	**17.81**	**34.76**	**31.70**	35.85
Sub-total	**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**	**9,134.47**
Intangible Assets										
Computer Software	32.28	-		**32.28**	13.45	**10.76**	-	**24.21**	**8.07**	18.83
Total	**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**
Previous Year	**25,898.64**	**2,146.80**	**940.37**	**27,105.07**	**18,269.32**	**490.75**	**808.30**	**17,951.77**	**9,153.30**	**7,629.32**

(Rs. in lakhs)

12 - Non-current Investments

	As at March 31, 2012	As at March 31, 2011
Non-Trade - Quoted		
Investments in Equity instruments		
500 Equity Shares of Rs 10 each fully paid-up in Chennai Petroleum Corporation Limited	**0.45**	0.45
Aggregate amount of quoted investments (Market value - Rs.0.77 Lakhs [Previous year - Rs.1.15 Lakhs])		
Total	**0.45**	0.45

13 - Long-term Loans and Advances

	As at March 31, 2012	As at March 31, 2011
Unsecured, considered Good		
Capital Advances	**54.14**	174.94
Advances to employees	**21.26**	11.08
Other Loans and Advances	**300.00**	-
Balance with Statutory / Government authorities	**197.31**	199.54
Total	**572.71**	**385.56**

14 - Current Investments

	As at March 31, 2012	As at March 31, 2011
Current Investments (valued at lower of cost or fair value, unless stated otherwise)		
Unquoted - Mutual Funds		
UTI Liquid Fund	**-**	574.69
(No. of units - Nil [Previous Year - 57,457])		
UTI Fixed Income Interval Fund	**1,050.93**	2,153.88
(No. of units - 1,05,31,643 [Previous Year - 2,15,36,101])		
UTI Floating Rate Fund	**-**	414.97
(No. of units - Nil [Previous Year - 41,465])		
UTI Dynamic Bond Fund	**-**	250.30
(No. of units - Nil [Previous Year - 24,87,513])		
UTI Money Market Fund	**752.52**	-
(No. of units - 74,999 [Previous Year - Nil])		
Total	**1,803.45**	**3,393.84**

(Rs. in lakhs)

	As at March 31, 2012	As at March 31, 2011

15 - Inventories

Stores and Spares	**617.87**	528.65
Raw Materials	**1,452.01**	1,150.43
Raw Materials in Transit	**1,398.96**	940.40
Work-in-Process	**167.87**	200.57
Traded Goods	**144.06**	229.88
Finished Goods	**2,763.04**	1,263.06
Total	**6,543.81**	4,312.99

16 - Trade Receivables

Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured Considered Good	**0.03**	0.09
Unsecured Considered Doubtful	**316.80**	377.75
	316.83	377.84
Less: Provision for Doubtful Receivables	**316.80**	377.75
	0.03	0.09
Others		
Unsecured Considered Good	**3,835.38**	2,868.84
Total	**3,835.41**	2,868.93

17 - Cash and Cash Equivalents

Cash on hand	**0.56**	0.87
Cheques on hand	**6.59**	35.35
Bank Balances		
Current Accounts	**127.63**	99.58
Margin Money Deposit Accounts (Refer Note below)	**227.01**	105.45
Unpaid Dividend Accounts	**269.99**	218.89
Total	**631.78**	460.14

Cash and Cash Equivalents as at March 31, 2012 and March 31, 2011 include restricted bank balances of Rs.227.01 lakhs and Rs.105.45 lakhs respectively. The restrictions are primarily on account of bank balances being held as margin money deposits against Letters of Credit and Bank Guarantees.

Balance with banks include margin monies amounting to Rs.227.01 lakhs (Previous year Rs.105.45 lakhs) which have an original maturity period of less than 12 months.

(Rs. in lakhs)

18 - Short-term Loans and Advances

	As at March 31, 2012	As at March 31, 2011
Unsecured Considered good		
Inter Corporate Deposit (Refer note below)	**2,000.00**	-
Loans and Advances to Employees	**50.99**	50.32
Security Deposits	**22.99**	9.79
Others	**784.43**	512.92
Prepaid Expenses	**87.23**	148.18
Balances with Government Authorities		
CENVAT credit receivable	**347.27**	323.23
Total	**3,292.91**	1,044.44

Inter Corporate Deposit of Rs.20 crores carries an interest of 9.50% p.a. and is repayable within 12 months.

(Rs. in lakhs)

	Year ended March 31, 2012	Year ended March 31, 2011

19 - REVENUES FROM OPERATIONS

Sale of Products		
Finished goods	**61,307.66**	48,315.48
Traded goods	**1,644.62**	1,356.05
Other Operating Revenue		
Scrap sales	**93.08**	91.76
Revenue from Operations (Gross)	**63,045.36**	49,763.29
Less: Excise Duty #	**5,649.06**	4,481.26
Revenue from Operations (Net)	**57,396.30**	45,282.03

Excise duty on sales amounting to Rs.5,649.06 lakhs (Previous Year: Rs.4,481.26 lakhs) has been reduced from Sales in the Statement of Profit and Loss and Excise Duty on increase in inventories amounting to Rs.224.66 lakhs (Previous Year: Rs.13.66 lakhs) has been considered as expense. (Refer Note 24).

Details of Sales

Manufactured Goods:		
Propylene Oxide	**21.93**	40.30
Propylene Glycol	**20,550.55**	17,067.47
Polyol	**37,292.11**	28,439.59
Others	**3,443.07**	2,768.12
	61,307.66	48,315.48
Traded Goods:		
Isocyanates	**1,644.62**	1,356.05
Total	**62,952.28**	49,671.53

20 - Other Income

Interest Income on		
Bank Deposits	**19.13**	17.97
Customer Deposits	**45.01**	21.30
Others	**88.44**	33.45
Dividend received on current investments	**131.21**	147.04
Insurance claims received	**156.95**	30.00
Provision for Doubtful Debts no longer required written back	**60.96**	37.60
Gain from Foreign Currency Fluctuation [net]	**-**	34.75
Miscellaneous Income	**181.51**	61.19
Total	**683.21**	383.30

(Rs. in lakhs)

21 - Cost of Raw Materials & Packing Materials Consumed

	Year ended March 31, 2012	Year ended March 31, 2011
Opening Stock	**2,090.83**	1,280.44
Add: Purchases	**40,192.41**	31,972.23
	42,283.24	33,252.67
Less: Closing Stock	**2,850.97**	2,090.83
Total	**39,432.27**	31,161.84

Materials consumed comprises:

Propylene	**17,515.60**	13,614.59
Methyloxirane Propylene Oxide	**6,850.95**	4,418.60
Chlorine	**3,606.67**	3,281.70
Others (Individually less than 10% of consumption)	**11,459.05**	9,846.95
Total	**39,432.27**	31,161.84

Purchase of Traded goods

Isocyanates	**1,365.05**	1,353.07

22 - (Increase) in Inventories

Inventories at the beginning of the year		
Finished Goods	**1,263.06**	1,165.61
Work-in-process	**200.57**	96.13
Traded Goods	**229.88**	152.82
	1,693.51	1,414.56
Inventories at the end 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
(Increase) in Inventories	**(1,381.46)**	(278.95)

Details of Work-in-Process

Propylene Oxide	**2.12**	2.00
Propylene Glycol	**79.94**	16.85
Polyol	**85.81**	181.72
Total	**167.87**	200.57

(Rs. in lakhs)

23 - Employee benefits expense

	Year ended March 31, 2012	Year ended March 31, 2011
Salaries and Wages *	**1,970.97**	1,039.30
Contribution to Provident and Other Funds	**87.36**	74.34
Gratuity Expense (Note 32)	**29.96**	23.16
Post-employment benefits (Note 32)	**39.98**	33.76
Staff Welfare Expenses	**355.47**	310.72
Total	**2,483.74**	1,481.28

* Salaries and Wages include Rs. 53.28 lakhs (Previous Year - Rs. 59.97 lakhs) towards R&D expenses

24 - Other Expenses

Power and Fuel	**4,770.12**	4,018.42
Water charges	**714.89**	632.89
Consumption of stores and spares	**454.05**	402.12
Excise Duty on differential inventory (Refer (a) below)	**224.66**	13.66
Rent	**23.92**	25.77
Repairs and Maintenance		
Plant and machinery	**674.44**	647.93
Building	**163.21**	163.94
Others	**145.80**	161.61
Insurance	**205.97**	190.26
Rates and Taxes	**92.63**	144.22
Discount	**849.01**	767.33
Agency Commission	**222.54**	183.09
Legal and Professional fees	**318.75**	93.72
Sitting fees to Directors	**5.29**	7.66
Payment to Auditors:		
Audit fees	**8.00**	8.00
Taxation matters	**0.75**	-
Other services	**3.00**	3.00
Loss on foreign currency fluctuation [net]	**186.77**	-
Loss on sale and / or retirement of assets (net)	**93.18**	58.12
Miscellaneous expenses	**353.36**	350.34
Total	**9,510.34**	7,872.08

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

(b) Other expenses include those relating to R&D aggregating to Rs.11.62 lakhs (Previous Year Rs.7.30 lakhs).

25 - Capital and other Commitments

Estimated value of contracts in capital account remaining to be executed (net of advances) and not provided for is Rs.387.13 lakhs (Previous year Rs.379.42 lakhs).

(Rs. in lakhs)

	As at March 31, 2012	As at March 31, 2011
26 - Contingent Liabilities		
(a) Bills discounted	413.44	308.39
(b) Letters of Credit / Guarantees	3,075.75	2,016.29
(c) Disputed Excise & Customs demands	68.07	74.05
(d) Disputed Sales Tax demands	58.88	57.71
(e) Disputed Income Tax demands	118.67	488.02

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, 2012	As at March 31, 2011
Excise Duty	Customs, Excise and Service Tax Appellate Tribunal	2006-07	-	5.98
	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	**74.05**
Sales Tax	Appellate Deputy Commissioner (CT)	2003-04	**37.91**	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
			58.88	**57.71**
Income Tax	Income Tax Apellate Tribunal	2003-04 (2005-06)	**14.46**	391.78
	Commissioner of Income Tax (Appeals)	2006-07, 2007-08 & 2008-09	**104.21**	96.24
			118.67	**488.02**

The Company is contesting the above demands and the Management believes that it has reasonable chances of the appeals filed against these demands to be decided in its favour. Accordingly no provision is considered necessary in this regard. Against the above demands, the Company has paid Rs.91.30 lakhs (Previous year - Rs. 97.28 lakhs) which is included in long-term loans and advances.

27 - 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-other than acceptances” in Note 8 represent payable to creditors other than MSME.

(Rs. in lakhs)

	Year ended March 31, 2012	Year ended March 31, 2011

28 - Value of Imports calculated on CIF basis

Raw Materials, Stores and Consumables	**11,845.59**	8,657.97
Traded goods	**1,029.61**	1,031.35
Total	**12,875.20**	**9,689.32**

29 - Expenditure in Foreign Currency

Travel	**32.88**	10.14
Others	**6.96**	5.43
Total	**39.84**	**15.57**

30 - Details of consumption of imported and indigenous items

	Year ended 31 March 2012		Year ended 31 March 2011	
	Percentage (%) of total consumption	**Value**	**Percentage (%) of total consumption**	**Value**
i) Raw materials				
Imported	**33.98**	**13,398.19**	32.77	10,211.45
Indigenous	**66.02**	**26,034.08**	67.23	20,950.39
	100.00	**39,432.27**	**100.00**	**31,161.84**
ii) Stores and consumables				
Imported	**5.13**	**23.29**	2.47	9.92
Indigenous	**94.87**	**430.76**	97.53	392.20
	100.00	**454.05**	**100.00**	**402.12**

31 - Earnings in Foreign Currency

Export of goods calculated on FOB basis	**340.89**	251.54
Freight and Insurance	**10.02**	10.76
Total	**350.91**	**262.30**

32 - Employee benefit plans

Defined contribution plans

The Company makes Provident Fund and Superannuation contributions under defined contribution plans for eligible 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.65.64 lakhs (Previous year Rs.55.65 lakhs) for Provident Fund contributions and Rs.39.98 lakhs (Previous year Rs.33.81 lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these Plans by the Company 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

(Rs. In lakhs)

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	
	Year ended 2011-12	Year ended 2010-11	**Year ended 2011-12**	Year ended 2010-11
Current Service Cost	**5.43**	5.32	**19.63**	17.37
Interest cost on benefit obligation	**7.86**	7.55	**14.68**	14.71
Expected return on plan assets	**7.70**	6.01	**17.11**	14.37
Net actuarial (gain)/loss recognised in the year	**(4.20)**	(10.37)	**43.83**	(3.38)
Total expense recognised in the Statement of Profit and Loss	**1.39**	**(3.51)**	**61.03**	**14.33**

Net Asset / (Liability) recognised in the Balance Sheet

Particulars	Superannuation		Gratuity	
	As at March 31, 2012	As at March 31, 2011	**As at March 31, 2012**	As at March 31, 2011
Fair value of plan assets at the end of the year	**119.57**	108.06	**220.62**	210.17
Present value of defined obligations at the end of the year	**114.19**	106.16	**247.87**	219.24
Plan Asset / (Liability) recognised in the Balance Sheet	**5.38**	**1.90**	**(27.25)**	**(9.07)**

Changes in the present value of the defined benefit obligations are as follows :

Particulars	Superannuation		Gratuity	
	Year ended 2011-12	Year ended 2010-11	**Year ended 2011-12**	Year ended 2010-11
Present value of defined benefit obligations as at the beginning of the year	**106.16**	100.72	**214.05**	194.67
Interest cost	**7.86**	7.55	**14.68**	14.71
Current service cost	**5.43**	5.32	**19.63**	17.37
Benefits paid	**2.71**	-	**37.34**	6.20
Actuarial (Gains) / Losses on obligation	**(2.55)**	(7.43)	**36.85**	(1.31)
Present value of defined obligations as at the end of the year	**114.19**	**106.16**	**247.87**	**219.24**

(Rs. In lakhs)

Changes in the fair value of Plan Assets are as follows :

Particulars	Superannuation		Gratuity	
	Year ended March 31, 2012	Year ended March 31, 2011	**Year ended March 31, 2012**	Year ended March 31, 2011
Fair value of Plan Assets at beginning of the year	**110.16**	73.18	**212.01**	170.84
Expected return on plan assets	**7.70**	6.01	**17.11**	14.37
Contributions	**2.39**	25.80	**35.36**	29.09
Benefits paid	**2.71**	-	**37.34**	6.20
Actuarial Gains / (Losses) on plan assets	**2.03**	3.07	**(6.52)**	2.07
Fair value of Plan Assets as at the end of the year	**119.57**	108.06	**220.62**	210.17

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

Particulars	Superannuation		Gratuity	
	As at March 31, 2012	As at March 31, 2011	**As at March 31, 2012**	As at March 31, 2011
Government of India Securities	**21.32**	22.65	**27.18**	27.18
State Government Securities	**7.00**	9.61	**11.40**	11.40
High Quality Corporate Bonds	**52.56**	55.84	**55.63**	55.63
Equity shares of listed companies	**-**	-	**-**	-
Property	**-**	-	**-**	-
Special Deposit scheme	**6.26**	6.64	**2.18**	2.18
Funds managed by Insurer	**-**	-	**-**	-
Others	**12.86**	5.26	**3.61**	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 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, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Defined Benefit Obligations	**114.19**	106.16	100.72	68.59	60.32
Plan Assets	**119.57**	108.06	73.18	64.71	47.90
Surplus / (Deficit)	**5.38**	1.90	(27.54)	(3.88)	(12.42)
Experience Adjustments on Plan Liabilities	**(2.55)**	(7.43)	22.43	(0.45)	9.65
Experience Adjustments on Plan Assets	**2.03**	3.07	(0.16)	(0.12)	13.25

(Rs. In lakhs)

Gratuity	Year ended				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Defined Benefit Obligations	**247.87**	219.24	194.67	162.74	141.46
Plan Assets	**220.62**	210.17	170.84	148.18	144.67
Surplus / (Deficit)	**(27.25)**	(9.07)	(23.83)	(14.56)	3.21
Experience Adjustments on Plan Liabilities	**36.85**	(1.31)	11.14	9.54	11.13
Experience Adjustments on Plan Assets	**(6.52)**	2.07	(0.25)	0.17	(1.63)

Principal Actuarial assumptions for Gratuity and Post Employment obligations

Particulars	Rate (%)	
	2011-12	**2010-11**
(a) Discount Rate	**7.50**	7.50
(b) Future salary increases*	**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.

33 - Related Party Disclosures

Associate:

SIDD Life Sciences Private Limited

Key Management Personnel:

Mr. Muthukrishnan Ravi, Whole Time Director [from 29th July 2011] / Managing Director [from 1st October 2011]
Mr. G Ramachandran, Managing Director [up to 30th September 2011]
Mr. K K Rajagopalan, Director (Finance) [up to 30th September 2011]

Note: Related parties have been identified by the Management.

Transactions with related parties and balance outstanding:

Particulars	**Year ended March 31, 2012**	Year ended March 31, 2011
Mr. Muthukrishnan Ravi		
Remuneration	**47.33**	
Outstanding at the year end	**6.85**	
Mr. G Ramachandran		
Remuneration	**23.52**	37.06
Outstanding at the year end	**-**	10.43
Mr. K K Rajagopalan		
Remuneration	**23.44**	32.69
Outstanding at the year end	**-**	9.01

(Rs. In lakhs)

34 - Earnings Per Share (EPS)

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

	Year ended March 31, 2012	Year ended March 31, 2011
Net Profit after tax	**4,367.97**	2,527.75
No. of Shares used in computing earnings per share	**171,999,229**	171,999,229
Earnings Per Share - Basic and diluted (in Rupees)	**2.54**	1.47
Face Value per share (in Rupees)	**5.00**	5.00

35 - Deferred Tax Liability / (Asset)

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

	As at March 31, 2011	**For the Year**	**As at March 31, 2012**
Tax effect of items constituting Deferred Tax liability			
On difference between book balance and Tax balance of fixed assets	1,482.72	**244.20**	**1,726.92**
Tax effect of items constituting Deferred Tax assets			
Provision for doubtful debts / advances	(122.57)	**19.79**	**(102.78)**
Disallowance under section 43B of Income Tax Act, 1961 Provision for wage arrears	-	**(54.45)**	**(54.45)**
Provision for compensated absences, gratuity and other employee benefits	(46.57)	**(178.92)**	**(225.49)**
Net Deferred Tax Liability/(Asset)	**1,313.58**	**30.62**	**1,344.20**

36 - The Revised Schedule VI has become effective from 1st April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.