



## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 21<sup>st</sup> Annual General Meeting of the Members of Manali Petrochemical Ltd will be held at Raja Annamalai Mandram, Esplanade (Near High Court), Chennai – 600 108, on Saturday, the 1<sup>st</sup> September 2007 at 10.35 AM to transact the following business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March 2007 and the Profit and Loss Account 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. G. Raghavendran, who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in the place of Mr. T. Willington, who retires by rotation and being eligible offers himself for re-election.
5. To consider and if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION :

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

### SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, with or without modification, the following as an ORDINARY RESOLUTION:  
“RESOLVED THAT Mr. Ashwin C Muthiah, whose period of office shall be liable to determination by retirement of Directors by rotation, be and is hereby appointed a Director of the Company”.
7. To consider and if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to Sections 198, 309, 310 and other applicable provisions, if any, and Schedule XIII of the Companies Act, 1956, the Company hereby accords its consent and approval for payment of revised remuneration of Rs.90,000/- per month, Performance Linked Pay of Rs.10.00 lakhs per annum, Allowances and Perquisites not exceeding Rs.16.20 lakhs per annum to Mr. G. Ramachandran, Managing Director of the Company, with effect from 1<sup>st</sup> Jan. 2007 until expiry of his tenure of employment, as have been set out in the Explanatory Statement to the Notice convening this Annual General Meeting.

### Minimum Remuneration

In the event of loss, absence or inadequacy of profits, the remuneration aforesaid shall be the minimum remuneration. Any excess over the limits prescribed under the Companies Act, 1956 shall become payable with the approval of the Central Government, if so required.”

8. To consider and if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 198, 309, 310 and other applicable provisions, if any and Schedule XIII of the Companies Act, 1956, the Company hereby approves the payment of revised remuneration to Mr. K K Rajagopalan, Director (Finance) for the period from 1<sup>st</sup> Aug. 2006 to 31<sup>st</sup> Dec. 2006 of (i) Salary : Rs.55,000/- per month, (ii) Commission : One Percent commission on net profits of the Company or special allowance not exceeding the total annual salary (iii) Perquisites shall be allowed in addition to both salary and commission or special allowance. However, it shall be restricted to an amount equal to the annual salary and other payments & provisions will remain unaltered. The Company also approves payment of revised remuneration of Rs.80,000/- per month, Performance Linked Pay of Rs.8.00 lakhs per annum, allowances and perquisites not exceeding Rs.14.40 lakhs per annum to Mr. K. K. Rajagopalan, Director (Finance) of the Company, with effect from 1<sup>st</sup> Jan. 2007 until expiry of his tenure of employment, as have been set out in the Explanatory Statement to the Notice convening this Annual General Meeting.

### Minimum Remuneration

In the event of loss, absence or inadequacy of profits, the remuneration aforesaid shall be the minimum remuneration. Any excess over the limits prescribed under the Companies Act, 1956 shall become payable with the approval of the Central Government, wherever so required.”

### NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself and a proxy need not be a member of the Company.**
2. The proxies in order to be valid must be received by the Company at its Registered Office / Principal Office of the Company not less than 48 hours before the commencement of meeting.
3. Members / Proxies should bring the attendance slip sent herewith, duly filled in and signed and hand over the same at the entrance of the hall for attending the meeting and members who hold shares in the dematerialised form, are requested to indicate without



fail their DP ID and Client ID numbers in the attendance slips. Members are requested to bring their copies of the Annual Report with them.

4. The Register of Members and the Share Transfer Books of the Company will remain closed from 17.08.2007 to 01.09.2007 (both days inclusive).

Date : 27.04.2007

Registered Office:  
SPIC HOUSE  
88 Mount Road  
Guindy,  
Chennai - 600 032.

5. Members are requested to furnish the details of their nomination (if not already sent) in the necessary Form to the Registered office of the Company.
6. Relevant explanatory statement of material facts pursuant to Section 173(2) of the Companies Act, 1956 in respect of item nos.6 to 8 of the notice is annexed hereto.

By Order of the Board  
For **MANALI PETROCHEMICAL LTD.,**

**G RAMACHANDRAN**  
MANAGING DIRECTOR

#### ANNEXURE TO NOTICE

#### EXPLANATORY STATEMENT FOR ITEM NOS.6 to 8 (Pursuant to Section 173(2) of the Companies Act,1956)

##### Item No.6

Mr. Ashwin C Muthiah was appointed an additional Director of the Company by the Board of Directors at the meeting held on 27<sup>th</sup> Apr. 2007 in terms of Section 260 of the Companies Act, 1956 read with Article 97 of the Articles of Association of the Company. Mr. Ashwin C Muthiah holds office upto the date of this Annual General Meeting. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- as required under that Section, signifying his intention to propose the appointment of Mr. Ashwin C Muthiah as a Director of the Company, liable to retirement by rotation.

The Board commends the election of Mr. Ashwin C Muthiah, as Director of the Company for the approval of Members.

Memorandum of Interest:

None of the Directors except Mr. Ashwin C Muthiah, Dr. A. C. Muthiah and Mr. Ar Rm Arun are interested in the resolution.

##### Item No.7

The Board of Directors taking into account the trend in the industry and considering qualification, experience, past performance and past remuneration of Mr. G Ramachandran, Managing Director, at its Meeting held on 24<sup>th</sup> Jan. 2007 approved payment of revised remuneration to him with effect from 1<sup>st</sup> Jan. 2007 until expiry of his tenure of employment, subject to approval of shareholders.

- (1) Salary of Rs.90,000/- per month.
- (2) Performance Linked Pay of Rs.10.00 lakhs per annum.
- (3) Allowance & Perquisites shall be allowed in addition to both salary and performance linked pay. However, it shall be restricted to an amount equal to Rs.16.20 lakhs per annum.

For the purpose of calculating the above ceiling, perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

Allowances and Perquisites shall also include:

- (a) Provident Fund  
Contribution to Provident Fund will be 12% of the salary.
- (b) Superannuation Fund  
Contribution to Superannuation Fund will be 15% of the salary.
- (c) Gratuity  
Gratuity payable shall not exceed one-half month's salary for each completed year of service.

However, the Board of Directors will have the liberty to re-fix individual ceilings under each of the above heads or to allow any other perquisites so as not to exceed the limit of Rs.16.20 lakhs per annum.

Other Payments and Provisions, which shall not be included in the computation of the ceiling on remuneration for the above revision in pay are :

- (i) Encashment of Leave  
As per Rules of the Company.
- (ii) Car  
Provision of Company's car with driver for business and personal use.
- (iii) Telephone  
Provision of telephone at residence.
- (iv) Reimbursement of Expenses
  - a) Entertainment Expenses  
Reimbursement of entertainment expenses actually incurred for the business of the Company subject to a reasonable ceiling as may be fixed from time to time by the Board.
  - b) Travelling Expenses  
Reimbursement of travelling expenses actually incurred for the business of the Company subject to a reasonable ceiling as may be fixed from time to time by the Board.



In the event of loss, absence or inadequacy of profits, in any financial year during the currency of tenure of Mr. G Ramachandran, Managing Director, the remuneration aforesaid shall be the minimum remuneration payable to him.

However, any excess over the limits on minimum remuneration prescribed under the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, shall be payable to Mr. G Ramachandran with the approval of the Government of India, if so required.

The Board commends the resolution for the approval of Members.

Memorandum of Interest:

Mr. G Ramachandran, Managing Director is interested in the resolution to the extent of remuneration payable to him. None of the other Directors of the Company is interested in the above resolution.

#### Item No.8

The Board of Directors taking into account the prevalent levels of remuneration in the industry and the academic background, qualification, experience and contribution of Mr. K K Rajagopalan, Director (Finance), at its Meeting held on 19<sup>th</sup> Aug. 2006 approved payment of revised remuneration to him with effect from 1<sup>st</sup> Aug. 2006 to 31<sup>st</sup> Dec. 2006, subject to approval of shareholders (1) Salary : Rs.55,000/- per month, (2) Commission: One Percent commission on net profits of the Company or special allowance not exceeding the total annual salary, (3) Perquisites : Perquisites shall be allowed in addition to both salary and commission or special allowance. However, it shall be restricted to an amount equal to the annual salary. (4) Other payments and Provisions will remain unaltered as already approved by the General Body earlier during its 19<sup>th</sup> Annual General Meeting.

Further, with effect from 1<sup>st</sup> Jan. 2007 until expiry of his tenure of employment, as approved by the Board of Directors at its Meeting held on 24<sup>th</sup> Jan. 2007, he would be paid remuneration as given below:

- (1) Salary of Rs.80,000/- per month.
- (2) Performance Linked Pay of Rs.8.00 lakhs per annum.
- (3) Allowance & Perquisites shall be allowed in addition to both salary and performance linked pay. However, it shall be restricted to an amount equal to Rs.14.40 lakhs per annum.

For the purpose of calculating the above ceiling, perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

Allowances and Perquisites shall also include:

- (a) Provident Fund

Contribution to Provident Fund will be 12% of the salary.

Date : 27.04.2007

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- (b) Superannuation Fund

Contribution to Superannuation Fund will be 15% of the salary.

- (c) Gratuity

Gratuity payable shall not exceed one-half month's salary for each completed year of service.

However, the Board of Directors will have the liberty to re-fix individual ceilings under each of the above heads or to allow any other perquisites so as not to exceed the limit of Rs.14.40 lakhs per annum.

Other Payments and Provisions, which shall not be included in the computation of the ceiling on remuneration for the above revision in pay are :

- a) Encashment of Leave

As per Rules of the Company.

- b) Car

Provision of Company's car with driver for business and personal use.

- c) Telephone

Provision of telephone at residence.

- d) Reimbursement of Expenses

- i) Entertainment Expenses

Reimbursement of entertainment expenses actually incurred for the business of the Company subject to a reasonable ceiling as may be fixed from time to time by the Board.

- ii) Travelling Expenses

Reimbursement of travelling expenses actually incurred for the business of the Company subject to a reasonable ceiling as may be fixed from time to time by the Board.

In the event of loss, absence or inadequacy of profits, in any financial year during the currency of tenure of Mr. K K Rajagopalan, Director (Finance), the remuneration aforesaid shall be the minimum remuneration payable to him.

However, any excess over the limits on minimum remuneration prescribed under the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, shall be payable to Mr. K K Rajagopalan with the approval of the Government of India, if so required.

The Board commends the resolution for the approval of Members.

Memorandum of Interest:

Mr. K K Rajagopalan, Director (Finance) is interested in the resolution to the extent of remuneration payable to him. None of the other Directors of the Company is interested in the above resolution.

By Order of the Board  
For **MANALI PETROCHEMICAL LTD.,**

**G RAMACHANDRAN**  
MANAGING DIRECTOR



**Brief Resume of the Directors seeking election / re-appointment  
in the 21<sup>st</sup> Annual General Meeting**

1. **Mr. Ashwin C Muthiah** was appointed Additional Director on 27.04.2007. Mr. Ashwin C Muthiah holds a Master's Degree in Business Administration. Mr. Ashwin C Muthiah is the Chairman in the following companies, namely SICAL Distriparks Limited, Chennai, SICAL Yamatake Limited, Chennai, SPIC Jel Engineering Construction Ltd., Chennai, SDB CISCO India Ltd., Chennai & SICAL Iron Ore Terminals Limited, Chennai. Mr. Ashwin C Muthiah is the Vice-Chairman in Southern Petrochemical Industries Corporation Limited (SPIC), PSA SICAL Terminals Ltd., Tuticorin, SICAL Logistics Ltd., Chennai and Technip India Limited, Chennai. Mr. Ashwin C Muthiah also holds Directorships in the following companies, namely, Chennai International Terminal Private Ltd., Chennai, Indo-Jordan Chemicals Company Ltd., Jordan, Mitsuba Sical India Limited, Chennai, Tamilnadu Petroproducts Limited, Chennai & Totalcomm Infra Services Private Limited, Chennai. Mr. Ashwin C Muthiah is also a Director of ACM Educational Foundation, Chennai, ACM Medical Foundation, Chennai & MAC Spin Foundation, Chennai (incorporated under Section 25 of the Companies Act, 1956).

Mr. Ashwin C Muthiah does not hold any equity shares of the Company.

2. **Mr. G Raghavendran** was appointed as a Director on the Board effective 26.10.1992. He was formerly

Managing Director of the Company. He is a Chemical Engineer with more than 50 years of industrial experience. He has a long and varied experience in petroleum and petrochemical industries. He served as General Manager in Chennai Petroleum Corporation Limited, a public sector undertaking, prior to becoming the Chief Executive of MPL.

Mr. G Raghavendran holds 3825 equity shares of the Company.

3. **Mr. T Willington** was appointed as a Director on the Board effective 19.6.2001. He is a Director (Projects) of Tamilnadu Industrial Development Corporation Limited (TIDCO), Chennai, and represents TIDCO on the Board of the Company. He is a Mechanical Engineer with more than 35 years of experience. He has a varied and vast experience and represents a number of joint venture / associate venture companies promoted by TIDCO. He is the Chairman of Nova Roofings & Pipes Ltd., and Director of Tamilnadu Magnesite Ltd., Nagarjuna Oil Corporation Ltd., Tamilnadu Industrial Explosives Ltd., DCM Hyundai Ltd., Ennore SEZ Company Limited, Amtek Auto Castings Ltd., Meppo Industries Ltd., Tamilnadu Telecommunications Ltd., Rambal Ltd., Tamilnadu Industrial Park (Rubber) Ltd., and Jayamkondam Lignite Power Corporation Ltd.

Mr. T. Willington does not hold any equity shares of the Company.

**DECLARATION**

To

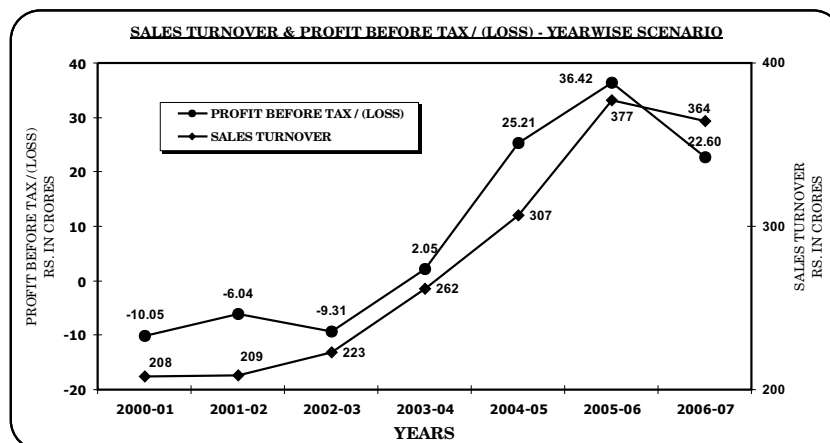
The Members of the Manali Petrochemical Ltd.

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

Place : Chennai

Date : 27<sup>th</sup> April, 2007.

**G. RAMACHANDRAN**  
MANAGING DIRECTOR





## REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS.

To

### The Shareholders

The Directors present their 21<sup>st</sup> Annual Report on the business and operations of your company and the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2007.

### FINANCIAL RESULTS (Rs in Crores)

DESCRIPTION	2006-07	2005-06
Profit Before Interest and Depreciation	31.61	46.65
Interest	(1.31)	(0.05)
Depreciation	10.32	10.28
Profit Before Tax	22.60	36.42
Provision for Taxation	7.61	2.38
Profit After Tax	14.99	34.04
Cash Profit	30.76	44.14

During the year, your company achieved a profit before tax of Rs.22.60 crores and a profit after tax of Rs.14.99 crores. Deferred tax liability of Rs.7.41 crores has been provided for the year. The turnover and profits are lower than last year, despite 2.5 to 3% increase in quantum of production and sales of products, due to increased cost of raw materials and falling selling prices of products in both Indian and International markets. The trend of the profits and sales turnover for the past few years are summarized in the graph in Page No : 4.

### OPERATIONAL HIGHLIGHTS

In this year also your Company maintained the trend of higher production and sales and achieved a record utilisation of more than 100% of all the process plants. The accomplishments in lowering the cost of production through reduction of specific consumption of power and fuel oil consumed are as per the graph in Page No : 8.

The decrease in sales turnover was due to lower sales prices that prevailed during the year and also reduction in systems turnover partly due to non-availability of particular grade of Isocyanates and competition from MNCs', who supply both Isocyanates and System Polyols as a package.

### DIVIDEND

Your Directors have great pleasure in recommending a dividend of Rs.0.50 (10 percent) for every equity share of Rs.5/- each fully paid-up, for the year 2006-07, aggregating to Rs.8.60 crores.

### MARKET SCENARIO

The sale of flexible slab stock polyol encountered difficulties due to restricted availability and higher price of Toluene Di Isocyanate (TDI) due to shutdown of a couple of TDI plants abroad. However, your company could maintain the sale of polyol, as the indigenous supplier of TDI, but for a brief shutdown, maintained their supplies regularly. The price of MDI was more or less stable.

The flexible moulded market switched to MDI based systems due to high TDI prices. Your company had also identified suitable MDI towards the end of the financial year and the system was introduced successfully. TDI / MDI blend systems have been withdrawn from the market due to steep increase in price of TDI. Due to pioneering efforts at our R&D centre, your company is in a position to offer TDI / MDI / TM systems as per the preferences of the market.

Your company has improved the sale of rigid polyol and is expected to do well with the star rating for refrigerators and airconditioners that has been introduced in the country.

### FUTURE OUTLOOK AND NEW PRODUCTS

With increased usage of Polyurethanes in India, the market is expanding continuously. Your Company is confident of maintaining its operational performance and can now look to position itself in niche areas to optimise its performance.

### OPPORTUNITIES AND THREATS

Custom duties have further been lowered by 5% to reach ASEAN levels of 7.5%. Your company is confident of overcoming the challenges posed to Indian industries and particularly to MPL to adapt to these conditions with the medium capacity plants to counter the very large plants now operating / being built in the ASEAN area. Positive performance indicators and growing markets definitely open up vast opportunities to your Company to expand and also target speciality niche markets. Newer system houses by MNC's, preferences of MNC Original Equipment Manufacturers for products of units operating with them elsewhere, as well as soft pricing towards Indian markets, constitute threats faced by your company.

### RISKS AND CONCERNS

While Chennai Petroleum Corporation Ltd., (CPCL) being a single supplier of Propylene is a risk, their possible plans to develop Propylene based chemicals, in future, is a cause for concern. The development of the chemical terminal at the Ennore Port early would be a positive step.

The levy of Central Sales Tax of 3% on inter-state sales is a big cost, which has to be taken into account while pricing our products. Thus, relatively, this further lowers the net effective customs duty. Similarly, growing transportation cost and lack of cheap and faster transportation of goods from Chennai to markets in North and West are also a big concern. Importation of products through ports in the East & West Coast of India and absence of sales tax levy on those imports force us to reduce the selling prices to that extent to be in line with already soft landed cost of products into India. Earlier implementation of measures to address these issues are urgently needed.

### ENVIRONMENT AND SAFETY

Your company was re-certified during June 2005 for both ISO-9001 and ISO-14001. Periodic biannual Surveillance Audits are also being conducted. The last Surveillance Audit was done on 25<sup>th</sup> Aug. 2006 and 26<sup>th</sup> Feb. 2007 and the next audit is due by end of August 2007.

### CONSERVATION OF ENERGY

As required under Sec.217(1)(e) of the Companies Act, 1956 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, are as per Annexure forming part of this report.

### FIXED DEPOSITS

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

### INDUSTRIAL RELATIONS

The year saw a large turnover of employees migrating to lucrative jobs offered by the booming middle-east market and the large refinery projects coming up in Western India.



Required number of skilled manpower were recruited under our EMS / ESS Training schemes and after required training, they were inducted into permanent service of the company. Your company has programmes of systematic training and retraining and deploy skilled manpower in the core areas of operation. For non-critical areas, as is already being done, services of the machinery suppliers themselves are utilized. As of 31/03/2007, your company had 344 number of employees on its roll including the fresh engineers and technicians recruited recently.

#### **PARTICULARS OF EMPLOYEES**

Statement giving particulars of employees as required by Section 217(2A) of the Companies Act, 1956 read with The Companies (Particulars of Employees) Rules 1975, as amended, is not required to be annexed to this Report, as no employee is coming under the purview of the Section of the Companies Act, 1956 during the period under review.

#### **DIRECTORS**

Mr. Ashwin C Muthiah was appointed as an Additional Director in the Board Meeting held on 27<sup>th</sup> Apr. 2007 and Mr. Ashwin C Muthiah would retire at this Annual General Meeting. A notice from a member was received under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. Ashwin C Muthiah as a Director of your Company.

In terms of Section 256 of the Companies Act, 1956 and Article 103 of the Articles of Association of the company, Directors, Mr. G Raghavendran and Mr. T Willington, are retiring by rotation at this Annual General Meeting, and being eligible, offer themselves for re-appointment.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

- (i) That in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> Mar. 2007, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgements 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.
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> Mar. 2007 on a 'going concern' basis.

#### **CORPORATE GOVERNANCE**

Your Company has complied with the requirements regarding Corporate Governance as required under Revised Clause 49

of the Listing Agreement entered into with the Stock Exchanges, where the Company's shares are listed. A Report on the Corporate Governance in this regard is made a part of this Annual Report and a Certificate from the Auditors of your Company regarding compliance of the conditions of the Corporate Governance is attached to this report.

#### **COMPULSORY DEMAT**

As announced by SEBI vide its Circular Ref. No.SMDRP / POLICY / CIR-9 / 2000, dt. 16.2.2000, the shares of the Company are traded compulsorily in dematerialised form by all investors with effect from 8.5.2000. 48.48% of shares of your company have been dematted compared to 46.41% last year.

#### **LISTING OF EQUITY SHARES**

Your Company's equity shares continued to be listed on Bombay Stock Exchange Limited and National Stock Exchange Ltd., Mumbai, during the year under report.

Your Company has initiated necessary action to delist its equity shares from the Calcutta Stock Exchange Association Ltd., pursuant to the resolution passed at the Annual General Meeting held on 25.9.2004.

#### **RESTRUCTURING OF SHARE CAPITAL**

During the year, your Company restructured the fully paid equity capital by consolidating 2 shares of the face value of Rs.7.50 each into 3 equity shares of the face value of Rs.5/- each.

#### **COST AUDIT**

The Government of India has ordered the Company to conduct audit of cost accounts in respect of 'Chemicals' manufactured by the company and accorded approval for appointment of M/s. S Gopalan & Associates, Cost Accountants, appointed by the Company in this regard pursuant to Section 233B of the Companies Act, 1956, to conduct cost audit for the year 2006-2007.

#### **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 installed adequate internal control systems in combination with delegation of powers. The control system is also supported by internal audits and Management reviews with documented policies and procedures.

#### **ACKNOWLEDGEMENT**

The 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, TIDCO, SPIC, the Promoter, UTI and other Financial Institutions and the Consortium of Banks. The Directors wish to thank particularly 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.

For and on behalf of the Board

**Dr. A.C. MUTHIAH**  
CHAIRMAN

Place : Chennai - 600 032

Date : 27<sup>th</sup> April, 2007.



## ANNEXURE TO DIRECTORS' REPORT

Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo as required under Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 for the year ended 31<sup>st</sup> March 2007.

### A) CONSERVATION OF ENERGY

a) Energy conservation measures taken :-

- Conversion of the steam vacuum ejector systems to vacuum pumps at Plant-II have been completed.
- Complete reuse of glycol bearing condensate at Plant-II.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy :-

- Implement a heat recovery system for polyol reactor of Plant-II.
- Implement an in-house technology for removal of catalyst from polyol at Plant-I.

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 water and energy conservation measures at (a) for reduction of energy and water consumption and consequent impact on the cost of production of goods to be in the order of Rs.16 Lakhs per annum.
- The savings envisaged by implementing the energy conservation measures as at (b) for reduction of energy and consequent impact on the cost of production of goods to be in the order of Rs.30 Lakhs per annum.

### FORM – A (See Rule-2)

	Year Ended 31.03.2007	Year Ended 31.03.2006
<b>(A) Power and Fuel Consumption</b>		
<b>1. ELECTRICITY</b>		
a) Purchased		
Units	<b>26014880</b>	27087110
Amount (Rs) (i.e.cost paid to TNEB)	<b>11,21,59,014</b>	11,59,69,726
Rate per Unit (Rs.)	<b>4.31</b>	4.28
b) Own Generation		
1. Through Diesel Generator (Units)	<b>54178</b>	115157
Unit per litre of Diesel	<b>3.21</b>	3.25
Cost per Unit (Rs.)	<b>9.86</b>	8.69
2. Through Steam Turbine	<b>Nil</b>	Nil
<b>2. Coal</b>	<b>Nil</b>	Nil
<b>3. Furnace Oil (Qty in KL)</b>	<b>12876</b>	13109
Amount (Rs.)	<b>20,94,06,371</b>	18,78,48,600
Average Rate (Rs./KL)	<b>16,263</b>	14,329
<b>4. Others / Internal Generation</b>	<b>Nil</b>	Nil
<b>(B) Consumption per unit of production with standards (if any)</b>		
Products (In MT)	<b>41,420</b>	40,667
Electricity in Units	<b>629</b>	669
Furnace Oil in KL	<b>0.310</b>	0.322
Coal	<b>Nil</b>	Nil
Others	<b>Nil</b>	Nil

### FORM-B (See Rule-2)

### B. TECHNOLOGY ABSORPTION

#### I. Research and Development (R&D)

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

- Indigenization of currently imported expensive PU additives.
- Specialty glycols for oil fields.
- Reformulation of the products to work with MDI.

#### 2. Benefits derived as a result of above R&D :

- Import substitution.
- Reduction in operation costs.
- Effective utilization of by-products.
- Improved sales.
- Waste minimization.



**3. Future Plan of Action :**

- Develop the prepolymer based PU systems for cold cure and rigid applications.
- Continue to focus on Glycols for oil fields.
- Further improvement of the PU system for soft and low resilient applications.

**4. Expenditure on R & D :**

- (a) Capital : Rs.53.76 lakhs
- (b) Recurring : Rs.53.55 lakhs
- (c) Total : Rs.107.31 lakhs
- (d) Total R&D expenditure as a percentage of total turnover – 0.29%.

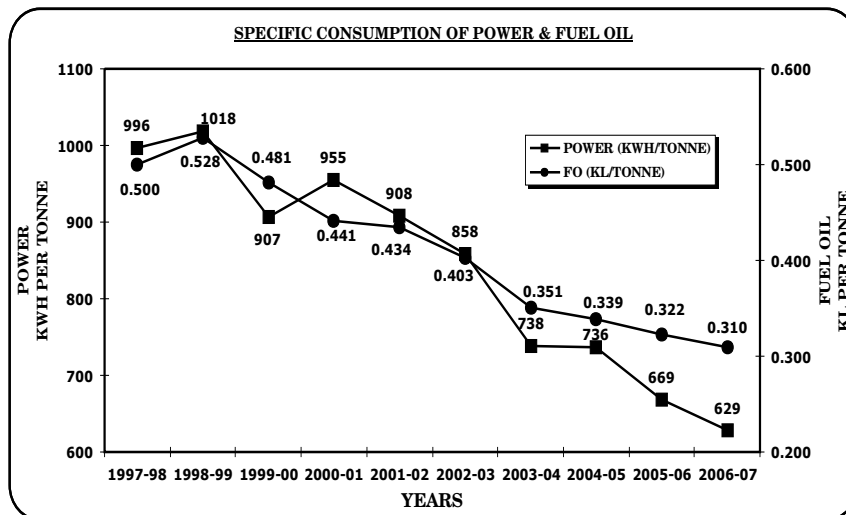
**II. Technology Absorption, Adaptation and Innovation :**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation :  
Technology has already been fully absorbed.
2. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.:  
Indigenous chemicals have been substituted thus reducing the cost of production.
3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) the following information may be furnished:-
  - a) Technology imported :  
Design and drawing have been imported for fabrication of equipment and the process know-how has been successfully absorbed.  

PO / PG	: Process know-how from M/s ATOCHEM of France (For Plant-I) Process know-how from M/s MONTEDIPE of Italy (For Plant-II)
POLYOLS	: Process know-how from M/s ARCO of USA (For Plant-I) Process know-how from M/s PRESSINDUSTRIA of Switzerland (For Plant-II)
  - b) Year of Import : 1988 & 1989
  - c) Has technology been fully absorbed : yes.
  - d) if not fully absorbed, areas where this has not taken place, reasons therefor and further plans of action : does not apply

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

- a) Efforts: Further possibilities of exporting the products are being explored.  
(Rs. in lakhs)
- b) i) Foreign Exchange Earnings – exports sales (FOB) - 109.01
- ii) Foreign Exchange outgo (on cash basis) - 5452.62





## REPORT ON CORPORATE GOVERNANCE

### 1. MANALI PETROCHEMICAL LIMITED'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Securities and Exchange Board of India had introduced a Code of Corporate Governance for implementation by companies listed with Stock Exchanges from the year 2001-2002. The Board of Directors of your Company strongly supports the principles of corporate governance. Further the Board lays emphasis on transparency, accountability and integrity in all its operations and dealings with outsiders. Your Company had adopted all the best practices in corporate governance much before the Code was formulated. The following are the detailed practices on Corporate Governance in your Company:

### 2. BOARD OF DIRECTORS:

(a) Composition of the Board : (for the financial year **2006-2007**)

Director	No. of Shares held in MPL	No. of meetings attended.	* No. of outside Directorship held	Total No. of Memberships / Chairmanship of Committees across all companies.	
				Member	Chairman
Dr A C Muthiah	2250	6	10	-	-
Mr. Ar Rm Arun	-	6	5	1	-
Mr. M H Avadhani * *	-	5	2	-	-
Mr. C V R Panikar * *	2400	6	3	-	1
Mr. G Raghavendran * *	3825	4	-	1	-
Mr. M Sivagnanam * *	-	6	-	1	-
Mr. T Willington (Nominee of TIDCO)	-	5	12	4	-
Mr. G Ramachandran	1725	6	1	-	-
Mr. K K Rajagopalan	1650	6	1	-	-

\* (Excluding alternate directorship and directorship in private limited companies, Foreign Companies and Section 25 Companies.)

\* \* Non-Executive and Independent Director.

Dr A C Muthiah is a Non-Executive Chairman, Mr. G.Ramachandran and Mr. K.K. Rajagopalan are Executive Directors.

All the Directors attended the last Annual General Meeting held on 19<sup>th</sup> Aug. 2006.

6 Board Meetings were held during the financial year 2006 - 2007, as against the minimum requirement of 4 meetings. The dates on which the meetings were held are given below:

25.04.2006, 29.05.2006, 24.07.2006, 19.08.2006, 26.10.2006, 24.01.2007

(b) None of the Directors of the Company is a member in more than 10 committees or Chairman of more than 5 committees across all companies in which he is a Director.

#### Disclosure of Non-Mandatory Requirement:

Chairman's office expenses incurred in performance of his duties are not reimbursed by the Company.

### 3. AUDIT COMMITTEE:

The Audit Committee was constituted in August 1990. The Terms of Reference since 1990 had already covered most of the aspects stipulated by the recent SEBI Guidelines. During the year 2005-06, these were comprehensively reviewed and the Audit Committee was mandated with the same Terms of Reference as specified in Clause 49 of the Listing Agreements with Stock Exchanges. The current Terms of Reference fully conform to the requirements of Section 292A of the Companies Act, 1956.



The committee at present comprises of four non-executive independent directors. All the members have good financial knowledge. The composition of the Audit Committee and the attendance of each director at these meetings are given below:

Sl.No	Director	Chairman/Member	No. of meetings attended
1	Mr. M Sivagnanam	Chairman	5
2	Mr. Ar Rm Arun	Member	5
3	Mr. M H Avadhani	Member	4
4	Mr. C V R Panikar	Member	5
5	Mr. G Raghavendran	Member	3
6	Mr. T. Willington	Member	3

The Company Secretary, acted as the Secretary to the Committee. The Managing Director, Director (Finance) and representatives from the Statutory Auditors, M/s. Deloitte Haskins and Sells, Mr S. Sathappan Internal Auditor and Mr. S Gopalan, Cost Auditor, attended the meetings of the Committee as invitees. The Committee met five times during the year 2006-07 on 25.04.2006, 29.05.2006, 24.07.2006, 26.10.2006 & 24.01.2007.

The Audit Committee held discussions with the Statutory Auditors and Internal auditors of the company concerning the financial reports of the company, internal control systems, and scope of audit and observations of the Statutory Auditors / Internal Auditors. The audit committee also reviewed the quarterly, half-yearly and annual financial results of the company before submission to the Board, on the "Limited Review" of the quarterly accounts, matters relating to compliance of Accounting Standards, their observations arising from the internal / annual audit of the Company's accounts and other related matters.

#### 4. REMUNERATION OF DIRECTORS :

The Company does not pay any remuneration except sitting fees for attending the Board / Committee Meeting to Non-executive directors.

Sitting fees paid to non-executive directors are detailed below :

Amount in Rs.

Name	Board Meeting	Audit Committee Meeting	*SIG & ST Meeting	Project Committee Meeting	Total
Dr A C Muthiah	30000				30000
Mr Ar Rm Arun	30000	25000			55000
Mr M H Avadhani	25000	20000			45000
Mr C V R Panikar	30000	25000	38000		93000
Mr G Raghavendran	20000	15000		20000	55000
Mr M Sivagnanam	30000	25000	38000	20000	113000
Mr T Willington (Nominee of TIDCO)	25000	15000			40000
<b>Total</b>	190000	125000	76000	40000	431000

\* SIG & ST - Committee for Shareholders / Investors Grievance & Share Transfer

The details of remuneration payable to the Managing Director re-appointed for the period from 27.10.2005 to 31.08.2009 and the Director (Finance) re-appointed for the period from 20.4.2005 to 30.9.2008, are as follows:

#### Remuneration to Mr. G Ramachandran, Managing Director:

(From 01.01.2007 to 31.08.2009)

- i) Salary : Rs.90,000/- per month including Dearness Allowance
- ii) Allowances and Perquisites : Rs.16.20 lacs per annum
- iii) Performance Linked Pay : Rs.10.00 lacs per annum



**Remuneration to Mr. K K Rajagopalan, Director (Finance):**

**(From 01.08.2006 to 31.12.2006)**

- i) Salary : Rs.55,000/- per month including Dearness Allowance.
- ii) Special Allowance : Shall be paid subject to ceiling of total annual salary.
- iii) Perquisites : Shall be allowed in addition to both Salary and Commission (or) special allowance and same shall be restricted to an amount equal to the annual salary.

**(From 01.01.2007 to 30.09.2008)**

- i) Salary : Rs. 80,000/- per month including Dearness Allowance
- ii) Allowances and Perquisites : Rs.14.40 lacs per annum
- iii) Performance Linked Pay : Rs.8.00 lacs per annum

In addition, encashment of leave, provision of company's car, telephone and reimbursement of business related entertainment expenses will continue.

**Disclosure of Non-mandatory requirements:**

Company does not have a Remuneration Committee. However, the remuneration payable to the Executive Directors have been approved by the Board. The approval of the shareholders will be obtained for payment of remuneration at the Annual General Meeting to be held on 01/09/2007 for Managing Director and Director (Finance), for the above mentioned periods.

**5. SHAREHOLDERS / INVESTORS GRIEVANCE AND SHARE TRANSFER COMMITTEE:**

The Shareholders / Investors Grievance and Share Transfer Committee consists of 2 non-executive Directors and Managing Director viz.,

- 1. Mr. C V R Panikar Chairman of the Committee
- 2. Mr. M Sivagnanam Director
- 3. Mr. G Ramachandran Managing Director  
Compliance Officer K.K.Rajagopalan  
Director (Finance)

The committee met 19 times during the year.

During the year, 110 complaints were received from the shareholders and were satisfactorily resolved. There was no pending complaint as on 31.3.2007.

Delivery of equity shares of the Company by all investors / shareholders is now mandatory in the dematerialised form in all Stock Exchanges.

**6. GENERAL BODY MEETINGS:**

**Location and time, where last three AGMs held:**

Year	Location	Date	Time
2005-06	Rajah Annamalai Mandram, Esplanade, (Near High Court), Chennai – 600 108.	19.08.2006	10.35 A.M.
2004-05	- do -	10.09.2005	10.35 A.M.
2003-04	- do -	25.09.2004	10.35 A.M.

**Location and time, where last EGM held:**

2005-06	Rajah Annamalai Mandram, Esplanade, (Near High Court), Chennai – 600 108.	19.10.2005	15:30 P.M.
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**Details of Special Resolutions passed in the last 3 Annual General Meetings**

Date of AGM/EGM	Whether any Special Resolution was passed	Particulars
25.09.2004 (AGM)	Yes	Furnished below:
10.09.2005 (AGM)	Yes	- do -
19.08.2006 (AGM)	Yes	- do -
19.10.2005 (EGM)	Yes	- do -



**Special Resolution passed in the AGM, held on 19.08.2006 during the FY 2006-07.**

To consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as a SPECIAL RESOLUTION.

RESOLVED THAT pursuant to Sec.31 of the Companies Act, 1956 the Articles of Association of the Company be amended by the deletion of the existing Article 4 and by substitution thereof the following with effect from the Record Date to be determined by the Board of Directors of the Company (which term shall include any Committee thereof) for the purpose of sub-division of Equity Shares:

**Article 4**

The Authorised Share Capital of the Company is Rs.120,00,00,000 (Rupees One hundred and twenty crores only) divided into 24,00,00,000 (Twenty four crores) Equity Shares of Rs.5/- each.

**Special Resolution passed in the AGM, held on 10.09.2005 during the FY 2005-06.**

To consider and if thought fit, to pass, with or without modification, the following as a SPECIAL RESOLUTION :

“RESOLVED THAT pursuant to Article 146 of the Articles of Association of the Company and the provisions of Sections 198, 269, 309, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications and / or re-enactments of the Companies Act and / or any notification which the Central Government may issue from time to time) and subject to the approval of the Central Government, if necessary, and such other approvals as may be required and such alteration /modification, if any, that may be effected by the above mentioned bodies in that behalf, approval of the members be and is hereby accorded for the re-appointment of Mr K K Rajagopalan, Whole Time Director in charge of Finance of the Company for the period from 20.4.2005 to 30.9.2008 on the terms and conditions of remuneration as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT in the event of any statutory amendment or relaxation to Schedule XIII or any provisions of Companies Act and to Income Tax Act, Income Tax Rules or issue of any notification under the aforesaid Acts / Rules, the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of appointment and increase the remuneration and to sign / execute necessary agreement, deeds, etc. and to take all such steps, deeds, matters and things as may be considered necessary on behalf of the Company to give effect to the above resolution.”

To consider and if thought fit, to pass, with or without modification, the following as a SPECIAL RESOLUTION :

“RESOLVED THAT pursuant to Article 146 of the Articles of Association of the Company and the provisions of Sections 198, 269, 309, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications and / or re-enactments of the Companies Act and / or any notification which the Central Government may issue from time to time) and subject to the approval of the Central Government, if necessary, and such other approvals as may be required and such alteration /modification, if any, that may be effected by the above mentioned bodies in that behalf, approval of the members be and is hereby accorded for the re-appointment of Mr G Ramachandran, Managing Director of the Company for the period from 27.10.2005 to 31.8.2009 on the terms and conditions of remuneration as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT in the event of any statutory amendment or relaxation to Schedule XIII or any provisions of Companies Act and to Income Tax Act, Income Tax Rules or issue of any notification under the aforesaid Acts / Rules, the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of appointment and increase the remuneration and to sign / execute necessary agreement, deeds, etc. and to take all such steps, deeds, matters and things as may be considered necessary on behalf of the Company to give effect to the above resolution.”

**Special Resolution passed in the AGM, held on 25.09.2004 during the FY 2004-05.**

To consider and if thought fit, to pass, with or without modification, the following as a SPECIAL RESOLUTION :

RESOLVED THAT pursuant to the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 and subject to the approval of the concerned Stock Exchanges mentioned herein below and fulfilment of such other conditions as may be imposed on the Company by them, the approval of the shareholders of the Company be and is hereby accorded to the Board of Directors of the Company to delist the equity shares of the company from the following Stock Exchanges viz.,

1. Madras Stock Exchange Ltd, Chennai.
2. The Calcutta Stock Exchange Association Limited, Kolkata.

**Special Resolution passed in the EGM, held on 19.10.2005 during the FY 2005-06.**

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 Section 78, Section 100 and other applicable provisions, if any, of the Companies Act, 1956, Article 58 of the Articles of Associations of the Company and subject to the confirmation of the Hon'ble High Court of Judicature at Madras or the National Company Law Tribunal.

- a) the paid up Share Capital of the Company be reduced from Rs.114,66,61,530/- (divided into 11,46,66,153 equity shares of Rs.10/- each) to Rs.85,99,96,147.50 (divided into 11,46,66,153 Equity shares of Rs.7.50/- each) and that such reduction be effected by cancelling the paid up share capital which has been lost or is unrepresented by available assets, to the extent of Rs.2.50 per share upon each of the 11,46,66,153 shares which have been issued and by reducing the paid up value of all the shares in the Company's paid up share capital from Rs.10/- to Rs.7.50 per share, and the same be utilised together with :



- b) an amount not exceeding Rs.665.97 lakhs out of Rs.757.42 lakhs of Share Premium Account of the Company as on 31.3.2005 be utilised;

to set off the accumulated losses of the Company (the debit balance in the Profit and Loss Account), which stood at Rs.3532.62 lakhs as on 31.3.2005.

“RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution and for removal of any difficulties or doubts, the Board or the Committee of the Board specifically constituted for this purpose or any person(s) whom the Board or the above Committee may nominate, to exercise its powers, including the power conferred under this Resolution, be and is hereby authorised to do all such acts, deeds, matters, things, as it may, in its absolute discretion, deem necessary, expedient, usual or proper and to settle any question or difficulty that may arise with regard to utilisation / adjustment of the paid up Share Capital Account and Share Premium Account including passing of such accounting entries and / or making such other adjustments in the books of accounts as considered necessary to give effect to the above Resolution or to carry out such modifications / directions as may be ordered by the Hon’ble High Court of Judicature at Madras or the National Company Law Tribunal to implement the aforesaid Resolution.”

No special resolution was passed through postal ballot during last year. No special resolution requiring voting by postal ballot is included in the Notice convening the 21<sup>st</sup> Annual General Meeting (the ensuing meeting) of the Company.

7. There were no materially significant related party transactions with Directors / Promoters / Management, which has potential conflicts with the interests of the Company at large.

Details of related party transactions are furnished in Note No.13 of Schedule No.19 under Notes on Accounts.

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

The whistle blower policy is not in existence as it is not mandatory.

**8. Means of Communication:**

The quarterly results are published in the news papers viz., Economic Times and Makkal Kural. The Company has a website namely, [www.manalipetro.com](http://www.manalipetro.com) wherein our Code of Conduct is displayed. Official news releases and presentations made to analysts are sent to the Stock Exchanges, where the Company’s shares are listed.

**9. Shareholder Information:**

**i) Annual General Meeting**

Date : 01.09.2007

Time : 10.35 A.M.

Venue : Rajah Annamalai Mandram,  
Esplanade,  
Chennai – 600 108.

**ii) Financial Calendar**

Financial reporting for –

Quarter ending June 30, 2007 : End of July 2007

Quarter ending Sept. 30, 2007 : End of October 2007

Quarter ending Dec. 31, 2007 : End of January 2008

Year ending March 31, 2008 : End of June 2008

Annual General Meeting for the  
year ended March 31,2008 : End of September 2008

**iii) Dates of Book Closure** : 17.8.2007 to 01.09.2007  
(both days inclusive)

**iv) Dividend payment date** : September 2007

**v) Listing on Stock Exchanges at:**

Bombay Stock Exchange Limited,  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.  
The Calcutta Stock Exchange Association Ltd  
No.7, Lyons Range, Kolkata – 700 001.  
(Confirmation of De-listing awaited)

National Stock Exchange of India Limited  
Exchange Plaza, Bandra-Kurla Complex,  
Bandra (E), Mumbai – 400 051.

**vi) Stock Code**

Bombay Stock Exchange Limited,	500268
The Calcutta Stock Exchange Association Ltd	10023903
National Stock Exchange of India Ltd	MANALIPETC
Demat ISIN Number in NSDL and CDSL	INE 201A01024

(in Rupees)

**vii) Stock Market Data:**

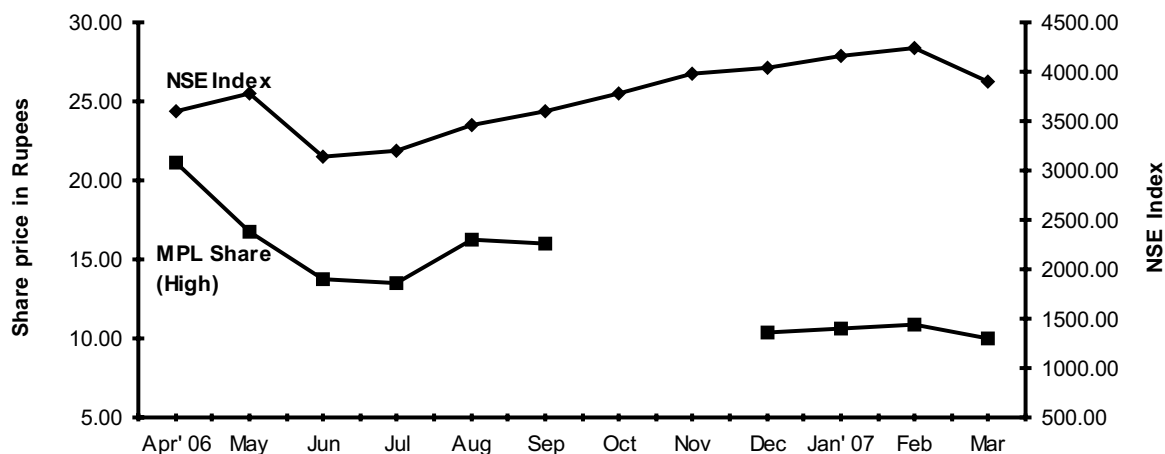
Year 2006-2007	National Stock Exchange		Bombay Stock Exchange	
	Month’s High price	Month’s Low price	Month’s High price	Month’s Low price
April	21.15	20.00	21.25	20.50
May	16.75	16.05	17.00	14.75
June	13.75	13.25	14.40	13.30
July	13.55	13.05	13.50	13.11
August	16.25	13.95	16.25	13.99
September	16.00	13.40	15.75	13.45
October	-	-	-	-
November	-	-	-	-
December	10.35	9.85	10.44	9.81
January	10.65	10.15	10.87	10.20
February	10.85	10.05	10.90	10.14
March	10.00	9.20	9.85	9.20

Face value of the share price stands reduced from Rs.7.50 per share to Rs.5.00 per share from December 2006, and the shares were not traded during the months of October and November 2006, on account of consolidation and sub-division of shares.



viii) Share price performance in comparison to broad-based indices such as BSE Sensex, NSE Nifty :- .

**Performance of MPL's equity share vis-a-vis the NSE Index**



Face value of the share price stands reduced from Rs.7.50 per share to Rs.5.00 per share from December 2006, and the shares were not traded during the months of October and November 2006, on account of consolidation and sub-division of shares.

**ix) Registrars and Share Transfer Agent:**

Cameo Corporate Services Limited  
 Subramanian Building, V Floor  
 No.1 Club House Road,  
 Chennai – 600 002.  
 Phone No. : 044-28460390, 28462700 & 28460718  
 Fax No. : 044-28460129  
 E-Mail : cameosys@satyam.net.in

**x) Share Transfer System:**

Share Transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. The power to approve transfer of securities has been delegated by the Board to the Shareholders / Investors Grievance and Share Transfer Committee, which meets once in a fortnight. Share transfer requests are processed within an average of 15 days from the date of receipt. Letters are sent to the shareholders after transfer of shares in their names giving an option for dematerialisation of shares of the physical shares. Physical shares are dematerialised and electronic credit is given to those shareholders, who opt for dematerialisation and in respect of other shareholders, who have not opted for dematerialisation, share certificates are despatched by the Registered Post.

**xi) (a) Distribution of Shareholding (as on 31.3.2007)**

No. of shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 100	6463	4.2122	342017	0.1989
101 - 200	118561	77.2717	25634328	14.9038
501 - 1000	15340	9.9978	11260214	6.5467
1001 - 2000	7520	4.9011	10899107	6.3367
2001 - 3000	2377	1.5492	6270864	3.6459
3001 - 4000	653	0.4256	2341926	1.3616
4001 - 5000	598	0.3898	2753302	1.6007
5001 - 10000	1100	0.7169	7931589	4.6114
10001 & above	822	0.5357	104565882	60.7943
Total	153434	100.0000	171999229	100.0000



**(b) Categories of Shareholders (as on 31.3.2007)**

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Promoter & Associates	2	0.001	77078553	44.814
Individual	146297	95.349	77577204	45.102
Corporate	1443	0.940	9524641	5.539
Financial Institutions	8	0.005	4843957	2.816
NRI/OCBs	5672	3.697	2957399	1.719
Banks	12	0.008	17475	0.010
Total	153434	100.000	171999229	100.000

**xii) Dematerialisation of shares and Liquidity :**

11,314 Number of Demat requests for dematerialisation of 33,14,817 Equity Shares were approved during the year 2006–2007. 48.48% of the shares have been dematerialised upto 31<sup>st</sup> March 2007 as against 46.41% for the previous year ended 31<sup>st</sup> March 2006. Trading in equity shares of the Company is permitted only in dematerialised form for all categories of investors with effect from 8.5.2000 as per Notification issued by SEBI.

There are 52,855 and 11,170 beneficial holders held in the NSDL and CDSL Depository respectively, to whom all company's mailers and Annual Reports are despatched in addition to Registered members.

The shares of the Company are listed in Mumbai and National Stock Exchanges.

xiii) There is no GDRs / ADRs / Warrants or any convertible instruments and hence there is no impact on equity.

**xiv) Plants Locations :**

Plant I : Ponneri High Road, Manali  
Chennai - 600 068.

Plant II : Sathangadu Village, Manali  
Chennai - 600 068.

**xv) Address for correspondence:**

- 1) Manali Petrochemical Limited  
Ponneri High Road, Manali  
Chennai - 600 068.  
Phone : 044-25941025 / 25943895  
Fax : 044- 25941199  
E-mail : companysecretary@manalipetro.com
- 2) Cameo Corporate Services Ltd  
Subramanian Building, V Floor  
No.1 Club House Road,  
Chennai - 600 002.  
Phone : 044-28460390,28462700 & 28460718  
Fax : 044-28460129  
E-mail : cameosys@satyam.net.in

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**CORPORATE GOVERNANCE COMPLIANCE REPORT**

**To**

**The Members of Manali Petrochemical Limited**

We have examined the compliance of conditions of Corporate Governance by **Manali Petrochemical Limited** for the year ended on 31<sup>st</sup> March 2007 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 procedures and implementation thereof, adopted by the Company for ensuring the 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  
Geetha Suryanarayanan  
Partner  
Membership No.29519

Place: Chennai  
Date : 27<sup>th</sup> April, 2007.



## AUDITORS' REPORT

To  
The Members of MANALI PETROCHEMICAL LIMITED

1. We have audited the attached Balance Sheet of Manali Petrochemical Limited as at 31<sup>st</sup> March 2007 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date 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 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 issued by the Central Government of India 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 that:
  - (i) 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;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - (iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) 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:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2007;
    - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place : Chennai  
Date : 27<sup>th</sup> April, 2007.

### Annexure referred to in Paragraph 3 of the report of even date

1. In respect of fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the management in accordance with a programme of verification which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations 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 disposals has, in our opinion not affected the going concern status of the Company.
2. In respect of its inventories:
  - (a) As explained to us, inventories were physically verified by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations 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. The discrepancies noticed on physical verification between physical stock and book records were not material.
3.
  - (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.



5. In respect of contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
  - a. According to the information and explanations given to us, the particulars of contracts or arrangements that needed to be entered into the register have been so entered.
  - b. In our opinion and according to the information and explanations given to us, where each of such contracts or arrangements is in excess of Rs.5 lakhs in respect of any party, during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the Public during the year.
7. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost which are required to be maintained by the Company for certain products of the Company, pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. Statutory and other dues
  - (a) According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Customs Duty, Wealth tax, Service tax, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities during the year.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty, Wealth tax, Service tax, Excise Duty and Cess were in arrears, as at 31<sup>st</sup> March 2007 for a period of more than six months from the date they became payable.
  - (c) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Customs Duty, Wealth tax, Service tax, Excise Duty and Cess that have not been deposited on account of any dispute except for the dues referred to in Note No.2(c) and (d) of Schedule 19.
10. The Company does not have any accumulated losses at the end of the year. The Company has not incurred cash losses during the current and the immediately preceding financial year.
11. According to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks/financial institutions.
12. According to the information and explanations given to us and based on our examination of documents and records, we are of the opinion that no loans or advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit /society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. 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.
15. In our opinion and according to the information and explanations given to us the Company has not given any guarantee for loans taken by others from Banks and Financial Institutions during the year.
16. The Company has not availed any term loan during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Geetha Suryanarayanan**  
Partner  
Membership No. 29519

Place : Chennai  
Date : 27<sup>th</sup> April, 2007.



## Balance Sheet as at March 31, 2007

	Schedule	As at March 31, 2007	(Rs. in Lakhs) As at March 31, 2006
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	8,603.47	8,603.47
Reserves and Surplus	2	3,007.53	2,514.64
<b>Loan Funds</b>			
Secured	3	1,791.33	1,817.93
Unsecured	4	430.64	751.96
<b>Deferred Tax Liability (Net)</b>		<b>958.29</b>	217.58
		<u>14,791.26</u>	<u>13,905.58</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Original Cost	5	20,580.05	20,466.30
Less : Accumulated Depreciation		<u>16,474.84</u>	<u>15,535.96</u>
<b>Net Block</b>		<b>4,105.21</b>	4,930.34
Capital Work-in-Progress		<u>812.14</u>	<u>67.37</u>
<b>Investments</b>	6	<b>2,210.65</b>	0.45
<b>Current Assets, Loans and Advances</b>			
Inventories	7	4,946.31	4,243.24
Sundry Debtors	8	2,957.42	3,585.22
Cash and Bank Balances	9	1,721.26	3,054.54
Loans and Advances	10	<u>2,154.20</u>	<u>1,724.96</u>
		<b>11,779.19</b>	12,607.96
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	11	3,023.11	2,704.20
Provisions	12	<u>1,131.45</u>	<u>1,079.71</u>
<b>Net Current Assets</b>		<b>7,624.63</b>	8,824.05
<b>Deferred Revenue Expenditure</b> (To the extent not Written off or adjusted)	13	<b>38.63</b>	83.37
		<u>14,791.26</u>	<u>13,905.58</u>
Notes on Accounts	19		

The schedules referred to above form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date

**For Deloitte Haskins & Sells**  
Chartered Accountants

**GEETHA SURYANARAYANAN**  
Partner

Place : Chennai  
Date : 27<sup>th</sup> April, 2007.

**For and on behalf of the Board of Directors**

**Dr. A C MUTHIAH**  
Chairman

**G RAMACHANDRAN**  
Managing Director

**M. SIVAGNAM**  
Director

**K K RAJAGOPALAN**  
Director (Finance)



**Profit & Loss account for the year ended March 31, 2007**

(Rs. in Lakhs)

	Schedule	For the year ended March 31, 2007	For the year ended March 31, 2006
<b>INCOME</b>			
Sales		36,433.52	37,766.95
Less: Excise Duty on Sales		<u>4,915.32</u>	<u>5,097.49</u>
Net Sales		31,518.20	32,669.46
Other Income	14	<u>221.09</u>	<u>149.25</u>
		<u><b>31,739.29</b></u>	<u><b>32,818.71</b></u>
<b>EXPENDITURE</b>			
Raw materials and Packing Materials Consumed		20,617.07	19,693.49
Purchase of Traded Goods		1,132.78	671.61
Power, Fuel and Water		3,785.18	3,648.84
Employee Cost	15	1,094.17	974.52
Other Expenses	16	2,674.16	2,455.96
Decrease/(Increase) in Stock	17	(770.03)	639.18
Deferred Revenue Expenditure Written-off	13	<u>44.74</u>	<u>69.88</u>
		<u><b>28,578.07</b></u>	<u><b>28,153.48</b></u>
Profit Before Interest and Depreciation		3,161.22	4,665.23
Interest (net)	18	(131.18)	(5.65)
Depreciation		<u>1,031.84</u>	<u>1,028.85</u>
Profit Before Tax		2,260.56	3,642.03
Provision for Tax (MAT)		254.41	306.45
MAT Credit Entitlement		(240.48)	(306.45)
Deferred Tax Liability		740.71	217.58
Provision for Fringe Benefit Tax		<u>6.87</u>	<u>20.65</u>
Profit After Tax		1,499.05	3,403.80
Loss Brought Forward		-	3,532.62
Less: Adjustment against Share Capital and Share Premium account		-	3,532.62
<b>Profit available for appropriation</b>		<u><b>1,499.05</b></u>	<u><b>3,403.80</b></u>
<b>Appropriations:</b>			
Proposed Dividend		860.00	860.00
Dividend Tax thereon		146.16	120.61
Balance Carried over to Balance Sheet		<u>492.89</u>	<u>2,423.19</u>
Total		<u><b>1,499.05</b></u>	<u><b>3,403.80</b></u>
Basic and Diluted Earnings Per Equity Share of Rs.5.00 each (Previous year EPS is Rs.2.97 at a face value of Rs.7.50 per equity share) (Refer Note No.14 of Schedule 19)		<b>0.87</b>	1.98
Notes on Accounts	19		

The schedules referred to above form an integral part of the Financial Statements

This is the Profit & Loss Account referred to in our report of even date

**For Deloitte Haskins & Sells**  
Chartered Accountants

**GEETHA SURYANARAYANAN**  
Partner

Place : Chennai  
Date : 27<sup>th</sup> April, 2007.

**For and on behalf of the Board of Directors**

**Dr. A C MUTHIAH**  
Chairman

**M. SIVAGNAM**  
Director

**G RAMACHANDRAN**  
Managing Director

**K K RAJAGOPALAN**  
Director (Finance)



## CASH FLOW STATEMENT

(Rs. in Lakhs)

	2006 - 2007	2005 - 2006
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit as per P & L A/c Before Tax	2,260.56	3,642.03
<b>Adjustments for:</b>		
Depreciation	1,031.84	1,028.85
Dividend received	(47.15)	(0.08)
Interest Paid	114.92	180.33
Interest Received	(246.10)	(185.98)
Provision for doubtful debts no longer required	(31.18)	(10.61)
Provision for doubtful debts	1.42	57.22
Liabilities no longer required	(3.38)	(14.90)
Deferred Revenue Exp.	44.74	69.88
Loss on sale / retirement of assets	2.90	0.00
	<u>868.01</u>	<u>1,124.71</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	3,128.57	4,766.74
<b>Adjustment for:</b>		
Trade and other Receivables	453.39	(122.40)
Inventories	(703.07)	26.32
Trade Payables	291.30	(242.06)
	<u>41.62</u>	<u>(338.14)</u>
Net Cash From Operating Activities before Income Tax	3,170.19	4,428.60
Direct Taxes / Fringe Benefit Tax paid	(202.81)	(320.07)
Net Cash From Operating Activities	2,967.38	4,108.53
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets, CWIP & Capital Advance	(970.93)	(195.55)
Sale of Fixed Assets	16.52	3.81
Interest Received	209.91	162.11
Dividend Received	47.15	0.08
Investments (Net)	(2,210.20)	
Net Cash used in investing activities	(2,907.55)	(29.55)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term borrowings	(655.37)	(891.92)
Repayment/Proceeds from short term borrowings	307.45	(520.67)
Interest Paid	(114.92)	(180.33)
Dividend Paid	(809.66)	
Corporate Dividend Tax Paid	(120.61)	
Net Cash Used in Financing Activities	(1,393.11)	(1,592.92)
Net Increase in Cash and Cash equivalents	(1,333.28)	2,486.06
Cash and Cash Equivalents As At 1st April [Opening Balance]	3,054.54	568.48
Cash and Cash Equivalents As At 31st March [Closing Balance]	1,721.26	3,054.54

This is the Cash Flow statement referred to in our report of even date

**For Deloitte Haskins & Sells**  
Chartered Accountants

**GEETHA SURYANARAYANAN**  
Partner

Place : Chennai  
Date : 27<sup>th</sup> April, 2007.

**For and on behalf of the Board of Directors**

**Dr. A C MUTHIAH**  
Chairman

**M. SIVAGNAM**  
Director

**G RAMACHANDRAN**  
Managing Director

**K K RAJAGOPALAN**  
Director (Finance)



## SCHEDULES TO FINANCIAL STATEMENTS

	As at March 31, 2007	(Rs. in Lakhs) As at March 31, 2006
<b>1 Share Capital</b>		
<b>Authorised</b>		
24,00,00,000 Equity Shares of Rs.5 each. (Previous year 12,00,00,000 Equity Shares of Rs.10 each)	<b>12,000.00</b>	12,000.00
<b>Issued, Subscribed and Paid Up</b>		
17,19,99,229 Equity Shares of Rs.5.00 (Previous year 11,46,66,153 Equity Shares of Rs.7.50) each fully paid up. (includes 4,86,08,400 Equity Shares of Rs.10 each allotted as fully paid-up to erstwhile shareholders of SPIC Organics Limited issued in pursuant to the Scheme of Amalgamation) (Refer Note no.3 of Schedule 19)	<b>11,466.62</b>	11,466.62
Less : Reduction in Share Capital	<b>2,866.66</b>	2,866.66
	<b>8,599.96</b>	8,599.96
Add: Shares Forfeited	<b>3.51</b>	3.51
	<b>8,603.47</b>	8,603.47
<b>2 Reserves and Surplus</b>		
Share Premium Account		
<b>As per last Balance Sheet</b>	<b>91.45</b>	757.42
Less : Adjusted against accumulated losses		665.97
	<b>91.45</b>	91.45
<b>Profit &amp; Loss Account</b>		
Opening Balance	2,423.19	
Add : Transferred from Profit & Loss Account	<u>492.89</u>	
	<b>2,916.08</b>	2,423.19
	<b>3,007.53</b>	2,514.64
<b>3 Secured Loans</b>		
Cash Credit from Banks	<b>617.66</b>	310.21
Interest Free Sales Tax Loan *	<b>1,173.67</b>	1,507.72
	<b>1,791.33</b>	1,817.93
* Due for repayment within a year Rs.300.06 lakhs (Previous Year Rs.284.05 lakhs)		
Cash Credit from Banks are secured by hypothecation of inventories on hand including in transit, book debts and other receivables both present and future and by way of a second charge on the Company's immovable properties other than machinery of gross value of Rs.224.60 lakhs (previous year Rs.224.60 lakhs) added under a multilateral grant which has been hypothecated to the concerned institutions managing the grant.		
The Interest Free Sales Tax loan is secured by a charge on the immovable and movable properties of the Company.		
<b>4 Unsecured Loans</b>		
Interest Free Sales Tax Loan **	<b>430.64</b>	751.96
	<b>430.64</b>	751.96

\*\* Due for repayment within a year is Rs.261.59 lakhs (Previous Year Rs.271.32 lakhs)



## SCHEDULES TO FINANCIAL STATEMENTS

### 5. Fixed Assets

(Rs. in Lakhs)

Categories	ORIGINAL COST				DEPRECIATION				NET BLOCK	
	As at April 1, 2006	Additions during the year	Deletions during the year	As at March 31, 2007	As at April 1, 2006	For the Year	On Deletions	As at March 31, 2007	As at March 31, 2006	
Land	179.75			179.75	-			179.75	179.75	
Development on lease hold land	20.25			20.25	8.29	1.07		10.89	11.96	
Buildings	801.78	0.44		802.22	302.57	21.33		478.32	499.21	
Plant and Machinery	18,792.93	204.43	103.74	18,893.62	14,706.47	967.20	84.96	3,304.91	4,086.46	
Furniture and Fixtures	107.45	0.98		108.43	85.32	5.99		17.12	22.13	
Office Equipments	76.72	2.38	2.36	76.74	38.16	4.00	1.73	36.31	38.56	
Computers	311.41	4.96	1.50	314.87	234.79	29.77	1.50	51.81	76.62	
Vehicles	176.01	12.93	4.77	184.17	160.36	2.48	4.77	26.10	15.65	
<b>Capital Work-in-Progress</b> (including Capital advances)	<b>20,466.30</b>	<b>226.12</b>	<b>112.37</b>	<b>20,580.05</b>	<b>15,535.96</b>	<b>1,031.84</b>	<b>92.96</b>	<b>4,105.21</b>	<b>4,930.34</b>	
<b>Previous Year's Total</b>	<b>20,277.74</b>	<b>214.94</b>	<b>26.38</b>	<b>20,466.30</b>	<b>14,529.68</b>	<b>1,028.85</b>	<b>22.57</b>	<b>4,930.34</b>	<b>5,748.06</b>	

Plant and Machinery is net of grants received from World Bank through IDBI of Rs.224.60 lakhs towards Ozone Depletion Scheme.


**SCHEDULES TO FINANCIAL STATEMENTS**

	As at March 31, 2007	(Rs. in Lakhs) As at March 31, 2006
<b>6 Investments - Long Term (Non-Trade) - Quoted</b>		
500 Equity Shares of Rs 10 each fully paid up in Chennai Petroleum Corporation Limited	0.45	0.45
(Market Value - Rs.0.94 lakhs [Previous Year Rs.1.10 lakhs])		
<b>Short Term (Trade) - Quoted</b>		
(At cost or market value, whichever is lower)		
(Refer Note No.4 to Schedule 19)		
UTI Liquid Fund	10.20	
UTI Fixed Maturity Plan	<u>2,200.00</u>	
	<u>2,210.65</u>	<u>0.45</u>
<b>7 Inventories</b>		
Stores and Spares	506.73	469.01
Raw Materials	1,365.74	1,270.26
Raw Materials in Transit	184.44	384.60
Work-in-Process	179.02	197.13
Finished Goods		
— Manufacturing	2,373.17	1,639.52
— Trading	337.21	282.72
	<u>4,946.31</u>	<u>4,243.24</u>
<b>8 Sundry Debtors (Unsecured)</b>		
Debts over Six months		
Considered Good	156.47	92.91
Considered Doubtful	300.87	339.44
	<u>457.34</u>	<u>432.35</u>
Other Debts Considered Good	2,800.95	3,492.31
	<u>3,258.29</u>	<u>3,924.66</u>
Less: Provision	300.87	339.44
	<u>2,957.42</u>	<u>3,585.22</u>
<b>9 Cash and Bank Balances</b>		
Cash & Cheques on Hand	28.22	6.79
Balances with Scheduled Banks :		
— in Current Accounts	274.28	349.04
— in Short Term Deposit Accounts	1,325.10	2,600.00
— in Margin Money Deposits	93.66	98.71
	<u>1,721.26</u>	<u>3,054.54</u>
<b>10 Loans and Advances</b>		
(Unsecured)		
<b>Considered Good</b>		
Advances Recoverable in cash or in kind or for value to be received *	1,134.33	1,052.07
MAT Credit Entitlement	546.93	306.45
Prepaid Taxes (net of provision)	38.72	15.96
Deposits		
— Statutory Authorities	215.68	206.55
— Others	17.74	14.95
Balance with Excise, Customs and Sales tax Authorities	200.80	128.98
	<u>2,154.20</u>	<u>1,724.96</u>

\* Includes dues from an officer of the Company Rs.Nil (Previous Year Rs.0.06 lakhs)  
Maximum amount outstanding at any time during the year Rs.0.06 lakhs (Previous Year Rs.0.11 lakhs)



## SCHEDULES TO FINANCIAL STATEMENTS

	As at March 31, 2007	(Rs. in Lakhs) As at March 31, 2006
<b>11 Current Liabilities</b>		
Acceptances	141.75	529.85
Sundry Creditors - Dues to Small Scale Industrial Undertakings & Micro, Small & Medium Enterprises (Refer Note No.5 to Schedule 19)	-	-
Sundry Creditors - Others	2,559.16	1,731.51
Unclaimed Dividend**	50.34	
** No Amount is due as on 31st March, 2007 to be transferred to Investor Education & Protection Fund.		
Other Liabilities	271.86	442.84
	<u>3,023.11</u>	<u>2,704.20</u>
<b>12 Provisions</b>		
For Leave Encashment	53.50	44.40
For Gratuity	27.98	19.37
For Superannuation	43.81	35.33
For Proposed Dividend	860.00	860.00
For Dividend Tax	146.16	120.61
	<u>1,131.45</u>	<u>1,079.71</u>
<b>13 Deferred Revenue Expenditure</b> (To the extent not Written off or adjusted)		
<b>Research and Development</b>		
As per last Balance Sheet	60.42	106.61
Less : Written off during the year	<u>31.92</u>	<u>28.50</u>
		46.19
		60.42
<b>Voluntary Retirement Scheme</b>		
As per last Balance Sheet	22.95	46.64
Less : Written off during the year	<u>12.82</u>	<u>10.13</u>
		23.69
		22.95
	<u>38.63</u>	<u>83.37</u>
	<b>For the year ended March 31, 2007</b>	<b>For the year ended March 31, 2006</b>
<b>14 Other Income</b>		
Sale of Scrap	84.23	73.16
Provision for Doubtful Debts no longer required Written back	31.18	10.61
Dividend		
- Traded	0.05	
- Non-traded	<u>47.10</u>	0.08
Foreign Exchange Fluctuations (net)	19.62	
Miscellaneous Income	38.91	65.40
	<u>221.09</u>	<u>149.25</u>
<b>15 Employee Cost</b>		
Salaries, Allowances and Bonus	785.79	672.00
Contribution to Provident Fund and Other Funds	111.52	95.14
Staff Welfare Expenses	196.86	207.38
	<u>1,094.17</u>	<u>974.52</u>



## SCHEDULES TO FINANCIAL STATEMENTS

(Rs. in Lakhs)

	For the year ended March 31, 2007	For the year ended March 31, 2006
<b>16 Other Expenses</b>		
Consumption of Stores and Consumables	8.46	6.72
Rent	16.09	14.96
Rates and Taxes	97.70	106.94
Repairs and Maintenance:		
— Machinery	802.33	652.76
— Building	101.91	104.74
— Others	111.57	94.40
Insurance	227.72	232.43
Provision for Doubtful Debts	1.42	57.22
Bad Debts / Advances Written-off	8.81	240.47
Less :- Provision Released	(8.81)	(239.23)
Discount	741.41	962.72
Agency Commission	133.24	159.26
Directors Sitting fees	4.31	3.12
Foreign Exchange Fluctuations (net)	0.00	11.62
Loss on Sale / Retirement of Assets (net)	2.90	0.00
Excise Duty	161.11	(161.18)
Miscellaneous Expenses	263.99	209.01
	<u>2,674.16</u>	<u>2,455.96</u>
<b>17 Decrease / (Increase) in stock</b>		
<b>Opening Stock</b>		
Finished goods	1,639.52	2,114.72
Work - in - process	197.13	96.68
Traded Goods	282.72	547.15
	<u>2,119.37</u>	<u>2,758.55</u>
<b>Less: Closing Stock</b>		
Finished goods	2,373.17	1,639.52
Work - in - process	179.02	197.13
Traded Goods	337.21	282.72
	<u>2,889.40</u>	<u>2,119.37</u>
<b>Decrease / (Increase) in stock</b>	<u>(770.03)</u>	<u>639.18</u>
<b>18 Interest and finance charges</b>		
Interest		
— On fixed loans	0.00	3.49
— Others	114.92	176.84
	<u>114.92</u>	<u>180.33</u>
Less : Interest Receipts	246.10	185.98
(Tax deducted at source Rs.56.61 lakhs, Previous year Rs.23.63 lakhs)	<u>(131.18)</u>	<u>(5.65)</u>



## 19 NOTES ON ACCOUNTS

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. BASIS OF ACCOUNTING

The financial statements have been prepared under historical cost convention in accordance with generally accepted accounting principles and Accounting Standards referred to in Sub-section (3c) of Sec 211 of the Companies Act, 1956.

#### 2. USE OF ESTIMATES

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as of the date of the financial statements. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

#### 3. FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost. Cost comprises of the purchase price (net of CENVAT/VAT) and any attributable cost of bringing the assets to its working condition for its intended use. With regard to assets acquired under hire purchase / finance lease, the cost of assets is capitalized while the annual charges are charged to revenue.

Depreciation is provided for on Straight Line method at the rates and in the manner prescribed under 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 five years from the date of purchase. Individual assets costing less than Rs.5000/- each is depreciated in full in the year of addition.

Development cost incurred on the leasehold land is amortised over the remaining period of lease

#### 4. IMPAIRMENT OF FIXED ASSETS

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment on the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds recoverable amount.

#### 5. INVESTMENTS

Long term Investments are valued at cost and provision is made if the diminution in value is other than temporary in nature. Current investments are carried at cost or market value whichever is lower. The returns on these investments are accounted as dividend income.

#### 6. INVENTORIES

a) Finished goods and work-in-process are valued at lower of cost and net realisable value. Cost on moving weighted average basis includes all direct costs and applicable production overheads to bring the goods to the present location and condition. Excise duty on the finished goods is added to the cost.

b) Raw materials and stores and spares are valued at lower of cost and net realisable value. Cost includes freight, taxes and duties net of CENVAT/VAT credit wherever applicable. Customs duty payable on material in bond is added to cost.

#### 7. FOREIGN CURRENCY TRANSACTIONS

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. At the year end, monetary items included under current assets and current liabilities are converted at the year-end exchange rates. The premium/discount on forward contracts are amortised over the period of the contract. Exchange gain/loss are dealt with in profit and loss account or capitalised where they relate to imported fixed assets.

#### 8. REVENUE RECOGNITION

a) Sales are recognised when significant risks and rewards of ownership are transferred to the buyer, which generally coincides with the despatch of goods from the company's premises and are recorded at Invoice value inclusive of excise duty net of Sales Tax and returns.

b) Dividend Income on Investments is accounted for when the right to receive the same is established.

#### 9. RETIREMENT BENEFITS

Monthly contribution to recognised Provident Fund are considered on accrual basis in the accounts.

Contribution towards Superannuation is under defined benefit scheme / defined contribution scheme and charged to profit and loss account.

Incremental liability to gratuity determined on the basis of actuarial valuation as on the Balance Sheet date is absorbed in the accounts.

Provision for leave encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.



**10. DEFERRED REVENUE EXPENDITURE**

Capital expenditure on research and development is capitalised as fixed assets. Other expenditure is amortised over a period of five years from the year in which such expenditure are incurred.

Payment of compensation to employees who have retired under Voluntary Retirement Scheme is amortised over a period of 60 months from the month of retirement.

**11. TREATMENT OF GRANT**

The grant or subsidies received from financial institutions are deducted in arriving at the carrying value of the respective assets.

**12. TAXES ON INCOME**

Current tax is determined on income for the year chargeable to tax in accordance with the provisions of Income Tax Act, 1961. Deferred tax is recognized on all timing differences subject to the consideration of prudence.

**13. MAT CREDIT ENTITLEMENT**

MAT Credit is recognized as an asset only when there is convincing evidence that the Company will pay normal income tax within the specified period. The asset shall be reviewed at each Balance Sheet date.

**14. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where 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. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

- B** 1 Estimated value of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs.2023.32 lakhs (previous year Rs.76.73 lakhs).

	<b>As at March 31, 2007 (Rs. in lakhs)</b>	<b>As at March 31, 2006 (Rs. in lakhs)</b>
<b>2 Contingent liabilities</b>		
a) Bills discounted	<b>364.04</b>	302.63
b) Letters of Credit / Guarantees	<b>1,400.45</b>	1,486.57
c) Excise & customs claims under appeal	<b>12.01</b>	110.92
d) Disputed Sales Tax demands	<b>33.12</b>	29.78

Nature of the Dues	Forum before which the dispute is pending	<b>Amount (Rs. in lakhs)</b>	<b>Amount (Rs. in lakhs)</b>
a) Excise Duty	Deputy Commissioner of Central Excise	<b>1.80</b>	1.80
	Customs, Excise and Service Tax Appellate Tribunal	<b>4.64</b>	4.64
b) Customs Duty	Customs, Excise and Service Tax Appellate Tribunal	<b>5.57</b>	104.48
		<u><b>12.01</b></u>	<u>110.92</u>
c) Sales Tax	Commercial Tax Officer	<b>17.83</b>	14.49
	Appellate Authorities under Sales Tax Act	<b>1.23</b>	1.23
	Sales tax Tribunal under Sales Tax Act	<b>14.06</b>	14.06
		<u><b>33.12</b></u>	<u>29.78</u>

- 3 Pursuant to the resolution passed by the shareholders at the AGM held on 19th Aug. 2006, the paid-up Equity Shares of Rs.7.50 per share have been consolidated and sub-divided into equity shares of Rs.5 each w.e.f. 07.10.2006.

- 4 Short Term Investment

<b>Mutual Funds</b>	<b>Year ended March 31, 2007</b>			
	<b>Purchases</b>		<b>Redemption</b>	
	<b>Units (Nos)</b>	<b>Value (Rs. in lakhs)</b>	<b>Units (Nos)</b>	<b>Value (Rs. in lakhs)</b>
UTI Liquid Fund	164089	1672.80	163089	1662.60
UTI Fixed Maturity Plan	37000000	3700.00	15000000	1500.00



5 There are no dues to any small scale industrial undertakings and micro, small & medium enterprises which are outstanding for more than 30 days or 45 days respectively 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.

6 **Excise Duty**

Total Excise Duty on Sales for the year has been disclosed as reduction from the turnover. Excise duty related to the difference between the closing stock and opening stock has been included in Schedule 16 "Other Expenses".

7 Repairs and Maintenance to machinery includes consumption of stores and spares amounting to Rs.462.75 lakhs (previous year Rs.361.97 lakhs).

	Year ended March 31, 2007 (Rs. lakhs)	Year ended March 31, 2006 (Rs. lakhs)
8 <b>Auditors' Remuneration : (included in Miscellaneous Expenditure)</b>		
Audit fees	5.00	5.00
Other services	2.00	2.00
Out of pocket expenses	0.08	0.03
	<u>7.08</u>	<u>7.03</u>
9 <b>Managerial Remuneration : (included in Employee cost)</b>		
Salaries and Allowances	32.14	22.29
Contribution to Provident and other Funds	9.30	5.06
Perquisites	8.35	6.98
	<u>49.79</u>	<u>34.33</u>

10.a) CAPACITY & PRODUCTION (MT)

Class of goods	LICENSED CAPACITY		INSTALLED CAPACITY**		ACTUAL PRODUCTION*	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
Propylene oxide	37,000	37,000	24,000	24,000	27,936	27,191
Propylene glycol	24,000	24,000	13,250	13,250	16,426	15,950
Polyols	37,000	37,000	14,000	14,000	14,061	13,725
PGMME	2,400	2,400	2,400	2,400	615	609
Di-Propylene Glycol	1,500	1,500	-	-	1,273	1,489
Tri-Propylene Glycol	200	200	-	-	125	161
DCP and DCIPE	4,700	4,700	-	-	4,329	3,871

\* Including Captive Consumption.

\*\* As certified by management and relied on by the auditors, this being a technical matter.

10(b) Consumption of Raw Materials & Packing Materials :

	Year ended March 31, 2007		Year ended March 31, 2006	
	Qty (MT)	(Rs. lakhs)	Qty (MT)	(Rs. lakhs)
i) <b>Raw Materials</b>				
Propylene	25199	9,744.32	24704	9,089.84
Chlorine	41414	2,744.99	40746	2,883.81
Lime	35355	1,424.73	34522	1,360.31
Other chemicals (Individually less than 10% of consumption)		5,400.52		5,239.00
ii) <b>Packing Materials</b>				
Drums (Nos)	121482	1,302.51	108342	1,120.53
		<u>20,617.07</u>		<u>19,693.49</u>



**10(c) Consumption of Imported and Indigenous Raw Materials, Stores and Consumables:**

	Year ended March 31, 2007		Year ended March 31, 2006	
	Percentage(%)	Value (Rs. lakhs)	Percentage(%)	Value (Rs. lakhs)
<b>i) Raw materials :</b>				
Imported	19.03	3,923.04	22.78	4,485.75
Indigenous	80.97	16,694.03	77.22	15,207.74
	<u>100.00</u>	<u>20,617.07</u>	<u>100.00</u>	<u>19,693.49</u>
<b>ii) Stores and consumables :</b>				
Imported	4.65	21.91	7.65	28.19
Indigenous	95.35	449.30	92.35	340.50
	<u>100.00</u>	<u>471.21</u>	<u>100.00</u>	<u>368.69</u>
	<b>Qty (MT)</b>	<b>(Rs. lakhs)</b>	<b>Qty (MT)</b>	<b>(Rs. lakhs)</b>

**10(d) Trading goods :**

Opening Stock	200	282.72	368	547.15
Purchases	937	1,132.78	463	671.61
Closing Stock	258	337.21	200	282.72

**10(e) Sales**

	Qty (MT)	(Rs. lakhs)	Qty (MT)	(Rs. lakhs)
<b>Manufactured Goods :</b>				
Propylene Oxide	74	77.86	581	589.83
Propylene Glycol	16359	14,358.72	15558	13,844.74
Polyol	17447	18,513.15	17702	19,664.28
Others		2,307.29		2,629.36
<b>Traded Goods</b>	879	1,176.50	631	1,038.74
		<u>36,433.52</u>		<u>37,766.95</u>

**10(f) Stock of Finished Goods**

	As at March 31, 2007		As at March 31, 2006	
	Qty (MT)	(Rs. lakhs)	Qty (MT)	(Rs. lakhs)
<b>Manufactured Goods :</b>				
Propylene Oxide	228	186.60	212	185.31
Propylene Glycol	899	657.14	963	756.37
Polyol	1,672	1,465.66	736	597.06
Others		63.77		100.78
<b>Traded Goods</b>	258	337.21	200	282.72
		<u>2,710.38</u>		<u>1,922.24</u>

	Year ended March 31, 2007 (Rs. lakhs)	Year ended March 31, 2006 (Rs. lakhs)
--	---	---

**11(a) CIF Value of Imports**

Raw Materials, Stores and Consumables	3811.26	3,989.96
Traded goods	837.89	832.67
	<u>4,649.15</u>	<u>4,822.63</u>

**(b) Earnings in Foreign Currency**

FOB value of exports	109.01	408.37
Freight and Insurance	4.92	14.20
	<u>113.93</u>	<u>422.57</u>

**(c) Expenditure in foreign currency (on payment basis)**

Travel	2.63	0.00
Others	0.81	4.96
	<u>3.44</u>	<u>4.96</u>



12 The Company is engaged in the business of manufacture of Petrochemicals, which is the only business segment determined in accordance with Accounting Standard 17 on segment reporting issued by The Institute of Chartered Accountants of India.

13 **Related Party Disclosures :**

**List of Related Parties**

Southern Petrochemical Industries Corporation Limited	Promoter
Ind-Ital Chemicals Limited	Subsidiary of Promoter
Mr.G.Ramachandran	Managing Director
Mr.K.K.Rajagopalan	Director (Finance)

(Rs. in Lakhs)

**Transactions with Related Parties**

	<b>Promoter/Subsidiary of promoter</b>	
	<b>For the year 2006-07</b>	<b>For the year 2005-06</b>
Purchases	1.70	0.00
Income from sales (net of discounts)	76.70	92.99
Services availed	17.17	4.42
Services rendered	2.57	2.34
<b>Outstanding as at year end</b>	<b>31st March 2007</b>	<b>31st March 2006</b>
Loans	Nil	Nil
Loans & Advances	5.84 (Dr)	16.32 (Dr)
Sundry Debtors	17.02 (Dr)	12.22 (Dr)

**Key Management Personnel**

Mr.G.Ramachandran	Remuneration	28.49	20.15
	Outstanding at the year end	9.02	6.17
Mr.K.K.Rajagopalan	Remuneration	21.30	14.18
	Outstanding at the year end	7.11	4.77

14 **Earnings per Share**

	<b>Year ended March 31, 2007</b>	<b>Year ended March 31, 2006</b>
Profit as per Profit & Loss Account (Rs lakhs)	1,499.05	3,403.80
No. of Shares used in computing earnings per share	171999229	171999229
Earnings per share - Basic and diluted (in Rupees)	0.87	1.98
Face Value per share (in Rupees)	5.00	5.00

There are no potential equity shares and hence the basic and diluted earnings per share are the same. Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to the equity share holders by the weighted average number of equity shares outstanding during the year. Previous year is Rs.2.97 at a face value of Rs.7.50 per equity share.

15 **Deferred Taxation**

The components of Net Deferred Tax Liability are as follows:

<b>Nature- Asset / (Liability)</b>	<b>As at 31st March 2006 (Rs in lakhs)</b>	<b>For the Year (Rs in lakhs)</b>	<b>As at 31st March 2007 (Rs in lakhs)</b>
Depreciation	(1367.93)	277.88	(1090.05)
Deferred Revenue Expenses	15.52	(28.57)	(13.05)
Doubtful Debts / Advances	114.22	30.59	144.81
Unabsorbed Depreciation relating to earlier years	1020.61	(1020.61)	0.00
<b>Total</b>	<b>(217.58)</b>	<b>(740.71)</b>	<b>(958.29)</b>

16 In view of the profits for the year as well as prior three years and also considering the future profit projections, the Company is hopeful of being able to take credit the tax paid under MAT for adjustment against the normal income tax payable in future within the period specified under the Income Tax Act, 1961. Accordingly MAT tax paid is considered as an asset and is disclosed under the head "Loans and Advances".

17 Other Liabilities include Rs. 210.56 lakhs (previous year Rs.129.56 lakhs) for estimated liability towards revision in wages for the period 2000-01 to 2006-07 which is under negotiation with labour unions, as below:

Opening balance as on 1st April 2006 (Rs in Lakhs)	Provision made during the year (Rs in Lakhs)	Closing provision as on 31st March 2007 (Rs in Lakhs)
129.56	81.00	210.56

18 Previous year's figures have been re-grouped wherever necessary to conform to the current year's classification.

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## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration details			
Registration No.	1 3 0 8 7	State Code	1 8
Balance Sheet Date	3 1 0 3 2 0 0 7		
	Date      Month      Year		
II. Capital Raised during the year (Amount Rs.in Thousands)			
Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private Placement	N I L
III. Position of Mobilisation and Deployment of Funds (Amount Rs.in Thousands)			
Total Liabilities	1 8 9 4 5 8 2	Total Assets	1 8 9 4 5 8 2
Source of Funds			
Paid-Up-Capital	8 6 0 3 4 7	Reserves & Surplus	3 0 0 7 5 3
Secured Loans	1 7 9 1 3 3	Unsecured Loans	4 3 0 6 4
Deferred Tax Liability	9 5 8 2 9		
Application of Funds			
Net Fixed Assets	4 9 1 7 3 5	Investments	2 2 1 0 6 5
Net Current Assets	7 6 2 4 6 3	Misc. Expenditure	3 8 6 3
IV. Performance of Company (Amount Rs.in Thousands)			
Turnover	3 1 7 3 9 2 9	Total Expenditure	2 9 4 7 8 7 3
Profit / Loss before Tax		Profit / Loss after Tax	
+ -		+ -	
+	2 2 6 0 5 6	+	1 4 9 9 0 5
Earnings per share in rupees	0 . 8 7	Dividend Rate %	1 0 %
V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)			
ITEM CODE No. (ITC CODE)	3 9 0 7 2 0 1 0		
Product Description	P O L Y O L		
ITEM CODE No. (ITC CODE)	2 9 0 5 3 2 0 0		
Product Description	P R O P Y L E N E G L Y C O L		
ITEM CODE No. (ITC CODE)	2 9 2 9 1 0 1 0		
Product Description	I S O C Y A N A T E S		

**For and on behalf of the Board of Directors**

**Dr. A C MUTHIAH**  
Chairman

**M. SIVAGNAMAM**  
Director

**G RAMACHANDRAN**  
Managing Director

**K K RAJAGOPALAN**  
Director (Finance)

Place : Chennai  
Date : 27<sup>th</sup> April 2007



Dear Shareholders,

Date : 27.04.2007

**Sub : Remittance of Dividend - Bank Account Particulars / ECS Mandate Form**

To avoid postal delays, misplacement and fraudulent encashment of the dividend warrants, the company is proposing to extend remittance through Electronic Clearing Service (ECS) facility.

The Electronic Clearing Service (ECS) facility is currently available in the cities mentioned below :-

Ahmedabad	Chandigarh	Hyderabad	Kanpur	New Delhi
Bangalore	Chennai	Jaipur	Mumbai	Patna
Bhubaneshwar	Guwahati	Kolkata	Nagpur	Thiruvananthapuram

Irrespective of whether ECS facility is applicable / availed by you, kindly provide the following particulars in the format given below, to enable us to incorporate the relevant information in the dividend warrant to be sent to you. In case you are holding shares in Demat form, kindly advise your Depository participant to take note of your Bank account particulars / ECS mandate.

Thanking you and assuring you of our best services,

**G. Ramachandran**

Managing Director

To

**Cameo Corporate Services Limited**  
**Unit : MPL**  
**'Subramanian Building' – V Floor,**  
**No.1, Club House Road,**  
**Chennai 600 002.**

Date :

1.	Name of the First Shareholder (In Block Letters)						
2.	Folio No. / DPID – Client ID No.						
3.	No. of Shares						
4.	Name of the Bank						
5.	Branch						
6.	Bank Account Number (as appearing in the cheque book)						
7.	Account type [please tick (✓)]	Savings		Current		Cash Credit	
8.	9-Digit Code Number of the Bank & Branch as appearing on the MICR Cheque						

I am willing to utilize the ECS services offered by the company :  YES  NO  
[Tick (✓) in the relevant box]

I shall not hold the company responsible, if the ECS could not be implemented or the company discontinues the ECS, for any reason.

Thanking you,

**SIGNATURE OF FIRST / SOLE SHAREHOLDER**

**Note :** Please attach Photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the code number.



### MANALI PETROCHEMICAL LTD

(Regd. Office : "SPIC House", 88, Mount Road, Guindy, Chennai - 600 032.)

#### ATTENDANCE SLIP

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

Folio No.

No. of Shares held

DP. ID*	<input type="text"/>
CLIENT ID*	<input type="text"/>

*\*Applicable to investors holding shares in electronic form.*

I hereby record my presence at the **TWENTY FIRST ANNUAL GENERAL MEETING**, held at **Rajah Annamalai Mandram, Esplanade, Chennai – 600 108, on Saturday, the 1<sup>st</sup> September 2007 at 10.35 A.M.** as Shareholder/Proxy\*.

.....  
NAME OF THE SHAREHOLDER / PROXY\*

.....  
SIGNATURE OF THE SHAREHOLDER / PROXY\*

*\*Strike whichever is not applicable*



### MANALI PETROCHEMICAL LTD

(Regd. Office : "SPIC House", 88, Mount Road, Guindy, Chennai - 600 032.)

#### PROXY FORM

FOLIO NO.	<input type="text"/>
DP ID	<input type="text"/>

No. of Shares held

I / We ..... of .....  
in the district of .....being a member / members of MANALI  
PETROCHEMICAL LTD, hereby appoint ..... of ..... in  
the District of ..... or failing him ..... of .....in the District of  
..... as my / our Proxy to vote for me / us on my / our behalf, at the  
Twenty First Annual General Meeting of the Company to be held on Saturday, the 1<sup>st</sup> September 2007 at 10.35 A.M. and  
at any adjournment thereof.

Signed this ..... Day of ..... 2007

Affix  
30 Paise  
Revenue  
Stamp

Signature .....

- Note:
1. In the case of a Corporation this Proxy shall be either given under the Common Seal or signed on its behalf by an Attorney or Officer of the Corporation.
  2. Proxies to be valid must be deposited at the Registered Office / Principal Office of the Company, not later than 48 hours before the time for holding the Meeting.

## BOOK POST

To :



*If undelivered, please return to :*

**Manali Petrochemical Ltd**

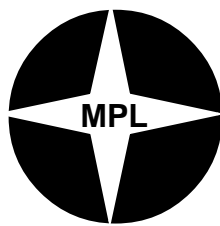
*Ponneri High Road, Manali,  
Chennai - 600 068.*

*Phone : 25941025, 25941249, 25941253*

*Fax : 25941199*

*Email : [it@manalipetro.com](mailto:it@manalipetro.com)*

**21st ANNUAL REPORT**  
**2006 - 2007**



**Manali Petrochemical Ltd**



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**BOARD OF DIRECTORS**

Dr. A. C. MUTHIAH	Chairman
ASHWIN C MUTHIAH	Director
Ar Rm ARUN	Director
M.H. AVADHANI	Director
C. V. R. PANIKAR	Director
G. RAGHAVENDRAN	Director
M. SIVAGNANAM	Director
T. WILLINGTON (Nominee of TIDCO)	Director
G. RAMACHANDRAN	Managing Director
K. K. RAJAGOPALAN	Director (Finance)

**AUDIT COMMITTEE**

M. SIVAGNANAM	Chairman
Ar Rm ARUN	Director
M. H. AVADHANI	Director
C.V.R. PANIKAR	Director
G. RAGHAVENDRAN	Director
T. WILLINGTON (Nominee of TIDCO)	Director

**COMPANY SECRETARY**

G. S. LAKSHMI NARASIMHAN  
(w.e.f. 11th July 2007)

**AUDITORS**

M/s. Deloitte Haskins & Sells, Chennai

**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 & Jaipur  
Bank of India

**REGISTERED OFFICE**

SPIC HOUSE  
88 Mount Road, Guindy, Chennai - 600 032.

**PRINCIPAL OFFICE & PLANT I**

Ponneri High Road, Manali, Chennai – 600 068.  
Phone : 25941025, 25941249, 25941253  
Fax : 25941199  
Email : it@manalipetro.com

**PLANT - II**

Sathangadu Village,  
Manali, Chennai – 600 068.  
Phone : 25941698, 25941402

**SECRETARIAL DEPARTMENT**

Ponneri High Road, Manali, Chennai – 600 068.  
Phone : 25943895 (Direct)  
Email : companysecretary@manalipetro.com

**DEPOSITORY**

National Securities Depository Ltd (NSDL)  
Central Depository Services (India) Limited (CDSL)

**SHARES LISTED WITH**

1. Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001.
2. National Stock Exchange of India Ltd  
Exchange Plaza,  
Bandra – Kurla Complex,  
Bandra (East), Mumbai – 400 051.
3. The Calcutta Stock Exchange Association Ltd  
No.7, Lyons Range, Kolkata – 700 001.  
(Confirmation of De-listing awaited)

**REGISTRARS AND SHARE TRANSFER AGENT**

M/s. Cameo Corporate Services Limited  
“Subramanian Building”  
No.1, Club House Road, Chennai – 600 002.  
Phone : 28460390, 28462700 & 28460718  
Fax : 28460129  
Email : cameosys@satyam.net.in

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