

ANNUAL REPORT

2010 – 2011



Manali Petrochemical Ltd



BOARD OF DIRECTORS

(As on 27th April 2011)

ASHWIN C. MUTHIAH	Chairman
T.K. ARUN (Nominee of TIDCO)	Director
BABU K VERGHESE	Director
G. RAGHAVENDRAN	Director
M. SIVAGNANAM	Director
G. RAMACHANDRAN	Managing Director
K.K. RAJAGOPALAN	Director (Finance)

AUDIT COMMITTEE

M. SIVAGNANAM	Chairman
T.K. ARUN (Nominee of TIDCO)	Director
G. RAGHAVENDRAN	Director

COMPANY SECRETARY

R. KOTHANDARAMAN

AUDITORS

M/s Deloitte Haskins & Sells,
ASV N Ramana Tower, 52, Venkatnarayana Road,
T.Nagar, Chennai - 600 017.

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

DEPOSITORIES

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

SHARES LISTED WITH

- 1 Bombay Stock Exchange Ltd
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
Confirmation of De-listing awaited from Calcutta Stock
Exchange Association Ltd, No.7, Lyons Range,
Kolkata - 700 001

REGISTRARS AND SHARE TRANSFER AGENT

M/s Cameo Corporate Services Limited
"Subramanian Building"
No.1, Club House Road, Chennai 600 002
Phone : 28460390 - 394 & 28460718
Fax: 28460129
E mail : investor@cameoindia.com



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 25th Annual General Meeting of the Members of Manali Petrochemical Ltd will be held at Rajah Annamalai Mandram, 5, Esplanade Road (Near High Court), Chennai – 600 108, on Friday the 29th July 2011 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Mr. M Sivagnanam who retires by rotation and being eligible offers himself for re-election.
4. To consider not to appoint a Director in the place of Mr. G.Raghavendran, who retires by rotation and does not offer 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 with ICAI Registration Number 008072S, be and are hereby re-appointed as the 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.

Date : 27th, April 2011
Registered Office:
SPIC HOUSE
88 Mount Road, Guindy,
Chennai - 600 032.

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and to vote on a poll instead of himself and the proxy need not be a member of the Company.
2. The proxies in order to be valid, must be received by the Company at its Registered Office / Principal Office of the Company not less than 48 hours before the commencement of the 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

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification, the following as SPECIAL RESOLUTIONS:

RESOLVED THAT pursuant to Section 21 of the Companies Act, 1956, and other applicable provisions, if any, and subject to the approval of the Central Government and/or Registrar of Companies and other authorities as may be required, the name of the Company be changed as **Manali Petrochemicals Limited**.

RESOLVED THAT the name clause of the Memorandum of Association of the Company be substituted with the following new Clause:

1. The name of the Company is Manali Petrochemicals Limited.

RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956, and other applicable provisions, if any, and subject to such statutory and other approvals as may be required, the following alterations be and are hereby made to the Articles of Association of the Company:

- a. Clause 2 (c) of the Articles of Association of the Company be substituted with the following new clause:
2.(c) The Company or this Company means Manali Petrochemicals Limited.
- b. The name of the Company in format for proxies prescribed under Article 87 of the Articles of Association be changed as Manali Petrochemicals Limited.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and to take such steps as may be necessary or expedient for giving effect to the aforesaid resolutions.

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

R KOTHANDARAMAN
COMPANY SECRETARY

- meeting. Members are requested to indicate, without fail, their Folio No. or as the case may be DP ID and Client ID numbers in the attendance slips.
4. Members are requested to bring their copies of the Annual Report with them.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 19th July 2011 to 29th July 2011 (both days inclusive).
6. Members are requested to furnish the details of their nomination (if not already sent) in the prescribed form to the Registrars and Share Transfer Agent (RTA) of the Company, M/s Cameo Corporate Services Limited, Chennai.



7. To avoid postal delays, misplacement and fraudulent encashment of the dividend warrants, the Company is extending remittance of dividend through Electronic Clearing Service (ECS) facility. Members who wish to avail this facility are requested to use the form for this purpose, which is available on the company's website www.manalipetro.com and send the same duly completed, to the RTA.
8. National Electronic Clearing Services (NECS) has been operationalised by RBI w.e.f. Oct, 2008, enhancing the coverage given by ECS so far. NECS leverages on Core Banking Solution of member banks for centralized posting of NECS transactions. Through NECS, you as our shareholder, can receive dividend credits through electronic mode even if you are not in an ECS location. We encourage you to update the details required for NECS with your DP or as the case may be the RTA.
9. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special Business is annexed to this notice.
10. Pursuant to Clause 49 of the Listing Agreement, brief resume of the Directors seeking re-election at this meeting is furnished hereunder.
11. The complete Annual Report for the years 2007-08, 2008-09, 2009-10 and 2010-11 are available in the Company's website www.manalipetro.com, together with the notice of relevant AGMs.
12. In terms of the Green Initiative in Corporate Governance of the Ministry of Corporate Affairs, communicated vide General Circular No. 17/2011 dated 21-04-2011 read with General Circular No. 18/2011 dated 29-04-2011, the Annual Reports, notice of meetings and other statutory documents required to be furnished by the Company to the Members can be sent in electronic mode. For this purpose, the Members are requested to register their e-mail addresses with the RTA, for receiving the aforesaid information in electronic mode.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No.6

The Company was incorporated in the year 1986 under the name "MANALI PETROCHEMICAL LTD." for implementing PO/PG/Polyol Project. Initially it had only one manufacturing facility, at Manali and in the year 2000, SPIC Organics Limited was merged with the Company. Over the years, the size and operations of the Company have grown and at present the Company manufactures multiple ranges of petrochemical products, which aspect is not clearly reflected in the current name.

Therefore it is proposed to change the name of the Company as "Manali Petrochemicals Limited".

Change of name of the Company and consequential alterations to the Memorandum and Articles of the Company require the approval of the Members, by Special Resolutions.

Your Directors recommend the resolutions for the approval of the Members. None of the Directors of the Company is interested or concerned in the resolutions.

Date : 27th, April 2011
Registered Office:
SPIC HOUSE
88 Mount Road, Guindy,
Chennai - 600 032.

By Order of the Board
For MANALI PETROCHEMICAL LTD.,

R KOTHANDARAMAN
COMPANY SECRETARY

Brief Resume of the Directors seeking re-appointment at the 25th Annual General Meeting

Mr. M. Sivagnanam, I.A.S. (Retd.), was appointed as a Director on the Board effective 26.12.1989. He was the Chief Secretary to the Government of Gujarat. He has held various positions such as the Managing Director of Gujarat Narmada Valley Fertilizers Ltd., Chairman of Gujarat State Construction Corporation, Gujarat Mineral Development Corporation and Gujarat Electricity Board, Director of IPCL and Member of the Board of Governors of IIM, Ahmedabad. He was instrumental in the successful implementation of several industrial projects in Gujarat. He was also the Advisor to the Central Planning Commission and in charge of industrial policy and the Advisor, State Plan for Southern States. He was also a member of the Tamilnadu State Planning Commission.

Mr.M. Sivagnanam does not hold any equity shares of the Company.



REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

To

The Shareholders

The Directors present their 25th Annual Report on the business and operations of your Company and the Audited Statement of Accounts for the year ended 31st March 2011.

FINANCIAL RESULTS (Rs. in Crores)

DESCRIPTION	2010-11	2009-10
Profit Before interest & Depreciation	40.76	35.54
Interest	1.54	1.50
Depreciation	4.91	4.04
Profit Before Tax	34.31	30.00
Provision for Taxation	9.04	8.94
Profit After Tax	25.27	21.06
Cash Profit	31.60	29.01

During the year, the Company achieved a profit before tax of Rs.34.31 Crores and a profit after tax of Rs. 25.27 Crores. The process units were continued to be operated at higher capacity. The new polyol plant at Plant-2 commenced production in Feb. 2011. The trend of the profits and sales turnover for the past few years is given in Page 4 of the Annual Report.

OPERATIONAL HIGHLIGHTS

During the year, the debottlenecked PG plants and the retrofitted 'PO' plant were optimized and the production was stepped up and streamlined. The benefits of these augmentation schemes could be realized during the financial year. The new polyol plant train with a capacity of 17,000 MT per annum of polyol, was successfully commissioned in February 2011. The operation of the plant is being optimized. Thus, the production capacities of the PO, PG and polyol for the company has gone up to 36000 MT, 20000 MT and 50000 MT respectively. The bio-mass fired 4.2 MW co-generation captive power plant functioned to its best ability, thus alleviating problems posed by the restrictions on power supply.

Production was also fortified at Plant-2 with standby nitrogen plant and upgradation of the cooling water circulation system in view of the large augmented capacity of the process plants at that site. Sufficient storage tanks to handle the additional production have also been added.

Maximum utilization of the process plant can be achieved if sufficient quantities of imported 'PO' is available, which is currently imported in ISO containers. Steps are being taken to install an import terminal at Ennore Port to import 'PO' in bulk to improve availability of 'PO'. Though the derivative plants of PG and polyol have capability to process 60,000 MT of 'PO' per annum, the Company can produce only 36,000 MT per annum and hence arrangements are being made to import the balance.

During the year, 5,44,05,000 equity shares were transferred by SPIC to Dr. A C Muthiah and SIDD Life Sciences Private Limited as inter se transfer among promoters.

DIVIDEND

Your Directors recommend a 10 % dividend i.e. 50 paise for every equity share of Rs. 5/- each fully paid-up, for the year 2010-11, aggregating to Rs. 8.60 Crores, excluding dividend distribution tax.

MARKET SCENARIO

The market conditions in India continued to be good throughout the year. The polyurethane market improved considerably in India. Since our market share is less than 50% in all the segments, we sold all the quantities that we produced, comfortably. Scope exists for further improvement in market share with improved production capacities.

The international market also improved and hence better selling prices that prevailed during the year helped to improve profitability, inspite of increasing raw material costs.

During the year, the Company achieved a higher turnover of Rs. 496.72 Crores, an increase of 18 % over the previous year.

FUTURE OUTLOOK AND NEW PRODUCTS

Polyurethane industry is growing in excess of 20% in India. The automobile industry is growing phenomenally and India is becoming an export hub. Resulting from the expansion plans of auto companies and other PU industries, the 2nd tier market is expected to double within the next 5 years, and hence the outlook is good for the 3rd tier polyol & isocyanate manufacturers.

The multinational foam suppliers to auto companies are blending their formulations, and this has thrown open the possibilities for the Company to sell the base polyols directly to them without the need for completing the system with other chemicals / isocyanates. The unsaturated polyester industry and food / flavor industries are also growing in excess of 20%, and thus there is scope for expanding the Glycol facilities further.

OPPORTUNITIES AND THREATS

The various free trade agreements with ASEAN countries could pave way for large scale import of intermediate and finished products. However, it also gives the Company an opportunity to import the raw materials at concessional duties which would give it an edge in the market. The duty levels are already low and in view of the expansion we have completed and in view of the bulk storage tanks which we are planning, the threat and opportunities are likely to balance each other.

RISKS AND CONCERNS

Chennai Petroleum Corporation Ltd. being the sole supplier of propylene, even though is perceived as a big risk, their performance is consistent and has not posed any big constraint so far. However, the periodic long duration maintenance shutdown effected every alternate year would impact our operations and profitability. The PO import terminal planned by the Company would be of help in maintaining the operations without any shortfall.

ENVIRONMENT AND SAFETY

The periodic surveillance audits of ISO 9001 and ISO 14000 have been done regularly and the recertification audit is due in April 2011.

CONSERVATION OF ENERGY

As required under Section 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 annexed to and form part of this Report.

FIXED DEPOSITS

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



INDUSTRIAL RELATIONS

As on 31st March 2011, your company had 358 employees on its roll at different locations including Engineers, Technicians and Trainees. Wherever necessary, training is imparted at all levels.

PARTICULARS OF EMPLOYEES

None of the employees of the Company was in receipt of remuneration in excess of the amount prescribed by Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

DIRECTORS

Mr. N Suryanarayanan, Director resigned on 27th April 2011. The Board wishes to place on record its appreciation for the valuable services rendered by Mr. Suryanarayanan during his tenure as a Director of the Company.

Mr. M Sivagnanam and Mr. G Raghavendran, Directors retire at the forthcoming Annual General Meeting and are eligible for re-appointment. Mr. M Sivagnanam offers himself for re-election, but Mr. G Raghavendran is not seeking re-election.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) That in the preparation of the annual accounts for the Financial year ended 31st March 2011, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- b) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- c) 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;
- d) That the Directors had prepared the accounts for the financial year ended 31st March, 2011 on a "going concern" basis.

CORPORATE GOVERNANCE

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

DETAILS OF UNCLAIMED SHARE CERTIFICATES

As per the information provided by the Registrars and Share Transfer Agent, 17,43,308 equity shares of Rs. 5 each are remaining unclaimed by 7,176 shareholders, for which they are in the process of sending reminders to the concerned shareholders as required under Clause 5A of the Listing Agreement. The shares in respect of the unclaimed share certificates would be dematerialized on completion of the prescribed process and dealt with in accordance with the requirements of the said Clause 5A.

COST AUDIT

The Government of India has ordered the Company to conduct audit of the cost accounts in respect of 'Chemicals' manufactured by the Company and accorded its approval for appointment of M/s. S Gopalan & Associates, Cost Accountants, as the Cost Auditors of the Company for the year 2010-11.

AUDITORS

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

ADEQUACY OF INTERNAL CONTROLS

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

ACKNOWLEDGEMENT

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

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

DISCLAIMER

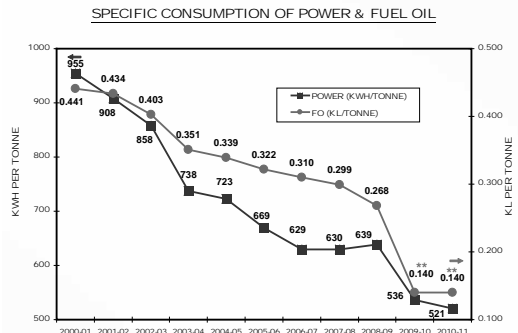
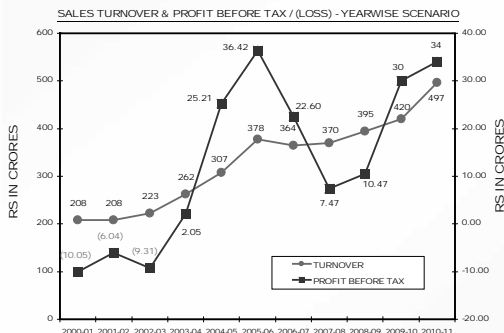
The Management Discussion and Analysis contained herein is based on the information available to the Company and assumption based on experience in regard to domestic and global economy, on which the Company's performance is dependent. It may be materially influenced by macro economic/environment changes, on which the Company may have no control and impacting the views perceived or expressed herein.

For and on behalf of the Board

ASHWIN C MUTHIAH
CHAIRMAN

CHENNAI – 600 032

DATE : 27th April 2011





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 31st March 2011.

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

- Stabilized 'PO' at Plant II.
- Commissioning of new polyol plant with substantial reduction in power consumption.
- Installation of the PSA based Nitrogen plant at Plant II.
- Rationalized the cooling water circulation thus providing additional water to the new polyol plant without increasing the power consumption.
- Energy efficient ejector system implemented at new polyol plant.

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

- Polyol heat recovery system for Train-1 at Plant II.
- Conversion of MPG column 1 at Plant II to operate at lower temperature.

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

- Impact of energy conservation and productivity improvement measures at (a) in the order of Rs.2 Crores per annum.
- The savings envisaged by implementing the energy conservation measures at (b) for reduction of energy and consequent impact on the cost of production of goods is expected to be around Rs.50 lakhs per annum.

FORM – A

	Year Ended 31.03.2011	Year Ended 31.03.2010
(A) Power and Fuel Consumption		
1. ELECTRICITY		
a) Purchased		
Units	29,09,232	38,16,938
Amount (Rs.) (i.e. cost paid to TNEB)	1,50,70,998	2,58,45,231
Rate per Unit (Rs.)	5.18	6.77
MD Charges (Rs./ KVA)	300	300
b) Own Generation		
1. Through Diesel Generator (Units)	20,81,919	14,09,056
Unit per litre of Diesel	3.48	3.10
Cost per Unit (Rs.)	11.15	10.60
2. Through Steam Turbine (Gross)	2,90,30,150	2,85,99,325
Through Steam Turbine (Net)	2,40,17,525	2,30,42,548
Units per MT of Wood, net of Cogeneration Steam	590	579
Cost per Unit (Rs.)	4.22	4.18
2. Coal	Nil	Nil
3. Furnace Oil (Qty in KL)	6,024	5,605
Amount (Rs.)	15,20,41,739	11,58,47,325
Average Rate (Rs./KL)	25,241	20,669
4. Others / Internal Generation		
Wood Qty. (MT)	40,732	39,795
Amount in (Rs.)	10,14,19,263	9,62,96,512
Average Rate (Rs. Per MT)	2,490	2,420
(B) Consumption per unit of production with standards (if any)		
Products (In MT)	54,740	52,603
Electricity in Units	521	536
Furnace Oil in KL (**)	0.140	0.140
Coal	Nil	Nil
Others - Wood (in MT) (++)	1.880	2.000

** Applicable for Plant I Only ++ Applicable for Plant II Only



FORM-B

B. TECHNOLOGY ABSORPTION

I. Research and Development (R&D) :

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

- Formulation improvements.
- Cost reduction exercises.
- Improve the waste water treatment process.

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

- Improve production and sales of polyols.
- Reduction in operating cost.
- Waste minimization.

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.:

Use of Indigenous chemicals has reduced the cost of production. By development of CFC free formulations, we continue to retain our market share, thus avoiding imports into the country.

3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) 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

: For Plant-I

Process know-how from M/s ATOCHEM / TECHNIP of France

For Plant-II

Process know-how from M/s MONTEDIPE of Italy

POLYOLS

: For Plant-I

Process know-how from M/s ARCO / TECHNIP of USA

For Plant-II

Process know-how from M/s PRESSINDUSTRIA of Switzerland

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 arise

3. Future Plan of Action :

- Develop a prepolymer for visco elastic and flexible moulding application.
- Introduce formulations for alternative blowing agents to phase out HCFC as per country's programme.

4. Expenditure on R & D : (Rs. in Lakhs)

(a) Capital : 12.92

(b) Recurring : 67.27

(c) Total : 80.19

(d) Total R&D expenditure as a percentage of total turnover : 0.16

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

a. Efforts

: Further possibilities of exporting the products are being explored.

b. Foreign Exchange earnings and outgo

i. Earnings export sales (FOB)

: Rs. 262.30 lakhs

ii. Outgo (on cash basis)

: Rs. 10451.08 lakhs



REPORT ON CORPORATE GOVERNANCE

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

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

This report covers the Corporate Governance aspects in your Company:

2. Board of Directors:

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

As on 31st March 2011, the Board comprised of eight directors, as detailed below:

Name	Category	No. of shares held	Membership	
			Other Boards	Other Board Committees
Mr. Ashwin C Muthiah, Chairman	Non Executive, Non Independent	-	9 (3)	2
Mr. M Sivagnanam	Non Executive, Independent	-	-	-
Mr. G Raghavendran	Non Executive, Independent	1350	-	-
Mr. Babu K Verghese	Non Executive, Independent	300	-	-
Mr. T K Arun (Nominee of TIDCO)	Non Executive, Independent	-	9	8 (1)
Mr. N Suryanarayanan	Non Executive, Non Independent	-	2	1
Mr. G Ramachandran, Managing Director	Executive	1725	1	-
Mr. K K Rajagopalan, Director (Finance)	Executive	1650	3	-

NOTES:

- Other Directorships exclude Foreign Companies, Private Limited Companies, Section 25 Companies and Alternate Directorships.
- Only Membership in Audit Committees and Shareholders/Investors Grievance Committees are reckoned for Other Board Committee Memberships.
- Figures in brackets denote no. of chairmanships.
- There was no change in the composition of the Board during the year 2010-11.

ii. Board Meetings and attendance at Board Meetings and Annual General Meeting (AGM):

The Board of Directors met five times during the year 2010-11 on 20th April 2010, 28th July 2010, 22nd September 2010, 27th October 2010 and 14th February 2011. All the Directors attended all the meetings. All of them attended the 24th Annual General Meeting of the Company held on 22nd September 2010, except Mr. G Raghavendran.

3. Audit Committee:

i. Terms of reference:

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

ii. Composition:

The Committee comprises of the following independent directors, viz., Mr. M Sivagnanam, Chairman, Mr. G Raghavendran and Mr. T K Arun, who have financial knowledge.

Managing Director, Director (Finance), representatives of the Statutory Auditors, Cost Auditor and Internal Auditors are invitees to the Audit Committee meetings and the Company Secretary is Secretary to the Committee.



iii. Meetings and attendance:

The Committee met four times during the year 2010-11, on 20th April 2010, 28th July 2010, 27th October 2010 and 14th February 2011 and all the Members were present.

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

4. Remuneration Committee:

i. Terms of reference, composition and meeting:

A Remuneration Committee was constituted by the Board on 28th January 2008 with three independent Directors as members. Presently Mr. Babu K Verghese, Director is the Chairman; Mr. M. Sivagnanam and Mr. T.K.Arun, Directors are the other members. The Committee reviews and recommends to the Board on matters relating to fixation and payment of remuneration to the Executive Directors and generally follows the practice in vogue since inception. During the year 2010-11, the Committee met on 20th April 2010 and all the members of the Committee attended the meeting.

ii. Remuneration policy:

The following is the managerial remuneration policy of the Company:

a. For Executive Directors:

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

b. For Non-executive Directors:

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

iii. Details of remuneration paid:

a. Sitting fees paid to non-executive Directors during 2010 - 11 are detailed below:

Name	Amount (Rs.)
Mr. Ashwin C Muthiah	1,00,000
Mr. M Sivagnanam	1,72,000
Mr. G Raghavendran	1,20,000
Mr. Babu K Verghese	1,52,000
Mr. T K Arun (Paid to TIDCO)	1,22,000
Mr. N Suryanarayanan	1,00,000
Total	7,66,000



b. Remuneration paid/payable to the Executive Directors for the year 2010-11 are detailed below:

(Rs. in Lakhs)

Sl. No.	Name & Designation	Salary and allowances	Contribution to PF and other funds	Perquisites	Total
01	Mr. G Ramachandran, Managing Director	27.34	3.44	6.28	37.06
02	Mr. K K Rajagopalan, Director (Finance)	24.05	3.05	5.59	32.69
	Total	51.39	6.49	11.87	69.75

Managing Director and Director (Finance) are under contract of employment with the Company which stipulates a notice period of 3 months from either side. No severance fee is payable to the Executive Directors and no Employee Stock Option has been offered by the Company to them.

5. Shareholders/Investors Grievance and Share Transfer Committee:

i. Terms of reference:

The Committee oversees redressal of shareholder and investor grievances and approves issue of share certificates arising out of loss/destruction, sub-division, consolidation, rematerialization etc. and also approves the transfer, transmission and transposition of shares.

ii. Composition, Meetings and attendance:

The Committee comprises of Mr. Babu K Verghese, Director as Chairman and Mr. M Sivagnanam, Director and Mr. G Ramachandran, Managing Director as Members. Mr. G S Lakshmi Narasimhan, Company Secretary was the Compliance Officer till 3rd November 2010 and Mr. R Kothandaraman, Company Secretary is the Compliance Officer thereafter.

The Committee met 24 times during the year and all the Members were present thereat.

iii. Details of complaints received and redressed:

During the year, 168 complaints were received, which were redressed to the satisfaction of the complainants. There were no pending complaints as at the year- end.

6. General Body Meetings:

i. Details of Annual General Meetings and Special Resolutions:

AGM	YEAR	VENUE	DATE	TIME
22 nd	2008	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	20-09-2008	10.35 a.m.
23 rd	2009	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	17-09-2009	10.00 a.m.
24 th	2010	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	22-09-2010	10.30 a.m.

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

Date of AGM	Subject
20-09-2008	Reappointment of Mr. K K Rajagopalan, as Director (Finance) for the period from 01-10-2008 to 30-09-2010
17-09-2009	Reappointment of Mr. G Ramachandran, as Managing Director for the period from 01-09-2009 to 31-08-2012
22-09-2010	Reappointment of Mr. K K Rajagopalan, as Director (Finance) for the period from 01-10-2010 to 30-09-2011

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



7. Disclosures:

- i. There were no materially significant related party transactions that had potential conflict with the interests of the Company at large. Transactions in the ordinary course of business with the related parties are disclosed in the Notes to the Accounts.
- ii. There have been no instances of non-compliance by the Company on any matters related to the capital markets nor have any penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters.
- iii. The Company has complied with all the mandatory requirements stipulated under Clause 49 of the Listing Agreements with the Stock Exchange.
- iv. Compliance with Non – Mandatory requirements:
 - a. Remuneration Committee:

The Company has constituted a Remuneration Committee for determining and recommending to the Board on matters relating to remuneration to executive directors. The details are furnished under Sl. No. 4 of this Report.
 - b. Whistle Blower Policy:

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

There have been no audit qualifications on the financial statements and the Company is under a regime of unqualified financial statements.
- v. The Company has laid down procedures to inform the Board members about the risk assessment and its minimization, which is periodically reviewed to ensure that risk control is exercised by the Management effectively. Committees have been formed to analyze the issues relating to risk management and the action points arising out of the deliberations of the Committees are reviewed by the Board.
- vi. As required under clause 49 (V) of the Listing Agreement, CEO / CFO Certification by Mr.G.Ramachandran, Managing Director and Mr.K.K.Rajagopalan, Director (Finance) was placed before the Board at its meeting held on 27th April 2011.
- vii. A Management Discussion and Analysis Report has been presented as part of the Directors' Report.

8. Means of communication:

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

The Company's website also displays official press/news releases and several other details/information of interest to various stakeholders, including the complete Annual Reports and shareholding pattern.

9. General Shareholder Information:

i. 25th Annual General Meeting:

- | | |
|---------------|---|
| - Date & time | 29 th July 2011, 10.00 A.M. |
| - Venue | Rajah Annamalai Mandram
Esplanade, Chennai 600 108 |

ii. Financial Calendar(tentative):

Financial year	1 st April 2011 to 31 st March, 2012
First quarter results	July/ August 2011
Second quarter results	October/ November 2011
Third quarter results	January/February 2012
Audited Results for the year 2011-12	Before end of May 2012

iii. Book Closure date : 19th July 2011 to 29th July 2011(both days inclusive)

iv. Dividend payment date : 18th August, 2011, Subject to declaration of dividend at AGM



v. Listing / Stock Code of equity shares

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

vi. Market Price Data

Month & Year	NSE				BSE			
	Share Price (Rs.)		S & P CNX Nifty		Share Price (Rs.)		Sensex	
	High	Low	High	Low	High	Low	High	Low
April 2010	12.40	9.40	5,399.65	5,160.90	12.40	9.00	18,047.86	17,276.80
May	11.90	9.50	5,278.70	4,786.45	12.30	9.60	17,536.86	15,960.15
June	11.40	9.60	5,366.75	4,961.05	11.37	9.75	17,919.62	16,318.39
July	12.40	10.05	5,477.50	5,225.60	12.33	10.20	18,237.56	17,395.58
August	11.35	10.00	5,549.80	5,348.90	11.40	9.96	18,475.27	17,819.99
September	17.20	10.00	6,073.50	5,403.05	17.15	10.07	20,267.98	18,027.12
October	17.10	14.85	6,284.10	5,937.10	17.20	14.85	20,854.55	19,768.96
November	20.75	14.65	6,338.50	5,690.35	20.90	14.65	21,108.64	18,954.82
December	17.50	14.30	6,147.30	5,721.15	17.40	14.20	20,552.03	19,074.57
January 2011	16.40	11.50	6,181.05	5,416.65	16.35	12.01	20,664.80	18,038.48
February	13.20	10.20	5,599.25	5,177.70	13.35	10.15	18,690.97	17,295.62
March	13.75	11.05	5,872.00	5,348.20	13.75	11.05	19,575.16	17,792.17

The Company awaits confirmation of delisting from Calcutta Stock Exchange Association Ltd.

viii. Registrars and Share Transfer Agent:

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

ix. Share Transfer System:

Requests for share transfer, transmissions, transpositions etc are processed by the RTA and returned within the stipulated time, if the documents are found to be in order. Share transfer requests are processed within an average of 15 days from the date of receipt. 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.

x. Distribution of shareholding as on March 31, 2011:

Range of shares		Holders		Shares	
From	To	No.	%	No.	%
1	100	17,785	11.60	10,46,410	0.61
101	500	1,10,231	71.90	2,51,07,925	14.60
501	1,000	14,711	9.60	1,16,45,459	6.77
1,001	2,000	5,979	3.90	91,06,583	5.29
2,001	3,000	1,762	1.15	46,34,106	2.70
3,001	4,000	579	0.38	21,21,659	1.23
4,001	5,000	734	0.48	35,17,772	2.05
5,001	10,000	866	0.56	66,79,732	3.88
1,0001	& above	660	0.43	10,81,39,583	62.87
Total		1,53,307	100.00	17,19,99,229	100.00



xi. Shareholding pattern as on March 31, 2011:

Category	Holders		Shares	
	No.	%	No.	%
Promoters and Promoter Group	13	0.01	7,70,91,453	44.82
Mutual Funds/UTI	14	0.01	1,93,800	0.11
Financial Institutions	17	0.01	74,435	0.04
Foreign Institutional Investors	1	0.00	22,60,000	1.31
Bodies Corporate	1,242	0.81	1,20,13,130	6.99
Individuals	1,45,819	95.11	7,43,72,170	43.25
HUF	1,247	0.81	34,79,689	2.02
NRIs/OCBs	4,868	3.18	23,69,224	1.38
Clearing Members & others	86	0.06	1,45,328	0.08
Total	1,53,307	100.00	17,19,99,229	100.00

xii. Dematerialization of shares and liquidity:

The shares, listed in BSE and NSE, are to be traded only in dematerialized form. The ISIN of the shares is: INE201A01024.

The shares are traded regularly on BSE and NSE.

As at March 31, 2011, 15,38,58,000 shares were held in dematerialized form, representing about 90% of the total shares. The balance were held in physical form.

xiii) Plants Locations :

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

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

xiv) Address for correspondence:

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

Cameo Corporate Services Ltd,
Subramanian Building, V Floor,
No: 1, Club House Road,
Chennai – 600 002
Phone: 044 28460390 / 28460394 & 28460718
Fax : 044 28460129
E-mail : investor@cameoindia.com

For other general matters or in case of any difficulties/grievances investors may contact:

Mr. R Kothandaraman
Company Secretary and Compliance Officer
Manali Petrochemical Ltd,
Ponneri High Road, Manali,
Chennai – 600 068
Phone: 044 – 25941025 / 25943895
Fax : 044 – 25941199
E-mail : companysecretary@manalipetro.com



DECLARATION

To

The Members of Manali Petrochemical Ltd.

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

Place : Chennai
Date : 27th April 2011

G. RAMACHANDRAN
MANAGING DIRECTOR

CORPORATE GOVERNANCE COMPLIANCE REPORT

To

Members of Manali Petrochemical Limited

We have examined the compliance of conditions of Corporate Governance by Manali Petrochemical Ltd. for the year ended on 31st March 2011 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.

Place : Chennai
Date : 27th April, 2011

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)
M.K. Ananthanarayanan
Partner
(Membership No.19521)



AUDITORS' REPORT

To The Members of MANALI PETROCHEMICAL LIMITED

1. We have audited the attached Balance Sheet of MANALI PETROCHEMICAL LIMITED ("the Company") as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Place : Chennai

Date : 27th April, 2011

ANNEXURE TO THE AUDITORS' REPORT

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

- (i). Having regard to the nature of the company's business / activities / result, clauses (xiii) and (xiv) of CARO are not applicable.
- (ii). In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and 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 disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and 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 and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the



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

(vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

- (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.

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

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

(ix) We have broadly reviewed the books of account maintained by 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 in respect of materials, labour and other items of cost which are required to be maintained by the company for certain products and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

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

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

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2011 on account of disputes except as given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
Central Excise Act, 1944	Excise Duty	High Court of Madras	1996-97	4.64
Customs Act, 1972	Customs Duty	High Court of Madras	1993-94	10.04
Central Sales Tax Act, 1956	Sales Tax	High Court of Madras	Various Years	10.23
Central Sales Tax Act, 1956	Sales Tax	Sales Tax Tribunal under Sales Tax Act	2000-01	10.74
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2006-07 & 2007-08	96.24
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal*	2005-06	391.78

*Income tax appeal decided by CIT(Appeals) in Company's favour but on which department has gone on appeal.

- (xi) In our opinion, the Company does not have accumulated losses. The Company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
- (xiii) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not, during the year, given any guarantee for loans taken by others from banks or financial institutions.
- (xv) The Company has not availed any term loan during the year.
- (xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xvii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xviii) The Company has not issued any debentures during the year.
- (xix) The Company has not raised any money by public issues during the year.
- (xx) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)
M.K. Ananthanarayanan
Partner
(Membership No.19521)

Place : Chennai
Date : 27th April, 2011



Balance Sheet as at March 31, 2011

(Rs. In Lakhs)

	Schedule	As at March 31, 2011		As at March 31, 2010
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	8,603.47		8,603.47
Reserves and Surplus	2	5,665.18		4,136.94
Loan Funds				
Secured	3	592.17		590.01
Deferred Tax Liability (Net)		1,313.58		1,171.99
(Refer Note No.B14 of Schedule 16)		<u>16,174.40</u>		<u>14,502.41</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	4	27,105.07	25,898.64	
Less : Accumulated Depreciation		<u>17,951.77</u>	<u>18,269.32</u>	
Net Block		9,153.30	7,629.32	
Capital Work -in-Progress		<u>1,010.54</u>	<u>273.43</u>	7,902.75
Investments	5	3,394.29		2,446.78
Current Assets, Loans and Advances				
Inventories	6	4,312.99	3,160.38	
Sundry Debtors	7	2,868.93	3,438.22	
Cash and Bank Balances	8	460.14	1,172.60	
Loans and Advances	9	<u>1,255.06</u>	<u>1,639.54</u>	
		8,897.12	9,410.74	
Less: Current Liabilities and Provisions				
Current Liabilities	10	5,267.42	4,494.30	
Provisions	11	<u>1,013.43</u>	<u>763.56</u>	
Net Current Assets		2,616.27		4,152.88
		<u>16,174.40</u>		<u>14,502.41</u>
Notes on Accounts	16			

The schedules referred to above form an integral part of the Balance Sheet

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

M.K. ANANTHANARAYANAN
Partner

Place : Chennai

Date : 27th April, 2011

R KOTHANDARAMAN
Company Secretary

For and on behalf of the Board of Directors

ASHWIN C MUTHIAH
Chairman

G. RAMACHANDRAN

Managing Director

M. SIVAGNANAM
Director

K.K. RAJAGOPALAN

Director (Finance)



Profit & Loss Account for the year ended March 31, 2011

(Rs. In Lakhs)

	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME			
Sales		49,671.53	41,996.26
Less: Excise Duty on Sales		4,481.26	3,126.45
Net Sales		<u>45,190.27</u>	<u>38,869.81</u>
Other Income	12	475.06	470.81
		<u>45,665.33</u>	<u>39,340.62</u>
EXPENDITURE			
(Increase)/Decrease in Stock	15	(278.95)	(40.38)
Raw materials and Packing Materials Consumed		31,161.84	25,488.57
Purchase of Traded Goods		1,353.07	1,400.22
Power and Fuel		4,018.42	3,625.59
Employee Cost	13	1,481.28	1,365.29
Other Expenses	14	3,853.66	3,946.82
		<u>41,589.32</u>	<u>35,786.11</u>
Profit Before Interest and Depreciation		4,076.01	3,554.51
Interest and other finance charges		154.01	150.01
Depreciation		490.75	404.07
Profit Before Tax		<u>3,431.25</u>	<u>3,000.43</u>
Provision for Tax		761.91	620.00
Deferred Tax		141.59	274.16
Profit After Tax		<u>2,527.75</u>	<u>2,106.27</u>
Balance brought forward		4,045.49	2,691.35
Amount available for appropriations		<u>6,573.24</u>	<u>4,797.62</u>
Appropriations:			
Proposed Dividend Current year - 10 % (Previous year - 7.5%)		860.00	645.00
Dividend Tax thereon		139.51	107.13
Balance Carried over to Balance Sheet		5,573.73	4,045.49
Total		<u>6,573.24</u>	<u>4,797.62</u>
Basic and Diluted Earnings Per Equity Share of Rs.5.00 each (Refer Note No.B13 of Schedule 16)		1.47	1.22
Notes on Accounts	16		
The schedules referred to above form an integral part of the Profit and Loss Account			

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

M.K. ANANTHANARAYANAN
Partner
Place : Chennai
Date : 27th April, 2011

R KOTHANDARAMAN
Company Secretary

For and on behalf of the Board of Directors

ASHWIN C MUTHIAH
Chairman
G. RAMACHANDRAN
Managing Director

M. SIVAGNANAM
Director
K.K. RAJAGOPALAN
Director (Finance)



Cash Flow Statement for the year ended March 31, 2011

(Rs. in Lakhs)

	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit as per Profit and Loss A/c Before Tax	3,431.25	3,000.43
Adjustments for:		
Depreciation	490.75	404.07
Dividend Income	(147.04)	(91.89)
Interest Expense	154.01	150.01
Interest Income	(72.72)	(78.08)
Provision for doubtful debts no longer required	(37.60)	-
Provision for doubtful debts	-	182.06
Foreign Exchange Fluctuations	(34.75)	(163.32)
Loss on sale/retirement of assets	58.12	14.82
	410.77	417.67
Operating Profit Before		417.67
Working Capital Changes	3,842.02	3,418.10
Adjustments for:		
Inventories	(1,152.61)	60.18
Debtors	614.87	(1,001.99)
Loans & Advances	384.48	(136.22)
Trade Payables	486.95	1,051.55
	333.69	(26.48)
Net Cash From Operating Activities before Income Tax	4,175.71	3,391.62
Income Tax paid	(657.37)	(443.88)
Net Cash From Operating Activities	3,518.34	2,947.74
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets , CWIP & Capital Advance	(2,883.91)	(809.38)
Proceeds from sale of Fixed Assets	73.95	16.95
Interest Income	64.73	119.92
Dividend Income	147.04	91.89
Net Cash used in investing activities	(2,598.19)	(580.62)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	-	(426.89)
(Repayment)/Proceeds from short term borrowings	2.15	21.56
Interest Paid	(154.01)	(150.01)
Dividend Paid	(426.11)	(252.18)
Corporate Dividend Tax Paid	(107.13)	(73.08)
Net Cash Used in Financing Activities	(685.10)	(880.60)
Net Increase in Cash and Cash equivalents (A+B+C)	235.05	1,486.52
Cash and Cash Equivalents As At 1 st April [Opening Balance]	3,618.93	2,132.41
Cash and Cash Equivalents As At 31 st March [Closing Balance]	3,853.98	3,618.93

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
M.K. ANANTHANARAYANAN
Partner

Place : Chennai
Date : 27th April, 2011

R KOTHANDARAMAN
Company Secretary

For and on behalf of the Board of Directors

ASHWIN C MUTHIAH
Chairman
G. RAMACHANDRAN
Managing Director

M. SIVAGNANAM
Director
K.K. RAJAGOPALAN
Director (Finance)



SCHEDULES TO FINANCIAL STATEMENTS

(Rs. In Lakhs)

	As at March 31, 2011	As at March 31, 2010
1. Share Capital		
Authorised		
240,000,000 (Previous Year: 240,000,000) Equity Shares of Rs.5 each.	12,000.00	12,000.00
Issued, Subscribed and Paid Up		
171,999,229 (Previous Year:171,999,229) Equity Shares of Rs.5.00 each fully paid up.	8,599.96	8,599.96
Add: Shares Forfeited	3.51	3.51
	<u>8,603.47</u>	<u>8,603.47</u>
Notes:		
1. Issued, Subscribed and Paid Up is made up of:		
114,666,153 equity shares of Rs 10 each	11,466.62	11,466.62
Less: Reduction in face value of shares from Rs 10 each to Rs 7.50 each effected in 2005-2006	<u>2,866.66</u>	<u>2,866.66</u>
Share Capital after giving effect to reduction in face value, being 114,666,153 equity shares at Rs 7.50 each	<u>8,599.96</u>	<u>8,599.96</u>
114,666,153 equity shares of Rs 7.50 each were consolidated and sub divided into 171,999,229 shares of Rs 5 each fully paid up w.e.f 7th October 2006.		
2. 114,666,153 equity shares of Rs 10 each includes 48,608,400 Equity Shares of Rs. 10 each allotted as fully paid-up to erstwhile shareholders of SPIC Organics Limited, pursuant to the scheme of Amalgamation		
2. Reserves and Surplus		
Share Premium Account	91.45	91.45
Profit & Loss Account	5,573.73	4,045.49
	<u>5,665.18</u>	<u>4,136.94</u>
3. Secured Loans		
Cash Credit from Banks	592.17	590.01
	<u>592.17</u>	<u>590.01</u>

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

Interest free sales tax loan has been fully settled. However the charge created on the immovable and movable properties of the company on which the said loan was secured has not been released pending "No Dues Certificate" to be obtained from Sales Tax department.

SCHEDULES TO FINANCIAL STATEMENTS



4 Fixed Assets

(Rs. in Lakhs)

Particulars	Original Cost			Depreciation				Net Block	
	As at Apr. 1, 2010	Additions during the year	Deletions during the year	As at Mar. 31, 2011	As at Apr. 1, 2010	For the Year	On Deletions	As at Mar. 31, 2011	As at Mar. 31, 2010
Tangible Assets:									
Land	179.75			179.75	-			179.75	179.75
Development on lease hold land	20.25			20.25	12.57	1.07		6.61	7.68
Buildings	1,325.71	13.93	36.21	1,303.43	411.24	38.87	10.79	864.11	914.47
Plant and Machinery	23,648.83	2,057.32	768.74	24,937.41	17,267.78	416.09	664.35	7,917.89	6,381.05
Furniture and Fixtures	81.76	8.44	11.04	79.16	75.03	6.30	10.20	8.03	6.73
Office Equipments	75.72	52.53	8.17	120.08	34.31	6.16	7.00	86.61	41.41
Computers	334.85	14.11	-	348.96	305.65	7.69	-	35.62	29.20
Vehicles	199.49	0.47	116.21	83.75	160.05	3.81	115.96	35.85	39.44
Intangible Assets									
Computer Software	32.28	-		32.28	2.69	10.76	-	18.83	29.59
Capital Work-in-Progress (including Capital advances)	25,898.64	2,146.80	940.37	27,105.07	18,269.32	490.75	808.30	9,153.30	7,629.32
Previous Year's Total	24,668.24	1,465.40	235.00	25,898.64	18,068.48	404.07	203.23	7,629.32	6,599.76



SCHEDULES TO FINANCIAL STATEMENTS

	As at March 31, 2011	(Rs. In Lakhs) As at March 31, 2010
5 Investments (Non-Traded)		
Long Term - Quoted		
500 Equity Shares of Rs 10 each fully paid up in Chennai Petroleum Corporation Limited	0.45	0.45
Current - Unquoted (Refer Note No.B3 of Schedule 16)		
UTI Liquid Fund (No. of units - 57,457 [Previous Year - 33,723])	574.69	337.36
UTI Fixed Maturity Plan (No. of units - 2,15,36,101 [Previous Year - 2,05,25,529])	2,153.88	2,108.97
UTI Floating Rate Fund (No. of units - 41,465 [Previous Year - Nil])	414.97	
UTI Dynamic Bond Fund (No. of units - 24,87,513 [Previous Year - Nil])	250.30	
	<u>3,394.29</u>	<u>2,446.78</u>
Market Value of quoted investments	1.15	1.47
6 Inventories		
Stores and Spares	528.65	465.38
Raw Materials	1,150.43	819.10
Raw Materials in Transit	940.40	461.34
Work-in-Process	200.57	96.13
Finished Goods		
-- Manufacturing	1,263.06	1,165.61
-- Trading	229.88	152.82
	<u>4,312.99</u>	<u>3,160.38</u>
7 Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding six months:		
Considered Good	0.09	0.94
Considered Doubtful	377.75	455.79
	<u>377.84</u>	<u>456.73</u>
Other Debts:		
Considered Good	2,868.84	3,437.28
Considered Doubtful	-	-
	<u>3,246.68</u>	<u>3,894.01</u>
Less: Provision for Doubtful debts	377.75	455.79
	<u>2,868.93</u>	<u>3,438.22</u>
8 Cash and Bank Balances		
Cash & Cheques on Hand	36.22	17.96
Balances with Scheduled Banks :		
-- in Current Accounts	99.58	145.19
-- in Short Term Deposit Accounts	-	720.00
-- in Margin Money Deposits	105.45	111.63
-- in Unpaid Dividend Accounts	218.89	177.82
	<u>460.14</u>	<u>1172.60</u>



SCHEDULES TO FINANCIAL STATEMENTS

(Rs. In Lakhs)

	As at March 31, 2011	As at March 31, 2010
9 Loans and Advances (Unsecured)		
Considered Good		
Advances Recoverable in cash or in kind or for value to be received	800.98	1,033.13
MAT Credit Entitlement	-	91.95
Deposits		
-- Statutory Authorities	102.26	169.26
-- Others	28.59	24.62
Balance with Excise, Customs and Sales tax Authorities	<u>323.23</u>	<u>320.58</u>
	<u>1,255.06</u>	<u>1,639.54</u>
10 Current Liabilities		
Acceptances	1,251.45	1,368.50
Total outstanding dues to Micro enterprises & Small enterprises (Refer Note No.B4 of Schedule 16)	-	-
Total outstanding dues to Creditors other than Micro enterprises & Small enterprises	3,492.16	2,720.76
Unclaimed Dividend **	218.89	177.82
** No amount is due as on 31st March 2011 to be transferred to Investor Education & Protection Fund.		
Other Liabilities	<u>304.92</u>	<u>227.22</u>
	<u>5,267.42</u>	<u>4,494.30</u>
11 Provisions		
For Proposed Dividend	860.00	645.00
For Dividend Tax	139.51	107.13
For Income Tax	13.92	11.43
(Net of Prepaid taxes of Rs.657.37 lakhs (Previous Year - Rs.443.88 lakhs))		
	<u>1,013.43</u>	<u>763.56</u>
	For the year ended March 31, 2011	For the year ended March 31, 2010
12 Other Income		
Sale of Scrap	91.76	79.07
Provision for Doubtful Debts no longer required written back	37.60	-
Dividend from Non-trade investments	147.04	91.89
Foreign Exchange Fluctuations	34.75	163.32
Interest Income		
- Customers	21.30	16.31
- Margin Money/Short Term Deposits	17.97	50.11
- Others	<u>33.45</u>	<u>11.66</u>
(Tax deducted at source Rs. 7.99 Lakhs, Previous year Rs.6.77 lakhs)	72.72	78.08
Miscellaneous Income	<u>91.19</u>	<u>58.45</u>
	<u>475.06</u>	<u>470.81</u>



SCHEDULES TO FINANCIAL STATEMENTS

			(Rs. In Lakhs)	
			For the year ended	For the year ended
			March 31, 2011	March 31, 2010
13 Employee Cost				
Salaries , Wages and Bonus		1,039.30		954.69
Contribution to Provident Fund and Other Funds		131.26		143.78
Staff Welfare Expenses		310.72		266.82
		<u>1,481.28</u>		<u>1,365.29</u>
14 Other Expenses				
Consumption of Stores and Spares		402.12		489.93
Water		632.89		696.01
Rent		25.77		36.92
Rates and Taxes		144.22		192.21
Repairs and Maintenance :				
-- Machinery		647.93		541.01
-- Building		163.94		121.12
-- Others		161.61		136.77
Insurance		190.26		162.93
Provision for Doubtful Debts				182.06
Bad Debts / Advances written -off	40.44			
Less :- Provision released	<u>(40.44)</u>	-		-
Discount		767.33		792.98
Agency Commission		183.09		156.21
Director's Sitting fees		7.66		2.95
Loss on sale / retirement of fixed assets (net)		58.12		14.82
Excise Duty (Refer Note No.B5 of Schedule 16)		13.66		45.67
Miscellaneous Expenses		455.06		375.23
		<u>3,853.66</u>		<u>3,946.82</u>
15 (Increase)/Decrease in stock				
Opening Stock				
Finished goods		1,165.61		915.15
Work - in - process		96.13		155.21
Traded Goods		<u>152.82</u>	1,414.56	<u>303.82</u> 1,374.18
Less: Closing Stock				
Finished goods		1,263.06		1,165.61
Work - in - process		200.57		96.13
Traded Goods		<u>229.88</u>		<u>152.82</u>
		<u>1,693.51</u>		<u>1,414.56</u>
(Increase)/Decrease in stock		<u>(278.95)</u>		<u>(40.38)</u>



16. Notes on Accounts

A Significant Accounting Policies

1. BASIS OF ACCOUNTING

The financial statements have been prepared under historical cost convention in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions 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. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could vary from these estimates.

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.

Depreciation is provided for on Straight Line method at the rates and in the manner prescribed under Schedule XIV to 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.

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

Development on leasehold land is amortised on a straight line basis over the remaining period of lease.

4. IMPAIRMENT OF FIXED ASSETS

At each balance sheet date, the carrying values of the tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where there is an indication that there is a likely impairment loss for a group of assets, the Company estimates the recoverable amount of the group of assets as a whole, and the impairment loss is recognized.

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.

6. INVENTORIES

a) Finished goods and work-in-process are valued at lower of cost and net realisable value. Cost is determined on moving weighted average basis and 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 is determined on moving weighted average basis and includes freight, taxes and duties net of CENVAT/VAT credit wherever applicable. Customs duty payable on material in bond is added to cost.

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. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the rate of exchange prevailing at the year-end. Exchange differences arising on actual payments/realisations and year-end restatements are dealt with in the Profit & Loss Account. The premium/discount on forward contracts are amortised over the period of the contract.



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. EMPLOYEE BENEFITS

Defined Contribution plan

- a) Provident Fund

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

- b) Superannuation

Contributions towards superannuation to employees who are covered under the defined contribution plan are made to Life Insurance Corporation of India through the Trust established by the Company. Such contributions made are charged to profit and loss account.

Defined Benefit Plan

- a) Gratuity

Liability for gratuity to employees is determined on the basis of actuarial valuation using Projected Unit Credit method as on the balance sheet date and funded with the Life Insurance Corporation of India/Trust established by the Company. The contribution thereof paid / payable is charged to profit and loss account.

- b) Superannuation

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

Long term compensated absences

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

Short term compensated absences

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

10. TREATMENT OF GRANT

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

11. 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.

12. 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.

13. 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 Notes on Accounts (Continued)

1 Estimated value of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 379.42 lakhs (previous year Rs.401.45 lakhs).

2 Contingent Liabilities

		As at 31st March 2011 (Rs. in lakhs)	As at 31st March 2010 (Rs. in lakhs)
a) Bills discounted		308.39	375.57
b) Letters of Credit / Guarantees		2016.29	1551.87
c) Excise & Customs claims under appeal		74.05	93.88
d) Disputed Sales Tax demands		57.71	20.97
e) Disputed Income Tax demand		488.02	391.78

Nature of the Dues	Forum before which the dispute is pending	Period to which it relates	Amount (Rs. in lakhs)	Amount (Rs. in lakhs)
a) Excise Duty	Customs, Excise and Service Tax Appellate Tribunal	2006-07	5.98	5.98
	High Court of Madras	1996-97	4.64	24.47
	High Court of Madras	2007-08	53.39	53.39
b) Customs Duty	High Court of Madras	1993-94	10.04	10.04
			<u>74.05</u>	<u>93.88</u>
c) Sales Tax	Appellate Deputy Commissioner (CT)	2003-04	36.74	-
	Sales tax Tribunal under Sales Tax Act	2000-01	10.74	10.74
	High court of Madras	Various Years	10.23	10.23
			<u>57.71</u>	<u>20.97</u>
d) Income Tax	Income Tax Appellate Tribunal*	2005-06	391.78	391.78
	Commissioner of Income Tax (Appeals)	2006-07 & 2007-08	96.24	-
			<u>488.02</u>	<u>391.78</u>

In the opinion of the Management, no provision is considered necessary for the disputed amounts mentioned above on the grounds that there are reasonable chances of successful outcome of appeals filed by the company.

Out of the above, Rs. 97.28 lakhs (Previous year - Rs. 90.73 lakhs) has been paid towards the above mentioned dues.

* Income tax appeal decided by CIT (Appeals) in companys' favour, but not on which department has gone on appeal

3 Short term Investment - Mutual Funds

Description	Year Ended 31st March 2011				Year Ended 31st March 2010			
	Purchases		Redemption		Purchases		Redemption	
	Units (Nos)	Value (Rs. in Lakhs)	Units (Nos)	Value (Rs. in Lakhs)	Units (Nos)	Value (Rs. in Lakhs)	Units (Nos)	Value (Rs. in Lakhs)
UTI Liquid Funds (Face Value Rs. 1000 per Unit)	1294160	13032.98	1270425	12795.65	831550	8378.60	868719	8750.36
UTI Fixed Maturity Plan (Face Value Rs. 10 per Unit)	52100942	5,201.70	51090370	5156.78	20525529	2107.77	10000000	1000.00
UTI Dynamic Bond (Face Value Rs. 10 per Unit)	2487513	250.30	-	-	-	-	-	-
UTI Floating Rate Fund (Face Value Rs.1000 per Unit)	176361	1,764.97	134896	1350.00	-	-	-	-

4 There are no dues to micro, small & medium enterprises 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.

5 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 14 "Manufacturing & Other Expenses".



6 Auditors' Remuneration (included in Miscellaneous Expenses)

	Year Ended 31st March 2011 (Rs. lakhs)	Year Ended 31st March 2010 (Rs. lakhs)
Audit fees	8.00	7.00
Other services	3.00	3.00
	<u>11.00</u>	<u>10.00</u>

7 Managerial Remuneration :(Included in Employee cost)

	Year Ended 31st March 2011 (Rs. lakhs)	Year Ended 31st March 2010 (Rs. lakhs)
Salaries and Allowances	51.39	52.55
Contribution to Provident and other Funds	6.49	6.49
Perquisites	<u>11.87</u>	<u>11.87</u>
	<u>69.75</u>	<u>70.91</u>

8(a) Capacity and 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	NA	NA	36,000	#36,000	32149	31638
Propylene glycol	NA	NA	20,000	20,000	19224	18734
Polyols###	NA	NA	##50,000	33,000	21461	20925
PGMME	NA	NA	2,700	2,700	939	750
DCP and DCIPE	NA	NA	7,200	7,200	6339	5781
Di - Propylene Glycol	NA	NA	2,320	2,320	1711	1778
Tri - Propylene Glycol	NA	NA	288	288	164	202
DPGMME	NA	NA	460	460	217	131

Licensed Capacity per annum not indicated due to abolition of Industrial Licence as per Notification No. 477 (E) dated July 25, 1991 issued under the Industries (Development & Regulation) Act, 1951.

From March 2010

From February 2011

Grade Dependent

* Including Captive Consumption.

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

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

	Year Ended 31st March 2011		Year Ended 31st March 2010	
	Quantity (MT)	Value (Rs. in lakhs)	Quantity (MT)	Value (Rs. in lakhs)
Propylene	28856	13614.59	29009	11487.18
Methyloxirane Propylene Oxide	4935	4418.60	4213	3406.93
Chlorine	48461	3281.70	46313	2041.66
Others		9846.95		8552.80
(Individually less than 10% of consumption)				
		<u>31161.84</u>		<u>25488.57</u>

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

	Year Ended 31st March 2011		Year Ended 31st March 2010	
	Percentage (%)	Value (Rs. in lakhs)	Percentage (%)	Value (Rs. in lakhs)
i) Raw materials & Packing Materials :				
Imported	32.77	10211.45	31.92	8135.31
Indigenous	<u>67.23</u>	<u>20950.39</u>	<u>68.08</u>	<u>17353.26</u>
	<u>100.00</u>	<u>31,161.84</u>	<u>100.00</u>	<u>25,488.57</u>
ii) Stores and consumables				
Imported	2.47	9.92	2.50	12.24
Indigenous	<u>97.53</u>	<u>392.20</u>	<u>97.50</u>	<u>477.69</u>
	<u>100.00</u>	<u>402.12</u>	<u>100.00</u>	<u>489.93</u>



	Percentage (%)	Value (Rs. in lakhs)	Percentage (%)	Value (Rs. in lakhs)
8(d) Traded Goods				
Opening Stock	161	152.82	240	303.82
Purchases	1159	1,353.07	1557	1,400.22
Closing Stock	193	229.88	161	152.82
	Qty (MT)	(Rs. in lakhs)	Qty (MT)	(Rs. in lakhs)
8(e) Sales (Manufactured/Traded goods)				
Manufactured Goods:				
Propylene Oxide	37	40.30	52	48.18
Propylene Glycol	18899	17067.47	18848	14292.27
Polyol	25561	28439.59	24103	23593.55
Others		2768.12		2281.36
Traded Goods	1127	1356.05	1636	1780.90
		<u>49671.53</u>		<u>41996.26</u>
8(f) Stock of Finished Goods				
	As at March 31, 2011		As at March 31, 2010	
	Quantity	Value	Quantity	Value
	(MT)	(Rs. in lakhs)	(MT)	(Rs. in lakhs)
Manufactured Goods:				
Propylene Oxide	108	97.18	124	106.85
Propylene Glycol	479	443.45	369	295.76
Polyol	609	653.95	760	707.48
Others		68.48		55.52
		<u>1263.06</u>		<u>1,165.61</u>
9(a) CIF Value of Imports				
	Year Ended 31st March 2011		Year Ended 31st March 2010	
	Value		Value	
	(Rs. in lakhs)		(Rs. in lakhs)	
Raw Materials, Stores and Consumables	8657.97		7183.81	
Traded goods	1031.35		866.73	
	<u>9689.32</u>		<u>8050.54</u>	
9(b) Earnings in Foreign Currency				
FOB value of exports	251.54		83.46	
Freight and Insurance	10.76		1.62	
Commission	-		49.96	
	<u>262.30</u>		<u>135.04</u>	
9(c) Expenditure in foreign currency (on payment basis)				
Travel	10.14		33.20	
Others	5.43		7.48	
	<u>15.57</u>		<u>40.68</u>	

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



11 The following table summarises the components of net benefit expense recognised in the Profit and Loss account and the funded status and amounts recognised in the Balance Sheet for the respective plans:

Profit and Loss Account:

(Rs.in lakhs)

Particulars	Superannuation		Gratuity		Leave Salary	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Net employee benefit expenses (recognised in employee cost)						
Current Service Cost	5.32	5.92	17.37	17.80	17.84	5.78
Interest cost on benefit obligation	7.55	5.10	14.71	12.14	4.29	4.66
Expected return on plan assets	6.01	4.77	14.37	12.24	-	-
Net actuarial (gain)/loss recognised in the year	(10.37)	22.59	(3.38)	11.38	4.38	(7.52)
Net benefit expense	(3.51)	28.84	14.33	29.08	26.51	2.92

Balance Sheet:

Particulars	Superannuation		Gratuity	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
Reconciliation of present value of the obligation and the fair value of plan assets:				
Fair value of plan assets at the end of the year	108.06	73.18	210.17	170.84
Present value of funded obligation at the end of the year	106.16	100.72	219.24	194.67
Asset/(Liability) recognised in the balance sheet	1.90	(27.54)	(9.07)	(23.83)

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

Particulars	Superannuation		Gratuity		Leave Salary	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Present value of obligations as at the beginning of the year	100.72	68.59	194.67	162.74	59.89	67.20
Interest cost	7.55	5.10	14.71	12.14	4.29	4.66
Current service cost	5.32	5.92	17.37	17.80	17.84	5.78
Benefits paid	-	1.32	6.20	9.15	5.35	10.23
Actuarial Gain on obligation	(7.43)	22.43	(1.31)	11.14	4.38	(7.52)
Present value of obligations as at the end of the year	106.16	100.72	219.24	194.67	81.05	59.89

Changes in the fair value of plan assets are as follows :

Particulars	Superannuation		Gratuity	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
Fair value of plan assets at beginning of the year	73.18	64.71	170.84	148.18
Expected return on plan assets	6.01	4.77	14.37	12.24
Contributions	25.80	5.18	29.09	19.82
Benefits paid	-	1.32	6.20	9.15
Actuarial gain on plan assets	3.07	(0.16)	2.07	(0.25)
Fair value of plan assets as at the end of the year	108.06	73.18	210.17	170.84

Major categories of Plan Assets

Particulars	(As Percentage of Total Plan Assets)		(As Percentage of Total Plan Assets)	
	Superannuation Trust		Gratuity Trust*	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
Government of India Securities	22.65	33.44	27.18	33.41
State Government Securities	9.61	6.92	11.40	15.48
High Quality Corporate Bonds	55.84	40.64	55.63	42.05
Equity shares of listed companies	-	-	-	-
Property	-	-	-	-
Special Deposit scheme	6.64	-	2.18	-
Funds managed by Insurer	-	-	-	-
Others (to specify)	5.26	19.00	3.61	9.06
Total	100.00	100.00	100.00	100.00

*The composition of investments in the fair value of plan assets relating to gratuity as given above relates to Plant-I only. The Gratuity Fund relating to Plant-II is maintained with Life Insurance Corporation of India and Plant-II details could not be furnished in the absence of information from LIC of India.



Experience Adjustments: Superannuation

(Rs. in Lakhs)

Particulars	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Defined Benefit Obligations	106.16	100.72	68.59	60.32
Plan Assets	108.06	73.18	64.71	47.90
Surplus / (Deficit)	1.90	(27.54)	(3.88)	(12.42)
Experience Adjustments on Plan Liabilities	(7.43)	22.43	(0.45)	9.65
Experience Adjustments on Plan Assets	3.07	(0.16)	(0.12)	13.25

Experience Adjustments: Gratuity

Particulars	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Defined Benefit Obligations	219.24	194.67	162.74	141.46
Plan Assets	210.17	170.84	148.18	144.67
Surplus / (Deficit)	(9.07)	(23.83)	(14.56)	3.21
Experience Adjustments on Plan Liabilities	(1.31)	11.14	9.54	11.13
Experience Adjustments on Plan Assets	2.07	(0.25)	0.17	(1.63)

Experience Adjustments: Leave Encashment

Particulars	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Defined Benefit Obligations	81.05	59.89	67.20	57.96
Plan Assets	-	-	-	-
Surplus / (Deficit)	(81.05)	(59.89)	(67.20)	(57.96)
Experience Adjustments on Plan Liabilities	4.38	(7.52)	9.95	7.25
Experience Adjustments on Plan Assets	-	-	-	-

Principal actuarial assumptions

Particulars	Rate (%)	
	2010-11	2009-10
a) Discount rate	7.50	7.50
b) Future salary increase *	5.00	5.00

* The estimates of future salary increases take into account inflation, seniority, promotion and other relevant factors.

12 **Related Party Disclosures:**

List of Related Parties

Associates:

Southern Petrochemical Industries Corporation Limited
SIDD Life Sciences Private Limited

Key Management Personnel:

Mr.G. Ramachandran, Managing Director
Mr.K.K. Rajagopalan, Director (Finance)

Transactions with Related Parties

(Rs. in Lakhs)

Particulars	For the year 2010-11	For the year 2009-10
Southern Petrochemical Industries Corporation Limited		
Income from sales (net of discounts)	0.97	8.40
Services availed	0.55	1.02
Services rendered	32.08	-
Outstanding as at year end		
Loans & Advances	0.72	0.48
Guarantee given	1500.00	1220.00
Mr.G.Ramachandran		
Remuneration	37.06	37.90
Outstanding at the year end	10.43	11.27
Mr.K.K.Rajagopalan		
Remuneration	32.69	33.01
Outstanding at the year end	9.01	9.30



13 Earnings Per Share Year ended
31st March 2011 Year ended
31st March 2010

Profit as per Profit & Loss Account (Rs lakhs)	2,527.75	2,106.27
No. of Shares used in computing earnings per share	17,19,99,229	17,19,99,229
Earnings per share - Basic and diluted (in Rupees)	1.47	1.22
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.

14 Deferred Taxation

The components of net Deferred Tax Liability are as follows:

Nature-Asset / (Liability)	Rs in lakhs		
	As at 31st March 2010	For the Year	As at 31st March 2011
Depreciation	(1373.64)	(109.08)	(1482.72)
Doubtful Debts / Advances	201.65	(32.51)	169.14
Total	(1171.99)	(141.59)	(1313.58)

15 Other Liabilities include Rs. 86.35 lakhs (previous year Rs.87.10 lakhs) for estimated liability towards revision in salaries & wages for staff and officers for the period 2000-01 to 2010-11.

Opening balance as on 1st April 2010 (Rs in Lakhs)	Paid during the year (Rs in Lakhs)	Closing balance as on 31st Mar 2011 (Rs in Lakhs)
87.10	0.75	86.35

16 Salaries, Wages and Bonus include Rs. 59.97 lakhs (Previous Year Rs. 43.73 lakhs) towards R&D expenses and Other expenses include Rs.7.30 lakhs (Previous Year Rs. 7.75 lakhs) towards R&D expenses.

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



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 1 1
Date Month Year

II. Capital Raised during the Year (Amount in Rs. 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 in Rs. Thousands)

Total Liabilities 2245525

Total Assets 2245525

Source of Funds

Paid-up Capital 860347

Reserves & Surplus 566518

Secured Loans 59217

Unsecured Loans --

Deferred Tax Liability 131358

Application of Funds

Net Fixed Assets 1016384

Investments 339429

Net Current Assets 261627

Misc. Expenditure --

IV. Performance of Company (Amount in Rs. Thousands)

Turnover 4566533

Total Expenditure 4223408

Profit / Loss before Tax

Profit / Loss after Tax

+ -
+

343125

+ -
+

252775

Earnings per Share in Rs. 1.47

Dividend rate % 10.00

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

ASHWIN C MUTHIAH
Chairman

M. SIVAGNANAM
Director

G. RAMACHANDRAN
Managing Director

K.K. RAJAGOPALAN
Director (Finance)

Place: Chennai R. KOTHANDARAMAN
Date: 27th April, 2011 Company Secretary



MANALI PETROCHEMICAL LTD

Registered 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*	
---------	--

Client ID*	
------------	--

**Applicable to Investors holding shares in electronic form*

*I hereby record my presence at the **TWENTY FIFTH ANNUAL GENERAL MEETING**, held at **RAJAH ANNAMALAI MANDRAM**, Esplanade, Chennai 600 108, on **Friday, the 29th July 2011** at **10.00 A.M.** as **Shareholder/Proxy****

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

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

**Strike out whichever is not applicable*



MANALI PETROCHEMICAL LTD

Registered Office : "SPIC House". 88, Mount Road, Guindy, Chennai 600 032.

PROXY FORM

Folio No :	
------------	--

No. of Shares held	
--------------------	--

DP. ID*	
---------	--

Client ID*	
------------	--

**Applicable to Investors holding shares in electronic form*

I / Weof.....in the district of

.....being a member / members of MANALI PETROCHEMICAL LTD, hereby appoint

.....of.....in the District ofor failing him

.....in the District ofas my / our Proxy to vote for me / us on my / our behalf,

*at the **TWENTY FIFTH ANNUAL GENERAL MEETING** of the Company to be held on **Friday, the 29th July 2011***

*at **10.00 A.M** and at any adjournment thereof.*

Signed this.....Day of2011

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.

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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