MANALI
PETROCHEMICALS

ANNUAL REPORT

2013 – 14

Manali Petrochemicals Limited

MANALI PETROCHEMICALS

Board of Directors

Ashwin C Muthiah	DIN: 00255679	Chairman
T K Arun (Nominee of TIDCO)	DIN: 02163427	Director
Brig (Retd.) Harish Chandra Chawla	DIN: 00085415	Director
Kulbir Singh	DIN: 00204829	Director
Sanjiv Ralph Noronha	DIN: 01905639	Director
Muthukrishnan Ravi	DIN: 03605222	Managing Director
G. Balasubramanian	DIN: 06874838	Whole-Time Director (Works)

Audit Committee

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

Company Secretary

R. Kothandaraman

Chief Financial Officer

Anis Tyebali Hyderi

Registered Office

SPIC HOUSE, 88 Mount Road
Guindy, Chennai 600 032
CIN: L24294TN1986PLC013087
Email: companysecretary@manalipetro.com
Website: www.manalipetro.com

Principal Office & Plant - 1

Ponneri High Road, Manali, Chennai 600 068

Plant - 2

Sathangadu Village, Manali, Chennai 600 068

Auditors

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

Cost Auditor

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

Bankers

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

Registrar and Share Transfer Agent (RTA)

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

CONTENTS

Directors' Report and Management Discussion & Analysis Report to the Shareholders

The Directors present their 28th Annual Report on the business and operations of your Company and the Audited Financial Statements for the year ended 31st March 2014.

Financial Results

(Rs. in crore)

DESCRIPTION	2013-14	2012-13
Profit Before interest & depreciation	**53.22**	43.84
Interest	**1.90**	2.14
Depreciation	**6.56**	6.36
Profit Before Tax	**44.76**	35.33
Provision for Taxation	**15.71**	8.02
Profit After Tax	**29.05**	27.32
Cash Profit	**38.12**	31.82

Operational Highlights

During the year under review the operations of the Company were better than the previous year in spite of cut-throat competition from overseas polyol suppliers. The export sales increased from Rs. 2.83 crore to Rs. 17.58 crore highest ever recorded by the Company. The net profit for the year was higher by about 6% at Rs. 29.05 crore against Rs. 27.32 crore in the previous year.

Availability of bio mass fuel for the Captive Power Plant continued to be limited due to demand from paper mills and also similar power plants. Even at increased costs supplies were not forthcoming, forcing the Company to operate the CPP at lower loads. Alternate fuels for the CPP are being tried to ensure operations at optimum load. The Company went in for purchase of power through energy exchanges and third parties to meet the short-fall. These resulted in higher cost of power and consequently the profitability was also impacted.

Creation of bulk storage facility at Ennore Port was completed in April 2014 and the first shipment was received during the first week of May 2014. With this availability of adequate input material for the derivative plants would be ensured, paving way for optimum utilization of the facilities.

Financial Review

The year 2013-14 witnessed moderate changes in interest rates. During the year bank credit registered a growth of 14.3% compared to 14.1% in the previous year. Non-food credit increased by 17% Vis a Vis 8.50% in 2012-13. There was also a marginal increase in the deposits with Banks, reflecting the overall sentiments. The PLR of major banks increased to 10 - 10.25% from 9.7% - 10.00% in the previous year. In order to bring down the inflation, RBI also kept on increasing the repo rates and the rates at the end of the year was higher by 0.50% compared to March 2013. Rupee witnessed unprecedented depreciation during August/September 2013 but recovered slowly thereafter. This had some impact on the margins of the Company.

The Company has been reaffirmed with ratings of CARE A- signifying 'low credit risk' for long-term bank facilities and CARE A1 signifying 'lowest credit risk' for short-term bank facilities.

Dividend

Your Directors recommend a 10 % dividend i.e. 50 paise for every equity share of Rs. 5/- each fully paid-up, for the year 2013-14, aggregating to Rs. 8.60 crore, excluding dividend distribution tax.

Industry structure and developments

Your Company specializes in Polyether Polyol and operates in the Polyurethanes (PUs) Market, comprising two sectors: Methylene diisocyanate (MDI) &- Toluene diisocyanate (TDI). The PUs market in India has displayed a robust growth rate in the recent past and is highly potential. MDI-based PUs are growing at a faster rate, as they are easier to handle and have a wider application base compared to TDI-based PUs. Polyols find varied applications and caters to various industries such as automotive, refrigeration, insulation, etc.

Indian Polyurethane industry's performance during 2007-2012 had been impressive with double-digit growth, but the market become stagnant in 2013 due to various factors like overall economic slow-down, impact of global economic crisis on Indian manufacturers, inflationary pressures, monsoon failure, etc. Some revival was seen during the year under review. However the ever increasing imports of Polyol into India is a major concern for the domestic manufacturers.

Your Company also manufactures Propylene Glycol (PG) for pharma, fragrance and industrial applications and continues to perform well in the Pharma and fragrance sectors. The off-take of PG for industrial applications was very low due to availability of alternate cheaper materials. Import of PG was also higher during the year under review, opening up fierce competition.

Opportunities and Threats

Polyurethane materials, due to their versatility, perform extremely well as part of any application that is subject to dynamic stress. They provide many advantages including: resilience, high tear resistance, low viscosity and low heat build-up. Polyurethane can be used for varied applications like building insulations, refrigeration, furniture, footwear, automotive, coatings and adhesives, sealants, etc. The development of polyurethane materials is still evolving and new applications are regularly being created. The Indian PU market is rapidly growing which has registered double digit growth during the past five years and is expected to double every four years in the coming decade. This has thrown open excellent opportunity for MPL to improve the operations further.

Indian PU market is flooded with import of Flexible Slab stock Polyol which is a major product of MPL. The import during 2013-14 was over 54,000 tons, 30% more than the previous year. Though the demand increased by about 13,000 tons in 2013-14, the increase in imports was much higher, leaving the domestic players in lurch. With the major capacity additions abroad having been completed, the imports are set to increase further and this could affect the margins and profitability further.

Market Scenario

During the year under review, the Company achieved a turnover of Rs. 625.68 crore against Rs. 579.87 Crore in FY 2012-13, higher by about 8%. Though there was some marginal drop in the volume, the Company could improve the realizations through its maneuvers in the otherwise volatile and tough market conditions.

Outlook

The World Trade Organization (WTO) has forecast aggregate trade growth of 4.70% for the year 2014, more than double the growth of 2.10% in 2013. It has been stated that the growth could be slightly faster at 5.3% in 2015. It may be noted that the forecast for 2014 and 2015 are lower than the 20 year average of 5.80%.

Forecast of higher growth rate seems to be a good sign in terms of the possible increase in the domestic demand in the coming years. However, the huge capacities created by MNCs could result in further dumping of Polyols into India, again leading to a price war and cut in margins.

In order to overcome the setback, your Company has taken steps to develop new applications for its products like footwear, seat cushions for two wheelers, specialty polyols, drilling applications, water proofing, etc., while also taking care of its commitment to environment. The Company is in the process to develop product applications in medical devices. With the in-house PO capacity remaining static, the bulk storage facilities for imported raw materials in Ennore Port has become a shot in the arm for the Company to increase the capacity of the derivative plants and go for more of value added products.

The moratorium on new proposals in the Manali area has been lifted and the Company can now plan capacity additions and changing over to new improved processes to face the tough competition from MNCs in a better way. As a way forward the Product Development team has been strengthened and new market avenues are being explored with specific thrust on exports.

Risks and Concerns

The duty concessions for import of polyols and other products under the free trade agreements with ASEAN countries have led to dumping of overseas materials into India, denying level playing field to the local manufacturers and is a great cause for concern. As stated earlier the MNCs who have set up their new facilities elsewhere with high capacities have commenced seed marketing in India to provide a strong base for their products and hence the competition and the price war could worsen in the near future affecting the performance. Your Company's efforts to curb this hazard through avenues available under the applicable law are continued.

Environment and Safety

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

Conservation of Energy

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

Fixed Deposits

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

Human Resources

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

As on 31st March 2014, your company had 297 employees on its roll at different locations including Senior Management Personnel, Engineers, Technicians and Trainees.

Particulars of Employees

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

Directors

At the Board Meeting held on 28th May 2014 Mr. G Balasubramanian (DIN: 06874838) has been appointed as an Additional Director and also as Wholetime Director (Works) for a period of 3 years, subject to approval of the Members at the AGM. As per Section 161 of the Act, he holds office till the ensuing AGM and it is proposed to appoint him as a Director under Section 152 and also seek approval of the Members for his appointment and remuneration as the Wholetime Director.

At the aforesaid meeting Brig. (Retd) Harish Chawla (DIN: 00085415) and Mr. Kulbir Singh (DIN: 00204829) have been appointed as Independent Directors of the Company for a period of five years under Section 149 of the Companies Act, 2013 (the new Act). As per the provisions of the new Act, their appointment is to be approved by the shareholders in the general meeting and hence the same is proposed to be considered at the ensuing AGM.

The term of office of Mr. Muthukrishnan Ravi (DIN: 03605222), the Managing Director ends on 28th July 2014 and the Board has re-appointed him as the MD for a further period of 3 years and the same will be considered for approval of the Members at the ensuing meeting.

Mr. T K Arun, Director retires by rotation and being eligible offers himself for re-election.

Director's Responsibility Statement

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

a) in the preparation of the annual accounts for the financial year ended 31st March 2014, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and

d) the Directors had prepared the accounts for the financial year ended 31st March, 2014 on a "going concern" basis.

Corporate Governance

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

Details of unclaimed Share Certificates

In accordance with the requirements of the Clause 5A of the Listing Agreement, shares remaining unclaimed even after 3 reminders have been transferred and held in a separate demat account. As per the information provided by the Registrars and Transfer Agent, out of the 16, 16,678 shares which remained unclaimed by 6,645 shareholders at the beginning of the year, 6,600 shares were released to 17 shareholders during the year. As at the end of the year 16, 10,076 shares remained unclaimed by 6628 shareholders.

Auditors

M/s. Deloitte Haskins & Sells, appointed as the Auditors of the Company at the 27th Annual General Meeting held on 2nd August 2013 hold office till the conclusion of 28th Annual General Meeting and are eligible for re-appointment. As per Section 139 of the new Act they can hold office from the conclusion of the 28th AGM till the conclusion of the 30th AGM. Their re-appointment will have to be ratified by the Members at every AGM. In compliance with the requirements of the new Act, it is proposed to appoint the retiring Auditors to hold office till the conclusion of the 30th AGM to be held in the year 2016, subject to ratification at the next AGM.

Cost Audit

Mr. S Gopalan, Proprietor, S Gopalan & Associates, Cost Accountants, Chennai has been appointed as the Cost Auditors of the Company for the financial year 2013-14 pursuant to Section 233B of the Act. The Cost Audit Report for the year ended 31st March 2013, duly certified by Mr. S Gopalan, Cost Accountant, due to be filed on or before 27th September 2013 was filed on 4th September 2013.

Adequacy of Internal Controls

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

Acknowledgement

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

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

Disclaimer

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

For and on behalf of the Board

Chennai **Ashwin C Muthiah**

28th May 2014 Chairman

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

Name	Current Designation	Age	Qualification	Experience	Last employment and post held	Date of Commencement of employment	Gross Remuneration Rs.
Mahesh N Gopalasamudram Dr.	Chief Operating Officer	43 years	M.Sc. Chem and Doctorate in Polymer Chemistry	16 years	DOW Chemicals International Private Limited, Mumbai as Director – Formulated Systems	23-04-2013	67,52,998

Notes:

1. The appointment is contractual and he is not related to any other director of the Company.

Annexure to Directors' Report

Particulars as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March 2014, are furnished below to the extent applicable:

A) Conservation of Energy

a) Energy conservation measure taken :-

- Capacity of Polyol Plant augmented without substantial increase in power consumption.
- Variable frequency drive installed for Boiler Feed Water Pump in CPP to bring down energy use.

b) Vacuum Pump installed for MPG Colum in the PG facilities in Plant 2

- Additional investments and proposals being implemented for reduction of consumption of energy :-
- Replacement of lower capacity compressors with one high capacity compressor for refrigeration in Plant 1.
- Vacuum Pump to be installed to replace ejectors for the remaining columns in the PG facility in Plant 2.

c) Existing ejectors to be replaced with high efficiency ejectors in Polyol Facilities in Plant 2

- 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. 40 lakh crore per annum.
- By augmenting polyol capacity without any additional power consumption the power cost per ton of polyol to be produced will come down.

d) Power cost for refrigeration in Plant 1 is expected to be lower.

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

FORM - A

		Year Ended 31.03.2014	Year Ended 31.03.2013
(A)	**Power and Fuel Consumption**		
1.	ELECTRICITY		
	a. Purchased		
	From TNEB		
	Units	**1,73,44,427**	86,81,765
	Amount paid	**12,91,67,947**	6,68,14,549
	Rate per Unit (Rs.)	**7.45**	7.70
	MD Charges (Rs./ KVA)	**300**	300
	From Third parties (Direct)	**11,23,480**	
	Amount paid	**77,74,490**	
	Rate per unit (Rs.)	**6.92**	
	Through Energy Exchange	**6,06,280**	
	Amount paid	**46,99,949**	
	Rate Per unit (Rs.)	**7.75**	
	b. Own Generation		
	1. Through Diesel Generator (Units)	**26,03,037**	25,87,382
	Unit per litre of Diesel	**3.47**	3.51
	Cost per Unit (Rs.)	**16.42**	13.52
	2. Through Steam Turbine (Gross)	**1,11,45,110**	2,16,17,515
	Through Steam Turbine (Net)	**80,77,553**	1,71,84,877
	Units per MT of Wood, net of Cogeneration Steam	**445**	551
	Cost per Unit (Rs.)	**9.40**	5.94
2.	Furnace Oil (Qty in KL)	**7,456**	4,952
	Amount (Rs.)	**29,68,53,501**	19,00,46,909
	Average Rate (Rs./KL)	**39,811**	38,379

3.	Others		
	Wood Qty. (MT)	**18,137**	31,215
	Amount in (Rs.)	**7,59,56,659**	10,20,62,545
	Average Rate (Rs. / MT)	**4,188**	3,270
(B)	**Consumption per unit of production with standards (if any)**		
	Production (In MT)	**52,210**	53,122
	Electricity in Units	**570**	536
	Furnace Oil in KL (**)	**0.199**	0.184
	Others - Wood (in MT) (++)	**0.674**	1.140
**** - Applicable for Plant I Only ++ - Applicable for Plant II Only**			

B. TECHNOLOGY ABSORPTION

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

FORM B

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

1. **Specific areas in which R&D carried out by the company.**
   - Formulation improvements.
   - Cost reduction exercises.
   - Visco-elastic polyol systems for flexible moulded memory foam ,
   - High functionality polyols
   - Polymer Polyol for FSP customer.
   - Footwear applications
2. **Benefits derived as a result of above:**
   - Reduction in operating cost.
   - Better value addition.
3. **Future Plan of Action:**
   - Develop a polyol for visco elastic and flexible slab stock memory foam application.
   - Introduce formulations for alternative blowing agents to phase out HCFC under aegis of the Ozone Cell of the MoEF, GoI.
   - Develop special polyol for improved physical properties of moulded foam
4. **Expenditure on R & D:** (Rs. in lakhs)

a.	Capital	: 4.89
b.	Recurring	: 84.65
c.	Total	: 89.54
d.	Total R&D expenditure as a percentage of total turnover	: 0.15%

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

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

   Technology has already been fully absorbed
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.:

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

C. Foreign Exchange Earnings and outgo:

a. Efforts: Possibilities of exporting the products are being explored.

b. Foreign Exchange earnings and outgo

		(Rs. In Lakhs)
i.	Earnings	Rs. 1,758.46
ii.	Outgo (on cash basis)	Rs. 8,155.67

Report on Corporate Governance

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

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

This report covers the corporate governance aspects in your Company relating to the year ended 31st March 2014.

2. **Board of Directors:**

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

As on 31st March 2014, the Board comprised of six directors, as detailed below:

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

Notes:

a. Other Directorships exclude positions held in foreign companies, private limited companies, Section 25 companies and alternate directorships but includes Guarantee Companies.

b. Only Membership in Audit Committees and Shareholders/Investors Grievance Committees of public companies (other than in MPL) are reckoned for Other Board Committee Memberships.

c. Figures in brackets denote the number of companies / committees in which the Director is Chairman.

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

The Board of Directors met six times during the year 2013-14 viz., on 22nd April 2013, 2nd August 2013, 28th October 2013, 26th December 2013, 12th February 2014 and 27th March 2014. The 27th AGM was held on 2nd August 2013. The details of the attendance of the directors at the Board Meetings and the AGM are as follows :

Name	Period of Office held during the year	No. of meetings held during the period of office	No. of Meetings attended	Attendance at the Last AGM on 02-08-13
Mr. Ashwin C Muthiah	Full year	Six	Five	Yes
Mr. T K Arun	Full year	Six	Six	Yes
Brig (Retd.) Harish Chandra Chawla	Full year	Six	Three	No
Mr. Babu K Verghese	01-04-2012 to 12-06-2013	One	One	NA
Mr. Kulbir Singh	12-06-2013 to 31-03-2014	Five	Four	Yes
Mr. Sanjiv Ralph Noronha	Full year	Six	Five	Yes
Mr. Muthukrishnan Ravi	Full year	Six	Six	Yes

NA – Not applicable, as he was not a Director of the Company on the date of the last AGM.

3. **Audit Committee:**

i. **Terms of reference**

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

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

ii. Composition

As on 31st March 2014, the Committee comprised of Mr. T K Arun as Chairman and Brig (Retd.) Harish Chandra Chawla, Mr. Kulbir Singh and Mr. Sanjiv Ralph Noronha, as Members.

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

iii. Meetings and attendance

The Committee met five times during the year 2013-14 on 22nd April 2013, 2nd August 2013, 28th October 2013, 12th February 2014 and 27th March 2014. Mr. T K Arun and Mr. Sanjiv Ralph Noronha attended all the meetings and Brig (Retd.) Harish Chandra Chawla attended three of these meetings. Mr. Kulbir Singh attended all the four meetings of the Committee held after his appointment.

4. Remuneration Committee:

i. Terms of reference, composition and meeting

The Committee reviews and recommends to the Board on matters relating to fixation and payment of remuneration to the Executive Directors and generally follows the practice in vogue since inception. As on 31st March 2014 the Remuneration Committee comprised of Mr. Kulbir Singh as the Chairman, Mr. T.K.Arun and Mr. Sanjiv Ralph Noronha as the other members. During the year no meeting of the Committee was occasioned.

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. Remuneration paid to Mr. Muthukrishnan Ravi, Managing Director for the year 2013-14:

Sl No	Description	Amount (Rs. In Lakh)
01	Salary and Allowances	33.23
02	Contribution to PF and other funds	1.37
03	Perquisites	16.24
	Total	**50.84**

Mr. Ravi is under contract of employment with the Company which stipulates a notice period of 3 months from either side for early separation. No severance fee is payable to him and no Employee Stock Option has been offered by the Company. He is also the Managing Director of Tamilnadu Petroproducts Limited and his overall remuneration shared equally. The amount disclosed above is the share of remuneration paid/payable by the Company.

b. Sitting fees paid to non-executive Directors during 2013-14 are detailed below:

Name	Amount (Rs. In lakh)
Mr. Ashwin C Muthiah	1.06
Mr. T K Arun (Paid to TIDCO)	1.51
Mr. Babu K Verghese	0.24
Brig (Retd.) Harish Chandra Chawla	0.75
Mr. Sanjiv Ralph Noronha	1.25
Mr. Kulbir Singh	1.00
Total	**5.81**

5. **Shareholders/Investors Grievance Committee**

i. **Terms of reference:**

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

ii. **Composition, Meetings and attendance:**

As on 31st March 2014 the Committee comprised of Mr. Ashwin C Muthiah, as Chairman, Mr. T K Arun and Mr. Muthukrishnan Ravi as the other Members. Mr. S Vasudevan, Company Secretary was the Compliance Officer.

During the year, the Committee met five times and the Members of the Committee attended all the meetings held during their tenure.

iii. **Details of complaints received and redressed**

During the year 77 complaints were received, all of which were redressed by the Company/RTA. There were no pending complaints as at the year end.

6. **General Body Meetings**

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

AGM	Year	Venue	Date	Time
25th	2011	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	29.07.2011	10.00 a.m.
26th	2012	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	03.08.2012	10.15 a.m.
27th	2013	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	02.08.2013	10.15 a.m.

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

Date of AGM	Subject
29.07.2011	Change of name of the Company as Manali Petrochemicals Limited
03.08.2012	Appointment and remuneration of Mr. Muthukrishnan Ravi, as the Wholetime Director from 29.07.2011 and as Managing Director from 01.10.2011 for the period upto 28.07.2014

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

7. **Disclosures**

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

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

iii. The Company has laid down procedures to inform the Board members about the risk assessment and its mitigation, which is periodically reviewed to ensure that risk control, is exercised by the Management effectively. Committees have been formed to analyze the issues relating to risk management and the action points arising out of the deliberations of the Committees are reviewed by the Board.

iv. As required under clause 49 (V) of the Listing Agreement, CEO / CFO Certification by the Managing Director and Chief Financial Officer was placed before the Board at its meeting held on 28th May 2014.

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

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

vii. Compliance with Non – Mandatory requirements:

a. **Remuneration Committee:**

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

b. **Whistle Blower Policy:**

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

c. **Audit Qualifications:**

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

8. Means of communication

As stipulated under Clause 41 of the Listing Agreement, the Quarterly Results are published in one English National Newspaper (Business Standard) and one Tamil Newspaper (Makkal Kural) within 48 hours of the conclusion of the Board meeting at which the results are approved. The results are also displayed in the website of the Company viz., www.manalipetro.com.The information stipulated under Clause 54 of the Listing Agreement have also been made available in the website of the Company. In addition, official press/news releases and several other details/information of interest to various stakeholders are made available in the website.

9. General Shareholder Information

i. Annual General Meeting

The twenty-eighth AGM of the Company is scheduled to be held on 13th August 2014, at 10.30 a.m. at Rajah Annamalai Mandram Esplanade, Chennai 600 108

ii. Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from 4th August 2014 to 13th August 2014 2014 (both days inclusive)

iii. Dividend payment

The dividend for the year 2013-14 will be paid on 5th September 2014, subject to declaration at the ensuing AGM.

iv. Financial Calendar for the year 2014-15 (tentative)

Financial Year	1st April 2014 to 31st March 2015
First Quarter Results	Before 14th August 2014
Second Quarter Results	Before 14th November 2014
Third Quarter Results	Before 15th February 2015
Audited Results for the year 2014-15	Before 30th May 2015

v. Registrar and Share Transfer Agent:

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

vi. Share Transfer System:

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

vii. Listing / Stock Code of equity shares

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

Listing fees have been paid to the aforesaid exchanges upto 2014-15.

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

Month & Year	NSE				BSE			
	Share Price (Rs.)		S&P CNF Nifty		Share Price (Rs.)		Sensex	
	High	Low	High	Low	High	Low	High	Low
April 2013	9.40	7.95	5,962.30	5,477.20	9.38	7.90	19,622.68	18,144.22
May	9.15	8.15	6,229.45	5,190.95	9.18	8.12	20,443.62	19,451.26
June	8.50	7.90	6,011.00	5,566.25	8.55	7.87	19,860.19	18,467.16
July	8.70	6.60	6,093.35	5,675.75	8.80	6.80	20,351.06	19,126.82
August	7.25	5.80	5,808.50	5,118.85	7.30	5.74	19,569.20	17,448.71
September	8.00	6.35	6,142.50	5,318.90	8.45	6.40	20.739.69	18,166.17
October	8.35	7.00	6,309.05	5,700.95	8.33	6.65	21,205.44	19,264.72
November	8.50	7.10	6,342.95	5,972.45	8.40	6.51	21,321.53	20,137.67
December	8.75	7.25	6,415.25	6,129.95	8.89	7.21	21,483.74	20,568.70
January 2014	9.85	7.35	6,358.30	6,027.25	9.80	7.36	21,409.66	20,343.78
February	8.05	7.00	6,282.70	5,933.30	8.30	7.06	21,140.51	19,963.12
March	8.90	7.40	6,730.05	6,212.25	8.85	7.41	22,467.21	20,920.98

ix. Distribution of shareholding as on March 31, 2014:

Range of Shares		Holders		Shares	
From	To	No	%	No	%
1	100	16,717	12.28	8,98,906	0.52
101	500	95,730	70.35	2,18,02,705	12.68
501	1000	13,187	9.69	1,04,73,443	6.09
1001	2000	5,551	4.08	85,00,230	4.94
2001	3000	1,735	1.27	45,53,813	2.65
3001	4000	630	0.46	23,04,196	1.34
4001	5000	705	0.52	33,81,514	1.97
5001	10000	1,001	0.74	75,98,049	4.41
10001	& above	830	0.61	11,24,86,373	65.40
Total		1,36,086	100.00	17,19,99,229	100.00

x. Shareholding pattern as on March 31, 2014

Category	Holders		Shares	
	No	%	No	%
Promoters and Promoters Group	4	0.01	7,70,80,803	44.81
Mutual Funds / UTI	13	0.01	1,85,100	0.11
Financial Institutions / Banks	15	0.01	26,325	0.02
Foreign Institutional Investors	1	0.01	22,60,000	1.31
Bodies Corporate	1,011	0.74	1,00,69,352	5.85
Individuals	1,29,464	95.14	7,58,31,466	44.09
HUF	1,360	0.99	30,14,430	1.75
NRI / OCBs	4,126	3.03	32,65,109	1.9
Clearing Members & Others	92	0.06	2,66,644	0.16
Total	1,36,086	100	17,19,99,229	100

xi. Dematerialization of shares and liquidity

The shares, listed in BSE and NSE are to be traded only in dematerialized form. The ISIN of the shares is. INE201A01024. As at March 31, 2014, 15,66,40,793 shares were held in dematerialized form, representing about 91% of the total shares. The shares are traded regularly on BSE and NSE.

xii. Location of Plants: Plant I : Ponneri High Road, Manali, Chennai – 600 068
Plant II : Sathangadu Village, Manali, Chennai – 600 068

xiii. Address for correspondence

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

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

For other general matters or in case of any difficulties/grievances investors may contact: **Mr. R. Kothandaraman, Company Secretary and Compliance Officer, at the Principal Office of the Company, Chennai–600 068 Phone: 044-25941025/25943895, Fax: 044 - 25941199, E-mail: companysecretary@manalipetro.com**

Certificate of compliance of conditions of Corporate Governance

We have examined the compliance of conditions of Corporate Governance by Manali Petrochemicals Limited ('the Company") for the year ended on 31st March 2014, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company, for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression 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 and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)

Bhavani Balasubramanian
Partner
Membership No.: 22156

Chennai
28th May 2014

Declaration by CEO

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

Chennai
28th May 2014

Muthukrishnan Ravi
Managing Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANALI PETROCHEMICALS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MANALI PETROCHEMICALS LIMITED** (“the Company”), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

The Company’s Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting notified under the Companies Act, 1956 (“the Act”) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors’ Responsibility

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

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

Opinion

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31^{st} March, 2014;

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2003 (“the Order”) issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, we report that:
   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs).
   (e) On the basis of the written representations received from the directors as on 31^{st} March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31^{st} March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm’s Registration No.008072S)

Bhavani Balasubramanian
Partner
(Membership No.22156)

Place: Chennai
Date: 28^{th} May, 2014

ANNEXURE TO THE AUDITORS' REPORT

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

(i) Having regard to the nature of the Company's business / activities / result, clauses (vi),(xii) and (xiii), (xiv), (xviii), (xix), (xx) of the Order are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

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

(iii) In respect of its inventory:

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

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

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

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

(v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system.

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

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

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

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

(viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Act and are of the opinion that *prima facie* the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

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

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

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2014 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, 2014 on account of disputes except as given below:

Name of the Statute	Nature of the dues	Financial Years	Amount (Rs) in Lakhs	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	1996-97	4.64	High Court of Madras
Central Excise Act, 1944	Excise Duty	2007-08	53.39	High Court of Madras
Customs Act, 1972	Customs Duty	1993-94	10.04	High Court of Madras
Central Sales Tax Act, 1956	Sales tax	Various Years	10.23	High Court of Madras
Central Sales Tax Act, 1956	Sales tax	2000-01	10.74	Sales Tax Tribunal
Central Sales Tax Act, 1956	Sales tax	2003-04	36.74	Appellate Deputy Commissioner
Income tax act 1961	Income tax	2006-07	1,080.74	Commissioner of Income Tax (Appeals)
Income tax act 1961	Income tax	2007-08	1,192.08	Commissioner of Income Tax (Appeals)
Income tax act 1961	Income tax	2008-09	530.58	Commissioner of Income Tax (Appeals)
Income tax act 1961	Income tax	2009-10	3.12	Commissioner of Income Tax (Appeals)
Income tax act 1961	Income tax	2010-11	18.13	Deputy Commissioner of Income Tax, LTU
Income tax act 1961	Income tax	2011-12	247.87	Deputy Commissioner of Income Tax, LTU

(x) In our opinion, the Company does not have any accumulated losses as at the end of the financial year and the company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks. The Company has not issued any debentures..

(xii) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.

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

(xiv) 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.

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

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No.008072S)

Bhavani Balasubramanian
Partner
(Membership No.22156)

Place: Chennai
Date: 28th May, 2014

Balance Sheet as at March 31, 2014

(Rs. in lakhs)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
Share Capital	3	**8,603.47**	8,603.47
Reserves and Surplus	4	**12,542.02**	10,643.16
Total Shareholders' Funds		**21,145.49**	19,246.63
(2) Non-current Liabilities			
Deferred Tax Liabilities (Net)	36	**1,540.25**	1,502.47
Other Long-term Liabilities	5	**176.34**	191.67
Long-term Provisions	6	**111.40**	93.01
Total Non-current Liabilities		**1,827.99**	1,787.15
(3) Current Liabilities			
Short-term Borrowings	7	**229.01**	202.90
Trade Payables	8	**5,512.69**	4,441.74
Other Current Liabilities	9	**853.75**	554.94
Short-term Provisions	10	**1,620.81**	1,672.13
Total - Current Liabilities		**8,216.26**	6,871.71
TOTAL EQUITY AND LIABILITIES		**31,189.74**	27,905.49
II. ASSETS			
(1) Non-current Assets			
Fixed Assets			
Tangible Assets	11 A	**10,369.85**	10,254.83
Intangible Assets	11 B	**-**	-
Capital Work-in-progress		**252.39**	374.40
Total - Fixed Assets		**10,622.24**	10,629.23
Non-current Investments	12	**412.45**	412.45
Long-term Loans and Advances	13	**1,478.47**	1,537.81
Total - Non-Current Assets		**12,513.16**	12,579.49
(2) Current Assets			
Current Investments	14	**1,477.22**	224.06
Inventories	15	**6,273.05**	5,983.89
Trade Receivables	16	**5,275.24**	3,919.81
Cash and Cash equivalents	17	**2,593.06**	645.87
Short-term Loans and Advances	18	**3,029.82**	4,550.00
Other Current Assets	19	**28.19**	2.37
Total - Current Assets		**18,676.58**	15,326.00
TOTAL ASSETS		**31,189.74**	27,905.49

See accompanying Notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

BHAVANI BALASUBRAMANIAN
Partner

Place : Chennai
Date : 28th May, 2014

For and on behalf of the Board of Directors

Ashwin C Muthiah
Chairman

Brig (Retd.) Harish Chandra Chawla
Director

S. Vasudevan
Company Secretary

Muthukrishnan Ravi
Managing Director

Anis Tyebali Hyderi
Chief FInancial Officer

Statement of Profit & Loss for the year ended March 31, 2014

(Rs. in lakhs)

Particulars	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
(I) Revenue from Operations (Gross)	20	**61,851.13**	57,412.47
Less: Excise Duty		**(6,407.38)**	(5,878.51)
Revenue from Operations (Net)		**55,443.75**	51,533.96
(II) Other Income	21	**629.79**	707.76
(III) Total Revenue (I+II)		**56,073.54**	52,241.72
(IV) Expenditure			
Cost of raw materials and packing materials consumed	22	**36,471.14**	35,975.43
Purchase of Stock-in Trade (Traded Goods)	22	**2,183.82**	1,904.97
Change in Inventory of finished goods, working progress and stock-in trade.	23	**(433.21)**	(505.54)
Employee Benefits Expense	24	**1,797.83**	1,887.42
Finance costs		**189.53**	214.48
Depreciation	11	**656.26**	635.79
Other Expenses	25	**10,732.47**	8,595.67
Total Expenditure		**51,597.84**	48,708.22
(V) Profit Before Tax (III-IV)		**4,475.70**	3,533.50
(VI) Tax Expense			
Current Tax Expense		**1,450.00**	731.18
MAT Credit Entitlement			(87.54)
Short/(Excess) Provision for tax relating to prior years		**82.91**	-
Deferred Tax	36	**37.77**	158.27
Net Tax Expense		1,570.68	801.91
(VII) Profit After Tax for the year (V-VI)		**2,905.02**	2,731.59
(VIII) Earnings Per Share (Basic and Diluted)	35	**1.69**	1.59

See accompanying Notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

BHAVANI BALASUBRAMANIAN
Partner

Place : Chennai
Date : 28th May, 2014

For and on behalf of the Board of Directors

Ashwin C Muthiah
Chairman

Brig (Retd.) Harish Chandra Chawla
Director

S. Vasudevan
Company Secretary

Muthukrishnan Ravi
Managing Director

Anis Tyebali Hyderi
Chief FInancial Officer

Cash Flow Statement for the year ended March 31, 2014

				(Rs. in lakhs)
		2013-14		2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax		**4,475.70**		3,533.50
Adjustments for				
Depreciation	**656.26**		635.79	
Dividends received	**(37.31)**		(77.46)	
Finance Costs	**189.53**		214.48	
Interest received	**(447.94)**		(349.67)	
Net unrealised exchange (gain) / loss	**(20.21)**		(0.87)	
Loss on sale / write-off of assets	**0.93**		18.62	
Sub-total		**341.26**		440.89
OPERATING PROFIT		**4,816.96**		3,974.39
CHANGES IN WORKING CAPITAL				
Adjustments for (increase) / decrease in Operating Assets				
Inventories	**(289.16)**		559.92	
Trade Receivables	**(1,355.43)**		(84.40)	
Short Term Loans and Advances	**1,432.38**		(184.74)	
Long Term Loans and Advances	**59.33**		(965.10)	
Adjustments for (increase) / decrease in Operating Liabilities				
Trade Payables	**1,390.00**		(1,132.91)	
Other Long-term Liabilities	**(15.33)**		(15.33)	
Short-term Provisions	**(51.32)**		(950.22)	
Long-term Provisions	**18.39**	**1,188.86**	38.62	(2,734.16)
		6,005.82		1,240.23
Net Income Tax paid		**(1,470.93)**		(1,074.72)
Net Cash from Operating Activities [A]		**4,534.89**		165.51
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets, including capital advances		**(698.69)**		(913.12)
Proceeds from sale of Fixed Assets		**48.49**		0.89
Capital Subsidy received for Captive Power Plant		**-**		84.00
Interest Income		**447.94**		349.67
Dividend Income		**37.31**		77.46
Bank balances not considered as cash and cash equivalents		**(51.43)**		14.27
Net Cash used in Investing activities [B]		**(216.38)**		(386.83)
C. CASH FLOW FROM FINANCING ACTIVITIES				
(Repayment) / Proceeds from Short-Term borrowings		**26.11**		84.17
Interest Paid		**(189.52)**		(214.48)
Dividend Paid		**(860.00)**		(1,032.00)
Tax on Proposed Equity Dividend		**(146.16)**		(167.42)
Net Cash Used in Financing Activities [C]		**(1,169.57)**		(1,329.73)
Net (Decrease) / Increase in Cash and Cash Equivalents (D) = (A+B+C)		**3,148.94**		(1,551.05)
Cash and Cash Equivalents at the beginning of the year		**387.20**		1,938.25
Cash and Cash Equivalents at the end of the year		**3,536.14**		387.20
Particulars				
Comprises				
Cash on hand and Balances with banks [Note 17]		**2.42**		1.95
Cheques on hand		**2,000.00**		-
Balance with Banks				-
In current accounts (including debit balance in cash credit)		**56.50**		161.19
Current investments [Note 14]		**1,477.22**		224.06
Cash and Cash equivalents		**3,536.14**		387.20
Reconciliation of Cash and Cash equivalents:				
Cash and Cash equivalents (Note 17)		**2,593.06**		645.87
Less: Margin money Deposit Accounts		**182.92**		144.72
Less: Unpaid Dividend Accounts		**351.22**		338.01
Net Cash and Cash equivalents		**2,058.92**		163.14
Add: Current Investments (Note 14)		**1,477.22**		224.06
Cash and Cash equivalents as shown above		**3,536.14**		387.20

See accompanying Notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

BHAVANI BALASUBRAMANIAN
Partner

Place : Chennai
Date : 28th May, 2014

For and on behalf of the Board of Directors

Ashwin C Muthiah
Chairman

Brig (Retd.) Harish Chandra Chawla
Director

S. Vasudevan
Company Secretary

Muthukrishnan Ravi
Managing Director

Anis Tyebali Hyderi
Chief FInancial Officer

Notes to Financial Statements for the year ended March 31, 2014

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Companies Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. USE OF ESTIMATES

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

b. FIXED ASSETS, INTANGIBLE ASSETS AND CAPITAL WORK IN PROGRESS

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

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

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

c. DEPRECIATION AND AMORTISATION

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

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

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

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

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

d. IMPAIRMENT OF FIXED ASSETS

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in the case of revalued assets.

e. INVESTMENTS

Long-term investments (excluding investment properties) are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees, duties etc.

f. INVENTORIES

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

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

g. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transactions and realized exchange gain/loss is dealt with in the Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currencies are translated as at the balance sheet date at the rate of exchange prevailing at the year-end. Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss. The premium / discount on forward exchange contracts are amortised over the period of the contract if such contracts relate to monetary items as at the balance sheet date.

h. REVENUE RECOGNITION

Sale of goods

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

Dividend

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

Interest

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

i. RETIREMENT AND OTHER EMPLOYEE BENEFITS

I. Short-term employee benefits

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

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

II. Defined Contribution Plan

a) Provident Fund

Fixed contributions made to the Provident Fund are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees

b) Superannuation

This plan covers officers and the staff of the Plant I and II and is administered by the Life Insurance Corporation of India. Contributions are made monthly at a predetermined rate to the Trust and debited to the Statement of Profit & Loss on an accrual basis.

III. Defined Benefit Plan

a) Gratuity

The company has an arrangement with the Life Insurance Corporation of India (LIC) to administer its Gratuity fund for Plant II employees and Trust established by the Company to administer its Gratuity fund for Plant I employees. Premium paid/payable is determined based on an actuarial valuation carried out by LIC for Plant II and by an independent valuer for Plant I using the projected unit credit method as on the Balance Sheet date and debited to the Statement of Profit and Loss on accrual basis. Actuarial gain or loss is recognized in the statement of Profit and Loss as income or expense.

b) Superannuation

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

IV. **Long term compensated absences**

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

j. **TAXES ON INCOME**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act 1961.

Deferred tax is recognized on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods and are quantified using the substantively enacted tax rate as on the Balance Sheet date.

Deferred Tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

At each Balance Sheet date, the Company reassesses unrecognized deferred tax assets. It recognises unrecognized deferred tax asset to the extent that it has become virtually certain that sufficient future taxable income will be available against which such deferred tax assets can be realized

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period. The Company reviews the asset at each reporting date.

k. **RESEARCH AND DEVELOPMENT EXPENSES**

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

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

Provisions are recognised only when

a) The company has a present obligation as a result of past events

b) a probable outflow of resources is expected to settle the obligation and

c) the amount of obligation can be reliably estimated

Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in the notes for

i) Present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made

ii) Possible obligation arising from past events which will be confirmed only by future events not wholly within the control of the Company

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

m. **SEGMENT REPORTING**

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

n. **EARNINGS PER SHARE**

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

o. CASH AND CASH EQUIVALENTS

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

p. CASH FLOW STATEMENT

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

q. LEASES

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

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

r. INSURANCE CLAIMS

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

s. SERVICE TAX INPUT CREDIT

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

t. OPERATING CYCLE

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

u. GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Government grants, in the nature of investment grants, received after the asset is put to use and / or the carrying value of asset is less than the grants received and where no repayment is ordinarily expected in respect thereof, are treated as capital reserve.

(Rs. in lakhs)

	As at March 31, 2014	As at March 31, 2013

3 - 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 each fully paid up	**8,599.96**	8,599.96
Add: Forfeited shares	**3.51**	3.51
Total issued, subscribed and fully paid-up Share Capital	**8,603.47**	8,603.47

Notes:

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

For the year ended March 31, 2014, the amount of dividend proposed to be distributed to equity shareholders is Re.0.50 per share (previous year: Re.0.50 per share). The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

	Year Ended March 31, 2014		Year Ended March 31, 2013	
Name of shareholders	**No. of shares**	**% holding**	No. of shares	% holding
M/s. SIDD Life Sciences Private Limited	**65,846,053**	**38.28**	65,846,053	38.28
M/s. Tamilnadu Industrial Development Corporation Ltd.	**11,212,500**	**6.52**	11,212,500	6.52

4 - Reserves and Surplus

(Rs. in lakhs)

A. SECURITIES PREMIUM ACCOUNT	**91.45**	91.45
B. GENERAL RESERVE		
Opening Balance	**109.20**	109.20
Add: Transferred during the year	**-**	-
General Reserve - Closing Balance	**109.20**	109.20
C. CAPITAL RESERVE*		
Opening Balance	**84.00**	-
Add: Additions during the year	**-**	84.00
Capital Reserve - Closing Balance	**84.00**	84.00
D. SURPLUS IN THE STATEMENT OF PROFIT AND LOSS		
Opening Balance	**10,358.51**	8,633.08
Add: Profit for the year	**2,905.02**	2,731.59
Less: Appropriations		
Transfer to General Reserves		
Proposed Equity Dividend (Current year - Amount per share Re.0.50 [March 31, 2013: Re.0.50])	**(860.00)**	(860.00)
Tax on Proposed Equity Dividend	**(146.16)**	(146.16)
P & L surplus - Closing Balance	**12,257.37**	10,358.51
Total	**12,542.02**	10,643.16

* During the year 2012-13, Tamilnadu Energy Development Agency [TEDA] had sanctioned and disbursed a Capital Subsidy of Rs.84 lakhs for the 4.2 MW Captive Power Plant, capitalised during the year 2008-09. These grants are directly credited to Shareholders' funds under Capital Reserves.

(Rs. in lakhs)

	As at March 31, 2014	As at March 31, 2013

5 - Other Long-term Liabilities

Deposits	**176.34**	191.67
Total	**176.34**	191.67

The deposits have been classified as under:

As Other Long-term Liabilities	**176.34**	191.67
As Other current Liabilities (Note 9)	**30.66**	30.66

Interest free deposit movement have been classified as under:

Opening Deposit Balance	**222.33**	230.00
Less: Deposit refunded during the year	**15.33**	7.67
Closing Balance	**207.00**	222.33

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

6 - Long-term Provisions

Provision for Employee Benefits - Non Current (Note 33)		
Post Employment Benefits	**44.17**	43.05
Compensated absences	**67.23**	49.96
Total	**111.40**	93.01

7 - Short-term Borrowings

Cash Credit from Banks (Secured)	**229.01**	202.90
Total	**229.01**	202.90

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

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

8 - Trade Payables

Acceptances	**1,050.44**	571.62
Others (Refer Note 28)	**4,462.25**	3,870.12
Total	**5,512.69**	4,441.74

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

(Rs. in lakhs)

	As at March 31, 2014	As at March 31, 2013

9 - Other Current Liabilities

Unpaid Dividend	**351.22**	338.01
Other Payables		
Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	**333.97**	149.38
Contractually reimbursible expenses	**37.17**	26.42
Employee Benefits Payable (Note 33)		
Post Employment Benefits	**1.42**	1.22
Gratuity	**6.10**	9.25
Others *	**93.21**	–
Current Portion of Deposits (Note 5)	**30.66**	30.66
Total	**853.75**	554.94

* Represents Advance received from Ozone Cell, Ministry of Environment and Forests, Government of India for phasing out of HCFC in the production of Polyols, which will be utilised during the next year for the said programme.

10 - Short-term Provisions

Provision for employee benefits (Note 33)		
For compensated absences - Current	**13.06**	22.19
Provision - Others		
Proposed Equity Dividend	**860.00**	860.00
Tax on Proposed Equity Dividend	**146.16**	146.16
Provision for Wage Arrears *	**601.59**	643.78
Total	**1,620.81**	1,672.13

*** Provision for Wage Arrears**

During the year 2004, a claim was raised against the Company by its workmen demanding a revision to wages for the years from 2001 to 2004. This matter was adjudicated by the Industrial Tribunal on September 23, 2008. The Company filed an appeal in the Supreme Court against the decision of the Tribunal. As per the directions of the Supreme Court, the Company had made interim payments aggregating to Rs.395 lakhs (including Rs.73.01 lakhs paid during the year), which have been adjusted against provisions made in earlier years. The appeal has been ‘partly heard’ by the Supreme Court as of March 31, 2014. Pending final decision of the Supreme Court, the Company, as a matter of abundant caution, had estimated the additional liability at Rs.695 lakhs and had during 2011-12 created provision for the said amount. During the current year, the Company has made further provisons aggregating to Rs.30.82 lakhs. This, according to the management, is the best estimate, which would adequately cover the ultimate liability, which the Company may have to incur in this regard.

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

Balance at beginning of the year	**643.78**	696.00
Charge for the year	**30.82**	30.80
Payments made during the year	**(73.01)**	(83.02)
Balance at end of the year	**601.59**	643.78

11 - Fixed Assets

(Rs. in lakhs)

Particulars	Gross Block				Accumulated Depreciation and Amortisation				Net Book Value	
	As at April 1, 2013	Additions	Disposals	As at March 31, 2014	As at April 1, 2013	Expense for the year	Eliminated on disposal	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
A. Tangible Assets										
Land	**179.75**	**-**	**-**	**179.75**	**-**	**-**	**-**	**-**	**179.75**	179.75
Previous Year	179.75	-	-	179.75	-	-	-	-		
Development on leasehold land	**20.25**	**-**	**-**	**20.25**	**15.78**	**1.07**	**-**	**16.85**	**3.40**	4.47
Previous Year	20.25	-	-	20.25	14.71	1.07	-	15.78		
Buildings	**1,490.72**	**23.42**	**-**	**1,514.14**	**520.60**	**43.67**	**-**	**564.27**	**949.87**	970.12
Previous Year	1,304.37	186.35	-	1,490.72	477.89	42.71	-	520.60		
Plant and Machinery	**25,955.32**	**792.18**	**51.40**	**26,696.10**	**17,118.69**	**591.07**	**3.41**	**17,706.35**	**8,989.75**	8,836.63
Previous Year	25,422.24	697.92	164.84	25,955.32	16,706.20	560.72	148.23	17,118.69		
Furniture and Fixtures	**141.34**	**-**	**-**	**141.34**	**16.47**	**8.11**	**-**	**24.58**	**116.76**	124.87
Previous Year	16.45	124.89	-	141.34	9.68	6.79	-	16.47		
Office Equipment	**104.99**	**1.39**	**-**	**106.38**	**13.27**	**2.82**	**-**	**16.09**	**90.29**	91.72
Previous Year	104.78	0.21	-	104.99	10.50	2.77	-	13.27		
Computers	**360.09**	**3.73**	**-**	**363.82**	**338.50**	**6.68**	**-**	**345.18**	**18.64**	21.59
Previous Year	358.89	1.80	0.60	360.09	328.55	10.27	0.32	338.50		
Vehicles	**60.56**	**-**	**5.31**	**55.25**	**34.88**	**2.84**	**3.87**	**33.85**	**21.40**	25.68
Previous Year	66.46	-	5.90	60.56	34.76	3.39	3.27	34.88		
Sub-total - Current Year	**28,313.02**	**820.72**	**56.71**	**29,077.03**	**18,058.19**	**656.26**	**7.28**	**18,707.17**	**10,369.86**	10,254.83
Sub-total - Previous Year	27,473.19	1,011.17	171.34	28,313.02	17,582.29	627.72	151.82	18,058.19		-
B. Intangible Assets										
Computer Software	**32.28**	**-**	**-**	**32.28**	**32.28**	**-**	**-**	**32.28**	**0.00**	
Previous Year	32.28	-	-	32.28	24.21	8.07		32.28		
Total - Current Year	**28,345.30**	**820.72**	**56.71**	**29,109.31**	**18,090.47**	**656.26**	**7.28**	**18,739.45**	**10,369.86**	10,254.83
Total - Previous Year	27,505.47	1,011.17	171.34	28,345.30	17,606.50	635.79	151.82	18,090.47	-	-

(Rs. in lakhs)

12 - Non-current Investments

	As at March 31, 2014	As at March 31, 2013
Non-Trade - Quoted		
Investments in Equity shares		
500 Equity Shares of Rs.10 each fully paid-up in M/s. Chennai Petroleum Corporation Limited	**0.45**	0.45
Aggregate amount of Quoted investments (Market value - Rs.0.34 Lakhs [31 March, 2013 - Rs.0.61 Lakhs])		
Non-Trade - Unquoted		
Investments in Equity shares		
16,48,000 Equity Shares of Rs.10 each fully paid-up in M/s. Mercantile Ventures Limited (*)	**412.00**	412.00
Total	**412.45**	412.45

*During the year 2012-13, 16,48,000 equity shares of Rs.10 each, fully paid-up, in Mercantile Ventures Limited [formerly MCC Finance Limited (MCC)] were allotted in pursuance of a Scheme of Compromise approved by the Honourable Madras High Court, at a premium of Rs.15 per share towards past dues to the Company as reflected in the books of MCC. Since the Company had recovered the said dues during the years 1999 to 2001 by adjusting the same against dues from a then associate of MCC, an amount equivalent to the above allotment was accounted for as payable to the then associate of MCC in the books of the Company. Pending mutual agreement between the Companies, the amounts shown above and the payable (shown under Trade Payables) have been retained.

13 - Long-term Loans and Advances

Unsecured, considered Good		
Capital Advances	**114.22**	124.89
Advances to employees	**23.71**	28.61
MAT Credit Entitlement	**-**	87.54
Other Loans and Advances	**1,095.00**	1,095.00
Security Deposit	**245.54**	201.77
Total	**1,478.47**	1,537.81

14 - Current Investments

Current Investments (valued at lower of cost or fair value, unless stated otherwise)		
Unquoted Mutual funds		
UTI Liquid Fund	**0.00**	73.04
(No. of units - Nil [Previous Year - 7,303])		
SBI Mutual Fund	**1,477.22**	151.02
(No. of units -1,47,244 [Previous Year - 15,053])		
	1,477.22	224.06

15 - Inventories

Stores and Spares	**253.62**	514.92
Raw Materials	**1,268.41**	1,242.77
Raw Materials in Transit	**737.30**	645.69
Work-in-Process	**191.04**	36.24
Traded Goods	**365.43**	281.00
Finished Goods	**3,457.25**	3,263.27
Total	**6,273.05**	5,983.89

	Year ended March 31, 2014	Year ended March 31, 2013
Details of Inventory		
Work-in-process		
Propylene Oxide	**2.83**	2.69
Propylene Glycol	**12.13**	1.69
Polyol	**176.08**	31.86
Total	**191.04**	36.24

(Rs. in lakhs)

	As at March 31, 2014	As at March 31, 2013

16 - Trade Receivables

Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured considered good	**0.74**	0.16
Unsecured considered doubtful	**283.95**	293.43
	284.69	293.59
Less: Provision for doubtful Receivables	**283.95**	293.43
	0.74	0.16
Others		
Unsecured considered good	**5,274.50**	3,919.65
Total	**5,275.24**	3,919.81

17 - Cash and Cash equivalents

Cash on hand	**2.42**	1.95
Cheques on hand	**2,000.00**	-
Bank Balances		
Current Accounts	**56.50**	161.19
Margin Money Deposit Accounts (Refer Note below)	**182.92**	144.72
Unpaid Dividend Accounts	**351.22**	338.01
Total	**2,593.06**	645.87

Cash and Cash Equivalents as at March 31, 2014 and March 31, 2013 include restricted bank balances of Rs.182.92 lakhs and Rs.144.72 lakhs respectively. The restrictions are primarily on account of bank balances being held as margin money deposits against Letters of Credit and Bank Guarantees. These deposits have an original maturity period of less than 12 months.
Cheques on hand represent Intercorporate Deposits of Rs. 2000 lakhs received which has been subsequently realised.

18 - Short-term Loans and Advances

Unsecured considered good		
Security Deposits	**26.13**	22.14
Loans and Advances to employees	**34.84**	37.85
Prepaid Expenses	**146.72**	105.12
Balances with Government authorities		
CENVAT credit receivable	**399.21**	458.61
Inter-corporate deposits (Refer Note below)	**-**	2,700.00
Advance Tax (net of provision of Rs.1,450.00 lakhs, Previous year - Rs. 731.78 lakhs)	**61.98**	125.92
Others [Vendor Advance]	**2,360.94**	1,100.36
Total	**3,029.82**	4,550.00

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

19 - Other Current Assets

Interest accrued on Deposits	**28.19**	2.37
Total	**28.19**	2.37

(Rs. in lakhs)

	Year ended March 31, 2014	Year ended March 31, 2013

20 - Revenue from Operations

Sale of Products		
Finished goods	**59,585.80**	55,317.09
Traded goods	**2,203.66**	1,988.72
Other Operating Revenue		
Scrap sales	**61.67**	106.66
Revenue from Operations (Gross)	**61,851.13**	57,412.47
Less: Excise Duty #	**6,407.38**	5,878.51
Revenue from Operations (Net)	**55,443.75**	51,533.96

Excise duty on sales amounting to Rs.6,407.38 lakhs (March 31, 2013: Rs.5,878.51 lakhs) has been reduced from Sales in the Statement of Profit and Loss and Excise Duty on increase in inventories amounting to Rs. 85.59 lakhs (March 31, 2013: Rs.64.91 lakhs) has been considered as expense. (Refer Note 25).

Details of Sales

Manufactured Goods:		
Propylene Oxide	**800.57**	70.17
Propylene Glycol	**18,184.98**	16,433.50
Polyol	**37,599.10**	35,653.74
Others	**3,779.53**	3,840.99
	60,364.18	55,998.40
Traded Goods:		
Isocyanates	**2,203.66**	**1,988.72**
Less: Trade Discounts	**(778.38)**	(681.31)
Total	**61,789.46**	57,305.81

21 - Other Income

Interest Income on		
Bank Deposits	**21.59**	24.13
Customer Deposits	**22.58**	14.15
Others	**403.77**	311.39
Dividend received from current investments	**37.31**	77.46
Insurance claims received	**22.56**	124.67
Provision for Doubtful Debts no longer required written back	**9.48**	45.38
Miscellaneous Income	**112.50**	110.58
Total	**629.79**	707.76

(Rs. in lakhs)

	Year ended March 31, 2014	Year ended March 31, 2013

22 - Cost of Raw Materials and Packing Materials Consumed

Opening Stock	**1,888.46**	2,850.97
Add: Purchases	**36,588.39**	35,012.92
	38,476.85	37,863.89
Less: Closing Stock	**2,005.71**	1,888.46
Total	**36,471.14**	35,975.43

Materials consumed comprises:

Propylene	**21,045.52**	17,567.26
Methyloxirane Propylene Oxide	**422.68**	5,356.31
Chlorine	**1,592.37**	1,566.53
Others (Individually less than 10% of consumption)	**13,410.57**	11,485.33
Total	**36,471.14**	35,975.43

Purchase of Traded goods

Isocyanates	**2,183.82**	1,904.97

23 - Changes in Inventories of finished goods, work-in process and stock-in trade

Inventory at the end of period/year		
Finished Goods	**3,457.25**	3,263.27
Work-in-process	**191.04**	36.24
Traded Goods	**365.43**	281.00
	4,013.72	3,580.51
Inventory at the beginning of the period/year		
Finished Goods	**3,263.27**	2,763.04
Work-in-process	**36.24**	167.87
Traded Goods	**281.00**	144.06
	3,580.51	3,074.97
(Increase) in Inventories	**(433.21)**	(505.54)

24 - Employee Benefits expense

Salaries and Wages *	**1,298.21**	1,355.79
Contribution to Provident and Other Funds	**81.94**	126.82
Post-employment benefits (Note 33)	**28.80**	31.49
Staff Welfare Expenses	**388.88**	373.32
Total	**1,797.83**	1,887.42

* Salaries and Wages include Rs. 58.83 lakhs (Previous Year Rs. 57.81 lakhs) towards R&D expenses.

(Rs. in lakhs)

	Year ended March 31, 2014	Year ended March 31, 2013

25 - Other Expenses

Consumption of Stores and Spares	**439.63**	507.90
Increase / (Decrease) of excise duty on inventory *	**85.59**	64.91
Power and Fuel	**6,963.76**	5,013.05
Water charges	**725.90**	654.41
Rent	**18.32**	18.32
Repairs and Maintenance		
-- Building	**52.34**	90.46
-- Plant and machinery	**654.13**	571.15
-- Information Technology	**79.26**	66.04
-- Others	**37.32**	26.19
Insurance	**135.07**	195.25
Rates and Taxes	**299.77**	99.39
Discount others	**114.54**	-
Agency Commission	**332.97**	317.95
Sales Discount		
Legal and Professional	**331.36**	**430.09**
Payment to Auditors:		
- As Auditors - Statutory Audit	**9.00**	9.00
- Taxation matters	**1.50**	0.75
- Other services	**4.00**	4.00
- Reimbursement of expenses	**0.04**	-
Directors Sitting fees	**5.81**	5.05
Net loss on foreign currency transaction and translation (other than considered as finance cost)	**45.42**	97.88
Bad trade and other receivables, loans and advances written off	**-**	22.02
Loss on fixed assets sold/scrapped/written off	**0.93**	18.62
Miscellaneous Expenses	**395.81**	383.24
Total	**10,732.47**	8,595.67

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

Above expenses include those relating to R&D aggregating to Rs. 25.81 lakhs (Previous Year Rs.32.33 lakhs).

26 - Capital and other Commitments

Estimated value of contracts in capital account remaining to be executed (net of advances) and not provided for as on March 31, 2014 is Rs. 637.25 lakhs (previous year Rs.669.05 lakhs).

	As at March 31, 2014	(Rs. in lakhs) As at March 31, 2013

27 - Contingent Liabilities

	As at March 31, 2014		As at March 31, 2013
a) Bills discounted	**45.79**		144.96
b) Letters of Credit / Guarantees	**3,130.49**		2,673.11
c) Disputed Excise & Customs demands	**68.07**		68.07
d) Disputed Sales Tax demands	**57.71**		57.71
e) Disputed Income Tax demands	**2,335.10**		118.67
f) Claims against Company not acknowledged as debt	**1,677.00**		-

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

Nature of the Dues	**Forum before which the dispute is pending**	**Period to which it relates**	**As at March 31, 2014**	As at March 31, 2013
Excise Duty	High Court of Madras	1996-97	**4.64**	4.64
	High Court of Madras	2007-08	**53.39**	53.39
Customs Duty	High Court of Madras	1993-94	**10.04**	10.04
	Disputed Excise & Customs demand		**68.07**	68.07
Sales Tax	Appellate Deputy Commissioner (CT)	2003-04	**36.74**	36.74
	Sales Tax Tribunal under Sales Tax Act	2000-01	**10.74**	10.74
	High Court of Madras	Various Years	**10.23**	10.23
	Disputed Sales Tax demand		**57.71**	57.71
		Assessment Year		
Income Tax	DCIT, LTU, Chennai	2004-05	**-**	14.46
	Commissioner of Income Tax (Appeals)	2006-07	**1,080.74**	-
	Commissioner of Income Tax (Appeals)	2007-08	**454.67**	31.04
	Commissioner of Income Tax (Appeals)	2008-09	**530.58**	65.21
	Commissioner of Income Tax (Appeals)	2009-10	**3.12**	7.96
	DCIT, LTU, Chennai	2010-11	**18.13**	-
	DCIT, LTU, Chennai	2011-12	**247.87**	-
	Disputed Income Tax demand **		**2,335.10**	118.67

** Against the above demands, the Company has paid Rs. 155.72 lakhs (Previous year - Rs. 100.62 lakhs).

The above amounts are based on the notices of demand or the assessment orders or notifications by the relevant authorities, as the case may be, and the Company is contesting these claims with the respective authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Company's rights for future appeals before the Judiciary. No reimbursements are expected.

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

29 - Value of Imports calculated on CIF basis (Rs. in lakhs)

	Year ended March 31, 2014	Year ended March 31, 2013
Raw Materials, Stores and Consumables	**6,881.75**	9,524.19
Traded goods	**1,581.29**	1,607.05
Total	**8,463.04**	11,131.24

30 - Expenditure in Foreign Currency

Travel	**36.12**	40.69
Others	**4.75**	2.84
Total	**40.87**	43.53

31 - Details of consumption of imported and indigenous items

Particulars	**Year ended March 31, 2014**		**Year ended March 31, 2013**	
	Percentage (%) of total consumption	**Value**	**Percentage (%) of total consumption**	**Value**
i) Raw materials				
Imported	**20.56**	**7,498.32**	38.34	13,793.86
Indigenous	**79.44**	**28,972.82**	61.66	22,181.57
	100.00	**36,471.14**	100.00	35,975.43
ii) Stores and consumables				
Imported	**1.35**	**5.92**	18.14	92.14
Indigenous	**98.65**	**433.71**	81.86	415.76
	100.00	**439.63**	100.00	507.90

32 - Earnings in Foreign Currency

	Year ended March 31, 2014	Year ended March 31, 2013
Export of goods calculated on FOB basis	**1,758.46**	282.63
Freight and Insurance	**43.55**	5.36
Total	**1,802.01**	287.99

33 - Employee benefit plans

Defined contribution plans

The Company makes Provident fund and Superannuation contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 72.00 lakhs (year ended March 31, 2013 - Rs.68.86 lakhs) for Provident Fund contributions and Rs. 28.80 lakhs (year ended March 31, 2013 - Rs.31.49 lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable by the Company to these plans are at the rates specified in the rules of the schemes.

Defined benefit plans

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

i) Gratuity (included as part of Contribution to Provident and other funds as per Note 24 : Employee Benefits Expense).

ii) Post-employment benefits (included as part of Post-employment benefits as per Note 24 : Employee Benefits Expense)

Compensated absences are included as a part of contribution to Provident & other funds as per Note 24 : Employee Benefits

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

(Rs. in lakhs)

Net employee benefit expenses (recognised in Employee Benefits Expense)

Particulars	Superannuation		Gratuity	
Net employee benefit expenses (recognised in employee cost)	**Year ended March 31, 2014**	Year ended March 31, 2013	**Year ended March 31, 2014**	Year ended March 31, 2013
Current Service Cost	**3.05**	6.50	**20.21**	19.21
Interest cost on benefit obligation	**8.16**	8.42	**19.61**	36.26
Expected return on plan assets	**(9.72)**	(8.04)	**-21.16**	(18.66)
Net actuarial (gain) / loss recognised in the year	**(22.04)**	(16.81)	**-30.50**	2.08
Total expense recognised in the Statement of Profit and Loss	**(20.55)**	(9.93)	**(11.84)**	38.89

Net Asset / (Liability) recognised in the Balance sheet

Particulars	Superannuation		Gratuity	
	As at March 31, 2014	As at March 31, 2013	**As at March 31, 2014**	As at March 31, 2013
Fair value of plan assets at the end of the year	**131.21**	122.22	**264.92**	260.08
Present value of defined obligations at the end of the year	**98.05**	109.66	**246.78**	265.77
Plan Asset / (Liability) recognised in the Balance Sheet	**33.16**	12.56	**18.14**	(5.69)

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

Particulars	Superannuation		Gratuity	
	Year ended March 31, 2014	Year ended March 31, 2013	**Year ended March 31, 2014**	Year ended March 31, 2013
Present value of defined benefit obligations as at the beginning of the year	**109.66**	114.19	**265.77**	247.87
Interest cost	**8.16**	8.42	**19.61**	36.26
Current service cost	**3.05**	6.50	**20.21**	19.21
Benefits paid	**(1.63)**	(4.02)	**(28.64)**	(36.61)
Actuarial (gains) / losses	**(21.18)**	(15.43)	**(30.18)**	(0.96)
Present Value of defined obligations as at the end of the year	**98.06**	109.66	**246.77**	265.77

Changes in the fair value of Plan Assets are as follows

Particulars	Superannuation		Gratuity	
	Year ended March 31, 2014	Year ended March 31, 2013	**Year ended March 31, 2014**	Year ended March 31, 2013
Plan assets at the beginning	**122.22**	119.57	**260.08**	220.62
Expected return on plan assets	**9.72**	8.04	**21.16**	18.66
Contributions	**0.02**	-	**10.00**	52.06
Benefits paid	**(1.63)**	(4.02)	**(28.64)**	(36.61)
Actuarial gains (losses)	**0.85**	(1.37)	**2.31**	5.35
Plan assets at the end	**131.18**	122.22	**264.91**	260.08

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

Particulars	Superannuation Trust		Gratuity Trust*	
	As at March 31, 2014	As at March 31, 2013	**As at March 31, 2014**	As at March 31, 2013
Central and State Government Securities	**43.77**	45.22	**43.11**	45.07
Investment in other permitted securities	**53.17**	50.53	**53.80**	52.15
Others (to specify)	**3.06**	4.25	**3.09**	2.78
Total %	**100.00**	100.00	**100.00**	100.00

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

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

Experience Adjustments (Rs. in lakhs)

Superannuation	Year ended				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined Benefit Obligations	**98.06**	109.66	114.19	106.16	100.72
Plan Assets	**131.21**	122.22	119.57	108.06	73.18
Surplus / (Deficit)	**33.15**	12.56	5.38	1.90	(27.54)
Experience Adjustments on Plan Liabilities	**(21.18)**	(15.43)	(2.55)	(7.43)	22.43
Experience Adjustments on Plan Assets	**0.85**	(1.37)	2.03	3.07	(0.16)

Gratuity	Year ended				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined Benefit Obligations	**246.78**	265.77	247.87	219.24	194.67
Plan Assets	**264.91**	260.08	220.62	210.17	170.84
Surplus / (Deficit)	**18.13**	(5.69)	(27.25)	(9.07)	(23.83)
Experience Adjustments on Plan Liabilities	**(0.02)**	(0.02)	36.85	1.31	11.14
Experience Adjustments on Plan Assets	**(1.17)**	(1.17)	(6.52)	2.07	(0.25)

Principal Actuarial assumptions for Gratuity and Post Employment obligations

Particulars	Rate (%)	
	2013-14	2012-13
a) Discount Rate	9.00	7.50
b) Future salary increase(*)	8.00	5.00
c) Attrition rate	5.00	3.00

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

34 - Related Party Disclosures

i) The list of related parties as identified by the Management and relied upon by the Auditor are as under

List of Related Parties:

Associate:

SIDD Life Sciences Private Limited

Key Management Personnel:

Mr Muthukrishnan Ravi, Managing Director

Enterprise over which Key Management Personnel exercises significant influence:

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

Related Party Transactions:

The Company has identified all related parties and details of transactions are given below (Rs. in lakhs)

Nature of Transaction	Related Party	FY 2013-14	FY 2012-13
Purchase of goods	Tamilnadu Petroproducts Limited	**2,395.48**	227.40
Sale of goods	Tamilnadu Petroproducts Limited	**4.36**	40.06
Purchase of services	Tamilnadu Petroproducts Limited	**20.86**	-
Sale of services	Tamilnadu Petroproducts Limited	**14.98**	13.33
Interest received on Trade advance	Tamilnadu Petroproducts Limited	**123.11**	-
Trade advance Given	Tamilnadu Petroproducts Limited	**2,600.00**	600.00

Transaction	Related Party	FY 2013-14	FY 2012-13
Remuneration paid	Mr Muthukrishnan Ravi	52.84	76.30
Remuneration outstanding	Mr Muthukrishnan Ravi	14.99	19.23
Reimbursements received in respect of remuneration paid to KMP	Tamilnadu Petroproducts Limited	34.58	6.13
Amounts outstanding - Net Amounts Receivable	Tamilnadu Petroproducts Limited	1,777.17	534.31
Amounts outstanding - Net Amount payable	Tamilnadu Petroproducts Limited	269.29	262.09

35 - Earnings Per Share (EPS)

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

	Year ended March 31, 2014	Year ended March 31, 2013
Net Profit After Tax (Rupees in Lakhs)	**2,905.02**	2,731.59
No. of shares used in computing Earnings Per Share	**171,999,229**	171,999,229
Earnings Per Share - Basic and diluted (in Rupees)	**1.69**	1.59
Face Value per share (in Rupees)	**5.00**	5.00

36 - Deferred Tax (Liability) / Asset

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

Tax effect of items constituting Deferred Tax liability	As at March 31, 2013	**For the year**	**As at March 31, 2014**
On difference between book balance and Tax balance of fixed assets	1,864.48	**26.05**	**1,890.53**
Tax effect of items constituting Deferred Tax assets			
Provision for doubtful debts / advances	(99.74)	**3.22**	**(96.52)**
Disallowance under section 43B of Income Tax Act, 1961 (Provision for wage arrears)	(218.82)	**14.34**	**(204.48)**
Provision for compensated absences, Gratuity and other employee benefits	(43.45)	**(5.85)**	**(49.30)**
Net Deferred Tax (Liability) / Asset	1,502.47	**37.76**	**1,540.23**

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

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