MANALI PETROCHEMICALS

Manali Petrochemicals Limited

SPIC House, 88, Mount Road, Guindy, Chennai - 600 032
Telefax : 044-22351098 Website : www.manalipetro.com
CIN : L24294TN1986PLC013087

Ref: MPL / Sectl / BSE & NSE / E-2 & E-3 / 2017
26th July 2017

The Manager,
Listing Department,
BSE Limited
Corporate Relationship Department
1st Floor, New Trading Ring,
Rotunda Building, P J Tower,
Dalal Street, Fort,
Mumbai – 400 001.
Stock Code: 500268

The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex,
Bandra (East)
Mumbai – 400 051
Stock Code: MANALIPETC

Dear Sir,

Sub: Submission of Annual Report for the year 2016-17 - reg

Pursuant to Regulation 34 of the SEBI (LODR) Regulations, 2015, we submit herewith the Annual Report for the year 2016-17 in soft copy.

We request you to kindly take above on record.

Thanking you,

Yours faithfully,
For Manali Petrochemicals Limited

R Kothandaraman
Company Secretary

Encl.: As above

ANNUAL REPORT

2016 - 17

Manali Petrochemicals Limited

Board of Directors

Ashwin C Muthiah	DIN: 00255679	Chairman
Brig (Retd.) Harish Chandra Chawla	DIN: 00085415	Director
Kulbir Singh	DIN: 00204829	Director
G Chellakrishna	DIN: 01036398	Director
Sashikala Srikanth	DIN: 01678374	Director
T K Arun (Nominee of TIDCO)	DIN: 02163427	Director
Muthukrishnan Ravi	DIN: 03605222	Managing Director
C Subash Chandra Bose	DIN: 06586982	Whole-Time Director (Works)

Company Secretary
R Kothandaraman

Chief Financial Officer
Anis Tyebali Hyderi

Registered Office
SPIC HOUSE, 88 Mount Road
Guindy, Chennai 600 032
CIN: L24294TN1986PLC013087
Telefax: 044-2235 1098
Email: companysecretary@manalipetro.com
Website: www.manalipetro.com

Factories:
Plant - 1
Ponneri High Road, Manali, Chennai 600 068
Plant - 2
Sathangadu Village, Manali, Chennai 600 068

Registrar and Share Transfer Agent (RTA)
Cameo Corporate Services Limited
Subramanian Building
1 Club House Road, Chennai 600 002

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

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

Secretarial Auditor
B. Chandra
Company Secretaries
AG 3, Navin's Ragamalika
26 Kumaran Colony Main Road
Vadapalani
Chennai - 600 026

Internal Auditors
Profaids Consulting
Management Consultants
OMS Court, Level 3, 1 Nathamuni Street
Off GN Chetty Road, T. Nagar
Chennai - 600 017

Bankers
State Bank of India
Indian Bank
Punjab National Bank
Corporation Bank
HDFC Bank Limited

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

The Directors present their 31st Annual Report on the business and operations of your Company and the Audited Financial Statements for the year ended 31st March 2017.

Financial Results

(Rs. in crore)

DESCRIPTION	2016-17	2015-16
Profit Before interest & depreciation	**70.79**	77.66
Interest	**1.86**	2.52
Depreciation	**7.84**	5.88
Profit Before Tax	**61.09**	69.26
Provision for Taxation	**20.66**	21.05
Profit After Tax	**40.43**	48.21

Operational Highlights

Gross revenue from operations during the year was Rs. 643.35 crore against Rs. 642.46 crore during the year 2015-16. Unlike in the previous year, there were no major production cuts due to natural calamities and the Company could improve its capacity utilization with the removal of the restrictions on the production. Though the sales volume improved during the year, due to stiff competition from the overseas suppliers, the realizations were affected and so the revenue remained at similar level in spite of higher production. The impact of demonetization also affected the sales, as some of the user industries operate in unorganized sector doing business more in cash and so there was a fall in demand during the last two quarters. The gross profit margin came down to about 9.30% against 10.60% during 2015-16. It could also be seen that the net profit for the year at Rs. 41.28 crore was 15% lower than the previous year, signifying the squeezed margins.

The bio mass Captive Power Plant was not operated during the year, as it was more economical to use the furnace oil based energy. The Company continues to source power from third parties besides the power supplied by TANGEDCO.

Financial Review

During the year under review no changes were made to the Cash Reserve Ratio by RBI but the Statutory Liquidity Ratio was reduced from 21.50% to 20.50%. The Bank Rate which was 7.75% in March 2016 was reduced to 6.75% in March 2017. The deposit rates remained the same, but the lending rates came down marginally. The rupee appreciated significantly against the US Dollar and the forward premia also registered considerable reduction Vis a Vis at the beginning of the year. The average inflation during the year was 2.33% against 4.97% in the previous year. The finance cost for the year at Rs. 1.86 crore was lower by about 26% Vis a Vis the previous year through better treasury management.

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 for borrowings upto Rs. 100 crore.

Dividend

With the margins in the domestic market shrinking year on year, the Company has embarked on global acquisitions for better growth. The capital expenditure plans to improve the domestic sales and profitability as also to upgrade the effluent treatment process to higher standards are also carried on to the required extent and so the Company needs to preserve its resources to meet the long term funding requirements.

In the light of this and as per the policy to sustain the dividend track record, your Directors recommend a dividend of 10% i.e. fifty paise per equity share of Rs. 5/- each fully paid-up, for the year 2016-17, aggregating to Rs. 8.60 crore, excluding dividend distribution tax. The Board is happy to highlight that your Company has been declaring dividend continuously for the past twelve years.

Industry structure and development:

Your company operates in the Polyurethanes (PU) industry. PU is one of the most versatile polymers available in the current age and in many forms, ranging from soft foams to very rigid and tough materials. This provides opportunity for almost infinite applications, which are evolving continuously. During 2010 to 2016, the global PU market has grown by over 30% to nearly 18,000 KMT from 13,650 KMT and the aggregated revenue has enhanced by over 68% to 55.5 billion from 33 billion.

Your Company specializes in manufacture of propylene glycol and polyether polyol and is the only Indian manufacturer of Propylene Oxide, the input material for the aforesaid derivative products.

Polyols are made in four grades, viz., Flexible Slabstock, Flexible Cold Cure, Rigid and Elastomers. These find application in the automobile, refrigeration and temperature control, adhesive, sealant, coatings, furniture and textile industries.

Propylene Glycol is widely used in pharmaceuticals, food, flavour and fragrance industries and also for manufacture of polyester resins, carbonless paper and automobile consumables like brake fluid and anti-freeze liquid. Some of the major applications of PG include medicines, canned food, body sprays, perfumes, cosmetics, soaps and detergents. The off-take of PG for industrial purposes is generally low due to availability of alternate cheaper materials.

Your Company also produces Propylene Glycol Mono Methyl Ether (PGMME), an environment-friendly solvent used in the paints and coatings, electronics industries and as clouding agent in drilling applications.

Indian PU market has been infiltrated by huge imports and world-over new Polyol capacities have come up in the past few years especially in Thailand and Singapore without corresponding demand for the product in their region. This coupled with the slowdown in China has further pushed the imports into India over the past few quarters. Pricing has been a major issue, wearing away the margins which may continue in future, unless there is any marked improvement in the global economic growth.

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.

It has been reported that the Indian PU market is anticipated to grow at a CAGR of 7% during the period 2016 to 2020, simulated by increased use in construction applications, replacing the conventional fibreglass, mineral wool, etc. Though this market is still not matured in India, given the advantages such as higher insulation, living space, energy efficiency and environmental friendly, the usage is expected to grow further in the near future and open up better opportunities for the new products of your Company under development.

However, as mentioned earlier, the unabated imports of Polyol and PG dampen the outlook and the margins are bound to decline further. The Company continues its effort to ward off the threat through the available avenues in law and also through product development and concentrating on value added products such as water proofing, foot-wear applications, etc. The global investment plans are also aimed at improving the earnings of the Company.

Indian Market Scenario:

The Indian Polyol and PG markets continued to be dominated by imports. There has been no letup in the inbound volumes of Polyols in spite of levy of Anti-Dumping Duty (ADD) by the Government on imports of FSP from Singapore, Australia and EU in 2015-16. The imports have further increased with the new Polyol facilities set up in Thailand and Singapore becoming operational and the ADD on imports from China and Korea expiring in August 2015. Based on the application by your Company ADD has been levied on imports from Thailand from April 2017.

The imports of PG also has increased and the sales during the year under review was further affected due to the ban on fixed dose combination drugs by the Government imposed in March 2016, which however was revoked by the Delhi High Court in December 2016. During the year the Company identified trading as a new segment in addition to manufacturing. The segment wise performance details are furnished in the Notes to the Financial Statements.

Risk Management Policy

The Company has established a structured frame work for addressing business risk management issues. A risk management plan has been framed, implemented and monitored by the Board through the Risk Management Committee of Directors (RMC) comprising Ms. Sashikala Srikanth as the Chairperson, Mr. T K Arun, Director and Mr. Muthukrishnan Ravi, Managing Director as the other Members.

The Company has two employee-level Committees viz., a sub-committee and an Apex Committee, headed by the Wholetime Director (Works) to review and assess the risks that could affect the Company's business. The sub-committee brings out the matters that could affect the operations and the Apex Committee, determines the issues that could become business risks. The mitigation actions are also suggested by the Committee and the report of the Risk Controller is submitted to the Risk Management Committee of Directors (RMC). The RMC meets periodically, reviews the report of the Risk Controller and recommends actions to be taken in this regard.

As required under S. 177 of the Companies Act, 2013 (the Act), the Audit Committee also reviews the risk management process periodically.

Risks and Concerns

The duty concessions for import of polyols and other products under the free trade agreements with countries across the globe continue to boost cheaper imports into India, denying level playing field to the local manufacturers. The new facilities set up by major players such as DOW, BASF elsewhere with high capacities offer higher quantity of Polyols to Indian market at very low prices.

The Company continues to defend the case pending before the Southern Bench of the National Green Tribunal, Chennai against the marine disposal of the treated effluent. Further, improving the quality of the treated effluent to meet stricter standards has been another big challenge, in spite of various actions taken by the Company and the Company is in the process of implementing new techniques for the same.

Outlook:

As per the World Economic Outlook released by the World Bank in January 2017, global economic activities are projected to pick up pace in 2017 and 2018. While the outlook for developed economies has improved for 2017 and 2018, the prospects for emerging and developing economies has worsened, where the financial conditions have tightened generally.

The World Output for 2017 and 2018 are projected at 3.4% and 3.6%, Vis a Vis the estimate of 3.1% for 2016. Though a marginal increase is noticed, these are still below the average of 5% in 1990.

The world trade growth for 2017 is stated at 2.4%, but taking into account the forecast risk due to uncertainty about the near-term economic and policy development, a range of 1.8% to 3.4% has been indicated for 2017 and 2.1% to 4% for 2018.

The growth forecast for India for FY 2016–17 and 2017-18 were trimmed by one percentage point and 0.4 percentage point respectively over the previous estimates in October 2016. It has been stated that such a reduction is primarily due to the temporary negative consumption induced by cash shortages and payment disruptions associated with the currency note withdrawal and exchange initiative.

Notwithstanding the pruning of the growth prospects, India is projected to grow @ 7.2% in 2017 and 7.7% in 2018, better than China @ 6.5% and 6.6%. The projections for Indonesia and Thailand have also been pruned and this may lead to increase in imports from this region.

Though the government has imposed Anti-Dumping Duty on import of Polyols from some countries, no visible relief has been felt so far. Also, the introduction of GST is expected to benefit the importer-traders through better input credits, which would bring down their cost that may be passed on to the customers.

New applications development for footwear, seat cushions for two wheelers, specialty polyols, drilling applications, water proofing, etc. are in progress but catering to the market in a large scale could take a longer time.

It is expected that the Green Building Code, hitherto a guideline would be made mandatory in the year 2017 across the country. This is expected to increase the demand for PU insulation products. The Code aims to make bigger buildings water and energy efficient, for which it would be obligatory to insulate the walls and reduce the power requirement. While some States have notified the Code already, the remaining states are expected to implement the same in the year 2017-18.

The bulk storage facilities for imported raw materials in Ennore Port helps the Company to increase the capacity of the derivative plants and go for more of value added products, but the prices have been going up. The facility for PO manufacturing being set up by another Company in Manali is expected to be completed during the current year or early next year. This would help to bring down the input cost by avoiding high cost imports.

As stated previously, the Company has been focusing on acquisition of overseas businesses to maximize the stakeholder values through its subsidiaries.

Subsidiaries

As at the year end, the Company had one Wholly Owned Subsidiary (WOS) and two Step Down Subsidiaries (SDS), all of which are incorporated outside India. The financials of all these subsidiaries have been consolidated and the financial and other information have been furnished in the Consolidated Financial Statement (CFS) attached to this Report.

AMCHEM, Singapore

AMCHEM Speciality Chemicals Private Limited, Singapore, became the WOS of the Company in 2015-16, to hold all the foreign assets of the Company. The Company has invested US$ 16.32 million (Rs. 110.32 crore) in the WOS to part fund the acquisition of a system house in the UK and also for further exploratory work.

During the year under review the WOS set up AMCHEM Speciality Chemicals UK Limited as its WOS which acquired Notedome Limited. Thus, AMCHEM, UK and Notedome have become the SDS of MPL during the year. AMCHEM, Singapore continues to explore other opportunities for acquisition of existing overseas facilities to further improve the global presence of MPL. It has been reported that options for taking up other activities such as trading, transaction facilitations, business & project consultancy are also looked at by the subsidiary.

AMCHEM, UK

AMCHEM Speciality Chemicals UK Limited, London was established in August 2016 by AMCHEM Singapore as its WOS. AMCHEM, UK is an SPV for acquisition of Notedome Limited, Coventry, UK. The acquisition of Notedome Limited is effective 1st October 2016 which was achieved through the equity contributions from AMCHEM, Singapore and loans.

Notedome Limited, UK

Notedome, established in 1979, is a System House with more than 30 years' experience, manufacturing Neuthane Polyurethane Cast Elastomers catering to customers across 45 countries. Neuthane polyurethanes are used in diverse range of industries and applications, in the automotive sector for anti-roll bar, suspension and shock bushes for buses, trucks and other high performance vehicles, limit or bump stops, material handling etc. and in the agriculture sector for Rollers, Harvester components and idler wheels on track laying tractors. From the CFS it could be seen that the acquisition of Notedome has enhanced the consolidated earnings and hence has improved the overall performance within a short period of time.

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. World Environment Day is celebrated and to mark the occasion tree planting and similar activities are undertaken. During the cyclone in December 2016 many trees were uprooted and the Company has taken immediate steps for planting new ones.

Your Company pays special attention to safety of men and material and various competitions are held during the Safety Week to create awareness among the employees about the need to adhere to safe manufacturing practices. Training is provided to the employees in safety related matters including first aid and mock drills are conducted to ensure that the systems and processes are in place to meet any eventualities. The Company has been awarded to first prizes for the year 2013, for longest accident free man hours and lowest accident frequency.

Audit Committee

The details are furnished under the Corporate Governance Report (CGR) annexed to this Report. All the recommendations of the Committee were accepted by the Board.

Vigil Mechanism

As required under S. 177 of the Act and Regulation 22 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, (the Regulations) the Company has established a vigil mechanism for directors and employees to report genuine concerns through the whistle blower policy of the Company as published in the website of the Company. As prescribed under the Act and the Regulations, provision has been made for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

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 earlier in the Supreme Court and now in the Madras High Court. The Management's efforts to settle the issue through dialogues have partially succeeded with a majority of the workmen accepting the offer, but others are persisting with the case.

In order to encourage better employee participation, the Company conducts open houses and has introduced employees suggestions scheme for them to provide ideas for product/process improvements and cost control.

As on 31st March 2017, your Company had 359 employees on its roll at different locations including Senior Management Personnel, Engineers, Technicians and Trainees.

Related Party Transactions

During the year under review, there were no transactions not at arms' length within the meaning of Section 188 of the Act or any material transactions with the related parties in terms of the policy framed by the Audit Committee of the Company as published in the website of the Company viz., http://www.manalipetro.com/wp-content/uploads/2016/08/Policy-on-Transactions-with-Related-Parties.pdf.

Board of Directors and related disclosures

The Board comprises of eight directors of whom four are independent including a woman director. All the Independent Directors have furnished necessary declaration under Section 149 (7) of the Act and as per the said declarations, they meet the criteria of independence as provided in Section 149 (6) of the Act.

The Board met six times during the year under review and the relevant details are furnished in the CGR.

The Board has approved the Remuneration Policy as recommended by the Nomination and Remuneration Committee (NRC), which inter alia contains the criteria for determining the positive attributes and independence of a director as formulated by the NRC. The policy on remuneration to directors is disclosed in the CGR annexed to this Report.

The term of office of Mr. G Balasubramanian, WTD (Works) ends on 27th May 2017 and the Board wishes to place on record its appreciation to Mr. Balasubramanian for his services during his tenure as a Director.

Mr. C Subash Chandra Bose has been appointed as an Additional Director and Wholetime Director (Works) for a period of three years with effect from 28th May 2017. Mr. Bose will hold office till the ensuing Annual General Meeting (AGM) and requisite notice and deposit have been received under Section 160 of the Act for his appointment as a Director at the AGM. The proposal for his appointment and remuneration as the Wholetime Director (Works) has also been placed for consideration of the Members at the AGM.

The term of office of Mr. Muthukrishnan Ravi, (DIN:03605222) ends on 29th July 2017. The Board, at the meeting held on 31st January 2017 has reappointed him for a further period of three years, subject to the approval of the Central Government and the Members at the ensuing AGM. Mr. Ravi will not draw any remuneration from the Company and the proposal has been included in the notice of the AGM for consideration and approval by the Members by way of a special resolution. The Company has filed application with the Central Government for approval of the appointment of Mr. Ravi, as he has not been an Indian Resident for the 12 months preceding the reappointment, within the meaning of Schedule V Part I. Mr. Ashwin C Muthiah, [DIN: 00255679] Director retires by rotation and being eligible offers himself for re-election. There has been no change in the Key Managerial Personnel since the last Annual General Meeting.

Annual Evaluation of the Board, Committees and Directors

Board evaluated its performance taking the following aspects into account viz., Structure, Meetings, Functions, Risk Evaluation process adopted, grievance redressal mechanism, stakeholder value and responsibility, corporate culture and ethics and other matters. Board also took into account facilitation to the Independent Directors to function independently and perform their roles as another important parameter for the evaluation.

The performance of each of the Committees was evaluated taking into account the clarity and disclosure of the composition, mandate & working procedures, effectiveness, structure and meetings, independence and contribution in decision making process.

The evaluation of the two Executive Directors was done based on their assigned roles and responsibilities. As regards the other Directors, including the independent directors, the evaluation was done taking into account the following parameters, viz., qualification, experience, competency, adequacy of knowledge about the Company and its sector of operation, understanding about the strategic direction, ethical behaviour, participation in the risk evaluation process, resolving conflict of interests, attendance and participation at the meetings, ability to work as a team player and voluntary sharing of information for the larger benefit of the Company and the like.

In compliance with the requirements of Schedule VII to the Act and the Regulations, a separate meeting of the Independent Directors was held during the year.

Directors' Responsibility Statement

Pursuant to the requirement of sub-sections 3 (c) and 5 of Section 134 of the Act it is hereby confirmed that

(a) in the preparation of the annual accounts for the financial year ended 31st March 2017, 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

(d) the Directors had prepared the accounts for the financial year ended 31st March 2017 on a "going concern" basis.

(e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls were adequate and were operating effectively and

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Details of unclaimed Share Certificates

In accordance with the requirements of the Clause 5A of the erstwhile 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 15,93,201 shares, which remained unclaimed by 6,572 shareholders at the beginning of the year, 8,700 shares, were released to 24 shareholders during the year. As at the end of the year 15,84,501 shares remained unclaimed by 6,548 shareholders. As specified under the Regulations, the voting right on the above shares remain frozen.

Pursuant to the requirement under Section 125 of the Act, read with the relevant Rules, notices have been sent to the shareholders who have not encashed any dividend for seven years, for transfer of the related shares to the IEPF.

Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai were appointed as the Auditors of the Company at the 30th Annual General Meeting (AGM) held on 21st September 2016 to hold office till the conclusion of 31st AGM. In compliance with the provisions for rotation of auditors, the Company is required to appoint new Auditors at the ensuing AGM.

In this connection, the Audit Committee has recommended the appointment of M/s Brahmayya & Co, Chartered Accountants, Chennai as the Auditors of the Company on a fee of Rs. 10.75 lakh plus applicable taxes and reimbursement of out of pocket expenses for approval by the Members. As per S. 139 (1), the new Auditors will hold office for a period of five years, viz., till the 36th AGM to be held in the year 2022, subject to ratification of the Members at every AGM to be held till the conclusion of their office.

Cost Audit

Mr. S Gopalan, Proprietor, S Gopalan & Associates, Cost Accountants, Chennai was appointed as the Cost Auditor of the Company for the financial year 2016-17 on a remuneration of Rs. 3.50 lakh plus applicable taxes and reimbursement of out of pocket expenses which was ratified by the Members at the 30th AGM held on 21st September 2016. The Cost Auditor holds office till 30th September 2017 or submission of his report for the year 2016-17, whichever is earlier.

Adequacy of Internal Financial Controls

Your company has in place adequate internal financial 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. The system was also reviewed by an external agency, and no major weaknesses were reported. To ensure effective operation of the system, periodical reviews are made by the Internal Auditors and their findings discussed by the Audit Committee and with the Auditors. The Auditors of the Company have also furnished certificates in this regard, which are attached to their Reports.

Corporate Governance

Your Company has complied with the requirements of Corporate Governance stipulated under the Regulations. A Report on Corporate Governance is given as **Annexure A** along with a Certificate from the Auditors is attached to this report.

Secretarial Audit Report

As required under Section 204 of the Act, the Secretarial Audit Report issued by Mrs. B Chandra, Company Secretary in practice is annexed to this Report **(Annexure B).**

Disclosures under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a. The ratio of remuneration of Mr. G Balasubramanian, Wholetime Director (Works) to the median remuneration of the employees of the Company, was 13.

b. The percentile increase in remuneration of the Company Secretary was 10%

c. The percentage increase in the median remuneration of the employees (other than workmen who are covered under wage settlement for which a litigation is pending before the Madras High Court) was 6%

d. As at the year end there were 255 permanent employees, including MD and WTD but other than trainees and probationers.

e. During the year the average percentile increase in the salaries other than managerial remuneration was about 7% and there was no increase in the managerial remuneration.

f. Information required under Rule 5(2) are given in **Annexure E** to this Report.

g. The remuneration paid to the employees are as per the remuneration policy of the Company.

Other disclosures

a. Information on conservation of energy, technology absorption, foreign exchange earnings and outgo prescribed under Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, to the extent applicable are given in **Annexure C**.

b. The extract of the Annual Return in Form MGT-9 is given in **Annexure D.**

c. The Company has not accepted any deposits from the public during the year under report.

d. The information under Section 186 of the Act relating to investments, loans, etc. as at the year-end has been furnished in notes to the Financial Statement.

e. The CSR Policy related disclosures are given in **Annexure F.**

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

Ashwin C Muthiah
DIN : 00255679
Chairman

Chennai
May 16, 2017

Annexure A

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 2017.

2. Board of Directors:

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

As on 31st March 2017, the Board comprised of eight directors, as detailed below:

Name	Category	Membership	
		Other Boards	Other Board Committees
Mr. Ashwin C Muthiah, Chairman	Non Executive, Non Independent	3(2)	1
Brig (Retd.) Harish Chandra Chawla	Non Executive, Independent	2	1
Mr. Kulbir Singh	Non-Executive, Independent	2	1(1)
Mr. G. Chellakrishna	Non-Executive, Independent	1	2(1)
Ms. Sashikala Srikanth	Non-Executive, Independent	6	4(1)
Mr. T K Arun, Nominee of TIDCO	Non Executive, Non Independent	9	8
Mr. Muthukrishnan Ravi, Managing Director	Executive, Non Independent	-	-
Mr. G. Balasubramanian, Whole-time Director (Works)	Executive, Non Independent	-	-

Notes:

a. Other Directorships exclude foreign companies, private limited companies, Section 8 companies and alternate directorships.

b. Only Membership in Audit Committees and Stakeholders Relationship Committee (other than in MPL) are reckoned for Other Board Committee Memberships. Figures in brackets denote the number of companies / committees of listed companies of which the Director is the Chairperson.

c. None of the Directors hold any shares in the Company nor have any inter se relationship.

d. The details of familiarization programmes conducted for the Independent Directors are disclosed in the website of the Company at http://manalipetro.com/wp-content/uploads/2016/08/FAMPROGWEB2016.pdf

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

The Board of Directors met six times during the year 2016-17 viz., on 23rd May 2016, 4th August 2016, 8th September 2016, 21st September 2016, 7th November 2016 and 31st January 2017. The 30th AGM was held on 21st September 2016. All the Directors attended all these meeting and the AGM, except Mr. Ashwin C Muthiah, Ms. Sashikala Srikanth and Mr. T K Arun who attended five meetings of the Board.

3. Audit Committee:

i. Terms of reference

The Audit Committee was constituted in August 1990, much earlier to being made mandatory under the then Listing Agreement and the Company Law. The terms of reference were reviewed during the year 2005-06 and modified in line with the then requirements of Clause 49 of the Listing Agreements with Stock Exchanges. At present, the terms of reference are aligned to the requirements of the Companies Act, 2013 (the Act) and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (the Regulations).

ii. Composition

As on 31st March 2017, the Committee comprised of Mr. G. Chellakrishna as Chairman, Brig (Retd.) Harish Chandra Chawla, Mr. Kulbir Singh and Mr. T K Arun as the other Members. The Company Secretary is the Secretary to the Committee.

iii. Meetings and attendance

The Committee met four times during the year 2016-17 viz., on 23rd May 2016, 4th August 2016, 7th November 2016 and 31st January 2017. Mr. G. Chellakrishna, Brig (Retd.) Harish Chandra Chawla and Mr. Kulbir Singh attended all the meetings and Mr. T.K. Arun attended three of these meetings.

4. Nomination and Remuneration Committee:

(a) Composition, terms of reference and meeting

The Committee comprises of Mr. Kulbir Singh as the Chairman, Brig (Retd) Harish Chandra Chawla and Mr. T K Arun as the other Members.

The terms of reference include the following, viz., to identify persons who are qualified to become directors and who may be appointed in senior management, recommend to the Board appointment and removal of the directors, evaluate the performance of the directors, formulate criteria for determining qualifications, positive attributes and independence of a director, recommend to the Board a policy relating to the remuneration to the directors, key managerial personnel and other employees, devise policy on Board diversity and such other matter as may be prescribed under the Act, the Rules made thereunder and the Listing Regulations.

The Committee met four times during the year 2016-17 viz., on 23rd May 2016, 4th August 2016, 7th November 2016 and 31st January 2017. Mr. Kulbir Singh and Brig (Retd.) Harish Chandra Chawla attended all the meetings and Mr. T.K. Arun attended three of these meetings.

(b) Criteria for evaluation of the performance of the Independent Directors:

The criteria for evaluation of the performance of Independent Directors include their qualification, experience, competency, knowledge, understanding of respective roles (as Independent Director and as a member of the Committees of which they are Members/Chairpersons), adherence to Codes and ethics, conduct, attendance and participation in the meetings, etc.

5. Remuneration of Directors

(a) Remuneration policy and criteria for making payments to Non-Executive Directors

The Remuneration Policy of the Company as approved by the Board inter alia, contains the criteria for appointment of Independent Directors, Executive Directors, Key Managerial Personnel and other employees, manner of appointment, remuneration policy for Executive and Non-Executive Directors, Guiding principles for fixing remuneration to employees who are not directors, etc. The following is the Remuneration Policy for Directors

i. For Executive Directors

The remuneration of the Whole Time/Executive Directors shall comprise of a fixed component and a performance linked pay, as may be fixed by the Nomination and Remuneration Committee (NRC) and subsequently approved by the Board of Directors and Members. Performance Linked Pay shall be payable based on the performance of the individual and the Company during the year. Remuneration trend in the industry and in the region, academic background, qualifications, experience and contribution of the individual are to be considered in fixing the remuneration. These Directors are not eligible to receive sitting fees for attending the meetings of the Board and Committees.

ii. For Non-Executive Directors

The Non-Executive Directors will be 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 and as recommended by the NRC. Different scales of sitting fee may be fixed for each category of the directors and type of meeting. However, the fees payable to the Independent Directors and Woman Directors shall not be lower than the fee payable to other categories of directors.

In addition to this, the travel and other expenses incurred for attending the meetings are to be met by the Company. Subject to the provisions of the Act and the Articles of Association, the Company in General Meeting may by special resolution sanction and pay to the Directors remuneration not exceeding 1% of the net profits of the Company computed in accordance with the relevant provisions of the Act. The Company shall have no other pecuniary relationship or transactions with any Non-Executive Directors.

(b) None of the non-executive directors had any pecuniary relationship with the Company other than receipt of sitting fees.

(c) Details of remuneration paid to the Directors

i. Executive Directors

- Mr. G Balasubramanian, Wholetime Director (Works) was paid a total remuneration of Rs. 32.85 lakh, exclusive of contribution to provident and superannuation funds, comprising salary and allowances of Rs. 23.48 lakh, performance linked pay of Rs. 7.35 lakh determined as per the appraisal system in vogue and perquisites of Rs. 2.02 lakh.
- No remuneration was paid to Mr. Muthukrishnan Ravi, Managing Director.
- The Executive Directors are under contract of employment with the Company which stipulates a notice period of 3 months from either side for early separation and no severance fee is payable.
- No Employee Stock Option has been offered by the Company to any of the directors.

ii. Non-Executive Directors:

During the year Mr. Ashwin C Muthiah, Mr. T K Arun and Ms. Sashikala Srikanth were paid Rs. 2.50 lakh each and Brig. Harish Chandra Chawla, Mr. Kulbir Singh and Mr. G Chellakrishna were paid Rs. 3 lakh each as sitting fees, aggregating to Rs. 16.50 lakh.

6. Stakeholders Relationship Committee

i. Chairman and Compliance Officer

The Chairman of the Committee is Mr. Ashwin C Muthiah and Mr. R Kothandaraman, Company Secretary is the Compliance Officer. The Committee met four times during the year on 23rd May 2016, 4th August 2016, 7th November 2016 and 31st January 2017. Mr. Ashwin C Muthiah and Mr. Muthukrishnan Ravi attended all the meetings and Mr. T K Arun and Mr. G Balasubramanian attended three of these Meetings.

ii. Details of complaints received and pending

There were no pending complaints as at the beginning or end of the year. All the 13 complaints received during the year were redressed by the Company/RTA to the satisfaction of the shareholders.

7. General Body Meetings

i. Annual General Meetings:

AGM	Year	Venue	Date	Time
28th	2014	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	13.08.2014	10.30 a.m.
29th	2015	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	23.09.2015	10.30 a.m.
30th	2016	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	21.09.2016	9.30 a.m.

ii. Special Resolutions:

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

Date of AGM	Subject
13.08.2014	(a) Borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company and to mortgage and/or create charge on the assets of the Company to secure the amount borrowed/to be borrowed by the Company. (b) Re-appointment and remuneration to Mr. Muthukrishnan Ravi as Managing Director for a period of 3 years from 29th July, 2014 to 28th July, 2017. (c) Appointment and remuneration to Mr. G. Balasubramanian as Whole-time Director (Works) for a period of 3 years from 28th May, 2014 to 27th May, 2017.
23.09.2015	(a) Approving the increase in remuneration to Mr. Muthukrishnan Ravi, Managing Director with effect from 1st April, 2014. (b) Approving the increase in remuneration to Mr. G. Balasubramanian, Whole-time Director (Works) with effect from 1st April, 2015.
21.09.2016	No Special Resolution was passed.

During the year no special resolution was passed through postal ballot. At present there is no proposal to pass any special resolution through postal ballot. The procedure for postal ballot, if and when conducted, would be as prescribed under the Act.

8. Means of communication

As stipulated under Regulation 33 read with Regulation 47, the Quarterly Results are intimated to the Stock Exchanges and published in one English National Newspaper (Financial Express) and one Tamil Newspaper (Makkal Kural). The results are also displayed in the website of the Company viz., www.manalipetro.com. The information stipulated under Regulation 46 of the Regulations are also available in the website of the Company. In addition, official press/news releases and several other details/information of interest to various stakeholders are submitted to the Stock Exchanges/made available in the website.

9. General Shareholder Information

i. Annual General Meeting

The thirty first AGM of the Company is scheduled to be held on 25th July 2017 at 10.30 AM at Rajah Annamalai Mandram, Esplanade, Chennai 600 108

ii. Financial year

The financial year of the Company commences on 1st April and ends on 31st March

iii. Dividend payment date

The dividend for the year 2016-17 will be paid on 18th August 2017 subject to declaration at the ensuing AGM.

iv. Listing Details and Stock Code

Name and Address of Exchange	Stock Code
BSE Limited (BSE) Phiroze Jeejeebhoy Towers , Dalal Street, Mumbai- 400001	500268
National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G. Bandra Kurla Complex, Bandra East, Mumbai- 400 051.	MANALIPETC

Listing fees upto 2017-18 have been paid to the aforesaid exchanges.

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

Month & Year	NSE				BSE			
	Share Price (Rs.)		Nifty 50		Share Price (Rs.)		Sensex	
	High	Low	High	Low	High	Low	High	Low
April 2016	31.00	25.00	7.992.00	7,516.85	30.95	25.10	26,100.54	24,523.20
May	31.75	26.00	8,213.60	7,678.35	31.95	26.20	26,837.20	25,057.93
June	35.40	27.40	8,308.15	7,927.05	35.40	27.75	27,105.41	25,911.33
July	36.80	30.30	8,674.70	8,287.55	36.75	30.05	28,240.20	27,034.14
August	34.45	28.05	8,819.20	8,518.15	34.50	28.10	28,532.25	27,627.97
September	35.80	30.35	8,968.70	8,555.20	35.80	30.40	29,077.28	27,716.78
October	47.60	31.70	8,806.95	8,506.15	47.60	31.90	28,477.65	27,488.30
November	45.90	29.15	8,669.60	7,916.40	46.00	29.50	28,029.80	25,717.93
December	37.60	31.60	8,274.95	7,893.80	37.70	31.50	26,803.76	25,753.74
January 2017	39.85	33.15	8,672.70	8,133.80	39.85	33.05	27,980.39	26,447.06
February	42.40	34.10	8,982.15	8,537.50	42.65	34.35	29,065.31	27,590.10
March	42.80	36.50	9,218.40	8,860.10	42.70	36.50	29,824.62	28,716.21

vi. 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 Registrar and Share Transfer Agent (RTA) of the Company for all aspects of investor servicing relating to the shares.

vii. 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 / Whole-time Director (Works) / Company Secretary and the details are placed before the Stakeholders Relationship Committee and the Board.

viii. Distribution of shareholding as on March 31, 2017:

Range of Shares		Holders		Shares	
From	To	No	%	No	%
1	100	20,667	15.83	10,25,134	0.60
101	500	88,356	67.67	2,00,51,702	11.66
501	1000	11,637	8.91	92,30,016	5.37
1001	2000	4,888	3.75	74,73,236	4.34
2001	3000	1,609	1.23	42,35,881	2.46
3001	4000	640	0.49	23,46,583	1.36
4001	5000	657	0.50	31,53,960	1.83
5001	10000	1,127	0.86	85,26,838	4.96
10001	& above	988	0.76	11,59,55,879	67.42
Total		**1,30,569**	**100.00**	**17,19,99,229**	**100.00**

ix. 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, 2017, 15,78,13,026 shares were held in dematerialized form, representing about 91.75% of the total shares. The shares are traded regularly on BSE and NSE.

x. The Company has not issued any convertible instruments.

xi. Location of Plants: Plant I: Ponneri High Road, Manali, Chennai – 600 068

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

xii. Address for correspondence

Investors may contact the Registrar 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 Registered Office of the Company, Phone/Fax: 044 – 22351098 E-mail:companysecretary@manalipetro.com

10. Other 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. As stipulated under the Act and the Regulations a Whistle Blower Policy has been framed, the text of which has been uploaded in the website of the Company. No personnel has been denied access to the Audit Committee.

iv. All the mandatory requirements of Corporate Governance under the Regulations have been complied with.

v. The policy for determining material subsidiaries is disclosed in the website of the Company under the link http://www.manalipetro.com/wp-content/uploads/2016/08/Policy-for-Determining-Materiality-for-Disclosure-and-Contact-Details-under-Regulation-30.pdf

vi. The Company mainly sources its materials domestically and the exports are not substantial, there has been no major commodity price risks faced. Accordingly, there has been no commodity hedging activities undertaken by the Company. As regards the Foreign exchange risks, the Company takes forward contracts based on the exposure and extant market conditions and details of hedging are available in the financial statements

11. All the requirements of corporate governance report specified in Sub-paras (2) to (10) of Para C of Schedule V to the Regulations have been complied with.

12. The details of adoption of discretionary requirements as stipulated in Part E of Schedule II are as follows:

- There have been no modified opinions on the financial statements and the Company is under a regime of unmodified audit opinions.
- The Company has appointed separate persons for the post of Chairman and Managing Director.
- The Company has appointed a third party firm as the internal Auditors which carries out the audit and the report is presented to the Audit Committee for review and further directions.

13. The Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and Regulation 46 (2) (b) to (i) of the Regulations.

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

Declaration by CEO

Pursuant to Regulation 26 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 this is to declare that the Members of the Board and Senior Management Personnel have affirmed compliance with the respective Codes of Conduct.

Muthukrishnan Ravi
DIN : 03605222
Managing Director

Chennai
May 16, 2017

Report of the Auditors on Corporate Governance

TO THE MEMBERS OF MANALI PETROCHEMICALS LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter reference no. GS/MPL/Audit/EL/2016-17 dated October 24, 2016.

2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Manali Petrochemicals Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2017, as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.

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

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 008072S)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Chennai, May 16, 2017
GS/MPL/001/2017-18

Annexure B

Secretarial Audit Report Issued by
Mrs. B Chandra, Practising Company Secretary

To

The Members
Manali Petrochemicals Limited
SPIC House
No. 88 Old No.97
Mount Road, Guindy
Chennai – 600 032

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For B. CHANDRA
Company Secretaries

B. Chandra, B.COM, AICWA, ACS
Membership No.: 20879
CP No.: 7859
Proprietrix

Place: Chennai
Date: 16-05-2017

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31.03.2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

Manali Petrochemicals Limited

SPIC House, No. 88 Old No.97

Mount Road, Guindy

Chennai – 600 032

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Manali Petrochemicals Limited bearing CIN L24294TN1986PLC013087** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that, in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2017, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made there under;

(ii) The Companies Act 1956 (to the extent applicable)

(iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(v) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  a. The Securities and Exchange Board of India (SAST) Regulations, 2011;

  b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015

We are informed that the Company, during the year, was not required to comply with the following regulations and consequently not required to maintain any books, papers, minute books or other records or file any forms/ returns under:

a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009

b. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

c. The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations 2008

d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

e. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;

(vi) Based on the study of the systems and processes in place and a review of the reports of (1) Occupier/Manager of the factories Plant 1 & 2 located in Manali which manufacture Petrochemicals (2) Internal Audit Reports (3) the compliance reports made by the functional heads of various departments which are submitted to the Board of Directors of the Company (4) a test check on the licences and returns made available on other applicable laws, I report that the Company has complied with the provisions of the following statutes and the Rules made thereunder to the extent it is applicable to them:

Factories Act, 1948; Explosives Act, 1884; The Public Liability Insurance Act, 1991; The Environment (Protection) Act, 1986; The Water(Prevention and Control of Pollution) Act, 1974; The Air (Prevention and Control of Pollution) Act, 1981; The Insecticides Act, 1968; Drugs and Cosmetics Act, 1940; The Fertiliser (Control) Order, 1985; Industrial Disputes Act, 1947; The Payment of Wages Act, 1936; The Minimum Wages Act, 1948; Employees' State Insurance Act, 1948; The Employees' Provident Funds and Miscellaneous Provisions Act, 1952; The Payment of Bonus Act, 1965; The Payment of Gratuity Act, 1972; The Contract Labour (Regulation & Abolition) Act, 1970; The Maternity Benefit Act, 1961; The Child Labour (Prohibition & Regulation) Act, 1986; The Industrial Employment (Standing Order) Act, 1946; The Employees' Compensation Act, 1923; Workmen's Compensation Act 1923; The Apprentices Act, 1961; The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959; Tamil Nadu Labour Welfare Fund Act, 1972; Tamil Nadu Shops and Establishment Act, 1947; National and Festival Holidays Act, 1958; Conferment of Permanent Status Act, 1981; The Tamil Nadu Panchayats Act, 1994; The Legal Metrology Act, 2009; Industries (Development & Regulation) Act, 1951; Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003; The Electricity Act, 2003; The Energy Conservation Act, 2001; The Environmental Impact Assessment Notification, 2006 and The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

I have also examined compliance with the applicable clauses of the following Secretarial Standards issued by The Institute of Company Secretaries of India.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above including the operation of its plants within the consented quantity.

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of Board of Directors during the period under review.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Based on the minutes made available to us, we report that majority decision is carried through and that there were no dissenting votes from any Board members that are required to be captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor, report deviations, if any, to the Board, take corrective actions and ensure compliance with applicable laws, rules, regulations and guidelines.

For B. CHANDRA
Company Secretaries

B. Chandra, B.COM, AICWA, ACS
Membership No.: 20879
CP No.: 7859
Proprietrix

Place: Chennai
Date: 16-05-2017

Annexure C

Particulars as required under Rule 8(3) of the Companies (Accounts) Rules, 2014

Particulars as required under Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March 2017, are furnished below to the extent applicable:

A) Conservation of Energy

i) Steps taken or impact on conservation of energy

- ✓ A condensate recovery system has been installed in Plant 2 for polyol condensate recovery which is expected to reduce the consumption of 6,000 M^3 of DM water and 40 KL of fuel oil per annum.
- ✓ The aluminum blades in the cooling tower have been replaced with FRP blades in Plant 2 to bring down the power consumption cost by about Rs. 3 lakh per annum.

ii) Steps taken for utilizing alternate sources of energy

The Company commissioned a biomass based Captive Power Plant during the year 2010, which was being used for the energy needs of Plant 2 and also for export to Plant 1. However, over the period, the cost of input has been going up and also the availability affected due to supply - demand mismatch. Hence, exports to Plant 1 were curtailed and the CPP catered to the needs of Plant 2. Though the Company took various steps to use alternate fuel, the cost of power/steam has been spiraling and further became comparatively uneconomical due to lower oil prices. Hence, the CPP is under shut down from mid-December 2014. The same would be restarted as and when found to be economical.

iii) Capital investment in conservation of energy

A higher capacity boiler is being installed in Plant 2 at a cost of Rs. 6 crore to replace the existing 2 boilers which is expected to bring down the fuel consumption by about 500 KL per annum.

B) Technology Absorption

i) Efforts made in technology absorption and benefits derived like product improvement, cost reduction, product development or import substitution

Technology has already been fully absorbed at the time of setting up the plant in the initial years for manufacture of Propylene Oxide, Propylene Glycol and Polyols. In the recent past, no new technology was imported by the Company.

MPL has been taking various steps for process improvements, new product development and the like to bring down cost and also to foray into new segments for catering to wider customer base.

Plans are also afoot to explore the possibilities of replicating the technology of Notedome Limited, UK, the Step Down Subsidiary for taking up manufacture of their products in India.

ii) Expenditure on Research & Development

(a) Capital	Rs. 297.23 lakh
(b) Recurring	Rs. 245.31 lakh
(c) Total	Rs. 542.54 lakh

C) Foreign Exchange Earnings and outgo:

i) Foreign exchange in terms of actual inflows	Rs. 2,991.74 lakh
ii) Foreign exchange in terms of actual outflows	Rs. 40,054.28 lakh

For and on behalf of the Board

Ashwin C Muthiah
DIN: 00255679
Chairman

Chennai
May 16, 2017

Annexure D

Extract from Annual Return as on the financial year ended on 31st March 2017

[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L24294TN1986PLC013087
ii)	Registration Date	11th June 1986
iii)	Name of the Company	Manali Petrochemicals Limited
iv)	Category/Sub-Category of the Company	Company Limited By Shares Non-Government Company
v)	Address of the Registered office and contact details	SPIC House 88 Mount Road Guindy, Chennai 600 032 Telefax: 22351098 E-mail: companysecretary@manalipetro.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Share Transfer Agent, if any	Cameo Corporate Services Limited Subramanian Building No. 1 Club House Road Chennai 600 002 Ph.: 28460390/394/718, Fax 28460129 E-mail: investor@cameoindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Polyols	20131	58%
2	Propylene Glycol	20119	29%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

The Company has no holding or associate companies, the details of the subsidiary are given below:

Name and address of the Company	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
AMCHEM Speciality Chemicals Private Limited 8, Temasek Boulevard #22-03, Suntec Tower 3 Singapore 038988	Subsidiary	100%	S. 2 (87) (ii)
AMCHEM Speciality Chemicals UK Limited Avery House, 8, Avery Hill Road, London, United Kingdom	Subsidiary	NIL	Explanation (a) to Section 2(87)
Notedome Limited 34 Herald Way Binley Industrial Estate Coventry, CV3 2RQ	Subsidiary	NIL	Explanation (a) to Section 2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2016)				No. of Shares held at the end of the year (as on 31.03.2017)				% Change to total equity
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	13648	NIL	13648	0.01	13648	NIL	13648	0.01	NIL
b) Bodies Corporate	65856053	NIL	65856053	38.29	65856053	NIL	65856053	38.29	NIL
c) Banks/FI	11212500	NIL	11212500	6.52	11212500	NIL	11212500	6.52	NIL
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	77082201	NIL	77082201	44.82	77082201	NIL	77082201	44.82	NIL
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	17850	167250	185100	0.11	17850	167250	185100	0.11	NIL
b) Banks/FI	194044	21300	215344	0.13	155812	21300	177112	0.10	-0.02
c) FIIs	2834661	NIL	2834661	1.65	233760	NIL	233760	0.14	-1.51
d) FPI (Corporate Category II)	154830	0	154830	0.09	2044530	0	2044530	1.19	1.10
e) FPI (Corporate Category III)	40000	0	40000	0.02	40000	0	40000	0.02	NIL
Sub-total(B)(1):-	3241385	188550	3429935	1.99	2491952	188550	2680502	1.56	-0.44
2. Non- Institutions									
a) Bodies Corp.	7081931	231750	7313681	4.25	9736197	223500	9959697	5.79	1.54
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs.1 lakh	45455454	13023366	58478820	34.00	43597888	12632353	56230241	32.69	-1.31
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	16946028	74910	17020938	9.90	16762748	74910	16837658	9.79	-0.11
c) Others	7576164	1097490	8673654	5.04	8142040	1066890	9208930	5.35	0.31
Sub-total (B) (2)	77059577	14427516	91487093	53.19	78238873	13997653	92236526	53.63	0.44
Total Public shareholding (B)=(B)(1)+ (B)(2)	80300962	14616066	94917028	55.19	80730825	14186203	94917028	55.19	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	157383163	14616066	171999229	100	157813026	14186203	171999229	100	NIL

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Tamil Nadu Industrial Development Corporation Ltd	11212500	6.52	NIL	11212500	6.52	NIL	NIL
2	Southern Petrochemical Industries Corporation Limited	10000	0.01	NIL	10000	0.01	NIL	NIL
3	SIDD Life Sciences Private Limited	65846053	38.28	NIL	65846053	38.28	NIL	NIL
4	Muthiah A.C	13648	0.008	NIL	13648	0.008	NIL	NIL
	Total	77082201	44.82	NIL	77082201	44.82	NIL	NIL

(iii) There was no change in Promoters' Shareholding during the year.

(iv) *Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):*

Sl.No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year		At the End of the year (as on 31.03.2017)	
	Date wise Increase/Decrease in Shareholding during the year	No. of shares	%	No. of shares	%	No. of shares	%
1	Passage to India Master Fund Limited	2260000	1.31				
	Sale 31-Mar-2017	-226000	-0.13	2034000	1.18	2034000	1.18
2	Shailaja Anil Pandit	564932	0.33			564932	0.33
3	DB International (Asia) Ltd	478326	0.28				
	Sale 03-Jun-2016	-96019	-0.06	382307	0.22		
	Sale 10-Jun-2016	-158445	-0.09	223862	0.13		
	Sale 17-Jun-2016	-223862	-0.13	0	0	0	0
4	Jagdish N Master	376000	0.22				
	Sale 15-Apr-2016	-1000	-0.00	375000	0.22		
	Sale 22-Apr-2016	-5000	-0.00	370000	0.22		
	Sale 29-Apr-2016	-15000	-0.00	355000	0.21		
	Sale 06-May-2016	-7500	-0.00	347500	0.20		
	Sale 13-May-2016	-7500	-0.00	340000	0.20		
	Sale 20-May-2016	-7500	-0.00	332500	0.19		
	Sale 27-May-2016	-27500	-0.02	305000	0.18		
	Sale 03-Jun-2016	-2500	-0.00	302500	0.18		
	Sale 10-Jun-2016	-5000	-0.00	297500	0.17		
	Sale 17-Jun-2016	-15000	-0.01	282500	0.16		
	Sale 24-Jun-2016	-12500	-0.01	270000	0.16		
	Sale 30-Jun-2016	-10000	-0.01	260000	0.15		
	Sale 01-Jul-2016	-2500	-0.00	257500	0.15		
	Sale 22-Jul-2016	-2500	-0.00	255000	0.15		
	Sale 29-Jul-2016	-5000	-0.00	250000	0.15		
	Sale 05-Aug-2016	-5000	-0.00	245000	0.14		
	Sale 26-Aug-2016	-2500	-0.00	242500	0.14		
	Sale 14-Sep-2016	-2500	-0.00	240000	0.14		
	Sale 16-Sep-2016	-5000	-0.00	235000	0.14		
	Sale 23-Sep-2016	-12500	-0.01	222500	0.13		
	Sale 30-Sep-2016	-5000	-0.00	217500	0.13		
	Sale 07-Oct-2016	-22500	-0.00	195000	0.11		
	Sale 14-Oct-2016	-12500	-0.01	182500	0.11		
	Sale 21-Oct-2016	-122500	-0.07	60000	0.35		
	Sale 28-Oct-2016	-30000	-0.01	30000	0.12		
	Sale 04-Nov-2016	-15000	-0.01	15000	0.01		
	Sale 11-Nov-2016	-15000	-0.01	0	0	0	0
5	Joydeep Chatterjee	316293	0.18			316293	0.18
6	Gaurav Manocha	309072	0.18				
	Purchase 06-May-2016	303	0.00	309375	0.18		
	Purchase 23-Sep-2016	5000	0.00	314375	0.18		
	Purchase 25-Nov-2016	500	0.00	314875	0.18		
	Purchase 02-Dec-2016	1500	0.00	316375	0.18		
	Purchase 24-Mar-2017	13000	0.01	329275	0.19		
	Purchase 31-Mar-2017	17000	0.01	346325	0.20	346325	0.20
7	Anand Rathi Share and Stock Brokers Limited	303747	0.18				
	Sale 15-Apr-2016	-151464	-0.09	152283	0.89		
	Sale 22-Apr-2016	-31499	-0.02	120784	0.07		
	Sale 06-May-2016	-15991	-0.01	104793	0.06		
	Sale 03-Jun-2016	-25473	-0.02	79320	0.05		
	Sale 08-Jul-2016	-12346	-0.01	66974	0.04		
	Purchase 05-Aug-2016	5483	0.00	72457	0.04		
	Purchase 14-Sep-2016	11399	0.01	83856	0.05		
	Purchase 14-Oct-2016	5571	0.00	89427	0.05		
	Purchase 11-Nov-2016	53648	0.03	143075	0.08		
	Purchase 23-Dec-2016	20586	0.01	163661	0.10		
	Sale 03-Feb-2017	-13207	-0.01	150454	0.09		
	Sale 02-Mar-2017	-7517	-0.00	142937	0.08	142937	0.08
8	Lincoln P Coelho	300000	0.17			300000	0.17
9	Barkur Sudhakar Shetty	258424	0.15				
	Sale 20-May-2016	-25000	-0.02	233424	0.14		
	Sale 27-May-2016	-10000	-0.01	223424	0.13		
	Sale 17-Jun-2016	-10000	-0.01	213424	0.12		
	Sale 24-Jun-2016	-10000	-0.01	203424	0.12		
	Sale 08-Jul-2016	-15000	-0.01	188424	0.11		
	Sale 15-Jul-2016	-10000	-0.01	178424	0.10		
	Sale 29-Jul-2016	-15000	-0.01	163424	0.10		

Sl.No.	Name of the Shareholder	Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year		At the End of the year (as on 31.03.2017)	
	Date wise Increase/Decrease in Shareholding during the year	No. of shares	%	No. of shares	%	No. of shares	%
	Sale 07-Oct-2016	-45000	-0.03	118424	0.07		
	Purchase 18-Nov-2016	10000	0.01	128424	0.07		
	Purchase 09-Dec-2016	5000	0.00	133424	0.08		
	Sale 16-Dec-2016	-10000	-0.01	123424	0.07		
	Purchase 30-Dec-2016	11500	0.01	134924	0.08		
	Purchase 06-Jan-2017	1500	0.00	136424	0.08		
	Sale 03-Feb-2017	-10000	0.01	126424	0.07	126424	0.07
10	Pankjkumar Maganlal Babariya	250000	0.15				
	Sale 12-Aug-2016	-250000	0.15	0	0		
	Purchase 17-Mar-2017	150000	0.09	150000	0.09	150000	0.09
11	Bang Equity Broking Pvt. Ltd.	0	0				
	Purchase 17-Mar-2017	50000	0.03	50000	0.03		
	Purchase 24-Mar-2017	904000	0.53	954000	0.56	954000	0.56
12	Nirmal Bang Financial Services Pvt. Ltd.	0	0				
	Purchase 24-Mar-2017	934000	0.54	934000	0.54	934000	0.54
13	J M Global Equities Private Limited	0	0.00				
	Purchase 05-Aug-2016	1000	0.00	1000	0.00		
	Purchase 26-Aug-2016	1000	0.00	2000	0.00		
	Sale 09-Sep-2016	-1000	0.00	1000	0.00		
	Purchase 16-Sep-2016	10000	0.01	11000	0.01		
	Sale 23-Sep-2016	-10000	-0.01	1000	0.00		
	Purchase 07-Oct-2016	199000	0.12	200000	0.12		
	Purchase 02-Mar-2017	100000	0.06	300000	0.17		
	Purchase 03-Mar-2017	25000	0.02	325000	0.19		
	Sale 10-Mar-2017	-25000	0.02	300000	0.17	300000	0.17
14	Vipul Ajitkumar Dave	0	0.00				
	Purchase 16-Sep-2016	49275	0.23	49275	0.23		
	Purchase 23-Sep-2016	50725	0.23	100000	0.06		
	Sale 30-Sep-2016	-100000	-0.06	0	0.00		
	Purchase 07-Oct-2016	400000	0.23	400000	0.23		
	Sale 04-Nov-2016	-100000	-0.06	300000	0.17		
	Sale 11-Nov-2016	-60000	-0.04	240000	0.14		
	Purchase 10-Mar-2017	50000	0.03	290000	0.17	290000	0.17
15	Vimal Sagarmal Jain	0	0.00				
	Purchase 03-Mar-2017	270000	0.16	270000	0.16	270000	0.16

(v) Shareholding of Directors and Key Managerial Personnel: NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment

(Rs. in lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount	225.74	NIL	NIL	225.74
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**225.74**	**NIL**	**NIL**	**225.74**
Change in Indebtedness during the financial year				
Increase	610.73	NIL	NIL	610.73
Net Change	610.73	NIL	NIL	610.73
Indebtedness at the end of the financial year i) Principal Amount	836.47	NIL	NIL	836.47
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**836.47**	**NIL**	**NIL**	**836.47**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

No remuneration was paid to the Managing Director during the year. The remuneration to the Wholetime Director (Works) during the year was Rs. 32.85 lakh as per details given in the Corporate Governance Report in Annexure A (excluding contribution to Provident and Other Funds) against the Ceiling on remuneration of Rs. 616.08 lakh under the Act. No stock option, sweat equity or commission is given to these Directors

B. Remuneration to other directors:

The Non- Executive Directors, including the Independent Directors are paid sitting fees details of which have been furnished in the CGR. No commission or other payments are made to any of the directors.

C. Remuneration to other Key Managerial Personnel

(Rs. in lakh)

Sl. No.	Particulars of Remuneration	CS	CFO	Total Amount
1.	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	25.38	49.74	75.12
(b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	1.28	2.02	3.30
	Total	**26.66**	**51.76**	**78.42**

a. There was no stock option, sweat equity or commission to the above persons.

b. The remuneration shown above is exclusive of contributions to Provident and Other Funds

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

Ashwin C Muthiah
DIN: 00255679
Chairman

Chennai
May 16, 2017

Annexure E

Disclosures under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Details of Top 10 employees in terms of remuneration received during the year

Name	Designation	Remuneration Rs. in lakh	Qualification	Experience	Date of Joining	Age	Last Employment
Anis Tyebali Haideri	Chief Financial Officer	54.07	B.Com, ACA, AICWA	21	07.04.2014	44	CFO, Switz International, Middle East
Balasubramanian G	WTD (Works)	36.33	B.E.	35	17.05.1989	60	Process Engineer, Pentasia Chemicals Ltd
Kothandaraman R	Company Secretary	27.91	M.Com., ACS	34	03.11.2010	54	Company Secretary, TIDEL Park Limited
Aravind Mani	AGM (Strategy, Global Initiatives, and Marketing)	26.65	B.Tech, MBA (AIM)	8	01.08.2015	31	Head (Marketing), Tamilnadu Petroproducts Ltd.
Subash Chandra Bose	GM (R & D)	23.11	B. Tech	21	01.01.1995	45	-
B Sekar	DGM (Purchase)	22.02	B.E.	26	01.06.2014	48	Head (SC & Plng.) Bostik India Pvt. Ltd.
P N Ramesh	Sr. Technician (Instrumentation)	18.49	ITI, DEEE	28	06.03.1989	46	-
N G Rajagopalan	Sr. Technician (Operations)	17.83	DPet. Tech.	20	02.05.1997	51	-
T Sundar	Sr. Technician (Mechanical)	17.73	ITI, DME	28	06.03.1989	47	-
A Dhandapani	Manager (QAD)	17.71	B.Sc.	27	13.08.2012	51	Marketing Officer Hi Tech Plastic Pvt. Ltd.

Notes:

1. The above appointments are contractual
2. As per the disclosures available with the Company, none of the above employees are related to any director and also do not hold any shares in the Company.
3. The remuneration shown above includes contributions to Provident and other Funds

For and on behalf of the Board

Ashwin C Muthiah
DIN: 00255679
Chairman

Chennai
May 16, 2017

Annexure F

Annual Report on CSR activities during the year 2016-17

1. Brief outline of the CSR Policy and related information

The policy

MPL appreciates that in any society inclusive growth of all the segments is of paramount importance. The Business Community owes its existence and growth to the other components of the Society at large. MPL is committed to contribute its mite for the sustained growth of the Society through various plans and programmes. MPL also believes that as a responsible organization, it can, together with similar such entities, transform the neglected sections of the Society through concerted efforts.

MPL also endeavours to ensure environmental sustainability by adopting best environmental practices and encourages conservation/judicious use of natural resources.

MPL looks beyond mere financial resources and aims to undertake such of the activities, which will provide long term benefits to the weaker sections and make them competent to face off the challenges in life.

The detailed CSR Policy is available in the website of the Company and the web link is http://manalipetro.com/wp-content/uploads/2016/08/Corporate-Social-Responsibility-CSR-Policy.pdf

Overview of projects or programmes

The Company intends to take up projects for provision of drinking water and sanitation to the downtrodden and has teamed up with AM Foundation, (formerly AM Corporate Social Responsibility Foundation) the Section 8 company jointly promoted by MPL with six other corporates for carrying out CSR activities.

2. Composition of the CSR Committee

The CSR Committee comprises Mr. Ashwin C Muthiah as Chairman, Brig (Retd) Harish Chandra Chawla and Mr. T K Arun as the other Members. During the year the Committee met five times, viz., on 23rd May 2016, 4th August 2016, 21st September 2016, 7th November 2016 and 31st January 2017. Mr. Ashwin C Muthiah and Brig. Harish Chandra Chawla attended all the meetings and Mr. T.K. Arun attended four of these meetings.

3.	**Average net profit of the Company for the last three financial years**	Rs. 61.20 crore
4.	**Prescribed CSR Expenditure**	Rs. 122.63 lakh
5.	**Details of CSR Spent during the financial year**	
a.	Total amount to be spent for the financial year	Rs. 122.63 lakh
b.	Amount unspent	Rs. 82.63 lakh

c. Manner of spending the amount

During the year the Company took up a project for provision of drinking water facilities in three villages viz., Sirungavur, Sirungavur Ambedkar Nagar, and Singlimedu, in Vilangadupakkam Panchayat of Tiruvallur District, near Manali. The proposal is being implemented through AM Foundation in stages and the Foundation has retained IIT, Madras for advising on the execution of the proposal. As a first step a detailed survey was carried out by IIT, M to assess the water needs of the said villages. Based on its findings, further actions have been taken and IIT, M is identifying the water resources and location for treatment plant, pumping etc. The design of the treatment units and conveyance from the source for treatment would be taken up as the next phase. Once these are finalized the Foundation would take up the civil and other related work for drawing water from the resource, treatment and supply to the households. MPL has so far paid Rs. 40 lakh for the proposal and further payments would be made based on the implementation schedule and progress.

6. Reasons for amount not spent

The Company believes that the CSR activities undertaken should make a difference to the lives of the underprivileged and the society at large. It may be noted that the water supply project being implemented would cater to three villages involving creation of a robust infrastructure to sustain the facility. Therefore the implementation is spread over a long period.

AM Foundation has signed an MOU with Where Ever The India Needs, an NGO specializing in implementation of environmental friendly Ecosan Toilets for which approval of the Greater Chennai Corporation (GCC) is awaited. MPL has agreed to support the initiative once all the required approvals have been obtained.

In addtion to the above, based on the approval of the Board, MPL has requested the Foundation to explore the possibilities of providing toilets at individual households in the Thiruvottiyur area under the Swachh Bharat Scheme. The project has been considered as requested by the GCC for which Rs. 50 lakh has been approved by the Board based on the recommendation of the Committee. The Foundation is in the process of finalizing the MOU and the other details for implementation of the proposal.

Since all the aforesaid projects aim to provide enduring and long term benefits to the under privileged people, the implementation is not confined to a single year or activity. Hence though it is not mandatory to carry over the unspent amount, the Board has decided that the entire unspent amount relating to the previous years could be accumulated and spent for the above project. Accordingly about Rs. 4.00 crore has been earmarked for implementing the identified projects.

7. It is confirmed by the CSR Committee that the implementation and monitoring of the CSR Policy is in compliance with the CSR activities and Policy of the Company.

Muthukrishnan Ravi	**Ashwin C Muthiah**
DIN 03605222	DIN 00255679
Managing Director	Chairman of the CSR Committee

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANALI PETROCHEMICALS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Manali Petrochemicals Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit, to the extent applicable that:

    a) We have sought and 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 relevant books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.

    e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements; (Refer Note 27 to the financial statements)

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. (Refer Note 27d to the Financial Statements)

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

   iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company. (Refer Note 43 to the financial statements)

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: May 16, 2017

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Manali Petrochemicals Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: May 16, 2017

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets:

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

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

c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds provided to us, we report that the title deeds comprising the immovable properties of land and buildings which are freehold and the buildings constructed on the leasehold land are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. No material discrepancies were noticed upon physical verification during the year.

(iii) According to the information and explanations given to us, the Company has not granted any unsecured loans to parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no unclaimed deposits at any time during the year.

(vi) We have broadly reviewed the cost records maintained by the Company specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

c) Details of dues of income tax, sales tax, Service tax and excise duty which have not been deposited as on March 31, 2017 on account of disputes are given below:

(Rs.) In Lakhs

Name of the Statute	Nature of dues	Forum where the dispute is pending	Period to which the Amount Relates	Amount involved	Amount unpaid
Central Excise Act, 1944	Excise Duty	High Court of Madras	2007-08	53.39	53.39
Finance Act, 1994	Service Tax	Customs, Excise and Service Tax Appellate Tribunal	Various Years	6.80	6.80
Central Sales Tax Act, 1956	Sales Tax	High Court of Madras	Various Years	3.44	3.44
		Sales tax Tribunal	2000-01	10.74	10.74
		Appellate Deputy Commissioner	2003-04	36.74	36.74
		High Court of Madras	2008-09	6.06	6.06
		Appellate Deputy Commissioner	2007-08 2008-09 2009-10	12.58	12.58
			2008-09	7.17	7.17
Income Tax Act, 1961	Income Tax		Assessment year		
		Commissioner of Income Tax (Appeals)	2008-09	518.45	488.45
			2009-10	3.12	-
		Deputy Commissioner of Income Tax, LTU	2010-11	176.88	106.88
		Commissioner of Income Tax (Appeals)	2011-12	247.87	-
		Assistant Commissioner of Income Tax	2012-13	476.90	476.90
		Commissioner of Income Tax (Appeals)	2014-15	78.08	66.37

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

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The Company has not obtained any term loans during the year.

(x) 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 by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid /provided managerial remuneration in excess of the limits and approvals prescribed under Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence the reporting under Clause (xii) of the CARO, 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

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

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: May 16, 2017

MANALI PETROCHEMICALS

Standalone Balance Sheet as at March 31, 2017

[Rs. in lakh]

	Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
A.	**EQUITY AND LIABILITIES**			
1	**Shareholders' Funds**			
	Share Capital	3	**8,603.47**	8,603.47
	Reserves and Surplus	4	**23,709.09**	19,666.66
	Total - Shareholders' Funds		**32,312.56**	28,270.13
2	**Non-current Liabilities**			
	Deferred tax liabilities (net)		**665.39**	199.08
	Other long-term liabilities	5	**145.68**	161.01
	Long-term provisions	6	**133.10**	136.06
	Total - non-current liabilities		**944.17**	496.15
3	**Current liabilities**			
	Short-term borrowings	7	**1,697.11**	225.74
	Trade payables	8		
	(a) total outstanding dues of micro enterprises and small enterprises		**-**	43.87
	(b) total outstanding dues of creditors other than micro enterprises and small enterprises		**11,923.98**	13,416.47
	Other current liabilities	9	**3,899.80**	5,570.21
	Short-term provisions	10	**897.30**	1,936.51
	Total - current liabilities		**18,418.19**	21,192.80
	TOTAL - EQUITY AND LIABILITIES		**51,674.92**	49,959.08
B.	**ASSETS**			
1	**Non-current assets**			
	Property, Plant & Equipment	11	**11,396.17**	10,508.82
	Capital work-in-progress		**2,839.98**	1,580.34
	Total - Property, Plant & Equipments		**14,236.15**	12,089.16
	Non-current investments	12	**11,453.73**	915.92
	Long-term loans and advances	13	**1,633.05**	1,916.54
	Total - Non-current assets		**27,322.93**	14,921.62
2	**Current assets**			
	Current investments	14	**1,141.86**	6,439.81
	Inventories	15	**11,642.76**	10,447.03
	Trade receivables	16	**6,277.71**	9,003.13
	Cash and cash equivalents	17	**2,172.49**	627.33
	Short-term loans and advances	18	**3,010.19**	8,385.58
	Other current assets	19	**106.98**	134.58
			24,351.99	35,037.46
	TOTAL - ASSETS		**51,674.92**	49,959.08

See accompanying Notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Ashwin C Muthiah
Chairman
(DIN: 00255679)

Place: Chennai
Date : May 16, 2017

Anis Tyebali Hyderi
Chief Financial Officer

R Kothandaraman
Company Secretary

Standalone Statement of Profit and Loss for the year ended March 31, 2017

[Rs. in lakh]

	Particulars	Note No.	For the year ended 31 March, 2017	For the year ended 31 March, 2016
1.	Revenue from Operations (Net)	20	**57,656.57**	57,904.20
2.	Other Income	21	**1,857.32**	1,074.32
3.	**Total Revenues (1+2)**		**59,513.89**	58,978.52
4.	**Expenses**			
	Cost of raw materials and packing materials consumed	22	**38,261.05**	33,329.38
	Purchase of stock-in-trade (traded goods)	22	**4,508.16**	5,268.96
	Changes in inventories of finished goods, work-in- progress and stock-in-trade	23	**(1,029.04)**	983.62
	Employee benefits expense	24	**2,219.68**	2,111.90
	Finance costs		**185.75**	252.34
	Depreciation	11	**783.91**	587.57
	Other expenses	25	**8,475.64**	9,518.34
	Total Expenses		**53,405.15**	52,052.11
5.	**Profit Before Tax (3-4)**		**6,108.74**	6,926.41
6.	**Tax Expense**			
	Current tax expense		**1,600.00**	2,220.00
	Deferred tax	36	**466.31**	(114.84)
	Net tax expense		**2,066.31**	2,105.16
7.	**Profit After Tax (5-6)**		**4,042.43**	4,821.25
8.	**Earnings Per Share of Rs. 5/- each (Basic and Diluted)**	35	**2.35**	2.80

See accompanying Notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Ashwin C Muthiah
Chairman
(DIN: 00255679)

Place: Chennai
Date : May 16, 2017

Anis Tyebali Hyderi
Chief Financial Officer

R Kothandaraman
Company Secretary

Standalone Cash Flow Statement for the year ended March 31, 2017

[Rs. in lakh]

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before Tax		**6,108.74**		6,926.41
Adjustments for				
Depreciation	**783.91**		587.57	
Dividend income	**(169.81)**		(584.83)	
Finance costs	**185.75**		252.34	
Interest income	**(129.82)**		(287.93)	
Provision for doubtful debts	**-**		7.34	
Net unrealised exchange (gain) / loss	**(70.96)**		(157.42)	
Loss on sale / write-off of assets	**101.33**		124.83	
		700.40		(58.10)
OPERATING PROFIT		**6,809.14**		6,868.31
CHANGES IN WORKING CAPITAL				
Adjustments for (increase) / decrease in operating assets				
Inventories	**(1,195.73)**		(2,882.14)	
Trade Receivables	**2,725.42**		(757.45)	
Short-term loans and advances	**4,963.76**		(6,084.80)	
Long-term loans and advances	**637.12**		10.71	
Adjustments for (increase) / decrease in operating liabilities				
Trade payables	**(1,465.41)**		3,597.61	
Other current liabilities	**(1,670.41)**		2,338.08	
Other long-term liabilities	**(15.33)**		(15.33)	
Short-term provisions	**(806.46)**		(614.25)	
Long-term provisions	**(2.95)**		13.77	
		3,170.01		(4,393.80)
		9,979.15		2,474.51
Net income tax paid		**(1,065.71)**		(3,024.82)
Net cash flow used in operating activities [A]		**8,913.44**		(550.31)
B. CASHFLOW FROM INVESTING ACTIVITIES				
Capital expenditure on Property, Plant & Equipments, including capital advances		**(2,678.61)**		(1,637.26)
Proceeds from sale of Property, Plant & Equipments		**0.02**		-
Investments in Equity shares		**(10,537.81)**		(498.32)
Interest income		**129.82**		287.93
Dividend income		**169.81**		584.83
Bank balances not considered as cash and cash equivalents		**(528.40)**		78.28
Net cash from/(used in) Investing activities [B]		**(13,445.17)**		(1,184.54)
C. CASH FLOW FROM FINANCING ACTIVITIES				
(Repayment) / Proceeds from Short-term borrowings		**1,471.37**		158.70
Interest paid		**(185.75)**		(252.34)
Dividend paid		**(860.00)**		(860.00)
Tax on dividend		**(175.08)**		(175.08)
Net cash from/(used in) Financing Activities [C]		**250.54**		(1,128.72)
Net (decrease) / increase in cash and cash equivalents = (A+B+C)		**(4,281.19)**		(2,863.57)
Cash and cash equivalents at the beginning of the period		**6,505.06**		9,369.06
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents				(0.43)
Cash and cash equivalents at the end of the period		**2,223.87**		6,505.06
Cash and cash equivalents at the end of the year Comprises:				
Cash on hand and Balances with banks [Note 17]		**2.19**		1.88
Cheques on hand		**862.11**		2.57
Balance with Banks				
In current accounts (including debit balance in cash credit)		**217.71**		33.28
In other deposit accounts		**-**		27.52
Current investments [Note 14]		**1,141.86**		6,439.81
Cash and Cash equivalents		**2,223.87**		6,505.06
Reconciliation of Cash and Cash Equivalents:				
Cash and Cash equivalents (Note 17)		**2,172.49**		627.33
Less: Margin Money Deposit Accounts		**690.37**		186.97
Less: Unpaid Dividend Accounts		**400.11**		375.11
Net Cash and Cash equivalents		**1,082.01**		65.25
Add: Current Investments (Note 14)		**1,141.86**		6,439.81
Cash and Cash equivalents as shown above		**2,223.87**		6,505.06

Note: The earmarked account balances with banks can be utilised only for specific identified purposes.

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Geetha Suryanarayanan
Partner
(Membership No. 29519)
Place: Chennai
Date : May 16, 2017

Ashwin C Muthiah
Chairman
(DIN: 00255679)

Anis Tyebali Hyderi
Chief Financial Officer

R Kothandaraman
Company Secretary

Notes to Standalone Financial Statements for the year ended 31 March, 2017

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 (to the extent notified and 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 the results are known / materialise.

b. INVENTORIES

a) Raw materials and stores and spares are valued at lower of cost and the net realizable value after providing for obsolescence and other losses, where considered necessary. 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 (weighted average basis) and net realisable value after providing for losses arising on quality, based on technical evaluation. 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.

c. 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.

d. 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.

e. DEPRECIATION AND AMORTISATION

Depreciable amount for assets is the cost of an asset less its estimated residual value. Depreciation on tangible Property, Plant & Equipments has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of asset: Development on Leasehold land is amortised over the period of the lease.

Certain Plant & Machinery are depreciated over the useful life of 20 years, technically estimated by the Management

Intangible asset - software is amortised over the estimated useful life of 3 years.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

f. 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 accounted on accrual basis.

g. PROPERTY, PLANT & EQUIPMENT, INTANGIBLE ASSETS AND CAPITAL WORK IN PROGRESS

Property, Plant & Equipments are stated at cost less accumulated depreciation and impairment losses, if any. The cost of Property, Plant & Equipments comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses.

Subsequent expenditure on Property, Plant & Equipments after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

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:

'Projects under which tangible Property, Plant & Equipments are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

h. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of exchange differences

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.

Accounting for forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

i. 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.

j. INVESTMENTS

Long-term investments 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.

k. EMPLOYEE BENEFITS

1. 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 Statement of Profit and Loss 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.

2. Long-term employee benefits

i. 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.

ii. **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. Acturial 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. Further, in respect of specific employees, additional accruals are made based on the scheme of the Company.

c) **Long tem 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.

l. SEGMENT REPORTING

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure.

m. 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 over the lease term.

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. TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates under provisions of Income Tax Act 1961 and other applicable tax laws.

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 and items relating to capital 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 accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability is considered as an asset if there is convincing evidence that the company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance sheet when it is highly probable that the future economic benefit associated with it will flow to the company.

p. 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. Property, Plant & Equipments utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Property, Plant & Equipments and Intangible Assets.

q. IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENTS

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

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 (other than a revalued 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, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

r. 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.

s. INSURANCE CLAIMS

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

t. 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 reasonable certainty in availing / utilising the credits.

u. 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.

Notes to Standalone Financial Statements for the year ended 31 March, 2017

[Rs. in lakh]

Particulars	As at March 31, 2017	As at March 31, 2016
3 - Share Capital		
Authorised		
24,00,00,000 (Previous Year: 24,00,00,000) Equity Shares of Rs.5 each	**12,000.00**	12,000.00
Issued, Subscribed and Fully Paid Up		
17,19,99,229 (Previous Year: 17,19,99,229) Equity Shares of Rs.5 each fully paid up	**8,599.96**	8,599.96
Add: 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 31 March, 2017, the amount of dividend recommended as distribution 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:

Name of shareholders	No. of shares	% holding	No. of shares	% holding
	Year ended 31 March, 2017		Year ended 31 March, 2016	
M/s. SIDD Life Sciences Private Limited	**6,58,46,053**	**38.28**	6,58,46,053	38.28
M/s. Tamilnadu Industrial Development Corporation Ltd.	**1,12,12,500**	**6.52**	1,12,12,500	6.52

4 - Reserves and Surplus

Particulars	As at March 31, 2017	As at March 31, 2016
A. SECURITIES PREMIUM RESERVE	**91.45**	91.45
B. GENERAL RESERVE		
Opening Balance	**109.20**	109.20
General Reserve - Closing Balance	**109.20**	109.20
C. CAPITAL RESERVE (Refer Note 4.1 below)		
Opening Balance	**84.00**	84.00
Capital Reserve - Closing Balance	**84.00**	84.00
D. SURPLUS IN THE STATEMENT OF PROFIT AND LOSS		
Opening Balance	**19,382.01**	15,595.84
Add: Profit for the year	**4,042.43**	4,821.25
Proposed Equity Dividend	**-**	(860.00)
Tax on Proposed Equity Dividend	**-**	(175.08)
Closing Balance	**23,424.44**	19,382.01
Total	**23,709.09**	19,666.66

4.1 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 Shareholder's funds under Capital Resrves.

5 - Other Long-term Liabilities [Rs. in lakh]

Particulars	As at March 31, 2017	As at March 31, 2016
Deposits	**145.68**	161.01
Total	**145.68**	161.01

The deposits have been classified as under: [Rs. in lakh]

As Other Long-term Liabilities	**145.68**	161.01
As Other Current Liabilities (Note 9)	**15.33**	15.33

Interest free deposit movement:

Opening Deposit Balance	**176.34**	191.67
Less: Deposit refunded during the year	**15.33**	15.33
Closing Balance	**161.01**	176.34

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

6 - Long-term Provisions

Provision for employee benefits - Non Current [Note 33]		
Post employment benefits	**50.24**	49.14
Compensated absences	**82.86**	86.92
Total	**133.10**	136.06

7 - Short-term Borrowings

Cash Credit from Banks (Secured)	**1,697.11**	225.74
Total	**1,697.11**	225.74

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. The charge created on the immovable and movable assets of the Company has been released with the receipt of "No Dues Certificate" from Sales Tax department during the year.

8 - Trade Payables

Acceptances	**5,480.61**	2,668.74
Acceptances - Others:		
Outstanding dues of micro enterprises and small enterprises (Refer note- 28)	**-**	43.87
Outstanding dues of creditors other than micro enterprises and small enterprises.	**6,443.37**	10,747.73
Total	**11,923.98**	13,460.34

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

[Rs. in lakh]

Particulars	As at March 31, 2017	As at 31 March, 2016
9 - Other Current Liabilities		
Unpaid Dividend	**400.11**	375.11
Other Payables:		
Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.) since paid	**187.29**	84.85
Contractually reimbursible expenses	**34.46**	37.60
Employee Benefits Payable (Note 33)		
Post Employment Benefits		
Gratuity	**19.00**	24.67
Advance received from Insurance Company	**87.89**	600.00
Others (Refer Note below)	**3,155.72**	4,432.65
Current Portion of Deposits (Note 5)	**15.33**	15.33
Total	**3,899.80**	5,570.21

Others Include:

1. The Company has received an advance of Rs. 277.85 lakhs [Previous year Rs. 277.85 lakhs USD 503, 897 representing 90%] towards subsidy from Ozone Cell, Ministry of Environment and Forests, Government of India for phasing out of HCFC in the production of Polyols. During 2014-15, the Company installed related assets and completed Stage 1 of phasing out of HCFC in all aspects by December 2016; Ozone Cell has appointed an Independent consultant to inspect the facility which is scheduled in May 2017. As at the year end, the advance received as above is grouped under other current liabilities and the related assets capitalised in the books at cost. Upon completion of inspection and on receipt of full grant, the subsidy will be recorded in the books in accordance with the Accounting Standard 12-Accounting for Government Grants.
2. The Company has received a demand for Rs. 1,677 lakh during October 2013, towards lease rent for factory land, provision for which was made in the year 2014-15 and included in the above.

10 - Short-term Provisions

Provision for employee benefits (Note 33)		
For Compensated absences - Current	**22.19**	8.21
Provision - Others		
Proposed Equity Dividend	**-**	860.00
Tax on Proposed Equity Dividend	**-**	175.08
Provision for wage arrears *	**792.35**	893.22
Provision for Tax (Net of advance tax of Rs. 1,054 lakhs)	**82.76**	
Total	**897.30**	1,936.51

* Provision for Wage Arrears

In 2004, a claim was made against the Company by its workmen, demanding wage revision for the years from 2001 to 2004. This matter was adjudicated by the Industrial Tribunal on October 23, 2008, which was challenged by the Company in the Supreme Court. In October 2015, the employees' union filed an Interim Application (IA) No. 12 of 2015 in the Supreme court. Upon hearing both sides, the Supreme court gave directions to withdraw the SLP subject to payment Rs.1 lakh to each workman and with liberty to approach Madras High Court and file a Writ Petition within 6 weeks from date of the order i.e. January 8,2016 to get finality in this matter . Accordingly, the Company filed a Writ Petition in Madras High Court in February 2016 and released the interim payment as per direction of the Supreme court.

With the efforts of a Mediator appointed by the High Court , some of the employees signed the "out of court settlement letter" and got settled during the year; In respect of others, with whom mediation was failed, the matter was referred back to High Court. Hence the company continues to provide for the wage arrears till the issue is fully resolved.

The movement in the provision for wage arrears is given below: [Rs. in lakh]

Particulars	2016-17	2015-16
Balance at beginning of the year	**893.22**	951.72
Charge for the year	**254.45**	60.51
Payments made during the year	**(355.32)**	(119.01)
Balance at end of the year	**792.35**	893.22

11 - Property, Plant & Equipments (Current Year)

[Rs. in lakh]

Particulars	Gross Block				Accumulated Depreciation and Amortisation				Net Book Value	
	As at April 1, 2016	Additions	Disposals	As at 31 March, 2017	As at April 1, 2016	Expense for the year	Eliminated on disposal	As at 31 March, 2017	As at 31 March, 2017	As at 31 March, 2016
A. Tangible Assets										
Land	179.75	-	-	179.75	0.53	-	-	0.53	179.22	179.22
Development on leasehold land	20.25	-	-	20.25	18.99	1.22	-	20.21	0.04	1.26
Buildings*	1,684.33	265.60	(19.18)	1,930.75	666.21	87.11	(9.71)	743.61	1,187.14	1,018.12
Plant and Machinery	27,461.91	1,321.63	(828.95)	27,954.59	18,390.31	659.22	(746.27)	18,303.26	9,651.33	9,071.60
Furniture and Fixtures	120.99	128.51	(15.67)	233.83	34.60	5.58	(10.05)	30.13	203.70	86.39
Office Equipments	123.75	40.89	(0.06)	164.58	41.57	11.03	(0.06)	52.54	112.04	82.18
Computers	404.02	15.97	(31.09)	388.90	354.85	16.87	(27.52)	344.20	44.70	49.17
Vehicles	52.00	-	-	52.00	31.12	2.88	-	34.00	18.00	20.88
Sub-total - Current Year	**30,047.00**	**1,772.60**	**(894.95)**	**30,924.65**	**19,538.18**	**783.91**	**(793.61)**	**19,528.48**	**11,396.17**	**10,508.82**
B. Intangible Assets										
Computer Software	32.28	-	-	32.28	32.28	-	-	32.28	-	-
Total - Current Year	**30,079.28**	**1,772.60**	**(894.95)**	**30,956.93**	**19,570.46**	**783.91**	**(793.61)**	**19,560.76**	**11,396.17**	**10,508.82**

Property, Plant & Equipments (Previous Year)

Particulars	**Gross Block**				**Accumulated Depreciation and Amortisation**				**Net Book Value**	
	As at April 1, 2015	**Additions**	**Disposals**	**As at 31 March, 2016**	**As at April 1, 2015**	**Expense for the year**	**Eliminated on disposal**	**As at 31 March, 2016**	**As at 31 March, 2016**	**As at 31 March, 2015**
A. Tangible Assets										
Land	179.75	-	-	179.75	0.53	-	-	0.53	179.22	179.22
Development on leasehold land	20.25	-	-	20.25	17.92	1.07	-	18.99	1.26	2.33
Buildings	1,554.99	156.43	(27.09)	1,684.33	628.80	64.50	(27.09)	666.21	1,018.12	926.19
Plant and Machinery	27,388.75	489.44	(416.28)	27,461.91	18,195.92	487.37	(292.98)	18,390.31	9,071.60	9,192.83
Furniture and Fixtures	142.85	-	(21.86)	120.99	37.88	13.14	(16.42)	34.60	86.39	104.97
Office Equipments	118.05	5.70	-	123.75	34.11	7.46	-	41.57	82.18	83.94
Computers	365.51	38.51	-	404.02	346.37	8.48	-	354.85	49.17	19.14
Vehicles	61.16	1.55	(10.71)	52.00	36.28	5.55	(10.71)	31.12	20.88	24.88
Sub-total - Previous Year	**29,831.31**	**691.63**	**(475.94)**	**30,047.00**	**19,297.81**	**587.57**	**(347.20)**	**19,538.18**	**10,508.82**	**10,533.50**
B. Intangible Assets										
Computer Software	32.28	-	-	32.28	32.28	-	-	32.28	-	-
Total - Previous Year	**29,863.59**	**691.63**	**(475.94)**	**30,079.28**	**19,330.09**	**587.57**	**(347.20)**	**19,570.46**	**10,508.82**	**10,533.50**

* Includes Buildings of Gross value Rs. 433.25 lakh in Plant II leased premises.

The Additions during the year includes those relating to R&D aggregating to Rs. 297.23 lakh (Previous year Rs. 275.86 lakh)

[Rs. in lakh]

Particulars	As at March 31, 2017	As at 31 March, 2016
12 - Non-current Investments		
Non-Trade - Quoted		
Investments in Equity shares		
500 Equity Shares of Rs.10 each fully paid-up in M/s. Chennai Petroleum Corporation Limited	**0.45**	0.45
16,48,000 Equity Shares of Rs.10 each fully paid-up in M/s. Mercantile Ventures Limited (*)	**412.00**	412.00
Non-Trade - UnQuoted		
Investments in Equity shares		
84,999 Equity Shares of Rs.10 each fully paid-up in OPG Power Generation Private Limited	**8.97**	8.97
1,300 Equity Shares of Rs.10 each fully paid-up in AM Corporate Social Responsibility Foundation	**0.13**	0.13
Investments in Equity shares of wholly owned subsidiary		
1,64,21,208 Equity shares (7,45,000 Equity shares in Previous year) of USD 1 each fully paid-up in AMCHEM Speciality Chemicals Private Limited, Singapore	**11,032.18**	494.37
	11,453.73	915.92
Aggregate amount of quoted investments	**412.45**	412.45
Aggregate market value of listed and quoted investments	**196.28**	142.89
Aggregate value of unquoted investments	**11,041.28**	503.47

*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. The shares of this Company has been listed in BSE on 9th February 2015.

13 - Long-term Loans and Advances

Unsecured, considered Good		
Capital Advances	**148.66**	502.29
Advances to employees	**33.45**	10.79
Security Deposits	**1,450.94**	1,403.46
Total	**1,633.05**	1,916.54

[Rs. in lakh]

Particulars	As at March 31, 2017	As at 31 March, 2016
14 - Current Investments		
Current Investments (valued at lower of cost or fair value, unless stated otherwise)		
SBI Premier Liquid Fund (No. of units - 73,921 [Previous Year - 5,622])	**741.61**	56.40
SBI Ultra Short Term Debt Fund (No. of units - NIL [Previous Year - 3,123])	**-**	31.42
SBI Arbitrage Fund (No. of units - NIL [Previous Year - 1,88,19,750])	**-**	2,604.84
HDFC Mutual fund (No. of units - 39,247 [Previous Year - NIL])	**400.25**	-
PNB Mutual Fund (No. of units - NIL [Previous Year - 1,291])	**-**	12.95
SBI Debt Fund (No. of units - NIL [Previous Year - 1,70,00,000])	**-**	1,714.45
Principal Fund (No. of units - NIL [Previous Year - 85,145])	**-**	2,019.75
Total	**1,141.86**	6,439.81
Aggregate amount of current investments in mutual funds		
- Cost	**1,141.86**	6,439.81
- Net asset value	**1,141.86**	6,439.81

15 - Inventories

Raw Materials	**4,276.56**	6,320.96
Raw Materials in Transit	**3,670.73**	1,517.15
Work-in-Process	**195.18**	136.28
Traded Goods	**52.99**	1.82
Finished Goods	**3,202.88**	2,283.91
Stores and Spares	**244.42**	186.91
Total	**11,642.76**	10,447.03
Details of Work in process		
Work-in-process		
Propylene Oxide	**2.33**	1.80
Propylene Glycol	**36.22**	34.86
Polyol	**156.63**	99.62
Total	**195.18**	136.28

[Rs. in lakh]

Particulars	As at March 31, 2017	As at 31 March, 2016
16 - Trade Receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured considered doubtful	**7.34**	7.34
	7.34	7.34
Less: Provision for doubtful Receivables	**7.34**	7.34
	-	-
Others		
Unsecured considered good	**6,277.71**	9,003.13
Total	**6,277.71**	9,003.13

17 - Cash and Cash equivalents

Cash on hand	**2.19**	1.88
Cheques on hand *	**862.11**	2.57
Bank Balances		
Current Accounts	**217.71**	33.28
In EEFC Accounts	**126.14**	27.52
Margin Money Deposit Accounts [Refer Note below]	**564.23**	186.97
Unpaid Dividend Accounts	**400.11**	375.11
Total	**2,172.49**	627.33

Margin money deposits have an original maturity period of less than 12 months.

* Cheques on hand as at 31st March, 2017 includes Rs. 860.66 lakhs towards repayment of Inter-Corporate Deposit along with Interest, realised subsequently.

18 - Short-term Loans and Advances

Unsecured Considered good		
Advances given to vendors	**1,839.08**	6,664.61
Security Deposits	**59.30**	44.47
Loans and Advances to employees	**8.72**	18.80
Prepaid Expenses	**243.68**	339.08
Balances with Government authorities		
CENVAT Credit receivable	**859.41**	879.38
Advance Tax (net of Provisions - Rs. 2,220 lakh for 2015-16)	**-**	439.24
Total	**3,010.19**	8,385.58

19 - Other Current Assets

Unamortised premium on forward contracts	**27.90**	24.65
Interest accrued on Deposits	**79.08**	62.48
Other Claims	**-**	47.45
Total	**106.98**	134.58

[Rs. in lakh]

Particulars	**For the year ended 31 March, 2017**	For the year ended 31 March, 2016
20 - Revenue from Operations		
Sale of Products		
- Finished goods	**59,419.21**	58,958.41
- Traded goods	**4,788.43**	5,203.76
Other Operating Revenue		
Scrap sales	**127.52**	84.59
Revenue from Operations (Gross)	**64,335.16**	64,246.76
Less: Excise Duty #	**6,678.59**	6,342.56
Revenue from Operations (Net)	**57,656.57**	57,904.20

Excise duty on sales amounting to Rs. 6678.59 lakhs (31 March, 2016: Rs. 6342.56 lakhs) has been reduced from Sales in the Statement of Profit and Loss and Excise Duty on increase in Finished Goods amounting to Rs. 121.86 lakhs (31 March, 2016: Rs.249.67 lakhs) has been considered as expense. (Refer Note 25).

Details of Sales (Gross):

Manufactured Goods:		
Propylene Oxide	**1,224.18**	1,239.66
Propylene Glycol	**18,418.21**	18,013.45
Polyol	**38,002.95**	37,085.75
Others	**3,494.00**	3,834.87
	61,139.34	60,173.73
Traded Goods:		
Isocyanates	**1,298.26**	795.75
Polyol	**440.37**	631.98
Others	**3,049.80**	3,776.03
	4,788.43	5,203.76
Less: Trade Discounts	**(1,720.13)**	(1,215.32)
Total	**64,207.64**	64,162.17

21 - Other Income

Interest Income on		
Bank Deposits	**30.69**	44.97
Customer Deposits	**28.14**	26.56
ICD	**70.99**	216.40
Dividend received from current investments	**169.81**	584.83
Insurance claims received	**777.00**	18.93
Provision for Assets / Expenses written back	**622.00**	-
Net gain on foreign currency transactions	**70.96**	93.33
Miscellaneous Income	**87.73**	89.30
Total	**1,857.32**	1,074.32

[Rs. in lakh]

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
22 - Cost of Raw Materials and Packing Materials consumed		
Opening Stock	**7,838.11**	4,042.82
Add: Purchases	**38,370.23**	37,124.67
	46,208.34	41,167.49
Less: Closing Stock	**7,947.29**	7,838.11
Cost of Raw Materials and Packing Materials consumed	**38,261.05**	33,329.38

Materials consumed comprises:

Propylene	**10,607.40**	10,169.49
Methyloxirane Propylene Oxide	**7,269.85**	6,674.64
Chlorine	**1,575.01**	789.13
Others (Individually less than 10% of consumption)	**18,808.79**	15,696.12
Total	**38,261.05**	33,329.38

Purchase of Stock-in-Trade (Traded Goods)

Isocyanates	**1,079.12**	882.63
Polyols	**472.92**	680.58
Others	**2,956.12**	3,705.75
Total	**4,508.16**	5,268.96

23 - Changes in Inventories of Finished Goods, Work-in- Process and Stock-in-Trade

Inventories at the end of the year		
Finished Goods	**3,202.88**	2,283.91
Work-in-process	**195.18**	136.28
Traded Goods	**52.99**	1.82
	3,451.05	2,422.01
Inventories at the beginning of the year		
Finished Goods	**2,283.91**	2,976.16
Work-in-process	**136.28**	197.22
Traded Goods	**1.82**	232.25
	2,422.01	3,405.63
Net Decrease / (Increase)	**(1,029.04)**	983.62

24 - Employee Benefits expense

Salaries and Wages *	**1,601.44**	1,570.60
Contribution to Provident and Other Funds	**102.47**	93.90
Gratuity Expense (Refer Note 33)	**19.34**	21.97
Post-employment benefits (Refer Note 33)	**32.09**	30.33
Staff Welfare Expenses	**464.34**	395.10
Total	**2,219.68**	2,111.90

* Salaries and Wages include Rs. 121.25 Lakhs (Previous year Rs. 120.56 lakhs) towards R&D expenses.

[Rs. in lakh]

Particulars	**For the year ended 31 March, 2017**	For the year ended 31 March, 2016
25 - Other Expenses		
Consumption of Stores and Spares	**168.05**	652.37
Increase / (Decrease) of excise duty on inventory *	**121.86**	(249.67)
Power and Fuel	**5,149.30**	4,573.16
Water charges	**706.40**	695.66
Rent	**120.06**	89.89
Repairs and Maintenance		
Building	**186.47**	131.60
Plant and machinery	**130.82**	1,156.36
Information Technology	**9.31**	52.81
Others	**78.53**	74.53
Insurance	**283.91**	102.96
Rates and Taxes	**228.36**	1,047.84
Agency Commission	**212.79**	205.48
Freight Outward	**184.79**	140.73
Discount others		
Legal and Professional	**189.44**	210.18
Payment to Auditors:		
As Auditors - Statutory Audit	**11.75**	10.00
Taxation matters	**1.50**	-
Other services	**5.25**	7.00
Directors Sitting fees	**16.50**	12.00
Net loss on foreign currency transaction and translation (other than considered as finance cost)		
Bad trade and other receivables, loans and advances written off	**-**	291.30
Less: Provision released	**-**	(283.95)
Expenditure on Corporate social responsibility	**40.00**	5.24
Loss on Property, Plant & Equipments sold/scrapped/written off	**101.33**	124.83
Miscellaneous Expenses	**529.22**	468.02
Total	**8,475.64**	9,518.34

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

Above expenses include those relating to R&D aggregating to Rs. 124.06 lakhs (Previous Year Rs. 28.99 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 31 March, 2017 is Rs. 2,552.03 lakhs (previous year Rs.3,239.75 lakhs).

[Rs. in lakh]

Particulars	As at March 31, 2017	As at 31 March, 2016
27 - Contingent Liabilities		
a) Bills discounted	**608.97**	541.67

b) The details of disputed demands are as follows:

Nature of the Dues	Forum before which the dispute is pending	Period to which it relates	As at 31 March, 2017	As at 31 March, 2016
Excise Duty	High Court of Madras	2007-08	**53.39**	53.39
Service Tax	Customs, Excise and Service Tax Appellate Tribunal	Various Years	**6.80**	6.80
	Disputed Excise & Customs demand		**60.19**	60.19
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
	Appellate Deputy Commissioner (CT)	2008-09	**6.06**	6.06
	High Court of Madras	Various Years	**3.44**	3.44
	Disputed Sales Tax demand		**56.98**	56.98
		Assessment year		
Income Tax	Commissioner of Income Tax (Appeals)	2006-07	**-**	1,080.74
	Commissioner of Income Tax (Appeals)	2007-08	**-**	1,192.08
	Commissioner of Income Tax (Appeals)	2008-09	**518.45**	518.45
	Commissioner of Income Tax (Appeals)	2009-10	**3.12**	3.12
	Deputy Commissioner of Income Tax	2010-11	**176.88**	176.88
	Assistant Commissioner of Income Tax	2012-13	**476.90**	476.90
	Commissioner of Income Tax (Appeals)	2014-15	**78.08**	-
	Disputed Income Tax demand **		**1,253.43**	3,448.17

** Against the above demands, the Company has paid Rs. 11.71 lakhs (Previous year - Rs. 100 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.

c) During the previous year, CESTAT has allowed the Company's appeal in respect of service tax matters for various years of Rs. 48.90 lakhs. There is a probability that the Department may go on appeal

d) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

28 - There are no over due amounts payable to Micro, Small & Medium Enterprises [MSME] as on the Balancesheet date or anytime during the year and hence no interest has been paid/payable. 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.

[Rs. in lakh]

Particulars	**For the year ended 31 March, 2017**	For the year ended 31 March, 2016
29 - Value of Imports calculated on CIF basis		
Raw Materials, Stores and Consumables	**15,490.06**	16,094.78
Traded goods	**2,190.28**	1,284.31
	17,680.34	17,379.09

30 - Expenditure in Foreign Currency

Travel	**99.16**	73.31
Others	**198.86**	120.69
	298.02	194.00

31 - Details of consumption of imported and indigenous items

		For the year ended 31 March, 2017		For the year ended 31 March, 2016	
Particulars		**Percentage (%) of total consumption**	**Value [Rs. in lakhs]**	Percentage (%) of total consumption	Value [Rs. in lakhs]
i)	**Raw materials**				
	Imported	**51.55**	**19,724.52**	46.00	15,348.76
	Indigenous	**48.45**	**18,536.53**	54.00	17,980.62
		100.00	**38,261.05**	100.00	33,329.38
ii)	**Stores and consumables**				
	Imported	**11.87**	**19.95**		-
	Indigenous	**88.13**	**148.10**	100.00	652.37
		100.00	**168.05**	100.00	652.37

32 - Earnings in Foreign Currency

Export of goods calculated on FOB basis	**2,492.58**	2,078.12
Export of goods calculated on CIF basis	**2,593.07**	2,155.08

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. 96.07 lakhs (year ended 31 March, 2016 - Rs.89.56 lakhs) for Provident Fund contributions and Rs. 32.10 lakhs (year ended 31 March, 2016 - Rs.30.33 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 gratuity expense 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)

iii) Compensated absences (included as a part of contribution to Provident & other funds as per Note 24 : Employee Benefits Expense).

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

[Rs. in lakh]

Net employee benefit expenses (recognised in employee cost)

Particulars	Superannuation		Gratuity	
	Year ended 31 March, 2017	Year ended 31 March, 2016	**Year ended 31 March, 2017**	Year ended 31 March, 2016
Current Service Cost	**4.94**	4.68	**24.55**	21.65
Interest cost on benefit obligation	**8.44**	8.48	**25.02**	21.71
Expected return on plan assets	**(12.36)**	(11.28)	**(27.66)**	(24.39)
Net actuarial (gain) / loss recognised in the year	**2.82**	(12.60)	**4.17**	14.81
Total expense recognised in the statement of Profit and Loss	**3.84**	(10.72)	**26.08**	33.78

Net Asset / (Liability) recognised in the Balance sheet

Particulars	Superannuation		Gratuity	
	Year ended 31 March, 2017	Year ended 31 March, 2016	**Year ended 31 March, 2017**	Year ended 31 March, 2016
Fair value of plan assets at the end of the year	**168.87**	154.54	**375.74**	334.44
Present value of defined obligations at the end of the year	**127.07**	108.90	**364.80**	322.08
Planned Asset / (Liability) recognised in the Balance Sheet	**41.80**	45.64	**10.94**	12.36

Changes in defined benefit obligations during the year

Particulars	Superannuation		Gratuity	
	Year ended 31 March, 2017	Year ended 31 March, 2016	**Year ended 31 March, 2017**	Year ended 31 March, 2016
Present value of defined benefit obligations at the beginning	**108.90**	109.34	**322.08**	277.00
Interest cost	**8.44**	8.48	**25.01**	21.71
Current service cost	**4.94**	4.68	**24.55**	21.65
Benefits paid	**0.00**	(6.58)	**(10.22)**	(13.58)
Actuarial (Gains) / losses	**4.79**	(7.02)	**3.38**	15.30
Present value of defined obligations at the end	**127.07**	108.90	**364.80**	322.08

Changes in the fair value of assets during the year

Particulars	Superannuation		Gratuity	
	Year ended 31 March, 2017	Year ended 31 March, 2016	**Year ended 31 March, 2017**	Year ended 31 March, 2016
Plan assets at beginning of the year	**154.54**	144.26	**334.44**	290.79
Expected return on plan assets	**12.36**	11.28	**27.66**	24.39
Actual Company contribution	**0.00**	-	**24.67**	32.34
Benefits paid	**0.00**	(6.58)	**(10.22)**	(13.58)
Actuarial Gains (losses)	**1.97**	5.58	**(0.80)**	0.49
Plan assets at the end	**168.87**	154.54	**375.75**	334.43

[Rs. in lakh]

Composition of the Plan Assets is as follows:

Particulars	(As Percentage of Total Plan Assets) Superannuation Trust		(As Percentage of Total Plan Assets) Gratuity Trust*	
	Year ended 31 March, 2017	Year ended 31 March, 2016	**Year ended 31 March, 2017**	Year ended 31 March, 2016
Central and State Government Securities	**52.60**	43.21	**55.54**	46.65
Investment in other permitted securities	**41.84**	50.56	**39.09**	44.91
Others (to specify)	**5.56**	6.23	**5.37**	8.44
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 employees of 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

Superannuation	Year ended				
	31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014	31 March, 2013
Defined Benefit Obligations	**127.07**	108.90	109.34	98.06	109.66
Plan Assets	**168.87**	154.54	144.26	131.21	122.22
Surplus / (Deficit)	**41.80**	45.64	34.92	33.15	12.56
Experience Adjustments on Plan Liabilities	**(5.96)**	(11.87)	(11.57)	(21.18)	(15.43)
Experience Adjustments on Plan Assets	**1.97**	5.59	(26.24)	0.85	(1.37)

Gratuity	Year ended				
	31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014	31 March, 2013
Defined Benefit Obligations	**364.80**	322.08	277.00	265.77	247.87
Plan Assets	**375.74**	334.43	290.79	260.08	220.62
Surplus / (Deficit)	**10.94**	12.35	13.79	(5.69)	(27.25)
Experience Adjustments on Plan Liabilities	**(14.60)**	1.73	(0.02)	(0.02)	36.85
Experience Adjustments on Plan Assets	**(0.80)**	0.81	(1.17)	(1.17)	(6.52)

Principal Actuarial assumptions for Gratuity and Post Employment obligations

Particulars	Rate (%)	
	2016-17	2015-16
a) Discount Rate	**7.25**	8.00
b) Future salary increase *	**5.00**	5.00
c) Attrition rate	**3.00**	3.00

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

Estimated amount of contribution in the next year - Rs. 66.00 lakhs

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 Company : SIDD Life Sciences Private Limited

Wholly owned Subsidiary: AMCHEM Speciality Chemicals Private Limited (w.e.f. 1st March, 2016)
AMCHEM Speciality Chemicals UK Limited (w.e.f. 15th August, 2016)
Notedome Limited (w.e.f. 1st October, 2016)

Enterprise in which Director is a Partner: CNGSN & Associates, LLP

Key Management Personnel [KMP]: Mr Muthukrishnan Ravi, Managing Director

Enterprise over which Key Management Personnel exercised significant influence: Tamilnadu Petroproducts Limited (upto 3rd February, 2016)

Related Party Transactions:

The Company has identified all related parties and details of transactions are given below:

[Rs. in lakh]

Nature of Transaction	**Related Party**	**FY 2016-17**	FY 2015-16
Dividend Paid	M/s SIDD Life Sciences Private Limited	**329.23**	329.23
Purchase of goods	M/s Tamilnadu Petroproducts Limited	**-**	669.49
Purchase of services		**-**	11.10
Sale of services		**-**	15.26
Purchase of Property, Plant & Equipments		**-**	26.39
Sale of Property, Plant & Equipments		**-**	0.33
Discounts received		**-**	2.18
Reimbursement of expenses		**-**	33.72
Reimbursements received		**-**	34.05
Purchase of services	M/s CNGSN & Associates, LLP	**5.78**	-
Remuneration paid	Mr Muthukrishnan Ravi	**-**	80.42
Investment in Equity Shares	M/s AMCHEM Speciality Chemicals Private Limited, Singapore	**10,537.81**	494.37

35 - Earnings Per Share (EPS)

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

Particulars	**Year ended March 31, 2017**	Year ended March 31, 2016
Net Profit after tax	**4,042.43**	4,821.25
No. of Shares used in computing earnings per share	**17,19,99,229**	17,19,99,229
Earnings Per Share - Basic and Diluted (in Rupees)	**2.35**	2.80
Face Value Per share (in Rupees)	**5.00**	5.00

[Rs. in lakh]

36 - Deferred Tax Liability

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

Tax effect of items constituting Deferred Tax liability	As at 31 March, 2016	For the year	As at 31 March, 2017
On difference between Book balance and Tax balance of Property, Plant & Equipment	2,007.11	**13.75**	**2,020.86**
Tax effect of items constituting Deferred Tax assets			
Provision for doubtful debts / advances	(2.55)	**0.01**	**(2.54)**
Disallowance under section 43B of Income Tax Act, 1961 (Provisions)	(1,747.02)	**454.41**	**(1,292.61)**
Provision for compensated absences, Gratuity and other employee benefits	(58.46)	**(1.86)**	**(60.32)**
Net Deferred Tax Liability	199.08	**466.31**	**665.39**

37 Details on derivative instruments and unhedged foreign currency exposures

(a) Forward exchange contracts, which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables.

(i) Details of Foreign currency Exposure that are not hedged by derivative instrument

Particulars	**As at 31st March, 2017**		As at 31st March, 2016	
	Amount in lakh		Amount in lakh	
	Foreign currency	**Rs.**	Foreign currency	Rs.
Trade Receivables-USD	**2.84**	**189.46**	4.64	307.86

(ii) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2017

Particulars	**As at 31st March, 2017**		As at 31st March, 2016	
	Amount in lakh		Amount in lakh	
	Foreign currency	**Rs.**	Foreign currency	Rs.
Trade Payables-USD	**83.12**	**5,480.61**	31.99	2,196.55

38. Details of operating leasing arrangements - Non cancellable leases

Bulk storage facility at Ennore Port-The lease is for a period of 15 years . In the event of premature termination of this agreement prior to the expiry of fifteen year firm period, the Company is liable to make payment of termination compensation as per terms of agreement. The lease agreement provides for an increase in the lease payments by 3% every year.

Storage of polyols at Meerut-The lease is is for a period of 54 months. The lease agreement provides for an increase of 4% every year.

Office premises-The leases is for a period of 9 years. The lease agreement provides for an increase in the lease payments by 15% every 3 years.

	Not later than one year	Later than one year and not later than five years	Later than five years
Future minimum lease payments	**584.24**	**2,952.41**	**4,522.99**

39. Segment Reporting:

The primary reporting of the Company has been made on the basis of business segments. The Company has the following reportable business segments as defined in Accounting Standard 17 on Segment Reporting: Manufacturing & Trading. The details in respect of business segment is given below:

SEGMENTWISE REVENUE, RESULTS, ASSETS & LIABILITIES [Rs. In lakh]

Particulars	For the year ended March 31, 2017
1. Segment Revenue	
Manufacturing	**59,546.73**
Trading	**4,788.43**
Total	**64,335.16**
2. Segment Results	
Manufacturing	**4,104.27**
Trading	**332.90**
Total	**4,437.17**
Less: (i) Finance Cost	**185.75**
(ii) Other Unallocable Expenses / (Income) Net	**(1,857.32)**
Total Profit Before Tax	**6,108.74**
Tax Expense	**2,066.31**
Net Profit After Taxes	**4,042.43**
3. Segment Assets	
Manufacturing	**35,001.49**
Trading	**1,067.65**
Unallocable Assets	**15,605.78**
Total	**51,674.92**
4. Segment Liablities	
Manufacturing	**16,999.85**
Trading	**-**
Unallocable Liabilities	**2,362.51**
Total	**19,362.36**
5. Capital Expenditure	
Manufacturing	**2,678.61**
Trading	**-**
Unallocable Expenditure	**-**
Total	**2,678.61**
6. Depreciation & Amortisation	
Manufacturing	**783.91**
Trading	**-**
Unallocable Depreciation & Amortisation	**-**
Total	**783.91**

During the year the Company has identified manufacturing of Petrochemicals and trading in Chemicals as Business segments. Accordingly presenting of comparative figures for the previous year is not applicable.

40. **Research and Development expenditure incurred during the year is given below:**

[Rs. In lakh]

Particulars	2016-17	2015-16
Revenue Expenditure	**245.31**	149.55
Capital Expenditure (including work-in progress)	**297.23**	275.86

41. **Details of Corporate Social Responsibility spent during the financial year:-**

- Gross amount required to be spent by the company during the year 122.63 Lakhs
- Amount spent during the year on:

	In Cash	Yet to be paid in cash	Total
1. Construction / Acquisition of any asset	-	-	-
2. On purposes other than (1) above	40.00	-	40.00

42. **Insurance claims submitted during the year 2015-16:**

During the previous year, the operations of the Company were significantly impacted due to unprecedented rainfall, consequent flooding and power interruptions, for which the Company had made claims with the Insurers towards loss of inventory, damage to Property, Plant & Equipments, loss of production and profits. In December 2016, the Insurance company has settled the claims at Rs.1,522.46 lakhs and paid the balance amount of Rs.622.46 lakhs after adjusting the ad hoc advances paid in this regard. The company has recorded the claim settlement received appropriately.

43. **Specified Bank Note**

Particulars	SBNs	Others	Total
Cash in hand as on 08.11.2016	1.04	0.35	1.38
(+) Permitted receipts	-	-	-
(+) Other receipts (advances returned from employees)	0.81	9.58	10.39
(-) Permitted payments	-	8.26	8.26
(-) Amount deposited in Banks	1.85		1.85
Cash in hand as on 30.12.2016	-	1.67	1.67

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

45. The financial statements of Manali Petrochemicals Limited were approved by the Board of Directors at its meeting held on 16 May, 2017

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Ashwin C Muthiah
Chairman
(DIN: 00255679)

Place: Chennai
Date : May 16, 2017

Anis Tyebali Hyderi
Chief Financial Officer

R Kothandaraman
Company Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANALI PETROCHEMICALS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Manali Petrochemicals Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group as at March 31, 2017, their consolidated profits and their consolidated cash flows for the year ended on that date.

Other Matters

a) We did not audit the financial statements of the subsidiaries whose financial statements reflect total assets of Rs. 27,398.18 Lakhs as at March 31, 2017, total revenues of Rs. 5,063.63 Lakhs and net cash flows amounting to Rs. 206.76 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the report of the other auditors. The financial statements / other financial information of these subsidiaries have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to Indian GAAP. We have audited these conversion adjustments made by the Holding company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding company and audited by us.

b) Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding company is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding Company's internal financial controls over financial reporting only, since the subsidiaries are incorporated outside India.

g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group (Refer Note 27 to the consolidated financial statements).

   ii. The Group did not have any long-term contracts including derivative contracts (Refer Note 27 (d) to the consolidated financial statements).

   iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding company.

   iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016 of the Company. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company. This requirement is not applicable to subsidiaries as they are incorporated outside India. (Refer Note 41 to the consolidated financial statements.).

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

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: May 16, 2017

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **Manali Petrochemicals Limited** (hereinafter referred to as "the Holding Company") as of that date. The Holding Company does not have any subsidiary companies incorporated in India.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding company is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company" considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Holding company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: May 16, 2017

MANALI PETROCHEMICALS

Consolidated Balance Sheet as at March 31, 2017

[Rs. in lakh]

	Particulars	Note No.	As at 31 March 2017	As at 31 March 2016
A.	**EQUITY AND LIABILITIES**			
1	**Shareholders' Funds**			
	Share Capital	3	**8,603.47**	8,603.47
	Reserves and Surplus	4	**22,549.43**	19,640.86
	Total - Shareholders' Funds		**31,152.90**	28,244.33
2	**Non-current Liabilities**			
	Deferred tax liabilities (net)		**730.87**	199.08
	Other long-term liabilities	5	**733.11**	161.01
	Long-term provisions	6	**133.10**	136.06
	Total - non-current liabilities		**1,597.08**	496.15
3	**Current liabilities**			
	Short-term borrowings	7	**2,006.34**	225.74
	Trade payables	8		
	(a) total outstanding dues of micro enterprises and small enterprises		**-**	43.87
	(b) total outstanding dues of creditors other than micro enterprises and small enterprises		**13,441.79**	13,416.47
	Other current liabilities	9	**4,125.60**	5,576.84
	Short-term provisions	10	**897.30**	1,936.50
	Total - current liabilities		**20,471.03**	21,199.42
	TOTAL - EQUITY AND LIABILITIES		**53,221.01**	49,939.90
B.	**ASSETS**			
1	**Non-current assets**			
	Property, Plant & Equipment			
	Tangible assets	11	**12,739.48**	10,508.82
	Goodwill on consolidation		**7,883.33**	2.50
	Capital work-in-progress		**2,839.98**	1,580.34
	Total - Fixed assets		**23,462.79**	12,091.66
	Non-current investments	12	**421.55**	421.55
	Long-term loans and advances	13	**1,633.06**	1,916.54
	Total - Non-current assets		**25,517.40**	14,429.75
2	**Current assets**			
	Current investments	14	**1,141.86**	6,439.81
	Inventories	15	**12,404.98**	10,447.03
	Trade receivables	16	**8,174.62**	9,003.13
	Cash and cash equivalents	17	**2,827.86**	1,075.93
	Short-term loans and advances	18	**3,047.31**	8,409.67
	Other current assets	19	**106.98**	134.58
			27,703.61	35,510.15
	TOTAL - ASSETS		**53,221.01**	49,939.90

See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Ashwin C Muthiah
Chairman
(DIN: 00255679)

Place: Chennai
Date : May 16, 2017

Anis Tyebali Hyderi
Chief Financial Officer

R Kothandaraman
Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2017

[Rs. in lakh]

	Particulars	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
1.	**Revenue from Operations**		**62,583.92**	57,904.20
2.	**Other Income**	21	**1,943.68**	1,074.32
3.	**Total Revenues (1+2)**		**64,527.60**	58,978.52
4.	**Expenses**			
	Cost of raw materials and packing materials consumed	22	**41,554.19**	33,329.38
	Purchase of stock-in-trade (traded goods)	22	**4,508.16**	5,268.96
	Changes in inventories of finished goods, work-in- progress and stock-in-trade	23	**(1,098.65)**	983.62
	Employee benefits expense	24	**3,269.58**	2,111.90
	Finance costs		**230.17**	252.34
	Depreciation	11	**831.80**	587.57
	Other expenses	25	**9,233.81**	9,544.29
	Total Expenses		**58,529.06**	52,078.06
5.	**Profit Before Tax (3-4)**		**5,998.54**	6,900.46
6.	**Tax Expense**			
	Current tax expense		**1,757.55**	2,220.00
	Deferred tax	33	**456.75**	(114.84)
	Net tax expense		**2,214.30**	2,105.16
7.	**Profit After Tax (5-6)**		**3,784.24**	4,795.30
8.	**Earnings Per Share of Rs. 5/- each (Basic and Diluted)**	31	**2.20**	2.79

See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Ashwin C Muthiah
(DIN: 00255679)
Chairman

Place: Chennai
Date : May 16, 2017

Anis Tyebali Hyderi
Chief Financial Officer

R Kothandaraman
Company Secretary

Consolidated Cash Flow Statement for the year ended 31 March, 2017

[Rs. in lakh]

Particulars		Year ended March 31, 2017		Year ended March 31, 2016
A. Cash flow from operating activities				
Profit before Tax		**5,998.54**		6,900.46
Adjustments for				
Depreciation	**831.80**		587.57	
Dividend income	**(169.81)**		(584.83)	
Finance costs	**230.17**		252.34	
Interest income	**(129.81)**		(287.93)	
Provision for doubtful debts	**-**		7.34	
Net unrealised exchange (gain) / loss	**(157.00)**		(157.29)	
Loss on sale / write-off of assets	**101.69**		124.83	
		707.03		(57.97)
Operating Profit		**6,705.57**		6,842.49
Changes in Working Capital				
Adjustments for (increase) / decrease in operating assets				
Inventories	**(922.00)**		(2,882.14)	
Trade Receivables	**2,886.00**		(757.44)	
Short-term loans and advances	**5,389.96**		(6,108.88)	
Long-term loans and advances	**283.48**		10.71	
Adjustments for (increase) / decrease in operating liabilities				
Trade payables	**2,381.81**		3,597.59	
Other current liabilities	**(1,451.24)**		2,344.72	
Other long-term liabilities	**572.10**		(15.33)	
Short-term provisions	**(209.14)**		(614.25)	
Long-term provisions	**(2.96)**		13.77	
		8,928.01		(4,411.25)
		15,633.59		2,431.24
Net income tax paid		**(1,377.52)**		(3,024.82)
Net cash flow used in operating activities [A]		**14,256.07**		(593.58)
B. Cashflow from investing activities				
Capital expenditure on fixed assets, including capital advances		**(19,584.08)**		(1,639.76)
Proceeds from sale of fixed assets		**0.02**		-
Investments in Equity shares		**-**		(3.95)
Interest income		**129.81**		287.93
Dividend income		**169.81**		584.83
Bank balances not considered as cash and cash equivalents		**(528.40)**		78.28
Net cash from/(used in) Investing activities [B]		**(19,812.84)**		(692.67)
C. CASH FLOW FROM FINANCING ACTIVITIES				
(Repayment) / Proceeds from Short-term borrowings		**1,780.60**		158.70
Interest paid		**(230.17)**		(252.34)
Dividend paid		**(860.00)**		(860.00)
Tax on dividend		**(175.08)**		(175.08)
Net cash from/(used in) Financing Activities [C]		**515.35**		(1,128.72)
Net (decrease) / increase in cash and cash equivalents = (A+B+C)		**(4,074.42)**		(2,414.97)
Cash and cash equivalents at the beginning of the period		**6,953.66**		9,369.06
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents				(0.43)
Cash and cash equivalents at the end of the period		**2,879.24**		6,953.66
Cash and cash equivalents at the end of the year Comprises:				
Cash on hand and Balances with banks [Note 17]		**2.19**		1.88
Cheques on hand		**862.11**		2.57
Balance with Banks				
In current accounts (including debit balance in cash credit)		**873.08**		481.88
In demand deposit accounts				
In other deposit accounts				27.52
Current investments [Note 14]		**1,141.86**		6,439.81
Cash and Cash equivalents		**2,879.24**		6,953.66
Reconciliation of Cash and Cash Equivalents:				
Cash and Cash equivalents (Note 17)		**2,827.86**		1,075.93
Less: Margin Money Deposit Accounts		**690.37**		186.97
Less: Unpaid Dividend Accounts		**400.11**		375.11
Net Cash and Cash equivalents		**1,737.38**		513.85
Add: Current Investments (Note 14)		**1,141.86**		6,439.81
Cash and Cash equivalents as shown above		**2,879.24**		6,953.66

Notes: (i) The earmarked account balances with banks can be utilised only for specific identified purposes.

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Geetha Suryanarayanan
Partner
(Membership No. 29519)
Place: Chennai
Date : May 16, 2017

Ashwin C Muthiah
Chairman
(DIN: 00255679)

Anis Tyebali Hyderi
Chief Financial Officer

R Kothandaraman
Company Secretary

Notes to Consolidated Financial Statements for the year ended 31 March, 2017

1. CORPORATE INFORMATION

Manali Petrochemicals Limited (the 'Company') is a Public Limited 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. The Company acquired 100% equity in AMCHEM Speciality Chemicals Private Limited, Singapore on March 1, 2016 which would act as the investment holding company for overseas investments; AMCHEM, Singapore invested in a newly incorporated Company in AMCHEM Speciality Chemicals UK Limited, UK on September 29, 2016, which in turn acquired Notedome Limited, UK on October 1 2016.

2. BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF ACCOUNTING AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiary (together "The Group") have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013("the Act"), as applicable. The consolidated financial statements have been prepared on the accural basis under the historical cost convention.

2.2 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to Manali Petrochemicals Limited (the 'Company') and AMCHEM Speciality Chemicals Private Limited, Singapore, AMCHEM Speciality Chemicals UK Limited , UK and Notedome Limited UK, all are wholly owned subsidiaries of the Company. The consolidated financial statements have been prepared on the following basis:

(i) The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2017.

(ii) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

(iii) The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary company, at the date on which the investments in the subsidiary company was made, is recognised as 'Goodwill' being an asset in the consolidated financial statements.

(iv) Goodwill arising on consolidation is not amortised but tested for impairment.

(v) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. (Refer Note 2.3(e) on depreciation.)

All the three subsidiaries of the Company are considered as a non - integral foreign operations for the purpose of consolidation, based on the guidance given in the Accounting standards.

2.3 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 the results are known / materialise.

b. INVENTORIES

a) Raw materials and stores and spares are valued at lower of cost and the net realizable value after providing for obsolescence and other losses, where considered necessary. 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 (weighted average basis) and net realisable value after providing for losses arising on quality, based on technical evaluation. 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.

c. 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.

d. 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.

e. DEPRECIATION AND AMORTISATION

Depreciable amount for assets is the cost of assets less its estimated residual value. Depreciation on Property, Plant and Equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of asset, in whose case the life of the assets has been assessed as under taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Developments on Leasehold land is amortised over the period of the lease. Certain Plant & Machinery are depreciated over the useful life of 20 years, based on technical estimate.

Intangible assets - software is amortised over the estimated useful life of 3 years. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Notedome (UK) calculates depreciation using “Reducing Balancing Method”. Since the GAAP difference may not be material, no adjustment is carried out in these consolidated financial statements.

f. 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.

Sale of services

Income from sale of services is accrued over the period of contract

Dividend

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

Interest

Interest income is accounted on accrual basis.

g. PROPERTY , PLANT & EQUIPMENT , INTANGIBLE ASSETS AND CAPITAL WORK IN PROGRESS

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. 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: Projects under which property, plant and equipment are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

h. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of exchange differences

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.

Policy adopted in respect of non-integral foreign operations:

Transactions of non-integral foreign operations are translated at average exchange rates prevailing during the period under consideration. All assets and liabilities are translated at the year-end rates. The exchange differences are accumulated in a "Foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in "Foreign currency translation reserve" is recognised as income / expense in the same period in which the gain or loss on disposal is recognised.

Accounting for forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

i. 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.

j. INVESTMENTS

Long-term investments 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.

k. 'EMPLOYEE BENEFITS

1. 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 Statement of Profit and Loss 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.

2. Long-term employee benefits

i. 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.

ii. 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. Acturial 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. Further, in respect of specific employees, additional accruals are made based on the scheme of the Company.

c) Long tem 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.

l. SEGMENT REPORTING

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure.

m. 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 over the lease term.

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. TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates under provisions of Income Tax Act 1961 and other applicable tax laws in respect of subsidiaries..

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 and items relating to capital 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 accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability is considered as an asset if there is convincing evidence that the company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance sheet when it is highly probable that the future economic benefit associated with it will flow to the company.

p. 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. Property, Plant and Equipment utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Property , Plant and Equipment and Intangible Assets.

q. IMPAIRMENT OF 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 following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

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 (other than a revalued 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, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

r. 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.

s. INSURANCE CLAIMS

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

t. 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 reasonable certainty in availing / utilising the credits.

u. 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.

[Rs. in lakh]

Particulars	**As at 31 March, 2017**	As at 31 March, 2016
3 - Share Capital		
Authorised		
24,00,00,000 (Previous Year: 24,00,00,000) Equity Shares of Rs.5 each	**12,000.00**	12,000.00
Issued, Subscribed and Fully Paid Up		
17,19,99,229 (Previous Year: 17,19,99,229) Equity Shares of Rs.5 each fully paid up	**8,599.96**	8,599.96
Add: Forfeited shares	**3.51**	3.51
Total issued, subscribed and fully paid-up Share Capital	**8,603.47**	8,603.47

4 - Reserves and Surplus

Particulars	**As at 31 March, 2017**	As at 31 March, 2016
A. SECURITIES PREMIUM RESERVE	**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 (Refer Note 4.1 below)		
Opening Balance	**84.00**	84.00
Add: Additions during the year		
Capital Reserve - Closing Balance	**84.00**	84.00
D. SURPLUS IN THE STATEMENT OF PROFIT AND LOSS		
Opening Balance	**19,354.53**	15,595.84
Less: Transition Adjustment (Refer Note 4.1 below)		
Add: Profit for the year	**3,784.24**	4,795.30
Less: Appropriations		
Transfer to General Reserves		
Proposed Equity Dividend Current year	**-**	(860.00)
Tax on Proposed Equity Dividend	**-**	(175.07)
P&L Surplus - Closing Balance	**23,138.77**	19,356.07
E. Foreign currency translation Reserve		
Opening Balance	**0.14**	0.14
Add: Additions during the year	**(874.13)**	
Less: Utilised during the year		
Foreign currency translation Reserve - Closing Balance	**(873.99)**	0.14
Total	**22,549.43**	19,640.86

4.1 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 lakh]

Particulars	As at 31 March, 2017	As at 31 March, 2016
5 - Other Long-term Liabilities		
Long Term loans	**587.43**	-
Deposits	**145.68**	161.01
Total	**733.11**	161.01

The deposits have been classified as under:

As Other Long-term Liabilities	**145.68**	161.01
As Other Current Liabilities (Note 9)	**15.33**	15.33

Interest free deposit movement:

Opening Deposit Balance	**176.34**	191.67
Less: Deposit refunded during the year	**15.33**	15.33
Closing Balance	**161.01**	176.34

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

This loan are secured by the assets acquired on lease / hire purchase.

6 - Long-term Provisions

Provision for employee benefits - Non Current [Note 33]		
Post employment benefits	**50.24**	49.14
Compensated absences	**82.86**	86.92
Total	**133.10**	136.06

7 - Short-term Borrowings

Cash Credit from Banks (Secured)	**2,006.34**	225.74
Total	**2,006.34**	225.74

Cash Credit from banks taken by holding company, 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. Loans of Subsidiaries are secured against the sixed and the floating assets of the subsidiary company.

The Holding 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	**6,794.46**	2,668.74
Acceptances - Others:	**-**	
Outstanding dues of micro enterprises and small enterprises (Refer note- 28)	**-**	43.87
Outstanding dues of creditors other than micro enterprises and small enterprises.	**6,647.33**	10,747.73
Total	**13,441.79**	13,460.34

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

[Rs. in lakh]

Particulars	As at 31, March 2017	As at 31, March 2016
9 - Other Current Liabilities		
Unpaid Dividend	**400.11**	375.11
Other Payables:		
Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	**259.02**	84.85
Loan from AM International Holdings	**-**	5.40
Contractually reimbursible expenses	**34.46**	37.60
Employee Benefits Payable (Note 33)		
Post Employment Benefits	**-**	-
Gratuity	**19.00**	24.67
Advance received from Insurance Company	**87.89**	600.00
Other current liabilities	**3,309.79**	4,433.88
Current Portion of Deposits (Note 5)	**15.33**	15.33
Total	**4,125.60**	5,576.84

Others Include:

1. The company has received an advance of Rs. 277.85 lakhs [Previous year Rs. 277.85 lakh USD 503, 897 representing 90%] towards subsidy from Ozone Cell, Ministry of Environment and Forests, Government of India for phasing out of HCFC in the production of Polyols. During 2014-15, the Company installed related assets and completed Stage 1 of thasing out of HCFC in all aspects by December 2016; Ozone Cell has appointed an Independent consultant to inspect the facility which is scheduled for May 2017. As at the year end, the advance reserved as above is grouped under other current liabilities and the related assets capitalised in the books at cost upon complication of inspection and on receipt of full grant, the subsidy will be recorded in the books in accordance with the Accounting Standard 12-Accounting for Government Grants.
2. The Company has received a demand for Rs. 1,677 lakhs during October 2013, towards lease rent for factory land, provision for which was made in earlier years and included in the above.

10 - Short-term Provisions

Provision for employee benefits (Note 33)		
For Compensated absences - Current	**22.19**	8.21
Provision - Others		
Proposed Equity Dividend	**-**	860.00
Tax on Proposed Equity Dividend	**-**	175.07
Provision for wage arrears *	**792.36**	893.22
Provision for discounts & agency commission	**-**	-
Provision for Tax (net of advance tax of Rs. 1,377.52 lakhs)	**82.75**	
Total	**897.30**	1,936.50

* Provision for Wage Arrears

In 2004, a claim was made against the Company by its workmen, demanding wage revision for the years from 2001 to 2004. This matter was adjudicated by the Industrial Tribunal on October 23, 2008, which was challenged by the Company in the Supreme Court. In October 2015, the employees' union filed an Interim Application (IA) No. 12 of 2015 in the Supreme court. Upon hearing both sides, the Supreme court gave directions to withdraw the SLP subject to payment Rs.1 lakh to each workman and with liberty to approach Madras High Court and file a Writ Petition within 6 weeks from date of the order i.e. January 8,2016 to get finality in this matter . Accordingly, the Company filed a Writ Petition in Madras High Court in February 2016 and released the interim payment as per direction of the Supreme court.

With the efforts of a Mediator appointed by the High Court , some of the employees signed the "out of court settlement letter" and got settled during the year; In respect of others, with whom mediation was failed, the matter was referred back to High Court and the next hearing is fixed on June 05, 2017. Hence the company continues to provide till the issue is fully resolved."

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

Particulars	2016-17	2015-16
Balance at beginning of the year	**893.22**	951.72
Charge for the year	**254.45**	60.51
Payments made during the year	**(355.32)**	(119.01)
Balance at end of the year	**792.35**	893.22

11 - Fixed Assets (Current Year)

[Rs. in lakh]

Particulars	Gross Block			Accumulated Depreciation and Amortisation				Net Book Value		
	As at April 1, 2016	Additions	Disposals	As at 31 March, 2017	As at April 1, 2016	Expense for the year	Eliminated on disposal	As at 31 March, 2017	As at 31 March, 2017	As at 31 March, 2016
A. Tangible Assets										
Land	179.75	-	-	**179.75**	0.53	-	-	**0.53**	**179.22**	179.22
Development on leasehold land	20.25	-	-	**20.25**	18.99	1.22	-	**20.21**	**0.04**	1.26
Buildings*	1,684.33	1,197.34	(19.18)	**2,862.48**	666.21	92.38	(2.85)	**755.74**	**2,106.74**	1,018.12
Plant and Machinery	27,461.91	1,803.29	(828.95)	**28,436.25**	18,390.31	698.41	(695.29)	**18,393.43**	**10,042.82**	9,071.60
Furniture and Fixtures	120.99	128.51	(15.67)	**233.83**	34.60	5.58	(10.05)	**30.13**	**203.70**	86.39
Office Equipments	123.75	40.89	(0.06)	**164.58**	41.57	11.03	(0.06)	**52.55**	**112.03**	82.18
Computers	404.02	15.97	(31.09)	**388.89**	354.85	16.87	(27.52)	**344.20**	**44.69**	49.17
Vehicles	52.00	35.57	-	**87.57**	31.12	6.31	(0.10)	**37.33**	**50.24**	20.88
Sub-total - Current Year	**30,047.00**	**3,221.58**	**(894.96)**	**32,373.60**	**19,538.18**	**831.80**	**(735.86)**	**19,634.12**	**12,739.48**	**10,508.82**
B. Intangible Assets										
Computer Software	32.28		-	**32.28**	32.28		-	**32.28**	**0.00**	
Total - Current Year	**30,079.28**	**3,221.58**	**(894.96)**	**32,405.88**	**19,570.46**	**831.80**	**(735.86)**	**19,666.40**	**12,739.48**	**10,508.82**

Fixed Assets (Previous Year)

Particulars	Gross Block			Accumulated Depreciation and Amortisation				Net Book Value		
	As at April 1, 2015	Additions	Disposals	As at 31 March, 2016	As at April 1, 2015	Expense for the year	Eliminated on disposal	As at 31 March, 2016	As at 31 March, 2016	As at 31 March, 2015
A. Tangible Assets										
Land	179.75	-	-	179.75	0.53	-	-	0.53	179.22	179.22
Development on leasehold land	20.25	-	-	20.25	17.92	1.07	-	18.99	1.26	2.33
Buildings	1,554.99	156.43	(27.09)	1,684.33	628.80	64.50	(27.09)	666.21	1,018.12	926.19
Plant and Machinery	27,388.75	489.44	(416.28)	27,461.91	18,195.92	487.37	(292.98)	18,390.31	9,071.60	9,192.83
Furniture and Fixtures	142.85	-	(21.86)	120.99	37.88	13.14	(16.42)	34.60	86.39	104.97
Office Equipments	118.05	5.70	-	123.75	34.11	7.46	-	41.57	82.18	83.94
Computers	365.51	38.51	-	404.02	346.37	8.48	-	354.85	49.17	19.14
Vehicles	61.16	1.55	(10.71)	52.00	36.28	5.55	(10.71)	31.12	20.88	24.88
Sub-total - Previous Year	**29,831.31**	**691.63**	**(475.94)**	**30,047.00**	**19,297.81**	**587.57**	**(347.20)**	**19,538.18**	**10,508.82**	10,533.50
B. Intangible Assets										
Computer Software	32.28	-	-	32.28	32.28	-	-	32.28	-	-
Total - Previous Year	**29,863.59**	**691.63**	**(475.94)**	**30,079.28**	**19,330.09**	**587.57**	**(347.20)**	**19,570.46**	**10,508.82**	10,533.50

* Includes Buildings of Gross value Rs. 433.25 lakhs in Plant II leased premises.

The Additions during the year includes those relating to R&D aggregating to Rs. 297.23 lakhs (Previous year Rs. 275.86 lakhs)

[Rs. in lakh]

Particulars	As at 31, March 2017	As at 31, March 2016
12 - Non-current Investments		
Non-Trade - Quoted		
Investments in Equity shares		
500 Equity Shares of Rs.10 each fully paid-up in M/s. Chennai Petroleum Corporation Limited	**0.45**	0.45
16,48,000 Equity Shares of Rs.10 each fully paid-up in M/s. Mercantile Ventures Limited (*)	**412.00**	412.00
Non-Trade - UnQuoted		
Investments in Equity shares		
84,999 Equity Shares of Rs.10 each fully paid-up in OPG Power Generation Private Limited	**8.97**	8.97
1,300 Equity shares of Rs. 10 each fully paid up in AM Corporate Social Responsibility Foundation	**0.13**	0.13
Investment in Wholly owned subsidiary	**-**	-
	421.55	421.55
Aggregate amount of quoted investments	**412.45**	412.45
Aggregate market value of listed and quoted investments	**196.28**	142.89
Aggregate value of unquoted investments	**9.10**	9.10

*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. The shares of this Company has been listed in BSE on 9th February 2015.

13 - Long-term Loans and Advances

Unsecured, considered Good		
Capital Advances	**148.66**	502.29
Advances to employees	**33.45**	10.79
Security Deposits	**1,450.95**	1,403.46
Total	**1,633.06**	1,916.54

14 - Current Investments (Quoted)

Current Investments (valued at lower of cost or fair value, unless stated otherwise)		
SBI PREMIER LIQUID FUND	**741.61**	56.40
(No. of units - 4,07,681 [Previous Year - 3,74,022])	**-**	
SBI ULTRA ST DEBTFUND	**-**	31.42
SBI ARBITRAGE FUND	**-**	2,604.84
PNB MUTUAL FUND	**-**	12.95
SBI DEBT FUND	**400.25**	1,714.45
PRINCIPAL FUND	**-**	2,019.75
Total	**1,141.86**	6,439.81
Aggregate amount of current investments in mutual funds		
- cost	**1,141.86**	6,439.81
- Net asset value	**1,141.86**	6,439.81

[Rs. in lakh]

Particulars	As at 31, March 2017	As at March 31, 2016
15 - Inventories		
Raw Materials	**4,697.60**	6,320.96
Raw Materials in Transit	**3,670.73**	1,517.15
Work-in-Process	**195.18**	136.28
Traded Goods	**52.99**	1.82
Finished Goods	**3,544.06**	2,283.91
Stores and Spares	**244.42**	186.91
Total	**12,404.98**	10,447.03
Details of Work in process		
Work-in-process		
Propylene Oxide	**2.33**	1.80
Propylene Glycol	**36.22**	34.86
Polyol	**156.63**	99.62
Total	**195.18**	136.28

16 - Trade Receivables

Outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured considered good	**-**	-
- Unsecured considered doubtful	**7.34**	7.34
	7.34	7.34
Less: Provision for doubtful Receivables	**7.34**	7.34
	-	-
Others	**-**	-
- Unsecured considered good	**8,174.62**	9,003.13
Total	**8,174.62**	9,003.13

17 - Cash and Cash equivalents

Cash on hand	**2.19**	1.88
Cheques on hand	**862.11**	2.57
Bank Balances		
Current Accounts	**873.08**	33.28
In EEFC Accounts	**126.14**	27.52
Cash Credit [Debit balance]	**-**	448.60
Margin Money Deposit Accounts [Refer Note below]	**564.23**	186.97
Unpaid Dividend Accounts	**400.11**	375.11
Total	**2,827.86**	1,075.93

Margin money deposits have an original maturity period of less than 12 months.

* Cheques on hand as at 31st March, 2017 includes Intercorporate Deposits along with Interest of Rs. 860 lakhs received which has been subsequently realised

[Rs. in lakh]

Particulars	As at 31, March 2017	As at 31, March 2016
18 - Short-term Loans and Advances		
Unsecured Considered good		
Advances given to vendors	**1,839.11**	6,664.61
Security Deposits	**59.30**	44.47
Loans and Advances to employees	**10.11**	18.80
Prepaid Expenses	**279.41**	363.17
Balances with Government authorities		
CENVAT/VAT Credit receivable	**859.38**	879.38
Advance Tax (net of Provisions - Rs. 2,220 lakh for 2015-16)	**-**	439.24
Total	**3,047.31**	8,409.67

19 - Other Current Assets

Unamortised premium on forward contracts	**27.90**	24.65
Interest accrued on Deposits	**79.08**	62.48
Other Claims	**-**	47.45
Total	**106.98**	134.58

20 - Revenue from Operations

Sale of Products		
- Finished goods	**64,346.56**	58,958.41
- Traded goods	**4,788.43**	5,203.76
Other Operating Revenue		
Scrap sales	**127.52**	84.59
Revenue from Operations (Gross)	**69,262.51**	64,246.76
Less: Excise Duty #	**6,678.59**	6,342.56
Revenue from Operations (Net)	**62,583.92**	57,904.20

Excise duty on sales amounting to Rs. 6,678.59 lakhs (31 March, 2016: Rs. 6,342.56 lakhs) has been reduced from Sales in the Statement of Profit and Loss and Excise Duty on increase in inventories amounting to Rs. 121.86 lakhs (31 March, 2016: Rs.249.67 lakhs) has been considered as expense. (Refer Note 25).

Details of Sales

Manufactured Goods:		
Propylene Oxide	**1,224.18**	1,239.66
Propylene Glycol	**18,418.21**	18,013.45
Polyol	**38,002.95**	37,085.75
Others	**8,421.35**	3,834.87
Total Manufactured Goods	**66,066.69**	60,173.73
Traded Goods:		
Isocyanates	**1,298.26**	795.75
Polyol	**440.37**	631.98
Others	**3,049.80**	3,776.03
Total Traded Goods	**4,788.43**	5,203.76
Less: Trade Discounts	**(1,720.13)**	(1,215.32)
Total	**69,134.99**	(64,162.17)

[Rs. in lakh]

Particulars	For the Year ended 31, March 2017	For the Year ended 31, March 2016
21 - Other Income		
Interest Income on		
Bank Deposits	**30.69**	44.97
Customer Deposits	**28.14**	26.56
Inter Corporate Deposits	**70.99**	216.40
Trade Advance	**-**	-
Dividend received from current investments	**169.81**	584.83
Insurance claims received	**777.00**	18.93
Provision for Assets/Expenses written back	**622.00**	-
Net gain on foreign currency transactions	**157.00**	93.33
Miscellaneous Income	**88.05**	89.30
Total	**1,943.68**	1,074.32

22 - Cost of Raw Materials and Packing Materials consumed

Opening Stock	**7,838.11**	4,042.82
Add: Opening stock on acquisition of Subsidiaries	**825.13**	37,124.67
Add: Purchases	**41,273.89**	
	49,937.13	41,167.49
Less: Closing Stock	**8,382.94**	7,838.11
Cost of raw materials and packing materials consumed	**41,554.19**	33,329.38

Materials consumed comprises:

Propylene	**10,607.40**	10,169.49
Methyloxirane Propylene Oxide	**7,269.50**	6,674.64
Chlorine	**1,575.01**	789.13
Others (Individually less than 10% of consumption)	**22,102.28**	15,696.12
Total	**41,554.19**	33,329.38

Purchase of Stock-in-Trade (Traded Goods)

Isocyanates	**1,079.12**	882.63
Polyols	**472.92**	680.58
Others	**2,956.12**	3,705.75
Total	**4,508.16**	5,268.96

23 - Changes in Inventories of Finished Goods, Work-in- Process and Stock-in-Trade

[Rs. in lakh]

Particulars	For the Year ended 31, March 2017	For the Year ended 31, March 2016
Inventories at the end of the period / year		
Finished Goods	**3,555.90**	2,283.91
Work-in-process	**195.18**	136.28
Traded Goods	**52.99**	1.82
	3,804.07	2,422.01
Add: Opening Inventories due to acquisition of subsidiaries	**283.41**	
Inventories at the beginning of the period / year		
Finished Goods	**2,283.91**	2,976.16
Work-in-process	**136.28**	197.22
Traded Goods	**1.82**	232.25
	2,422.01	3,405.63
Net Decrease / (Increase)	**(1,098.65)**	983.62

24 - Employee Benefits expense

Salaries and Wages *	**2,582.54**	1,570.60
Contribution to Provident and Other Funds	**109.75**	93.90
Gratuity Expense (Refer Note 33)	**19.34**	21.97
Post-employment benefits (Refer Note 33)	**45.82**	30.33
Staff Welfare Expenses	**512.13**	395.10
Total	**3,269.58**	2,111.90

* Salaries and Wages include Rs. 121.25 Lakhs (Previous year Rs. 120.56 lakhs) towards R&D expenses.

25 - Other Expenses

Consumption of Stores and Spares	**168.05**	652.37
Increase / (Decrease) of excise duty on inventory *	**121.86**	(249.67)
Power and Fuel	**5,182.96**	4,573.16
Water charges	**740.55**	695.66
Rent	**140.67**	89.89
Repairs and Maintenance	**-**	-
- Building	**186.47**	131.60
- Plant and machinery	**165.92**	1,156.54
- Information Technology	**10.02**	52.81
- Others	**78.53**	74.53
Insurance	**335.04**	102.96
Rates and Taxes	**228.36**	1,047.84
Agency Commission	**212.87**	205.48
Freight Outward	**184.79**	140.73
Discount others	**-**	-
Legal and Professional	**533.40**	233.55
Payment to Auditors:	**-**	-
- As Auditors - Statutory Audit	**15.44**	10.00
- Taxation matters	**1.50**	-
- Other services	**5.25**	7.00
- Reimbursement of expenses	**-**	-
Directors Sitting fees	**26.90**	12.00
Net loss on foreign currency transaction and translation (other than considered as finance cost)	**-**	-
Bad trade and other receivables, loans and advances written off	**-**	291.30
Less: Provision released	**-**	(283.95)
Expenditure on Corporate social responsibility	**40.00**	5.24
Loss on fixed assets sold/scrapped/written off	**101.69**	124.83
Miscellaneous Expenses	**753.54**	470.42
Total	**9,233.81**	9,544.29

* 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. 124.06 lakhs (Previous Year Rs. 28.99 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 31 March, 2017 is Rs. 2,552.03 lakhs (previous year Rs.3,239.75 lakhs).

[Rs. in lakh]

Particulars	As at 31, March 2017	As at 31, March 2016
27 - Contingent Liabilities		
a) Bills discounted	**608.97**	541.67

b) The details of disputed demands are as follows:

Nature of the Dues	Forum before which the dispute is pending	Period to which it relates	As at 31 March, 2017	As at 31 March, 2016
Excise Duty	High Court of Madras	2007-08	**53.39**	53.39
Service Tax	Customs, Excise and Service Tax Appellate Tribunal	Various Years	**6.80**	6.80
	Disputed Excise & Customs demand		**60.19**	60.19
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
	Appellate Deputy Commissioner (CT)	2008-09	**6.06**	6.06
	High Court of Madras	Various Years	**3.44**	3.44
	Disputed Sales Tax demand		**56.98**	56.98
Income Tax		Assessment Year		
	Commissioner of Income Tax (Appeals)	2006-07	**-**	1,080.74
	Commissioner of Income Tax (Appeals)	2007-08	**-**	1,192.08
	Commissioner of Income Tax (Appeals)	2008-09	**518.45**	518.45
	Commissioner of Income Tax (Appeals)	2009-10	**3.12**	3.12
	Deputy Commissioner of Income Tax	2010-11	**176.88**	176.88
	Assistant Commissioner of Income Tax	2012-13	**476.90**	476.90
	Commissioner of Income Tax (Appeals)	2014-15	**78.08**	-
	Disputed Income Tax demand **		**1,253.43**	3,448.17

** Against the above demands, the Company has paid Rs. 11.71 lakhs (Previous year - Rs. 100 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.

c) During the previous year, CESTAT has allowed the Company's appeal in respect of service tax matters for various years of Rs. 48.90 lakhs. There is a probability that the Department may go on appeal

d) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

28 There are no over due amounts payable to Micro, Small & Medium Enterprises [MSME] as on the Balancesheet date or anytime during the year and hence no interest has been paid/payable. 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.

29 - 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. 96.07 lakhs (year ended 31 March, 2016 - Rs.89.56 lakhs) for Provident Fund contributions and Rs. 32.10 lakhs (year ended 31 March, 2016 - Rs.30.33 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 holding Company offers the following employee benefit schemes to its employees:

i) Gratuity (included as part of gratuity expense 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)

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

Net employee benefit expenses (recognised in employee cost)

[Rs. in lakh]

Particulars	Superannuation		Gratuity	
Net employee benefit expenses (recognised in employee cost)	**Year ended 31 March, 2017**	Year ended 31 March, 2016	**Year ended 31 March, 2017**	Year ended 31 March, 2016
Current Service Cost	**4.94**	4.68	**24.55**	21.65
Interest cost on benefit obligation	**8.44**	8.48	**25.02**	21.71
Expected return on plan assets	**(12.36)**	(11.28)	**(27.66)**	(24.39)
Net actuarial (gain) / loss recognised in the year	**2.82**	(12.60)	**4.17**	14.81
Total expense recognised in the statement of Profit and Loss	**3.84**	(10.72)	**26.08**	33.78

Net Asset / (Liability) recognised in the Balance sheet

Particulars	Superannuation		Gratuity	
Net employee benefit expenses (recognised in employee cost)	**Year ended 31 March, 2017**	Year ended 31 March, 2016	**Year ended 31 March, 2017**	Year ended 31 March, 2016
Fair value of plan assets at the end of the year	**168.87**	154.54	**375.74**	334.44
Present value of defined obligations at the end of the year	**127.07**	108.90	**364.80**	322.08
Planned Asset / (Liability) recognised in the Balance Sheet	**41.80**	45.64	**10.94**	12.36

Changes in defined benefit obligations during the year

Particulars	Superannuation		Gratuity	
	Year ended 31 March, 2017	Year ended 31 March, 2016	**Year ended 31 March, 2017**	Year ended 31 March, 2016
Present value of defined benefit obligations at the beginning	**108.90**	109.34	**322.08**	277.00
Interest cost	**8.44**	8.48	**25.01**	21.71
Current service cost	**4.94**	4.68	**24.55**	21.65
Benefits paid	**0.00**	(6.58)	**(10.22)**	(13.58)
Actuarial (Gains) / losses	**4.79**	(7.02)	**3.38**	15.30
Present value of defined obligations at the end	**127.07**	108.90	**364.80**	322.08

Changes in the fair value of assets during the year

[Rs. in lakh]

Particulars	Superannuation		Gratuity	
	Year ended 31 March, 2017	Year ended 31 March, 2016	**Year ended 31 March, 2017**	Year ended 31 March, 2016
Plan assets at beginning of the year	**154.54**	144.26	**334.44**	290.79
Expected return on plan assets	**12.36**	11.28	**27.66**	24.39
Actual Company contribution	**0.00**	-	**24.67**	32.34
Benefits paid	**0.00**	(6.58)	**(10.22)**	(13.58)
Actuarial Gains (losses)	**1.97**	5.58	**(0.80)**	0.49
Plan assets at the end	**168.87**	154.54	**375.75**	334.43

[Rs. in lakh]

Composition of the Plan Assets is as follows:

Particulars	(As Percentage of Total Plan Assets)		(As Percentage of Total Plan Assets)	
	Superannuation Trust		Gratuity Trust*	
	Year ended 31 March, 2017	Year ended 31 March, 2016	**Year ended 31 March, 2017**	Year ended 31 March, 2016
Central and State Government Securities	**52.60**	43.21	**55.54**	46.65
Investment in other permitted securities	**41.84**	50.56	**39.09**	44.91
Property				
Funds managed by Insurer				
Others (to specify)	**5.56**	6.23	**5.37**	8.44
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 employees of 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

Superannuation	Year ended	
	31 March, 2017	31 March, 2016
Defined Benefit Obligations	**127.07**	108.90
Plan Assets	**168.87**	154.54
Surplus / (Deficit)	**41.80**	45.64
Experience Adjustments on Plan Liabilities	**(5.96)**	(11.87)
Experience Adjustments on Plan Assets	**1.97**	5.59

Gratuity	Year ended	
	31 March, 2017	31 March, 2016
Defined Benefit Obligations	**364.80**	322.08
Plan Assets	**375.74**	334.43
Surplus / (Deficit)	**10.94**	12.35
Experience Adjustments on Plan Liabilities	**(14.60)**	1.73
Experience Adjustments on Plan Assets	**(0.80)**	0.81

Principal Actuarial assumptions for Gratuity and Post Employment obligations

Particulars	Rate (%)	
	2016-17	2015-16
a) Discount Rate	**7.25**	8.00
b) Future salary increase *	**5.00**	5.00
c) Attrition rate	**3.00**	3.00

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

Estimate of amount of contribution in the next year - Rs. 66.00 lakhs

30 - 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 Company : M/s SIDD Life Sciences Private Limited

Enterprise in which Director is a Partner:

M/s CNGSN & Associates, LLP

Key Management Personnel [KMP]:

Mr Muthukrishnan Ravi, Managing Director

Enterprise over which Key Management Personnel exercises significant influence:

Tamilnadu Petroproducts Limited (upto 3rd February, 2016)

Related Party Transactions:

The Company has identified all related parties and details of transactions are given below:

[Rs. in lakh]

Nature of Transaction	Related Party	FY 2016-17	FY 2015-16
Dividend Paid	M/s SIDD Life Sciences Private Limited	**329.23**	329.23
Purchase of goods	M/s Tamilnadu Petroproducts Limited	-	669.49
Purchase of services		-	11.10
Sale of services		-	15.26
Purchase of fixed assets		-	26.39
Sale of fixed assets		-	0.33
Discounts received		-	2.18
Reimbursement of expenses		-	33.72
Reimbursements received		-	34.05
Purchase of services	M/s CNGSN & Associates, LLP	**5.78**	-
Remuneration paid	Mr Muthukrishnan Ravi	-	80.42

31 - Earnings Per Share (EPS)

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

Particulars	Year ended 31, March 2017	Year ended 31, March 2016
Net Profit after tax	**3,784.24**	4,795.30
No. of Shares used in computing earnings per share	**17,19,99,229**	17,19,99,229
Earnings Per Share - Basic and Diluted (in Rupees)	**2.20**	2.79
Face Value Per share (in Rupees)	**5.00**	5.00

32 - Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the Entity in the	Particulars			
	Net Assets, i.e., total assets minus total liabilities		Share of Profit or Loss	
	As % of consolidated net assets	Amount in Lakh	As % of consolidated Profit or Loss	Amount in Lakh
Parent Manali Petrochemicals Limited	**100.77**	**31,457.60**	**106.82**	**4,042.44**
Subsidiary - Foreign				
1. AMCHEM Speciality Chemicals Private Limited, Singapore	**(2.98)**	**(931.22)**	**(25.66)**	**(971.19)**
2. AMCHEM Speciality Chemicals UK Limited, UK	**0.08**	**25.25**	**0.69**	**26.03**
3. Notedome Limited	**2.13**	**666.42**	**18.15**	**686.96**
Total	**100.00**	**31,218.05**	**100.00**	**3,784.24**

33 - Deferred Tax (Liability) / Asset

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

[Rs. in lakhs]

Tax effect of items constituting Deferred Tax liability	As at 31 March, 2016	All Acquisition of Subsidiary	For the year	As at 31 March, 2017
On difference between Book balance and Tax balance of fixed assets	2,007.11	**75.04**	**(61.29)**	**2,020.86**
Additions upon acquisition	-	**-**	**65.48**	**65.48**
Tax effect of items constituting Deferred Tax assets				
Provision for doubtful debts / advances	(2.55)		**0.01**	**(2.54)**
Disallowance under section 43B of Income Tax Act, 1961 (Provisions)	(1,747.02)		**454.41**	**(1,292.61)**
Provision for compensated absences, Gratuity and other employee benefits	(58.46)		**(1.86)**	**(60.32)**
Net Deferred Tax Liability / (Asset)	199.08	**75.04**	**456.75**	**730.87**

34 - Details on derivative instruments and unhedged foreign currency exposures

(a) Forward exchange contracts, which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables.

(i) Details of Foreign currency Exposure that are not hedged by derivative instrument

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Foreign currency (In Lakh)	Amount Rs. (In Lakh)	Foreign currency (In Lakh)	Amount Rs. (In Lakh)
Trade Receivables-USD	**2.84**	**189.46**	4.64	307.86

(ii) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2017

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Foreign currency (In Lakh)	**Amount in Rs.(In Lakh)**	Foreign currency (In Lakh)	Amount Rs. (In Lakh)
Trade Receivables-USD	**83.12**	**5,480.61**	31.99	2,196.55

35 - Details of operating leasing arrangements - Non cancellable leases

Bulk storage facility at Ennore Port - The lease is for a period of 15 years . In the event of premature termination of this agreement prior to the expiry of fifteen year firm period, the Company is liable to make payment of termination compensation as per terms of agreement. The lease agreement provides for an increase in the lease payments by 3% every year.

Storage of polyols at Meerut - The lease is is for a period of 54 months. The lease agreement provides for an increase of 4% every year.

Office premises - The leases is for a period of 9 years. The lease agreement provides for an increase in the lease payments by 15% every 3 years.

[Rs. In lakh]

	Not later than one year	Later than one year and not later than five years	Later than five years
Future minimum lease payments (Rs. In Lakhs)	**584.24**	**2,952.41**	**4,522.99**

36 - Segment Reporting:

The primary reporting of the Group has been made on the basis of business segments. The Group has the following reportable business segments as defined in Accounting Standard 17 on Segment Reporting: Manufacturing & Trading. The details in respect of business segment is given below:

SEGMENTWISE REVENUE, RESULTS, ASSETS & LIABILITIES	
Particulars	**For the year ended 31-03-2017**
1. Segment Revenue	
Manufacturing	**64,474.08**
Trading	**4,788.43**
Total	**69,262.51**
2. Segment Results	
Manufacturing	**4,726.31**
Trading	**332.89**
Total	**5,059.20**
Less: (i) Finance Cost	**230.17**
(ii) Other Unallocable Expenses / (Income) Net	**(1,169.51)**
Total Profit Before Tax	**5,998.54**
Tax Expense	**2,214.30**
Net Profit After Taxes	**3,784.24**
3. Segment Assets	
Manufacturing	**36,547.54**
Trading	**1,067.65**
Unallocable Assets	**15,605.82**
Total	**53,221.01**
4. Segment Liablities	
Manufacturing	**19,705.60**
Trading	**-**
Unallocable Liabilities	**2,362.51**
Total	**22,068.11**
5. Capital Expenditure	
Manufacturing	**19,584.08**
Trading	**-**
Unallocable Expenditure	**-**
Total	**19,584.08**

[Rs. In lakh]

SEGMENTWISE REVENUE, RESULTS, ASSETS & LIABILITIES	
Particulars	**For the year ended 31-03-2017**
6. Depreciation & Amortisation	
Manufacturing	**831.80**
Trading	**-**
Unallocable Depreciation & Amortisation	**-**
Total	**831.80**

The Company has identified manufacturing of Petrochemicals and trading in Chemicals as Business segments from the quarter ended June 30, 2016. Accordingly presenting of comparative figures for the previous year is not applicable.

37 - Research and Development expenditure incurred during the year is given below:

Particulars	**2016-17**	2015-16
Revenue Expenditure	**245.31**	149.55
Capital Expenditure (including work-in progress)	**297.23**	275.86

38 - i) Goodwill on consolidation

Particulars	**As at 31 March, 2017**	As at 31 March, 2016
Opening Balance	**2.50**	
Add: On acquisition of subsidiaries during the year	**7,883.33**	2.50
Add/ less: Exchange difference during the year on translation of Goodwill of foreign subsidiaries	**-**	-
Less: On disposal of subsidiaries during the year	**-**	-
	7,885.83	2.50
Less: Accumulated impairment		
Total	**7,885.83**	2.50

Goodwill arising on the acquisition of a foreign entity is translated at the closing rate

38 - ii) The effect of acquisition of subsidiaries

The effect of acquisition of subsidiaries on the financial position and results as included in the CFS is given below:

Particulars	**As at 31 March, 2017**	As at 31 March, 2016
	Acquisition	
Liabilities as at (date of acquisition)		
Non-current liabilities	**(11.14)**	-
Current liabilities	**(2232.17)**	-
Assets as at (date of acquisition)		
Non-current assets	**1339.77**	-
Current assets	**8775.40**	491.87
Revenue for the period ended	**4,954.80**	-
Expenses for the period ended	**(4121.83)**	25.81
Profit / (Loss) before tax for the period ended	**832.97**	(25.81)
Profit / (Loss) after tax for the period ended	**686.96**	(25.81)

39. Details of Corporate Social Responsibility spent during the financial year:-

- Expenditure on Corporate Social Responsibility

- As per Section 135 of the companies at 2013, the Company needs spend 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The Company has incurred CSR expenditure on activities specified in Schedule VII of the Companies act, 2013.

- Gross amount required to be spent by the company during the year 122.63 Lakhs

- Amount spent during the year on:

[Rs. In lakh]

	In Cash	Yet to be paid in cash	Total
1. Construction / Acquisition of any asset	-	-	-
2. On purposes other than (1) above	**40.00**	-	40.00

40. Insurance claims submitted during the year 2015-16:

During the previous year, the operations of the Company were significantly impacted due to unprecedented rainfall, consequent flooding and power interruptions, for which the Company had made claims with the Insurers towards loss of inventory, damage to fixed assets, loss of production and profits. In December 2016, the Insurance company has settled the claims at Rs.1,522.46 lakhs and paid the balance amount of Rs.622.46 lakhs after adjusting the ad hoc advances paid in this regard. The company has recorded the claim settlement received appropriately.

41. Specified Bank Note

Particulars	SBNs	Others	Total
Cash in hand as on 08.11.2016	1.04	0.35	1.38
(+) Permitted receipts	-	-	-
(+) Other receipts (Advances returned by employees)	0.81	9.55	10.36
(-) Permitted payments	-	8.23	8.23
(-) Amount deposited in Banks	1.85	-	1.85
Cash in hand as on 30.12.2016	-	**1.67**	**1.67**

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

43. The financial statements of Manali Petrochemicals Limited were approved by the Board of Directors at its meeting held on 16 May, 2017

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Ashwin C Muthiah
(DIN: 00255679)
Chairman

Place: Chennai
Date : May 16, 2017

Anis Tyebali Hyderi
Chief Financial Officer

R Kothandaraman
Company Secretary

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part 'A'- Subsidiary

Particulars	AMCHEM Speciality Chemicals Private Limited, Singapore		AMCHEM Speciality Chemicals UK Limited, UK		Notedome Limited, UK	
	31st March 2017		31st March 2017		31st March 2017	
	Rupees in Lakh*	In USD	Rupees in Lakh*	In GBP	Rupees in Lakh*	In GBP
Capital	10,647.28	16,421,208	9,301.17	11,500,000	3.17	3,916
Reserves	(931.22)	(1,436,206)	25.25	31,221	3,801.54	4,700,235
Total Assets	9,920.03	15,299,574	11,186.79	13,831,395	6,291.36	7,778,661
Total Liabilities	203.96	314,572	1,860.37	2,300,174	2,486.65	3,074,510
Investments	9,836.40	15,170,600	11,021.61	13,627,165	-	-
Turnover (inc other income)	69.48	103,563	48.53	60,000	4,806.72	5,943,045
Profit/(Loss) before Tax	(903.73)	(1,393,810)	31.56	39,026	808.08	999,108
Provision for Taxation	-	-	5.06	7,805	141.65	175,135
Profit/(Loss) after Tax	(903.73)	(1,393,810)	26.50	31,221	666.43	823,973
% of Shareholding	100%		100%@		100% #	

*** Translated at exchange rate prevailing as on 31.3.2017**

1 USD= Rs. 64.8386

1 GBP= Rs. 80.8797

@ Held by AMCHEM Speciality Chemicals Private Limited, Singapore

Held by AMCHEM Speciality Chemicals UK Limited, UK

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Ashwin C Muthiah
(DIN: 00255679)
Chairman

Place: Chennai
Date : May 16, 2017

Anis Tyebali Hyderi
Chief Financial Officer

R Kothandaraman
Company Secretary

NOTES

Manali Petrochemicals Limited

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