



ANNUAL REPORT

2018 - 19

Manali Petrochemicals Limited

Financial Highlights

All amounts ₹ in Crore unless stated otherwise

Details	Ind AS			Previous GAAP						
	2018-19	2017-18	2016-17 [§]	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Net Revenue from operations	702.12	645.33	582.79	579.04	733.13	554.44	522.15	573.96	451.90	388.70
Other income	6.80	1.67	12.35	10.74	7.37	6.30	7.08	6.83	4.75	4.71
Total Revenue	708.92	647.00	595.14	589.78	740.50	560.74	529.23	580.79	456.65	393.41
EBIDTA	97.98	94.91	73.52	77.66	77.55	53.21	43.84	66.70	40.76	35.55
PBT	102.69	83.85	62.47	69.26	69.53	44.76	35.34	58.89	34.31	30.00
PAT	65.17	54.87	42.27	48.21	43.99	29.05	27.32	43.68	25.28	21.06
Total Comprehensive Income	65.86	54.53	42.33							
Equity Capital	86.03	86.03	86.03	86.03	86.03	86.03	86.03	86.03	86.03	86.03
Reserves & Surplus	355.52	300.03	255.85	196.67	158.80	125.42	106.43	88.34	56.65	41.37
Net Worth	441.55	386.06	341.88	282.70	244.83	211.45	192.46	174.37	142.68	127.40
Net Fixed Assets	189.18	183.46	170.21	120.89	110.99	106.22	106.29	103.71	99.89	79.03
Face Value of share ₹	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Earnings per share ₹	3.83	3.17	2.46	2.80	2.56	1.69	1.59	2.54	1.47	1.22
Dividend	15%[#]	10%	10%	10%	10%	10%	10%	12%	10%	7.5%
Book value per share ₹	25.67	22.45	19.88	16.44	14.23	12.29	11.19	10.14	8.30	7.41
EBIDTA/Net Revenue	13.95%	14.71%	12.62%	13.41%	10.58%	9.60%	8.40%	11.62%	9.02%	9.15%
PBT/Net Revenue	14.63%	12.99%	10.72%	11.96%	9.48%	8.07%	6.77%	10.26%	7.59%	7.72%
PAT /Net Revenue	9.28%	8.50%	7.25%	8.33%	6.00%	5.24%	5.23%	7.61%	5.59%	5.42%
Return on Networth	14.76%	14.21%	12.36%	17.05%	17.97%	13.74%	14.19%	25.05%	17.72%	16.53%
Return on Capital Employed	22.29%	21.33%	18.33%	24.96%	28.71%	20.31%	17.82%	31.93%	22.17%	21.72%

[§] Restated as per Ind AS

[#] Subject to declaration at the AGM

Board of Directors

Ashwin C Muthiah	DIN: 00255679	Chairman
Gangadharan Chellakrishna	DIN: 01036398	Director
Sashikala Srikanth	DIN: 01678374	Director
Govindarajan Dattatreyan Sharma	DIN: 08060285	Director
Lt. Col. (Retd.) Chatapuram Swaminathan Shankar	DIN: 08397818	Director
Dr. N. Sundaradevan, IAS (Retd.)	DIN: 00223399	Director
Dr. Aneesh Sekhar S. IAS	DIN: 07887010	Director
Thanjavur Kanakaraj Arun	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

Brahmayya & Co.
Chartered Accountants
48, Masilamani Road,
Balaji Nagar,
Royapettah,
Chennai - 600 014

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

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

Bankers

IDBI Bank Limited
HDFC Bank Limited

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Please Refer to Page No. 13 & 14 for important information on E-voting.

Notice to Shareholders

NOTICE is hereby given that the 33rd Annual General Meeting of the Company will be held at 10:00 AM on Monday, the 5th August 2019 at Rajah Annamalai Mandram, No. 5 Esplanade Road (Near High Court) Chennai – 600 108 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company and other Reports for the year ended 31st March 2019 by passing the following as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 129 and other applicable provisions, if any of the Companies Act, 2013, the Stand Alone and Consolidated Financial Statements of the Company for the year ended 31st March 2019 and the Reports of the Board of Directors and the Auditors thereon and the Report of the Secretarial Auditor be and are hereby received, considered and adopted.

2. To declare a dividend by passing the following as an Ordinary Resolution:

RESOLVED THAT pursuant to the recommendation of the Board of Directors, a dividend of seventy five paise per equity share on 17,19,99,229 Equity Shares of ₹ 5/- each, absorbing ₹ 12.90 crore (Rupees twelve crore ninety lakh only), subject to rounding off, be and is hereby declared out of the profits for the year ended March 31, 2019 and the same be paid:

- i. In respect of shares held in physical form, to those Members whose names appear on the Register of Members on 5th August 2019 and
- ii. In respect of shares held in electronic form, to those Members whose names appear in the List of Beneficial Owners furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the Depositories, as at the end of business hours on 31st July 2019.

3. To appoint a Director in the place of Mr. Ashwin Chidambaram Muthiah (DIN:00255679) who retires by rotation and being eligible offers himself for re-appointment, by passing the following as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013, the Rules made thereunder and the Articles of Association of the company, Mr. Ashwin Chidambaram Muthiah (DIN: 00255679), a Director retiring by rotation being eligible and offering for re-election, is reappointed as a Director of the Company, liable to retire by rotation.

4. To fix remuneration of Auditors by passing the following as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 142 of the Companies Act, 2013, the Rules made thereunder and as recommended by the Audit Committee, the remuneration to M/s Brahmayya & Co., Chartered Accountants, Chennai, (ICAI Registration Number 000511S), the Auditors of the Company for the years 2019-20 and 2020-21 is fixed as ₹ 14.75 lakh (Rupees fourteen lakh seventy five thousand only) per year for audit and related services plus reimbursement of out of pocket expenses and applicable taxes.

SPECIAL BUSINESS

5. To ratify the remuneration to the Cost Auditor for the year 2018-19 by passing the following as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013, the remuneration of ₹ 4,00,000 (Rupees four lakh only) to M/s Gopalan & Associates, Cost Accountants, Chennai, the Cost Auditor of the Company for the year 2018-19 is ratified.

6. To approve the appointment of Dr. Aneesh Sekhar S, IAS (DIN: 07887010) as a Director by passing the following as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 160 and other applicable provisions if any of the Companies Act, 2013, the Rules made thereunder and the Articles of Association of the Company, Dr. Aneesh Sekhar S, [DIN: 07887010] is appointed as a Director of the Company, liable to retire by rotation.

7. To approve the appointment of Lt. Col. (Retd.) Chatapuram Swaminathan Shankar (DIN: 08397818) as an Independent Director of the Company by passing the following as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 160 and other applicable provisions if any of the Companies Act, 2013, the Rules made thereunder and the Articles of Association of the Company, Lt. Col. (Retd.) Chatapuram Swaminathan Shankar (DIN: 08397818) is appointed as a Director of the Company, not liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Section 149, 160, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the Rules made thereunder and the Articles of Association of the Company, the appointment of Lt. Col. (Retd.) Chatapuram Swaminathan Shankar (DIN: 08397818) as an Independent Director of the Company for a period of five years from 20th May 2019 is approved.

8. To approve the appointment of Dr. N Sundaradevan, IAS, (Retd.) (DIN: 00223399) as an Independent Director of the Company by passing the following as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 160 and other applicable provisions if any of the Companies Act, 2013, the Rules made thereunder and the Articles of Association of the Company, Dr. N Sundaradevan, IAS, (Retd.) (DIN: 00223399) is appointed as a Director of the Company, not liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Section 149, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the Rules made thereunder and the Articles of Association of the Company, the appointment of Dr. N Sundaradevan, IAS, (Retd.) (DIN: 00223399) as an Independent Director of the Company for a period of five years from 12th June 2019 is approved.

9. To appoint Mr. G Chellakrishna (DIN 01036398) as an Independent Director for a second term by passing the following as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 160, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the Rules made thereunder and the Articles of Association of the Company, Mr. G Chellakrishna (DIN 01036398) who would be completing his first term of five years as an Independent Director of the Company on 12th August 2019, is reappointed as an Independent Director for a further period of five years from 13th August 2019.

10. To appoint Ms. Sashikala Srikanth (DIN 01678374) as an Independent Director for a second term by passing the following as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 160, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 the Rules made thereunder and the Articles of Association of the Company, Ms. Sashikala Srikanth (DIN 01678374) who would be completing her first term of five years as an Independent Director of the Company on 12th August 2019, is reappointed as an Independent Director for a further period of five years from 13th August 2019.

Date: 12th June, 2019

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

By Order of the Board
for Manali Petrochemicals Limited

R Kothandaraman
Company Secretary

IMPORTANT NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from 1st August 2019 to 5th August 2019 (both days inclusive) in connection with the Annual General Meeting (AGM) & payment of dividend.
2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the Act), setting out details relating to the Special Business of the meeting, is annexed hereto which may also be regarded as the disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations).
3. Particulars of the Directors seeking appointment at the Annual General Meeting are enclosed and form an integral part of the Notice. The Directors have furnished the requisite declarations for their reappointment.
4. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF SELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten per cent of the total share capital of the Company. Member holding more than 10% is entitled to appoint a single proxy, and such proxy cannot be a proxy of any other Member. ***The proxy holder shall prove his/her identity at the time of attending the meeting and shall not be entitled to speak at the meeting, but only vote on poll, if the Member has not exercised e-voting.***
5. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed, stamped and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
6. Electronic copy of the full version of the Annual Report for the year 2018-19 and the Notice of the 33rd AGM are being sent to all the Members whose E-mail IDs are registered with the Company/Depository Participant(s) unless any Member has requested for a hard copy of the same. For Members who have no registered email address, physical copies of the Abridged Annual Report for the year are being sent in the permitted mode. These Members are requested to register their e-mail ids with the DP/RTA.
7. Full version of the Annual Report and the Notice of the AGM are available in the Company's website viz., www.manalipetro.com. Members desirous of receiving printed copy of the complete annual report may send a request in writing to the Registrar or the Company by post/courier or email with a scanned copy of the request.
8. Pursuant to Regulation 44 of the Regulations, read with Section 108 of the Companies Act, 2013 and the relevant Rules, the Company has entered into an arrangement with Central Depository Services (India) Limited (CDSL) to facilitate the Members to exercise their right to vote at the Annual General Meeting by electronic means. The detailed process for participating in e-voting is furnished in the Annexure to the Notice in Page No 13.
9. A person who has participated in e-voting is not debarred from participating in the meeting physically though he shall not be able to vote at the meeting again and his earlier vote cast electronically shall be treated as final. In terms of the provisions of Section 107 read with Section 109, there will be no voting by show of hands at the meeting and hence the provisions relating to demand for poll by the Members is irrelevant. However, as per Rule 20 of the Companies (Management & Administration) Rules, 2014, facility for voting shall also be made available at the meeting by polling paper and Members who have not cast their vote by e-voting shall be able to exercise their right at the meeting.
10. As per SEBI guidelines, dividend is to be paid through electronic mode into the bank account as per the details furnished by the depositories. In case electronic payment is not possible, the bank account details, if available will be printed on the warrant/other payment instrument. The Company is not permitted to entertain any request for deletion or change of such bank details.

11. As per Section 125 of the Act the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company has, accordingly, transferred ₹ 51,94,815/- being the unpaid and unclaimed dividend amount pertaining to the year 2010-11 to the IEPF on 19.09.2018. The details of such transfer are available in the website of the Company.
12. Pursuant to Section 124 (6) of the Act, during the year 2018-19, 3,62,796 equity shares relating to the unpaid/unclaimed dividends for the year 2010-11 were also transferred to the IEPF. The total number of shares transferred to the IEPF up to the year 2010-11 is 59,18,602.
13. The details of unpaid dividend relating to the years 2011-12 to 2016-17 as on 6th August 2018 being the date of the last AGM is available in the website of the Company www.manalipetro.com. The updated details of unpaid dividend as on the date of the ensuing AGM relating to the years 2011-12 to 2017-18 will be uploaded in the Website of the Company in due course.
14. Dividend for the year 2011-12 remaining unclaimed and unpaid will be transferred to IEPF during September 2019. Shareholders who are yet to encash their dividend warrants are requested to contact the Company or Cameo Corporate Services Limited, the Registrar at an early date and lodge their claims.
15. In addition to the above the related shares would also be transferred to the IEPF, if the shareholder has not encashed any dividend during a period of seven consecutive years, for which notices have been sent to the concerned individuals. They are also requested to lodge their claims for unpaid dividend with the RTA immediately to avoid transfer of the dividend and the shares.
16. As per the extant law, the shareholders are entitled to claim the unpaid dividends and the equity shares transferred to the IEPF for which they are required to submit the request online in Form IEPF-5. The procedure for making the claims is available in the websites of the Company and also the IEPF.
17. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and the holdings should be verified.
18. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the RTA.
19. SEBI vide Circular dated 20-04-2018 mandated the Company to collect copy of PAN and Bank account details from Members holding shares in physical form. Accordingly in July 2018 individual letters were sent to those shareholders whose PAN and Bank account details were not available with the Company, followed by two reminders. The Company has not received the information from many of such shareholders. As per the Circular, the shareholders who have not furnished the information have been placed under “enhanced watch” and so their requests would be processed subject to enhanced due diligence.
20. ***Pursuant to proviso to Regulation 40(1) of the Regulations, effective 1st April 2019, the Company is not permitted to process requests for transfer of securities, other than transmission or transposition of names in physical form. So, persons holding shares in physical form are requested to take actions for dematerialisation of their holdings to ensure hassle free transactions in the shares.***
21. Members who have registered for e-communication are also entitled to receive communication in physical form by post, free of cost upon making a request for the same. For any information, the shareholders may also send requests to the RTA.

22. Members may avail nomination facility in respect of their holdings. Those holding shares in physical form may download the form available in the website of the Company and submit the same to the RTA. Those holding shares in demat form may approach their DP for registering the nominations.
23. All documents referred to in the accompanying Notice and the Explanatory Statement will be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except on holidays, up to and including the date of the AGM.
24. Shareholders seeking any information with regard to accounts are requested to write to the Company well in advance so as to enable the Management to reply.
25. **Members may note that as per the Secretarial Standard – 2 notified by the Government, no gifts, gift coupons, or cash in lieu of gifts shall be distributed to Members at or in connection with the Meeting and hence there will be no distribution of packaged items in connection with the meeting.**

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (the Act)

Item No. 5

At the Board Meeting held on 10th August 2018 M/s. S. Gopalan & Associates, Cost Accountants, Chennai has been appointed as the Cost Auditor of the Company for the year 2018-19 on a remuneration of ₹ 4.00 lakh as recommended by the Audit Committee. As per Section 148 of the Act, read with the relevant Rules, the remuneration to the Cost Auditor is to be approved by the Members. Accordingly, Board recommends the same for consideration and approval of the Members.

None of the directors or Key Managerial Personnel of the Company or their relatives are interested or concerned financially or otherwise in the above resolution.

Item No. 6

Dr. Aneesh Sekhar S, IAS, (DIN: 07887010) Executive Director, Tamilnadu Industrial Development Corporation Limited, (TIDCO) was appointed as an Additional Director of the Company through Circular Resolution on 2nd April 2019 and he holds office till the Annual General Meeting.

Proposal has been received from TIDCO for his appointment as a Director of the Company under S. 160 of the Act which has been recommended by the Nomination and Remuneration Committee. Accordingly there is no requirement of any deposit for considering the proposal. A brief profile of the appointee is given in the Annexure.

In terms of the Associate Sector Agreement entered between the promoters, TIDCO is entitled to have a nominee on the Board of MPL. Accordingly, the Board recommends the resolution for the consideration of the Members as an Ordinary Resolution.

Except Dr. Aneesh Sekhar S, IAS, none of the other Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested financially or otherwise in the above proposal.

Item No. 7

Lt. Col. (Retd.) Chatapuram Swaminathan Shankar (DIN: 08397818) was appointed as an Additional Director of the Company at the meeting held on 20th May 2019. In terms of the relevant provisions of the Act and the Articles of Association of the Company, he has been appointed by the Board as an Independent Director under Section 149 of the Act read with the other provisions, Rules and Schedule IV to the Act. As per Section 150 his appointment is to be approved by the shareholders and hence the same is placed for consideration and approval at the AGM. Pursuant to Section 149(13) he will not be liable to retirement by rotation.

A brief profile of the above appointee is given in the Annexure. Considering his previous experience with one of the largest oil marketing companies in various functions and capacities, the Board is of the view that the proposed appointee has good knowledge about the Petrochemicals business and industry and so would be able to understand the issues specific to the Company and guide in finding solutions for

the same. He can provide guidance for development of policies and other parameters within which the Company should operate for better control and management, has the ability to guide crisis management and provide leadership in hours of need and also would be able to help in operational risk compliances. It has also been viewed that he will be able to analyze issues and contribute at board level to solutions for Management & Leadership matters. He also has good qualification and experience and other personal qualities required of an Independent Director. Therefore the Board recommends the resolution for the consideration of the Members as an Ordinary Resolution.

Except, Lt. Col. Shankar, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

Items 8

Dr. N Sundaradevan IAS, (Retd.) (DIN: 00223399) was appointed as an Additional Director of the Company at the meeting held on 12th June 2019. In terms of the relevant provisions of the Act and the Articles of Association of the Company, he has been appointed by the Board as an Independent Director under Section 149 of the Act read with the other provisions, Rules and Schedule IV to the Act for a period of five years from the said date. As per Section 150, his appointment is to be approved by the shareholders and hence the same is placed for consideration approval at the AGM. Pursuant to Section 152(6) he will not be liable to retirement by rotation.

A brief profile of Dr. Sundaradevan is given in the Annexure. Considering his previous experience with the Government in various capacities and his present position as a Director of various companies, Board is of the view that the proposed appointee has the ability to identify and critically assess strategic opportunities and threats to the business. He can also guide development of strategies to achieve the overall goals and provide guidance for development of policies and other parameters within which the Company should operate for better control and management. He also would have the ability to guide crisis management and provide leadership in hours of need and monitor the risks and compliances with his knowledge of regulatory requirements. He would be able to help in making decisions and take necessary actions for implementation thereof in the best interest of the organization. He would also be able to analyze issues and contribute at board level to solutions, participate actively in the matters discussed and contribute effectively at the meetings. He is well qualified to possess the skills and competencies outlined above and also has the previous experience in Board and senior management positions in reputed companies/ organizations/ government. It is also viewed that he has the other personal qualities and traits required of an Independent Director. Therefore the Board recommends the resolution for the consideration of the Members as an Ordinary Resolution.

Except, Dr. Sundaradeven, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

Items 9 & 10

Mr. G Chellakrishna, [DIN 01036398] and Ms. Sashikala Srikanth [DIN 01678374] were appointed as the Independent Directors for a period of five years from 13th August 2014 and would be completing their first term of office on 12th August 2019. As per Section 149(10) of the Act, they shall be eligible for reappointment on passing of a Special Resolution by the Members and disclosure of the same in the Board's Report. Further as per Para 4 of Schedule IV to the Act, such reappointment shall be on the basis of report of performance evaluation.

In this connection, Board at the meeting held on 20th May 2019 based on the evaluation of the performance of the above two directors, concluded that they be reappointed for a further term of five years, subject to approval of the Members as stated above. The proposals have also been considered by the Nomination and Remuneration Committee and duly recommended to the Board.

The profile of the appointees are given in the Annexure from which it could be seen that they are Chartered Accountants with rich experience in various fields. They are also serving on the Boards of other listed companies and their committees. Since their performance has been found to be good their continued association with the Company would be beneficial to the Company and so the Directors recommend the proposals for consideration and approval of the Members by Special Resolutions.

Except for the aforesaid appointees, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolutions.

Date: 12th June, 2019

By Order of the Board
for Manali Petrochemicals Limited

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

R Kothandaraman
Company Secretary

INFORMATION ABOUT THE DIRECTORS PROPOSED TO BE RE-APPOINTED AT THE 33RD AGM

Brief Profile of the proposed appointees under Items 3 and 6 to 10 of the Notice:

Mr. Ashwin C Muthiah [DIN: 00255679], 53, is a graduate in Commerce from Loyola College, Chennai and has a Master's Degree in Business Administration from Philadelphia University. He has more than two decades of international business exposure and expertise in managing, revival and sustainable growth of companies and is instrumental for MPL's global footprints and strategies.

He was appointed as an Additional Director on 27th April 2007 and took over as Chairman on 24th February 2009. He is Chairman of Southern Petrochemical and Industries Corporation Limited, SICAGEN India Limited, Vice Chairman of Tamilnadu Petroproducts Limited and Director of AM Foundation, AMI Holdings Private Limited, Mitsuba SICAL India Private Limited and SPIC Group Companies Employees Welfare Foundation. He is also Director of all the three subsidiaries of the Company.

He is Chairman of the Stakeholders Relationship Committee (SRC) of MPL and a Member of SRC of TPL. He is also Chairman of Corporate Social Responsibility Committee (CSR) of SPIC, MPL, TPL and SICAGEN and a member of Nomination & Remuneration Committee of SPIC, MPL and TPL.

Dr. Aneesh Sekhar S, IAS, [DIN: 07887010], 33, holds M.B.B.S degree. A 2011 batch IAS Officer, he has held many key positions in the Government of Tamil Nadu such as the Commissioner, Corporation of Madurai, Managing Director, Madurai Smart City Limited, Director, Tamilnadu State Transport Corporation (Madurai) Limited and Joint Commissioner (Enforcement) Commercial Taxes Coimbatore.

At present he serves as Executive Director of Tamilnadu Industrial Development Corporation Limited and State Industries Promotion Corporation of Tamilnadu Limited and Managing Director of Tamilnadu Polymer Industries Park Limited.

He is Chairman of Tanflora Infrastructure Park Limited and Director of TIDEL Park Coimbatore Limited, TICEL Bio Park Limited, Southern Petrochemical Industries Corporation Limited, Tamilnadu Petroproducts Limited and Tamilnadu Trade Promotion Organisation.

Lt. Col. (Retd.) Chatapuram Swaminathan Shankar [DIN: 08397818], 60, is a Chemical Engineer and served Indian Oil Corporation Limited for 37 years. He retired as its Executive Director and during his tenure had headed various verticals within the organization, viz., Aviation, LPG, Director Secretariat, Petrochemicals, Corporate Training & Development, Planning and Co-ordination, Law and Quality control.

Concurrently, Mr. Shankar was commissioned in the Indian Territorial Army as an Officer in 1983 and had been an active soldier for over 30 years. He had headed Battalion in relief and rescue operations during the Gujarat earthquake, Odisha super cyclone, Andaman's tsunami and various other critical operations of national importance.

A passionate trainer and motivational speaker Lt. Col. Shankar has presented technical papers at various National and International forums.

Lt. Col. Shankar is a director of Tamilnadu Petroproducts Limited and a Member of its Nomination and Remuneration Committee.

Dr. N Sundaradevan, IAS, (Retd.), [DIN: 00223399], aged 65, holds a Master's degree in Chemistry and also a Ph. D in Sociology (Applied Demography). He was in Indian Revenue Service as an Income Tax Officer from July 1977 to July 1979 and later joined the Indian Administrative Service.

Dr. Sundaradevan IAS has more than three decades of experience in administrative services in various departments like District Administration, Civil Supplies, Revenue, Health & Family Welfare, Environment & Pollution control, Industries and retired in September 2012.

During his services to the Government, Dr. Sundaradevan had held various offices such as Sub-Collector, Regional Manager of Tamilnadu Civil Supplies Corporation, Chairman and Managing Director of State Industries Corporation (SIPCOT), District Collector of Kanniyakumari and Tiruchirapalli, Managing Director of Tamilnadu Text Book Society, Director of Handlooms & Textiles, Secretary of State Election Commission, Officer on Special Duty in Chief Minister's Office, Secretary to the Chief Minister, Secretary of Health & Family Welfare Department, Director of Guidance Bureau, Secretary of Revenue Department, Chairman of Tamilnadu Pollution Control Board, Secretary of Forests and Environment Department, Commissioner of Revenue Administration, Principal / Additional Chief Secretary of Industries Department, CMD of TIDCO, Tamilnadu Mineral Ltd. (TAMIN), Tamilnadu Industrial Explosives Ltd., Chairman of Tamilnadu Cements Corporation Ltd., and Director of Chennai Metro Rail and TANGEDCO.

Dr. Sundaradevan is at present director of The State Trading Corporation of India Limited, Jansons Industries Limited, Ascendas IT Park (Chennai) Limited, TIDEL Park Coimbatore Limited, Tamil Nadu Water Investment Company Limited, Tamilnadu Petroproducts Limited and Information Technology Park Limited.

Mr. Chellakrishna (DIN: 01036398), 41, is a Post Graduate in Commerce and a Fellow Member of the ICAI and has also completed a Post Graduate Programme on Business Management from the Indian School of Business (ISB)/Kellogg Graduate School of Management, Hyderabad. At present he is a Partner of SRSV & Associates, Chartered Accountants, Chennai who provide Assurance, Tax and Advisory services to a varied client base.

Mr. Krishna is an expert in the fields of business valuation and structuring of big corporates. He is also well versed in raising funds through off-shore equity markets/FCCBs, mergers and acquisitions, taxation and similar areas. His clientele include major companies in Sugar, Mining, Software Services, NBFCs / Banks/ Financial Institutions, Packaging & Paper, Trading, Hospitals, Real Estate, Ports, Media, Hotels & Resorts and FMCG.

Mr. Krishna is a Director of Banyan Consultancy Services Private Limited, APN Ventures & Consultancy Private Limited, Banyan Corporate Advisors Private Limited, Southern India Chamber of Commerce & Industry, ELNET Technologies Limited, Banyan Ventures and Investment Private Limited, The Indian and Eastern Engineer Company Private Limited, Goolestan Investments Private Limited, EPIC Television Networks Private Limited and Script Stories Media Private Limited. He is the Chairman of the Audit Committee of MPL and ELNET Technologies Limited and Member of Stakeholders Relationship Committee in ELNET Technologies Limited and Nomination and Remuneration Committee of MPL.

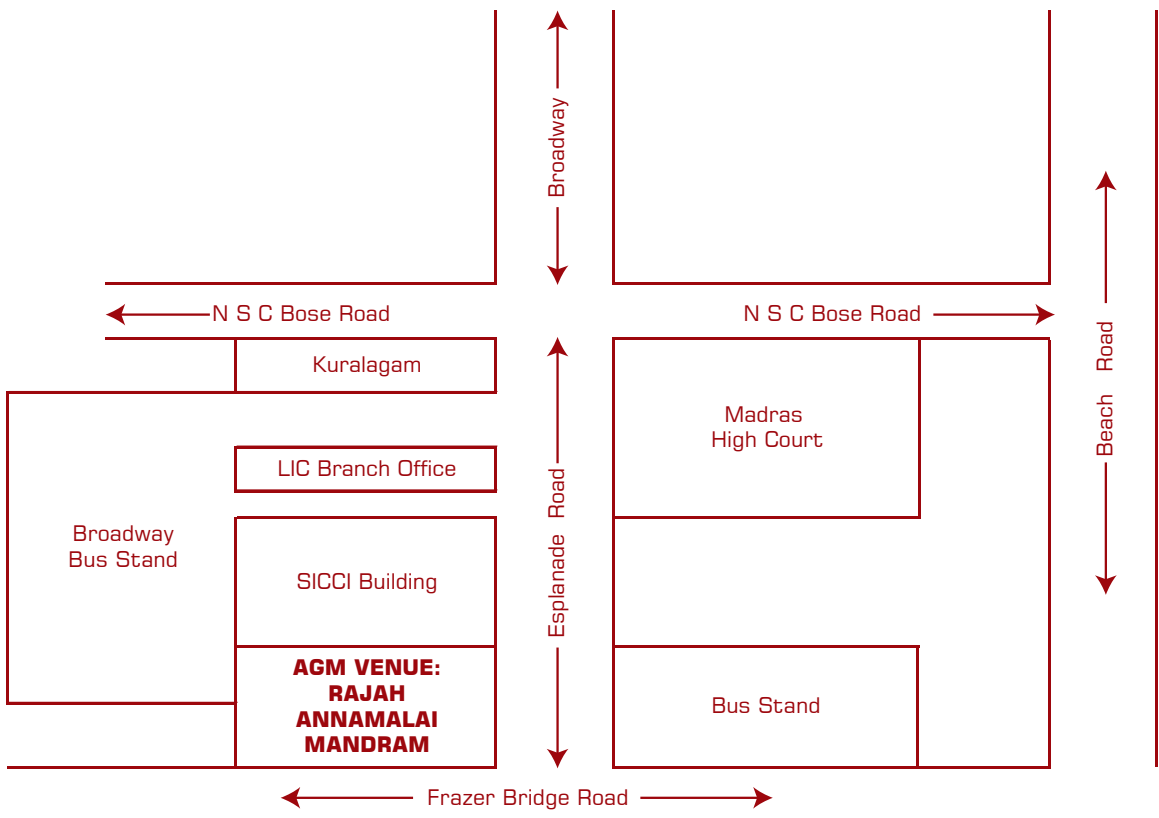
Ms. Sashikala Srikanth (DIN: 01678374), 62, is a graduate in Economics and a Chartered Accountant. At present she is providing consultancy services to various corporates including in the area of CSR. Prior to this she was Senior General Manager – Resources of IAL Group and Group Financial Controller of Shattaff Group, in Dubai from 2003 to 2005 and held various positions in MAC Group of Companies from 1995 to 2003. She was associated with A F Ferguson and Co., Chartered Accountants, Chennai from 1987 to 1995 where she had also done her articles during 1984 -87.

Ms. Sashikala is a Director of Southern Petrochemical Industries Corporation Limited, Tamilnadu Petroproducts Limited, SICAGEN India Limited, Greenstar Fertilisers Limited, EDAC Engineering Limited, Mercantile Ventures Limited, Trust Properties Development Co Private Limited and AM Foundation. She is also Director of AMCHEM Speciality Chemicals UK Limited, UK and AMCHEM Speciality Chemicals Private Limited, Singapore, subsidiaries of MPL.

She is the Chairperson of the Audit Committees of Southern Petrochemical Industries Corporation Limited (SPIC), Greenstar Fertilizers Limited (GFL), SICAGEN India Limited (SICAGEN) and Tamilnadu Petroproducts Limited (TPL), and Member of Audit Committees of EDAC Engineering Limited (EDAC) and MPL and Member of the Audit Committee and Stakeholders Relationship Committee of Mercantile Ventures Limited. Her other Committee positions are: Chairperson - Risk Management Committees of TPL, MPL and MVL, Chairperson - CSR Committee of MVL, Member - Nomination and Remuneration Committees of MVL, GFL, EDAC and SICAGEN. Member – CSR Committee of SICAGEN, MPL, TPL and GFL.

None of the above directors are related to any other directors of the Company. Except Mr. Ashwin C Muthiah, who holds 13,648 equity shares, none of the other directors hold any shares in the Company.

Land Mark for the AGM Venue: opposite to Western Entrance of Madras High Court



INSTRUCTIONS FOR EXERCISE OF VOTING RIGHTS BY ELECTRONIC MEANS

- (i) The voting period begins on **2nd August 2019 at 9.00 AM and ends on 4th August 2019 at 5.00 PM.** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, 29th July 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted electronically prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders/Members.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter their Folio Number allotted by the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with Sequence Number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth(DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for Manali Petrochemicals Limited and you will be directed to the E-Voting Screen.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xx) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

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

The Directors present their 33rd Annual Report on the business and operations of your Company and the Audited Financial Statements for the year ended 31st March 2019.

Financial Results

The highlights of the financial results for the year are given below which have been prepared as per the Indian Accounting Standards (IndAS) adopted by the Company since last year:

(₹ In crore)

DESCRIPTION	2018-19	2017-18
Profit Before interest & depreciation*	114.75	94.91
Interest	1.74	2.82
Depreciation	10.32	8.25
Profit Before Tax	102.69	83.85
Provision for Taxation	37.52	28.98
Profit After Tax	65.17	54.87
Total Comprehensive income	65.86	54.54

* including exceptional items

Operational Highlights

Total revenue during the year was ₹ 709 crore against ₹ 647 crore in 2017-18, registering an increase of about 10%. The margins were better during the year under review compared to the previous year.

During the year profitability improved significantly. The Directors are happy to report that the Company has recorded historically the highest profits during the year under review and also crossed the ₹ 100 crore mark.

The total additions to fixed assets during 2018-19 were ₹ 23 crore and the major spends were for improvements to Effluent Treatment Plant and RO Water Plant.

During the year the Company completed the project for revamp of the Effluent Treatment facilities at both the Plants at an aggregate cost of ₹ 17 crore incurred over the last 2 years. Post revamp, the Company has overcome the issues faced in meeting the extant environmental norms stipulated by the authorities. However, due to disparity in methods adopted in testing the treated effluent, there were variations in the values arrived at by the Central Pollution Control Board (CPCB) and the Company, which led to temporary closure of Plant 1 for about 22 days during the year. The Company complied with the further directions of the CPCB in the matter and the earlier order for closure was revoked by the authorities. To avoid recurrence of such occurrences in future,

the Company has taken steps to align the testing methodology jointly with CPCB.

The Company continues to source power from third parties besides the power supplied by TANGEDCO. The bio mass Captive Power Plant continued to remain inoperative as it was more economical to use the furnace oil based energy. It is expected that the supply of LNG would commence during the year 2019-20 and a decision on further use of the CPP would be taken once the LNG supplies have commenced and stabilized.

Financial Review

During the year working capital facilities were used judiciously and the finance cost was lower than the previous year. The capital expenditure was met from internal sources and the Company has no long term debts.

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 borrowings upto ₹ 100 crore.

Dividend

Your Company has been following a consistent dividend policy, ensuring that the dividend payments are sustained even when the conditions are not favourable. You would be happy to note that the Company has an unbroken dividend track of 13 years till the last year.

Your Directors are happy to recommend a dividend of 15% i.e. seventy five paise per equity share of ₹ 5/- each fully paid-up, for the year 2018-19, aggregating to ₹ 12.90 crore, excluding dividend distribution tax. It may be seen that the dividend rate has been increased by 50% from 10% in the previous years.

Industry structure and development

Your company operates in the Polyurethanes industry. Polyurethane known as PU is a mixture of compounds containing urethane, urea, isocyanates, allophanates etc. depending upon the starting raw materials and their reactions. In chemical terms it is a polymer containing carbamate or urethane linkage formed by reaction of isocyanates with polyol.

PU offers unique properties like good abrasion and wear resistance, elongation, resilience, flexibility, scratch resistance, mechanical strength, adhesion, low temperature, flexibility, thermal insulation, electrical insulation etc. It is one of the very few polymers which is available in wide range of hardness

and shows properties of thermoset, thermoplastics and elastomers.

PU is one of the most versatile polymers available in many forms, ranging from soft foams to very rigid and tough materials. This provides opportunity for almost infinite applications, which are evolving continuously. Due to wider range of properties and forms, it finds applications in rigid and flexible foam, fiber, film, composites, elastomers, coatings, adhesives and mainly caters to industries like Automotive, Appliances, Building & Construction, Energy, Defense, Paints and Coatings, Soft furniture, etc.

Flexible and rigid foams together have a global market share of about 65%. The other major segments are coating (13%) and thermoplastic elastomers (12%).

While the usage levels are advanced in Europe, North America and Far East, in India it is still in the emergent stage. The increasing requirement for lightweight but durable materials from end-use industries has been driving the demand for the PU products in the recent years.

Your Company specializes in manufacture of propylene glycol, polyether polyol and related substances. Your Company is the first and largest 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. Use of Polyols is gaining popularity in footwear and roofing applications.

Propylene Glycol (PG) is a colorless, clear, nearly odorless, viscous liquid with a faint sweet taste chemical produced by reaction of propylene oxide with water. It is chemically neutral and so does not react with other substances.

PG when mixed with water, chloroform and acetone can form a homogenous mixture and it tends to absorb moisture from air. Thus, it is useful in mixing contrasting elements such as perfumes and is also consumed as solvent in a wide variety of applications.

PG is widely utilized in pharmaceuticals, food & flavor 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.

MPL supplies more of food and pharmaceutical grade PG to the Indian market, which like the Polyols is dominated by imports. In addition to PG, the by-products such as DPG are also bought by smaller players for food, flavours and related applications mainly as preservatives.

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

Indian PU and PG market continued to be impacted by large volume of imports aggravated by the new capacities that have come up in the past few years especially in Thailand and Singapore without corresponding demand for the product in their region. Pricing has been a major issue in the last few years, weaning the domestic customers away from the local manufacturers.

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 is a polymer that helps in smart designing and achieving more with less. So, its popularity has been on the raise for the past several years with infinite opportunities.

With costs going up, the need of the hour for the OEMs is to identify potential for savings in power costs which could be achieved by using lightweight but durable materials. This has stimulated high demand for newer PU products from user industries such as furniture, construction, appliances, footwear, automotive which has opened up the prospects of the industry in the recent years. Of these the construction and footwear applications look to be promising.

Reports suggest that the PU market, earlier projected to grow at a CAGR of 7% during 2016 to 2020, would continue the trend till 2025. The increased use of

the PU based materials in construction applications, replacing the conventional fiberglass, mineral wool, etc. is expected to propel the demand further. Though this market is still emerging in India, given the advantages such as higher insulation, living space, energy efficiency, 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. Also many Indian states are contemplating to introduce regulations for energy efficient buildings and so the popularity of the PU applications in this sector are set to grow further in India.

Besides the threat of lower margins due to ever increasing imports, tougher environmental laws have resulted in additional spending on the treatment process. With monsoon failing for two consecutive years, availability of water for industries has been becoming hard and also very expensive.

Though the Company succeeded in its efforts for imposition of anti-dumping duty on imports from certain countries, there had been no real relief either in the volume or in the pricing. So, the Company has taken various actions for cost reduction and product development to produce more value added products such as water proofing, foot-wear applications, etc.

Indian Market Scenario

Indian PU industry has recorded steady growth over the years mainly on account of rapid urbanization and improved disposable incomes in the hands of the consumers. Items such as refrigerators, mattresses, etc. which were considered luxury have become essential in most of the households. Flexible financing options have further aided the market growth. PU has established itself as the preferred material in the coatings segment on account of the superiority and other advantages. Thus there has been major growth in the demand but the Indian market continues to be dominated by imports.

Indian PG market is also generally dominated by imports, but your Company continues to get better realization from sale of PG. This is mainly due to higher growth in demand for PG which is estimated at 11-12% in the country against 5-6% globally.

Reports suggest that besides PG, the growth of almost all segments in India such as Slab Stock Polyol, Rigid, shoe Soles, HR Polyol, etc. was nearly twice the global average during the year 2018-19. While the global projections for 2019-20 look to be

stagnant, in India the growth is expected to be more than the year under review.

Risk Management Policy

The Company has established a structured framework 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 and Mr. T K Arun, Mr. G D Sharma and Mr. Muthukrishnan Ravi, 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 Committees and the report of the Chairman of the Apex Committee is submitted to the Risk Management Committee of Directors (RMC). The RMC meets periodically, reviews the reports and recommends actions to be taken in this regard. During the year under review the Committee met on 16th May 2018, 3rd August 2018, 13th October 2018 and 11th February 2019.

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

Risks and Concerns

The Indian Polyol and PG markets continue to be dominated by imports. 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. Even imposition of Anti-Dumping duties has not alleviated woes of the domestic producers as the MNCs either supply the materials from places not covered under ADD or bear the additional cost.

The PU industry is concentrated globally and a major portion of the supplies are controlled by smaller number of producers. The top manufacturers control over 60% of the total PU production giving them enormous control over product pricing & other strategies. Such major multinationals enter into strategic alliances across countries to ensure that they have an upper hand in select regions. These arrangements jeopardize the interest of the smaller, domestic players in the industry with modest facilities.

Frivolous actions with ulterior motives by the self-styled environment protectors have become a new threat to industries, especially the chemical processing sector. These call for higher outlay to have a relook at the existing processes resulting in disproportionate spend on the treatment and also the associated capital costs.

The Company explored various options for improving the quality of the treated effluent to meet stricter standards which had been a big challenge. The projects have been completed and the standard and quality of the treated effluent have improved to the required levels. Sustainability could be a concern in the long run as these are biological processes and so the Company would have to be very watchful on the developments and may be required to spend higher amounts, affecting the profitability.

Though the Company has overcome the issues faced in achieving the environmental norms successfully, the case filed with the National Green Tribunal against the marine disposal of the treated effluent is still pending. Since the Southern Bench of the NGT is not functional, the case has been transferred to NGT, New Delhi during the year and hearing is awaited.

During the year 2017, the period of lease relating to Plant 2 expired and though the Company filed its request for extension well in advance with the Government of Tamilnadu, the same is yet to be renewed. The Auditors have drawn their attention to this, but since the land has been put to use by the Company for the purpose for which it has been allotted and also as the matter is being closely followed up, your Company is confident that the request would be considered favourably by the authorities.

Outlook

As per the World Economic Outlook released by the World Bank in April 2019, global economic activities have shown signs of melting during the 2nd half of 2018, after robust activity in 2017 and the first half of 2018. It has been projected that the growth in 2019 would be 3.3% against 3.6% in the preceding year, with an expectation that it would go back to the earlier level in the succeeding year.

The main reason for the meltdown is attributed to the decline in Chinese output which to a major extent is attributable to regulatory tightening and trade tensions with USA. The EU nations lost more momentum than expected and countries like Germany, Italy too have declined. Japan was affected by more frequent and severe calamities out of human control.

As regards India, the WEO has projected GDP growth of 7.3% and 7.5% in 2019 and 2020 respectively, against 7.1% in 2018. The Asian Development Bank figures are slightly different at 7.0% for 2018, 7.2% in 2019 and 7.3% in 2020. It may be noted that projections for China for the next years are lower at 6.3% and 6.1%, against 6.6% in 2018.

After the interruption in the growth due to demonetization and introduction of the Goods and Services Tax (GST), the Indian economy looks to be getting back to a respectable growth in 2019 and 2020, which is relatively higher than the global average and also other major economies. In fact as per the WEO report none of the other economies are in the 7+ league. The revenue collections have been good for the Government and so it is expected that the public spend would be more to propel the economy. However, the impact of sanctions on oil imports from Iran could be a thorn in the growth story and this would also affect the exports from India.

During the year your Company commenced production of Notedome products and supplies are being made to the domestic and other Asian customers. Product development to meet customer requirements and also introduce innovative applications are continued.

The facility for PO manufacturing set up by another Company in Manali has commenced production during the year and so dependence on imported PO has come down considerably. This has also helped in reduction in the input costs. Having successfully overcome the environmental issues, the Company has taken actions for augmenting the capacity of various products, though not in a big way due to other constraints.

Subsidiaries

As at the year end, the Company had one Wholly Owned Subsidiary 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, has been set-up by the Company in 2015-16, to expand its global footprint, to hold all the foreign assets of the Company. The Company invested US\$ 16.32 million (₹ 110.32 crore) in the WOS to part fund the acquisition of Notedome Limited, UK and also for further exploratory work.

During the year 2016-17 the WOS set up AMCHEM Speciality Chemicals UK Limited as its WOS which acquired Notedome Limited. Thus, AMCHEM, UK and Notedome are the SDS of MPL.

During the year under review, the total income of AMCHEM, Singapore was US\$ 1.62 million (₹ 11.35 crore) and the profit for the year was US\$ 870,903 (₹ 6.09 crore). AMCHEM, Singapore continues to explore other opportunities for acquisition of existing overseas facilities to further improve the global presence of MPL, besides taking up other activities such as trading, transaction facilitations, business and project consultancy.

AMCHEM, UK

AMCHEM Speciality Chemicals UK Limited, UK was established in September 2016 by AMCHEM Singapore as its WOS which completed the acquisition of Notedome Limited effective 1st October 2016 through the equity contributions from its holding company and bank loans. AMCHEM, UK at present continues to be the holding company of Notedome Limited, UK. The total income of AMCHEM UK was £420,000 (₹ 3.85 crore) comprising mainly dividend of £300,000 from Notedome Limited and profit was £ 334,052 (₹ 3.06 crore).

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.

The total revenue for the year 2018-19 was £ 11.99 million (₹ 108.08 crore) and profit £ 0.64 million (₹ 5.93 crore). During the year under review the profitability was impacted due to higher input prices which could not be passed on to the customers. Since the WOS is competing with composite units it does not have pricing flexibility. So it is focusing on product development to widen the customer base.

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 14001 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.

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 and first aid and mock drills are conducted to ensure that the systems and processes are in place to meet any eventualities.

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 Companies Act, 2013 (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 ability of its workforce to convert the plans into actions. Therefore, every effort is taken to retain talent 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 dialogue have succeeded largely with most of the workmen barring a few accepting the offer. The minority workmen are persisting with the case which is pending before the Madras High Court.

As on 31st March 2019, your company had 318 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://manalipetro.com/wp-content/uploads/2016/08/Policy-on-Transactions-with-Related-Parties.pdf>.

As required under Regulation 23(2) of the Listing Regulations, approval of the Members has been obtained through postal ballot for transactions with Tamilnadu Petroproducts Limited upto ₹ 200 crore in 2019-20.

Board of Directors and related disclosures

As on the date of the Report the Board comprises of 10 directors of whom five are independent including a woman director. All the Independent Directors have furnished necessary declaration under Section 149 (7) of the Act and under Regulation 25(8) of the Regulations. As per the said declarations, they meet the criteria of independence as provided in Section 149 (6) of the Act and the Regulations.

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

The Board has approved a 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.

There has been no changes in the Key Managerial Persons after the last AGM. The following changes took place in the composition of the Board since the last Annual General Meeting:

- a. Dr. Aneesh Sekhar S IAS, (DIN: 07887010) Executive Director, TIDCO has been appointed as an Additional Director with effect from 2nd April 2019, in the category of

Non-Independent, Non-Executive Director. Pursuant to Section 161 of the Companies Act, 2013, (the Act) he holds office till the ensuing Annual General Meeting (AGM) and is seeking reappointment.

- b. Lt. Col. (Retd.) Chatapuram Swaminathan Shankar (DIN: 08397818) and Dr. N Sundaradevan IAS, (Retd.) (DIN: 00223399) have been appointed as an Additional and Independent Directors of the Company for a period of five years from 20th May 2019 and 12th June 2019 respectively. Approval of the Members for the above under Sections 150, 152 and 160 read with Schedule IV to the Act will be considered at the ensuing AGM.

As regards the Independent Directors, the following may be noted:

- a. Brig. (Retd.) Harish Chandra Chawla (DIN 00085415), retired on 27th May 2019 as an Independent Director of the Company upon completing his first term of five years as Independent Director. The Board places on record its appreciation for the invaluable services rendered by Brig. Chawla during his association with the Company since July 2011.
- b. Mr. G Chellakrishna (DIN 01036398) and Ms. Sashikala Srikanth (DIN: 01678374) would be completing their first term of five years on 12th August 2019 as Independent Directors and are being proposed for appointment for a further term of five years from 13th August 2019 which would also be considered at the ensuing AGM.
- c. Pursuant to Regulation 24(1) of the Regulations Ms. Sashikala Srikanth has been appointed as Director of AMCHEM, Singapore and AMCHEM, UK, which are material subsidiaries of the company.

Pursuant to proviso to S. 160(1) there is no requirement of any deposit for the proposals for the appointment of Dr. Aneesh Sekhar S, IAS as a Director and also for appointment of the Independent Directors.

Mr. Ashwin C Muthiah (DIN: 00255679), Chairman, retires by rotation and being eligible offers himself for re-election.

Annual Evaluation of the Board, Committees and Directors

The formal evaluation of the Board was done taking into account the various parameters such as the structure, meetings, functions, risk evaluation,

management of conflict of interests, stakeholder value and responsibility, corporate culture and value, facilitation to the Independent Directors to function impartially and other matters. The evaluation of the Committees was done based on the mandate, composition, effectiveness, structure and meetings, independence and contribution to the decisions of the Board.

The evaluation of the individual directors, including the independent directors was done taking into account their qualification, experience, competency, knowledge, understanding of their respective roles (as a Director, 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.

In compliance with the requirements of Schedule IV 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 2019, 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 2019 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 are 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 2,34,782 shares, which remained unclaimed by 644 shareholders at the beginning of the year, 8703 shares, were released to 20 shareholders during the year. Further, 17,790 shares relating to 68 shareholders were transferred to the Investor Education and Protection Fund in compliance with the requirements of S. 124 (6) of the Act. As at the end of the year 2,08,289 shares remained unclaimed by 556 shareholders. As specified under the Regulations, the voting right on the above shares remain frozen.

Auditors

M/s Brahmayya & Co., Chartered Accountants, Chennai were appointed as the Auditors of the Company at the 31st Annual General Meeting held on 25th July 2017 and in the first term they will hold office for a period of five years.

The proposal for remuneration to the Auditors as recommended by the Audit Committee is being placed before the Members for their consideration and approval at the ensuing AGM.

Maintenance of Cost Records & Cost Audit

The Company is required to maintain cost records as specified by the Central Government under S. 148 (1) of the Act is also covered under Cost Audit, which are duly complied with.

Mr. S Gopalan, Proprietor, S Gopalan & Associates, Cost Accountants, Chennai was appointed as the Cost Auditor of the Company for the financial year 2018-19 on a remuneration of ₹ 4.00 lakh plus applicable taxes and reimbursement of out of pocket expenses which is to be ratified by the Members at the 33rd Annual General Meeting. The Cost Auditor holds office till 30th September 2019 or submission of his report for the year 2018-19, 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 Audit and management review 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 Statutory Auditors. The Statutory 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 in **Annexure A** along with a Certificate from Practicing Company Secretary.

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 as **Annexure B**.

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

- a. The ratio of remuneration of Mr. C Subash Chandrabose, Wholetime Director (Works) to the median remuneration of the employees of the Company was 9.5.
- b. The percentile increase in remuneration of the Company Secretary was 17% and for the Wholetime Director (Works) and Chief Financial Officer 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 251 permanent employees, including MD and WTD, and excluding trainees.
- e. During the year the average percentile increase in the salaries other than managerial remuneration was 6.6% and the increase in managerial remuneration was 10%.
- f. Information required under Rule 5(2) are given in **Annexure C** 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 D**.

- b. The extract of the Annual Return in Form MGT-9 is given in **Annexure E**.
- 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**.
- f. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No cases were filed under the said Act.
- g. The Company has complied with the requirements of all the applicable Secretarial Standards.
- h. There has been no significant change in the key financial ratios viz., change of 25% or more compared to the previous year and Return on Net Worth which was 15.8% for the year 2018-19 against 15.4% for the preceding year.

Acknowledgement

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

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

Disclaimer

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

For and on behalf of the Board

Chennai
June 12, 2019

Ashwin C Muthiah
DIN: 00255679
Chairman

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 were made mandatory by SEBI.

This report covers the corporate governance aspects in your Company relating to the year ended 31st March 2019.

2. Board of Directors:

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

As on 31st March 2019, the Board comprised of eight directors, as detailed below:

Category/Name	Other Listed Companies of which he/she is a director and category	Other Memberships	
		Boards	Committees
Non Executive, Non Independent (NENI)			
Mr. Ashwin C Muthiah, Chairman	Southern Petrochemical Industries Corporation Limited, SICAGEN India Limited and Tamilnadu Petroproducts Limited (All NENI)	3(2)	1
Mr. Thanjavur Kanakaraj Arun	Southern Petrochemical Industries Corporation Limited (NENI)	1	1
Non Executive, Independent (NEID)			
Brig (Retd.) Harish Chandra Chawla	Southern Petrochemical Industries Corporation Limited (NEID)	1	-
Mr. G. Chellakrishna	Elnet Technologies Limited (NEID)	1	2(1)
Ms. Sashikala Srikanth	Southern Petrochemical Industries Corporation Limited, SICAGEN India Limited, Tamilnadu Petroproducts Limited and Mercantile Ventures Limited (All NEID)	6	6(2)
Mr. Govindarajan Dattatreyan Sharma	-	-	-
Executive, Non Independent (ENI)			
Mr. Muthukrishnan Ravi, Managing Director	-	-	-
Mr. C. Subash Chandra Bose, Whole-time Director (Works)	-	-	-

Notes:

- Other Directorships exclude foreign companies, private limited companies, Section 8 companies and alternate directorships as on 31st March 2019.
- Only Membership in Audit Committees and Stakeholder's Relationship Committee (other than in MPL) are reckoned for Other Board Committee Memberships in companies other than (a) above. Figures in brackets denote the number of companies / committees of listed companies in which the Director is the Chairperson.
- Except Mr. Ashwin C Muthiah, Chairman, who is holding 13,648 shares, none of the other 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/MPL-Familiarization-Programme-for-Independent-Directors-31-03-2019.pdf>

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

The Board of Directors met five times during the year 2018-19 viz., on 16th May 2018, 10th August 2018, 22nd October 2018, 12th February 2019 and 27th March 2019. The details of the attendance of the directors at the Board Meetings and the AGM are as follows:

Name	No. of meetings held during the year	No. of Meetings attended	Attendance at the Last AGM on 06.08.2018
Mr. Ashwin C Muthiah	Five	Five	Yes
Brig. (Retd.) Harish Chandra Chawla	Five	Four	Yes
Mr. G Chellakrishna	Five	Four	Yes
Ms. Sashikala Srikanth	Five	Five	Yes
Mr. Thanjavur Kanakaraj Arun	Five	Five	Yes
Mr. Govindarajan Dattatreyan Sharma	Five	Five	Yes
Mr. Muthukrishnan Ravi	Five	Five	Yes
Mr. C. Subash Chandra Bose	Five	Five	Yes

iii. Chart of Skills/Expertise/Competence of the Board:

The following are the skills/competencies determined as required for the discharge of the obligations by the Board:

Major Classification	Sub Classification	Remarks
Industry Related	Specific Skills	Good knowledge about the Petrochemicals business and industry and the issues specific to the Company.
	Technical	Technical/professional skills and specialist knowledge about the Company, its market, process, operations, etc. (For Executive Directors).
Strategy & Policy	Strategy	Ability to identify and critically assess strategic opportunities and threats to the business. Guiding development of strategies to achieve the overall goals.
	Policies	Guidance for development of policies and other parameters within which the Company should operate for better control and management.
	Crisis Management	Ability to guide crisis management and provide leadership in hours of need.
Risk & Compliance	Operational	Identification of risks related to each area of operation.
	Legal	Monitor the risks and compliances and knowledge of regulatory requirements.
	Financial	Experience in accounting and finance, ability to analyze the financial statements presented, assess the viability of various financial proposals, oversea funding arrangements and budgets.

Major Classification	Sub Classification	Remarks
Management & Leadership	Executive Management	Handling senior management and monitoring its performance, strategic human resources planning. Experience in industrial relations and organizational change management programmes.
	Leadership	Make decisions and take necessary actions for implementation thereof in the best interest of the organization. Analyze issues and contribute at board level to solutions.
Board Conduct	Contribution	Participate actively in the matters discussed and contribute effectively at the meetings. Help in arriving at unanimous decisions in the event of difference of opinions.
Personal	Qualification	Having formal education and well qualified to possess the skills and competencies outlined above.
	Experience	Previous experience in Board or senior management positions in reputed companies/ organizations/ government.
	Diversity	Optimum combination - Gender, ethnic, age, etc. and presence adding value to the Board's stature.
	Interpersonal Skills	Must work well in a group, listen well and communicate their point of view frankly but tactfully.
	Interest in the Company	Shall be sincere and evince genuine interest in the affairs of the Company.
	Instinct	Shall have good business instincts and acumen, and ability to get to the crux of the issue quickly. A degree of intuition would also be good.
	Ethics and integrity	Be ethical and maintain integrity at any cost. Adhere to the Codes of Conduct in letter and spirit. In the event of conflict of interest, prioritize the Company.

- ✓ The Skills Matrix stated above are the broader skills, competencies and experience which, in the opinion of the Directors are required for the proper functioning of the Board of MPL.
- ✓ The above Skills Matrix sets out the mix of skills and diversity that the Board currently has or is looking to achieve.
- ✓ These skills are expected of the Directors as a Group and it is not a requirement that each Director should present all of the skills and experience listed. In other words it would be sufficient if the Board collectively present all of the skills and experience listed above.
- ✓ To ensure that the Directors for the time being as a Group provide the skills and experience required by the Board Skills Matrix, each Director's skills and experience will be assessed from time to time.
- ✓ Gaps, if any identified by such assessment would considered when filling any vacancies or appointing any additional director to the Board.
- ✓ The Skills Matrix would be reviewed periodically and changes made as deemed appropriate by the Board arising out of regulatory changes or otherwise.

In the opinion of the Board all the above skills/competencies are actually available with its Members as a Group.

iv. Confirmation on Independent Directors

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (the Regulations), and are independent of the Management.

3. Audit Committee:

i. Terms of reference

The Audit Committee was constituted in August 1990, much earlier to being made mandatory under the 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 Regulations.

ii. Composition

As on 31st March 2019, the Committee comprised of Mr. G. Chellakrishna as Chairman, Brig (Retd.) Harish Chandra Chawla, Ms. Sashikala Srikanth and Mr. Thanjavur Kanakaraj 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 2018-19 viz., on 16th May 2018, 09th August 2018, 22nd October 2018 and 11th February 2019. Except Brig. (Retd.) Harish Chandra Chawla, who attended three meetings, all the other members attended all the four meetings.

4. Nomination and Remuneration Committee:

(i) Composition, terms of reference and meeting

The Committee comprised of Brig (Retd.) Harish Chandra Chawla, as the Chairman, Mr. Govindarajan Dattatreyan Sharma and Mr. Ashwin C Muthiah 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 five times during the year 2018-19 viz., on 16th May 2018, 10th August 2018, 22nd October 2018, 12th February 2019 and 27th March 2019. Brig. (Retd.) Harish Chandra Chawla attended four meetings and the other members attended all the five meetings.

(ii) 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 Committee of which they are Members/Chairpersons), adherence to Codes and ethics, conduct, attendance and participation in the meetings, etc.

5. Remuneration of Directors

(i) 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.

a) 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.

The performance linked pay is determined as per the appraisal system in vogue which takes into account the performance of the Company and also the individual, consistency in rating received and related matters. Based on the final rating, the PLP is varied every year, which may be higher or lower than the amount fixed and paid during the subsequent year. Therefore the actual amount received may vary from the remuneration fixed.

b) 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.

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

(iii) Details of remuneration paid to the Directors

a) Executive Directors

During the year 2018-19 the remuneration of Mr. C Subash Chandra Bose, Whole-time Director (Works) was ₹ 29.15 lakh comprising Salary & allowances of ₹ 18.22 lakh, Performance linked pay of ₹ 9.63 lakh and Perquisites of ₹ 1.30 lakh. In addition to the above, contribution to Provident and Superannuation Funds are made as per applicable law/rules/terms of employment.

b) Non-Executive Directors

During the year an aggregate amount of ₹ 14 lakh was paid to the Non-Executive Directors as Sitting Fees for attending the Board Meetings as stated below:

- Mr. Ashwin C Muthiah, Mrs. Sashikala Srikanth, Mr. Govindarajan Dattatreyan Sharma and Mr. Thanjavur Kanakaraj Arun ₹ 2.50 lakh each
- Brig. (Retd.) Harish Chandra Chawla and Mr. G. Chellakrishna ₹ 2 lakh each.

c) No remuneration was paid to Mr. Muthukrishnan Ravi, Managing Director by the Company who draws remuneration from AMCHEM Speciality Chemicals Private Limited, Singapore as approved by the Members vide Postal Ballot resolution dated 26th March 2016.

d) The Executive Directors are under contracts of employment with the Company which stipulate a notice period of 3 months from either side for early separation and no severance fee is payable.

e) No Employee Stock Option has been offered by the Company to any of the directors.

6. Stakeholders' Relationship Committee

i. Chairman and Compliance Officer

As on 31st March 2019, the Committee comprised of Mr. Ashwin C Muthiah, Chairman, Mr. Muthukrishnan Ravi and Mr. C Subash Chandra Bose as Members. Mr. R Kothandaraman, Company Secretary is the Compliance Officer. The Committee met four times during the year on 16th May 2018, 10th August 2018, 22nd October 2019 and 12th February 2019. All the Members attended all the meetings.

ii. Details of complaints received and pending

As per the information provided by the RTA there were no pending complaints as at the beginning of the year and 32 complaints were received during the year out of which 31 complaints were redressed by the Company/RTA to the satisfaction of the shareholders. The remaining one complaint pending at the end of the year has since been redressed.

7. General Body Meetings

i. Annual General Meetings:

AGM	Year	Venue	Date	Time
30 th	2016	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	21.09.2016	9.30 a.m.
31 st	2017	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	25.07.2017	10.30 a.m.
32 nd	2018	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	06.08.2018	10.00 a.m.

ii. Special Resolutions:

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

Date of AGM	Subject
21.09.2016	No Special Resolution was passed.
25.07.2017	(a) Approving the reappointment of Mr. Muthukrishnan Ravi as Managing Director for a period of 3 years with effect from 29 th July 2017. (b) Approving the appointment and payment of remuneration to Mr. C Subash Chandra Bose as the Whole-time Director (Works) for a period of three years with effect from 28 th May 2017.
06.08.2018	Approving the increase in remuneration to Mr. C Subash Chandra Bose, Whole-time Director (Works) with effect from 1 st April 2018.

There were no resolutions requiring approval through Postal Ballot during the last year.

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 third AGM of the Company is scheduled to be held on 5th August 2019 at 10:00 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 2018-19 will be paid on 30th August 2019 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 2019-20 have been paid to the aforesaid Exchanges.

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

Month & Year	NSE				BSE			
	Share Price (₹)		Nifty 50		Share Price (₹)		Sensex	
	High	Low	High	Low	High	Low	High	Low
2018 April	38.70	33.65	10,759.00	10,111.30	38.75	33.60	35213.30	32972.56
May	46.40	32.65	10,929.20	10,417.80	46.40	32.00	35993.53	34302.89
June	55.90	39.25	10,633.15	10,550.90	55.75	39.25	35877.41	34784.68
July	48.70	40.65	11,366.00	10,604.65	48.70	40.60	37644.59	35106.57
August	52.25	37.10	11,760.20	11,234.95	52.20	37.20	38989.65	37128.99
September	42.60	32.00	11,751.80	10,850.30	42.55	32.25	38934.35	35985.63
October	36.80	29.60	11,035.65	10,004.55	36.90	29.75	36616.64	33291.58
November	36.40	31.75	10,922.45	10,341.90	36.30	31.80	36389.22	34303.38
December	34.40	30.05	10,985.15	10,333.85	34.40	30.25	36554.99	34426.29
2019 January	32.20	21.10	10,987.45	10,583.65	32.25	21.20	36701.03	35375.51
February	25.70	22.05	11,118.10	10,585.65	25.80	21.70	37172.18	35287.16
March	28.05	24.10	11,630.35	10,817.00	28.05	24.25	38748.54	35926.94

vi. Registrars and Share Transfer Agent:

All share registry work in respect of both physical and demat segments are handled by a single common agency M/s Cameo Corporate Services Limited, Subramanian Building, No.1, Club House Road, Chennai – 600 002, as the Registrar and Share Transfer Agent (RTA) of the Company for all aspects of investor servicing relating to 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., were approved by the Managing Director / Whole-time Director (Works) / Company Secretary and the details are placed before the Stakeholders' Relationship Committee and the Board.

Pursuant to proviso to Regulation 40 (1) of the Regulations, effective from 1st April 2019 transfer of securities other than transmission or transposition of names would not be processed by the Company in physical form.

viii. Distribution of shareholding as on March 31, 2019:

Range of Shares		Holders		Shares	
From	To	No	%	No	%
1	100	21,685	19.58	10,38,982	0.60
101	500	67,003	60.51	1,58,82,411	9.23
501	1000	11,234	10.15	90,15,532	5.24
1001	2000	5,028	4.54	77,69,507	4.52
2001	3000	1,905	1.72	49,95,248	2.91
3001	4000	813	0.74	29,64,717	1.72
4001	5000	835	0.75	39,80,304	2.32
5001	10000	1,263	1.14	94,25,814	5.48
10001	& above	966	0.87	11,69,26,714	67.98
Total			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, 2019, 16,33,73,478 shares were held in dematerialized form, representing about 94.99% 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 at the Registered Office of the Company, Phone/Fax: 044 –22351098 E-mail: companysecretary@manalipetro.com

10. Other Disclosures

- 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 pursuant to Ind AS - 24.
- 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.
- 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.
- All the mandatory requirements of Corporate Governance under the Regulations have been complied with.
- 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-Determination-of-Material-Subsidiary.pdf>
- The Company mainly sources its materials domestically and the exports are not substantial and so 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.

- vii. Mrs. B Chandra, Practicing Company Secretary has certified that during the year none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority.
 - viii. During the year no complaints were filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
 - ix. There were no payments to the Statutory Auditor or other entities in the network firm/network entity of which the statutory auditor is a part by the Company or its subsidiaries, other than the audit fee and related payments as disclosed 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 code of Conduct.

Chennai
May 20, 2019

Muthukrishnan Ravi
DIN: 00360522
Managing Director

PRACTISING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

To: The Members of Manali Petrochemicals Limited

1. We have examined the compliance of conditions of Corporate Governance by M/s. Manali Petrochemicals Limited, for the year ended on 31st March, 2019, as stipulated under the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred to in the Listing Regulations for the period 1st April 2018 to 31st March 2019, with the relevant records and documents maintained by the Company and furnished to us and the Report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. Based on the aforesaid examination and according to the information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.
4. We further state that, such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For B CHANDRA
Company Secretaries

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

Place: Chennai
Date: May 20, 2019

Proprietrix

**SECRETARIAL AUDIT REPORT
ISSUED BY MRS. B CHANDRA, THE SECRETARIAL AUDITOR**

To
The Members,
Manali Petrochemicals Limited,
SPIC House 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

Place: Chennai
Date: May 20, 2019

Proprietrix

**Form No. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2019

[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 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 31.03.2019, 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 31.03.2019, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) 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;
- (v) 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 (Substantial Acquisition of Shares and Takeovers) 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, 2018;
- b. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
- d. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;
- (vi) In addition to the compliance with laws applicable to factories and labour laws pertaining to the same, 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 following industry specific statutes, the rules, and also the directions of the concerned authorities thereunder to the extent it is applicable to them:

Factories Act, 1948 and Manufacture, Storage and Import of Hazardous Chemical Rules, 1989; The Insecticides Act, 1968; Drugs and Cosmetics Act, 1940; The Fertiliser (Control) Order, 1985; The Environmental Impact Assessment Notification, 2006; Explosives Act, 1884; The Environment (Protection) Act, 1986; The Water (Prevention and Control of Pollution) Act, 1974 and The Air (Prevention and Control of Pollution) Act, 1981

In addition to the above the following acts with respect to establishing a factory and labour laws have also been complied with:

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 Public Liability Insurance Act, 1991; 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:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- 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.

I further report that the Company had initiated the process of seeking approval of shareholders through postal ballot for the following matters

1. Approval for increase in remuneration to Mr. C Subash Chandra Bose, (DIN:06586982) Whole Time Director with effect from 1st April 2019.
2. Approval under Reg 23 of listing requirements for material related party transactions with M/s Tamilnadu Petroproducts Limited, a related party, for a sum upto ₹ 200 crore for 2019-20 and
3. Approval u/s 188 of the Companies Act, 2013 for Mr Ashwin Chidambaram Muthiah in holding an office or place of profit of in the Companies subsidiary M/s Amchem Speciality Chemicals Private Limited, Singapore for US \$1,00,000 per annum w.e.f 1st April 2019.

and the said resolutions were passed with requisite majority on 7th May 2019.

For B CHANDRA
Company Secretaries

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

Place: Chennai
Date: May 20, 2019

Proprietrix

All the other Annexures are available in the full version of the Annual Report, which has been uploaded in the website of the Company viz: www.manalipetro.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANALI PETROCHEMICALS LIMITED

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of Manali Petrochemicals Limited ("the Company"), which comprise the Balance sheet as at 31st March 2019, and the Statement of Profit and Loss (Including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("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 March 31, 2019, and its profit, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our Report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions

of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Attention is invited to Note No. 48 to the Standalone Ind AS Financial Statements, explaining that the period of lease relating to the leasehold land on which one of the manufacturing units of the Company is operating has since expired on June 30, 2017 for which requests for renewal have been filed by the Company with Govt. of Tamil Nadu, (the Lessor) and the extension of lease is awaited. Pending renewal of lease, no adjustments have been made in the Standalone Ind AS Financial Statements for the year ended March 31, 2019 for any potential impact of non-renewal of land lease which is unascertainable at this point of time. Further the Management is confident of obtaining the renewal of the lease of the land. Our opinion is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, which in our professional judgment, were most significant in our audit of the Standalone Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the below matters described to be the key audit matters to be communicated in our Report.

1) Revenue recognition and discounts:

Key Audit Matter	Auditor's Response
<p>Revenue is measured net of discounts given to the customers on the Company's sales. The estimation towards measurement of discounts given to its customers corresponding to the sales made during the year is material and is considered to be complex and judgmental.</p> <p>This is an area of significant judgement and with varying complexity, depending on nature of arrangement which differs from customer to customer.</p> <p>Therefore, there is a risk of revenue being misstated as a result of faulty estimations relating to discounts to its customers</p>	<p>(i) We have assessed the appropriateness of the Company's Revenue recognition accounting policies, including those relating to estimation of discounts given to its customers.</p> <p>(ii) We have tested the effectiveness of the entity's internal controls over calculation of discounts.</p> <p>(iii) We have evaluated the documentation associated with the transactions of sale including credit notes and appropriate approvals for discounts offered to customers from the samples selected, to determine whether revenue was recognised net of discounts in the relevant reporting period.</p> <p>The results of our tests are satisfactory and we considered the estimate of the accrual relating to discounts and the amount of revenue recognised is found to be acceptable on comparing current year discounts accruals to the prior year and, where relevant, completing further inquiries and testing.</p>

2) Evaluation of Contingent Liabilities

Key Audit Matter	Auditor's Response
<p>The Company has contingent liabilities comprising claims against the company not acknowledged as debts and demands from various statutory authorities which are inherent to the normal course of their business, filed by third parties, former employees, and statutory authorities.</p> <p>In general, the settlement of these proceedings takes a long time and involve not only discussions on the matter itself, but also complex process-related aspects, depending on the applicable legislation.</p> <p>Among other things, the aspects used to establish the likelihood of a loss attributed to each proceeding are subjective and the evolution of the jurisprudence over these disputes are not always uniform.</p> <p>In certain litigation and regulatory matters significant judgement is required by the Management to determine if there is a present obligation under relevant accounting standard.</p> <p>The complex nature of the Regulations and jurisprudence make this an ongoing area of judgement, and taking into consideration Management's judgement in assessing the likelihood that the pending claim will succeed, or a liability will arise, time period for resolution have been a matter of significance during the audit and the exposure of each case there is a risk that such cases may not be adequately provided for or disclosed in the standalone Ind AS financial statements and hence considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <p>(i) We have evaluated and tested the procedures and controls relating to the identification, recognition and measurement of provisions for disputes and disclosures in relation to matters concerning the contingent liabilities;</p> <p>(ii) We have considered the list of various orders/notices/demands received with respect to various litigations from the management;</p> <p>(iii) We reviewed the confirmations obtained by the Company from their legal counsel/ consultants on a sample basis and also discussed and analysed material legal cases with the Company's Legal department. We have also analysed the responses obtained from the Company's legal advisors who conduct the court cases, tax and administrative proceedings, in which the status of the cases and possible/expected manner of proceedings were described.</p> <p>(iv) We held discussions with the Management to understand their assessment of the quantification and likelihood of significant exposures and the provision required for specific cases;</p> <p>(v) We assessed the objectivity and competence of the Management and independence of the legal experts;</p> <p>(vi) We evaluated the Management's assumptions and estimates relating to the recognition of the provisions for disputes and disclosures of contingent liabilities in the standalone Ind AS financial statements; and</p> <p>(vii) We assessed the adequacy of the disclosures with regard to facts and circumstances of the legal and litigation matters.</p> <p>Based on the procedures stated above we found that the criteria and assumptions adopted by Management for determining the provision for contingent liabilities, as well as the information disclosed relating to contingent liabilities in the financial statements, are appropriate.</p>

3) Evaluation of Carrying Value of Captive Power Plant (Property, Plant and Equipment):

Key Audit Matter	Auditor's Response
<p>The Management has suspended the operations of the Captive Power Plant (CPP) and is in the process of evaluating the future course of action and viability of the plant which is mainly dependent on the availability and pricing of fuel. The Management has estimated the recoverable value of the CPP plant as ₹ 23.13 Crores, which is the carrying value as at 31st March 2019.</p> <p>Due to the multitude of factors, assumptions and significant judgments involved in estimating the recoverable values, any adverse changes to these assumptions could result in change in the recoverable value determined resulting in such recoverable value becoming lower than the carrying amount.</p> <p>Therefore, there is a risk of the carrying value being stated above to be different from the recoverable value and hence considered as a key audit matter.</p>	<p>Principal audit procedures performed:</p> <p>In evaluating this key audit matter, we considered the following:</p> <p>(i) Completeness and accuracy of the data and reasonableness of assumptions considered in determining the recoverable value.</p> <p>(ii) The External valuation obtained by the Management for the immediately preceding financial year where the Management had confirmed that the valuation report is still be relevant for assessing the recoverable value of CPP as at 31st March 2019. The assessment associated with the determination of the recoverable value included the following procedures:</p> <ol style="list-style-type: none"> Discussions with key management persons to identify factors that have been taken into account in the analysis. Assessed the reasonableness of the valuation methodology considered by the external specialist, appointed by the Management having specific regard to the Management's plans of putting the CPP into use with alternate fuels to make the operations viable. Evaluation of the Management's assumptions used in determining the recoverable value insofar it relates to justification of the carrying value <p>Based on the procedures stated above we found that the justification of the carrying value is appropriate considering the Management's future plans.</p>

Information Other than the Standalone Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report does not include the Standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the Standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS 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 Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (IND AS) specified under section 133 of the Act read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and the 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 Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report 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, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 B".
 - 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, 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 Note 37(i) to the standalone Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
3. With respect to the matter to be included in the Auditors' report under Section 197(16):

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

For **Brahmayya & Co.**,
Chartered Accountants
FRN: 000511S

N. Sri Krishna
Partner
Membership No: 026575

Place: Chennai
Date: May 20, 2019

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the Members of Manali Petrochemicals Limited on the Standalone Ind AS Financial Statements for the year ended March 31, 2019

- i. In respect of Company's fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- 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. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- 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. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- 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) on the basis of our examination of the records of the Company, in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Goods and Services Tax Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Services Tax, Cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, details of dues of Income-Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise and Value Added Tax which have not been deposited as on 31 March 2019 on account of disputes are given below:

[₹ in lakh]

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	-
		High Court of Madras	2012-13	380.89	380.89
Customs Tariff Act,1962	Customs Duty	Additional Director General, DRI	Various Years	383.08	383.08
Finance Act,1994	Service Tax	Customs, Excise and Service Tax Appellate Tribunal	Various Years	6.80	4.80
TNVAT & CST Acts	Sales Tax	TN Sales Tax Appellate Tribunal	2000-01	10.74	10.74
		Appellate Deputy Commissioner	2003-04	21.62	-
		High Court of Madras	2008-09	6.06	6.06
		Appellate Deputy Commissioner	2007-08,2008-09 2009-10	12.58	12.58
		Appellate Deputy Commissioner	2008-09	7.17	7.17
			Assessment Year		
Income Tax Act,1961	Income Tax	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)	2010-11	29.13	29.13
		Commissioner of Income Tax (Appeals)	2011-12	344.84	-
		Commissioner of Income Tax (Appeals)	2012-13	476.90	381.10
		ITAT	2013-14	30.46	30.46
		Commissioner of Income Tax (Appeals)	2014-15	78.08	66.37
		Commissioner of Income Tax (Appeals)	2015-16	108.22	108.22
		Commissioner of Income Tax (Appeals)	2016-17	232.14	232.14
Total				2,880.55	2,248.07

- viii. Based on the audit procedures and according to the information and explanations given to us, the Company is generally regular in repayment of loans or borrowings from any financial institution, banks, government or debenture holders.

- 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. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- 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. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable Accounting Standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **Brahmayya & Co.**,
Chartered Accountants
FRN: 000511S

N. Sri Krishna
Partner
Membership No: 026575

Place: Chennai
Date: May 20, 2019

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the Standalone Ind AS Financial Statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Manali Petrochemicals Limited ("the Company") as of 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 ("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 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 the risk that 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 judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 authorizations of management and directors of the company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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 and to the best of our information and according to the explanation 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 31 March 2019, 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 Brahmayya & Co.,
Chartered Accountants
FRN: 000511S

N. Sri Krishna
Partner

Membership No: 026575

Place: Chennai
Date: May 20, 2019

INDEPENDENT AUDITORS' REPORT ON ABRIDGED STANDALONE IND AS FINANCIAL STATEMENTS

To the Members of Manali Petrochemicals Limited

The accompanying abridged standalone Ind AS financial statements, which comprise the abridged Balance Sheet as at March 31, 2019, the abridged Statement of Changes in Equity, the abridged Statement of Profit and Loss (Including Other Comprehensive Income) and the abridged Statement of Cash Flows for the year then ended and related Notes, are derived from the audited standalone Ind AS financial statements of Manali Petrochemicals Limited ("the Company") for the year ended March 31, 2019. We expressed an unmodified opinion on those standalone Ind AS financial statements in our report dated May 20, 2019.

The abridged standalone Ind AS financial statements do not contain all the disclosures required by the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ('the Act') which were applied in the preparation of the audited Standalone Ind AS financial statements of the Company. Reading the abridged Standalone Ind AS financial statements, therefore, is not a substitute for reading the audited Standalone Ind AS financial statements of the Company.

Management's Responsibility for the abridged Standalone Ind AS Financial Statements

Management is responsible for the preparation of the abridged standalone Ind AS Financial Statements in accordance with Rule 10 of the Companies (Accounts) Rules, 2014 (as amended), based on the audited standalone Ind AS financial statements of the Company for the year ended March 31, 2019, which were prepared in accordance with the Indian Accounting Standards prescribed under section 133 of the Act, and in accordance with the accounting principles generally accepted in India.

Place: Chennai
Date: May 20, 2019

Auditors' Responsibility

Our responsibility is to express an opinion on the abridged standalone Ind AS financial statements based on our procedures conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Opinion

In our opinion, the abridged standalone Ind AS financial statements prepared in accordance with Rule 10 of the Companies (Accounts) Rules, 2014 (as amended), derived from the audited standalone financial statements of the Company for the year ended March 31, 2019 prepared in accordance with the Accounting Standards prescribed under section 133 of the Act and in accordance with the accounting principles generally accepted in India, are a fair summary of those standalone Ind AS financial statements.

Emphasis of Matter:

Attention is invited to note no. (iii) to the abridged standalone Ind AS financial statements, which explains the period of lease relating to the leasehold land on which one of the manufacturing units of the Company is operating has since expired on June 30, 2017 for which requests for renewal have been filed by the Company with Govt. of Tamil Nadu, (the Lessor) and extension of lease is awaited. Pending renewal of lease, no adjustments have been made in the standalone Ind AS financial statements for the year ended March 31, 2019 for any potential impact of non-renewal of land lease which is unascertainable at this point of time. Further the management is confident of obtaining the renewal of lease of land.

Our opinion is not modified in respect of above matter.

For **Brahmayya & Co.,**
Chartered Accountants
FRN: 000511S

N. Sri Krishna
Partner
Membership No: 026575

Abridged Standalone Balance Sheet as at March 31, 2019

Particulars	[₹ in lakh]	
	As at March 31, 2019	As at March 31, 2018
A. ASSETS		
I Non Current Assets		
a) Property, Plant and Equipment	18,283.57	17,124.52
b) Capital work-in-progress	634.62	1,221.10
c) Intangible Assets	-	-
d) Financial Assets:		
i) Investments	11,043.25	11,044.72
ii) Other Financial Assets	15.63	16.14
e) Other Non-Current Assets	2,104.23	2,014.97
Total Non-Current Assets	<u>32,081.30</u>	<u>31,421.45</u>
II Current Assets		
a) Inventories	9,988.61	5,668.07
b) Financial Assets:		
i) Current Investments	-	5,676.29
ii) Trade Receivables	8,185.45	7,646.28
iii) Cash and Cash equivalents	4,487.65	164.44
iv) Bank balances other than iii) above	745.49	554.71
v) Loans	3,538.40	60.19
vi) Other Financial Assets	65.41	9.34
c) Other Current assets	1,010.06	678.55
Total Current Assets	<u>28,021.07</u>	<u>20,457.87</u>
TOTAL ASSETS	<u>60,102.37</u>	<u>51,879.32</u>
B. EQUITY AND LIABILITIES		
I Equity		
a) Equity Share Capital	8,603.47	8,603.47
b) Other Equity	35,552.07	30,003.03
Total-Equity	<u>44,155.54</u>	<u>38,606.50</u>
II Liabilities		
A Non-Current Liabilities		
a) Provisions	227.17	131.68
b) Deferred Tax Liabilities (net)	2,016.79	1,413.68
c) Other non-current Liabilities	449.38	481.50
Total Non-Current Liabilities	<u>2,693.34</u>	<u>2,026.86</u>
B Current Liabilities		
a) Financial Liabilities		
i) Borrowings	1,437.53	1,711.91
ii) Trade Payables		
1. Total outstanding dues of Micro Enterprises and Small Enterprises	10.98	33.03
2. Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	7,853.26	4,486.71
iii) Other financial liabilities	417.97	420.29
b) Provisions	1,600.19	1,616.61
c) Current Tax Liabilities (Net)	-	-
d) Other current liabilities	1,933.56	2,977.41
Total Current Liabilities	<u>13,253.49</u>	<u>11,245.96</u>
Total Liabilities	<u>15,946.83</u>	<u>13,272.82</u>
TOTAL EQUITY AND LIABILITIES	<u>60,102.37</u>	<u>51,879.32</u>

Note: Complete Balance Sheet, Statement of Changes in Equity, Statement of Profit and Loss, Statement of Cash Flows and other statements and notes thereto prepared as per the requirement of Division II to the Schedule III to the Act are available at the Company's website at the link www.manalipetro.com. Copy of Financial Statement is also available for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of AGM.

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

For **Brahmayya & Co.,**
 Chartered Accountants
 Firm Registration No. 000511S

For and on behalf of the Board of Directors

N. Sri Krishna
Partner
 Membership No. 026575

Ashwin C Muthiah
Chairman
 (DIN: 00255679)

Place: Chennai
 Date : May 20, 2019

Anis Tyebali Hyderi
Chief Financial Officer

R Kothandaraman
Company Secretary

Abridged Standalone Statement of Profit and Loss for the year ended March 31, 2019

[₹ in lakh]

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
1 Revenue		
a) Revenue from Operations (Gross)	70,211.80	66,290.48
b) Other Income	<u>679.52</u>	<u>166.57</u>
Total Revenue (Gross) [a+b]	<u>70,891.32</u>	<u>66,457.05</u>
2 Expenses		
a) Cost of materials consumed	47,270.79	40,745.05
b) Excise duty on sale of goods	-	1,757.97
c) Changes in inventories of finished goods and work-in-progress	(2,196.39)	1,429.14
d) Employee benefits expense	2,567.91	2,197.12
e) Finance costs	173.71	281.60
f) Depreciation expense	1,032.44	824.74
g) Power & Fuel	7,861.58	6,160.66
h) Other expenses	<u>5,589.78</u>	<u>4,675.82</u>
Total Expenses	<u>62,299.82</u>	<u>58,072.10</u>
3 Profit Before Exceptional items and Tax [1-2]	<u>8,591.50</u>	8,384.95
4 Exceptional Items	<u>1,677.00</u>	-
5 Profit Before Tax [3+4]	<u>10,268.50</u>	<u>8,384.95</u>
6 Tax Expenses		
a) Current Tax	2,970.00	2,110.00
b) Short Provision for tax relating to prior years	178.58	-
c) Deferred Tax	<u>603.11</u>	<u>787.93</u>
Total Tax Expenses [a+b+c]	<u>3,751.69</u>	<u>2,897.93</u>
7 Profit for the period [5-6]	<u>6,516.81</u>	5,487.02
8 Other Comprehensive Income		
Items that will not be classified to profit or (loss)		
Changes in fair value of equity Investments	(0.28)	(0.17)
Remeasurement Cost of net defined employee benefits	<u>69.31</u>	<u>(33.38)</u>
9 Total Comprehensive Income [7+8]	<u>6,585.84</u>	<u>5,453.47</u>
10 Earnings per equity share [Face value of ₹ 5 each]		
a) Basic (in ₹)	3.83	3.17
b) Diluted (in ₹)	3.83	3.17

Note: Complete Balance Sheet, Statement of Changes in Equity, Statement of Profit and Loss, Statement of Cash Flows and other statements and notes thereto prepared as per the requirement of Division II to the Schedule III to the Act are available at the Company's website at the link www.manalipetro.com. Copy of Financial Statement is also available for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of AGM.

This is the Abridged Statement of Profit and Loss referred to in our report of even date

For **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No. 000511S

For and on behalf of the Board of Directors

N. Sri Krishna
Partner
Membership No. 026575

Ashwin C Muthiah
Chairman
(DIN: 00255679)

Place: Chennai
Date : May 20, 2019

Anis Tyebali Hyderi
Chief Financial Officer

R Kothandaraman
Company Secretary

Abridged Standalone Statement of Changes in Equity

[₹ in lakhs]

A. Equity Share Capital

For the year ended 31st March 2019

Balance as at April 01, 2018	-	Balance as at March 31, 2019
	8,603.47	8,603.47

For the year ended 31st March 2018

Balance as at April 01, 2017	-	Balance as at March 31, 2018
	8,603.47	8,603.47

B. Other Equity

Statement of changes in Other Equity (2018-19)

Particulars	Reserves and Surplus			Equity Instruments through Other Comprehensive Income	Other Items of Other Comprehensive Income	Total
	Securities Premium Reserve	General Reserve	Capital Reserve			
Balance at the beginning of reporting Period (01.04.2018)	91.45	109.20	84.00	1.20	(28.55)	30,003.03
Profit for the year	-	-	-	(0.28)	69.31	6,585.84
Dividend paid during the year including tax therein	-	-	-	-	-	(1,036.80)
Balance at the end of reporting Period (31.03.2019)	91.45	109.20	84.00	0.92	40.76	35,552.07

Statement of changes in Other Equity (2017-18)

Particulars	Reserves and Surplus			Equity Instruments through Other Comprehensive Income	Other Items of Other Comprehensive Income	Total
	Securities Premium Reserve	General Reserve	Capital Reserve			
Balance at the beginning of reporting Period (01.04.2017)	91.45	109.20	84.00	1.37	4.83	25,584.64
Profit for the year	-	-	-	(0.17)	(33.38)	5,453.47
Dividend paid during the year including tax therein	-	-	-	-	-	(1,035.08)
Balance at the end of reporting Period (31.03.2018)	91.45	109.20	84.00	1.20	(28.55)	30,003.03

Note: Complete Balance Sheet, Statement of Changes in Equity, Statement of Profit and Loss, Statement of Cash Flows and other statements and notes thereto prepared as per the requirement of Division II to the Schedule III to the Act are available at the Company's website at the link www.manalipetro.com. Copy of Financial Statement is also available for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of AGM.

This is the Abridged Statement of Changes in Equity referred to in our report of even date

For **Brahmayya & Co.**,
 Chartered Accountants
 Firm Registration No. 000511S

N. Sri Krishna
Partner
 Membership No. 026575
 Place: Chennai
 Date : May 20, 2019

For and on behalf of the Board of Directors

Ashwin C Muthiah
Chairman
 (DIN: 00255679)

Anis Tyejali Hyderi
Chief Financial Officer

R Kothandaraman
Company Secretary

Abridged Standalone Statement of Cash Flows for the year ended March 31, 2019

[₹ in lakh]

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net Cash flow from operating activities [A]	1,896.17	6,921.24
Net Cash flow from Investing activities [B]	(1,764.36)	(1,522.39)
Net Cash (used in) / from Financing Activities [C]	(1,484.89)	(1,908.13)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(1,353.08)	3,490.72
Cash and cash equivalents at the beginning of the period	5,840.73	2,350.01
Cash and cash equivalents at the end of the period	4,487.65	5,840.73

Components of Cash & Cash Equivalents:

Particulars	As at March 31, 2019	As at March 31, 2018
Cash and Cash Equivalents (Note: [vi])		
Cash on hand	2.35	2.98
Cheques on hand	-	-
Balance(s) In current accounts (including debit balance(s) in cash credit)	5.30	161.04
Balances in Fixed deposit original maturity period less than 3 months	4,480.00	-
Balance(s) In EEFC accounts	-	0.42
Current Investments	-	5,676.29
Total Cash and Cash Equivalents	4,487.65	5,840.73

Reconciliation between opening and closing balances in the balance sheet for liabilities and financial assets arising from financing activities:

Particulars	As at March 31, 2018	Cash Flows	Fair Value Changes	As at March 31, 2019
Short term Borrowings	1,711.91	(274.38)	-	1,437.53
Total Liabilities from Financing Activities	1,711.91	(274.38)	-	1,437.53

Note: Complete Balance Sheet, Statement of Changes in Equity, Statement of Profit and Loss, Statement of Cash Flows and other statements and notes thereto prepared as per the requirement of Division II to the Schedule III to the Act are available at the Company's website at the link www.manalipetro.com. Copy of financial statement is also available for inspection at the registered office of the Company during working hours for a period of 21 days before the date of AGM.

This is the Abridged Statement of Cash Flows referred to in our report of even date

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No. 000511S

N. Sri Krishna
Partner
Membership No. 026575

Place: Chennai
Date: May 20, 2019

For and on behalf of the Board of Directors

Ashwin C Muthiah
Chairman
(DIN: 00255679)

Anis Tyebali Hyderi
Chief Financial Officer

R Kothandaraman
Company Secretary

Notes to the Abridged Standalone Financial Statements for the year ended March 31, 2019

[₹ in lakh]

i) 37 Contingent Liabilities and Commitments (to the extent not provided for) (IND AS 37)

l) Contingent Liabilities

a) Claims against the Company not acknowledged as debt:

Nature of the Dues	As at March 31, 2019	As at March 31, 2018
Claim for arrears of lease rent by Thasildar, Tiruvottiyur	19,836.00	-

During the year the Company received a letter from Thasildhar, Tiruvottiyur, demanding payment of ₹ 19,836 lakh as arrears of lease rent upto 2016 relating to land leased out to Plant II. No details have been provided for the claim in the said letter. During the FY 2013-14, the Company had received a similar claim for ₹ 1,677 lakh as lease arrears upto Fasli 1423 (June 30, 2013) without any details. As a matter of abundant caution, provision was made in the FY 2014-15 for this claim. Thus the demands received during the year as well as received during the earlier year as stated above did not contain the basis on which the demands were raised. While disputing the above claims the Company has sought details for the same, which have not so far been provided by the Thasildhar, Tiruvottiyur.

In this regard, the Company has received legal advise that the amounts claimed through the said two notices are misconceived in as much as the demand for alleged arrears of lease rent appears to be baseless, unsubstantiated, erroneous and so is arbitrary and not tenable. Accordingly, taking into account the arbitrariness involved, it is viewed that the said claims are devoid of any merits and so need not be reckoned as any obligation on the Company. The Company would decide on further action in the matter once the details are received.

Notwithstanding the above claims, the Company continues to make payment of the lease rent at contracted rates as per the agreement entered into with the Governments and payments have been made upto 30 June 2020 which have been received, accepted and realized by the Thasildhar. In the light of this and also that the latter demand covers the period mentioned in the demand received in FY 2013-14, the earlier provision of ₹ 1,677 lakh in FY 2014-15 is no longer necessary and hence the same has been reversed as shown under Exceptional items. However the Company continues to provide for differential lease rent based on the contract terms for the fixation of lease rent and in terms of the extant Government guidelines for such lands.

b) Other money for which the Company is contingently liable:

Nature of the Dues	Forum before which the dispute is pending	Period to which it relates	As at March 31, 2019	As at March 31, 2018
Excise Duty	High Court of Madras	2007-08	53.39	53.39
	High Court of Madras	2012	380.89	380.89
Service Tax	Customs, Excise and Service Tax Appellate Tribunal	Various Years	6.80	6.80
	Disputed Excise & Customs Demand		441.08	441.08
Sales Tax	Appellate Deputy Commissioner (CT)	2003-04	21.62	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
	Assistant Commissioner Sales Tax	1994-95	3.44	3.44
	Disputed Sales Tax Demand		41.86	56.98

[₹ in lakh]

Nature of the Dues	Forum before which the dispute is pending	Assessment Year	As at March 31, 2019	As at March 31, 2018
Income Tax	Commissioner of Income Tax (Appeals)	2008-09	518.45	518.45
	Commissioner of Income Tax (Appeals)	2009-10	3.12	3.12
	Commissioner of Income Tax (Appeals)	2010-11	176.88	176.88
	Commissioner of Income Tax (Appeals)	2012-13	476.90	476.90
	Income Tax Appellate Tribunal	2013-14	30.46	30.46
	Commissioner of Income Tax (Appeals)	2014-15	78.08	78.08
	Commissioner of Income Tax (Appeals)	2015-16	108.22	108.22
	Commissioner of Income Tax (Appeals)	2016-17	232.14	-
	Disputed Income Tax Demand **		1,624.25	1,392.11

** Against the above demands, the Company has made payment of ₹ Nil (₹ 21.64 lakh in 2017-18)

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.

II) Commitments

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed (net of advances):	1,645.43	836.88
Total Commitments	1,645.43	836.88

ii) 36 Segment Reporting (IND AS 108):

The Company is exclusively engaged in the business of Manufacture and sale of Petrochemical products primarily in India. As per Ind AS 108 "Operating Segments" specified under Section 133 of the Companies Act, 2013, there are no reportable or geographical segments applicable to the Company.

iii) 48 Note on Leasehold Land

The period of lease relating to the leasehold land on which one of the manufacturing units of the Company is operating expired on June 30, 2017 for which requests for renewal have been filed by the Company with Govt. of Tamilnadu, which is under process. The Management is confident of renewal of the lease as the land has been put to use for the purpose for which it has been allotted and hence no adjustments for impact of non-renewal, (which however are unascertainable at this point in time), are deemed necessary in the financial results.

iv) 4 Other Non-Current Investments

Particulars	As at March 31, 2019	As at March 31, 2018
Non-Current Investments		
Quoted Investments		
a) Investments in equity instruments at FVTOCI		
Quoted Investments		
Chennai Petroleum Corporation Limited (500 Equity shares of ₹ 10 each fully paid)	1.36	1.65
Total Aggregate of Quoted Investments	1.36	1.65
Unquoted Investments		
Investments in equity instruments at cost		
OPG Power Generation Private Limited (90,000 [100,600 in 2017-18] Equity shares of ₹ 10 each fully paid)	9.54	10.76
AM Foundation (Formerly AM Corporate Social Responsibility Foundation) (1700 [1,300 in 2017-18] Equity shares of ₹ 10 each fully paid)	0.17	0.13
Total Aggregate of unquoted Investments	9.71	10.89
Total Aggregate of Investments at FVTOCI (a)	11.07	12.54
b) Investments in equity instruments at cost		
b) Investment in equity shares of wholly owned subsidiary		
Unquoted Investments		
AMCHEM Speciality Chemicals Private Limited, Singapore (1,64,21,208 Equity Shares [1,64,21,208 in 2017-18] of USD 1 each fully paid)	11,032.18	11,032.18
Total Aggregate unquoted Investments	11,032.18	11,032.18
Total Investments (a+b)	11,043.25	11,044.72
Aggregate book value of quoted investments	1.36	1.65
Aggregate market value of quoted investments	1.36	1.65
Aggregate carrying value of unquoted investments	11,043.25	11,044.72
Aggregate amount of impairment in value of investments	-	-

v) 40 Related Party Disclosures (Ind AS 24):
a) List of Related Parties where control exists:

Name of the Related Party	Principal Place of Business	Shareholding and Voting Power	
		As at March 31, 2019	As at March 31, 2018
Subsidiary Companies			
a) AMCHEM Speciality Chemicals Private Limited (w.e.f. 1 st March, 2016) (AMCHEM, Singapore)	Singapore	100.00%	100.00%
b) AMCHEM Speciality Chemicals UK Limited (w.e.f. 29 th September, 2016) (AMCHEM, UK)*	UK	100.00%	100.00%
c) Notedome Limited (w.e.f. 1 st October, 2016)#	UK	100.00%	100.00%

* 100% Subsidiary Company of AMCHEM, Singapore

100% Subsidiary Company of AMCHEM, UK

b) Other Related Parties with whom there were transactions during the year:

Name of the Related Party	Relationship
SIDD Life Sciences Private Limited	Investment Company / Venturer Company
Southern Petrochemical Industries Corporation Limited	Associate Company having significant Influence
Tamilnadu Industrial Development Corporation Limited	Associate Company having significant Influence
Tamilnadu Petroproducts Limited	Joint Venture of the entity to which the company is an Associate
CNGSN & Associates LLP	Firm in which a relative of director is a partner
MPL Employees Superannuation Trust	Post Employment Benefit Plan Entity
MPL Employees Gratuity Fund Trust	Post Employment Benefit Plan Entity

c) Transactions with Investing Company, Associate Companies and Other Related parties during the Year:

Sr. No.	Particulars	Year ended March 31, 2019	Year Ended March 31, 2018
1	Dividend paid:		
	SIDD Life Sciences Private Limited	329.23	329.23
	Tamilnadu Industrial Development Corporation Limited	56.06	56.06
	Southern Petrochemical Industries Corporation Limited	0.05	0.05
2	Purchase of Goods:		
	Tamilnadu Petroproducts Limited	2,911.27	827.40
	Notedome Limited	2.29	-
3	Purchase of Services:		
	Tamilnadu Petroproducts Limited	13.45	33.24
	CNGSN & ASSOCIATES LLP	7.38	5.83
	AMCHEM Speciality Chemicals Private Limited	335.69	105.20
4	Purchase of Fixed Assets/ Property, Plant and Equipment:		
	Tamilnadu Petroproducts Limited	23.50	0.31
	Notedome Limited	-	12.92
5	Rendering of Services:		
	Tamilnadu Petroproducts Limited	17.65	236.00
6	Sale of Goods:		
	Tamilnadu Petroproducts Limited	74.46	-
7	Sale of Fixed Assets/ Property, Plant and Equipments:		
	Tamilnadu Petroproducts Limited	-	84.22
8	Reimbursements of Expenses:		
	Tamilnadu Petroproducts Limited	-	51.12
9	Contributions to Post employment benefit plan trust:		
	MPL Employees Superannuation Trust	30.35	28.55
	Refund received from MPL Employees Superannuation Trust #	(34.30)	-
	MPL Employees Gratuity Fund Trust	58.83	16.62

#Represents amount reclaimed from LIC by the Trust which are contributions made for employees who had opted out of the scheme and refunded to them.

d) Outstanding Balances:

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018
1	Trade Payables Tamilnadu Petroproducts Limited	1,270.19	85.90
2	Other Payables Tamilnadu Petroproducts Limited	100.03	113.36
3	Trade Receivables Tamilnadu Petroproducts Limited	47.44	-

Note: Managing Director is not in receipt of any remuneration but in respect of his service would be eligible for post-retirement benefits as per the applicable law and service rules of the Company. The details of remunerations to the Whole-Time Director, Chief Financial Officer, Company Secretary and sitting fees to other Non-Executive Directors are disclosed in the Corporate Governance Report.

(vi) 10 Cash and Cash Equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with Banks:		
In current accounts	5.30	161.04
In EEFC accounts	-	0.42
In Fixed deposit original maturity period less than 3 months	4,480.00	-
Cash on hand	2.35	2.98
Cash and Cash Equivalents	4,487.65	164.44

Cash on hand includes ₹ 1.19 lakh (2017-18 ₹ 1.38 lakh) held in various foreign currencies

(vii) 24 Revenue from Operations

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Sale of Products		
Finished Goods *	69,972.99	64,998.80
b) Sale of Services	25.00	236.00
c) Other Operating Revenues		
Scrap Sales	125.84	151.65
Provisions no longer required written back	87.97	850.80
Unclaimed liabilities written back	-	53.23
Total Revenue from Operations	70,211.80	66,290.48

* Consequent to the introduction of Goods and Service Tax (GST) w.e.f 01.07.2017, revenue from operation for the year ended 31.03.2019 and nine months ended 31.03.2018 are disclosed net of GST. Till 30.06.2017, Excise Duty recovered from sale of excisable goods was included in Revenue from Operations, excise duty remitted was included in expenditure and difference between excise duty on opening and closing inventories was included in Other Expenses. Hence, Revenue from the operations and excise duty remitted are not comparable with earlier period figures.

Excise duty on increase/(decrease) in finished goods amounting to Current Year - NIL [Previous Year - (₹ 408.80 lakh)] had been considered as expense.

Details of Sales (Net):

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Manufactured Goods:		
Propylene Oxide	1,508.81	730.00
Propylene Glycol	21,943.71	20,297.59
Polyol	40,605.21	39,361.20
Others	7,954.26	6,684.21
Total Manufactured Goods	72,011.99	67,073.00
Less: Trade Discounts	2,039.00	2,074.20
Total Sale of Products	69,972.99	64,998.80

viii) 26 Cost of materials consumed

Particulars	For the year ended March 31, 2019	A For the year ended March 31, 2018
Opening Stock	3,525.95	8,000.28
Add: Purchases	49,287.45	36,270.72
Less: Closing Stock	5,542.61	3,525.95
Cost of materials consumed	47,270.79	40,745.05

ix) 35 Exceptional Item

Exceptional item of ₹ 1,677.00 lakh for the year ended March 31, 2019 [Previous Year: Nil] represents reversal of Lease Rent provision made during the financial year 2014-15 (Refer to Note: (i))

For **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No. 000511S

N. Sri Krishna
Partner
Membership No. 026575

Place: Chennai
Date: May 20, 2019

For and on behalf of the Board of Directors

Ashwin C Muthiah
Chairman
(DIN: 00255679)

Anis Tyebali Hyderi
Chief Financial Officer

R Kothandaraman
Company Secretary

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANALI PETROCHEMICALS LIMITED

Report on the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of Manali Petrochemicals Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as ("the Group")), which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 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, 2019, of consolidated profit, Total Comprehensive Income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the

ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Attention is invited to Note No. 49 to the Consolidated Ind AS Financial Statements, which explains that the period of lease relating to the leasehold land on which one of the manufacturing units of the Holding Company is operating has since expired, on June 30, 2017 for which requests for renewal have been filed by the Holding Company with Govt. of Tamil Nadu, (the Lessor) and the decision for extension of lease is awaited. Pending renewal of lease, no adjustments have been made in the Consolidated Ind AS Financial Statements for the year ended March 31, 2019 for any potential impact of non-renewal of land lease which is unascertainable at this point of time. Further the Management is confident of obtaining the renewal of lease of land. Our opinion is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1) Revenue recognition and discounts:

Key Audit Matter	Auditor's Response
<p>Revenue is measured net of discounts given to the customers on the Group's sales. The estimation towards measurement of discounts given to its customers corresponding to the sales made during the year is material and is considered to be complex and judgmental.</p> <p>This is an area of significant judgement and with varying complexity, depending on nature of arrangement which differs from customer to customer. Therefore, there is a risk of revenue being misstated as a result of faulty estimations relating to discounts to its customers</p>	<p>(i) We have assessed the appropriateness of the Group's Revenue recognition accounting policies, including those relating to estimation of discounts given to its customers.</p> <p>(ii) We have tested the effectiveness of the entity's internal controls over calculation of discounts.</p> <p>(iii) We have evaluated the documentation associated with the transactions of sale including credit notes and appropriate approvals for discounts offered to customers from the samples selected, to determine whether revenue was recognised net of discounts in the relevant reporting period.</p> <p>The results of our tests are satisfactory and we considered the estimate of the accrual relating to discounts and the amount of revenue recognised is found to be acceptable on comparing current year discounts accruals to the prior year and, where relevant, completing further inquiries and testing.</p>

2) Evaluation of Contingent Liabilities

Key Audit Matter	Auditor's Response
<p>The Group has contingent liabilities comprising claims against the Group not acknowledged as debts and demands from various statutory authorities which are inherent to the normal course of their business, filed by third parties, former employees, and statutory authorities.</p> <p>In general, the settlement of these proceedings takes a long time and involve not only discussions on the matter itself, but also complex process-related aspects, depending on the applicable legislation.</p> <p>Among other things, the aspects used to establish the likelihood of a loss attributed to each proceeding are subjective and the evolution of the jurisprudence over these disputes are not always uniform.</p> <p>In certain litigation and regulatory matters significant judgement is required by the Management to determine if there is a present obligation under relevant accounting standard.</p> <p>The complex nature of the Regulations and jurisprudence make this an ongoing area of judgement, and taking into consideration Management's judgement in assessing the likelihood that the pending claim will succeed, or a liability will arise, time period for resolution have been a matter of significance during the audit and the exposure of each case there is a risk that such cases may not be adequately provided for or disclosed in the Consolidated Ind AS financial statements and hence considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> (i) We have evaluated and tested the procedures and controls relating to the identification, recognition and measurement of provisions for disputes and disclosures in relation to matters concerning the contingent liabilities; (ii) We have considered the list of various orders/notices/demands received with respect to various litigations from the management; (iii) Reviewed the confirmations obtained by the Company from their legal counsel / consultants on a sample basis and also discussed and analysed material legal cases with the Company's Legal department. We have also analysed the responses obtained from the Company's legal advisors who conduct the court cases, tax and administrative proceedings, in which the status of the legal cases and possible / expected manner of proceeding were described. (iv) We held discussions with the Management to understand their assessment of the quantification and likelihood of significant exposures and the provision required for specific cases; (v) We assessed the objectivity and competence of the management and independence of the legal experts; (vi) Evaluated the Management's assumptions and estimates relating to the recognition of the provisions for disputes and disclosures of contingent liabilities in the consolidated financial statements; and (vii) Assessed the adequacy of the disclosures with regard to facts and circumstances of the legal and litigation matters. <p>Based on the procedures stated above we found that the criteria and assumptions adopted by Management for determining the provision for contingent liabilities, as well as the information disclosed relating to contingent liabilities in the financial statements, are appropriate.</p>

3) Evaluation of Carrying Value of Captive Power Plant (Property, Plant and Equipment):

Key Audit Matter	Auditor's Response
<p>The Management has suspended the operations of the Captive Power Plant (CPP) and is in the process of evaluating the future course of action and viability of the plant which is mainly dependent on the availability and pricing of fuel. The Management has estimated the recoverable value of the CPP plant as ₹ 23.13 Crores, which is the carrying value as at 31st March 2019.</p> <p>Due to the multitude of factors, assumptions and significant judgments involved in estimating the recoverable values, any adverse changes to these assumptions could result in change in the recoverable value determined resulting in such recoverable value becoming lower than the carrying amount.</p> <p>Therefore, there is a risk of the carrying value being stated above to be different from the recoverable value and hence considered as a key audit matter.</p>	<p>Principal audit procedures performed:</p> <p>In evaluating this key audit matter, we considered the following procedures:</p> <ul style="list-style-type: none"> (i) Completeness and accuracy of the data considered, reasonableness of assumptions considered in determining the recoverable value. (ii) The external valuation obtained by the management for the immediately preceding financial year which the management had confirmed that the valuation report is still be relevant for assessing the recoverable value of CPP as at 31st March 2019. The assessment associated with the determination of the recoverable value included the following procedures: <ul style="list-style-type: none"> a. Discussions with key management persons to identify factors that have been taken into account in the analysis. b. Assessed the reasonableness of the valuation methodology considered by the external expert, appointed by the Management having specific regard to the management plans of putting the CPP into use with alternate fuels to make the operations viable c. Evaluation of the Management's assumptions used in determining the recoverable value insofar it relates to justification of carrying value <p>Based on the procedures stated above we found that the justification of the carrying value is appropriate considering the Management's future plans.</p>

4) Valuation of Goodwill on Consolidation:

Key Audit Matter	Auditor's Response
<p>As at March 31, 2019, the Group's assets include goodwill aggregating to ₹ 85.48 Crore arising on acquisition of businesses of Notedome Limited which is engaged in the business of Petrochemicals.</p> <p>Goodwill is carried at cost and is tested for impairment, if any, in accordance with Ind AS 36 "Impairment of Assets". However, there is a potential risk that the goodwill will be impaired if assumptions for the projected cash flows are not met. Changes in these assumptions could lead to an impairment to the carrying value of the goodwill. We identified this as a key audit matter for current year audit of the Consolidated Financial Statements owing to the materiality of the amounts involved and inherent subjectivity involved in the determination of the recoverable value through estimation of future cash flows.</p>	<p>Our audit procedures in relation to testing of impairment of goodwill, are as follows</p> <ol style="list-style-type: none"> Assessed and tested the design and operating effectiveness of the Company's controls over recognition of impairment assessment process. Obtained the impairment analyses and tested the appropriateness of the impairment model and reasonableness of the key assumptions used. Compared the prior year budgets with the actual results to determine the efficacy of the management's budgeting process. Obtained and evaluated sensitivity analysis performed by the Management on aforesaid key assumptions and Assessed the appropriateness and adequacy of the related disclosures in the financial statements in accordance with the applicable Indian Accounting Standards. <p>Based on the procedures stated above we found Management's key assumptions to be reasonable in determining the carrying value of the goodwill.</p>

Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the Consolidated Ind AS financial statements and our auditors' report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance, Consolidated Changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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; 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 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditors' Responsibilities for the Audit of Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high

level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group (Holding company and subsidiaries) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements. We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the Financial Statements and other financial information of the three overseas subsidiaries included in the Consolidated Ind AS Financial Statements, whose Financial Statements reflect total assets of ₹ 31,852 lakh and net assets of ₹ 26,250 lakh as at 31st March, 2019, total revenues (including other income) of ₹ 12,340 lakh, net cash flows of ₹ 1,697 lakh and net profit of ₹ 1,443 lakh for the year ended on that date as considered in the Consolidated Ind AS Financial Statements. The Financial Statements and other financial information of these subsidiaries have been audited by the other auditors whose reports have been furnished to us by the Management and our report on the Consolidated Ind AS Financial Statements in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors. Our opinion is not modified in respect of this matter.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report 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 relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept by the Holding Company 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, the consolidated statement of changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the preparation of the Consolidated Ind AS Financial Statements.
 - d) In our opinion, the aforesaid Consolidated Ind AS Financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the holding Company as on 31st March, 2019 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, 2019 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 Holding Company and the operating effectiveness of such controls, refer to our separate Report in Annexure.
- 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the group. Refer Note 37(i) to the Consolidated Ind AS financial statements.
 - ii. The Group did not have any material foreseeable losses due to long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company
2. With respect to the matter to be included in the Auditors' report under Section 197(16):

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

For **Brahmayya & Co.,**
Chartered Accountants
FRN: 000511S

N. Sri Krishna
Partner
Membership No: 026575

Place: Chennai
Date: May 20, 2019

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Group as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Manali Petrochemicals Limited ("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 Holding Company's Management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Holding 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 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 Holding 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 the risk that 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 judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS 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 authorizations of management and directors of the Company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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 and to the best of our information and according to the explanation 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 31 March 2019, based on the internal control over financial reporting criteria established by the Holding 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 **Brahmayya & Co.,**
Chartered Accountants
FRN: 000511S

N. Sri Krishna
Partner

Membership No: 026575

Place: Chennai
Date: May 20, 2019

INDEPENDENT AUDITORS' REPORT ON ABRIDGED CONSOLIDATED IND AS FINANCIAL STATEMENTS

To The Members of Manali Petrochemicals Limited

The accompanying abridged Consolidated Ind AS financial statements, which comprise the abridged Consolidated Balance Sheet as at March 31, 2019, the abridged Consolidated Statement of Changes in Equity, the abridged Consolidated Statement of Profit and Loss (Including Other Comprehensive Income) and the abridged Consolidated Statement of Cash Flows for the year then ended and related Notes, are derived from the audited Consolidated financial statements of Manali Petrochemicals Limited ("the Holding Company") and its subsidiary companies (the Holding Company and its subsidiaries together referred to as "the Group") for the year ended March 31, 2019. We expressed an unmodified opinion on those audited consolidated Ind AS financial statements in our report dated May 20, 2019.

The abridged Consolidated Ind AS financial statements do not contain all the disclosures required by the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ('the Act') which were applied in the preparation of the audited consolidated financial statements of the Group. Reading the abridged consolidated financial statements, therefore, is not a substitute for reading the audited consolidated Ind AS financial statements of the Group.

Management's Responsibility for the abridged Consolidated Ind AS Financial Statements

Holding Company Management is responsible for the preparation of the abridged Consolidated Ind AS Financial Statements in accordance with Rule 10 of the Companies (Accounts) Rules, 2014 (as amended), based on the audited consolidated Ind AS financial statements of the group for the year ended March 31, 2019, which were prepared in accordance with the Indian Accounting Standards prescribed under section 133 of the Act, and in accordance with the accounting principles generally accepted in India.

Auditors' Responsibility

Our responsibility is to express an opinion on the abridged Consolidated Ind AS financial statements based on our procedures conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Opinion

In our opinion, the abridged Consolidated financial statements prepared in accordance with Rule 10 of the Companies (Accounts) Rules, 2014 (as amended), derived from the audited Consolidated financial statements of the Group for the year ended March 31, 2019 prepared in accordance with the Accounting Standards prescribed under section 133 of the Act and in accordance with the accounting principles generally accepted in India, are a fair summary of those audited Consolidated financial statements.

Emphasis of Matter:

Attention is invited to note no. (iii) to the abridged consolidated Ind AS financial statements, which explains the period of lease relating to the leasehold land on which one of the manufacturing units of the Holding Company is operating has since expired on June 30, 2017 for which requests for renewal have been filed by the Holding Company with Govt. of Tamil Nadu, (the Lessor) and the extension of lease is awaited. Pending renewal of lease, no adjustments have been made in the financial statements for the year ended March 31, 2019 for any potential impact of non-renewal of land lease which is unascertainable at this point of time. Further the management is confident of obtaining the renewal of lease of land.

Our opinion is not modified in respect of this matter.

Other Matter

We did not audit the financial statements of three overseas subsidiaries included in the abridged consolidated Ind AS financial statements, whose financial statements reflect total assets of ₹ 31,852 lakh and net assets of ₹ 26,250 lakh as at 31st March, 2019, total revenues (including other income) of ₹ 12,340 lakh, net cash flows of ₹ 1,697 lakh and net profit of ₹ 1,443 lakh for the year ended on that date as considered in the abridged consolidated financial statements. The financial statements of these subsidiaries have been audited by the other auditors whose reports have been furnished to us by the management and our report on the consolidated Ind AS financial statements in so far as it relates to the aforesaid subsidiaries is based solely on the reports of other auditors.

Our opinion is not modified in respect of this matter.

For **Brahmayya & Co.,**
Chartered Accountants
FRN: 000511S

N. Sri Krishna
Partner
Membership No: 026575

Place: Chennai
Date: May 20, 2019

Abridged Consolidated Balance Sheet as at March 31, 2019

Particulars	[₹ in lakh]	
	As at March 31, 2019	As at March 31, 2018
A. ASSETS		
I Non Current Assets		
a) Property, Plant and Equipment	19,716.08	18,586.44
b) Goodwill on Consolidation	8,549.59	8,720.48
c) Capital work-in-progress	634.62	1,221.10
d) Intangible Assets	-	-
e) Financial Assets:		
i) Investments	11.07	12.53
ii) Other Financial Assets	15.63	16.14
f) Other non-current assets	2,282.82	2,014.97
Total Non-Current Assets	<u>31,209.81</u>	<u>30,571.66</u>
II Current Assets		
a) Inventories	11,791.05	7,247.04
b) Financial Assets:		
i) Current Investments	-	5,676.29
ii) Trade Receivables	11,412.49	10,110.32
iii) Cash and Cash equivalents	5,431.23	647.46
iv) Bank balances other than iii) above	745.49	554.71
v) Loans	3,538.39	60.19
vi) Other Financial Assets	65.41	9.34
c) Other Current assets	1,166.69	722.49
Total Current Assets	<u>34,150.76</u>	<u>25,027.84</u>
TOTAL ASSETS	<u>65,360.57</u>	<u>55,599.50</u>
B. EQUITY AND LIABILITIES		
I Equity		
a) Equity Share Capital	8,603.47	8,603.47
b) Other Equity	36,893.86	30,567.60
Total-Equity	<u>45,497.33</u>	<u>39,171.07</u>
II Liabilities		
A Non-Current Liabilities		
a) Provisions	227.17	131.68
b) Deferred Tax Liabilities (net)	2,095.68	1,407.26
c) Other non-current Liabilities	682.73	964.25
Total Non-Current Liabilities	<u>3,005.58</u>	<u>2,503.19</u>
B Current Liabilities		
a) Financial Liabilities		
i) Borrowings	3,381.61	2,307.14
ii) Trade Payables		
1. Total outstanding dues of Micro Enterprises and Small Enterprises	10.98	33.03
2. Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	9,320.87	6,422.57
iii) Other financial liabilities	417.97	420.29
b) Provisions	1,600.36	1,616.64
c) Current Tax Liabilities (Net)	-	-
d) Other current liabilities	2,125.87	3,125.57
Total Current Liabilities	<u>16,857.66</u>	<u>13,925.24</u>
Total Liabilities	<u>19,863.24</u>	<u>16,428.43</u>
TOTAL EQUITY AND LIABILITIES	<u>65,360.57</u>	<u>55,599.50</u>

Note: Complete Consolidated Balance Sheet, Statement of Changes in Equity, Statement of Profit and Loss, Statement of Cash Flows and other statements and notes thereto prepared as per the requirement of Division II to the Schedule III to the Act are available at the Company's website at the link www.manalipetro.com. Copy of Financial Statement is also available for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of AGM.

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

For **Brahmayya & Co.**,
Chartered Accountants
Firm Registration No. 000511S

N. Sri Krishna
Partner
(Membership No. 026575)

Place: Chennai
Date : May 20, 2019

For and on behalf of the Board of Directors

Ashwin C Muthiah
Chairman
(DIN: 00255679)

Anis Tyebali Hyderi
Chief Financial Officer

R Kothandaraman
Company Secretary

Abridged Consolidated Statement of Profit and Loss for the year ended March 31, 2019

[₹ in lakh]

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
1 Revenue		
a) Revenue from Operations (Gross)	81,024.58	76,536.23
b) Other Income	1,150.89	298.69
Total Revenue [a+b]	<u>82,175.47</u>	<u>76,834.92</u>
2 Expenses		
a) Cost of materials consumed	55,043.06	48,289.78
b) Excise duty on sale of goods	-	1,757.97
c) Changes in inventories of finished goods and work-in-progress.	(1,994.57)	1,372.92
d) Employee benefits expense	4,064.46	3,649.48
e) Finance costs	232.47	325.59
f) Depreciation expense	1,104.56	892.06
g) Power & Fuel	7,931.69	6,219.46
h) Other expenses	6,121.17	5,547.76
Total Expenses	<u>72,502.84</u>	<u>68,055.02</u>
3 Profit Before Exceptional items and Tax [1-2]	<u>9,672.63</u>	<u>8,779.89</u>
4 Exceptional Items	<u>1,677.00</u>	<u>-</u>
5 Profit Before Tax [3+4]	<u>11,349.63</u>	<u>8,779.89</u>
6 Tax Expenses		
a) Current Tax	2,921.10	2,207.73
b) Short/(Excess) Provision for tax relating to prior years	178.58	-
c) Deferred Tax	614.85	782.22
Total Tax Expenses [a+b+c]	<u>3,714.53</u>	<u>2,989.95</u>
7 Profit for the period [5-6]	<u>7,635.10</u>	<u>5,789.94</u>
8 Other Comprehensive Income		
Items that will not be classified to profit or (loss)		
Changes in Fair Value of Equity Investments	(0.28)	(0.17)
Remeasurement Cost of net defined employee benefits	69.31	(33.38)
Items that will be classified to profit or (loss)		
Changes in Foreign Currency Translation	(341.07)	1,418.81
9 Total Comprehensive Income [7+8]	<u>7,363.06</u>	<u>7,175.20</u>
10 Earnings per Equity Share (face value of ₹ 5/- each)		
a) Basic (in ₹)	4.28	4.17
b) Diluted (in ₹)	4.28	4.17

Note: Complete Consolidated Balance Sheet, Statement of Changes in Equity, Statement of Profit and Loss, Statement of Cash Flows and other statements and notes thereto prepared as per the requirement of Division II to the Schedule III to the Act are available at the Company's website at the link www.manalipetro.com. Copy of Financial Statement is also available for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of AGM.

This is the Abridged Consolidated Statement of Profit and Loss referred to in our report of even date

For **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No. 000511S

N. Sri Krishna
Partner
(Membership No. 026575)

Place: Chennai
Date : May 20, 2019

For and on behalf of the Board of Directors

Ashwin C Muthiah
Chairman
(DIN: 00255679)

Anis Tyebali Hyderi
Chief Financial Officer

R Kothandaraman
Company Secretary

Abridged Consolidated Statement of Changes in Equity

A. Equity Share Capital For the year ended 31st March 2019

[₹ in lakh]

	Balance as at April 01, 2018	Changes in Equity Share Capital during the year	Balance as at March 31, 2019
	8,603.47	-	8,603.47
For the year ended 31st March 2018			
	Balance as at April 01, 2017	Changes in Equity Share Capital during the year	Balance as at March 31, 2018
	8,603.47	-	8,603.47

B. Other Equity

Statement of Changes in Other Equity (2018-19)

Particulars	Reserves and Surplus			Equity Instruments through Other Comprehensive Income	Other Items of Other Comprehensive Income	Foreign Exchange Translation Reserve	Total
	Securities Premium Reserve	General Reserve	Capital Reserve				
Balance at the beginning of reporting Period (01.04.2018)	91.45	109.20	84.00	1.20	(28.55)	559.40	30,567.60
Profit for the year	-	-	-	(0.28)	69.31	(341.07)	7,363.06
Transfer within Other Equity	-	-	-	-	-	-	-
Dividend paid during the year	-	-	-	-	-	-	-
Any other Change	-	-	-	-	-	-	(1,036.80)
Balance at the end of reporting Period (31.03.2019)	91.45	109.20	84.00	0.92	40.76	218.34	36,893.86

Statement of Changes in Other Equity (2017-18)

Particulars	Reserves and Surplus			Equity Instruments through Other Comprehensive Income	Other Items of Other Comprehensive Income	Foreign Exchange Translation Reserve	Total
	Securities Premium Reserve	General Reserve	Capital Reserve				
Balance at the beginning of reporting Period (01.04.2017)	91.45	109.20	84.00	1.37	4.83	(859.41)	24,427.48
Profit for the year	-	-	-	(0.17)	(33.38)	1,418.81	7,175.20
Transfer within Other Equity	-	-	-	-	-	-	-
Dividend paid during the year	-	-	-	-	-	-	-
Any other Change	-	-	-	-	-	-	(1,035.08)
Balance at the end of reporting Period (31.03.2018)	91.45	109.20	84.00	1.20	(28.55)	559.40	30,567.60

Note: Complete Consolidated Balance Sheet, Statement of Changes in Equity, Statement of Profit and Loss, Statement of Cash Flows and other statements and notes thereto prepared as per the requirement of Division II to the Schedule III to the Act are available at the Company's website at the link www.manalipetro.com. Copy of financial statement is also available for inspection at the registered office of the Company during working hours for a period of 21 days before the date of AGM.

This is the Abridged Consolidated Statement of Changes in Equity referred to in our report of even date

For **Brahmayya & Co.**,
Chartered Accountants
Firm Registration No. 000511S

N. Sri Krishna

Partner

(Membership No. 026575)

Place: Chennai

Date : May 20, 2019

For and on behalf of the Board of Directors

Ashwin C Muthiah

Chairman

(DIN: 00255679)

Anis Tyejali Hyderi

Chief Financial Officer

R Kothandaraman

Company Secretary

Abridged Consolidated Cash Flow Statement for the year ended March 31, 2019

[₹ in lakh]

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net Cash flow from operating activities [A]	1,389.36	5,813.37
Net Cash flow from Investing activities [B]	(1,746.01)	(2,244.91)
Net Cash (used in) / from Financing Activities [C]	(194.80)	(1,668.84)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(551.45)	1,899.62
Cash and cash equivalents at the beginning of the period	6,323.75	3,005.32
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	(341.07)	1,418.81
Cash and cash equivalents at the end of the period	5,431.23	6,323.75

Components of Cash & Cash Equivalents:

Particulars	As at March 31, 2019	As at March 31, 2018
Cash and Cash Equivalents (Note: [vii])		
Cash on hand	2.35	2.98
Balance(s) in current accounts (including debit balance(s) in cash credit)	948.88	644.06
Balances in Fixed deposit original maturity period less than 3 months	4,480.00	-
Balance(s) in EEFC accounts	-	0.42
Current Investments	-	5,676.29
Total Cash and Cash Equivalents	5,431.23	6,323.75

Reconciliation between opening and closing balances in the balance sheet for liabilities and financial assets arising from financing activities:

Particulars	As at March 31, 2018	Cash Flows	Fair Value Changes	As at March 31, 2019
Short term Borrowings	2,307.14	1,074.47	-	3,381.61
Total Liabilities from Financing Activities	2,307.14	1,074.47	-	3,381.61

Note: Complete Consolidated Balance Sheet, Statement of Changes in Equity, Statement of Profit and Loss, Statement of Cash Flows and other statements and notes thereto prepared as per the requirement of Division II to the Schedule III to the Act are available at the Company's website at the link www.manalipetro.com. Copy of financial statement is also available for inspection at the registered office of the Company during working hours for a period of 21 days before the date of AGM.

This is the Abridged Consolidated Statement of Cash Flows referred to in our report of even date

For **Brahmayya & Co.**,
Chartered Accountants
Firm Registration No. 000511S

N. Sri Krishna
Partner
(Membership No. 026575)

Place: Chennai
Date : May 20, 2019

For and on behalf of the Board of Directors

Ashwin C Muthiah
Chairman
(DIN: 00255679)

Anis Tyebali Hyderi
Chief Financial Officer

R Kothandaraman
Company Secretary

Notes to the Abridged Consolidated Financial Statements for the year ended March 31, 2019

[₹ in lakh]

i) 37 Contingent Liabilities and Commitments (to the extent not provided for) (IND AS 37)

l) Contingent Liabilities

a) Claims against the Company not acknowledged as debt:

Nature of the Dues	As at March 31, 2019	As at March 31, 2018
Claim for arrears of lease rent by Thasildar, Tiruvottiyur	19,836.00	-

During the year the Company received a letter from Thasildar, Tiruvottiyur, demanding payment of ₹ 19,836 lakh as arrears of lease rent upto 2016 relating to land leased out to Plant II. No details have been provided for the claim in the said letter. During the FY 2013-14, the Company had received a similar claim for ₹ 1,677 lakh as lease arrears upto Fasli 1423 (June 30, 2013) without any details. As a matter of abundant caution, provision was made in the FY 2014-15 for this claim. Thus the demands received during the year as well as received during the earlier year as stated above did not contain the basis on which the demands were raised. While disputing the above claims the Company has sought details for the same, which have not so far been provided by the Thasildar, Tiruvottiyur.

In this regard, the Company has received legal advise that the amounts claimed through the said two notices are misconceived in as much as the demand for alleged arrears of lease rent appears to be baseless, unsubstantiated, erroneous and so is arbitrary and not tenable. Accordingly, taking into account the arbitrariness involved, it is viewed that the said claims are devoid of any merits and so need not be reckoned as any obligation on the Company. The Company would decide on further action in the matter once the details are received.

Notwithstanding the above claims, the Company continues to make payment of the lease rent at contracted rates as per the agreement entered into with the Government and payments have been made upto 30 June 2020 which have been received, accepted and realized by the Thasildar. In the light of this and also that the latter demand covers the period mentioned in the demand received in FY 2013-14, the earlier provision of ₹ 1,677 lakh in FY 2014-15 is no longer necessary and hence the same has been reversed as shown under Exceptional items. However the Company continues to provide for differential lease rent based on the contract terms for the fixation of lease rent and in terms of the extant Government guidelines for such lands.

b) Other money for which the Company is contingently liable:

Nature of the Dues	Forum before which the dispute is pending	Period to which it relates	As at March 31, 2019	As at March 31, 2018
Excise Duty	High Court of Madras	2007-08	53.39	53.39
	High Court of Madras	2012	380.89	380.89
Service Tax	Customs, Excise and Service Tax Appellate Tribunal	Various Years	6.80	6.80
	Disputed Excise & Customs Demand		441.08	441.08
Sales Tax	Appellate Deputy Commissioner (CT)	2003-04	21.62	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
	Assistant Commissioner - Sales Tax	1994-95	3.44	3.44
	Disputed Sales Tax Demand		41.86	56.98

Nature of the Dues	Forum before which the dispute is pending	Assessment Year	As at March 31, 2019	As at March 31, 2018
Income Tax	Commissioner of Income Tax (Appeals)	2008-09	518.45	518.45
	Commissioner of Income Tax (Appeals)	2009-10	3.12	3.12
	Commissioner of Income Tax (Appeals)	2010-11	176.88	176.88
	Commissioner of Income Tax (Appeals)	2012-13	476.90	476.90
	Income Tax Appellate Tribunal	2013-14	30.46	30.46
	Commissioner of Income Tax (Appeals)	2014-15	78.08	78.08
	Commissioner of Income Tax (Appeals)	2015-16	108.22	108.22
	Commissioner of Income Tax (Appeals)	2016-17	232.14	-
	Disputed Income Tax Demand **		1,624.25	1,392.11

** Against the above demands, the Company has paid Nil (₹ 21.64 Lakh in 2017-18)

[₹ in lakh]

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.

II) Commitments

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed (net of advances):	1,645.43	836.88
Total Commitments	1,645.43	836.88

ii) 36 Segment Reporting (IND AS 108):

The Company is exclusively engaged in the business of Manufacture and sale of Petrochemical products primarily in India. As per Ind AS 108 "Operating Segments" specified under Section 133 of the Companies Act, 2013, there are no reportable or geographical segments applicable to the Company.

iii) 49 Note on Leasehold Land

The period of lease relating to the leasehold land on which one of the manufacturing units of the Company is operating expired on June 30, 2017 for which requests for renewal have been filed by the Company with Government of Tamilnadu, which is under process. The Management is confident of renewal of the lease as the land has been put to use for the purpose for which it has been allotted and hence no adjustments for impact of non-renewal, (which however are unascertainable at this point in time), are deemed necessary in the financial results.

iv) 4 Other Non-Current Investments

Particulars	As at March 31, 2019	As at March 31, 2018
Non-Current Investments		
Quoted Investments		
a) Investments in equity instruments at FVTOCI		
Quoted Investments		
Chennai Petroleum Corporation Limited (500 Equity shares of ₹ 10 each fully paid)	1.36	1.64
Total Aggregate of Quoted Investments	1.36	1.64
Unquoted Investments		
OPG Power Generation Private Limited (90,000 [100,600 in 2017-18] Equity shares of ₹ 10 each fully paid)	9.54	10.76
AM Foundation [Formerly AM Corporate Social Responsibility Foundation] (1,700 [1,300 in 2017-18] Equity shares of ₹ 10 each fully paid)	0.17	0.13
Total Aggregate of unquoted Investments	9.71	10.89
Total Aggregate of Investments at FVTOCI	11.07	12.53
Total Investments	11.07	12.53
Aggregate book value of quoted investments	1.36	1.64
Aggregate market value of quoted investments	1.36	1.64

v) **40 Related Party Disclosures (Ind AS 24):**

 a) **Other Related Parties with whom there were transactions during the year:**

Name of the Related Party	Relationship
SIDD Life Sciences Private Limited	Investment Company / Venturer Company
Southern Petrochemical Industries Corporation Limited	Associate Company having significant Influence
Tamilnadu Industrial Development Corporation Limited	Associate Company having significant Influence
Tamilnadu Petroproducts Limited	Joint Venture of the entity to which the Company is an Associate
CNGSN & Associates LLP	Firm in which a relative of director is a partner
MPL Employees Superannuation Trust	Post Employment Benefit Plan Entity
MPL Employees Gratuity Fund Trust	Post Employment Benefit Plan Entity

 b) **Transactions with Investing Company, Associate Companies and Other Related parties during the Year:**

S. No.	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
1	Dividend paid:		
	SIDD Life Sciences Private Limited	329.23	329.23
	Tamilnadu Industrial Development Corporation Limited	56.06	56.06
	Southern Petrochemical Industries Corporation Limited	0.05	0.05
2	Purchase of Goods:		
	Tamilnadu Petroproducts Limited	2,911.27	827.40
3	Purchase of Services:		
	Tamilnadu Petroproducts Limited	13.45	33.24
	CNGSN & ASSOCIATES LLP	7.38	5.83
4	Purchase of Fixed Assets/ Property, Plant and Equipment:		
	Tamilnadu Petroproducts Limited	23.50	0.31
5	Rendering of Services:		
	Tamilnadu Petroproducts Limited	17.65	236.00
6	Sale of Goods:		
	Tamilnadu Petroproducts Limited	74.46	-
7	Sale of Fixed Assets/ Property, Plant and Equipments:		
	Tamilnadu Petroproducts Limited	-	84.22
8	Reimbursements of Expenses:		
	Tamilnadu Petroproducts Limited	-	51.12
9	Contributions to Post employment benefit plan trust:		
	MPL Employees Superannuation Trust	30.35	28.55
	Refund received from M/s MPL Employees Superannuation Trust [#]	(34.30)	-
	MPL Employees Gratuity Fund Trust	58.83	16.62

[#] Represents amount reclaimed from LIC by the Trust which are contributions made for employees who had opted out of the scheme and refunded to them.

c) Outstanding Balances:

S. No.	Particulars	As at March 31, 2019	As at March 31, 2018
1	Trade Payables Tamilnadu Petroproducts Limited	1,270.19	85.90
2	Other Payables Tamilnadu Petroproducts Limited	100.03	113.36
3	Trade Advances Tamilnadu Petroproducts Limited	47.44	-

Note: Managing Director is not in receipt of any remuneration but in respect of his service would be eligible for post-retirement benefits as per the applicable law and service rules of the Company. The details of remunerations to the Whole-Time Director, Chief Financial Officer, Company Secretary and sitting fees to other Non-Executive Directors are disclosed in the Corporate Governance Report.

vi) 48 - Additional information on Consolidated Net Assets, Share of Profit or Loss, Other Comprehensive Income and Total Comprehensive Income as required under Schedule III to the Companies Act, 2013

Name of the Entity in the Group	Net Assets*		Share of Profit or Loss		Share in OCI#		Share in TCI®	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated OCI	Amount	As % of Consolidated TCI	Amount
Parent								
Manali Petrochemicals Limited	93.28	42,439.07	81.34	6,210.32	100.00	(272.04)	80.65	5,938.28
Subsidiary - Foreign								
1. AMCHEM Speciality Chemicals Private Limited, Singapore	(2.01)	(915.13)	7.89	602.41	-	-	8.18	602.41
2. AMCHEM Speciality Chemicals UK Limited, UK	(0.49)	(225.08)	3.88	296.38	-	-	4.03	296.38
3. Notedome Limited, UK	9.23	4,198.47	6.89	525.99	-	-	7.14	525.99
Total	100.00	45,497.33	100.00	7,635.10	100.00	(272.04)	100.00	7,363.06

* Total Assets - Total Liabilities

Other Comprehensive Income

® Total Comprehensive Income

vii) 10 Cash and Cash Equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with Banks:		
In current accounts	948.88	644.06
In EEFC accounts	-	0.42
In Fixed deposit original maturity period less than 3 months	4,480.00	-
Cash on hand	2.35	2.98
Cash and Cash Equivalents	5,431.23	647.46

viii) 24 Revenue from Operations

Particulars	As at March 31, 2019	As at March 31, 2018
a) Sale of Products		
Finished Goods *	80,781.27	75,244.55
b) Sale of Services	25.00	236.00
c) Other Operating Income		
Scrap Sales	125.84	151.65
Provisions no longer required written back	87.97	850.80
Unclaimed liabilities written back	-	53.23
Total Revenue from Operations	81,024.58	76,536.23

* Consequent to the introduction of Goods and Service Tax (GST) w.e.f 01.07.2017, revenue from operation for the year ended 31.03.2019 and nine months ended 31.03.2018 are disclosed net of GST. Till 30.06.2017, Excise Duty recovered from sale of excisable goods was included in Revenue from Operations, excise duty remitted was included in expenditure and difference between excise duty on opening and closing inventories was included in Other Expenses. Hence, Revenue from the operations and excise duty remitted are not comparable with earlier period figures.

Excise duty on increase/(decrease) in finished goods amounting to Current Year- NIL [Previous Year - (₹ 408.80 lakh)] had been considered as expense.

Details of Sales (Net):

Particulars	As at March 31, 2019	As at March 31, 2018
Manufactured Goods:		
Propylene Oxide	1,508.81	730.00
Propylene Glycol	21,943.71	20,297.59
Polyol	40,605.21	39,361.20
Others	18,762.54	16,929.96
Total Manufactured Goods	82,820.27	77,318.75
Less: Trade Discounts	2,039.00	2,074.20
Total Sale of Products	80,781.27	75,244.55

ix) 26 Cost of materials consumed

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Stock	5,737.68	8,421.32
Add: Purchases	54,909.35	44,575.99
Less: Closing Stock	5,603.97	4,707.53
Cost of materials consumed	55,043.06	48,289.78

x) 35 Exceptional Item

Exceptional item of ₹ 1,677.00 Lakh for the year ended March 31, 2019 [Previous Year- NIL] represents reversal of Lease Rent provision made during the financial year 2014-15 (Refer to Note (i))

As per our report of even date attached

For **Brahmayya & Co.,**
Chartered Accountants
Firm Registration No. 000511S

N. Sri Krishna
Partner
(Membership No. 026575)

Place: Chennai
Date : May 20,2019

For and on behalf of the Board of Directors

Ashwin C Muthiah
Chairman
(DIN: 00255679)

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

Part 'A'- Subsidiary

Particulars	AMCHEM Speciality Chemicals Private Limited, Singapore		AMCHEM Speciality Chemicals UK Limited, UK		Notedome Limited, UK	
	31 st March 2019	In USD	31 st March 2019	In GBP	31 st March 2019	In GBP
	₹ in lakh*		₹ in lakh*	In GBP	₹ in lakh*	In GBP
Capital	11,358.76	1,64,21,208	10,404.69	1,15,00,000	3.54	3,916
Reserves	(915.13)	(13,22,989)	46.35	51,230	4,198.47	46,40,447
Total Assets	11,079.73	1,60,17,815	12,174.77	1,34,56,417	8,597.24	95,02,271
Total Liabilities	636.10	9,19,596	1,723.73	19,05,187	4,395.22	48,57,908
Investments	10,493.70	1,51,70,600	12,057.83	1,33,27,165	-	-
Turnover (inc other income)	1,123.11	16,23,661	108.57	1,20,000	10,659.50	1,17,81,628
Profit/(Loss) before Tax	673.38	9,73,503	302.24	3,34,052	584.87	6,46,437
Provision for Taxation	70.97	1,02,600	5.86	6,477	58.87	65,072
Profit/(Loss) after Tax	602.41	8,70,903	296.38	3,27,575	525.99	5,81,365
% of shareholding	100%		100%@		100%#	

* Translated at exchange rate prevailing as on 31.3.2019

1 USD = ₹ 69.1713

1 GBP = ₹ 90.4756

@ Held by AMCHEM Speciality Chemicals Private Limited, Singapore

Held by AMCHEM Speciality Chemicals UK Limited, UK

As per our report of even date attached
 For **Brahmayya & Co.**,
 Chartered Accountants
 Firm Registration No. 000511S

N. Sri Krishna

Partner

(Membership No. 026575)

Place: Chennai

Date : May 20, 2019

For and on behalf of the Board of Directors

Ashwin C Muthiah

Chairman

(DIN: 00255679)

Anis Tyebali Hyderi

Chief Financial Officer

R Kothandaraman

Company Secretary

**REQUEST TO SHAREHOLDERS FOR INFORMATION UNDER SECTION 88 OF
THE COMPANIES ACT, 2013 AND TO REGISTER THEIR E-MAIL IDs**

- As per Section 88 of the Companies Act, 2013 (the Act) the Register of Members is required to be updated with certain additional particulars, such as PAN, CIN/UIN etc. Persons holding shares in physical form are requested to furnish the relevant information to enable the Company to comply with the said requirements of the Act.
- The Ministry of Corporate Affairs and the Securities Exchange Board of India have, as part of their Green Initiative permitted the companies to send the annual report, notices and other communication to the shareholders in electronic form. As per Rule 18 of the Companies (Management & Administration) Rules, 2014 the Company shall provide an advance opportunity at least once in a financial year, to the member to register his e-mail address and changes therein. Accordingly for receiving the annual report and other communication from the Company electronically, all the members who hold shares in physical form are requested to register their e-mail ids with the Registrar and Share Transfer Agents in the format appended. Members holding shares in demat form may kindly furnish their details to their Depository Participant.

The information may be filled in the below form duly signed and sent to the Registrar and Share Transfer Agents through post, courier or by e-mail with the scanned copy of the duly signed form or handed over at the AGM Venue.

**Cameo Corporate Services Limited,
Unit: Manali Petrochemicals Limited**

Subramanian Building
1 Club House Road, Chennai 600 002
E-mail:investor@cameoindia.com

Dear Sirs,

As requested I am furnishing the additional particulars relating to my holding in the above Company, which may kindly be registered.

Name of the Sole/First Holder	
Folio No.	
E-mail id	
PAN	
CIN/UIN	

I also hereby register for receipt of communication including notices and annual reports electronically to the above e-mail address.

Thanking you

Yours faithfully

Place:

Date:

Signature



Manali Petrochemicals Limited
CIN: L24294TN1986PLC013087

ATTENDANCE SLIP

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

Telefax: 22351098 E-mail: companysecretary@manalipetro.com Website: www.manalipetro.com

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING. REPRESENTATIVES OF CORPORATE MEMBERS ARE REQUIRED TO PROVIDE CERTIFIED COPY OF THE RELEVANT BOARD RESOLUTION TO ATTEND AND VOTE AT THE MEETING.

Name of the Member(s)		Folio/DP ID-Client ID No.	
No. of Shares held			

I hereby record my presence at the 33rd ANNUAL GENERAL MEETING of the Company held at **RAJAH ANNAMALAI MANDRAM**, Esplanade, Chennai - 600 108 at 10.00 AM on Monday, the 5th August, 2019.

NAME OF PROXY IN BLOCK LETTERS

SIGNATURE OF THE SHAREHOLDER/PROXY*

* Strike out whichever is not applicable



Manali Petrochemicals Limited
CIN: L24294TN1986PLC013087

PROXY FORM

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

Telefax: 22351098 E-mail: companysecretary@manalipetro.com Website: www.manalipetro.com

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014].

Name of the Member(s)		Registered Address	
E-mail ID		Folio/DP ID-Client ID No.	

I/We, being the member(s) holding..... shares of the above named Company, hereby appoint:

- (1) Name: Address:
E-mail Id: Signature..... or failing him/her;
- (2) Name: Address:
E-mail Id: Signature..... or failing him/her;
- (3) Name: Address:
E-mail Id: Signature..... or failing him/her;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company, to be held on Monday, the 5th August, 2019 at 10.00 AM at **RAJAH ANNAMALAI MANDRAM**, Esplanade, Chennai - 600 108, and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No. of Resolutions (as in the Notice annexed)

1	2	3	4	5	6	7	8	9	10
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(Tick Mark the Sl. No. of Resolutions for which the proxy is appointed)

Signed this _____ day of _____ 2019.

Signature of Shareholder(s) _____

Signature of Proxyholder(s) _____

Notes:

- a. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- b. In the case of a Corporation, the proxy form shall be either given under the Common Seal signed on its behalf by an Attorney or Officer of the Corporation.
- c. The Proxy holder shall prove his / her identity at the time of attending the Meeting.



REGISTERED BOOK POST / COURIER

To:

Empty rounded rectangular box for recipient address.



If undelivered, please return to:

Manali Petrochemicals Limited

Ponneri High Road, Manali,

Chennai - 600 068.