Manali Petrochemicals Limited
SPIC House, 88, Mount Road, Guindy, Chennai - 600 032
Telefax : 044 - 2235 1098 Website : www.manalipetro.com
CIN : L24294TN1986PLC013087

Ref: MPL / Sectl / BSE & NSE / E-2 & E-3 / 2021
February 09, 2021

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

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

Dear Sir,

Sub: Unaudited Financial Results for the quarter ended 31st December 2020 -reg

Pursuant to Regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Unaudited Stand Alone and Consolidated Financial Results of the Company for the quarter and nine month ended 31st December 2020 approved by the Board of Directors at the meeting held today together with copies of the Limited Review Reports of the Auditors.

We request you to kindly take the above on record.

Thanking you,

Yours faithfully,
For Manali Petrochemicals Limited

R Kothandaraman
Company Secretary

Encl.: as stated

MANALI PETROCHEMICALS LIMITED
Chennai 600 032

Independent Auditor's Review Report on Unaudited Quarterly and Year to Date Standalone Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To,
Board of Directors
The Manali Petrochemicals Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of the Manali Petrochemicals Limited ("the Company") for the quarter ended 31st December 2020 and year to date results for the period from 01st April 2020 to 31st December 2020 ("the statement") being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (listing Regulations')

2. This statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended ("Listing Regulations"). Our responsibility is to issue a report on the financial statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with applicable Indian Accounting Standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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5. Without qualifying our review conclusion, attention is invited to

1) a) Note No.2(a) to the standalone financial results, which explains the period of lease relating to the leasehold land on which one of the manufacturing units of the Company (Plant-II) 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 financial results for the period 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.

b) Note no 2(b) to the Standalone Financial Results, which states the Pending the renewal of land Lease and the fixation of lease rent by Government of Tamil Nadu in respect of land on which Company's manufacturing plant (unit-II) is operating, no adjustments have been made in the financial results for the period towards the possible impact arising on account of implementation of Ind AS 116 – "Leases" as the same is not ascertainable at this point of time.

c) Note no 2(c) to the standalone financial results, which explains the demand notice received from the Tahsildar, Thiruvottiyur demanding payment of Rs. 19,836 Lakhs towards arrears of lease rent. The management based on a legal advice believes that demand for alleged arrears of lease rent is baseless, unsubstantiated, erroneous and is arbitrary and not tenable. Accordingly, no provision has been considered necessary. Taking into consideration the efforts of the management in seeking clarifications on the rationale and the basis for issuing the demand (which have not been explained in the demand notice) and subsequent representations made by the company to Government explaining the unreasonableness and arbitrariness of the demand and also sought revision and withdrawal of the same which is currently pending before Government of Tamil Nadu. Pending the outcome of representations by the company no adjustments have been made in the financial results.

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

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

N Sri Krishna
Partner
Membership No. 026575
UDIN: 21026575AAAAFF4320

Place : Chennai
Date : February 09, 2021

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MANALI PETROCHEMICALS LIMITED

Registered Office: SPIC HOUSE, 88, Mount Road, Guindy, Chennai - 600 032
Telefax: 044-2235 1098 E-mail: companysecretary@manalipetro.com Website: www.manalipetro.com
Corporate Identity Number : L24294TN1986PLC013087

Statement of Standalone Financial Results for the quarter and nine months ended 31.12.2020

[Rs. in Lakh]

S. No	Particulars	Three Months ended			Nine Months ended		Year ended
		Unaudited					Audited
		31-Dec-20	30-Sep-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Mar-20
1	Revenue from Operations	32,584.38	19,459.10	14,570.85	58,886.69	49,412.83	67,663.95
2	Other Income	426.36	306.80	118.61	922.95	824.74	874.27
3	**Total Revenue (1+2)**	**33,010.74**	**19,765.90**	**14,689.46**	**59,809.64**	**50,237.57**	**68,538.22**
4	Expenses						
	Cost of materials consumed	14,696.46	11,627.27	8,584.37	31,611.41	32,449.16	45,267.08
	Changes in inventories of finished goods, work-in- progress	1,104.33	889.14	1,369.88	993.47	1,128.36	1,532.68
	Utility Expenses	1,798.92	1,731.62	1,704.16	4,648.84	5,927.95	7,613.01
	Employee benefits expense	1,005.14	548.02	578.63	2,103.73	1,813.62	2,466.94
	Finance costs	110.04	112.51	128.11	336.33	442.01	566.61
	Depreciation and amortization expense (Refer Note No 5)	973.52	355.63	346.57	1,674.23	1,045.12	1,384.81
	Other expenses	1,380.26	1,123.78	1,050.08	3,239.41	3,277.08	4,498.87
	Total Expenses	**21,068.67**	**16,387.97**	**13,761.80**	**44,607.42**	**46,083.30**	**63,330.00**
5	Profit Before Exceptional items and Taxes (3-4)	11,942.07	3,377.93	927.66	15,202.22	4,154.27	5,208.22
6	Exceptional Items (Refer Note No 4 & 5)	(899.07)	(1,036.56)	-	(1,935.63)	-	(710.79)
7	Profit Before Tax (5+6)	11,043.00	2,341.37	927.66	13,266.59	4,154.27	4,497.43
8	Tax Expense						
	Current tax	3,189.34	739.17	263.53	3,999.50	1,186.70	1,343.35
	Short/(Excess) provision for tax relating to prior years	-	-	-	-	-	(85.04)
	Deferred tax	(524.64)	(185.55)	54.49	(787.00)	244.00	(624.91)
	Net tax expense	**2,664.70**	**553.62**	**318.01**	**3,212.50**	**1,430.70**	**633.40**
9	Profit for the period (7-8)	8,378.30	1787.75	609.65	10,054.09	2,723.58	3,864.03
10	Other Comprehensive Income						
	Items that will not be classified to profit or (loss)						
	Changes in Fair Value of Equity Investments	0.18	(0.04)	(0.28)	0.24	(0.77)	(1.06)
	Remeasurement Cost of net defined benefits	2.57	(35.79)	13.69	(37.08)	42.52	64.99
	Income Tax relating to items that will not be re-classified to Profit or Loss	(0.66)	9.17	(4.78)	9.50	(14.86)	(16.65)
11	Total Comprehensive Income	8,380.39	1761.09	618.28	10,026.75	2,750.47	3,911.31
12	Paid-up equity share capital (Face value of Rs.5/- each)	8,603.47	8,603.47	8,603.47	8,603.47	8,603.47	8,603.47
13	Reserves excluding Revaluation Reserves as per Balance Sheet of previous accounting Year						37,100.71
14	Earnings Per Share of Rs. 5/- each (Basic and Diluted) (Not annualised)	4.87	1.04	0.35	5.85	1.58	2.25

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MANALI PETROCHEMICALS LIMITED Chennai 600 032

Notes to Standalone Financial Results:

1 **Review and approval of the financial results**:

The above results were reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on Feb 09, 2021 and have been subjected to limited review by the Statutory Auditors of the Company.

2 **Leasehold Land:**

a) The period of lease relating to the leasehold land on which one of the manufacturing units of the Company (Plant-2) is operating expired on June 30, 2017 for which request 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 is unascertainable at this point in time), are deemed necessary in the financial results.

b) Pending renewal of the lease, Ind AS 116 has not been applied to the above lease. Accordingly the financial results do not contain any adjustments towards the same, as the impact is unascertainable

c) During the FY 2018-19 the Company received a letter from Thasildhar, Tiruvottiyur, demanding payment of Rs. 19,836 lakh as arrears of lease rent upto 2016 relating to aforesaid land. 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 Rs. 1,677 lakh as lease rent 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 both the aforesaid demands did not contain the basis on which the claims were raised. The Company has disputed the above claims and has sought details for the same, which have not so far been provided by the Thasildhar, Tiruvottiyur.

In this regard, the Company had 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 kind of obligation on the Company. The Company would decide on further course of 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 2021 which have been accepted and realized by the Thasildhar. Additionally, the Company continues to provide for lease rent based on the contract terms for the fixation of lease rent and in terms of the extant Government guidelines for such leases.

The Auditors have included an Emphasis of Matter para relating to the above 2(a), 2(b), 2(c), in their review Report.

3 **Segment reporting:**

Manufacture of petrochemicals is the only operating segment as defined in Ind AS 108: Operating Segments

4 **Exceptional Items:**

During the fourth quarter of the previous year, evaluation of use of CPP assets which was kept idle since 2014 was carried out. Assets amounting to Rs. 710.79 lakh which were found to have no further use were impaired and written off from the books of accounts and shown under exceptional items. The remaining assets for Rs. 1036.56 lakh, comprising mainly boiler, were expected to be used for conversion to LNG. On a further review, it has been found that it will not be viable to use these assets for LNG fuel and also not fit for any other purpose and hence have been impaired during the 2nd quarter of FY 2020-21, and shown under Exceptional Item.

5 **Evaluation of plant assets:**

During the quarter the Company carried out evaluation of the assets in both the Plants including reassessment of the useful life of the Effluent Treatment Plants (ETP). Based on such evaluation, it was observed that some of the assets have exceeded the normal life and needed to be written down to a value of Re 1 each. Also, it has been concluded that owing to the extreme conditions of usage, the remaining useful life of the ETP Assets is lower than previously estimated and one of the assets was found to have been not usable and hence impaired. These have resulted in additional depreciation/amortization of Rs. 1535.55 lakh during the quarter of which Rs. 899.07 lakh has been shown under Exceptional Items and the remaining under Depreciation and amortization expenses.

6 Previous period / year figures have been regrouped, wherever necessary.

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For **Manali Petrochemicals Limited**

Karthikeyan Muthukrishnan
Whole Time Director (Operations)

MANALI PETROCHEMICALS LIMITED Chennai 600 032

Place: Chennai
Date: February 09, 2021

Independent Auditor's Review Report on Unaudited consolidated Quarterly and Year to Date Financial Results of Manali Petrochemicals Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To,
Board of Directors,
The Manali Petrochemicals Limited

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Manali Petrochemicals Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") for the quarter ended 31st December 2020 and for the year to date results for the period from 1st April 2020 to 31st December 2020 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

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4. The Statement includes the results of the following entities:

Sl No	Name of the Entity	Relationship
I	AMCHEM Speciality Chemicals Private Limited, Singapore	100% Subsidiary
II	AMCHEM Speciality Chemicals UK Limited, UK	Step down Subsidiary
III	Notedome Limited, UK	Step down Subsidiary

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on consideration of the review reports of the other independent practitioner referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. Without qualifying our review conclusion, attention is invited to

1) a) Note No.2(a) to the Consolidated financial results, which explains the period of lease relating to the leasehold land on which one of the manufacturing units of the Parent (Plant-II) is operating has since expired on June 30, 2017 for which requests for renewal have been filed by the Parent with Govt. of Tamil Nadu, (the Lessor) and extension of lease is awaited. Pending renewal of lease, no adjustments have been made in the financial results for the period 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.

b) Note No.2(b) to the Consolidated financial results, which states that pending the renewal of land Lease and the fixation of lease rent by Government of Tamilnadu in respect of land on which Parent's manufacturing plant (unit-II) is operating, no adjustments have been made in the financial results for the period towards the possible impact arising on account of implementation of Ind AS 116 – "Leases" as the same is not ascertainable at this point of time.

c) Note no 2(c) to the Consolidated financial results, which explains the demand notice received from the Tahsildar, Thiruvottiyur demanding payment of Rs. 19,836 Lakhs towards arrears of lease rent. The management based on a legal advice believes that demand for alleged arrears of lease rent is baseless, unsubstantiated, erroneous and is arbitrary and not tenable. Accordingly, no provision has been considered necessary. Taking into consideration the efforts of the management in

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seeking clarifications on the rationale and the basis for issuing the demand (which have not been explained in the demand notice) and subsequent representations made by the Parent to Government explaining the unreasonableness and arbitrariness of the demand and also sought revision and withdrawal of the same which is currently pending before Government of Tamilnadu. Pending the outcome of representations by the company no adjustments have been made in the financial results.

7. We did not review the interim financial information/ results of one subsidiary included in the statement, whose financial information/results reflect total revenue of Rs. 2,378.34 Lakhs and Rs. 6,604.38 Lakhs, total net profit after tax of Rs. 387.02 Lakhs and Rs. 916.34 Lakhs and total comprehensive income of Rs. 387.02 Lakhs and Rs. 916.34 Lakhs for the quarter and period ending 31st December 2020 respectively, as considered in the unaudited consolidated financial results. The financial information/ Financial Results have been reviewed by other auditor whose reports have been furnished to us by the management and our conclusion on the statement, in so far it relates to the amounts and disclosures included in respect of the these subsidiary is based solely on the reports of other Independent Practitioner and procedures performed by us as stated in paragraph 3 above.

   Our conclusion on the Statement is not modified in respect of the above matter.

8. The consolidated unaudited financial results include the interim financial results of two subsidiaries which have not been reviewed/audited by their auditors, whose financial information/results reflect total revenue of Rs. 348.45 Lakhs and Rs. 822.47 Lakhs, total net profit (Loss) after tax of (Rs.168.16 Lakhs) and Rs. 17.81 Lakhs and total comprehensive income of (Rs.168.16 Lakhs) and Rs. 17.81 Lakhs for the quarter and period ending 31st December 2020 respectively, as considered in the unaudited consolidated financial results.
   Our conclusion on the Statement is not modified in respect of the above matter

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

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

N Sri Krishna
Partner
Membership No. 026575
UDIN: 21026575AAAAFG3056

Place : Chennai
Date : February 09, 2021

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Corporate Identity Number : L24294TN1986PLC013087

Statement of Consolidated Financial Results for the Quarter and Nine Months ended 31.12.2020

[Rs. in Lakhs]

S. No	Particulars	Three Months ended			Nine Months ended		Year ended
		Unaudited					Audited
		31-Dec-20	30-Sep-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Mar-20
1	Revenue from Operations	34,936.79	21,673.34	16,988.46	65,382.30	56,626.93	80,305.31
2	Other Income	663.68	482.00	79.44	1,447.31	1,118.63	1,286.25
3	**Total Revenue (1+2)**	**35,600.47**	**22,155.34**	**17,067.90**	**66,829.61**	**57,745.56**	**81,591.56**
4	Expenses						
	Cost of materials consumed	15,986.35	13,072.94	9,091.77	35,397.05	35,971.51	54,688.29
	Changes in inventories of finished goods, work-in- progress	1,104.47	889.14	2,554.67	993.61	2,612.35	1,546.74
	Utility Expenses	1,846.70	1,779.42	1,748.18	4,778.55	6,040.82	7,757.70
	Employee benefits expense	1,724.68	931.39	934.39	3,524.98	2,897.60	3,929.18
	Finance costs	115.07	119.34	142.41	357.20	488.64	626.07
	Depreciation and amortization expense (Refer Note No 5)	990.43	371.98	364.26	1,723.41	1,092.31	1,447.15
	Other expenses	1,569.81	1,274.79	1,148.49	3,681.56	3,769.90	5,464.55
	Total Expenses	**23,337.51**	**18,439.00**	**15,984.17**	**50,456.36**	**52,873.14**	**75,459.68**
5	Profit Before Exceptional items and Taxes (3-4)	12,262.96	3,716.34	1,083.73	16,373.25	4,872.42	6,131.88
6	Exceptional Items (Refer Note No 4 & 5)	(899.07)	(1,036.56)	-	(1,935.63)	-	(710.79)
7	Profit / (Loss) Before Tax (5+6)	11,363.89	2,679.78	1,083.73	14,437.62	4,872.42	5,421.09
8	Tax Expense						
	Current tax	3,288.88	789.32	297.30	4,239.57	1,362.00	1,467.24
	Short/(Excess) provision for tax relating to prior years	-	-	-	-	-	(85.04)
	Deferred tax	(524.64)	(185.55)	53.85	(787.00)	243.97	(626.84)
	Net tax expense	2,764.24	603.77	351.15	3,452.57	1,605.97	755.36
9	Profit / (Loss) for the period (7-8)	8,599.65	2,076.01	732.58	10,985.05	3,266.45	4,665.73
10	Other Comprehensive Income						
	Items that will not be classified to profit or (loss)						
	Changes in Fair Value of Equity Investments	0.18	(0.04)	(0.28)	0.24	(0.77)	(1.06)
	Remeasurement Cost of net defined benefits	2.57	(35.79)	13.69	(37.08)	42.52	64.99
	Income Tax relating to items that will not be re-classified to Profit or Loss	(0.66)	9.17	(4.78)	9.50	(14.86)	(16.65)
	Items that will be classified to profit or (loss)						
	Changes in Foreign Currency Translation	841.05	112.78	187.46	896.54	(399.68)	293.22
11	Total Comprehensive Income	9,442.79	2,162.13	928.68	11,854.25	2,893.66	5,006.23
12	Paid-up equity share capital (Face value of Rs.5/- each)	8,603.47	8,603.47	8,603.47	8,603.47	8,603.47	8,603.47
13	Reserves excluding Revaluation Reserves as per Balance Sheet of previous accounting Year						39,520.78
14	Earnings Per Share of Rs. 5/- each (Basic and Diluted) (Not annualised)	5.00	1.21	0.43	6.39	1.90	2.71

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MANALI PETROCHEMICALS LIMITED Chennai 600 032

Notes to Consolidated Financial Results:

1 **Review and approval of the financial results:**

The above results were reviewed by the Audit Committee and approved by the Board of Directors at the meeting held on February 09, 2021 and have been subjected to limited review by the Statutory Auditors.

2 **Leasehold Land:**

a) The period of lease relating to the leasehold land on which one of the manufacturing units of the Parent Company (Plant-2) is operating expired on June 30, 2017 for which request for renewal have been filed by the Parent 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 is unascertainable at this point in time), are deemed necessary in the financial results.

b) Pending renewal of the lease, Ind AS 116 has not been applied to the above lease. Accordingly the financial results do not contain any adjustments towards the same, as the impact is unascertainable.

c) During the FY 2018-19 the Parent Company received a letter from Thasildhar, Tiruvottiyur, demanding payment of Rs. 19,836 lakh as arrears of lease rent upto 2016 relating to aforesaid land. No details have been provided for the claim in the said letter. During the FY 2013-14, the Parent Company had received a similar claim for Rs. 1,677 lakh as lease rent 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 both the aforesaid demands received as stated above did not contain the basis on which the claims were raised. The Parent Company has disputed the above claims and has sought details for the same, which have not so far been provided by the Thasildhar, Tiruvottiyur.

In this regard, the Parent Company had received legal advice 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 kind of obligation on the Parent Company. The Parent Company would decide on further course of action in the matter once the details are received.

Notwithstanding the above claims, the Parent 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 2021 which have been accepted and realized by the Thasildhar. However the Parent Company continues to provide for lease rent based on the contract terms for the fixation of lease rent and in terms of the extant Government guidelines for such leases.

The Auditors have included an Emphasis of Matter para relating to the above 2(a), 2(b), 2(c), in their review Report.

3 **Segment reporting:**

Manufacture of petrochemicals is the only operating segment as defined in Ind AS 108: Operating Segments

4 **Exceptional Items:**

During the fourth quarter of the previous year, evaluation of use of CPP assets of the Parent Company which was kept idle since 2014 was carried out. Assets amounting to Rs. 710.79 lakh which were found to have no further use were impaired and written off from the books of accounts and shown under exceptional items. The remaining assets for Rs. 1036.56 lakh, comprising mainly boiler, were expected to be used for conversion to LNG. On a further review, it has been found that it will not be viable to use these assets for LNG fuel and also not fit for any other purpose and hence have been impaired during the 2nd quarter of FY 2020-21, and shown under Exceptional Item.

5 **Evaluation of plant assets:**

During the quarter the Parent Company carried out evaluation of the assets in both its Plants including reassessment of the useful life of the Effluent Treatment Plants (ETP). Based on such evaluation, it was observed that some of the assets have exceeded the normal life and needed to be written down to a value of Re 1 each. Also, it has been concluded that owing to the extreme conditions of usage the remaining useful life of the ETP Assets is lower than previously estimated and one of the assets was found to have been not usable and hence impaired. These have resulted in additional depreciation/amortization of Rs. 1535.55 lakh during the quarter of which Rs. 899.07 lakh has been shown under Exceptional Items and the remaining under Depreciation and amortization expenses.

6 Previous period / year figures have been regrouped, wherever necessary.

BRAHMAYYA & CO. * CHARTERED ACCOUNTANTS * For Identification Only

Place: Chennai
Date: February 09, 2021

For Manali Petrochemicals Limited

Karthikeyan Muthukrishnan
Whole-Time Director (Operations)

MANALI PETROCHEMICALS LIMITED Chennai 600 032