

**BOARD OF DIRECTORS**

Shri Sudhir Vasudeva	Chairman (From 14th October 2011)
Shri P. P. Upadhya	Additional Director (From 17th August 2012)
Shri K. S. Jamestin	Director (From 14th October 2011)
Shri A. K. Banerjee	Additional Director (From 17th August 2012)
Shri I. S. N. Prasad	Director
Shri G. M. Ramamurthy	Director
Shri Santosh Nautiyal	Director
Shri M. M. Chitale	Director
Shri U. K. Basu	Director (Up to 30th June 2012)
Shri A. K. Hazarika	Director and Chairman (Up to 4th October 2011)
Shri D. K. Sarraf	Director (Up to 16th September 2011)

**KEY EXECUTIVES**

Shri S. Ramachandran	Chief Executive Officer
Shri Sushil K. Shenoy	Chief Finance Officer

**STATUTORY AUDITORS**

M/s Sharp & Tannan,  
Chartered Accountants

**BANKERS**

Bank of Baroda	Oriental Bank of Commerce
Bank of India	Punjab & Sind Bank Ltd.
Bank of Maharashtra	South Indian Bank Ltd
Canara Bank	State Bank of India
Corporation Bank	State Bank of Mysore
Indian Bank	State Bank of Travancore
Indian Overseas Bank	

**COMPANY SECRETARY**

Shri Hitesh Jain

**REGISTERED OFFICE**

Mangalore Special Economical Zone,  
Permude,  
Mangalore- 574 509

**FIELD OFFICE**

2nd Floor, MUDA Building,  
Urwa Stores,  
Mangalore - 575 006

**Contents**

Directors' Report	2
Corporate Governance Report	5
Auditors' Report	11
Balance Sheet	14
Profit and Loss Account	15
Cash Flow Statement	16
Notes to Financial Statements	17

## DIRECTORS' REPORT

### Dear Members,

It is indeed a great pleasure to present on behalf of the Board of Directors the Sixth Annual Report of the Company along with the audited financial statements for the financial year ended 31st March, 2012 together with the Auditors' Report thereon.

### Financial Results

During the year under review the Company has earned dividend on current investments and interest on deposits with Banks. The profit after tax for the year is ₹ 2,24,64,750/- (Previous Year ₹ 3,32,03,339/-). As at the end of the year, the capital works-in-progress stood at ₹ 2302,33,55,304/- (Previous Year ₹ 769,03,42,364/-), including project expenses of ₹ 147,68,61,852/- (Previous Year ₹ 57,24,72,627/-) incurred up to 31st March, 2012.

### Dividend

The Board of Directors do not recommend any dividend for the financial year ended on 31st March 2012, as the Company's project is still under implementation and the commercial production is yet to commence.

### Progress in Implementation of the Project

The setting up of the Company's Aromatic Complex on around 442 Acres of land in Mangalore SEZ is in full swing. The site grading work on the identified land for the project has already been completed and various construction activities by LSTK and EPCM contractors are also in full swing. The physical progress of about 80.93% has been achieved. The Project is expected to achieve mechanical completion by December, 2012 and commissioning of commercial operation is expected during the first quarter of the financial year 2013-14. The process of selecting Off-takers for the Company's products is in progress.

The Company has spent ₹ 2996 crore on the project as on 24th July 2012, through Promoters' contribution, ECB Loan, Rupee Term Loan, Short Term Loan and Buyers' Credit.

### Human Resources

The Company takes great pride in the commitment, competence and vigour shown by its employees during the year under review. The Company continued to create a productive, learning and caring environment by implementing robust and comprehensive HR processes. Human relations remained cordial throughout the year. All the positions at the level of Heads of the Departments have been filled as per plan. Recruitment for middle and lower management levels is being done in phased manner keeping in view of the achieving commercial operations in the first quarter of the financial year 2013-14.

### Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of your Company, Shri Santosh Nautiyal and Shri G. M. Ramamurthy retire by rotation and being eligible, offer themselves for re-appointment.

During the year under review Shri D. K. Sarraf and Shri A. K. Hazarika have resigned with effect from 16th September 2011 and 4th October 2011 respectively. Shri Sudhir Vasudeva and Shri K. S. Jamestin were appointed as Directors with effect from 14th October 2011 to fill the casual vacancies caused by the resignation of Shri A. K. Hazarika and Shri D. K. Sarraf respectively. The Board had elected Shri Sudhir Vasudeva as the Chairman of the Board of Directors of the Company with effect from 14th October 2011.

## ONGC Mangalore Petrochemicals Ltd.

Shri U. K. Basu has resigned with effect from 30th June 2012.

The Board places on record its appreciation for the valuable services rendered by Shri A. K. Hazarika, Shri D. K. Sarraf and Shri U. K. Basu during their tenure as a Director in the Company.

### Fixed Deposits

Your Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

### Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance in its dealings with its various stakeholders. A Report on Corporate Governance is attached to this Report.

### Auditors

M/s Sharp and Tannan, Chartered Accountants, Chennai, Statutory Auditors, hold office until the conclusion of the forthcoming Annual General Meeting of the Company. The firm had been the Statutory Auditors consecutively for the last five years. As a measure of good corporate governance practice, the Board decided to rotate the Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

The Audit Committee and the Board of Directors of the Company have recommended M/s V. Sankar Aiyar & Co., Chartered Accountants, Mumbai, for appointment as Statutory Auditors of the Company. The Company has received a letter from them to the effect that they are not otherwise disqualified for appointment as the Statutory Auditors of the Company and that their appointment, if made, would be within the provisions of Section 224(1B) of the Companies Act, 1956.

### Particulars of Employees

There are no employees in the Company whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

### Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

The Company is yet to commence commercial operation. The Company has not carried out any production activity during the year under review and therefore the provisions relating to Conservation of Energy are not applicable to the Company for the year under review.

The Company has not carried out any research and development activity during the year under review.

### Technology Absorption

The Company has imported Technology for Supply of Know-how for Aromatic Plant from M/s UOP, USA for the process units viz; Naphtha Hydro Treater (NHT), Continuous Catalytic Reformer (CCR), Xylene Fractionation Unit (XFU), PX Recovery Unit (PAREX), Xylene Isomerization Unit (ISOMAR), Benzene Toluene Extraction Unit (ED Sulfolane), Benzene Toluene Fractionation (BTF) and Trans Alkylation & Disproportionation Unit (TATORAY).

The Company has not carried out any production activity during the year under review. The Company's project is under progress and therefore providing further details is not possible for the year under review.

Foreign Exchange Earnings and Outgo

Foreign Exchange Earned: ₹ Nil (Previous Year ₹ Nil)  
Foreign Exchange Outgo: ₹ 121,25,44,000/- (Previous Year ₹ 14,77,57,000/-)

**Directors' Responsibility Statement**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, ("Act") the Board of Directors confirms that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 financial year;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis.

**Acknowledgements**

The Directors wish to thank and acknowledge the co-operation, assistance and support extended by the Government of Karnataka, other Government departments and agencies, MSEZ, ONGC, MRPL, other shareholders, and Company's bankers, etc. The Directors also wish to place on record their appreciation for the all-round co-operation and contribution made by the employees at all levels.

On behalf of the Board of Directors of  
ONGC Mangalore Petrochemicals Ltd.

Dated: July 24, 2012  
Place: New Delhi

**Sudhir Vasudeva**  
Chairman

**Registered Office:**

Mangalore Special Economical Zone,  
Permude,  
Mangalore- 574 509

## Corporate Governance Report for the year 2011-12

### Company's philosophy on Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance in its dealings with its various stakeholders. It is an integral part of the Company's core values which include transparency, integrity, honesty and accountability. The Company has duly complied with the requirements of the Corporate Governance Code and the disclosure requirements which are given below:

### Board of Directors

The composition of the Board as on 31st March 2012 is as under:

Name of the Director	Business Relationship	Category of Directorship
Shri Sudhir Vasudeva	Chairman	Non-Executive
Shri U. K. Basu	Director In-charge	Non-Executive
Shri K. S. Jamestin	Director	Non-Executive
Shri M. M. Chitale	Independent Director	Non-Executive
Shri G. M. Ramamurthy	Independent Director	Non-Executive
Shri Santosh Nautiyal	Independent Director	Non-Executive
Shri I. S. N. Prasad	Independent Director	Non-Executive

### Changes in the Board of Directors during 2011-12

1. Shri D. K. Sarraf resigned as Director w.e.f. 16th September 2011.
2. Shri A. K. Hazarika resigned as Chairman and Director w.e.f. 4th October 2011.
3. Shri Sudhir Vasudeva, Chairman and Managing Director of Oil and Natural Gas Corporation Limited (ONGC) was appointed as Director and elected as Chairman of the Company w.e.f. 14th October 2011 to fill the vacancy caused by the resignation of Shri A. K. Hazarika.
4. Shri K. S. Jamestin, Director -HR and i/c BD & JV of Oil and Natural Gas Corporation Limited (ONGC) was appointed as Director of the Company w.e.f. 14th October 2011 to fill the vacancy caused by the resignation of Shri D. K. Sarraf.

### Board Meetings held during the year 2011-12

Date of Meeting	Place of Meeting
30th April 2011	Mangalore
27th July 2011	New Delhi
26th August 2011	Bangalore
14th October 2011	Mahabalipuram
30th January 2012	New Delhi
10th March 2012	New Delhi

**Attendance of Directors at the Board meeting held during the year 2011-12**

Name of the Director	No. of Meeting Held	No. of Meeting Attended	Attended last AGM
Shri Sudhir Vasudeva (From 14th October 2011)	3	3	N.A.
Shri A. K. Hazarika (Upto 4th October 2011)	3	3	Yes
Shri U. K. Basu	6	6	Yes
Shri K. S. Jamestin	3	3	No
Shri M. M. Chitale	6	3	No
Shri G. M. Ramamurthy	6	6	Yes
Shri Santosh Nautiyal	6	6	Yes
Shri I. S. N. Prasad	6	0	No
Shri D. K. Sarraf (Upto 16th September 2011)	3	1	No

**Committees of the Board**
**1. Audit Committee**

The Audit Committee was constituted on 1st September 2010 pursuant to Section 292A of the Companies Act, 1956. The broad terms of reference, role and scope were drawn as per the provisions of the Act. The role of audit committee shall inter-alia include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of the audit fees.
3. Approval of the payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submissions to the board for approval, with particular reference to:
  - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act 1956.
  - (b) Changes, if any, in accounting policies and practices and reasons for the same.
  - (c) Major accounting entries involving estimates based on the exercise of judgment by the management.
  - (d) Significant adjustments made in the financial statements arising out of audit findings.
  - (e) Compliance with listing and other legal requirements relating to the other financial statements.
  - (f) Disclosure of any related party transactions.
  - (g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submissions to the board for approval.

6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of public or rights issue, and making appropriate recommendation to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
8. Reviewing, with the adequacy of the internal auditing function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussions with the internal auditors any significant findings and follow up there on.
10. Reviewing, the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and reporting the matter to the board.
11. Discussions with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism, in case of the same is existing.
14. The Audit Committee should have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the half yearly and annual financial statements before submissions to the board and also ensure compliance of internal control systems.
15. To review the Audit paras referred to A & EC by the Internal Audit/Board and to provide the suggestions/guidance/comments on the issues referred to it.
16. Carrying out any other function as is mentioned in terms of reference of the Audit Committee.
17. The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.

The composition of the Audit Committee during the year under review and the details of meetings attended by the Directors are given below:

<b>Name of Director</b>	<b>Designation</b>	<b>No. of meetings held</b>	<b>No. of meetings attended during the year</b>
Shri G. M. Ramamurthy	Chairman	3	3
Shri U. K. Basu	Member	3	3
Shri D. K. Sarraf (upto 16th September 2011)	Member	2	1
Shri K. S. Jamestin (From 14th October 2011)	Member	1	1



The Chairman of the Audit Committee and all the Members are Non- Executive Directors.

Three meeting of the Audit Committee were held during the year 2011-12:

Date of Meeting	Place of meeting
30th April 2011	Mangalore
27th July 2011	New Delhi
30th January 2012	New Delhi

The Statutory Auditors of the Company were invited to the meeting. The Company Secretary acts as the Secretary to the Audit Committee.

## 2. Committee of Directors

A Committee of Directors was constituted on 26th November 2009 to finalize and approve Contracts/ Purchase Orders of the value exceeding ₹ 10 Crore but up to ₹ 200 Crore, to negotiate with the short-listed parties willing to set-up a PTA Plant as part of off-take arrangement, and resolve various issues regarding pricing, payment mechanism, guarantees, support to be provided by the Company and Mangalore Refinery & Petrochemicals Ltd. etc.

The composition of the Committee of Directors during the year under review and the details of meetings attended by the Directors are given below:

Name of Director	Designation	No. of meetings held	No. of meetings attended during the year
Shri Santosh Nautiyal	Chairman	7	7
Shri G. M. Ramamurthy	Member	7	7
Shri U. K. Basu	Member	7	7
Shri D. K. Sarraf (upto 16th September 2011)	Member	3	0
Shri K. S. Jamestin (From 14th October 2011)	Member	4	4

The Chairman of the Committee of Directors and all the Members are Non- Executive Directors.

Seven meeting of the Committee of Directors were held during the year 2011-12:

Date of Meeting	Place of meeting
8th July 2011	Mangalore
27th July 2011	New Delhi
17th August 2011	Mangalore
14th October 2011	Mahabalipuram
12th January 2012	New Delhi
31st January 2012	New Delhi
10th March 2012	New Delhi



## ONGC Mangalore Petrochemicals Ltd.

The Company Secretary acts as the Secretary to the Committee of Directors.

### Remuneration to Directors

All the Directors of the Company are Non-executive Directors. Sitting fees were paid for attending the meetings of the Board of Directors and Committees thereof to Shri M. M. Chitale, Shri G. M. Ramamurthy and Shri Santosh Nautiyal, Independent Directors.

Details of remuneration paid during 2011-12 are as follows:

Directors	Sitting Fees (In Rupees)
Shri M. M. Chitale	30,000
Shri G. M. Ramamurthy	1,60,000
Shri Santosh Nautiyal	1,30,000

### Annual General Meetings (AGM)

The details of the last three Annual General Meetings of the Company are as under:

Financial Year ended	Date of AGM	Time	Venue
31st March 2009	24th July 2009	04.30 p.m.	Registered office at Cunningham Road, Bangalore
31st March 2010	1st September 2010	10.30 a.m.	Registered office at Cunningham Road, Bangalore
31st March 2011	26th August 2011	11.30 a.m.	Plot A-1, Opp. KSSIDCA.O. Building, Industrial Estate, Rajajinagar, Bangalore - 560 010

### Extra-ordinary General Meeting

No Extra-ordinary General Meeting held during the year.

### General Shareholder Information

The Annual General Meeting is scheduled to be held on: Saturday, 15th September 2012.

Financial Calendar: April to March

Book Closure: None

Registrars/Transfer Agents: In-house by Secretarial Department

### Shareholding Pattern as on 31st March 2012:

Sl. No.	Name of Shareholder	No. of Equity shares	% of Shareholding
1	Oil and Natural Gas Corporation Ltd. (ONGC)	23000	46%
2	Mangalore Refinery and Petrochemicals Ltd (MRPL)	1500	3%
3	Others (Individual)	25500	51%
<b>TOTAL</b>		<b>500000</b>	<b>100%</b>

**Transfer to Investor Education and Protection Fund (IEPF)**

The Company has not completed seven years since the date of its incorporation. Further, Company has not declared any dividend since its incorporation as the commercial production is yet to commence. Therefore, no dividend amount remaining unclaimed and unpaid for a period of seven years from the date they became due for transfer to IEPF.

**Disclosures**

There were no materially significant related party transactions with its promoters, the directors or the management or relative of the directors that they may have potential conflict with the interests of the Company.

No infringement of any of the provisions of the law and regulations has been committed by the Company.

## Auditors' Report to the members of ONGC Mangalore Petrochemicals Limited

We have audited the attached Balance Sheet of ONGC Mangalore Petrochemicals Limited as at 31st March 2012 and also the Statement of Profit and Loss and the Cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of Section 227 of the Companies Act, 1956, we report that:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (hereinafter referred to as the Act), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
  - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the said Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report have been prepared in compliance with the accounting standards as prescribed under the provisions of section 211(3C) of the Companies Act, 1956 to the extent applicable; and
  - e. on the basis of the written representations received from the directors of the Company as on 31st March 2012, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the notes accompanying financial statements given in notes 1 to 29 including Significant Accounting Policies given in note 1, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
- ii) in the case of Profit and Loss Account, of the profit for the year ended on that date; and
- iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Sharp & Tannan  
Chartered Accountants  
(Firm's Registration No. 003792S)

**L.Vaidyanathan**  
Partner  
Membership No.16368

Place: Chennai  
Date: 31st May 2012

## Annexure to the Auditors' Report

With reference to the Annexure referred to in paragraph 1 of the report of the Auditors' to the Members of ONGC Mangalore Petrochemicals Limited on the accounts for the year ended 31st March 2012, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) We are informed that the management of the Company has physically verified during the year all its fixed assets and no material discrepancies were noticed on such verification;
- (c) The Company has not disposed off any of its fixed assets during the year and therefore do not affect the going concern assumption;
- (ii) According to the information and explanations given to us, the Company did not carry any inventory during the year and hence reporting under clause 4 (ii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 relating to physical verification of inventory and maintenance of records of inventory does not arise;
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (b), (c) and (d) of the Order, are not applicable.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (f) and (g) of the Order, are not applicable.
- (iv) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system. The Company does not have any purchase of inventory / sale of goods and services and accordingly reporting on the same under clause 4 (iv) of the Companies (Auditor's Report) Order, 2003 does not arise;
- (v) (a) In our opinion, and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956.
- (b) Accordingly, reporting under clause 4(v) (b) of this Order does not arise.
- (vi) The Company has not accepted any deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956. Hence clause 4(vi) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company;
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business;
- (viii) The Company has not commenced commercial operations, therefore reporting on maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 does not arise;
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been regular in depositing undisputed statutory dues including provident fund, income-tax, sales tax / value added tax, service tax and cess and other statutory dues applicable to it during the year with appropriate authorities. There are no undisputed dues as at 31st March, 2012, outstanding to be paid for a period of more than six months from the date they became payable;

**ONGC Mangalore Petrochemicals Ltd.**

- (b) According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion, there were no statutory dues which have not been deposited on account of any dispute.
- (x) The Company does not have accumulated losses as at 31st March 2012. The Company has not incurred cash losses in the financial year ended 31st March 2012 and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has not issued any debentures or taken on any loan from financial institutions during the year.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund/ nidhi/ mutual benefit fund/ society and hence reporting under clause 4 (xiii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 does not arise.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. The Company has invested surplus funds in mutual funds. According to the information and explanations given to us, proper records have been maintained of the transactions and timely entries have been made therein. The investments mutual funds have been held by the Company in its own name.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions;
- (xvi) In our opinion and according to the information and explanations given to us, on an overall basis the term loans have been applied for the purposes for which they were obtained;
- (xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that funds raised on short term basis have been used for long term investment in project under implementation;
- (xviii) The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under Section 301 of the Companies Act, 1956;
- (xix) The Company has not issued debentures during the year. Accordingly, no security or charge needs to be created;
- (xx) The Company has not raised any money by public issue during the year. Hence the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company;
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

For Sharp & Tannan  
Chartered Accountants  
(Firm's Registration No. 003792S)

**L.Vaidyanathan**  
Partner  
Membership No.16368

Place: Chennai  
Date: 31st May 2012

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2012**

	Note No.	As at 31st March 2012		As at 31st March 2011	
		₹		₹	
<b><u>EQUITY AND LIABILITIES</u></b>					
<b>Shareholders' Funds</b>					
Share Capital	2	5,00,000		5,00,000	
Reserves and Surplus	3	10,37,86,728		8,13,21,978	
			10,42,86,728		8,18,21,978
<b>Advance against share capital</b>	4		9,79,97,55,000		9,79,97,55,000
<b>Non Current Liabilities</b>					
Long-Term Borrowings	5	8,24,48,00,000		-	
Other Long Term liabilities	6	61,148		20,383	
Long-term Provisions	7	18,47,199		14,33,082	
			8,24,67,08,347		14,53,465
<b>Current Liabilities</b>					
Short-term borrowings	8	9,50,00,00,000		10,00,00,000	
Other Current Liabilities	9	98,52,48,205		78,09,83,923	
Short-term Provisions	10	76,14,421	10,49,28,62,626	26,34,162	88,36,18,085
<b>TOTAL</b>			<b>28,64,36,12,701</b>		<b>10,76,66,48,528</b>
<b><u>ASSETS</u></b>					
<b>Non-current assets</b>					
<b>Fixed Assets</b>					
Tangible assets	11(i)	2,57,35,63,500		1,49,21,064	
Intangible assets	11(ii)	2,99,800		5,99,000	
Capital Work-in-Progress	12	23,02,33,55,304		7,69,03,42,364	
		25,59,72,18,604		7,70,58,62,428	
Non-current investments	13	48,00,000		48,00,000	
Long-term loans and advances	14	38,76,19,719	25,98,96,38,323	2,46,43,52,151	10,17,50,14,579
<b>Current Assets</b>					
Current investments	15	2,26,80,85,536		49,30,30,746	
Cash & Cash Equivalents	16	13,02,75,499		9,10,915	
Short-term loans and advances	17	25,56,13,343	2,65,39,74,378	9,76,92,288	59,16,33,949
<b>TOTAL</b>			<b>28,64,36,12,701</b>		<b>10,76,66,48,528</b>
Contingent Liabilities and Commitments	18				
Significant Accounting Policies	1				

See accompanying notes to the Financial Statements

For and on behalf of the Board

 As per our report attached  
 For Sharp & Tannan  
 Chartered Accountants  
 (Firm's registration no. 003792S)

**U. K. Basu**  
 Director

**Sudhir Vasudeva**  
 Chairman

**L. Vaidyanathan**  
 Partner  
 Membership No. 16368

**Sushil K Shenoy**  
 Chief Finance Officer

**S. Ramachandran**  
 Chief Executive Officer

 Place: Chennai  
 Date : 31st May, 2012

 Place: Mumbai  
 Date : 30th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012

	Note no	For the Year ended 31st March 2012 (₹)	For the Year ended 31st March 2011 (₹)
<b>Revenue</b>			
<b>Other Income</b>			
Dividend from current investments		1,07,49,389	3,81,54,227
Interest on Income tax refund		-	2,14,785
Interest of Deposits with Banks		2,21,01,143	-
<b>TOTAL REVENUE</b>		<b>3,28,50,532</b>	<b>3,83,69,012</b>
<b>Expenses</b>			
Employee Benefits Expense	20	1,24,080	7,12,935
Other Expenses	21	30,90,999	18,18,576
<b>TOTAL EXPENSES</b>		<b>32,15,079</b>	<b>25,31,511</b>
<b>Profit before taxes</b>		<b>2,96,35,453</b>	<b>3,58,37,501</b>
Tax expenses:			
Current Tax	10	71,70,703	26,34,162
<b>Profit for the year</b>		<b>2,24,64,750</b>	<b>3,32,03,339</b>
Earning per share (basic / diluted )(in ₹)	22	449.30	664.07
Face value per equity share (in ₹)		10.00	10.00

See accompanying notes to the Financial Statements

As per our report attached  
For Sharp & Tannan  
Chartered Accountants  
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For and on behalf of the Board

**U. K. Basu**  
Director

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Chairman

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Partner  
Membership No. 16368

**Sushil K Shenoy**  
Chief Finance Officer

**S. Ramachandran**  
Chief Executive Officer

Place: Chennai  
Date : 31st May, 2012

Place: Mumbai  
Date : 30th May, 2012



CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012

	For the Year ended 31st March 2012 (₹)	For the Year ended 31st March 2011 (₹)
<b>A. Profit before tax</b>	<b>2,96,35,453</b>	<b>3,58,37,501</b>
<b>Adjustments for :</b>		
Interest Income	(2,21,01,143)	-
Dividend income	(1,07,49,389)	(3,81,54,227)
Cash generated / (used in)	(32,15,079)	(23,16,726)
Direct Taxes paid (net)	(74,20,103)	(8,29,000)
<b>Net cash flow from / (used in)</b>	<b>(1,06,35,182)</b>	<b>(31,45,726)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Dividend income received	1,07,49,389	3,81,54,227
Interest Income Received	2,20,45,664	-
Purchase of fixed assets	(15,13,00,53,796)	(4,87,32,48,744)
<b>Net cash flow from / (used in) investing activities</b>	<b>(15,09,72,58,743)</b>	<b>(4,83,50,94,517)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from advance received against share capital	-	5,14,50,00,000
Proceeds from External Commercial Borrowing	8,06,58,50,000	-
Proceeds from short term loan	9,40,00,00,000	10,00,00,000
Interest and finance charges paid	(45,35,36,701)	(15,03,591)
<b>Net cash flow from / (used in) financing activities</b>	<b>17,01,23,13,299</b>	<b>5,24,34,96,409</b>
<b>Net Increase/ (Decrease) in cash and cash equivalents</b>	<b>1,90,44,19,374</b>	<b>40,52,56,166</b>
Cash and cash equivalent at the beginning of the year	49,39,41,661	8,86,85,495
<b>Cash and cash equivalent at the end of the year</b>	<b>2,39,83,61,035</b>	<b>49,39,41,661</b>

**NOTES:**

- 1) Cash Flow statement has been prepared under the Indirect Method as set out in the Accounting Standard 3; " Cash Flow Statement" as per Companies (Accounting Standard) Rules, 2006.
- 2) Purchase of fixed assets includes movement of Capital Work-in-progress and Project Expenses during the year.
- 3) Cash and cash equivalents include cash and bank balances and short-term highly liquid investments.
- 4) Previous year figures have been re-grouped / re-classified wherever necessary to conform to the current year's presentation.

As per our report attached  
For Sharp & Tannan  
Chartered Accountants  
(Firm's registration no. 003792S)

For and on behalf of the Board

**U. K. Basu**  
Director

**Sudhir Vasudeva**  
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**L. Vaidyanathan**  
Partner  
Membership No. 16368

**Sushil K Shenoy**  
Chief Finance Officer

**S. Ramachandran**  
Chief Executive Officer

Place: Chennai  
Date : 31st May, 2012

Place: Mumbai  
Date : 30th May, 2012

## Notes accompanying financial statements

### 1. Significant Accounting Policies

#### a) Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ("GAAP") and in compliance with the Accounting standards specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government and other provisions of the Companies Act, 1956. Insurance and other claims are accounted for as and when admitted by appropriate authorities.

The preparation of financial statements in conformity with GAAP requires that the management of the company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as on the date of the financial statements. Examples of such estimates include the useful lives of fixed assets and intangible assets, future obligations in respect of retirement benefit plans etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

#### b) Revenue recognition

Revenue is recognised when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

- i. Dividend income is recognized when the right to receive is established.
- ii. Interest income is recognised at agreed rates on time proportion basis.

#### c) Cash flow statement

Cash flow statement has been prepared in accordance with the indirect method prescribed in Accounting Standard-3 "Cash Flow Statement" issued under the Companies (Accounting Standard) Rules, 2006.

#### d) Fixed assets

- i. Fixed assets are stated at original cost less accumulated depreciation.
- ii. Project expenses including administrative and other general overhead expenses which are specifically attributable to the project, incurred up to the date of completion of construction of the assets are capitalized as part of the cost of the fixed assets based on proportionate cost of each asset.

#### e) Depreciation

Depreciation on fixed assets is provided on Straight Line Method, at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation for additions to / deductions from fixed assets is calculated pro-rata from / to the month of additions / deductions. Fixed assets costing less than ₹ 5,000/- each are fully depreciated in the year of addition. Land - leasehold is amortised over the primary period of the lease.

#### f) Intangible assets and amortization

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably and are amortized under straight line method as follows:

- Specialised software over a period of five years from the month of addition.

**g) Investments**

- i. Long term investments are carried at cost. Provision for diminution is made to recognise a decline, other than temporary in value of long term investments and is determined separately for each individual investment.
- ii. Current investments are carried at lower of cost or fair value.

**h) Leases**

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals paid during construction / implementation period of the project are included as project expenses.

**i) Taxes on income**

- i. Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act, 1961.
- ii. Deferred tax is recognized on timing differences between the accounting income and the taxable income for the period and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
- iii. Deferred tax assets relating to unabsorbed depreciation / business losses are recognized and carried forward to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- iv. Other deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**j) Provisions, contingent liabilities and contingent assets**

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- i. the company has a present obligation as a result of past event,
- ii. a probable outflow of resources is expected to settle the obligation, and
- iii. the amount of obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that reimbursement will be received.

Contingent liability is disclosed in the case of

- i. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
- ii. a present obligation when no reliable estimate is possible; and
- iii. a possible obligation, arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised nor disclosed.

Provisions, Contingent liabilities and Contingent assets are reviewed at each Balance Sheet date.

**k) Foreign currency transactions**

- a. Foreign currency transactions are recorded on initial recognition using exchange rate prevailing on the date of the transaction.
- b. Foreign currency monetary items as at the Balance Sheet date are reported at contracted / year-end rates as applicable.
- c. The exchange differences on settlement of monetary items / reporting of monetary items at each Balance Sheet date at closing rate are recognized and included in capital work in progress (project expenses) upto the date of commercial operation and as income or expense thereafter in the period in which they arise.

**l) Employee benefits****i. Short Term Employee Benefits:**

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. All short term employee benefits are recognised at their undiscounted amount in the period in which the employee renders the service.

**ii. Post Employment Benefits:****Defined Contribution Plan:**

Company's contribution to Provident Fund scheme is treated as defined contribution plan. The contribution paid / payable under these schemes / contractual obligations are recognized during the period in which the employees render the related services. The contributions are made to the funds managed and administered by Government of India. The Company's contribution to the extent related to project is charged to the project expenses in the Balance Sheet and others in the Statement of Profit and Loss.

**iii. Long Term Employee Benefits:****Defined Benefit Plan:**

The obligation for long term employee defined benefits such as gratuity and compensated absences are recognized as follows:

- ◆ The present value of the obligation under such Defined Benefit Plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.
- ◆ The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.
- ◆ Actuarial gains and losses are recognised immediately in the Profit and Loss Account.
- ◆ Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

m) **Borrowing cost**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying asset are capitalized as part of the cost of such asset, till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time (generally twelve months) to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

2. **Share Capital:**

a) Particulars of authorised, issued, subscribed and paid up share capital

Particulars	As at 31st March 2012	As at 31st March 2011
	₹	₹
<b>Authorised Share Capital</b>		
200,00,00,000 Equity Shares of ₹10 each	20,00,00,00,000	20,00,00,00,000
<b>Issued, Subscribed &amp; Paid up Share Capital</b>		
50,000 Equity Shares of ₹10 each fully paid up	5,00,000	5,00,000

b) The Company has issued only one class of Equity Shares and no securities have been issued with the right / option to convert the same into equity.

No Shares have been reserved for issue under options and contracts/ commitments for the sale of shares/disinvestment.

The shares issued carry equal rights and voting power.

All the shares issued carry equal right of dividend declared by the company and no restrictions are attached to any specific shareholder.

c) Movement of Share Capital

Particulars	Equity Shares	
	Number	₹
Shares outstanding at the beginning of the year	50,000	5,00,000
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	50,000	5,00,000

d) Shareholding pattern - Details of shareholders holding more than 5% shareholding in the Company are as under

Name of Shareholder	As at 31st March 2012		As at 31st March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Oil and Natural Gas Corporation Ltd	23,000	46%	23,000	46%
Mr. Sandeep Bahl	3,000	6%	3,000	6%

**3. Reserves and Surplus**

## a) Details of reserves and surplus

<b>Particulars</b>	<b>As at 31st March 2012 ₹</b>	<b>As at 31st March 2011 ₹</b>
Surplus	10,37,86,728	8,13,21,978

## b) Movement of Reserves and surplus

<b>Surplus</b>	<b>As at 31st March 2012 ₹</b>	<b>As at 31st March 2011 ₹</b>
Balance as at the beginning of the year	8,13,21,978	4,81,18,639
Add: Profit for the year	2,24,64,750	3,32,03,339
Balance as at the end of the year	10,37,86,728	8,13,21,978

4. Advances against share capital represents ₹ 9,799,755,000 (previous year ₹ 9,799,755,000) received from the promoters.

**5. Long Term Borrowings**

<b>Particulars</b>	<b>As at 31st March 2012 ₹</b>	<b>As at 31st March 2011 ₹</b>
Unsecured Term Loan from Banks - External Commercial Borrowings (Refer notes below)	8,24,48,00,000	-
<b>Total</b>	<b>8,24,48,00,000</b>	<b>-</b>

a) The Company has entered into an External Commercial Borrowing (ECB) arrangement for USD 250 million with a bank, of which USD 160 million has been availed during the year.

b) The ECB is repayable in 14 equal half yearly instalments commencing from 1st April 2015. The rate of interest for ECB is six month LIBOR + 3.13% reset on the last day of the six monthly interest period.

c) There has been no default in payment of interest during the year.

d) The Company is in the process of creation of security by way of charge for the borrowing.

**6. Other Long Term Liabilities**

<b>Particulars</b>	<b>As at 31st March 2012 ₹</b>	<b>As at 31st March 2011 ₹</b>
Retention	61,148	20,383
<b>Total</b>	<b>61,148</b>	<b>20,383</b>

- (a) Retention represents amount withheld from various suppliers and contractors as per the terms of the contract / purchase order repayable beyond twelve months from the year ended 31st March 2012 upon fulfilment of certain conditions.

**7. Long Term Provisions**

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
<b>Provision for employee benefits</b>		
Gratuity	5,05,116	3,09,404
Compensated Absences	13,42,083	11,23,678
<b>Total</b>	<b>18,47,199</b>	<b>14,33,082</b>

**8. Short Term Borrowings**

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Unsecured: Short term loan from bank repayable on or before 30 <sup>th</sup> June 2012.	9,50,00,00,000	10,00,00,000
<b>Total</b>	<b>9,50,00,00,000</b>	<b>10,00,00,000</b>

**9. Other Current Liabilities**

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Statutory dues and liabilities	8,14,58,329	2,71,55,406
Security deposit	1,60,20,165	37,01,154
Retention (Refer note (a) below)	17,97,16,645	11,21,81,530
Interest accrued but not due on ECB	6,54,44,082	-
Related Parties (Refer note (b) below)	5,84,98,493	-
Dues to micro and small enterprises (Refer note (c) below)	24,89,759	2,97,448
Others	58,16,20,732	63,76,48,385
<b>Total</b>	<b>98,52,48,205</b>	<b>78,09,83,923</b>

- (a) Retention represents amount withheld from various suppliers and contractors as per the terms of the contract / purchase order repayable within twelve months upon fulfilment of certain conditions.
- (b) Due to related party represents amount payable to M/s. Mangalore SEZ Limited, an associate company towards balance lease premium.



## (c) Disclosure relating to dues to micro and small enterprises

Sl. No.	Particulars	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
i	Principal amount remaining unpaid but not due as at year end to micro and small enterprises	24,89,759	2,97,448
ii	Interest due thereon as at year end	-	-
iii	Interest paid by the Company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006.	-	-
iv	Interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
v	Interest accrued and remaining unpaid as at year end.	-	-
vi	Further interest remaining due and payable even in the succeeding periods, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

## 10. Short Term Provisions

Particulars	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
Provision for employee benefits-		
Gratuity	3,130	-
Compensated absences	4,40,588	-
Provision for Income Tax (Refer note below)	71,70,703	26,34,162
<b>Total</b>	<b>76,14,421</b>	<b>26,34,162</b>

## Taxes expenses:

- Provision for current taxes has been made on "other income" as per the provisions of the Income Tax Act, 1961.
- No provision has been made for wealth tax in the absence of taxable wealth as per the provisions of Wealth Tax Act, 1957.
- There are no timing differences which have arisen up to 31.03.2012 and hence, there is no deferred tax asset /liability recognised as at the year end.

11. Fixed Assets

(Figures in ₹)

	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	Up to 31.03.2011	For the year	Deductions	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b><u>i. TANGIBLE ASSETS</u></b>										
Land - leasehold	-	2,560,340,400		2,560,340,400	-	439,669		439,669	2,559,900,731	-
(Refer note (a) below)										
Buildings	12,681,808	511,381	1,145,512	12,047,677	8,140,600	261,697	9,336	8,392,961	3,654,716	4,541,208
(Refer note (b) below)										
Plant & equipments	8,388,144	1,014,588		9,402,732	3,682,000	1,363,962		5,045,962	4,356,770	4,706,144
- Computers	4,268,669	174,083		4,442,752	587,060	325,745		912,805	3,529,947	3,681,609
- Office equipments	6,882,103	400,935		7,283,038	4,890,000	271,702		5,161,702	2,121,336	1,992,103
Furniture and fixtures										
	<b>32,220,724</b>	<b>2,562,441,387</b>	<b>1,145,512</b>	<b>2,593,516,599</b>	<b>17,299,660</b>	<b>2,662,775</b>	<b>9,336</b>	<b>19,953,099</b>	<b>2,573,563,500</b>	
<i>Previous year</i>	14,796,796	17,423,928	-	32,220,724	7,603,394	9,696,266		17,299,660		14,921,064
<b><u>ii. INTANGIBLE ASSETS</u></b>										
Specialised Software	1,499,000	-		1,499,000	900,000	299,200		1,199,200	299,800	599,000
	<b>1,499,000</b>	<b>-</b>	<b>-</b>	<b>1,499,000</b>	<b>900,000</b>	<b>299,200</b>	<b>-</b>	<b>1,199,200</b>	<b>299,800</b>	
<i>Previous year</i>	1,499,000	-	-	1,499,000	599,600	300,400	-	900,000		599,000

Note:

- Land - leasehold represent 441.438 acres of land taken on lease for a period of 47 years and 10 months i.e., from 29-03-2012 to 26-01-2060 from Mangalore SEZ Limited.
- Deductions from Buildings represents excess capitalisation during the year 2010-11 as per provisional bills, now adjusted based on actual bills.

## 12. Capital Work in Progress

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Capital Work in Progress :		
-Buildings	21,93,06,205	5,48,09,489
-Plant and equipments	21,32,71,87,247	7,06,30,60,248
-Project expenses (Details given below)	1,47,68,61,852	57,24,72,627
<b>Total</b>	<b>23,02,33,55,304</b>	<b>7,69,03,42,364</b>

## Details of project expenses

Particulars	As at 31st March 2011 ₹	Incurred during the year ₹	As at 31st March 2012 ₹
Employee benefits expense			
Salaries and Allowances	1,96,11,286	3,91,03,331	5,87,14,617
Contribution to provident and other funds	7,74,000	18,00,570	25,74,570
Gratuity	3,09,404	1,98,842	5,08,246
Cost of services	9,64,23,476	1,83,00,082	11,47,23,558
Electricity charges	32,02,262	80,39,711	1,12,41,973
Repair and maintenance	41,22,959	19,67,572	60,90,531
Legal and professional charges	3,76,54,728	1,37,91,806	5,14,46,534
Rent	61,97,428	46,97,198	1,08,94,626
Insurance charges	6,78,43,847	6,49,75,831	13,28,19,678
Rates and taxes	3,05,23,320	53,117	3,05,76,437
Miscellaneous expenses	4,16,77,933	3,25,62,795	7,42,40,728
Depreciation / amortisation	1,81,99,659	29,52,639	2,11,52,298
Project enabling expenses	21,81,73,203	4,14,38,576	25,96,11,779
Exchange loss	-	17,89,50,000	17,89,50,000
Interest and finance charges			
Interest Expenses	3,64,384	37,22,74,582	37,26,38,966
Finance cost	7,95,12,180	14,67,06,201	22,62,18,381
	<b>62,45,90,069</b>	<b>92,78,12,853</b>	<b>1,55,24,02,922</b>
Income Tax	68,42,064	-	68,42,064
Fringe Benefit Tax	78,501	-	78,501
	<b>63,15,10,634</b>	<b>92,78,12,853</b>	<b>1,55,93,23,487</b>
<b>Less: Income earned during the year</b>			
Interest on Mobilisation Advance	83,10,011	2,34,23,628	3,17,33,639
Interest on Fixed Deposits	2,01,30,499	-	2,01,30,499
Dividend income	3,05,97,497	-	3,05,97,497
<b>Total</b>	<b>57,24,72,627</b>	<b>90,43,89,225</b>	<b>1,47,68,61,852</b>

13. Non-Current Investments

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Unquoted - Non trade investment 4,80,000 equity shares of ₹10/- each of Mangalore SEZ Limited, an associate company	48,00,000	48,00,000
<b>Total</b>	<b>48,00,000</b>	<b>48,00,000</b>

14. Long term Loans and advances

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Unsecured, considered good Capital advances to Related Party (Refer note (a) below) to Others (Refer note (b) below) Security Deposit Other loans and advances	15,00,00,000 23,57,21,512 18,37,405 60,802	2,15,48,00,000 30,89,01,039 25,000 6,26,112
<b>Total</b>	<b>38,76,19,719</b>	<b>2,46,43,52,151</b>

- (a) Capital advance to Related Party represents amount paid to Mangalore SEZ Limited for Development of Pipeline corridor infrastructure facility (previous year figure represents advance paid for land to Mangalore SEZ Limited)
- (b) Capital advance to others represents Mobilisation Advance and other capital advances paid to various contractors and suppliers as per the terms of contract or work order.

15. Current Investments

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Unquoted, Non trade Investment in Mutual Funds UTI Liquid Cash Plan UTI Treasury Advantage Fund	1,80,41,04,527 46,39,81,009	- 49,30,30,746
<b>Total</b>	<b>2,26,80,85,536</b>	<b>49,30,30,746</b>

## 16. Cash and Cash Equivalents

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Cash on Hand	3,454	8,798
Balances with banks in current account	52,16,566	9,02,117
in deposit accounts	12,50,00,000	-
Interest accrued but not due on above deposits	55,479	-
<b>Total</b>	<b>13,02,75,499</b>	<b>9,10,915</b>

## 17. Short Term Loans and Advances

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Unsecured, Considered good Balance with service tax and value added tax authorities	14,80,23,005	4,16,99,915
Others	10,75,90,338	5,59,92,373
<b>Total</b>	<b>25,56,13,343</b>	<b>9,76,92,288</b>

## 18. Contingent Liabilities and Commitments

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
A. Contingent Liabilities	-	-
B. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	21,75,31,06,000	33,65,60,87,039
<b>Total</b>	<b>21,75,31,06,000</b>	<b>33,65,60,87,039</b>

19. The Company has not commenced commercial operations as at 31st March 2012. Statement of Profit and Loss has been drawn to comply with the provisions of the Companies Act, 1956.

## 20. Employee Benefit Expenses

Particulars	For the Year ended 31st March 2012 (₹)	For the Year ended 31st March 2011 (₹)
Salaries	1,15,404	6,86,935
Contribution to provident and other funds	8,676	26,000
<b>Total</b>	<b>1,24,080</b>	<b>7,12,935</b>

21. Other Expenses

Particulars	For the Year ended 31st March 2012 (₹)	For the Year ended 31st March 2011 (₹)
Payment to Auditors		
Audit Fees	2,00,000	1,50,000
Certification fees and other matters Refer note (a) below	1,57,500	50,000
Reimbursement of out of pocket expenses	15,095	35,000
Legal and professional charges	13,68,500	12,42,300
Interest on income tax	-	96,000
Directors' sitting fees	3,20,000	2,30,000
Publicity Expenses	4,31,232	-
Travelling Expenses	5,39,052	-
Other Expenses	59,620	15,276
<b>Total</b>	<b>30,90,999</b>	<b>18,18,576</b>

(a) Payment to Auditors - Certification fees and other matters include ₹ 150,000/- (previous year ₹ 50,000/-) paid for certification of quarterly / half-yearly accounts as required by major shareholder.

22. Earnings Per Share (EPS)

	For the Year ended 31st March 2012 (₹)	For the Year ended 31st March 2011 (₹)
Numerator – Net profit for the year after tax	2,24,64,750	3,32,03,339
Denominator – Average number of equity shares outstanding during the year	50,000	50,000
Earnings Per Share - Basic & Diluted	449.30	664.07
Face value per equity share	10.00	10.00

23. Disclosure as required under Accounting Standard 15 (revised) - "Employee Benefits" is given below:

A. Defined Contribution Plans are as under:

Eligible employees of the Company receive benefits under the Provident Fund Scheme, wherein both employee and the Company make monthly contributions equal to the specified percentage of employee salary.

B. Defined Benefit Plans:

a) Compensated absences

(1) Earned Leave Benefit (EL)

Accrual - 32 days per year

Accumulation up to 300 days allowed

EL accumulated in excess of 15 days is allowed for encashment while in service provided the EL encashed is not less than 5 days.

(2) Sick Leave (SL):

Accrual - 10 days per year

Encashment while in service is not allowed

Encashment on retirement is permitted and entire accumulation is allowed for encashment

## b) Gratuity:

15 days salary for every completed year of service. Vesting period is 5 years and the payment is restricted to maximum of ₹ 10,00,000/-

## C. The following are the contributions to provident fund (defined contributions plan) during the year:

<b>Provident fund</b>	<b>For the Year ended 31st March 2012 (₹)</b>	<b>For the Year ended 31st March 2011 (₹)</b>
Employer's contribution to provident fund		
- Charged to statement of profit and loss	8,676	26,000
- Included in project expenses	18,00,570	774,000

## D. Defined benefit plan - Gratuity

## a. The amount recognised in the Balance Sheet for post employment benefit plan in respect of Gratuity is as under:

<b>Sl. No</b>	<b>Particulars</b>	<b>As at 31<sup>st</sup> March 2012 ₹</b>
1	Present Value of funded Obligation	-
2	Fair Value of Plan Assets	-
3	Present Value of Unfunded Obligation	508,246
4	Unrecognised Past Service Cost	-
5	Net Liability	508,246

## b. Reconciliation showing the movements during the year in the net liability recognised in the balance sheet:

<b>Sl. No.</b>	<b>Particulars</b>	<b>As at 31<sup>st</sup> March 2012 ₹</b>
1	Opening defined benefit obligation	309,404
2	Service Cost	193,151
3	Interest Cost	25,526
4	Actuarial losses (gains)	(19,835)
5	Exchange differences on foreign plans	-
6	Liability transfer in	-
7	Benefits paid	-
8	Closing defined benefit obligation	508,246



- c. The total expenses recognised in the statement of Project Expenses are as follows:

Sl. No.	Particulars	As at 31 <sup>st</sup> March 2012 ₹
1	Current Service Cost	193,151
2	Interest on obligation	25,526
3	Expected return on plan assets	-
4	Net actuarial losses / (gains) recognised in the year	(19,835)
5	Past Service Cost	-
6	Losses / (Gains) on curtailments and settlements	-
7	Total included in 'employee benefit expenses'.	198,842
8	Actual return on plan assets	-

- d. Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Sl. No.	Particulars	As at 31 <sup>st</sup> March 2012 ₹
1	Discount Rate	8.25%
2	Expected return on plan assets previous	-
3	Expected return on plan assets Current	-
4	Annual Increase in Premium of Med claim policy	-
5	Annual increase in Salary	5.00%

24. Value of Imports on C.I.F. Basis

Particulars	For the Year ended 31st March 2012 (₹)	For the Year ended 31st March 2011 (₹)
Capital goods	5,41,45,33,613	-

25. Expenditure in foreign currency:

Particulars	For the Year ended 31st March 2012 (₹)	For the Year ended 31st March 2011 (₹)
Advance for Import of Capital Goods	1,04,07,71,000	14,65,90,000
Foreign Travel Expenses	3,11,000	39,000
Legal and professional charges	6,64,000	11,28,000
Project Engineering and License Fee	3,03,71,000	-
Finance charges	14,04,27,000	-
<b>Total</b>	<b>1,21,25,44,000</b>	<b>14,77,57,000</b>

26. The Company has taken certain residential / office premises under cancellable operating leases. These lease agreements are normally renewed on expiry. The lease rental paid during the year ₹ 4,697,000 (previous year ₹ 1,863,000) is included in project expenses.
27. The Company has not commenced the commercial production as at the end of the year and hence there are no reportable segments as defined in the Accounting Standard - 17 on Segment Reporting prescribed under the Companies (Accounting Standards) Rules, 2006.

**ONGC Mangalore Petrochemicals Ltd.**
**28. Disclosure of related parties / related party transactions:**
**i. List of related parties with whom the Company had transactions:**

<b>Sl. No.</b>	<b>Name of the related party</b>	<b>Relationship</b>
1.	Oil and Natural Gas Corporation Ltd. (ONGC)	Investor
2.	Mangalore Refinery & Petrochemicals Ltd. (MRPL)	Subsidiary of investor
3.	Mangalore SEZ Ltd. (MSEZL)	Associate of investor

**ii. Nature of transactions and amounts due to and due from related parties:**

(Figures in ₹)

<b>Name</b>	<b>Nature of transaction</b>	<b>Amount of transactions during the year</b>	<b>Due from</b>	<b>Due to</b>
ONGC	Share capital and advance against share capital received	Nil (4,83,00,00,000)		9,20,00,00,000 (9,20,00,00,000)
ONGC	Reimbursement of travel related expenses received.	13,962 (37,887)	16,149 (2,187)	Nil (Nil)
MRPL	Share capital and advance against share capital received	Nil (31,50,00,00,000)		60,00,00,000 (60,00,00,000)
MRPL	Reimbursement of salary and travel related expenses	2,36,96,764 (3,03,76,000)		2,30,74,674 (10,67,188)
MRPL	Services received	19,45,657 (Nil)		19,45,657 (Nil)
MRPL	Amount towards share in cost of over dimensional consignment road	5,32,62,770 (7,95,00,000)	87,963 (3,47,00,000)	
MSEZL	Reimbursement of expenses	29,58,093 (307,366)		29,58,093 (Nil)
MSEZL	Lease premium paid	35,00,00,000 (30,00,00,000)	Nil (2,15,48,00,000)	5,55,40,400 (Nil)

The figures in the brackets represent previous year figures.

**iii. No amounts pertaining to related parties have been written off or written back during the year.**

29. Hitherto the Company has adopted the Schedule VI to the Companies Act, 1956 for the preparation and presentation of its financial statements. However, from the current year the Company has adopted the Revised Schedule VI to comply with the notification made under the Companies Act, 1956. Accordingly the Company has reclassified / regrouped the previous year figures to confirm to this year's classification.

As per our report attached  
For Sharp & Tannan  
Chartered Accountants  
(Firm's registration no. 003792S)

For and on behalf of the Board

**U. K. Basu**  
Director

**Sudhir Vasudeva**  
Chairman

**L. Vaidyanathan**  
Partner  
Membership No. 16368

**Sushil K Shenoy**  
Chief Finance Officer

**S. Ramachandran**  
Chief Executive Officer

Place: Chennai  
Date: 31st May 2012

Place: Mumbai  
Date: 30th May 2012