MANALI
PETROCHEMICALS

ANNUAL REPORT

2012 – 13

Manali Petrochemicals Limited

MANALI PETROCHEMICALS

Board of Directors

Ashwin C Muthiah	Chairman
T K Arun (Nominee of TIDCO)	Director
Brig (Retd.) Harish Chandra Chawla	Director
Kulbir Singh	Director
Sanjiv Ralph Noronha	Director
Muthukrishnan Ravi	Managing Director

Audit Committee

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

Chief Financial Officer & Company Secretary

S Vasudevan

Registered Office

SPIC HOUSE
88 Mount Road
Guindy, Chennai 600 032

Principal Office & Plant - 1

Ponneri High Road
Manali, Chennai 600 068

Plant - 2

Sathangadu Village
Manali, Chennai 600 068

Auditors

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

Cost Auditor

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

Bankers

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

Registrars and Share Transfer Agent

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

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Directors' Report and Management Discussion & Analysis Report

To

The Shareholders

The Directors present their 27th Annual Report on the business and operations of your Company and the Audited Statement of Accounts for the year ended 31st March 2013.

Financial Results

(Rs. in crore)

DESCRIPTION	2012-13	2011-12
Profit Before interest & depreciation	**43.83**	66.69
Interest	**2.14**	1.92
Depreciation	**6.36**	5.88
Profit Before Tax	**35.33**	58.89
Provision for Taxation	**8.02**	15.21
Profit After Tax	**27.31**	43.68
Cash Profit	**34.38**	49.87

Operational Highlights

During the year under review the operations of the Company were affected due to general economic slow-down aggravated by cut-throat competition from overseas polyol suppliers. On account of these, there was some setback in the operations vis a vis the performance in the last couple of years, resulting in lower production, sales and profits. The net profit for the year was lower by about 37% at Rs. 27.31 crore against Rs. 43.68 crore in the previous year.

Availability of bio mass fuel for the Captive Power Plant (CPP) has become dearer due to spurt in demand for casuarina wood from paper mills and also similar power plants. Even at increased costs supplies are not forthcoming, forcing the Company to operate the CPP at lower loads. The Company is developing alternate fuels for the CPP to ensure operations at optimum load. Also, plans are afoot to purchase power through energy exchanges to meet the short-fall.

Creation of bulk storage facility for Propylene Oxide at Ennore Port is in progress and is expected to be operational during the 2nd quarter of FY 2013-14.

Financial Review

The year 2012-13 witnessed moderate changes in interest rates. The repo rate increases during the year 2011-12 resulted in steep increase in lending rates of banks and other operators. However, during the year under review, these were retained at the previous year's level in the first half and slightly brought down during the second half, to induce economic growth. On the forex front, there was a sharp decline in rupee value by about 6.7%. These resulted in marginal increase in the cost of funds. Also the investible surplus was significantly lower due to decline in operations witnessed during the year and higher capital spending for creation of storage facilities.

The Company has been rated with CARE A (-) signifying 'low credit risk' for long-term bank facilities and CARE A1 signifying 'lowest credit risk' for short-term bank facilities .

Dividend

Your Directors recommend a 10 % dividend i.e. fifty paise for every equity share of Rs. 5/- each fully paid-up, for the year 2012-13, aggregating to Rs. 8.60 crore, excluding dividend distribution tax.

Industry structure and developments

Your Company operates in the Polyurethanes (PUs) Market, comprising two sectors: Methylene diisocyanate (MDI) & Toluene diisocyanate (TDI). The PUs market in India has displayed a robust growth rate over the past 5 years and is highly potential. MDI-based PUs are growing at a faster rate, as these are easier to handle and have a wider application base compared to TDI-based PUs.

Indian Polyurethane industry's performance during 2007-2012 had been impressive with double-digit growth, but the market has become stagnant in 2013 due to various factors like overall economic slow-down, impact of global economic crisis on Indian manufacturers, inflationary pressures, monsoon failure, etc.

Your Company also manufactures Propylene Glycol (PG) for pharma, fragrance and industrial applications and continues to perform well in the Pharma and fragrance sectors. The off-take of PG for industrial applications is lower due to availability of alternate cheaper materials.

Opportunities and Threats

Polyurethane materials, due to their versatility, perform extremely well as part of any application that is subject to dynamic stress. They provide many advantages including resilience, high tear resistance, low viscosity and low heat build-up. Polyurethane can be used for varied applications like building insulations, refrigeration, furniture, footwear, automotive, coatings and adhesives, sealants, etc. The development of polyurethane materials is still evolving and new applications are regularly being created. However, the growth of the industry is dependent on the overall economic situation and is driven by demand for goods which enhance life style than being essential for livelihood. Therefore the performance of the industry and its constituents are cyclical. Additional capacities created to meet peak demand may become dysfunctional due to drop in off-take, thereby inciting price wars and margin pressures.

Market Scenario

During the year under review, the Company achieved a turnover of Rs. 579.87 crore against Rs. 629.52 crore in FY 2011-12, lower by about 8% on account of the reasons stated above. It may be recalled that during the previous year (FY 2011-12), your Company achieved all time high sales and profits, notwithstanding the overall economic growth being lower as the Indian Polyurethane market performed better. The growth in automotive and appliances segments during the last few years intensified demand for PUs in India. However, during the year under review, the slow-down stretched to all the segments and hence your Company too suffered on account of sluggish market coupled with dumping of overseas materials by MNCs enjoying zero duty on polyols imported into India. With the global economy witnessing further deterioration, the situation worsened in the 2nd half of the year and in order to retain its market share, your Company had to sell products at very low prices, eroding the margins substantially.

Outlook

The World Trade Organization has scaled down the global trade growth forecast for the year 2013 at 3.30% from the earlier 4.5%; it may be pertinent to note that the global trade growth had fallen to 2% in 2012 from 5.11% in 2011. This trend is expected to persist in the short-term and revival could happen in the medium term.

In order to overcome the setback, your Company has taken steps to develop new applications for its products in brake fluid, drilling applications, water proofing, etc., while also taking care of its commitment to environment. The Company is also exploring the possibilities to develop product applications in medical devices. The Company has also created additional storage facilities for the finished goods at its plants, in addition to the arrangements for bulk storage facilities for imported raw materials in Ennore Port which are expected to provide flexibility in plant operations depending on market conditions.

Your Company is confident of overcoming the difficulties through modified product mix and foraying into newer markets.

Risks and Concerns

The continued moratorium in the Manali area denies opportunities to contemplate any capacity addition and/or changing over to new improved processes and hence the Company is constrained to operate with its existing facilities alone to face the tough competition from the MNCs.

Added to this, duty concessions for import of polyols and other products under the Free Trade Agreements with ASEAN countries have led to dumping of overseas materials into India, denying level playing field to the local manufacturers and is a great cause for concern. Your Company is taking steps to curb this hazard through avenues available under the applicable law.

Environment and Safety

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

Conservation of Energy

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

Fixed Deposits

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

Human Resources

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

As on 31st March 2013, your company had 310 employees on its roll at different locations including Senior Management Personnel, Engineers, Technicians and Trainees.

Particulars of Employees

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

Directors

Mr. Babu K Verghese, Director resigned on 12th June 2013 and the Board wishes to place on record its appreciation for the contributions of Mr. Verghese during his tenure as a Director of the Company.

Board appointed Mr. Kulbir Singh as an Additional Director of the Company on 12th June 2013 and he holds office till the ensuing Annual General Meeting. Pursuant to Section 257 of the Companies Act, 1956 notice has been received proposing his appointment as Director of the Company at the ensuing AGM.

Purusuant to the provisions of the Companies Act 1956 and the Articles of Association of the Company, Mr. Sanjiv Ralph Noronha, Director retires by rotation and being eligible offers himself for re-election.

Director’s Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

a. in the preparation of the annual accounts for the financial year ended 31st March 2013, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
b. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
d. the Directors had prepared the accounts for the financial year ended 31st March 2013 on a “going concern” basis.

Corporate Governance

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

Details of Unclaimed Share Certificates

In accordance with the requirements of Clause 5A, shares remaining unclaimed even after 3 reminders to the concerned shareholders have been transferred and held in a separate demat account. As per the information provided by the Registrars and Transfer Agent, out of the 17,85,853 shares which remained unclaimed by 7,404 shareholders at the beginning of the year, 5,475 shares were released to 23 shareholders during the year. As at the end of the year 17,80,378 shares remained unclaimed by 7,381 shareholders.

Auditors

Your Company’s Auditors M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai, retire at the conclusion of this Annual General Meeting and are eligible for re-appointment.

Cost Audit

Upto the year 2011-12, the Government of India had, through a specific order, mandated the Company to conduct audit of the cost accounts in respect of 'Chemicals' manufactured by it and file the report as prescribed under the relevant rules. In compliance with the above, the Cost Audit Report for the year 2011-12 was filed with the Central Government on 08-01-2013, against the extended due date of 28th February 2013.

From the year 2012-13, in terms of the general order issued by the Government, the cost accounts of the Company in respect of all the products manufactured are required to be audited and Mr. S Gopalan, Proprietor, S Gopalan & Associates, Cost Accountants, Chennai has been appointed as the Cost Auditors of the Company for the year 2012-13.

Adequacy of Internal Controls

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

Acknowledgement

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

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

Disclaimer

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

For and on behalf of the Board

Chennai
12th June 2013

Ashwin C Muthiah
Chairman

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

Name	Current Designation	Age	Qualification	Experience	Last employment and post held	Date of Commencement of employment	Gross Remuneration Rs.
Muthukrishnan Ravi	Managing Director	53 years	B. Tech. MBA (XLRI)	31 years	Sanmar Chemplast Limited as Executive Vice President for Strategy and Global Sourcing	01-04-2011	76,29,733

Notes:

1. The appointment is contractual and he is not related to any other director of the Company.
2. In addition to being the MD of MPL, Mr. Ravi has been appointed also as the MD of Tamilnadu Petroproducts Limited w.e.f. 4th February 2013. Effective the said date, it has been agreed between MPL and TPL that the overall remuneration to Mr. Ravi will be Rs.100 lakhs and shared equally.

Annexure to Directors' Report

Particulars as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March 2013, are furnished below to the extent applicable:

A. Conservation of Energy

a. Energy conservation measures taken :

- Saponifier top stream in Propylene Oxide plant is being fed directly instead of through compressor, resulting in savings of steam, power and downtime.
- Two lower capacity compressors have been replaced with one high capacity compressor for refrigeration in Plant 2.
- Conveyor system in CPP for fuel feeding has been modified.

b. Additional investments and proposals being implemented for reduction of consumption of energy :

- Productivity at polyol plant to be augmented without any substantial increase in power consumption.
- Replacement of lower capacity compressors with one high capacity compressor for refrigeration in Plant 1.

c. Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

- Impact of energy conservation and productivity improvement measures at (a) is expected to be in the order of Rs.1.25 crore per annum.
- By augmenting polyol capacity without any additional power consumption the power cost per ton of polyol to be produced will come down.
- Power cost for refrigeration in Plant 1 is expected to be lower.

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

FORM – A

		Year Ended March 31, 2013	Year Ended March 31, 2012
(A)	Power and Fuel Consumption		
1.	Electricity		
	(a) Purchased		
	Units	**86,81,765**	66,73,870
	Amount (Rs.) (i.e. cost paid to TNEB)	**6,68,14,549**	3,17,34,816
	Rate per Unit (Rs.)	**7.70**	4.76
	MD Charges (Rs./ KVA)	**300**	300
	(b) Own Generation		
	i. Through Diesel Generator (Units)	**25,87,382**	15,46,917
	Units per litre of diesel	**3.51**	3.57
	Cost per unit (Rs.)	**13.52**	11.49
	ii. Through Steam Turbine (Gross)	**2,16,17,515**	2,79,38,495
	Through Steam Turbine (Net)	**1,71,84,877**	2,26,06,826
	Units per MT of wood, net of cogeneration steam	**551**	550
	cost per unit (Rs.)	**5.94**	4.94
2.	Furnace Oil (Qty in KL)	**4952**	5,607
	Amount (Rs.)	**19,00,46,909**	19,46,83,658
	Average Rate (Rs./KL)	**38,379**	34,719
3.	Others		
	Wood Qty. (MT)	**31,215**	41,090
	Amount in (Rs.)	**10,20,62,545**	11,16,88,123
	Average Rate (Rs. / MT)	**3,270**	2,718
(B)	Consumption per unit of production		
	Production (in MT)	**53,122**	58,887
	Electricity in units	**536**	519
	Furnace Oil in KL (**)	**0.184**	0.172
	Others - Wood (in MT) (++)	**1.140**	1.370

** Applicable for Plant I Only ++ Applicable for Plant II Only

B. Technology Absorption

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

FORM - B

I. Research and Development (R&D):

1. Specific areas in which R&D carried out by the company.

- Formulation improvements
- New applications for polyols
- Cost reduction exercises
- Visco-elastic polyol systems for flexible moulded memory foam
- High functionality polyols
- Clouding polyols for oil field.
- Substitute for imported polymeric polyol used in manufacture of Flexible System Polyol
- Alternate blowing agent for rigid polyol to bring down use of toxic agents.

2. Benefits derived as a result of above:

- Foray into hitherto unexplored market for polyols through new applications
- Improved production and sales of polyols
- Reduction in operating cost

3. Future Plan of Action:

- Develop a polyol for visco elastic and flexible slab stock memory foam application
- Develop alternate blowing agents in lieu of HCFC in order to phase out the same as per government's environmental policy
- Develop special polyol for improved physical properties of moulded foam

4. Expenditure on R & D:

			(Rs. in lakhs)
a.	Capital	:	2.05
b.	Recurring	:	90.14
c.	Total	:	92.19
d.	Total R&D expenditure as a percentage of total turnover	:	0.16 %

II. Technology Absorption, Adaptation and Innovation :

1. Efforts, in brief, made towards technology absorption, adaptation and innovation :
   Technology has already been fully absorbed
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.:
   Use of Indigenous chemicals has reduced the cost of production. By development of CFC free formulations, we continue to retain our market share, thus avoiding imports into the country.

C. Foreign Exchange Earnings and outgo:

a. Efforts: Steps are being taken to explore export of products to various countries.

b. Foreign Exchange earnings and outgo

		(Rs. in lakhs)
i.	Earnings	Rs. 282.63
ii.	Outgo (on cash basis)	Rs. 12029.19

Report on Corporate Governance

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

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

This report covers the corporate governance aspects in your Company relating to the year ended 31st March 2013.

2. Board of Directors:

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

As on 31st March 2013, the Board comprised of six directors, as detailed below:

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

Notes:

a. Other Directorships exclude foreign companies, private limited companies, Section 25 companies and alternate directorships.
b. Only Membership in Audit Committees and Shareholders/Investors Grievance Committees (other than in MPL) are reckoned for Other Board Committee Memberships.
c. Figures in brackets denote the number of companies / committees in which the Director is Chairman.
d. Other than Mr. Babu K Verghese, who holds 300 equity shares, no other director holds any shares in the Company.

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

The Board of Directors met five times during the year 2012-13 viz., on 25th April 2012, 3rd August 2012, 30th October 2012, 31st January 2013, and 29th March 2013. Mr. Sanjiv Ralph Noronha attended three meetings. Mr. Ashwin C Muthiah and Brig. (Retd.) Harish Chandra Chawla attended four meetings and the other directors attended all the five meetings.

The 26th AGM of the Company was held on 3rd August 2012 which was attended by all the directors including the Chairman of the Audit Committee.

3. Audit Committee:

i. Terms of reference

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

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

ii. Composition:

The Committee comprises of Mr. Sanjiv Ralph Noronha, Mr. T K Arun and Brig (Retd.) Harish Chandra Chawla, Directors. Brig (Retd.) Harish Chandra Chawla was elected the Chairman of the Committee in the place of Mr. Sanjiv Ralph Noronha consequent to the re-categorization of the latter as a Non-Independent director from 1st November 2012.

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

iii. Meetings and attendance

The Committee met four times during the year 2012-13 on 25th April 2012, 2nd August 2012, 30th October 2012 and 31st January 2013. Mr. Sanjiv Ralph Noronha attended three of these meetings and the others attended all the four meetings.

4. Remuneration Committee:

i. Terms of reference, composition and meeting

The Committee reviews and recommends to the Board on matters relating to fixation and payment of remuneration to the Executive Directors and generally follows the practice in vogue since inception. The Remuneration Committee comprises of Mr. Babu K Verghese, Director as the Chairman, Mr. T.K.Arun, Director and Mr. Sanjiv Ralph Noronha, Director as the other members. During the year 2012-13, the Committee met on 25th April 2012 to recommend the revised remuneration payable to Mr. Muthukrishnan Ravi and all the members of the Committee attended the meeting.

ii. Remuneration policy:

The following is the managerial remuneration policy of the Company:

(a) **For Executive Directors**

The remuneration of the Whole-time / Executive Directors comprises of a fixed component and a performance linked pay, fixed by the Board, based on the recommendations of the Remuneration Committee, and subsequently approved by the Members. Remuneration trend in the industry and in the region, academic background, qualifications, experience and contribution of the individual are considered in fixing the remuneration. These Directors are not eligible to receive sitting fees for attending the meetings of the Board and Committees.

(b) **For Non-executive Directors**

The Non-executive Directors are paid sitting fees for attending the Board and Committee Meetings as per the stipulations in the Act and the Articles of Association of the Company. In addition to this, the travel and other expenses incurred for attending the meetings are reimbursed. The Company has no pecuniary relationship or transactions with any Non-Executive Director.

iii. Details of remuneration paid:

(a) **Sitting fees paid to non-executive Directors during 2012-13 are detailed below:**

Name	Amount (Rs. in lakhs)
Mr. Ashwin C Muthiah	0.80
Mr. T K Arun (Paid to TIDCO)	1.22
Mr. Babu K Verghese	1.26
Brig (Retd.) Harish Chandra Chawla	1.00
Mr. Sanjiv Ralph Noronha	0.77
Total	**5.05**

(b) **Remuneration paid to Mr. Muthukrishnan Ravi, Managing Director for the year 2012-13:**

SNo.	Description	Amount (Rs. in lakhs)
01	Salary and Allowances	47.31
02	Contribution to PF and other funds	2.86
03	Perquisites	26.13
	Total	**76.30**

Mr. Ravi is under contract of employment with the Company which stipulates a notice period of 3 months from either side for early separation. No severance fee is payable to him and no Employee Stock Option has been offered by the Company.

In addition to being the MD of MPL, Mr. Ravi was also appointed as the MD of Tamilnadu Petroproducts Limited (TPL) with effect from 4th February 2013. It has been agreed that effective the said date, the total remuneration to Mr. Ravi will be Rs. 100 lakhs per annum and shared between MPL and TPL equally. In view of this, the remuneration payable by MPL to Mr. Ravi stands revised to Rs. 50 lakhs per annum, vis a vis Rs. 80 lakhs per annum approved by the Members at the previous AGM.

5. Shareholders/Investors Grievance Committee

i. Terms of reference:

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

ii. Composition, Meetings and attendance:

The Committee comprises of Mr. Babu K Verghese, Director as Chairman and Mr. Muthukrishnan Ravi, Managing Director as the other member. Mr. R Kothandaraman, Company Secretary was the Compliance Officer till 31st March 2013 and Mr. S Vasudevan, CFO has been appointed as the Company Secretary and the Compliance Officer with effect from 1st April 2013.

The Committee met 12 times during the year and all the Members were present thereat.

iii. Details of complaints received and redressed

During the year 108 complaints were received, all of which were redressed by the Company/RTA. There were no pending complaints as at the year end.

6. General Body Meetings

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

AGM	YEAR	VENUE	DATE	TIME
24th	2010	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	22-09-2010	10.30 a.m.
25th	2011	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	29-07-2011	10.15 a.m.
26th	2012	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	03-08-2012	10.15 a.m.

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

Date of AGM	Subject
22-09-2010	Reappointment of Mr. K K Rajagopalan, as Director (Finance) for the period from 01-10-2010 to 30-09-2011.
29-07-2011	Change of name of the Company as Manali Petrochemicals Limited.
03-08-2012	Appointment and remuneration of Mr. Muthukrishnan Ravi as the Wholetime Director from 29-07-2011 and as Managing Director from 01-10-2011 for the period upto 28-07-2014.

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

7. Disclosures

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

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

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

iv. As required under clause 49 (V) of the Listing Agreement, CEO / CFO Certification by Mr. Muthukrishnan Ravi, Managing Director and Mr. S Vasudevan, Chief Financial Officer was placed before the Board at its meeting held on 22nd April 2013.

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

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

vii. Compliance with Non – Mandatory requirements:

a. **Remuneration Committee:**

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

b. **Whistle Blower Policy:**

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

c. **Audit Qualifications:**

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

8. Means of communication

As stipulated under Clause 41 of the Listing Agreement, the Quarterly Results are published in one English National Newspaper (Business Standard) and one Tamil Newspaper (Makkal Kural) within 48 hours of the conclusion of the Board meeting at which the results are approved. The results are also displayed in the website of the Company viz., www.manalipetro.com.

The information stipulated under Clause 54 of the Listing Agreement have also been made available in the website of the Company. In addition, official press/news releases and several other details/information of interest to various stakeholders are made available in the website.

9. General Shareholder Information

i. 27th Annual General Meeting

- Date & time : 2nd August 2013, 10.15 a.m.
- Venue : Rajah Annamalai Mandram Esplanade, Chennai 600 108

ii. Book Closure date : 22nd July 2013 to 2nd August 2013 (both days inclusive)

iii. Dividend payment date : 23rd August 2013, subject to declaration at AGM