



# **ANNUAL REPORT**

**2014 □ 15**

**Manali Petrochemicals Limited**

### Board of Directors

Ashwin C Muthiah	DIN: 00255679	Chairman
Brig (Retd.) Harish Chandra Chawla	DIN: 00085415	Director
Kulbir Singh	DIN: 00204829	Director
G. Chellakrishna	DIN: 01036398	Director
Sashikala Srikanth	DIN: 01678374	Director
T K Arun (Nominee of TIDCO)	DIN: 02163427	Director
Muthukrishnan Ravi	DIN: 03605222	Managing Director
G. Balasubramanian	DIN: 06874838	Whole-Time Director (Works)

### Company Secretary

R. Kothandaraman

### Chief Financial Officer

Anis Tyebali Hyderi

### Registered Office

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

### Principal Office & Plant - 1

Ponneri High Road, Manali, Chennai 600 068

### Plant - 2

Sathangadu Village, Manali, Chennai 600 068

### Registrar and Share Transfer Agent (RTA)

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

### Auditors

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

### Cost Auditor

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

### Secretarial Auditor

Ms. B. Chandra,  
 Company Secretaries,  
 A2, Happy Home Apartments,  
 No.9, 4th Main Road,  
 United India Colony, Kodambakkam,  
 Chennai - 600 024.

### Internal Auditors

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

### Bankers

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

## CONTENTS

1.	Directors' Report and Management Discussion & Analysis Report.....	2
2.	Report on Corporate Governance .....	5
3.	Secretarial Audit Report.....	11
4.	Particulars as required under Rule 3 of the Companies (Accounts) Rules, 2014 .....	12
5.	Extract of the Annual Return as on 31st March 2015 .....	13
6.	Disclosures under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.....	20
7.	Annual Report on CSR Activities during the year 2014-15 .....	22
8.	Auditors' Report .....	23
9.	Balance Sheet.....	26
10.	Statement of Profit and Loss.....	27
11.	Cash Flow Statement.....	28
12.	Notes to Financial Statements.....	29

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

The Directors present their 29th Annual Report on the business and operations of your Company and the Audited Financial Statements for the year ended 31<sup>st</sup> March 2015.

### Financial Results

(Rs. in crore)

Description	2014-15	2013-14
Profit Before interest & depreciation	<b>77.56</b>	53.22
Interest	<b>2.48</b>	1.90
Depreciation	<b>5.55</b>	6.56
<b>Profit Before Tax</b>	<b>69.53</b>	44.76
Provision for Taxation	<b>25.54</b>	15.71
<b>Profit After Tax</b>	<b>43.99</b>	29.05

### Operational Highlights

The performance during the year was the best ever in the history of the Company with turnover surpassing the Rs. 800 crore mark. The export sales increased from Rs. 17.58 crore to Rs. 33.67 crore highest ever recorded by the Company. The net profit for the year was higher by about 51% at Rs. 43.99 crore against Rs. 29.05 crore in the previous year.

Availability of bio mass fuel for the Captive Power Plant (CPP) continued to be limited and the input cost also went up substantially due to demand from other core industries such as paper mills. Alternate fuels for the CPP were used to ensure operations at optimum load, but with the cost becoming higher than the alternate power, the CPP was shut down during December 2014. The Company went in for purchase of power through energy exchanges and third parties to meet the short-fall.

The bulk storage facility at Ennore Port became operational during the year under review thereby ensuring uninterrupted availability of input material for the derivative plants. Import of PO during the year was about 10,000 MT which helped in better production and achieving highest ever turnover.

### Financial Review

The year 2014-15 witnessed moderate changes in interest rates and the bank rate came down from 9% in March 2014 to 8.5% in March 2015. There was decline in the overall bank credit growth and also aggregate of bank deposits. The inflation also declined sharply mainly on account of lower crude oil prices and other steps taken by the regulators.

The Company has been reaffirmed with ratings of CARE A signifying low credit risk for long-term bank facilities and CARE A1 signifying lowest credit risk for short-term bank facilities.

### Dividend

The Company is in the process of taking up capital expenditure plans to improve the sales and profitability further and needs to plough back the profits for the same to avoid interest burden. In the light of this, your Directors recommend a 10 % dividend i.e. fifty paise for every equity share of Rs. 5/- each fully paid-up, for the year 2014-15, aggregating to Rs. 8.60 crore, excluding dividend distribution tax. It may be noted that your Company has been declaring dividend continuously for the past ten years, in spite of the downturn in the economy experienced globally and in India during the earlier years.

### Industry structure and developments

Your company specializes in propylene glycol, polyether polyol and operates in the Polyurethanes (PU) industry. Polyols find varied applications and caters to various industries such as automotive, refrigeration, insulation etc. Your company also manufactures propylene glycol for pharma, fragrance and industrial applications and continues to perform well in pharma, flavour and fragrance sectors. The off-take of PG for industrial applications was very low due to availability of alternate cheaper materials and unabated imports. Import of PG was also higher during the year opening up fierce competition, especially from major MNCs.

It may be recalled that the market became stagnant in 2013 due to various factors like overall economic slowdown, impact of global economic crisis on Indian manufacturers, inflationary pressures, etc. Some revival was seen towards the end of 2013-14 which continued during the year under review. Automobile, pharma and refrigeration sectors registered substantial growth at 8.68%, 9% and 7% respectively. The market for MPL's products also grew by about 10% which helped improved performance of your Company. During the year, MPL's performance was impressive with increased production, turnover and margins. However, the ever increasing import of polyol into India continues to be a major concern for domestic manufacturers.

### Opportunities and Threats

Polyurethane materials, due to their versatility, perform extremely well as part of any application that is subject to dynamic stress. They provide many advantages including: resilience, high tear resistance, low viscosity and low heat build-up. Polyurethane can be used for varied applications like building insulations, refrigeration, furniture, footwear, automotive, coatings and adhesives, sealants etc. The development of polyurethane materials is still evolving and new applications are regularly being created. The Indian PU market is rapidly growing which has registered double digit growth during the past five years and is expected to double every four years in the coming decade. This has thrown open excellent opportunity for MPL to improve the operations further.

The Make in India initiative is also likely to give a thrust to local manufacturing to be achieved in the next 2-3 years which will also provide further opportunities to MPL to improve its performance.

On the negative side the Indian PU market is flooded with import of Flexible Slabstock Polyol which is a major product of MPL. During the year under review, the FSP imports were close to 70,000 MT, 30% more than the previous year. The PG imports also continued to be higher in the range of over 54000 MT.

With the major capacity additions by the competitors in Thailand for PG and in Singapore for Polyol becoming fully operational the imports into India are set to go up further, which could result in a price war and affect the margins of the Company.

### Market Scenario

During the year under review, the Indian PU market performed better than the previous year. Though imports continued to flood the domestic market, your Company achieved a turnover of Rs. 814.13 crore against Rs. 618.51 crore in FY 2013-14, higher by about 32%. Export sales during the year increased by 91% over last year. The improved performance was mainly on account of foraying into new markets and adding new customers. The margins also improved through various actions taken for higher productivity and better pricing strategies.

## Risk Management Policy

The Company has over the years developed a frame work for risk management and laid down procedures to inform Board members about the risk assessment and minimization procedures. A risk management plan has been framed and implemented and monitored by the Board. As required under S. 177 of the Act, the Audit Committee also reviews the risk management process periodically.

As part of the risk management plan MPL has two employee-level Committees viz., a sub-committee and an Apex Committee which is headed by the Wholtime Director (Works) to review and assess the risks that could affect the Company's business. The sub-committee brings out the matters that could affect the operations and the same are reviewed by the Apex Committee, which determines the issues that could become business risk. The mitigation actions are also suggested by the Committee and the report of the Risk Controller is submitted to the Risk Management Committee of Directors (RMC), constituted in compliance with the Listing Agreement. The Committee which comprises Ms. Sashikala Srikanth as Chairperson and Mr. Muthukrishna Ravi, Managing Director & Mr. T.K. Arun, Director as the other members reviews the report of the Risk Controller and the recommendations are presented to the Board for final decision/guidance.

## Risks and Concerns

The duty concessions for import of polyols and other products under the free trade agreements with ASEAN countries led to dumping of overseas materials into India, denying level playing field to the local manufacturers and was a great cause for concern. As stated earlier the MNCs who have set up their new facilities elsewhere with high capacities have commenced seed marketing in India to provide a strong base for their products and hence the competition and the price war could worsen in the near future affecting the performance. Your Company's efforts to curb this hazard through avenues available under the applicable law are continued. Though the Company was successful in its efforts to bring Anti-Dumping Duty on import of FSP from Singapore, EU and Australia, this had no major impact on the imports, which continue unabated. Further new polyol capacities in Singapore, China, Saudi & Thailand will continue to keep the margins under pressure in the coming years.

## Outlook

The WTO has forecast an aggregate trade growth of 3.3% for the year 2015, slightly more than the growth of 2.8% in 2014. This seems to be a good sign in terms of the possible increase in the domestic demand in the coming years. However, the huge capacities created by MNCs abroad could result in further dumping of PG and Polyols into India, again leading to a price war and cut in margins.

In order to overcome the setback, your Company has taken steps to develop new applications for its products like footwear, seat cushions for two wheelers, specialty polyols, drilling applications, water proofing, etc., while also taking care of its commitment to environment. Some of these have been completed and commercialized during the year under review. The Company is in the process to develop product applications in medical devices.

With the in-house PO capacity remaining static, the bulk storage facilities for imported raw materials in Ennore Port has become a shot in the arm for the Company to increase the capacity of the derivative plants and go for more of value added products. The PO capacity will also be increased through an arrangement with an Associate who have obtained Environmental Clearance for converting their existing facilities to make PO. This has paved way for considering further capacity additions for the derivative products.

These are expected to help the Company in facing the tough competition from MNCs in a better way. As a way forward the Product Development team has been strengthened and new market avenues are being explored with specific thrust on exports.

## Environment and Safety

Your Company has laid down clear policies for quality, environment and safety and has set-up various teams and committees to monitor and improve observance of the said policies. Besides periodical in-house reviews and audits, surveillance audits of ISO 9001 and ISO 14000 have been done regularly, ensuring proper adherence to the quality, environment and safety requirements. World Environment Day is celebrated and to mark the occasion tree planting and similar activities are undertaken.

Your Company pays special attention to safety of men and material and various competitions are held during the Safety Week to create awareness among the employees about the need to adhere to safe manufacturing practices.

## Audit Committee

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

## Vigil Mechanism

As required under S. 177 of the Act and Clause 49 of the Listing Agreement, the Company has established a vigil mechanism for directors and employees to report genuine concerns through the whistle blower policy of the Company as published in the website of the Company. As prescribed under the Act and the Listing Agreement, provision has been made for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.

## Human Resources

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

As on 31st March 2015, your company had 312 employees on its roll at different locations including Senior Management Personnel, Engineers, Technicians and Trainees.

## Related Party Transactions

During the year under review, there were no transactions with related parties referred to in S. 188(1) of the Act. The other transactions with such parties were not material in terms of the policy framed by the Audit Committee of the Company as published in its website viz., [http://manalipetro.com/Policy\\_1.html](http://manalipetro.com/Policy_1.html).

## Board of Directors and related disclosures

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

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

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

Mr. Sanjiv Ralph Noronha (DIN: 01905639) resigned as a Director effective from 11th August 2014.

At the Board Meeting held on 13th August 2014 Mr. G Chellakrishna (DIN: 01036398) and Ms. Sashikala Srikanth (DIN: 01678374) have been appointed as Additional and Independent Directors of the Company for a period of five years under Section 149 of the Act. Approval of the members for the same under Sections 150, 152, 160 read with Schedule IV to the Act will be considered at the ensuing AGM.

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

Mr. R Kothandaraman was appointed as the Company Secretary (CS) and Mr. Anis Tyebali Hyderi as the Chief Financial Officer (CFO) in the place of the erstwhile CFO & CS Mr. S Vasudevan, who separated from the Company on 31st May 2014.

#### Annual Evaluation of the Board, Committees and Directors

The formal evaluation of the Board and its Committees was done taking into account the various parameters such as their roles and responsibilities, composition and the adequacy, decision making processes and related practices, focus on important and critical issues, progress monitoring, governance and the like.

The evaluation of the individual directors, including the independent directors was done taking into account their qualification and experience, understanding of their respective roles (as a Director, Independent Director and as a member of the Committees of which they are Members/Chairpersons), adherence to Codes and ethics, conduct, attendance and participation in the meetings, etc.

In compliance with the requirements of Schedule VII to the Act and Clause 49 of the Listing Agreement a separate meeting of the Independent Directors was held during the year.

The details of familiarization programme for the Independent Directors has been disclosed in the Company's website viz., [http://manalipetro.com/familiar\\_polic.html](http://manalipetro.com/familiar_polic.html).

#### Director's Responsibility Statement

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

- in the preparation of the annual accounts for the financial year ended 31st March 2015, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- 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.
- 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.

- the Directors had prepared the accounts on a going concern basis.
- the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and operating effectively and
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### Details of Unclaimed Share Certificates

In accordance with the requirements of the Clause 5A of the Listing Agreement, shares remaining unclaimed have been transferred and held in a separate demat account. As per the information provided by the Registrars and Transfer Agent, out of the 16,10,076 shares which remained unclaimed by 6,628 shareholders at the beginning of the year, 7,725 shares were released to 16 shareholders during the year. As at the end of the year 16,02,351 remained unclaimed by 6,612 shareholders.

#### Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai were appointed as the Auditors of the Company at the 28th Annual General Meeting (AGM) held on 13th August 2014 to hold office till the conclusion of 30th Annual General Meeting. As required under Section 139 of the Act, ratification of their appointment to hold office from the conclusion of the 29th AGM till the conclusion of the 30th AGM will be taken up at the ensuing AGM.

#### Cost Audit

The Cost Audit Report for the year ended 31st March 2014, duly certified by Mr. S Gopalan, Cost Accountant, due to be filed on or before 27th September 2014 was filed on 26th September 2014.

Mr. S Gopalan, Proprietor, S Gopalan & Associates, Cost Accountants, Chennai was appointed as the Cost Auditors of the Company for the financial year 2014-15 on a remuneration of Rs. 3 lakh plus applicable taxes and reimbursement of out of pocket expenses. He has been re-appointed as the Cost Auditor for the year 2015-16 on the same remuneration.

As required under S. 148 of the Act, read with the relevant Rules, ratification of the members for the remuneration to the Cost Auditor for both the years will be considered at the ensuing AGM.

#### Adequacy of Internal Controls

Your company has in place adequate internal financial control systems combined with delegation of powers and periodical review of the process. The control system is also supported by internal audits and management reviews with documented policies and procedures. The system was also reviewed by an external agency, and no major weaknesses were reported.

#### 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 given as **Annexure A** along with a Certificate from the Auditors regarding compliance with the requirements of Corporate Governance is attached to this report.

#### Secretarial Audit Report

As required under Section 204 of the Act, the Secretarial Audit Report issued by Mrs. B Chandra, Company Secretary in practice is given in **Annexure B**. As regards the observation of the Secretarial Auditor it is clarified that the Company has been following up with the concerned authorities for grant of consents under the pollution

control laws including for the augmented capacities and the same are expected to be received soon.

#### Other disclosures

- Information on conservation of energy, technology absorption, foreign exchange earnings and outgo prescribed under Section 134 of the Companies Act, 2013 (the Act) read with Rule 8 of the Companies (Accounts) Rules, 2014, to the extent applicable are given in **Annexure C**.
- The extract of the Annual Return in Form MGT-9 is given in **Annexure D**.
- The disclosures prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure E** to this Report. It is hereby affirmed that the remuneration to the employees are as per the Remuneration Policy of the Company.
- The Company has not accepted any deposits from the public during the year under report.
- The information under Section 186 of the Act relating to investments, loans, etc. as at the year end has been furnished in notes to the Financial Statement.
- The CSR Policy related disclosures are given in **Annexure F**.

#### Acknowledgement

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

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

#### Disclaimer

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

For and on behalf of the Board  
**Ashwin C Muthiah**  
 DIN:00255679  
 Chairman

Chennai  
 5<sup>th</sup> August 2015

## Report on Corporate Governance

## Annexure A

### 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 31<sup>st</sup> March 2015.

### 2. Board of Directors:

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

As on 31<sup>st</sup> March 2015, the Board comprised of eight directors, as detailed below:

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

#### Notes:

- Other Directorships exclude foreign companies, private limited companies, Section 8 companies and alternate directorships.
- Only Membership in Audit Committees and Stakeholder's Relationship Committee (other than in MPL) are reckoned for Other Board Committee Memberships.
- Figures in brackets denote the number of companies / committees in which the Director is Chairman.
- None of the Directors hold any shares in the Company nor have any interse relationship.

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

The Board of Directors met six times during the year 2014-15 viz., on 16<sup>th</sup> April 2014, 28<sup>th</sup> May 2014, 13<sup>th</sup> August 2014, 6<sup>th</sup> November 2014, 5<sup>th</sup> February 2015 and 23<sup>rd</sup> March 2015. The details of the attendance of the directors at the Board Meetings are as follows:

Name	Period of Office held during the year	No. of meetings held during the period of office	No. of Meetings attended	Attendance at the Last AGM
Mr. Ashwin C Muthiah,	Full year	Six	Five	Yes
Brig (Retd.) Harish Chandra Chawla	Full year	Six	Four	No
Mr. Kulbir Singh	Full Year	Six	Five	Yes
Mr. G. Chellakrishna \$	From 13-08-2014	Four	Three	NA
Ms. Sashikala Srikanth\$	From 13-08-2014	Four	Four	NA
Mr. T K Arun	Full year	Six	Six	Yes
Mr. Muthukrishnan Ravi	Full year	Six	Six	Yes
Mr. G. Balasubramanian	From 28-05-2014	Five	Five	Yes
Mr. Sanjiv Ralph Noronha	Till 11-08-2014	Two	One	NA

\$ Appointed at the meeting held after the AGM

**3. Audit Committee:**

**i. Terms of reference**

The Audit Committee was constituted in August 1990, much earlier to being made mandatory under the Listing Agreement and the Company Law. The terms of reference were reviewed during the year 2005-06 and modified in line with the then requirements of Clause 49 of the Listing Agreements with Stock Exchanges. Consequent to the enactment of the Companies Act, 2013 (the Act) at the Board meeting held on 13th August 2014, the terms of reference were aligned to the requirements of Section 177 of the Act and the amended Listing Agreement.

**ii. Composition**

As on 31<sup>st</sup> March 2015, the Committee comprised of Mr. G. Chellakrishna as Chairman, Brig (Retd.) Harish Chandra Chawla, Mr. Kulbir Singh and Mr. T K Arun as the other Members. The Company Secretary is the Secretary to the Committee.

**iii. Meetings and attendance**

The Committee met five times during the year 2014-15 viz., on 28th May 2014, 13th August 2014, 6th November 2014, 5th February 2015 and 23rd March 2015. Mr. T K Arun and Mr. Kulbir Singh attended all the meetings and Brig (Retd.) Harish Chandra Chawla attended four of these meetings and Mr. G. Chellakrishna attended all the three meetings of the Committee held after his appointment.

**4. Nomination and Remuneration Committee:**

**(a) Terms of reference, composition and meeting**

In compliance with the requirements of Section 178 of the Act and the Listing Agreement, the Board constituted the Nomination and Remuneration Committee at the meeting held on 28th May 2014 with Mr. Kulbir Singh, as the Chairman, Brig (Retd) Harish Chandra Chawla and Mr. T K Arun as the other Members.

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

The Committee met three times during the year 2014-15 on 28th May 2014, 13th August 2014 and 23rd March 2015 and the meetings were attended by all the Members.

**(b) Remuneration policy:**

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

**i. For Executive Directors**

The remuneration of the Whole Time/ Executive Directors shall comprise of a fixed component and a performance linked pay, as may be fixed by the NRC and subsequently approved by the Board of Directors and Members. Performance Linked Pay shall be payable based on the performance of the individual and the Company during the year. Remuneration trend in the industry and in the region, academic background, qualifications, experience and contribution of the individual are to be

considered in fixing the remuneration. These Directors are not eligible to receive sitting fees for attending the meetings of the Board and Committees.

## ii. For Non-executive Directors

The Non-Executive Directors will be paid sitting fees for attending the Board and Committee Meetings as per the stipulations in the Act, and the Articles of Association of the Company and as recommended by the NRC. Different scales of sitting fee may be fixed for each category of the directors and type of meeting. However, the fees payable to the Independent Directors and Woman Directors shall not be lower than the fee payable to other categories of directors.

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

## iii. Details of remuneration paid

(a) Remuneration paid to Executive Directors for the year 2014-15 are as shown below: (Rs.in lakh)

SI No	Description	Mr. Muthukrishnan Ravi, Managing Director	Mr. G. Balasubramanian, Whole-time Director (Works)
01	Salary and Allowances	40.19	16.40
02	Performance Linked Pay	17.25	6.30
03	Perquisites	2.23	2.44
	<b>Total</b>	<b>59.67</b>	<b>25.14</b>

Note:

- (1) In addition to the above contribution to Provident and Superannuation Funds are made as per applicable law/rules/terms of employment.
- (2) The above Directors are 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 and no Employee Stock Option has been offered by the Company.
- (3) Mr. Ravi's remuneration is being shared with Tamilnadu Petroproducts Limited (TPL) of which also he is the Managing Director and the amount shown above is net of reimbursement from TPL.
- (b) Sitting fees paid to non-executive Directors during 2014-15 are detailed below:

Name	Amount (Rs. In lakh)
Mr. Ashwin C Muthiah	1.94
Brig (Retd.) Harish Chandra Chawla	1.54
Mr. Kulbir Singh	2.04
Mr. G Chellakrishna	1.50
Ms. Sashikala Srikanth	1.70
Mr. T K Arun (Paid to TIDCO)	2.28
Mr. Sanjiv Ralph Noronha	0.25
<b>Total</b>	<b>11.25</b>

## 5. Stakeholders Relationship Committee

### i. Chairman and Compliance Officer

The Chairman of the Committee is Mr. Ashwin C Muthiah and Mr. R Kothandaraman, Company Secretary is the Compliance Officer.

### ii. Details of complaints received and pending:

During the year 43 complaints were received, all of which except 2 were redressed by the Company/RTA during the year. The complaints pending as at the year end were also resolved subsequently.

## 6. General Body Meetings

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

AGM	Year	Venue	Date	Time
26 <sup>th</sup>	2012	Rajah Annamalai Mandram, Esplanade, Chennai □ 600 108	03.08.2012	10.15 a.m.
27 <sup>th</sup>	2013	Rajah Annamalai Mandram, Esplanade, Chennai □ 600 108	02.08.2013	10.15 a.m.
28 <sup>th</sup>	2014	Rajah Annamalai Mandram, Esplanade, Chennai □ 600 108	13.08.2014	10.30 a.m.



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

Date of AGM	Subject
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
13.08.2014	(a) Borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company and to mortgage and/or create charge on the assets of the Company to secure the amount borrowed/ to be borrowed by the Company. (b) Re-appointment and remuneration payable to Mr. Muthukrishnan Ravi as Managing Director for a period of 3 years from 29th July 2014 to 28th July 2017. (c) Appointment and remuneration payable to Mr. G. Balasubramanian as Whole-time Director (Works) for a period of 3 years from 28th May 2014 to 27th May 2017.

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. The procedure for postal ballot will be as prescribed under the Act,

## 7. Disclosures

- There were no materially significant related party transactions that had potential conflict with the interests of the Company at large. Transactions in the ordinary course of business with the related parties are disclosed in the Notes to Financial Statements.
- There have been no instances of non-compliance by the Company on any matters related to the capital markets nor have any penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters.
- As stipulated under the Act and the Listing Agreement a Whistle Blower Policy has been framed, the text of which has been uploaded in the website of the Company and no personnel was denied access to the Audit Committee.
- 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. Employee level and Board level 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 Risk Management Committee of Directors and the Board.
- As required under clause 49 (V) of the Listing Agreement, CEO / CFO Certification by Mr. Muthukrishnan Ravi, Managing Director and Mr. Anis Tyebali Hyderi, Chief Financial Officer was placed before the Board at its meeting held on 20th May 2015.
- A Management Discussion and Analysis Report has been presented as part of the Directors' Report.
- The Company has complied with all the mandatory requirements stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.
- Compliance with Non – Mandatory requirements:**

The following non-mandatory requirements have been adopted/complied with by the Company

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

## 8. Means of communication

As stipulated under Clause 41 of the Listing Agreement, the Quarterly Results are intimated to the Stock Exchanges and published in one English National Newspaper (Financial Express) and one Tamil Newspaper (Makkal Kural). The results are also displayed in the website of the Company viz., [www.manalipetro.com](http://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 submitted to the Stock Exchanges/made available in the website.

## 9. General Shareholder Information

### i. Annual General Meeting

The twenty-ninth AGM of the Company is scheduled to be held on 23<sup>rd</sup> September 2015 at 10.30 AM at Rajah Annamalai Mandram, No. 5 Esplanade Road (Near High Court), Chennai 600 108.

### ii. Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from 14<sup>th</sup> September 2015 to 23<sup>rd</sup> September 2015 (both the days inclusive)

**iii. Dividend payment**

The dividend for the year 2014-15 will be paid on 16th October 2015, subject to declaration at the ensuing AGM.

**iv. Financial Calendar for the year 2015-16 (tentative)**

Financial Year	1 <sup>st</sup> April 2015 to 31 <sup>st</sup> March 2016
First Quarter Results	Before 14 <sup>th</sup> August 2015
Second Quarter Results	Before 14 <sup>th</sup> November 2015
Third Quarter Results	Before 14 <sup>th</sup> February 2016
Audited Results for the year 2015-16	Before 30 <sup>th</sup> May 2016

**v. Registrar and Share Transfer Agent:**

All share registry work in respect of both physical and demat segments are handled by a single common agency M/s Cameo Corporate Services Limited, Subramanian Building, No. 1, Club House Road, Chennai – 600 002, as the Registrar and Share Transfer Agent (RTA) of the Company for all aspects of investor servicing relating to shares.

**vi. Share Transfer System:**

Requests for share transfer, transmissions, transpositions etc., are processed by the RTA and returned within the stipulated time, if the documents are found to be in order. The routine requests from shareholders like transfer, transmission, transposition, change of name etc., are approved by the Managing Director/Whole-time Director (Works) and Company Secretary and the details are placed before the Stakeholders Relationship Committee and the Board.

**vii. Listing / Stock Code of equity shares**

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

Listing fees have been paid to the aforesaid exchanges upto 2015-16.

**viii. Market Price Data & Share Price performance Vis a Vis indices:**

Month & Year	NSE				BSE			
	Share Price (Rs.)		S&P CNF Nifty		Share Price (Rs.)		Sensex	
	High	Low	High	Low	High	Low	High	Low
April 2014	9.45	8.35	6,869.85	6,650.40	9.45	8.25	22,939.31	22,197.51
May	13.60	8.05	7,563.50	6,638.55	13.80	8.20	25,375.63	22,277.04
June	14.10	11.10	7,700.05	7,239.50	14.00	11.07	25,735.87	24,270.20
July	13.85	11.25	7,840.95	7,422.15	13.85	11.27	26,300.17	24,892.00
August	12.25	10.60	7,968.25	7,540.10	12.11	10.62	26,674.38	25,232.82
September	16.50	10.95	8,180.20	7,841.80	16.49	11.05	27,354.99	26,220.49
October	14.65	13.15	8,330.75	7,723.85	14.68	13.14	27,894.32	25,910.77
November	18.95	14.20	8,617.00	8,290.25	18.97	14.16	28,822.37	27,739.56
December	17.10	12.95	8,626.95	7,961.35	19.05	12.95	28,809.64	26,469.42
January 2015	17.50	14.90	8,996.60	8,065.45	17.50	14.90	29,844.16	26,766.12
February	18.70	15.15	8,941.10	8,470.50	18.65	15.10	29,522.86	28,044.49
March	16.85	13.70	9,119.20	8,269.15	16.90	13.70	30,024.74	27,248.45

**ix. Distribution of shareholding as on March 31, 2015:**

Range of Shares		Holders		Shares	
From	To	No	%	No	%
1	100	17,067	12.94	8,73,599	0.51
101	500	91,985	69.76	2,08,93,141	12.15
501	1000	12,563	9.53	1,00,10,594	5.82
1001	2000	5,284	4.01	81,37,913	4.73
2001	3000	1,690	1.28	44,63,435	2.59
3001	4000	618	0.47	22,66,029	1.32
4001	5000	744	0.56	35,81,265	2.08
5001	10000	1,044	0.79	79,49,689	4.62
10001	& above	869	0.66	11,38,23,564	66.18
<b>Total</b>		<b>1,31,864</b>	<b>100.00</b>	<b>17,19,99,229</b>	<b>100.00</b>