



# **ANNUAL REPORT**

**2015 - 16**

**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

## Factories:

### Plant - 1

Ponneri High Road, Manali, Chennai 600 068

### Plant - 2

Sathangadu Village, Manali, Chennai 600 068

## Registrar and Share Transfer Agent (RTA)

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

## Auditors

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

B. Chandra  
Company Secretaries  
AG 3, Navin's Ragamalika  
26 Kumaran Colony Main Road  
Vadapalani  
Chennai - 600 026

## 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

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

The Directors present their 30<sup>th</sup> Annual Report on the business and operations of your Company and the Audited Financial Statements for the year ended 31<sup>st</sup> March 2016.

### Financial Results

(Rs. in crore)

Description	2015-16	2014-15
Profit before interest & depreciation	<b>77.66</b>	77.56
Finance cost	<b>2.52</b>	2.48
Depreciation	<b>5.88</b>	5.55
<b>Profit Before Tax</b>	<b>69.26</b>	69.53
Provision for Taxation	<b>21.05</b>	25.54
<b>Profit After Tax</b>	<b>48.21</b>	43.99

### Operational Highlights

Gross revenue from operations during the year was Rs. 642.47 crore against Rs. 814.13 crore during the year 2014-15. The lower sales was primarily on account of the fall in prices of polyol and other products due to drop in the crude prices, flooding of the plant during November/ December 2015 and also restrictions on utilizing the augmented capacity. It may be noted that in spite of the lower sales, net profit for the year at Rs. 48.21 crore was about 10% higher than the previous year. The restrictions have since been removed and hence your Company expects to restore the capacity utilization to the optimum level in the current year and improve the performance.

With the oil prices remaining low and the fire wood prices ruling high, the bio mass Captive Power Plant was not operated during the year. Besides TANGEDCO power, the Company also entered into arrangements for third party power. Through the various cost cutting measures the overall expenses were brought down, enabling higher margins.

### Financial Review

During the year 2015-16, no changes were made to the Cash Reserve Ratio or the Statutory Liquid Ratio. The Bank rate came down from 8.50% in March 2015 to 7.75% in March 2016. No visible changes were noticed in lending rates, but the rupee depreciated by about 6% against the Dollar as at the year end vis-a-vis the previous year. Growth of credit offtake by industries touched the lowest in twenty years in the June 2015 quarter, but signs of improvement could be seen towards the year-end. The year-on-year inflation in March'15 – March'16 was 5.51%, attributed to higher food prices during the year.

The Company has been reaffirmed with ratings of 'CARE A-' (single A Minus) signifying 'low credit risk' for long-term bank facilities and 'CARE A1' (A One) signifying 'lowest credit risk' for short term bank facilities for borrowings upto Rs. 100 crore.

### Dividend

The Company continues with the capital expenditure plans to improve the domestic sales and profitability. Also, plans are afoot to enter the global business arena in the coming years and so the Company needs to plough back the profits to meet the funding needs of

these proposals. In the light of this and as per the policy to sustain the dividend track record, your Directors recommend a dividend of 10% i.e. fifty paise for every equity share of Rs. 5/- each fully paid-up, for the year 2015-16, aggregating to Rs. 8.60 crore, excluding dividend distribution tax. The Board is happy to highlight that your Company has been declaring dividend continuously for the past eleven years, in spite of the economic slowdown during some of the earlier years. It could be seen that the ratio of distribution has also been maintained at reasonable levels.

### Industry structure and development

Your company operates in the Polyurethanes (PU) industry and specializes in manufacture of propylene glycol and polyether polyol. Your Company is the only Indian manufacturer of Propylene Oxide, the input material for the aforesaid derivative products.

Polyols are made in four grades, viz., Flexible Slabstock (FSP), Flexible Cold Cure, Rigid and Elastomers. These find application in the automobile, refrigeration and temperature control, adhesive, sealant, coatings, furniture and textile industries.

Propylene Glycol is widely used in pharmaceuticals, food, flavor and fragrance industries and also for manufacture of polyester resins, carbonless paper and automobile consumables like brake fluid and anti-freeze liquid. Some of the major applications of PG include medicines, canned food, body sprays, perfumes, cosmetics, soaps and detergents. The off-take of PG for industrial purposes is generally low due to availability of alternate cheaper materials.

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

Indian PU market has been infiltrated by huge imports and world-over, new Polyol capacities have come up in the past few years especially in Thailand and Singapore without corresponding demand for the product in their region. This, coupled with the slowdown in China has further pushed the imports into India over the past few quarters. The resultant pricing war is unprecedented and the margins are bound to be impacted further in the coming years. Thus, the 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.

Various reports suggest that the global Polyol and PU consumption would grow to 15.50 million MT by 2019,

from 6 million MT in 2012. In India the consumption is expected to grow from 5 lakh MTPA in 2015 to 7.5 lakh MTPA, signifying CAGR of about 10-12%. With the Indian GDP growth pegged at 7.5% in 2015-16 and expected to continue in the coming years, the potential for higher demand for the products of your Company appear bright. The various other initiatives of the Government such as Make in India, Skill Development, Rural Development, etc. are expected to bring in better purchasing power to the common man, stimulating higher demand for goods and services, which augurs well for the Company in the near future.

However, as mentioned earlier, the unabated imports of Polyol and PG dampen the outlook and the margins are bound to decline further. The Company continues its efforts to ward off the threat through the available avenues in law and also through product development and concentrating on value added products such as water proofing, foot-wear applications, etc. The global investment plans are also aimed at improving the earnings of the Company.

#### **Market Scenario**

The Indian Polyol and PG markets continued to be dominated by imports. The FSP imports went up to about 75,000 MT against 70,000 MT in the previous year. There has been no letup in the inbound volumes of Polyols in spite of levy of Anti-Dumping Duty by the Government on imports of FSP from Singapore, Australia and EU. This could be attributable to the new Polyol facilities set up in Thailand and Singapore. With the ADD on imports from China and Korea having expired in August 2015, the imports are expected to go up further in the coming years. The imports of PG also went up from 54,000 MT to 65,000 MT, inspite of one of the major facilities in Singapore remaining non-functional for a couple of months during the year.

#### **Risk Management**

The Company has in place a structured frame work for addressing business risk management issues. A risk management plan has been framed, implemented and monitored by the Board through the Risk Management Committee of Directors (RMC) comprising Ms. Sashikala Srikanth as the Chairperson, Mr. T K Arun, Director and Mr. Muthukrishnan Ravi, Managing Director as the other Members.

As part of the risk management plan, the Company has two employee-level Committees viz., a sub-committee and an Apex Committee which is headed by the Wholetime Director (Works) to review and assess the risks that could affect the Company's business. The sub-committee brings out the matters that could affect the operations and the Apex Committee, determines the issues that could become business risk. The mitigation actions are also suggested by the Committee and the report of the Risk Controller is submitted to the RMC. The RMC meets periodically, reviews the report of the Risk Controller and recommends actions to be taken in this regard.

As required under S. 177 of the Companies Act, 2013 (the Act), the Audit Committee also reviews the risk management process periodically.

#### **Risks and Concerns**

The duty concessions for import of polyols and other products under the free trade agreements with many countries continue to encourage cheaper imports into India, denying level playing field to the local manufacturers. The new facilities set up by major players such as DOW, BASF elsewhere with high capacities have pumped in Polyols into India instigating fresh bouts of price wars.

A Petition has been filled in the Southern Bench of National Green Tribunal, Chennai against the marine disposal of the treated effluent by the Company. The Company has taken appropriate actions for defending the case.

#### **Outlook**

The World Economic Outlook released by the World Bank in January 2016 is not very optimistic globally, but the growth projections for India look positive. While China's slowdown is expected to continue and become 6% in 2017, it has been stated that the robust growth of India and the rest of Asia is expected to be maintained during this period. Indian GDP growth is projected at 7.5% for 2016 and 2017. The impact of exit of the United Kingdom from the European Union (Brexit) on the Indian economy is not expected to be severe and it has been reported that India could still be the fastest growing economy, though the GDP growth could be lower than the earlier estimates.

The WTO has forecast that the aggregate trade growth for 2016 would be 2.8%, same as in the year 2015. However, the forecast for 2017 is 3.6%, though below the average of 5% in 1990 shows some sign of hope for global recovery.

With the Indian economy predicted to do well despite the adverse global scenario, your Company looks to capitalize the advantage. On the other hand, the rest of the world demand remaining flat the imports into India could be very high with inevitable lower margins for the Company.

As stated earlier, your Company continues its efforts to develop new applications for its products like footwear, seat cushions for two wheelers, specialty polyols, drilling applications, water proofing, etc. Some of these have been completed and commercialized during the year under review. The development of product for medical application is progressing and is expected to be completed shortly.

With the removal of the restrictions on the capacity utilization at both the Plants, scale up of the production to optimum levels and achieving of lower cost per unit would be possible.

With the in-house PO capacity remaining static, the bulk storage facilities for imported raw materials in Ennore Port helps the Company to increase the capacity of the derivative plants and go for more of value added products. However, the prices have been going up and as an alternative the PO capacity will also be increased through an arrangement with another Company who have obtained Environmental Clearance for converting their existing facilities to make PO. Your Company would provide technical support for the implementation and also post commissioning. This has paved way for considering further capacity additions for the derivative products.

As a way forward, the Company is focusing on strategic business development and has in place a strong team of professionals to look at the various opportunities available for growth.

### **Subsidiary**

During the year the Company has set up a Wholly Owned Subsidiary (WOS), AMCHEM Speciality Chemicals Private Limited, Singapore to expand its global footprint which will hold all the foreign assets of the Company. An investment of US\$ 745,000 has been made in the equity shares of the subsidiary. The financial and other information on the subsidiary have been furnished in the Consolidated Financial Statement attached to this Report. The Subsidiary is in the process of identifying investment opportunities across the globe.

### **Environment and Safety**

Your Company has laid down clear policies for quality, environment and safety and has set-up various teams and committees to monitor and improve observance of the said policies. Besides periodical in-house reviews and audits, surveillance audits of ISO 9001 and ISO 14001 have been done regularly, ensuring proper adherence to the quality, environment and safety requirements. World Environment Day is celebrated and to mark the occasion tree planting and similar activities are undertaken.

Your Company pays special attention to safety of men and material and various competitions are held during the Safety Week to create awareness among the employees about the need to adhere to safe manufacturing practices. Training is provided to the employees in safety related matters including first aid and mock drills are conducted to ensure that the systems and processes are in place to meet any eventualities.

### **Audit Committee**

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

### **Vigil Mechanism**

As required under S. 177 of the Act and Regulation 22 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, (the Regulations) the Company has established a vigil mechanism for directors and employees to report genuine concerns through the whistle blower policy of the Company as published in the website of the Company. As prescribed under the Act and the Regulations, provision has been made for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

### **Human Resources**

Your Company believes that achievement of its goals is reliant on the 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 earlier in the Supreme Court and now in the Madras High Court. The Management's efforts to settle the issue through dialogues are continued.

As on 31st March 2016, your company had 358 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 and the transactions at arms' length with such parties were not material in terms of the policy framed by the Audit Committee as published in the website of the Company 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 four 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.

There has been no change in the composition of the Board or the Key Managerial Personnel since the last Annual General Meeting. Mr. T K Arun, (DIN 02163427) Director retires by rotation and being eligible offers himself for re-election.

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

The formal evaluation of the Board 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 the Regulations a separate meeting of the Independent Directors was held during the year.

#### **Directors' Responsibility Statement**

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

- (a) in the preparation of the annual accounts for the financial year ended 31st March 2016, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the accounts for the financial year ended 31st March, 2016 on a "going concern" basis;
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **Details of unclaimed Share Certificates**

In accordance with the requirements of the Clause 5A of the erstwhile Listing Agreement, shares remaining unclaimed even after 3 reminders have been transferred and held in a separate demat account. As per the information provided by the Registrars and Transfer Agent, out of the 16,02,351 shares which remained unclaimed by 6,612 shareholders at the beginning of the year, 9,150 shares were released to 40 shareholders during the year. As at the end of the year 15,93,201 shares remained unclaimed by 6,572 shareholders. As specified under the Regulations, the voting right on the above shares remain frozen.

#### **Auditors**

M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai were appointed as the Auditors of the Company at the 28th Annual General Meeting held on 13th August 2014 to hold office till the conclusion of 30th Annual General Meeting.

In this connection, the Act has brought in provisions for rotation of auditors and your Company is also required to comply with the same. As per Section 139 (2) of the Act, in the case of Auditors, being a Firm, the tenor can be 2 terms of five years each. Initially a transition period of 3 years from the date of commencement of the Act had

been provided for changing the Auditors who have been in office for periods exceeding the limits and accordingly the Company at the 28th AGM appointed the existing Auditors to hold office till the ensuing AGM. However, the transition period has been extended and the change of Auditors could now be considered at the first AGM to be held three years after the commencement of the Act. Accordingly, the existing Auditors can continue till the conclusion of the next AGM to be held in the year 2017.

In the light of the above, the Audit Committee has recommended the reappointment of M/s. Deloitte Haskins & Sells as the Auditors to hold office from the conclusion of the 30th AGM till the conclusion of the 31st AGM on a fee of Rs. 17 lakh plus applicable taxes and reimbursement of out of pocket expenses, for approval by the Members at the ensuing AGM.

#### **Cost Audit**

Mr. S Gopalan, Proprietor, S Gopalan & Associates, Cost Accountants, Chennai was appointed as the Cost Auditor of the Company for the financial year 2015-16 on a remuneration of Rs. 3 lakh plus applicable taxes and reimbursement of out of pocket expenses which was ratified by the Members at the 29th Annual General Meeting held on 23rd September 2015.

Mr. S Gopalan has been re-appointed as the Cost Auditor for the year 2016-17 on a remuneration of Rs. 3.50 lakh. 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 the year 2016-17 will be considered at the ensuing AGM of the Company.

#### **Adequacy of Internal Financial Controls**

Your company has in place adequate internal financial control systems combined with delegation of powers and periodical review of the process. The control system is also supported by internal audits and management reviews with documented policies and procedures. The system was also reviewed by an external agency, and no major weaknesses were reported. To ensure effective operation of the system, periodical reviews are made by the Internal Auditors and their findings discussed by the Audit Committee. The Auditors of the Company have also furnished certificates in this regard, which are attached to their Reports.

#### **Corporate Governance**

Your Company has complied with the requirements of Corporate Governance stipulated under the Regulations. A Report on Corporate Governance is attached as **Annexure A** along with a Certificate from the Auditors.

#### **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**.

Disclosure of the CSR obligation amount in the Annual Report for 2014-15 was based on Profit After Tax, in line with Rule 2 (f) of the Companies (CSR) Policy Rules, 2014. The same has since been recomputed as per the clarifications issued by Ministry of Corporate Affairs during the year.



## Other disclosures

- Information on conservation of energy, technology absorption, foreign exchange earnings and outgo prescribed under Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, to the extent applicable are given in **Annexure 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 as amended 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**.
- The details of familiarization programme for the Independent Directors have been disclosed in the Company's website viz., [http://manalipetro.com/familiar\\_polici.html](http://manalipetro.com/familiar_polici.html).

## 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**  
August 4, 2016

**Ashwin C Muthiah**  
DIN: 00255679  
Chairman

**Annexure A**

## 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 2016.

### 2. Board of Directors:

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

As on 31<sup>st</sup> March 2016, 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	3(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	1	2(1)
Ms. Sashikala Srikanth	Non-Executive, Independent	6	5(1)
Mr. T K Arun, Nominee of TIDCO	Non Executive, Non Independent	9	8
Mr. Muthukrishnan Ravi, Managing Director	Executive, Non Independent	-	-
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 of listed companies in which the Director is Chairman.

- c. None of the Directors hold any shares in the Company nor have any *inter se* relationship.
- d. The details of familiarization programmes imparted to the Independent Directors are disclosed in the website of the Company at [http://manalipetro.com/familiar\\_polici.html](http://manalipetro.com/familiar_polici.html)

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

The Board of Directors met four times during the year 2015-16 viz., on 20<sup>th</sup> May 2015, 5<sup>th</sup> August 2015, 4<sup>th</sup> November 2015 and 2<sup>nd</sup> February 2016. All the Directors attended all the meetings and the 29th AGM held on 23<sup>rd</sup> September 2015.

**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. The terms of reference are aligned to the requirements of the Companies Act, 2013 (the Act) and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (the Regulations)

**ii. Composition**

As on 31st March 2016, 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 four times during the year 2015-16 viz., on 20<sup>th</sup> May 2015, 5<sup>th</sup> August 2015, 4<sup>th</sup> November 2015 and 2<sup>nd</sup> February 2016 and the meetings were attended by all the Members.

**4. Nomination and Remuneration Committee:**

**(a) Composition, terms of reference and meeting**

The Committee comprises of Mr. Kulbir Singh, as the Chairman, Brig. (Retd) Harish Chandra Chawla and Mr. T K Arun as the other Members.

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

The Committee met on 2nd February 2016 and all the Members attended the meeting.

**(b) Criteria for evaluation of the performance of the Independent Directors:**

The criteria for evaluation of the performance of Independent Directors, include qualification and experience of the Director, clarify about the respective roles and responsibilities, knowledge about the Company's operations and goals/mission, attendance and participation at meetings, adherence to the Code of Conduct and ethics, conduct and degree of participation in the matters discussed.

**5. Remuneration of Directors**

**(a) Remuneration policy and criteria for making payments to Non Executive Directors**

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

**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 Nomination and Remuneration Committee (NRC) and subsequently approved by the Board of Directors and Members. Performance Linked Pay shall be payable based on the performance of the individual and the Company during the year. Remuneration trend in the industry and in the region, academic background, qualifications, experience and contribution of the individual are to be considered in fixing the remuneration. These Directors are not eligible to receive sitting fees for attending the meetings of the Board and Committees.



## 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.

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

## (c) Details of remuneration paid to the Directors

i. Remuneration paid to Executive Directors during the year 2015-16 are as shown below:

(Rs. In lakh)

Sl. No	Description	Mr. Muthukrishnan Ravi, Managing Director	Mr. G. Balasubramanian, Whole-time Director (Works)
01	Salary and Allowances	45.39	25.32
02	Performance Linked Pay	30.00	7.35
03	Perquisites	3.01	1.76
	<b>Total</b>	<b>78.40</b>	<b>34.43</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 performance linked pay is determined as per the appraisal system in vogue.
- (3) Mr. Ravi was also the Managing Director of Tamilnadu Petroproducts Limited (TPL) till 3rd February 2016. His remuneration during the period was shared between the Company and TPL. The amount shown above is net of reimbursement from TPL.
- (4) 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 and no severance fee is payable.
- (5) No Employee Stock Option has been offered by the Company to any of the directors.

ii. Remuneration paid to the Non-Executive Directors:

During the year each of the Non-Executive Director was paid sitting fees of Rs. 2 lakh aggregating to Rs. 12 lakh.

## 6. 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, 52 complaints were received. All the complaints including the 2 pending at the beginning of the year were redressed by the Company/RTA to the satisfaction of the complainants. There were no pending complaints as at the year-end.

## 7. General Body Meetings

### i. Annual General Meetings:

AGM	Year	Venue	Date	Time
27th	2013	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	02.08.2013	10.15 a.m.
28th	2014	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	13.08.2014	10.30 a.m.
29th	2015	Rajah Annamalai Mandram, Esplanade, Chennai – 600 108	23.09.2015	10.30 a.m.

## ii. Special Resolutions:

No Special Resolution was passed at the AGM held on 2nd August, 2013.

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

Date of AGM	Subject
13.08.2014	<p>(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.</p> <p>(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.</p> <p>(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.</p>
23.09.2015	<p>(a) Approving the increase in remuneration to Mr. Muthukrishnan Ravi, Managing Director with effect from 1st April 2014.</p> <p>(b) Approving the increase in remuneration to Mr. G. Balasubramanian, Whole-time Director (Works) with effect from 1st April 2015.</p>

During the year no special resolution was passed through postal ballot. At present there is no proposal to pass any special resolution through postal ballot. The procedure for postal ballot, if and when conducted, would be as prescribed under the Act.

## 8. Means of communication

As stipulated under Regulation 33 read with Regulation 47, the Quarterly Results are intimated to the Stock Exchanges and published in one English National Newspaper (Financial Express) and one Tamil Newspaper (Makkal Kural). The results are also displayed in the website of the Company viz., [www.manalipetro.com](http://www.manalipetro.com). The information stipulated under Regulation 46 of the Regulations are also available in the website of the Company. In addition, official press/news releases and several other details/information of interest to various stakeholders are submitted to the Stock Exchanges/made available in the website.

## 9. General Shareholder Information

### i. Annual General Meeting

The thirtieth AGM of the Company is scheduled to be held on 21st September 2016 at 9.30 AM at Rajah Annamalai Mandram Esplanade, Chennai 600 108

### ii. Financial year

The financial year of the Company commences on 1st April and ends on 31st March

### iii. Dividend payment date

The dividend for the year 2015-16 will be paid on 14th October 2016 subject to declaration at the ensuing AGM.

### iv. Listing Details and Stock Code

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

Listing fees upto 2016-17 have been paid to the aforesaid exchanges.

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

Month & Year	NSE				BSE			
	Share Price (Rs.)		Nifty 50		Share Price (Rs.)		Sensex	
	High	Low	High	Low	High	Low	High	Low
April 2015	16.85	14.65	8,844.80	8,144.75	16.80	14.60	29,094.61	26,897.54
May	17.35	14.75	8,489.55	7,997.15	17.35	14.60	28,071.16	26,423.99
June	22.10	14.15	8,467.15	7,940.30	22.00	14.15	27,968.75	26,307.07
July	31.90	19.60	8,654.75	8,315.40	31.80	19.75	28,578.33	27,416.39
August	37.20	23.10	8,621.55	7,667.25	37.20	23.00	28,417.59	25,298.42
September	25.35	20.90	8,055.00	7,539.50	26.20	20.95	26,471.82	24,833.54