ANNUAL REPORT

2013 – 14

Manali Petrochemicals Limited

MANALI PETROCHEMICALS

Board of Directors

Ashwin C Muthiah	DIN: 00255679	Chairman
T K Arun (Nominee of TIDCO)	DIN: 02163427	Director
Brig (Retd.) Harish Chandra Chawla	DIN: 00085415	Director
Kulbir Singh	DIN: 00204829	Director
Sanjiv Ralph Noronha	DIN: 01905639	Director
Muthukrishnan Ravi	DIN: 03605222	Managing Director
G. Balasubramanian	DIN: 06874838	Whole-Time Director (Works)

Audit Committee

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

Company Secretary

R. Kothandaraman

Chief Financial Officer

Anis Tyebali Hyderi

Registered Office

SPIC HOUSE, 88 Mount Road
Guindy, Chennai 600 032
CIN: L24294TN1986PLC013087
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

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
Punjab National Bank
Corporation Bank
State Bank of Bikaner and Jaipur
State Bank of Mauritius

Registrar and Share Transfer Agent (RTA)

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

CONTENTS

1. Directors' Report and Management Discussion & Analysis Report 02
2. Report on Corporate Governance 07
3. Auditors' Report 13
4. Balance Sheet 16
5. Statement of Profit and Loss 17
6. Cash Flow Statement 18
7. Notes to Financial Statements 19

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

The Directors present their 28th Annual Report on the business and operations of your Company and the Audited Financial Statements for the year ended 31st March 2014.

Financial Results

(Rs. in crore)

DESCRIPTION	2013-14	2012-13
Profit Before interest & depreciation	**53.22**	43.84
Interest	**1.90**	2.14
Depreciation	**6.56**	6.36
Profit Before Tax	**44.76**	35.33
Provision for Taxation	**15.71**	8.02
Profit After Tax	**29.05**	27.32
Cash Profit	**38.12**	31.82

Operational Highlights

During the year under review the operations of the Company were better than the previous year in spite of cut-throat competition from overseas polyol suppliers. The export sales increased from Rs. 2.83 crore to Rs. 17.58 crore highest ever recorded by the Company. The net profit for the year was higher by about 6% at Rs. 29.05 crore against Rs. 27.32 crore in the previous year.

Availability of bio mass fuel for the Captive Power Plant continued to be limited due to demand from paper mills and also similar power plants. Even at increased costs supplies were not forthcoming, forcing the Company to operate the CPP at lower loads. Alternate fuels for the CPP are being tried to ensure operations at optimum load. The Company went in for purchase of power through energy exchanges and third parties to meet the short-fall. These resulted in higher cost of power and consequently the profitability was also impacted.

Creation of bulk storage facility at Ennore Port was completed in April 2014 and the first shipment was received during the first week of May 2014. With this availability of adequate input material for the derivative plants would be ensured, paving way for optimum utilization of the facilities.

Financial Review

The year 2013-14 witnessed moderate changes in interest rates. During the year bank credit registered a growth of 14.3% compared to 14.1% in the previous year. Non-food credit increased by 17% Vis a Vis 8.50% in 2012-13. There was also a marginal increase in the deposits with Banks, reflecting the overall sentiments. The PLR of major banks increased to 10 - 10.25% from 9.7% - 10.00% in the previous year. In order to bring down the inflation, RBI also kept on increasing the repo rates and the rates at the end of the year was higher by 0.50% compared to March 2013. Rupee witnessed unprecedented depreciation during August/September 2013 but recovered slowly thereafter. This had some impact on the margins of the Company.

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

Your Directors recommend a 10 % dividend i.e. 50 paise for every equity share of Rs. 5/- each fully paid-up, for the year 2013-14, aggregating to Rs. 8.60 crore, excluding dividend distribution tax.

Industry structure and developments

Your Company specializes in Polyether Polyol and 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 in the recent past and is highly potential. MDI-based PUs are growing at a faster rate, as they are easier to handle and have a wider application base compared to TDI-based PUs. Polyols find varied applications and caters to various industries such as automotive, refrigeration, insulation, etc.

Indian Polyurethane industry's performance during 2007-2012 had been impressive with double-digit growth, but the market 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. Some revival was seen during the year under review. However the ever increasing imports of Polyol into India is a major concern for the domestic manufacturers.

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 was very low due to availability of alternate cheaper materials. Import of PG was also higher during the year under review, opening up fierce competition.

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.

Indian PU market is flooded with import of Flexible Slab stock Polyol which is a major product of MPL. The import during 2013-14 was over 54,000 tons, 30% more than the previous year. Though the demand increased by about 13,000 tons in 2013-14, the increase in imports was much higher, leaving the domestic players in lurch. With the major capacity additions abroad having been completed, the imports are set to increase further and this could affect the margins and profitability further.

Market Scenario

During the year under review, the Company achieved a turnover of Rs. 625.68 crore against Rs. 579.87 Crore in FY 2012-13, higher by about 8%. Though there was some marginal drop in the volume, the Company could improve the realizations through its maneuvers in the otherwise volatile and tough market conditions.

Outlook

The World Trade Organization (WTO) has forecast aggregate trade growth of 4.70% for the year 2014, more than double the growth of 2.10% in 2013. It has been stated that the growth could be slightly faster at 5.3% in 2015. It may be noted that the forecast for 2014 and 2015 are lower than the 20 year average of 5.80%.

Forecast of higher growth rate 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 could result in further dumping of 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. 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 moratorium on new proposals in the Manali area has been lifted and the Company can now plan capacity additions and changing over to new improved processes to face 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.

Risks and Concerns

The 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. 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.

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 2014, your company had 297 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

At the Board Meeting held on 28th May 2014 Mr. G Balasubramanian (DIN: 06874838) has been appointed as an Additional Director and also as Wholetime Director (Works) for a period of 3 years, subject to approval of the Members at the AGM. As per Section 161 of the Act, he holds office till the ensuing AGM and it is proposed to appoint him as a Director under Section 152 and also seek approval of the Members for his appointment and remuneration as the Wholetime Director.

At the aforesaid meeting Brig. (Retd) Harish Chawla (DIN: 00085415) and Mr. Kulbir Singh (DIN: 00204829) have been appointed as Independent Directors of the Company for a period of five years under Section 149 of the Companies Act, 2013 (the new Act). As per the provisions of the new Act, their appointment is to be approved by the shareholders in the general meeting and hence the same is proposed to be considered at the ensuing AGM.

The term of office of Mr. Muthukrishnan Ravi (DIN: 03605222), the Managing Director ends on 28th July 2014 and the Board has re-appointed him as the MD for a further period of 3 years and the same will be considered for approval of the Members at the ensuing meeting.

Mr. T K Arun, 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 Act is hereby confirmed:

a) in the preparation of the annual accounts for the financial year ended 31st March 2014, 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, 2014 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 the Clause 5A of the 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, 16,678 shares which remained unclaimed by 6,645 shareholders at the beginning of the year, 6,600 shares were released to 17 shareholders during the year. As at the end of the year 16, 10,076 shares remained unclaimed by 6628 shareholders.

Auditors

M/s. Deloitte Haskins & Sells, appointed as the Auditors of the Company at the 27th Annual General Meeting held on 2nd August 2013 hold office till the conclusion of 28th Annual General Meeting and are eligible for re-appointment. As per Section 139 of the new Act they can hold office from the conclusion of the 28th AGM till the conclusion of the 30th AGM. Their re-appointment will have to be ratified by the Members at every AGM. In compliance with the requirements of the new Act, it is proposed to appoint the retiring Auditors to hold office till the conclusion of the 30th AGM to be held in the year 2016, subject to ratification at the next AGM.

Cost Audit

Mr. S Gopalan, Proprietor, S Gopalan & Associates, Cost Accountants, Chennai has been appointed as the Cost Auditors of the Company for the financial year 2013-14 pursuant to Section 233B of the Act. The Cost Audit Report for the year ended 31st March 2013, duly certified by Mr. S Gopalan, Cost Accountant, due to be filed on or before 27th September 2013 was filed on 4th September 2013.

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 **Ashwin C Muthiah**

28th May 2014 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.
Mahesh N Gopalasamudram Dr.	Chief Operating Officer	43 years	M.Sc. Chem and Doctorate in Polymer Chemistry	16 years	DOW Chemicals International Private Limited, Mumbai as Director – Formulated Systems	23-04-2013	67,52,998

Notes:

1. The appointment is contractual and he is not related to any other director of the Company.

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 2014, are furnished below to the extent applicable:

A) Conservation of Energy

a) Energy conservation measure taken :-

- Capacity of Polyol Plant augmented without substantial increase in power consumption.
- Variable frequency drive installed for Boiler Feed Water Pump in CPP to bring down energy use.

b) Vacuum Pump installed for MPG Colum in the PG facilities in Plant 2

- Additional investments and proposals being implemented for reduction of consumption of energy :-
- Replacement of lower capacity compressors with one high capacity compressor for refrigeration in Plant 1.
- Vacuum Pump to be installed to replace ejectors for the remaining columns in the PG facility in Plant 2.

c) Existing ejectors to be replaced with high efficiency ejectors in Polyol Facilities in Plant 2

- 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) in the order of Rs. 40 lakh 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.

d) Power cost for refrigeration in Plant 1 is expected to be lower.

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

FORM - A

		Year Ended 31.03.2014	Year Ended 31.03.2013
(A)	**Power and Fuel Consumption**		
1.	ELECTRICITY		
	a. Purchased		
	From TNEB		
	Units	**1,73,44,427**	86,81,765
	Amount paid	**12,91,67,947**	6,68,14,549
	Rate per Unit (Rs.)	**7.45**	7.70
	MD Charges (Rs./ KVA)	**300**	300
	From Third parties (Direct)	**11,23,480**	
	Amount paid	**77,74,490**	
	Rate per unit (Rs.)	**6.92**	
	Through Energy Exchange	**6,06,280**	
	Amount paid	**46,99,949**	
	Rate Per unit (Rs.)	**7.75**	
	b. Own Generation		
	1. Through Diesel Generator (Units)	**26,03,037**	25,87,382
	Unit per litre of Diesel	**3.47**	3.51
	Cost per Unit (Rs.)	**16.42**	13.52
	2. Through Steam Turbine (Gross)	**1,11,45,110**	2,16,17,515
	Through Steam Turbine (Net)	**80,77,553**	1,71,84,877
	Units per MT of Wood, net of Cogeneration Steam	**445**	551
	Cost per Unit (Rs.)	**9.40**	5.94
2.	Furnace Oil (Qty in KL)	**7,456**	4,952
	Amount (Rs.)	**29,68,53,501**	19,00,46,909
	Average Rate (Rs./KL)	**39,811**	38,379

3.	Others		
	Wood Qty. (MT)	**18,137**	31,215
	Amount in (Rs.)	**7,59,56,659**	10,20,62,545
	Average Rate (Rs. / MT)	**4,188**	3,270
(B)	**Consumption per unit of production with standards (if any)**		
	Production (In MT)	**52,210**	53,122
	Electricity in Units	**570**	536
	Furnace Oil in KL (**)	**0.199**	0.184
	Others - Wood (in MT) (++)	**0.674**	1.140
**** - 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.
- Cost reduction exercises.
- Visco-elastic polyol systems for flexible moulded memory foam ,
- High functionality polyols
- Polymer Polyol for FSP customer.
- Footwear applications

2. Benefits derived as a result of above:

- Reduction in operating cost.
- Better value addition.

3. Future Plan of Action:

- Develop a polyol for visco elastic and flexible slab stock memory foam application.
- Introduce formulations for alternative blowing agents to phase out HCFC under aegis of the Ozone Cell of the MoEF, GoI.
- Develop special polyol for improved physical properties of moulded foam

4. Expenditure on R & D: (Rs. in lakhs)

a.	Capital	:	4.89
b.	Recurring	:	84.65
c.	Total	:	89.54
d.	Total R&D expenditure as a percentage of total turnover	:	0.15%

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: Possibilities of exporting the products are being explored.

b. Foreign Exchange earnings and outgo

		(Rs. In Lakhs)
i.	Earnings	Rs. 1,758.46
ii.	Outgo (on cash basis)	Rs. 8,155.67

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 2014.

2. Board of Directors:

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

As on 31st March 2014, 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
Brig (Retd.) Harish Chandra Chawla	Non-Executive, Independent	1	1
Mr. Kulbir Singh	Non-Executive, Independent	1	1(1)
Mr. Sanjiv Ralph Noronha	Non-Executive, Non Independent	3	1
Mr. Muthukrishnan Ravi, Managing Director	Executive, Non Independent	2	1

Notes:

a. Other Directorships exclude positions held in foreign companies, private limited companies, Section 25 companies and alternate directorships but includes Guarantee Companies.

b. Only Membership in Audit Committees and Shareholders/Investors Grievance Committees of public companies (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.

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

The Board of Directors met six times during the year 2013-14 viz., on 22nd April 2013, 2nd August 2013, 28th October 2013, 26th December 2013, 12th February 2014 and 27th March 2014. The 27th AGM was held on 2nd August 2013. The details of the attendance of the directors at the Board Meetings and the AGM 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 on 02-08-13
Mr. Ashwin C Muthiah	Full year	Six	Five	Yes
Mr. T K Arun	Full year	Six	Six	Yes
Brig (Retd.) Harish Chandra Chawla	Full year	Six	Three	No
Mr. Babu K Verghese	01-04-2012 to 12-06-2013	One	One	NA
Mr. Kulbir Singh	12-06-2013 to 31-03-2014	Five	Four	Yes
Mr. Sanjiv Ralph Noronha	Full year	Six	Five	Yes
Mr. Muthukrishnan Ravi	Full year	Six	Six	Yes

NA – Not applicable, as he was not a Director of the Company on the date of the last AGM.

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

As on 31st March 2014, the Committee comprised of Mr. T K Arun as Chairman and Brig (Retd.) Harish Chandra Chawla, Mr. Kulbir Singh and Mr. Sanjiv Ralph Noronha, as Members.

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 five times during the year 2013-14 on 22nd April 2013, 2nd August 2013, 28th October 2013, 12th February 2014 and 27th March 2014. Mr. T K Arun and Mr. Sanjiv Ralph Noronha attended all the meetings and Brig (Retd.) Harish Chandra Chawla attended three of these meetings. Mr. Kulbir Singh attended all the four meetings of the Committee held after his appointment.

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. As on 31st March 2014 the Remuneration Committee comprised of Mr. Kulbir Singh as the Chairman, Mr. T.K.Arun and Mr. Sanjiv Ralph Noronha as the other members. During the year no meeting of the Committee was occasioned.

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. Remuneration paid to Mr. Muthukrishnan Ravi, Managing Director for the year 2013-14:

Sl No	Description	Amount (Rs. In Lakh)
01	Salary and Allowances	33.23
02	Contribution to PF and other funds	1.37
03	Perquisites	16.24
	Total	**50.84**

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. He is also the Managing Director of Tamilnadu Petroproducts Limited and his overall remuneration shared equally. The amount disclosed above is the share of remuneration paid/payable by the Company.

b. Sitting fees paid to non-executive Directors during 2013-14 are detailed below:

Name	Amount (Rs. In lakh)
Mr. Ashwin C Muthiah	1.06
Mr. T K Arun (Paid to TIDCO)	1.51
Mr. Babu K Verghese	0.24
Brig (Retd.) Harish Chandra Chawla	0.75
Mr. Sanjiv Ralph Noronha	1.25
Mr. Kulbir Singh	1.00
Total	**5.81**