

## CORPORATE GOVERNANCE REPORT 2010-11

(as required under Clause 49 of the Listing Agreement with Stock Exchanges)

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that good Corporate Governance practices would ensure efficient conduct of the affairs of the Company and facilitate the Company to achieve its goal of maximizing value to the shareholders and simultaneously enable the company to fulfill its obligations to the other stakeholders such as customers, vendors, employees and to the society in general.

The Company recognizes that strong Corporate Governance is indispensable to resilient and vibrant capital markets and is therefore an important instrument of investor protection.

The company continues to remain committed to a corporate culture of conscience and consciousness, integrity, fairness, transparency, accountability and responsibility for efficient and ethical conduct of its business.

### BOARD OF DIRECTORS

Board of Directors of the Company ("Board") decides the policy and strategy for the Company and has the overall superintendence and control over the management of the Company.

#### a) Composition:

- 1) The Board of Directors of your Company presently comprise of a Non-Executive Chairman, 2 Managing Directors i.e. 2 Executive Directors and 8 Non Executive Directors.
- 2) All Directors other than Mr.R.Sampath, Mr. S. Sridhar, Mr. R. Parthasarathy and Mr. S. Santhanam are independent Directors.

#### b) Board Meetings:

4 meetings of the Board of Directors were held during the year 2010-11:-

21.05.2010, 09.08.2010, 02.11.2010 and 07.02.2011. All operational and statutorily required information were placed before the Board. All significant events were also reported to the Board.

The Company Secretary, in consultation with the Chairman & Managing Director, drafts the agenda of the meeting. Agenda papers along with relevant details are circulated to all Directors, well in advance of the date of the Board meeting.

The details of attendance of each Director at the Board Meetings held during the financial year 2010-2011, and at the last AGM are given below:-

Name of the Director	Attendance at		No. of Directorships of other Public Companies	No. of Memberships of Board Sub-Committees
	Board Meetings	Last AGM		
Mr. R.Sampath <sup>1</sup>	-	-	1	-
Mr. S. Sridhar <sup>2</sup>	4	Yes	1	2
Mr. R. Parthasarathy <sup>3</sup>	4	Yes	-	-
Mr. S. Santhanam <sup>4</sup>	4	Yes	1	2
Mr. Dilip J Thakkar <sup>5</sup>	4	Yes	14	10
Dr. S. Rama Iyer	4	Yes	5	-
Mr. Pradeep Rathi <sup>6</sup>	3	Yes	10	7
Mr. Atul Agarwal	4	Yes	2	1
Mr. K. V. Krishnamurthy <sup>7</sup>	4	Yes	11	7
Mr. A. Janakiraman	4	Yes	-	-
Mr. P. Shankar	3	Yes	1	1

<sup>1</sup> Chairman –Appointed as Non-Executive Chairman w.e.f. 7<sup>th</sup> February, 2011

<sup>2</sup> Managing Director

<sup>3</sup> Managing Director

<sup>4</sup> of which 1 as Chairman

<sup>5</sup> of which 5 as Chairman

<sup>6</sup> of which 1 as Chairman

<sup>7</sup> of which 4 as Chairman

**c) Remuneration of Directors:**

The remuneration paid to the Managing Directors is within the ceiling as per the resolution approved by the shareholders.

**Details of remuneration paid to the Managing Directors during the year ended 31/03/2011 are:**

Name	Position	Salary ₹	Commission ₹	Contribution to PF and other Fund ₹	Perquisites ₹
Mr. S. Sridhar	Managing Director	48,00,000	Nil	9,06,770	Nil
Mr. R. Parthasarathy	Managing Director	48,00,000	Nil	9,06,769	Nil

Sitting fees is payable to the Non-Executive Directors for attending Board / Committee meetings. The Non-Executive Directors are also paid commission on an annual basis, in such proportion as may be decided by the Board, provided that the total commission payable to such Directors shall not exceed 1% of the net profits of the Company. However in view of the brought forward loss from 2009-10, no commission is payable to the Non Executive Directors for the year 2010-11. The sitting fees paid to the Non-Executive Directors is as under:

**Sitting fees paid to the Non-Executive Directors**

Name of the Director	Sitting fees paid (₹)
Mr. S. Santhanam	240,000
Mr. Dilip J Thakkar	240,000
Dr. S. Rama Iyer	100,000
Mr. Pradeep Rathi	60,000
Mr. Atul Agarwal	180,000
Mr. K. V. Krishnamurthy	160,000
Mr. A. Janakiraman	100,000
Mr. P. Shankar	60,000

**d) Details of the Shares held by Non-Executive Directors as on 31/3/2011**

Name of the Director	No. of Shares held
Mr. R.Sampath	1,59,857
Mr. S.Santhanam	2,58,999
Mr. Atul Agarwal	15,000

**BOARD COMMITTEES**

Currently, the Board has three Committees : Audit Committee, Share Transfer/Investor Grievance Committee and Business Review Committee. The Audit Committee members also act as the selection/ Remuneration Committee Members.

Three/fourth of the Audit Committee consists of independent Directors and the Business Review Committee consist entirely of independent directors.

**a) Audit Committee**

Members:

- 1] Mr. Dilip J Thakkar - Chairman
- 2] Mr. S. Santhanam.
- 3] Mr. Atul Agarwal
- 4] Mr. K. V. Krishnamurthy

Mr. Dilip Thakkar is an eminent practicing Chartered Accountant, also the Director in several Companies including 14 Public Companies (as also member in 10 Committees of Board with Chairmanship of 5 Committees).

Mr. Atul Agarwal, also a qualified Chartered Accountant is the Managing Director of Mercator Lines Ltd., as also a Committee member and Director/Vice President of Indian National Shipowners Association.

Mr. S. Santhanam, Printing Technologist, having vast management experience, is a non-Executive Director and is the Director of another public Company and member of 2 Committees of Board.

Mr. K. V. Krishnamurthy is a qualified Chartered Accountant and fellow member of the Indian Institute of Bankers. He is also the Director in several Companies including 11 Public Companies (as also member in 7 Committees of Board with Chairmanship of 4 Committees) He has over 35 years experience in the banking industry and has served at various important positions over his illustrious career.

All of them have vast experience and knowledge of Commercial and Business matters.

The Composition of the Audit Committee of the Company meets with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the relevant Indian stock exchanges.

The Audit Committee's objectives are to assist the Board in its responsibility for overseeing the processes related to the financial accounting, auditing and reporting practices of the Company and its compliances with the legal and regulatory requirements, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors and the performance, appointment and remuneration of internal auditors and the Company's risk and management policies.

Four meetings of the Audit Committee of the Board of Directors were held during the year 2010-11.

21.05.2010, 09.08.2010, 02.11.2010 and 07.02.2011. The details of attendance are given below:

<b>Name of the Director</b>	<b>No. of Meetings held</b>	<b>No. of Meetings attended</b>
Mr. Dilip J Thakkar	4	4
Mr. S. Santhanam	4	4
Mr. Atul Agarwal	4	4
Mr. K. V. Krishnamurthy	4	4

The concerned partner of the Statutory Auditors attended all the meetings, while the partner of the Internal Auditor was invited to attend the meeting held on 21.05.2010 and was present. The Company Secretary and the CFO also attend all the Audit committee meetings. Audit Committee members also act as Selection /Remuneration Committee members.

The Audit Committee discussed the Company's accounts as also the periodic quarterly results prior to it being placed before the Board of Directors and also had overview of the Company's financial reporting process. The Audit Committee reviews the quarterly and annual results before it is considered by the Board of Directors. Also reviewed by the Audit Committee are the Group Company transactions as also the Internal Auditors Report and Action Taken Report thereon.

**b) Share Transfer/Investors Grievance Committee and Allotment Committee**

The Share Transfer / Investors Grievance Committee constitutes of the following members:

- 1] Mr. S. Santhanam - Chairman
- 2] Mr. S. Sridhar
- 3] Mr. Dilip J Thakkar

The Share Transfer/Investors Grievance Committee deals with the following matters :

- Noting transfer/transmission of shares
- Monitors expeditious redressal of Investor Grievance matters received from stock exchanges, SEBI, ROC etc.
- Monitors redressal of queries/complaints received from shareholders relating to transfers, non-receipt of Annual Report, dividend etc.
- All other matters related to shares.

Ms.Rita Malgaonkar, the Company Secretary & Legal Head is the Compliance Officer. During the year, the Company received 37 queries/complaints from Shareholders which were all resolved promptly. The process of share transfer is delegated and is done about once a fortnight (depending on transfers received) which is confirmed and ratified by the Board of Directors at the next meeting.

The Committee meets as often as is necessary. There has been no complaints from any investor which has not been redressed promptly. Four meetings of the Share Transfer/Investors Grievance Committee were held during the year 2010-2011.

It has been noted that that the shareholding in dematerialized mode as on 31<sup>st</sup> March, 2011 was 95.87 %.

**c) Business Review Committee**

Members :

- 1] Dr.S.Rama Iyer - Chairman
- 2] Mr. Atul Agarwal
- 3] Mr.A.Janakiraman

The Committee shall review the business of the company and also discuss possibilities of growth/expansion strategy aimed at market penetration, market development and / or product development, to raise the market share and or sales objectives upward significantly with reference to new projects for the overall improvement and growth of the company

The Committee shall meet at such intervals as may be necessary.

**GENERAL BODY MEETINGS**

The Thirty Eighth Annual General Meeting of the Company for the financial year 2010-2011 would be held on Monday, 1<sup>st</sup> August 2011 at 4.00 p.m. at The Mysore Association Auditorium, Bhaudaji Road, Matunga, Mumbai- 400 019.

The last three Annual General Meetings were held as under:

<b>Financial Year</b>	<b>Date</b>	<b>Time</b>	<b>Location</b>
2009-2010	09/08/2010	4.00 p.m	Mysore Association Auditorium Bhaudaji Road, Matunga-(C.Rly) Mumbai.
2008-2009	24/09/2009	4.00 p.m	Mysore Association Auditorium Bhaudaji Road, Matunga-(C.Rly) Mumbai.
2007-2008	21/07/2008	4.00 p.m	Mysore Association Auditorium Bhaudaji Road, Matunga-(C.Rly) Mumbai.

During these meetings, all resolutions were passed unanimously by majority.

No special resolution was passed through postal ballot during the year under review.

**DISCLOSURES**

The Company's internal Audit is done by a firm of Chartered Accountants. The reports submitted by the Internal Auditors on the operations and financial transactions and the Action Taken Report on the same are placed before the Audit Committee, apart from the Statutory Auditors and the Senior Management of the Company.

For every quarter, the General Manager of the Factory at Ranipet / Associate Manager (Accounts), make report of statutory compliances which are placed before the Audit Committee, which is a detailed report. At the Board meeting following the Audit Committee meeting, the Company Secretary makes a report confirming statutory compliances for the said quarter. Also, at such meetings, the Managing Directors also confirm to the Board of all Statutory Compliances.

There were no material significant transactions with the Directors or their relatives or the Management. that have any potential conflict with the interest of the Company. All details relating to financial and commercial transactions where

Directors may have a potential interest are provided to the Board and the interested Directors neither participate in the discussion, nor do they vote on such matters.

There was no case of non-compliance by the Company, nor any cases of penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets during the last 3 years.

#### **CODE OF CONDUCT**

The Company has laid down the Code of Conduct for all Board Members and Senior Management of the Company available on the Company's Website.

All Board members and Senior Management of the Company have affirmed compliance with their Code of Conduct for the financial year ended March 31, 2011. The Managing Director has also confirmed and certified the same. The certification is annexed at the end of this Report.

#### **RISK MANAGEMENT**

The Company has well laid down procedures to inform Board Members about the risk assessment and minimisation procedures.

#### **CEO /CFO CERTIFICATION**

Appropriate certification as required Clause 49 V of the Equity Listing requirement with the Stock Exchanges, Mr. R.Parthasarathy, Managing Director & CEO and Neha Huddar, CFO have certified to the Board regarding Financial Statements for the year ended 31<sup>st</sup> March, 2011.

#### **MEANS OF COMMUNICATION**

The Company has promptly reported all material information including quarterly results and press releases to the Stock Exchanges where the Company's securities are listed. The quarterly results were communicated to the shareholders by way of advertisement in a National daily and in a vernacular language newspaper.

#### **GENERAL SHAREHOLDERS INFORMATION**

- 1) Date, Time and Venue of 38<sup>th</sup> AGM : Monday, 1<sup>st</sup> August, 2011 at 4.00 p.m. at Mysore Association Auditorium, Bhaudaji Road, Matunga, Mumbai 400 019.
- 2) Date of Book Closure : Tuesday, 19<sup>th</sup> July, 2011 to Monday, 1<sup>st</sup> August, 2011.
- 3) Listing on Stock Exchanges : Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).
- 4) Listing fees : Paid as per the Listing Agreement.
- 5) ISIN No: : INE 338A01016.
- 6) BSE Stock code : 500412  
NSE Stock code : TIRUMALCHM
- 7) Registered office : Thirumalai House, Road No.29,  
Sion-East, Mumbai-400 022  
Tel: +91-22- 24017841/7861/7853/7869/7834  
Fax: +91-22-24011699/4754  
E-mail- anand@thiruchem.com
- 8) Registrar & Share Transfer Agent : Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
LBS Road, Bhandup (W)  
Mumbai-400 078.  
Tel: +91-22-25946970  
Fax: +91-22-25946969  
E-mail- helpdesk@linkintime.co.in

- 9) Compliance Officer : Ms.Rita Malgaonkar, Company Secretary  
Thirumalai Chemicals Limited  
Thirumalai House, Road No.29,  
Sion (East), Mumbai- 400 022.  
Tel: +91-22-24017841/61/53.  
Fax: +91-22-24011699.  
E-mail- rita@thiruchem.com
- 10) Share Transfer System : The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. Shares sent for physical transfer or dematerialisation requests are registered promptly within 15 days from the date of receipt of completed and validly executed documents.
- 11) Financial Calendar : Annual Results - 30<sup>th</sup> May, 2011  
Mailing of Annual Reports - By 25<sup>th</sup> June, 2011  
Results for the Quarter ending :  
June 30, 2011 - 1<sup>st</sup> August, 2011  
September 30, 2011 - By 15<sup>th</sup> Nov, 2011  
December 31, 2011 - By 15<sup>th</sup> Feb, 2012  
March 31, 2012 - May, 2012
- 12) Dividend Payment Date : Not Applicable
- 13) Dematerialisations of Shares : As on 31/3/2011, 95.87% of the Company's Shares representing 9,816,099 shares were held in the dematerialized form.
- 14) Plant Location : Ranipet, North Arcot District, Tamil Nadu.  
Tel:+04172-244441. Fax:+04172-244308.  
E-Mail: mail@thirumalaichemicals.com
- 15) Categories of Shareholders as on 31/3/2011

<b>Category</b>	<b>No. of Shares</b>	<b>% of Shareholding</b>
Promoters, Directors & their Relatives	2431405	23.75
Group Companies	2700182	26.37
Financial Institutions / Banks	1575	0.02
Insurance Companies	3600	0.04
NRIs / FIIs	84876	0.83
Companies / Bodies Corporate	561804	5.49
General Public	4399862	42.96
Clearing Member	53608	0.52
Trusts	1900	0.02
<b>TOTAL</b>	<b>10238812</b>	<b>100.00</b>

## 16) Distribution of Shareholding as on 31.03.2011:

No. of shares	No. of Shareholders	% of Shareholders	Shareholding	% of Shareholding
Upto 500	14879	91.69	1624737	15.87
501- 1000	716	4.41	564762	5.52
1001-2000	320	1.97	476227	4.65
2001-5000	178	1.10	568900	5.56
Over 5000	134	0.83	7004186	68.41
<b>Total</b>	<b>16227</b>	<b>100.00</b>	<b>10238812</b>	<b>100.00</b>

## 17) Stock market price data for the year 2010-2011

Month	BSE			NSE		
	High (₹)	Low (₹)	No. of Shares	High (₹)	Low (₹)	No. of Shares
April, 2010	136.50	119.05	99847	135.75	120.00	120395
May, 2010	145.90	118.55	315399	145.00	114.90	354161
June, 2010	146.00	124.50	153078	160.00	120.60	190327
July, 2010	148.80	126.00	657175	148.75	125.50	559041
August, 2010	150.00	126.00	620491	143.80	125.00	574843
September, 2010	136.90	128.00	182186	136.90	128.20	146588
October, 2010	152.00	123.50	745653	151.70	125.20	587312
November, 2010	134.80	117.00	344774	134.40	117.30	257528
December, 2010	137.00	110.70	66836	129.00	111.05	82192
January, 2011	126.45	111.05	73091	125.00	112.00	65281
February, 2011	120.95	98.10	94446	119.90	98.00	60771
March, 2011	116.00	97.05	86490	109.00	96.00	112111

**DECLARATION BY THE CEO UNDER CLAUSE 49 1 (D) OF THE LISTING  
AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT**

In accordance with Clause 49 sub-clause 1 (D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that all the Directors and the Senior Management Personnel of the Company have affirmed compliance to the Code of Conduct for the Financial Year ended March 31, 2011.

for **Thirumalai Chemicals Limited**

**R.Parthasarathy**  
Managing Director & CEO

Mumbai, 30<sup>th</sup> May, 2011