



**THIRUMALAI  
CHEMICALS LTD.**



38th  
Annual Report  
2010-2011

**Board of Directors**

Mr. R.Sampath (Chairman)  
Mr. S.Sridhar (Managing Director)  
Mr. R.Parthasarathy (Managing Director)  
Mr. S.Santhanam  
Dr. S.Rama Iyer  
Mr. Dilip J.Thakkar  
Mr. Atul Agarwal  
Mr. Pradeep Rathi  
Mr. K.V.Krishnamurthy  
Mr. A. Janakiraman  
Mr. P.Shankar

**Company Secretary & Legal Head**

Ms.Rita Malgaonkar

**Bankers**

Bank of India  
State Bank of India  
Andhra Bank  
Axis Bank Ltd  
Oriental Bank of Commerce  
Indian Overseas Bank

**Auditors**

Contractor, Nayak & Kishnadwala  
Chartered Accountants  
1B, 1st Floor, Pushpam  
K.D.Road, Vile Parle  
Mumbai - 400 056

**Registered Office**

Thirumalai House, Road No. 29  
Near Sion Hill Fort, Sion (E),  
Mumbai - 400 022  
Tel. : 2401 7841, 7834, 7853, 7861  
Fax : 2401 1699  
E-mail : thirumalai@thiruchem.com  
Website : <http://www.thirumalaichemicals.com>

**Registrar & Share Transfer Agents**

Link Intime India Private Limited  
C-13, Pannlal Silk Mills Compound  
L.B.S. Marg, Bhandup (W)  
Mumbai - 400 078  
Ph: : 022 2594 6970  
Fax : 022 2594 6969  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website : [www.linkintime.com](http://www.linkintime.com)

**Factory**

Ranipet, North Arcot District, Tamilnadu  
Tel. : 244441/244442/244443  
Fax : 04172-244308  
E-mail : [mail@thirumalaichemicals.com](mailto:mail@thirumalaichemicals.com)

**38<sup>th</sup> Annual General Meeting**
**Date & Time**

Monday, August 1, 2011

**Venue**

Mysore Association Auditorium  
393, Bhaudaji Road, Matunga  
Mumbai - 400 019

**Book closure**

Tuesday, 19<sup>th</sup> July, 2011 to Monday, 1<sup>st</sup> August, 2011  
(both days inclusive)

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**Members are requested to bring their copy of Annual Report with them to the Annual General Meeting**

## **NOTICE**

NOTICE is hereby given that the **THIRTY EIGHTH ANNUAL GENERAL MEETING OF THIRUMALAI CHEMICALS LIMITED** will be held at THE MYSORE ASSOCIATION AUDITORIUM, Mysore Association, 393, Bhaudaji Road, Matunga-C.Rly, Mumbai-400019 on Monday, August 1, 2011 at 4.00 p.m to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended March 31, 2011 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in place of Mr.Dilip Thakkar, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr. S. Rama Iyer , who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr.K.V.Krishnamurthy, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors for the current year and fix their remuneration.

### **SPECIAL BUSINESS**

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr.R.Sampath who was appointed as an Additional Director of the Company with effect from 7<sup>th</sup> February, 2011 and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company."
7. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :  
"RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any of the Companies Act, 1956, consent be and is hereby accorded to Mr. S. V. Rajan, a relative (within the meaning of Section 6 of the Companies Act,1956) of Director of the Company, to hold the office or place of Profit on designation as Manager-Commercial, and he be paid remuneration upto the following limits with effect from 2<sup>nd</sup> May, 2011 as under:
  - a) Basic Salary of ₹ 75,000/- per month (with normal increment as per Company's Rules).
  - b) House Rent Allowance @ 30% of Basic Salary per month.
  - c) Leave Travel Allowance ₹ 75,000/- per annum.
  - d) Medical Reimbursement ₹ 75,000/- per annum.
  - e) Payment of Conveyance allowance, Children Education Allowance, any other allowances, Bonus, Ex-gratia payment, Mediclaim Insurance for self and Family etc as per the Rules of the Company not exceeding 50 per cent of the basic salary per month.
  - f) In addition to the above, Mr. S. V. Rajan will be entitled to Provident Fund and Superannuation Fund contributions, Gratuity payment and encashment of earned leave as per the Rules of the Company."
8. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special resolution.  
"RESOLVED THAT pursuant to the Section 314 and other applicable provisions, if any of the Companies Act, 1956, consent be and is hereby accorded to Mr. S. Narayan, a relative (within the meaning of Section 6 of the Companies Act,1956) of Director of the Company, to hold the office or place of Profit on designation as Manager- Marketing, and he be paid remuneration upto the following limits with effect from 2<sup>nd</sup> May, 2011 as under:
  - a) Basic Salary of ₹ 75,000/- per month (with increment as per Company's Rules).
  - b) House Rent Allowance per month @ 30% of Basic Salary.
  - c) Leave Travel Allowance ₹ 75,000/- per annum.
  - d) Medical Reimbursement ₹ 75,000/-per annum.



- e) Payment of Conveyance allowance, Children Education Allowance, any other allowances, Bonus, Ex-gratia payment, Mediclaim Insurance for self and Family etc as per the Rules of the Company not exceeding 50 per cent of the basic salary per month.
- f) In addition to the above, Mr. S. Narayan will be entitled to Provident Fund and Superannuation Fund contributions, Gratuity payment and encashment of earned leave as per the Rules of the Company.”
9. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :
- “RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any of the Companies Act, 1956, consent be and is hereby accorded to Ms.Ramya Bharathram a relative (within the meaning of Section 6 of the Companies Act,1956) of Director of the Company, to hold the office or place of Profit in the senior Management Cadre and she be paid remuneration upto the following limits with effect from 2<sup>nd</sup> May, 2011 as under:
- a) Basic Salary of ₹ 75,000/- per month (with increment as per Company's Rules).
- b) House Rent Allowance @ 30% of Basic Salary per month.
- c) Leave Travel Allowance ₹ 75,000/- per annum.
- d) Medical Reimbursement ₹ 75,000/- per annum.
- e) Payment of Conveyance allowance, Children Education Allowance, any other allowances, Bonus, Ex-gratia payment, Mediclaim Insurance for self and Family etc as per the Rules of the Company not exceeding 50 per cent of the basic salary per month.
- f) In addition to the above, Ms.Ramya Bharathram will be entitled to Provident Fund and Superannuation Fund contributions, Gratuity payment and encashment of earned leave as per the Rules of the Company.”

By the Order of the Board of Directors

**RITA MALGAONKAR**  
COMPANY SECRETARY & LEGAL HEAD

30th May, 2011

**Registered Office:**

Thirumalai House,  
Road No. 29,  
Sion-East,  
Mumbai- 400 022.

**NOTES:**

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- b) The proxy form duly completed and signed should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.
- c) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, July 19, 2011 to Monday, August 1, 2011(both days inclusive).
- d) An explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business as set out in item no.s 6, 7, 8 & 9 to be transacted at the Meeting annexed hereto.
- e) Reappointment of retiring Directors:

Mr.Dilip Thakkar, Dr.S.Rama Iyer and Mr.K.V.Krishnamurthy, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Dilip Thakkar, 74 years, has been a Director of the Company since 20<sup>th</sup> March, 1998. Mr. Dilip Thakkar is an eminent Chartered Accountant with vast experience and knowledge in Collaboration, Joint Ventures etc. He is on the Board of several Public Limited Companies including Essar Oil Ltd., The Ruby Mills Ltd., PAE Ltd., Walchandnagar Industries Ltd. and Premier Ltd. Mr. Dilip Thakkar is also the Partner of M/s. Jayantilal Thakkar & Company, Chartered Accountants & M/s. Jayantilal Thakkar Associates, Chartered Accountants, Mumbai. He does not hold any shares in the Company.

Dr. S. Rama Iyer, 71 years, has been a Director of the Company since 25<sup>th</sup> November, 1997. He is a Phd, M.I.Chem.E and a reputed Technocrat with vast experience and knowledge. He retired as the Executive Chairman of Aker Kvaerner Powergas Ltd. He is also a Director in public companies like Larsen & Toubro Infotech Ltd., Gujrat Fluorochemicals Ltd, Deepak Fertilizers & Petrochemicals Corporation Ltd and Indsil Electrosmelts Ltd.

Mr. K.V. Krishnamurthy, 67 years, is a Fellow member of the Institute of Chartered Accountants of India and the Indian Institute of Bankers. He has over 35 years experience in Banking Industry and has served at various important positions over his illustrious career like CMD - Bank of India, CMD-Syndicate Bank, Executive Director - Bank of Baroda, Managing Director- Indo Hong Kong International Finance Company Ltd. Mr. Krishnamurthy is presently the Director in Centrum Capital Ltd., Centrum Direct Ltd., Essel Propack Ltd., Balan Natural P.Ltd., Asset Reconstruction Company (India) Ltd., Borosil Glass Works Ltd., Essar Steels Ltd etc. He does not hold any shares of the Company.

- f) Members are requested to notify their Depository Participant (DP) in case of shares in Demat segment/ Company's Registrars, in case of Shares in physical segment viz: Link Intime Private Limited, C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W) Mumbai-400 078 -Tel. No: 022-25946970, E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) immediately about any changes in their Address or Bank Mandate, if any.
- g) Members desiring any clarification on accounts are requested to write to the Company at an early date so as to enable the Company to keep the information ready.
- h) Pursuant to the provisions of Section 205A(5) & 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividend for the financial year 1995-1996 to 2002-2003 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Likewise, Debentures/Fixed Deposits repayment warrants/interest warrants which remain unclaimed/unpaid for a period of 7 years from the dates they first became due for payment have been transferred to the Investor Education and Protection Fund.

All persons are requested to note that no claims shall lie against the Company or the said fund in respect of any amounts which were unclaimed and unpaid for a period of 7 years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

- i) The Equity shares of the Company are mandated for trading in the compulsory demat mode. The ISIN No. allotted for the Company's shares is INE338A01016.
- j) Members holding shares in single name are advised to make nomination in respect of their shareholding in the Company and requested to use the prescribed Form-2B and forward it to the Company's Registrars.
- k) Members / Proxies are requested to bring attendance-Slip along with their copy of Annual Report to the Meeting.
- l) The Ministry of Corporate Affairs (MCA) vide its circular No. 17/2011 dt.21/04/2011 & Circular No.18/2011 dated 29/04/2011 has taken a '**Go Green Initiative**' by allowing paperless compliances by Companies through Electronic mode. The Company thus proposes to send all documents like General Meeting Notices including AGM Notice, Audited Financial Statements, Directors' Report, Auditors' Report etc henceforth to the Members in electronic form in lieu of the physical form. To support this green initiative of the Government in full measure, Members holding shares in the Demat Mode & the Physical Mode, and who have not registered their e-mail addresses are requested to register their e-mail ID for the purpose of servicing documents by the Company in electronic mode at our email id [thirumalaigreen@linkintime.co.in](mailto:thirumalaigreen@linkintime.co.in)

By the Order of the Board of Directors

**RITA MALGAONKAR**

COMPANY SECRETARY & LEGAL HEAD

30th May, 2011

**Registered Office:**

Thirumalai House,  
Road No. 29,  
Sion-East,  
Mumbai 400 022.

**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**ITEM No.6**

Mr.R.Sampath was appointed as Additional Director of the Company effective from 7<sup>th</sup> February, 2011 under Article 126 of the Articles of Association of the Company read with Section 260 of the Companies Act,1956. Mr. R.Sampath holds office as an Additional Director upto the date of Annual General Meeting. The Company has received notice in writing from a member signifying his intention to propose the appointment of Mr.R.Sampath as Director of the Company in accordance with Section 257 of the Companies Act, 1956.

Mr.R.Sampath, 66 years, is a B.Sc and also a BS in Chemical Engineering, USA. He is the Chairman & Managing Director of Ultramarines & Pigments Ltd which is one of the promoters of the Company. His appointment would be in the best interest of the Company.

The Directors commend the resolution set out at item.no.6 of the accompanying notice for your approval.

None of the Directors of the Company except Mr.R.Parthasarathy is concerned or interested in the resolution.

**ITEM NO. 7**

Under the prevailing provisions of Section 314 of the Companies Act,1956, approval of the shareholders by way of special resolution is required for appointment of relative of Director to an office or place of profit carrying monthly remuneration in excess of Rs.10,000.

Mr.S.V.Rajan, age 38 years, is a B.Com with a MBA in Marketing and has varied work experience of over 12 years in various capacities. He has previously worked with Thirumalai Chemicals Limited for around 10 years as a Marketing Manager.

The Audit cum selection cum Remuneration Committee unanimously recommended that Mr.S.V.Rajan be selected and appointed as the Manager - Commercial of the Company. The details of remuneration to be drawn by Mr.Rajan w.e.f 2<sup>nd</sup> May, 2011 is detailed in the notice and the Committee & the Board has recommended the remuneration proposed

The Board of Directors recommend the special resolution at item No.7 of the Notice for your approval.

None of the Directors of the Company except Mr.S.Santhanam is concerned or interested in the resolution.

**ITEM NO. 8**

Under the prevailing provisions of Section 314 of the Companies Act,1956, approval of the shareholders by way of special resolution is required for appointment of relative of Director to an office or place of profit carrying monthly remuneration in excess of Rs.10,000.

Mr.S.Narayan, age 33 years, is a B.Sc (Chemistry) with a MBA in Marketing and has work experience of over 9 years in various capacities. He has previously worked with Ultramarine & Pigments Limited for a year and half as a Marketing Manager. The Audit cum selection cum Remuneration Committee unanimously recommended that Mr.S.Narayan be selected and appointed as the Manager-Marketing of the Company. The details of remuneration to be drawn by Mr.S.Narayan w.e.f. 2<sup>nd</sup> May, 2011 is detailed in notice and the Committee & the Board has recommended the remuneration proposed

The Board of Directors recommend the special resolution at item No.8 of the Notice for your approval.

None of the Directors of the Company except Mr.S.Santhanam is concerned or interested in the resolution.

**ITEM NO. 9**

Ms.Ramya Bharathram was appointed as Manager-Business Development in April, 2008. Her appointment did not require approval under section 314 of the Companies Act, 1956.

Mr.R.Sampath w.e.f. 7<sup>th</sup> February, 2011, has been appointed as the Director & Non-Executive Chairman of the Company. He is the relative of Ms.Ramya Bharathram.

Ms.Ramya Bharathram is in the senior managerial cadre of the Company and she will be suitably designated from time to time as per the rules of the Company. She will now require to seek approval under section 314 and other applicable provisions if any, of the Companies Act, 1956, since she is a relative (within the meaning of Section 6 of the Companies Act, 1956) of the Director of the Company for any further revision in the Company.

It is proposed to revise the remuneration of Ms.Ramya Bharathram w.e.f 2<sup>nd</sup> May, 2011. The Audit cum selection cum Remuneration Committee and the Board recommended payment of increased remuneration as detailed in the notice.

The Board of Directors recommend the special resolution at item No.9 of the Notice for your approval.

None of the Directors of the Company except Mr.R.Sampath is concerned or interested in the resolution.

By the Order of the Board  
For **THIRUMALAI CHEMICALS LIMITED**

**RITA MALGAONKAR**  
COMPANY SECRETARY & LEGAL HEAD

30th May, 2011

**Registered Office:**

Thirumalai House,  
Road No. 29,  
Sion-East,  
Mumbai 400 022.

**DIRECTORS' REPORT, MANAGEMENT DISCUSSIONS & ANALYSIS**

To

**The Members,  
Thirumalai Chemicals Ltd.**

Your Directors present their **THIRTY EIGHTH ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended **March 31, 2011**.

	(₹ In lakhs)	
<b>STANDALONE FINANCIAL RESULTS</b>	<b>Year ended 31.3.2011</b>	Year ended 31.3.2010
Sales	<b>82,780</b>	66,541
Income from Windmill Operation	<b>146</b>	195
Other Income	<b>1,081</b>	556
	<b>84,007</b>	67,292
<b>Gross Profit before Interest Finance Charges and Depreciation</b>	<b>5,727</b>	7,033
Interest and Finance charges	<b>1,751</b>	1,994
Profit before Depreciation and Tax	<b>3,976</b>	5,039
Depreciation	<b>1,339</b>	1,236
<b>Profit before Tax</b>	<b>2,637</b>	3,803
Provision for Current Tax	<b>30</b>	25
<b>Profit after Current Tax</b>	<b>2,607</b>	3,778
Provision for Deferred Tax	<b>710</b>	1,203
<b>Profit after Tax</b>	<b>1,897</b>	2,575
Prior Year Adjustment	<b>(42)</b>	11
Balance in Profit & Loss Account	<b>1,708</b>	19
Profit available for appropriation	<b>3,563</b>	2,605
<b>APPROPRIATIONS</b>		
Dividend	-	512
Tax on Dividend	-	85
General Reserve	-	300
Balance carried forward	<b>3,563</b>	1,708
	<b>3,563</b>	2,605

On a Sales turnover of ₹ 82,780 lakhs (₹ 66,541 lakhs) with Export Turnover at ₹ 8,888 lakhs (₹ 6,822 lakhs) including Export earning on FOB basis of ₹ 8,665 lakhs (₹ 6,417 lakhs), Income from windmill operation of ₹ 146 lakhs (₹ 195 Lakhs) and Other Income of ₹ 1,081 lakhs (₹ 556 lakhs), the Gross Profit of the Company amounted to ₹ 5,727 lakhs (Profit of ₹ 7,033 lakhs in the previous year). After providing for Interest and Finance charges, Depreciation, Current and Deferred taxation and some adjustments, the Net Profit amounted to ₹ 1,897 lakhs compared to Profit of (₹ 2,575 lakhs) in the previous year. The performance during the year is explained below in Industry Developments.

**Subsidiaries**

During the year the Company has set up a subsidiary in Singapore -Tarderv International Pte Ltd. and two step-down subsidiaries viz. Cheminvest Pte Ltd - Singapore and Optimistic Organic Sdn Bhd Malaysia.

As per Section 212 of the Companies Act, 1956, we are required to attach the Directors' Report, Balance Sheet and Profit & Loss Account of our Subsidiary. The Ministry of Corporate Affairs, Government of India vide its general circular no.2/2011 dated February 8, 2011 has provided an exemption to Companies from complying with Section 212, provided such Companies publish the audited Consolidated financial statements in the Annual Report. Accordingly, the Annual Report does not contain the financial statements of our Subsidiary. The audited annual accounts and related information of our subsidiary, where applicable, will be made available, upon request.

**Dividend**

Your Directors intend to conserve the resources for long term benefits of the Shareholders and have decided not to recommend any dividend for 2010-2011. (Previous Year- ₹ 5 per share)



## **MANAGEMENT'S DISCUSSIONS AND ANALYSIS**

### **Mission and Business Strategy**

The Company decided in the beginning of the Financial Year to do a thorough review of its businesses; the Opportunities available, our position in the Indian and International markets, Competitive capability and gaps the Changes and Resources needed to build on the opportunities. Based on these Studies and Reviews, the Company decided that to deliver Profitability and sustained Growth, it will focus on the specific goals viz.,

- a) Transforming our commodity Chemical Business (Phthalic Anhydride) to be globally competitive in size & profitability.
- b) Around of our existing Derivatives Businesses which serve the Food and Cosmetic and other Industries, building strong businesses of significant size in each area to deliver a broader range of products to these customers and growing these businesses significantly over the next few years.
- c) Identifying and developing a New Business of good profitability and potential.

### **Industry Outlook and Your Company's Performance**

#### **Opportunities and Threats and our Responses**

Your company has the reasonable world scale capacity of 140,000 tonnes for its prime product, Phthalic Anhydride. Your Company has a good volume and market growth in India in a difficult year. Phthalic Anhydride is a key Industrial Raw Material and has great potential. Indian demand is growing steadily over 10% - 12% in line with growth in Construction, Coatings, Automotive, Printing & Packaging, etc.

The Phthalic Anhydride business is extremely competitive as a Commodity Business involving high material costs, large capacities in the Far East, very low tariff barriers etc. During the last few years, the Asian markets have been very cyclical, and there has been large scale dumping into India at marginal costs during 2010-11. During 2009-10 the Government of India had addressed this issue temporarily for one year through Safeguard Duties, which were withdrawn in early 2010.

While prices of inputs rose, Trading margins dropped significantly in Asia & India, resulting in severe pressure on our Phthalic Anhydride margins. While the production and sales are our highest ever, profits have been disappointing.

On the positive side, your Company has a good position, given the scale capacity, improvements in technology, reputation, sales and marketing networks, and experienced and committed employees.

The Company has decided that the only way to drive this Business to greater profitability is by becoming globally competitive, work actively to improve sales margins while we work to become the Least Cost Producer and scale up. As a part of these strategic efforts, the Company has also taken up improvements in Technology which will result in significant Operating advantages. These are expected to be completed during 2011-12 end. The Company is also actively working to improve its sales, distribution & supply chain for better margins.

Your Company remains optimistic about the bright future for its Phthalic Business. It will endeavor to build on its strengths for competitive advantage and profits.

The main market for our product Phthalic Anhydride is largely in Western India. The resultant Logistics and Working Capital costs have become increasingly important. The Company is therefore also reviewing all options to address its strategic positions in this regard.

1. The Food Ingredients and Fine Chemicals products of the Company have been identified as a Business area for focused and significant growth. These products of the Company directed towards the Food, Beverage, and Cosmetic Industries. The Company plans to grow these significantly over the next 5 years both in scale and in product / functional range. About 60% of our sale is in the International market, largely in the developed world. The growth of this Business will be useful also to de-risk the cyclical of our Commodity Chemical Businesses and increase the Company's profitability.

Both in our Food Ingredients and in our Fine Chemicals/ Derivatives, the Company has achieved good growth in Production, Revenues, and Profits during the year. The task for the next few years will be to grow this Division significantly as it is extremely promising and the Company has a good position in Technology, both in the Indian and International markets.

2. The Company did not produce Maleic Anhydride due to the high cost of raw material Benzene. The Plant is mothballed, well maintained and in good condition. The Company is looking at options on how to derive Profit and Value from this Plant, which has been idle for nearly 3 years. The Company met a portion of the local demand through imports and distribution.

### **Managements' Reply to qualification given in the Auditors' Report**

With regard to the qualification made by the Auditors' in their report (Para 4) since Optimistic Organic Sdn. Bhd (OOSB) has acquired the liabilities and is continuing operation, the Board believes that the amounts referred to in Para 4 are recoverable.

### **Financial and Operating performance**

Company achieved a Net Profit of ₹1,897 lakhs Compared to Net profit of ₹ 2,575 lakhs in the previous year.

### **Contribution to Exchequer**

The amounts paid to the Central and State Exchequer by way of Excise Duty, Sales Tax, Customs duties (incl. paid to supplier), Income Tax, etc is about ₹ 9,497 Lakhs on Net Sales of about ₹ 76,707 Lakhs. That is, over 12 % of Company's Sales is contributions to the Exchequer.

### **Research and Development**

The Company's in-house Research and Development facility is approved by the Government of India, Department of Science and Technology, and under Section 35 (2AB) of the Income Tax, 1961. It is focusing on developing and improving our Fine Chemicals, Food Ingredients and Derivatives businesses, both in terms of Grades, Applications and New products.

The Company has seen significant results from the efforts of the last 2 years in our Derivatives and Food Ingredients Businesses, where we are now selling to new Applications and at better margins in Exports and also in India than previously.

An amount of ₹ 237 lakhs (₹ 209 Lakhs) has been spent during the year for these projects on which the Company avails a weighted deduction of 200 % (150 %)

### **Risks and concerns**

Severe pressure on margins, high raw material prices, availability of substitutes, indiscriminate imports, foreign exchange fluctuations are some of the factors which could impact adversely.

Volatility in prices of the Raw Material as also the Company's end products are normal features in this line of business which can have bearing on the Company's operations.

Also, Dumping of Phthalic Anhydride into our Country at very low numbers from the Far East is a matter of concern.

### **Current Year**

Demand growth is strong in all our products in India. There has been a steady surge in Raw Material prices. The end markets are still taking time to adjust to these higher levels. Our Food Ingredients and Derivatives Business has been doing well.

The Improvement Programmes started during the last year will start yielding results during this year. We hope to improve our Revenues and our Profitability. The Plants have been operating smoothly with regular Maintenance and Shutdowns for Catalyst changes and Technology upgradation during this year but these have not affected the Sales.

### **Outlook**

Your Company remains optimistic about the bright future lying ahead. It will endeavor to grow its leadership by building on its strengths for competitive advantage. Towards this the Company has undertaken a business review process by appointing external consultants.

### **Cautionary Statement**

The statements made in the report are based on assumptions and expectations. Actual results may differ in future. The Company assumes no responsibility in respect of forward looking statements that may be amended or modified on the basis of subsequent developments, information or events.

### **Exports**

Calculated on FOB basis, Exports amounted to ₹ 8,665 lakhs (₹ 6,417 Lakhs). The Company has been awarded the status

of 'One Star Export House' in recognition of the Company's export performance. Your Company focuses on exports to achieve higher volumes year after year.

### **Directors' Responsibility Statement**

As required pursuant to the Companies (Amendment) Act, 2000, the Board of Directors confirm that:

- i] in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii] the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period .
- iii] the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv] the directors have prepared the annual accounts on a going concern basis.

### **Finance**

All taxes and statutory dues are being paid on time. Payment of interest and installments to the Financial Institutions and Banks are being made as per schedule. The Company is also very regular in meeting its commitments to its depositors. Deposits aggregating ₹ 8.44 Lakhs due for repayment on or before March 31, 2011 were not claimed by the depositors as on that date.

### **Statement pursuant to Listing Agreement**

The Company's shares are listed with the National Stock Exchange Ltd. and the Bombay Stock Exchange Ltd. Your Company has paid the respective annual listing fees up-to-date and there are no arrears.

### **Report on Corporate Governance**

The Report on Corporate Governance as stipulated under clause 49 of the listing agreement forms part of the Annual Report and is annexed herewith.

As required by the Listing Agreement, Auditors' Report on Corporate Governance and a declaration by the Chairman & Managing Director with regard to the Code of Conduct are attached to the said Report.

The Management Discussion and Analysis is given as a separate statement forming part of the Annual Report.

Further as required under Clause 49 of the Listing Agreement, a certificate duly signed by the Managing Director and the Chief Financial Officer on the Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2011, was submitted to the Board of Directors at their meeting held on May 30, 2011

**Personnel**

Industrial Relations are extremely cordial. The Company has entered into a new 4-year Agreement with the Workmen. All the staff are being rigorously trained to upgrade themselves, while new manpower is also being inducted at different levels to strengthen the operations of the Company. The Directors wish to place on record their appreciation of the devoted services rendered by the employees.

**Directors**

Mr. Dilip Thakkar, Dr. S. Rama Iyer, Mr.K.V.Krishnamurthy, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

The Board commends the aforesaid reappointments.

**Auditors**

M/s. Contractor, Nayak and Kishnadwala, Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing AGM. The notice convening the AGM is self explanatory. Members are requested to re-appoint M/s. Contractor, Nayak and Kishnadwala as Auditors for the Current Year.

**Particulars of Employees**

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of the Employees) Rules, 1975, as amended, forms part of the Directors' Report. However, as per the provisions of

Section 219(1)(b)(iv) of the Companies Act, 1956, this report and accounts are being sent to all the Shareholders of the Company, excluding the statement of particulars of employees under Section 217(2A) of the Companies Act, 1956. Any Shareholder interested in obtaining a copy of the said statement may write to the Company Secretary and the same will be sent by post.

**Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

The particulars required to be included in terms of Section 217 (1)(e) of the Companies Act, 1956 with regard to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure.

**Acknowledgements**

Your Directors would like to place on record their sincere appreciation for the continued support given by the Banks, Government Authorities, Customers, Vendors, Shareholders and Depositors during the year under review. Your Directors also appreciate and value the contributions made by its executives, staff and workers of the Company at all levels.

For and on behalf of the Board of Directors

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

**R.Sampath**  
Chairman

## ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1) (E) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT.

### CONSERVATION OF ENERGY:

Energy saving systems are incorporated wherever necessary. Energy savings are attempted continuously.

Existing energy saving systems are properly utilized and further devices are added when necessary.

I	Fuel Consumption	Units	Year Ending 2010 - 2011	Year Ending 2009 - 2010
1	Electricity			
	a) Purchased Units	KWHR	<b>1,843,800</b>	1,964,206
	Total Amount Paid	₹	<b>10,058,916</b>	10,169,568
	Rate per Unit	₹	<b>5.46</b>	5.18
	b) Own Generation	KWHR	<b>3,690,923</b>	2,531,291
	Unit / Ltr of HSD	KWHR/LTR	<b>2.82</b>	2.82
	Cost per Unit	₹	<b>12.82</b>	12.04
2	Coal : Not consumed in the process	KWHR	Nil	Nil
3	Furnace Oil			
	Total Quantity	KL	<b>6,369</b>	5,702
	Total Amount	₹	<b>168,917,983</b>	124,648,027
	Average Rate	₹	<b>26,522</b>	21,861
4	Other Internal Generations	KWHR	<b>23,334,872</b>	20,614,593
5	Consumption Per Tonne of Production			
	Electricity	KWHR	<b>17.17</b>	20.20
	Furnace Oil	LTR	<b>59.30</b>	58.63
	Diesel	LTR	<b>12.17</b>	9.23
	Production Details (bagged - in MT)	Quantity (Mts)		
	Phthalic Anhydride	98,663		
	FCP	8,737		
	Total Production	107,400		

### II. Technology Absorption, Adaptation and Innovation.

#### Research and Development

- 1) Specific Areas in which R & D activities carried out by the company.
  - a) Improvement in the quality and shelf life of special anhydrides
  - b) Developed new fine chemicals using biotechnological route.
  - c) Development of new value added products from Maleic Anhydride, Phthalic Anhydride and others.
  - d) Reduction in the cost of production on food acids and Special Anhydrides
  - e) Improvement in effluent treatment methods and effluent reduction using microbiological techniques.
- 2) Benefits derived as a result of above effects.
  - a) Improvement of yield in the plants.
  - b) Production of Special Anhydrides and downstream products.
  - c) Improvement in quality of products.
  - d) Optimal utilization of Raw materials in Utility and Fine chemical plants.

- 3) Future plan of action.
- Technical tie up with the World leaders for new product lines
  - Process improvement to reduce effluent.
  - Reduce energy cost per unit of production.
- 4) Capital Expenditure on R & D (₹)
- |                                       |                       |                  |
|---------------------------------------|-----------------------|------------------|
| a) Capital                            | ₹ <b>1.05 lakhs</b>   | (₹ 38.76 lakhs)  |
| b) Recurring                          | ₹ <b>236.14 lakhs</b> | (₹ 169.79 lakhs) |
| c) Total                              | ₹ <b>237.19 lakhs</b> | (₹ 208.55 lakhs) |
| Total R&D expenditure as a % of sales | <b>0.29%</b>          | (0.31%)          |
- 5) Technology Absorption, Adaptation and Innovation:
- Efforts in brief towards absorption, adaptation and innovation.  
The technologies required for better products applications and better quality have been adapted and are being developed / improved indigenously.
  - Benefits derived as a result of the above efforts :  
Improvement in the quality of the products, increased productivity and reduced cost of production in all products.
  - Particulars of Technology imported during the last 5 Years-None.
  - Techno-commercial studies of fine chemicals
  - Food acidulants- awareness to customers, technical services to users of our products.

**III) Foreign Exchange Earning and Outgo**

Export earnings	-	₹ <b>8,665 Lakhs</b>	(₹ 6,417 Lakhs)
Outgo	-	₹ <b>15,303 Lakhs</b>	(₹ 10,842 Lakhs)

For and on behalf of the Board of Directors

**R.Sampath**  
Chairman

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

## 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

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the members,  
Thirumalai Chemicals Limited,  
Mumbai

We have examined the compliance of conditions of corporate governance by THIRUMALAI CHEMICALS LIMITED for the year ended on 31<sup>st</sup> March 2011, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For and on behalf of  
**Contractor Nayak & Kishnadwala**  
Chartered Accountants  
Firm Registration Number: 101961W

H. V. Kishnadwala  
Partner,  
Membership No 37391

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

## **AUDITORS' REPORT**

The Members of

THIRUMALAI CHEMICALS LIMITED

1. We have audited the attached Balance Sheet of THIRUMALAI CHEMICALS LIMITED as at 31st March 2011 (hereinafter referred to as 'the company'), the related Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. As required by the Companies (Auditor's Report) Order, 2003, (hereinafter referred to as "the Order") issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
  4. *As mentioned in Note 27 of Schedule 20, Company has an exposure of Rs. 371,706,337 in Optimistic Organic Sdn Bhd on account of assumption of advances and other amounts due to the company from TCL Industries (Malaysia) Sdn Bhd (under liquidation). As detailed in the said note, the Company expects that the same would be recovered in future. We are unable to comment on the same. Our audit report for the last year was also modified accordingly;*
  5. Further to our comments in the Annexure referred to in above paragraph, we report that:
    - a) *Subject to our comments in paragraph 4 above, we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;*
    - b) In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of the books of the Company;
    - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by the report are in agreement with the books of account of the Company;
- d) In our opinion, *subject to our comments in paragraph 4 above*, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement comply with the mandatory Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors of the Company as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011, from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Notes to Accounts in Schedule 20 *and subject to our observations in paragraph 4 above* give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;
    - b. In the case of the Profit and Loss Account, of the Profit for the year ended on that date,
    - c. In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For and on behalf of  
Contractor Nayak & Kishnadwala  
Chartered Accountants  
Firm Registration Number: 101961W

H. V. Kishnadwala  
Partner,  
Membership No 37391

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



**Statement referred to in paragraph 3 of the Auditors' Report of even date to the members of THIRUMALAI CHEMICALS LIMITED on the accounts for the year ended 31st March 2011.**

On the basis of such checks as considered appropriate and in terms of the information and explanations given to us, we state as under:

- 1 (a) The company is maintaining proper records showing full particulars including quantitative details and situation of the fixed assets;
- 1 (b) As explained to us, the management at reasonable intervals carries out the physical verification of the fixed assets. The discrepancies noticed on such verification, which were not material, have been appropriately dealt with in the accounts;
- 1 (c) The fixed assets disposed off by the company were not substantial and therefore does not affect the going concern assumption;
- 2 (a) As explained to us, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable;
- 2 (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- 2 (c) In our opinion, the Company is maintaining proper records of inventory and the discrepancies noticed on physical verification of the same were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account;
- 3 (a) As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured to any company, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, clause 3(b), 3(c) and 3(d) of the Order are not applicable for the year.
- 3 (e) As per the information and explanations given to us, the Company has taken unsecured loans from a company covered in the register maintained under section 301 of the Companies Act, 1956. The details of such unsecured loan taken is as under:

Name of Party	Balance as on 31 March 2011 (Rs.)	Maximum balance outstanding during the year (Rs.)
Ultramarine & Pigments Ltd	Nil	211,287,864

- 3 (f) In case of the aforesaid unsecured loan taken, the rate of interest and the other terms and conditions are not prima-facie prejudicial to the interests of the Company;

- 3 (g) In case of the aforesaid unsecured loan, the repayment of principal amount and interest is regular;
- 4 In our opinion and as explained to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls and there is no continuing failure for the same;
- 5 (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered;
- 5 (b) In our opinion and as explained to us, the terms and conditions of the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 are reasonable having regard to the prevailing market prices at the relevant time;
- 6 In our opinion and as explained to us, the Company has complied with the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules made there under for the deposits accepted from the public;
- 7 In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business;
- 8 We have broadly reviewed the books of account maintained by the company in respect of manufacture of chemicals pursuant to the order made by the Central Government for the maintenance of cost records prescribed under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete;
- 9 (a) According to the information and explanations given to us and the records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise-duty, cess and other statutory dues and there are no undisputed statutory dues outstanding as at 31st March 2011, for a period of more than six months from the date they became payable;
- 9 (b) Disputed statutory dues that have not been deposited on account of disputed matters pending before

appropriate authorities are as under:

<b>Name of the Statute</b>	<b>Nature of the dues</b>	<b>Amount (₹)</b>	<b>Year/s to which the amount relates</b>	<b>Forum where dispute is pending</b>
Central Excise Act	Excise Duty	100,000	2003-04	Central Excise and Service Tax Appellate Tribunal
Central Excise Act	Excise Duty	50,000	2003-04	Central Excise and Service Tax Appellate Tribunal
Central Excise Act	Excise Duty	99,945	2005-06	Asst. Commissioner of Central Excise
Income Tax Act	Penalty	43,652,086	1996-97	Commissioner of Income Tax (Appeals)
Foreign Exchange Management Act	Penalty	9,93,63,453	1996-97	Appellate Tribunal constituted under Foreign Exchange Management Act
Tamilnadu General Sales Tax Act	Interest on belated payments of tax	75,37,505	2000-01 to 2005-06	Madras High Court

Amounts paid under protest and not charged to Profit and Loss Account have not been included above. (Refer Notes 3, 4 and 5 of Schedule 20)

- 10 The company does not have any accumulated losses as on 31st March 2011. The company has not incurred any cash losses during the financial year and in the immediately preceding financial year;
- 11 Based on the information and explanations given to us, the Company has not defaulted in repayment of any dues to financial institutions and banks;
- 12 Based on our examination of the records and as explained to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities;
- 13 The Company is not a chit fund, nidhi, mutual benefit fund or a society;
- 14 During the year, the Company has not made any dealing and trading in shares, securities, debentures and other investments. The Company holds all shares, debentures and other investments held by the company in own name;

- 15 According to the information and explanations given to us, the Company has given guarantees for loans taken by another company from banks where it has substantial interest. In our opinion, the terms and conditions whereof are not prejudicial to the interest of the company;
- 16 According to the information and explanations given to us, the term loans raised during the year were used for the purpose for which they were raised;
- 17 As explained to us and on an overall examination of the balance sheet of the Company, in our opinion there are no funds raised on short-term basis, which have been used for long term investments by the Company;
- 18 The Company has not made any preferential allotment of shares during the year;
- 19 During the year covered by our audit report the Company has not issued any secured debentures;
- 20 The Company has not raised any money by public issues during the year covered by our report.
- 21 As per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of  
Contractor Nayak & Kishnadwala  
Chartered Accountants  
Firm Registration Number: 101961W

H. V. Kishnadwala  
Partner,  
Membership No 37391

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



**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2011**

	Schedule	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>I SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS' FUNDS</b>			
a) Share Capital	1	<b>102,410,620</b>	102,410,620
b) Reserves and Surplus	2	<b>951,636,631</b>	766,124,844
		<b>1,054,047,251</b>	868,535,464
<b>LOAN FUNDS</b>			
a) Secured Loans	3	<b>1,422,723,991</b>	1,609,209,478
b) Unsecured Loans	4	<b>406,308,321</b>	381,197,920
		<b>1,829,032,312</b>	1,990,407,398
<b>DEFERRED TAX LIABILITIES (NET)</b>		<b>208,739,006</b>	137,748,946
<b>TOTAL</b>		<b>3,091,818,569</b>	2,996,691,808
<b>II APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
a) Gross Block	5	<b>2,733,734,716</b>	2,714,842,398
b) Less: Depreciation		<b>1,738,756,549</b>	1,607,064,511
c) Net Block		<b>994,978,167</b>	1,107,777,887
d) Capital Work in progress		<b>30,516,079</b>	3,291,132
		<b>1,025,494,246</b>	1,111,069,019
<b>INVESTMENTS</b>	6	<b>279,379,855</b>	54,587,555
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
a) Inventories	7	<b>1,114,175,817</b>	911,099,080
b) Sundry Debtors	8	<b>1,908,986,094</b>	2,116,228,008
c) Cash and Bank Balances	9	<b>12,926,064</b>	39,979,775
d) Loans and advances	10	<b>883,957,467</b>	457,057,310
		<b>3,920,045,442</b>	3,524,364,173
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>			
a) Current Liabilities	11	<b>2,074,783,150</b>	1,581,677,680
b) Provisions	12	<b>58,317,824</b>	111,651,259
		<b>2,133,100,975</b>	1,693,328,939
<b>NET CURRENT ASSETS</b>		<b>1,786,944,467</b>	1,831,035,234
<b>TOTAL</b>		<b>3,091,818,569</b>	2,996,691,808
NOTES FORMING PART OF ACCOUNTS	20		

As per our report of even date

For &amp; on behalf of

**CONTRACTOR, NAYAK & KISHNADWALA  
CHARTERED ACCOUNTANTS**
**H. V. KISHNADWALA  
PARTNER**

MUMBAI, 30TH MAY, 2011

For and on behalf of the Board of Directors

**R.SAMPATH  
CHAIRMAN**
**R PARTHASARATHY  
MANAGING DIRECTOR**
**RITA MALGAONKAR  
COMPANY SECRETARY & LEGAL HEAD**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

	Schedule	Year Ended 31.03.2011 ₹	Year Ended 31.03.2010 ₹
<b>INCOME</b>			
Sales		<b>8,279,923,859</b>	6,654,121,488
Less : Excise Duty Recovered on Sales		<b>609,193,746</b>	416,842,123
Net Sales		<b>7,670,730,113</b>	6,237,279,365
Income from windmill operations		<b>14,557,834</b>	19,513,982
Other Income	13	<b>108,104,570</b>	55,623,487
Variation in stocks	14	<b>(9,074,000)</b>	12,841,000
		<b>7,784,318,517</b>	6,325,257,834
<b>EXPENDITURE</b>			
Materials consumed	15	<b>5,526,529,865</b>	4,455,363,697
Employee's Emoluments	16	<b>147,654,938</b>	112,608,922
Purchase (Trading)		<b>552,916,435</b>	368,929,817
Other charges	17	<b>984,604,814</b>	685,074,828
Interest and Finance charges	18	<b>175,062,110</b>	199,449,504
Depreciation		<b>133,869,727</b>	123,572,751
		<b>7,520,637,889</b>	5,944,999,519
<b>Profit before Tax</b>		<b>263,680,628</b>	380,258,315
Less: Provision for Current Tax		<b>(51,130,000)</b>	(66,500,000)
Add: MAT credit entitlement		<b>48,176,593</b>	64,020,000
Less: Provision for Deferred Tax		<b>(70,990,059)</b>	(120,307,913)
<b>Profit after Tax</b>		<b>189,737,162</b>	257,470,402
Add/(Less) : Excess Provision for tax for earlier years		<b>(4,148,313)</b>	1,419,684
Less: Previous Years Expenses ( Net)		<b>(77,062)</b>	(274,589)
Add: Balance in Profit and Loss account		<b>170,803,256</b>	1,884,512
Available for appropriations		<b>356,315,043</b>	260,500,009
<b>APPROPRIATIONS:</b>			
Proposed Dividend		-	51,194,060
Tax on Dividend		-	8,502,693
Transferred to General Reserve		-	30,000,000
Balance carried to Balance Sheet		<b>356,315,043</b>	170,803,256
		<b>356,315,043</b>	260,500,009
Earnings per Share of ₹ 10 each (Basic and Diluted)		<b>18.12</b>	<b>25.26</b>
SIGNIFICANT ACCOUNTING POLICIES	19		
NOTES FORMING PART OF ACCOUNTS	20		

As per our report of even date

For &amp; on behalf of

**CONTRACTOR, NAYAK & KISHNADWALA  
CHARTERED ACCOUNTANTS**
**H. V. KISHNADWALA  
PARTNER**
**MUMBAI, 30TH MAY, 2011**

For and on behalf of the Board of Directors

**R.SAMPATH  
CHAIRMAN**
**R PARTHASARATHY  
MANAGING DIRECTOR**
**RITA MALGAONKAR  
COMPANY SECRETARY & LEGAL HEAD**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011**

	Year Ended 31.03.2011 ₹	Year Ended 31.03.2010 ₹
<b>(A) Cash Flow From Operating Activities</b>		
<b>Net Profit Before Tax and Extraordinary Items</b>	<b>263,680,628</b>	380,258,315
<b>Adjustments For</b>		
Depreciation	133,869,727	123,572,751
Interest	175,062,110	199,449,504
Interest / Dividend Received	(9,357,277)	(6,727,326)
Loss / (Profit) on Sale of Investment	-	(137,000)
Loss / (Profit) on Sale of Assets	(17,785)	11,746,192
Earlier Year Adjustments	(77,062)	(274,589)
	<u>299,479,713</u>	<u>327,629,532</u>
Operating Profit Before Working Capital Changes	<b>563,160,341</b>	707,887,847
<b>Adjustments For</b>		
(Increase) / Decrease in Trade and Other Receivables	<b>(236,932,344)</b>	(584,678,951)
(Increase) / Decrease in Inventories	<b>(203,076,737)</b>	57,533,601
Increase / (Decrease) in Trade and Other Payables	<b>569,738,905</b>	357,793,267
	<u>129,729,824</u>	<u>(169,352,083)</u>
Cash Generated From Operations	<b>692,890,165</b>	538,535,764
Interest Paid	<b>(99,901,953)</b>	(110,074,987)
Direct Tax Paid	<b>(34,717,620)</b>	(63,087,663)
Deferred Tax	<b>(70,990,059)</b>	(120,307,913)
	<u>(205,609,632)</u>	<u>(293,470,563)</u>
Net Cash Inflow / (Outflow) From Operations	<b>(A) 487,280,533</b>	245,065,2021
<b>(B) Cash Flow From Investment Activities</b>		
Sale / (Purchase) Of Investments (Net)	<b>(224,792,300)</b>	78,526
Sale Of Fixed Assets	<b>554,000</b>	965,945
Assets Scrapped	-	(696,000)
(Loss) / Profit On Sale Of Investments	-	137,000
Purchase Of Fixed Assets	(48,831,169)	(17,173,074)
Interest Received	179,890	592,376
Dividend Received	9,177,387	6,134,950
Deposit With Companies	44,890,000	5,830,000
Net Cash Inflow / (Outflow) From Investing Activities	<b>(B) (218,822,192)</b>	(4,130,277)
<b>(C) Cash Flow From Finance Activities</b>		
Proceeds From Borrowings	(281,843,304)	(116,506,206)
Interest Paid	(74,440,215)	(87,717,989)
Dividend Paid ( Including Dividend Tax )	(59,696,753)	-
Net Cash Inflow / (Outflow) From Financing Activities	<b>(C) (415,980,272)</b>	(204,224,195)
Net Increase / (Decrease) In Cash Or Cash Equivalents	<b>(A)+(B)+(C) (147,521,931)</b>	<u>36,710,729</u>
Cash And Cash Equivalents - (Opening Balance)		
- Cash and Bank Balance	39,979,775	19,156,166
- Cash Credit	(472,684,994)	(488,572,115)
	<u>(432,705,219)</u>	<u>(469,415,949)</u>
Cash And Cash Equivalents - (Closing Balance)		
- cash And Bank Balance	12,926,064	39,979,775
- Cash Credit	(593,153,214)	(472,684,994)
	<u>(580,227,150)</u>	<u>(432,705,219)</u>
Total	<u>(147,521,931)</u>	<u>36,710,730</u>

Note: Cash And Cash Equivalents Includes ₹ 40,02,988 (Previous Year ₹ 39,36,758 ) on account of Unclaimed Dividend, which are not available for use by the company.

As per our report of even date

For & on behalf of

**CONTRACTOR, NAYAK & KISHNADWALA**  
**CHARTERED ACCOUNTANTS**

**H. V. KISHNADWALA**  
**PARTNER**

**MUMBAI, 30TH MAY, 2011**

For and on behalf of the Board of Directors

**R.SAMPATH**  
**CHAIRMAN**

**R PARTHASARATHY**  
**MANAGING DIRECTOR**

**RITA MALGAONKAR**  
**COMPANY SECRETARY & LEGAL HEAD**

**SCHEDULES TO THE ACCOUNTS**

	As at <b>31.03.2011</b> ₹	As at 31.03.2010 ₹
<b>SCHEDULE 1: SHARE CAPITAL</b>		
<b>AUTHORISED:</b>		
15,000,000 Equity shares of ₹ 10/- each	<b>150,000,000</b>	150,000,000
10,000,000 Unclassified shares of ₹ 10/- each	<b>100,000,000</b>	100,000,000
	<b>250,000,000</b>	250,000,000
<b>ISSUED:</b>		
10,242,812 Equity shares of ₹ 10/- each	<b>102,428,120</b>	102,428,120
<b>SUBSCRIBED AND PAID UP</b>		
10,238,812 Equity Shares of ₹ 10/- each	<b>102,388,120</b>	102,388,120
Add: Amount paid up on forfeited shares	<b>22,500</b>	22,500
	<b>102,410,620</b>	102,410,620
<b>SCHEDULE 2: RESERVES AND SURPLUS</b>		
<b>SECURITIES PREMIUM ACCOUNT</b>		
Balance as per last Balance Sheet	<b>197,069,526</b>	375,468,156
Less :Against investments written off pursuant to order of High Court	-	178,398,630
	<b>197,069,526</b>	197,069,526
<b>AMALGAMATION RESERVE</b>		
Balance as per last Balance Sheet	-	1,870,920
Less :Against investments written off pursuant to order of High Court	-	1,870,920
	-	-
<b>CAPITAL RESERVE</b>		
Balance as per last Balance Sheet	-	2,500,000
Less :Against investments written off pursuant to order of High Court	-	2,500,000
	-	-
<b>GENERAL RESERVE</b>		
Balance as per last Balance Sheet	<b>398,252,062</b>	368,252,062
Add:Transferred from Profit and Loss account	-	30,000,000
	<b>398,252,062</b>	398,252,062
<b>SURPLUS AS PER PROFIT AND LOSS ACCOUNT</b>		
	<b>356,315,043</b>	170,803,256
<b>TOTAL</b>	<b>951,636,631</b>	766,124,844

**SCHEDULES TO THE ACCOUNTS**

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>SCHEDULE 3: SECURED LOAN</b>		
<b>A FROM INSTITUTIONS</b>		
a) FOREIGN CURRENCY LOANS		
Export Import Bank of India Pre/Post Shipment	<b>346,039,241</b>	382,425,674
b) RUPEE TERM LOANS		
Export Import Bank of India	<b>180,417,858</b>	254,098,810
[The above Loans are secured by pari passu first mortgage and charge of all of the Borrower's immovable and movable fixed assets, both present and future]		
<b>B FROM SCHEDULED BANKS</b>		
a) Working Capital Demand Loan	<b>326,843,823</b>	342,799,130
b) Cash Credit/Export Credit Accounts	<b>266,309,391</b>	129,885,864
c) Bank of India Preshipment/ Post Shipment	<b>53,313,678</b>	-
[Secured by hypothecation of stock of raw materials, work in progress, finished goods and book debts and secured by a second charge on all of the Company's immovable fixed assets both present and future]		
<b>C FROM SCHEDULED BANKS</b>		
Medium Term Loan	<b>249,800,000</b>	500,000,000
[The above Loan is secured by way of second charge (on pari passu basis) over the immovable properties of the Company at Ranipet, Tamilnadu]		
	<b>1,422,723,991</b>	1,609,209,478
<b>SCHEDULE 4: UNSECURED LOANS</b>		
Fixed deposits	<b>239,439,000</b>	173,349,000
Interest free Sales Tax Loan	<b>166,869,321</b>	207,848,920
[Guaranteed by Shri R Parthasarathy, Managing Director of the Company]		
	<b>406,308,321</b>	381,197,920

[Payable within one year ₹ 185,895,013 (previous year ₹ 60,891,853)]

**SCHEDULE 5: FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 1.04.2010 ₹	ADDITIONS ₹	DEDUCTIONS ₹	As at 31.03.2011 ₹	UPTO 31.03.2010 ₹	RECOUPED DEPRECIATION ₹	DURING THE PERIOD ₹	As at 31.03.2011 ₹	As at 31.03.2011 ₹	As at 31.03.2010 ₹
LAND	3,749,329	-	-	3,749,329	-	-	-	-	3,749,329	3,749,329
BUILDINGS	128,984,850	-	-	128,984,850	47,061,264	-	3,190,161	50,251,425	78,733,424	81,923,585
PLANT AND MACHINERY	2,262,892,748	8,935,002	-	2,271,827,750	1,466,793,734	-	101,973,708	1,568,767,442	703,060,308	796,099,014
WIND OPERATED GENERATORS	165,023,000	-	-	165,023,000	30,889,240	-	18,878,361	49,767,601	115,255,399	134,133,760
COMPUTERS	17,826,264	1,992,137	43,788	19,774,613	15,178,450	-	1,207,212	16,385,662	3,388,951	2,647,815
FURNITURE, FIXTURES AND EQUIPMENTS	41,824,235	7,353,646	640,495	48,537,386	24,960,110	474,362	3,129,393	27,615,141	20,922,245	16,864,125
VEHICLES	9,206,259	3,220,437	2,029,620	10,397,076	6,407,888	1,703,326	1,228,942	5,933,504	4,463,572	2,798,371
DETAILS OF ASSETS USED FOR R&D:										
PLANT AND MACHINERY	78,461,990	-	-	78,461,990	13,690,358	-	3,702,511	17,392,869	61,069,121	64,771,632
COMPUTERS	-	-	-	-	-	-	-	-	-	-
FURNITURE, FIXTURES AND EQUIPMENTS	6,873,722	105,000	-	6,978,722	2,083,466	-	559,439	2,642,905	4,335,817	4,790,256
<b>TOTAL</b>	<b>2,714,842,397</b>	<b>21,606,222</b>	<b>2,713,903</b>	<b>2,733,734,716</b>	<b>1,607,064,510</b>	<b>2,177,688</b>	<b>133,869,727</b>	<b>1,738,756,549</b>	<b>994,978,166</b>	<b>1,107,777,887</b>
PREVIOUS YEAR	2,786,266,632	162,258,119	233,682,353	2,714,842,398	1,705,157,974	221,653,829	123,572,751	1,607,064,511	1,107,777,887	1,081,108,658

**SCHEDULES TO THE ACCOUNTS**

	As at <b>31.03.2011</b> ₹	As at 31.03.2010 ₹	
<b>SCHEDULE 6: INVESTMENTS</b>			
(AT COST Less provision for dimunition where applicable)			
<b>LONG TERM</b>			
<b>QUOTED: EQUITY SHARES ( NON TRADE )</b>			
3,044,800 of ₹ 2 each	- Ultramarine & Pigments Ltd.	<b>53,775,623</b>	53,775,623
10,000	- Resins and Plastics Ltd.	<b>300,000</b>	300,000
1375	- Nicholas Piramal Ltd.	<b>122,728</b>	122,728
137	- Piramal Life sciences ltd.	<b>25,727</b>	25,727
5,000	- Maruti Plastics Ltd	<b>4,000</b>	4,000
9,150	- Indu Nissan Oxo Chemical Ltd.,	<b>9,150</b>	9,150
50 (Prev. year 100)	- Tata Power Ltd.	<b>7,699</b>	15,399
100	- Futuristic Offshore Services and Chemicals Ltd.	<b>100</b>	100
5000	- Neyveli Lignite Corporation Ltd.	<b>313,958</b>	313,958
62	- Piramal Glass Ltd.	<b>620</b>	620
Total of Quoted Shares	A	<b>54,559,605</b>	54,567,305
[Market value of Quoted Investments ₹ 126,193,579 previous year ₹ 102,883,050]			
<b>UNQUOTED ( TRADE )</b>			
NIL (Prev. year 1,54,22,000)	Ordinary shares of RM 1 each of TCL Industries(Malaysia) SDN BHD	-	182,769,550
Less (Adjusted against specified reserves pursuant to order of High Court)		-	182,769,550
		-	-
<b>Wholly owned subsidiary</b>			
5,00,000	Tarderv International Pte. Ltd., Singapore Equity Shares of USD 1 each fully paid	<b>22,480,000</b>	-
4,500,000	Preference shares of USD 1 each fully paid	<b>202,320,000</b>	-
5	Shares of Kamer Co-operative Housing Society Ltd.	<b>250</b>	250
200	Shares of The Sarawat Co-operative Bank Ltd.	<b>20,000</b>	20,000
Total of unquoted Shares	B	<b>224,820,250</b>	20,250
	A+B	<b>279,379,855</b>	54,587,555
<b>SCHEDULE 7 : INVENTORIES</b>			
[As per inventory taken, valued and certified by a director]			
Stores and Spares		<b>62,544,000</b>	57,485,880
Fuel		<b>4,644,000</b>	5,339,000
Packing Materials		<b>2,699,646</b>	3,072,985
Raw Materials		<b>480,387,000</b>	303,543,000
Finished Goods		<b>337,056,000</b>	388,022,000
Work in Progress		<b>92,711,000</b>	50,819,000
Goods in Transit		<b>7,405,970</b>	1,367,353
Catalyst		<b>95,061,599</b>	82,174,807
Stock of Trading Items		<b>31,666,602</b>	19,275,055
		<b>1,114,175,817</b>	911,099,080

**SCHEDULES TO THE ACCOUNTS**

	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>SCHEDULE 8: SUNDRY DEBTORS</b>		
[Unsecured Considered Good]		
Debts outstanding for a period exceeding six months	<b>24,933,090</b>	210,391,170
Other Debts	<b>1,884,053,004</b>	1,905,836,838
	<b>1,908,986,094</b>	2,116,228,008
<b>SCHEDULE 9: CASH AND BANK BALANCES</b>		
Cash / cheques in hand	<b>296,860</b>	510,132
Margin money	<b>160,000</b>	371,623
Balance with scheduled banks In Current Accounts	<b>12,469,204</b>	39,098,020
	<b>12,926,064</b>	39,979,775
<b>SCHEDULE 10: LOANS AND ADVANCES</b>		
[Unsecured Considered Good]		
Advances recoverable in cash or in kind or for value to be received	<b>574,747,759</b>	110,573,388
Taxes Paid in Advance ( Net of provision for tax)	<b>200,376,822</b>	172,760,922
Deposits with Companies	-	44,890,000
Balance with Customs and Excise	<b>108,832,886</b>	128,833,000
	<b>883,957,467</b>	457,057,310
<b>SCHEDULE 11: CURRENT LIABILITIES</b>		
Acceptances by banks	<b>1,343,444,610</b>	1,287,434,448
Sundry Creditors - Due to Small and Micro Enterprises	-	1,474,062
Due to Enterprises other than above	<b>713,042,038</b>	273,937,658
Credit balance in current a/c with banks	-	95,674
Unpaid Dividend*	<b>4,002,988</b>	3,936,758
Unpaid Matured Deposits*	<b>379,737</b>	1,274,583
Interest Accrued on Unpaid amounts *	<b>359,354</b>	367,766
Deposits from Stockists and Others	<b>6,277,830</b>	6,600,080
Interest Accrued but not due on loans	<b>7,276,593</b>	6,556,651
*See Note 19 of Schedule 20		
	<b>2,074,783,150</b>	1,581,677,680
<b>SCHEDULE 12: PROVISIONS</b>		
Provision for gratuity	<b>47,115,901</b>	41,378,284
Provision for leave encashment	<b>11,201,923</b>	10,576,222
Proposed Dividend	-	51,194,060
Provision for tax on dividend	-	8,502,693
	<b>58,317,824</b>	111,651,259

**SCHEDULES TO THE ACCOUNTS**

	Year Ended 31.03.2011 ₹	Year Ended 31.03.2010 ₹
<b>SCHEDULE 13: OTHER INCOME</b>		
Interest[Gross]		
From Banks	-	-
From Others	179,890	592,376
[TDS ₹ 10,382 ( previous year ₹ NIL)]		
Rent received	3,022,719	2,015,197
Dividend received-On Long Term Investments	9,177,387	6,134,950
Sundry Receipts	9,835,684	15,299,173
Storage Tank Receipts	21,227,976	24,504,956
Insurance Claims	18,168,381	18,642
Profit on Sale of Shares	-	137,000
Export Incentive	16,311,885	6,921,193
Interest on Income Tax Refund	30,180,648	-
	<b>108,104,570</b>	<b>55,623,487</b>
<b>SCHEDULE 14: VARIATION IN STOCKS</b>		
Opening Stock:		
Finished Goods	388,022,000	371,824,000
Work in Progress	50,819,000	54,176,000
	<b>438,841,000</b>	<b>426,000,000</b>
Closing Stock:		
Finished Goods	337,056,000	388,022,000
Work in Progress	92,711,000	50,819,000
	<b>429,767,000</b>	<b>438,841,000</b>
Variation in Stocks	<b>(9,074,000)</b>	<b>12,841,000</b>
<b>SCHEDULE 15: MATERIALS CONSUMED</b>		
Stock at commencement	303,543,000	408,627,000
Add: Purchases	5,716,469,623	4,362,522,612
	<b>6,020,012,623</b>	<b>4,771,149,612</b>
Less: Sales	13,095,757	12,242,915
Less: Stock at close	480,387,000	303,543,000
	<b>5,526,529,865</b>	<b>4,455,363,697</b>
<b>SCHEDULE 16: EMPLOYEE'S EMOLUMENTS</b>		
Salaries, Wages Bonus, etc	123,952,735	93,874,958
Contribution to Provident Fund and Other Funds	13,662,454	10,521,938
Staff Welfare expenses	10,039,750	8,212,027
	<b>147,654,938</b>	<b>112,608,922</b>



**SCHEDULES TO THE ACCOUNTS**

	Year Ended 31.03.2011 ₹	Year Ended 31.03.2010 ₹
<b>SCHEDULE 17: OTHER CHARGES</b>		
Stores and Spares consumed	41,055,343	37,131,064
Catalyst expenses	36,873,362	29,874,805
Effluent Treatment and Water Treatment Materials consumed	2,928,138	3,102,130
Power and Fuel	233,321,570	171,836,861
Excise Duty on Stock	(13,874,232)	8,247,493
Water Charges	7,846,304	7,177,172
Repairs to:		
Machinery	19,407,941	11,442,809
Buildings	18,784,264	9,232,909
Others	3,619,364	1,529,296
Packing expenses and materials consumed	61,114,160	53,916,022
Freight and Forwarding	298,558,575	230,857,288
Sales Tax	84,362,284	61,723,325
Commission and Brokerage	26,234,112	26,864,051
Advertisement and Sales Promotion	703,448	495,294
Rent	1,005,075	324,750
Lease Rentals	193,599	2,584,492
Rates and Taxes	447,412	434,410
Insurance	12,596,225	9,871,908
Travelling and Conveyance	15,506,374	9,932,652
Communication Expenses	3,616,029	3,302,984
Research and development expenses	23,614,231	16,978,764
Miscellaneous Expenses	45,026,304	26,987,249
Wind Mill Expenses	2,207,047	2,294,630
Legal and Professional Charges	15,921,895	23,474,716
Directors Remuneration	11,413,539	11,413,538
Exchange Fluctuation Loss (Net)	33,884,953	(89,365,897)
Loss/(Profit)on Sale/Disposal of Assets	(17,785)	11,746,192
Bad debts and 'Sundry balances written off (Net)	(1,744,717)	1,663,923
	<b>984,604,814</b>	<b>685,074,828</b>
<b>SCHEDULE 18: INTEREST AND FINANCE CHARGES</b>		
On fixed Loans	75,160,157	89,374,517
On Others	99,901,953	110,074,987
TOTAL	<b>175,062,110</b>	<b>199,449,504</b>

**SCHEDULE 19 : SIGNIFICANT ACCOUNTING POLICIES**
**I BASIS OF ACCOUNTING**

The financial statements are prepared in conformity with Generally Accepted Accounting Principles in India, the applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the other relevant provisions of the Companies Act, 1956. The Accounts have been prepared on the basis of historical cost. The Company follows the mercantile system of accounting for recognising income and expenditure on accrual basis.

**II USE OF ESTIMATES**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual and estimates are recognized in the period in which the results are known/materialized.

**III REVENUE RECOGNITION**

Sale of goods are recognized when risk and rewards of ownership of the products are passed on to the customers which is generally on despatch of goods. Service revenue is recognized as per terms of contract. Sales include amounts recovered towards Excise Duty and Sales Tax/Vat, delayed payment charges and are net of returns.

**IV FIXED ASSETS**

Fixed Assets are recorded at cost of acquisition or construction / erection including taxes, duties, freight and other incidental expenses related to acquisition and installation. Interest incurred during construction period on borrowings to finance qualifying fixed assets is capitalized. Fixed Assets which are not in active use are scrapped and written off.

**V DEPRECIATION**

Depreciation on Plant and Machinery and Building is provided on Straight Line method except on Maleic Anhydride plant and all assets of CMC division, which has been provided on Written Down Value method. The rates at which depreciation is provided as above, are as prescribed by Schedule XIV to the Companies Act, 1956 and in terms of relevant circulars issued by the Department of Company Affairs

**VI INVESTMENTS**

Investments which are all long-term are stated at cost of acquisition and related expenses. Provision is made for any diminution, other than temporary, in the value of investments.

**VII INVENTORIES**

Items of Inventory are valued on the principle laid down by Accounting Standard 2 on "Valuation of Inventories" on the basis given below

i	Stores and Spare Parts	At cost (on weighted average basis) including incidental expenses like freight, transport etc. or net realizable value whichever is lower
ii	Raw Materials	At cost (on weighted average basis) including incidental expenses like freight, transport etc. or net realizable value whichever is lower
iii	Work-in-Progress	At raw material cost plus proportionate fixed and variable manufacturing expenses. or net realizable value whichever is lower.
iv	Finished Goods	At Cost or net realizable value whichever is lower, Cost is calculated at Raw Material cost plus all fixed and variable manufacturing expenses. Excise duty is also included in valuation

**VIII EMPLOYEE BENEFITS**
**1. Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, performance incentive, paid annual leave, bonus, leave travel allowance, medical allowance, contribution to provident fund and superannuation etc. recognised as actual amounts due in period in which the employee renders the related services.

**2. Post-employment benefits**

**a. Defined contribution plan**

Payment made to defined contribution plans such as Provident Fund is charged as expenses as they fall due.

**b. Defined Benefit Plans**

The cost of providing benefits i.e. gratuity is determined using the projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

**3. Other Long - term employee benefits**

Other Long term employee benefit is recognised as an expenses in the profit and loss account as and when it accrues. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date. The actuarial gains and losses in respect of such benefit are charged to the profit and loss account.

**IX FOREIGN CURRENCY TRANSLATION**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the date of transaction. Monetary items denominated in foreign currency at the year end are translated at year end rates. In respect of Monetary items which are covered by foreign exchange contracts, the difference between the year end rates and the rate on the date of contract is recognized as exchange difference and the premium on such forward contracts is recognized over the life of the forward contract. The exchange differences arising on settlement / translation are recognized in the profit and loss account. Exchange differences relating to Monetary items that are in substance forming part of Company's net investments in non-integral foreign operation are accumulated in Currency Fluctuation Reserve.

**X BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**XI TAXATION**

Current tax is determined as the amount of tax payable to the taxation authorities in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence, on timing difference being differences between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**XII LEASE RENTALS**

Lease rentals paid in respect of assets taken on lease are charged to revenue over the estimated life of the asset.

**XIII CATALYST**

Cost of Catalyst is amortised over its estimated useful life or estimated units of production as applicable.

**XIV PROVISIONS, CONTINGENT LIABILITES AND CONTINGENT ASSETS**

Provisions are recognized only when there is present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liabilities disclosed for (i) possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of obligation cannot be made. Contingent assets are not recognized in the financial statements, since this may result in recognition of income that may never be realized.

**NOTES FORMING PART OF ACCOUNTS**

<b>SCHEDULE 20: NOTES TO ACCOUNTS</b>	<b>As at 2010-2011 ₹</b>	<b>As at 2009-2010 ₹</b>
1. Contingent Liability in respect of:		
a) Estimated amount of contracts to be executed on capital account and not provided for Against which advances paid	<b>1,355,000</b>	NIL
b) Guarantees issued by Banks on behalf of Company (since revoked)	<b>314,131,200</b>	396,241,200
c) Bond in favor of excise authorities	<b>160,000</b>	160,000
2. Claims against the Company not acknowledged as debts and not provided for	<b>NIL</b>	NIL
3. a) The Excise authorities have in their show cause notices questioned the company's claim for Modvat on certain items acquired for the expansion project amounting to ₹ 599,945 (Previous year ₹ 1,799,945). The company has paid ₹ 350,000 (Previous Year ₹ 1,350,000) against the same which are shown under the head Advances. The Company does not expect any liability to crystallise on this account.		
b) The Sales Tax authorities have issued notices to the Company whereby the authorities have disputed the method of availment of deferral sales tax on monthly pro-rata basis for the period April 2000 to April 2006 amounting to ₹ 7,537,505 (Previous year ₹ 7,537,505). The Company has filed a writ petition against these notices in the High Court. The Company does not expect any liability to crystallize on this account.		
4. The Company had received a demand of ₹ 99,363,453 (Previous Year ₹ 99,363,453) from enforcement directorate toward alleged non submission of bill of entries for imports in earlier years. However, the Company has received letters from the concerned banks as well as Reserve Bank of India accepting that the said omission was not on the part of the Company. The appeal filed by the Company before the Foreign Exchange Appellate Tribunal was dismissed on limitation grounds. The Company thereafter, filed an appeal against the said order of the appellate tribunal as well as a writ petition to quash the proceedings before the Hon'ble High Court at Bombay. The Hon'ble High Court was of the opinion that the appeal was not maintainable and rejected the same as well as the Writ petition. Aggrieved by this order, the Company filed a Special Leave Petition before the Hon'ble Supreme Court of India on 15 <sup>th</sup> September, 2008. The said matter was finally heard by the Hon'ble Supreme Court of India on 7 <sup>th</sup> May, 2010 & the order pronounced on 11th April, 2011. By the said Order, the Hon'ble Supreme Court of India has set aside the order dated 25th October, 2007 passed by the Foreign Exchange Appellate Tribunal and the order dated 24 <sup>th</sup> July, 2008 passed by the Hon'ble High Court of Bombay and remitted the appeals back to the Foreign Exchange Appellate Tribunal for fresh consideration in accordance with the law on the basis of findings recorded by them. The Company does not expect any liability to crystalise on this account.		
5. No provision has been made in respect of disputed demands from Income-tax Authorities to the extent of ₹ 102,707,853 (Previous Year ₹ 74,065,933) since the Company has reasons to believe that it would get relief at the appellate stage as the said demands are excessive and erroneous. Against the above, the company has already paid ₹ 59,055,767 (Previous Year ₹ NIL)		
6. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8 <sup>th</sup> February, 2011 and 21 <sup>st</sup> February, 2011 respectively has granted a general exemption from compliances with section 212 of the Companies Act, 1956, Subject to fulfillment of conditions stipulated in the circular the Company has satisfied the conditions as stipulated and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statement.		
	<b>2010-2011 ₹</b>	<b>2009-2010 ₹</b>
7. Sales is net of cash discount	<b>9,945,664</b>	48,000
8. Particulars in respect of goods manufactured		

	<b>Licensed Capacity (MTs)</b>		<b>@ Installed Capacity (MTs)</b>		<b>Production (MTs)</b>	
	<b>2010-2011</b>	2009-2010	<b>2010-2011</b>	2009-2010	<b>2010-2011</b>	2009-2010
Phthalic Anhydride	N.A	N.A	<b>140,000</b>	140,000	<b>98,663</b>	89,540
Maleic Anhydride	N.A	N.A	<b>12,000</b>	12,000	<b>NIL*</b>	170*
Food Acids	N.A	N.A	<b>17,000</b>	17,000	<b>8,737**</b>	7,534
Pthalate Esters	N.A	N.A	<b>6,000</b>	6,000	<b>5,556</b>	5,163

\* Excludes purchased from others 5,508 MTs (Previous Year 4,809 MTs.)

@ As certified by a Managing Director

\*\* Excludes purchased from others 17 MTs (Previous Year NIL)

**9 Particulars in respect of Stocks and Sales**
**a Sales**

	2010-2011		2009-2010	
	Qty (MTs)	Value (₹)	Qty (MTs)	Value (₹)
Phthalic Anhydride	* 95,268	6,292,702,056	* 84,157	5,165,040,006
Maleic Anhydride	** 2,454	212,532,532	** 2,724	178,534,681
Food Acids	*** 8,996	693,806,886	7,877	490,913,894
Pthalate Esters	5,613	471,405,535	5,293	413,884,309
Others	-	1,318,705	-	2,322,831
		<b>7,671,765,714</b>		<b>6,250,695,721</b>

\* Excluding 4,337 Mts. [Previous year 4,320 MTs.] captive consumption

\*\* Excluding 3,252 Mts. [Previous Year 2,898 MTs.] captive consumption

\*\*\* Excluding 8 Mts. [Previous Year NIL Mts.] captive consumption

**b Opening Stocks**

Phthalic Anhydride	5,603	327,618,000	4,540	254,593,000
Maleic Anhydride *	97	5,832,000	645	35,015,000
Food Acids	457	32,352,000	800	50,404,000
Pthalate Esters	357	22,220,000	487	31,812,000
		<b>388,022,000</b>		<b>371,824,000</b>

\* Excludes purchased from others 643 MTs (Previous Year 738 MTs) valued at ₹ 37,293,000 (Previous Year ₹ 46,123,000) included in raw material stock.

**c Closing Stocks**

Phthalic Anhydride	4,661	295,945,000	5,603	327,618,000
Maleic Anhydride*	4	307,000	97	5,832,000
Food Acids	207	21,417,000	457	32,352,000
Pthalate Esters	300	19,387,000	357	22,220,000
		<b>337,056,000</b>		<b>388,022,000</b>

\* Excludes purchased from others 538 MTs (Previous Year 643 MTs) valued at ₹ 36,417,000 (Previous Year ₹ 37,293,000) included in raw material stock.

**d Trading stocks**
**i. Chemicals, Dyes and Dye Stuffs**

Opening Stock	292	17,928,055	—	—
Purchase	7,116	560,895,852	6,186	380,160,475
Sales	7,033	599,339,936	5,894	395,787,193
Closing Stock	375	30,342,000	292	17,928,055

**ii Machinery items**

	2010-2011	2009-2010
	₹	₹
Opening Stock	1,347,000	90,000
Purchases	4,412,130	7,954,398
Sales	8,818,209	7,638,574
Closing Stock	1,324,602	1,347,000

	2010-2011		2009-2010	
	Qty (MTs)	Value (₹)	Qty (MTs)	Value (₹)
<b>10 a. Raw Material Consumed</b>				
Orthoxylene	<b>91,515</b>	<b>5,035,020,174</b>	82,495	4,079,699,579
Others	-	<b>491,509,691</b>	-	375,664,119
		<b>5,526,529,865</b>		<b>4,455,363,698</b>

**b. Details of Imported and Indigenous Raw Materials and Stores consumed**

	2010-2011				2009-2010			
	Raw Materials		Stores & Spares		Raw Materials		Stores & Spares	
	Value (₹)	%	Value (₹)	%	Value (₹)	%	Value (₹)	%
Imported	<b>1,131,074,277</b>	<b>20</b>	<b>1,288,185</b>	<b>6</b>	1,252,063,158	28	6,238,234	17
Indigenous	<b>4,395,455,588</b>	<b>80</b>	<b>39,767,158</b>	<b>94</b>	3,203,300,540	72	30,892,830	83
	<b>5,526,529,865</b>	<b>100</b>	<b>41,055,343</b>	<b>100</b>	<b>4,455,363,698</b>	<b>100</b>	<b>37,131,064</b>	<b>100</b>

**11 Value of Imports on C.I.F. Basis**

Particulars	2010-2011 ₹	2009-2010 ₹
I] Raw Materials	<b>1,482,293,229</b>	1,058,959,237
II] Spare parts and others	<b>3,230,257</b>	5,961,065
III] Capital goods	<b>NIL</b>	NIL
IV] Catalyst	<b>44,820,957</b>	19,248,517
12 Expenditure in Foreign Currency : Product registration expenses, travelling and Others	<b>14,824,629</b>	7,411,790
13 Earnings in Foreign Exchange on export of goods calculated on FOB Basis	<b>866,495,081</b>	641,703,836
14 Fixed Assets / Capital work in progress includes the following:		

	Upto 31.03.2010 (₹)	During 2010-2011 (₹)	Upto 31.03.2011 (₹)
Salaries and wages	1,0172,389	-	<b>1,0172,389</b>
Power and fuel	972,000	<b>4,318,000</b>	<b>5,290,000</b>
Stores and Spares	-	<b>126,40,900</b>	<b>126,40,900</b>
Interest	3,673,368	-	<b>3,673,368</b>
Travelling	737,405	-	<b>737,405</b>

**15 a Computation of Directors Remuneration**

	<b>2010-2011</b>	2009-2010
	(₹)	(₹)
Profit/(loss) as per Profit & Loss Account	<b>189,737,094</b>	257,470,402
Add: Directors Remuneration	<b>11,413,539</b>	11,413,538
Provision for Taxation-Current	<b>2,953,474</b>	2,480,000
Provision for Taxation- Deferred	<b>70,990,059</b>	120,307,912
Loss on Sale of Assets	<b>(17,785)</b>	11,746,192
Directors Fees	<b>1,140,000</b>	1,100,000
	<b>276,216,381</b>	404,518,044
Less : Profit on Sale of Shares	<b>NIL</b>	137,000
	<b>276,216,381</b>	404,381,044
Less: Excess of expenditure over income for earlier years to the extent not adjusted	<b>(280,876,617)</b>	685,257,661
	<b>(4,660,236)</b>	(280,876,617)
Commission @ 3% payable to the Managing Directors	<b>NIL</b>	NIL
Commission @ 1% payable to the Non Executive Directors	<b>NIL</b>	NIL
<b>b Remuneration paid as per agreement between the Directors and the Company</b>		
<b>Particulars</b>	<b>2010-2011</b>	2009-2010
	(₹)	(₹)
Salary	<b>9,600,000</b>	9,600,000
Commission	<b>NIL</b>	NIL
Contribution to provident fund and other funds	<b>1,352,000</b>	1,352,000
Provision for gratuity and leave encashment	<b>461,539</b>	461,538
Perquisites	<b>NIL</b>	NIL
	<b>11,413,539</b>	11,413,538

16 Loans and advances includes excess contribution towards superannuation to Managing Directors recoverable ₹ 1,536,000 (Previous year ₹ 3,168,000). This amount has since been recovered.

17 Interest paid on fixed Loans include paid on Loans from Managing Directors ₹ 837,024 (Previous Year ₹ 329,325)

18 Sundry Creditors include dues to micro and small enterprises to which the company owes amounts. The above information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. The details are as follows:

	<b>2010-11</b>	2009-10
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	<b>707,615</b>	1,474,062
b. The amount of interest paid by the buyer in the terms of Sec.16 of the Micro, Small and Medium Enterprises Development Act,2006 along with the amount of payment made to the supplier beyond the appointed day during each accounting year.	<b>NIL</b>	NIL
c. The amount of interest due and payable for the period of delay in making payment (Which have been paid but beyond the appointed day during the year ) without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	<b>NIL</b>	NIL
d. The amount of interest due accrued and remaining unpaid at the end of each accounting year.	<b>654,423</b>	652,073
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure u/s 23 of Micro, Small, Medium Enterprises Development Act, 2006.	<b>2,350</b>	6,958

19 Unpaid dividend, unpaid matured deposits, unpaid matured debentures and interest accrued thereon (Included in Current Liabilities - Schedule 11) represent amounts to be credited to the Investor Education and Protection Fund as and when they become due.

20 Interest Free Sales Tax Loan comprise of follows

Product - Maleic Anhydride ₹ 379,047 (Previous year ₹ 8,618,448)

Product - Food Acids ₹ 17,786 (Previous year ₹ 2,407,778)

Product - Phthalic Anhydride ₹ 166,472,488 (Previous year ₹ 196,822,694)

In case of default in repayment of the first loan, the movable and immovable properties of the company and that of the Directors are liable to be attached / proceeded towards the realization of defaulted tax installments.

In case of default in repayment of the second and third loans, the movable and immovable properties of the company shall be liable to be attached / proceeded towards the realization of outstanding Government loan under Revenue Recovery Act.

21 Miscellaneous expenses/Legal & Professional charges includes payments to Statutory Auditors as follows:

Particulars	<b>2010-2011</b>	2009-2010
	(₹)	(₹)
Audit fees	<b>650,000</b>	5,50,000
For Certification	<b>325,000</b>	2,75,000
For Taxation matters	<b>60,000</b>	60,000
For Tax Audit	<b>125,000</b>	1,25,000
For Other Services	<b>300,000</b>	300,000
Service Tax	<b>150,380</b>	1,34,930
<b>Total</b>	<b><u>1,610,380</u></b>	<b><u>1,444,930</u></b>

22 **Segment Reporting**

As permitted by paragraph 4 of Accounting Standard 17, "Segment Reporting" notified by the Companies (Accounting Standards) Rules, 2006, the company has disclosed Segment results on the basis of Consolidated Financial Statements. The same are therefore not disclosed for standalone financial statements.



23 The break up of Deferred tax assets and liabilities & the effect on the Profit are as under:-

Nature of timing difference	Deferred tax Asset / Liability as at 01.04.2010 ₹	Credit for the Current Year credited to Profit and Loss Account. ₹	Deferred Tax Asset / Liability as at 31.03.2011 ₹
<b>a) Deferred Tax Liabilities (DTL)</b>			
(i) Depreciation.	209,812,520	19,298,442	<b>229,110,962</b>
(ii) Amortised expenses.	64,309	(64,309)	-
<b>TOTAL</b>	<b>209,876,829</b>	<b>19,234,133</b>	<b>229,110,962</b>
<b>b) Deferred Tax Assets. (DTA)</b>			
(i) Items covered u/s 43B	4,981,791	103,411	<b>5,085,202</b>
(ii) Gratuity.	13,744,831	1,541,923	<b>15,286,754</b>
(iii) for unabsorbed loss	53,401,261	(53,401,261)	-
<b>TOTAL</b>	<b>72,127,883</b>	<b>(51,755,927)</b>	<b>20,371,956</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>137,748,946</b>	<b>70,990,060</b>	<b>208,739,005</b>

24 **EARNING PER SHARE (EPS)**

The basic and Diluted EPS is calculated as under:

Particulars	<b>2010-2011</b> ₹	2009-2010 ₹
Profit attributable to Equity Shareholders (₹)	<b>185,511,719</b>	258,615,497
No. of equity shares of ₹ 10 each	<b>10,238,812</b>	10,238,812
Earnings Per Share	<b>18.12</b>	25.26

25 A) Related Party Disclosures as required by Accounting Standard 18 is as follows:

a) Subsidiary Companies:

- Tarderiv International Pte Ltd (subsidiary company) (TIPL) (w.e.f 28<sup>th</sup> December 2010)
- Cheminvest Pte Ltd (Step down subsidiary) (CPL) (w.e.f 28<sup>th</sup> December 2010)
- Optimistic organic Sdn Bhd (Step down subsidiary)(OOSB) (w.e.f 28<sup>th</sup> December 2010)

b) Entities in which the company has substantial interest (i.e. more than 20% in voting power directly or indirectly) Ultramarine and Pigments Ltd. (UPL), TCL Industries (Malaysia) Sdn. Bhd. (TCLM) (under liquidation) and Thirumalai Charity Trust (TCT)

c) Managing Directors

- Mr. S.Sridhar
- Mr. R.Parthasarathy

d) Key Management Personnel

- Mr.S.V.S.Ramaraju – Chief Operation Officer up to 31/01/2011

e) Relatives of Directors

- Ms. V. Jaya
- Ms. Ramya Bharathram
- Mr. S. Varadharajan from 01/03/2011

**B) Details of transactions with above parties**

Particulars	Companies in which the company has substantial interest	Directors of the Company and their relatives	Total
	₹	₹	₹
Purchase of goods	333,409	-	333,409
	(276,401 )	-	(276,401 )
	21,937,482		21,937,482
	(18,555,283 )	-	(18,555,283 )
Expenses recharged by Company	2,920,049		2,920,049
	(40,040 )		(40,040 )
Expenses recharged to Company	37,559		37,559
	(143,576 )		(143,576 )
Rendering of services	354,417	12,000	366,417
	(1,915,854 )	(12,000 )	(1,927,854 )
Receiving of services	179,396	-	179,396
	(211,200 )		(211,200 )
Outstanding payables	115,891	-	115,891
	(4,606,599 )	-	(4,606,599 )
Outstanding receivables	373,991,662		373,991,662
	(337,939,755 )		(337,939,755 )
Deposit taken	211,287,864	22,364,000	233,651,864
	(106,796,775 )	(44,375,000 )	(151,171,775 )
Interest Expenses on deposit taken	10,821,828	6,768,719	17,590,547
	(4,113,418 )	(2,620,163 )	(6,733,581 )
Interest Income on deposit given and extended credit for equipment supply	NIL	NIL	NIL
	(NIL )	(NIL )	(NIL )
Outstanding deposit receivable,	NIL	NIL	NIL
	(46,265,609 )	(NIL )	(46,265,609 )
Outstanding deposit payable	1,400,000	76,422,000	77,822,000
	(1,400,000 )	(54,058,000 )	(55,458,000 )

**C) i) Details of remuneration paid to Managing Directors is as per Note 15 (b) above**

	2010 - 2011 (₹)	2009 - 2010 (₹)
ii) Remuneration paid to Key Management Personnel	<b>3,228,890</b>	2,678,916
iii) Remuneration paid to relatives of Directors	<b>687,750</b>	399,421

**D) DISCLOSURE IN RESPECT OF MATERIAL RELATED PARTY TRANSACTIONS DURING THE YEAR**

- Investments in 500,000 Equity Shares of USD 1 each in TIPL ₹ 22,480,000  
Investments in 4,500,000 Preference Shares of USD 1 each in TIPL ₹ 202,320,000
- Purchase of Goods from UPL ₹ 333,409 (₹ 276,401), TCLM ₹ NIL (₹ NIL)
- Sale of Goods to TCLM ₹ 21,913,966 (₹ 18,555,283), UPL ₹ 23,516 (₹ NIL)
- Expenses Recharged from UPL ₹ 2,920,049 (₹ 40,040),
- Expenses Recharged by UPL ₹ 37,559 (₹ 143,576),
- On rendering of services from Mr. R Parthasarathy ₹ 12,000 (₹ 12,000) UPL ₹ 368,685 (₹ 1,915,854)
- Outstanding payables to UPL ₹ 115,891 (₹ 143,576) TCLM ₹ NIL (₹ 4,463,023)

- h) Outstanding receivable from TCLM ₹ 1,675,722 (₹ 337,062,448), from UPL ₹ 609,202 (₹ 877,307), Outstanding receivable from OOSB ₹ 371,706,338 (₹ NIL)
- i) Deposits Taken from UPL ₹ 211,287,864 (₹ 106,796,775), Mr. Dilip Thakkar ₹ 3,000,000 (₹ 5,500,000)
- j) Interest expenses on deposits taken from UPL ₹ 10,821,828 (₹ 4,113,418), from Mr. Dilip J. Thakkar ₹ 861,846 (₹ 305,370), Ms. Indira Dilip Thakkar ₹ 444,184 (₹ 334,881), from Ms. Mitali Rohit Lakhanpal ₹ 349,438 (₹ 333,620),
- k) Outstanding deposits receivable from TCLM ₹ NIL (₹ 46,265,609)
- l) Outstanding deposits payable to Dilip Thakkar ₹ 9,700,000 (₹ 6,700,000)
- m) Remuneration paid to Key Management Personnel Mr.S.V.S.Ramaraju ₹ 3,228,890 (₹ 2,678,916)
- n) Remuneration paid to relative of Directors Ms.V.Jaya ₹ 401,493 (₹ 399,421) and Mr. S. V. Rajan ₹ 49,996 (₹ NIL) Mrs.Ramya Bharathram ₹ 236,261(₹ NIL)
- o) Receiving of services includes amount paid to Thirumalai Charity Trust ₹ 145,636 (₹ 211,200)

**26 DISCLOSURES AS REQUIRED BY AS 27 FINANCIAL REPORTING OF INTEREST IN JOINT VENTURE**

The company had investments in a jointly controlled entity as per the following details:

- a) Name and Country of Incorporation : TCL Industries ( Malaysia) SDN BHD, Malaysia
- b) Proportion of ownership interest : 39.93%
- c) As per details given in Note No. 26, since TCLM is in the process of Creditors Voluntary Winding Up, other details are not available and hence not disclosed.

- 27 The company had an investment of ₹ 182,769,550 in ordinary share of TCL Industries (Malaysia) Sdn Bhd (TCLM). Since, TCLM is in the process of Creditors Voluntary Winding Up, the investment of the company in TCLM was pursuant to an order of the Mumbai High Court in August 2009 adjusted in 2009-10 against the Securities Premium and other capital reserves of the Company.

As on the date of Creditors Voluntary Winding up of TCLM, the company also had other exposures in TCLM. The balances outstanding as on 31<sup>st</sup> March 2010 on account of the same are as under:

Particulars	2009-2010 (₹)
Deposits	44,890,000
Interest recoverable	13,254,669
Advances for supplies	132,626,750
Debtors	188,093,614
Total	378,865,033

In the process of Creditors Voluntary Winding up also, TCLM continued its operations under the control of the liquidator. The said fixed assets (consisting of land, plant and machinery and other equipments) of TCLM were acquired by Optimistic Organic Sdn Bhd (OOSB) on 23<sup>rd</sup> September, 2010 from the liquidator through the tender process.

OOSB continues to operate the plant and has also recognized the dues payable by TCLM to the company. Appropriate agreements for the same between OOSB and the company are in the process of being entered into. The Company has also consequently transferred and included the above items as "Loans and Advances" (Schedule 10). The balance as on 31<sup>st</sup> March, 2011 is ₹ 371,706,337.

The Company believes that the above amounts due from TCLM and now recognized by OOSB would be ultimately recoverable.

**28 DISCLOSURES AS REQUIRED UNDER CLAUSE 32 OF THE LISTING AGREEMENT**
**Loans and Advances Include**

Amount receivable from Associates

Particulars	2010-2011 (₹)	2009-2010 (₹)
Optimistic organic Sdn Bhd	<b>371,706,337</b>	NIL
TCL Industries (Malaysia) SDN BHD	<b>NIL</b>	190,771,420
Maximum amount due at any time during the year-(OOSB)	<b>371,706,337</b>	NIL
Maximum amount due at any time during the year-(TCLM)	<b>192,489,104</b>	258,527,684

**Sundry Debtors Include**

Amount receivable from Associates

TCL Industries (Malaysia) SDN BHD	<b>1,675,722</b>	188,093,614
Maximum amount due at any time during the year	<b>211,591,516</b>	233,597,059

Particulars	2010-2011 (₹)	2009-2010 (₹)
29 The Company has spent towards Research and Development Project details of which are as under	<b>23,719,231</b>	20,855,189
Capital	<b>105,000</b>	3,876,425
Revenue (including Salaries ₹ 14,747,529 (Previous Year ₹ 11,756,791))	<b>23,614,231</b>	16,978,764
<b>Total</b>	<b>23,719,231</b>	20,855,189

30 Disclosures in accordance with Revised accounting standard (AS) – 15 on “Employee Benefits, :

**I. Defined Contribution Plans :**

The Company has recognized the following amounts in the Profits and Loss Account for the year :

Particulars	2010-2011 (₹)	2009-2010 (₹)
(i) Contribution to Employees’ Provident Fund	<b>8,283,967</b>	9,022,940
(ii) Contribution to Employees’ State Insurance Fund	<b>1,497,194</b>	815,160
(iii) Contribution to Employees’ Superannuation Fund	<b>4,651,937</b>	3,522,157
<b>Total</b>	<b>14,433,098</b>	13,360,257

\* ₹ 1,310,886 (₹1,318,139) included in Research and Development Expenses and ₹ 1,448,000 (Previous Year ₹ 1,520,000) included in Director’s remuneration.

**II. Defined Benefit Plans :**

(i) Gratuity is payable to all the members at the rate of 15 days salary for each year of service

1. Changes in the Present Value of Obligation in respect of gratuity benefits

	For the Year Ended March 31, 2011 (₹)	For the Year Ended March 31, 2010 (₹)
a) Present Value of Obligation as at April 1, 2010	<b>41,378,284</b>	38,675,349
b) Interest Cost	<b>3,285,845</b>	3,149,472
c) Past Service Cost	<b>NIL</b>	NIL
d) Current Service Cost	<b>3,303,673</b>	3,081,138
e) Past Service Cost – Vested Benefit	<b>2,006,779</b>	NIL
f) Current Cost/ (Credit)	<b>NIL</b>	NIL
g) Settlement Cost/ (Credit)	<b>NIL</b>	NIL
h) Benefits Paid	<b>(1,741,375)</b>	(2,236,266)
i) Actuarial (Gain) / Loss	<b>(1,117,305)</b>	(1,291,409)
j) Present Value of Obligation as at March 31, 2011	<b>47,115,901</b>	41,378,284

2. Expenses recognized in the Profit and Loss Account in respect of gratuity benefits

	For the Year Ended March 31, 2011 (₹)	For the Year Ended March 31, 2010 (₹)
a) Current Service Cost	<b>3,303,673</b>	3,081,138
b) Past Service Cost	<b>NIL</b>	NIL
c) Interest Cost	<b>3,285,845</b>	3,149,472
d) Past Service Cost – Vested Benefit	<b>2,006,779</b>	NIL
e) Curtailment Cost / (Credit)	<b>NIL</b>	NIL
f) Settlement Cost/ (Credit)	<b>NIL</b>	NIL
g) Net Actuarial (Gain)/ Loss	<b>(1,117,305)</b>	(1,291,409)
h) Employees’ Contribution	<b>NIL</b>	NIL
i) Total Expenses recognized in Profit and Loss A/c	<b>7,478,992</b>	4,939,201

3. Following are the Principal Actuarial Assumptions used as at the Balance Sheet date :

<b>Particulars</b>	<b>Gratuity</b>	<b>Gratuity</b>
a) Discount Rate	<b>8%</b>	7.75%
b) Salary Escalation Rate – Management Staff	<b>7%</b>	7%
c) Turnover Rate	<b>10%</b>	10%
d) Mortality Table	<b>LIC 1994-96 ultimate</b>	LIC 1994-96 ultimate

4. Other Long Term benefits

The Company's Long Term benefit includes Leave encashment payable at the time of retirement in full, other wise it is encashable during the year in which services are rendered subject to in excess of 30 days. Present value of obligation as at the beginning of the year is ₹ 10,576,222 (₹ 10,597,285) and the actuarial gain and losses are recognised in full in the Profit and Loss account for ₹ 625,701 (Previous year ₹ 21,063 (Gain)). The Present value of obligation as at March 31, 2011 is ₹ 11,201,923 (Previous Year ₹ 10,576,222)

31 Foreign exchange derivatives and exposures outstanding at the close of the year :

Open foreign exchange exposures:

<b>Particulars</b>	<b>2010-2011</b>		<b>2009-2010</b>	
	<b>Foreign Currency</b>	<b>Amount in ₹</b>	<b>Foreign Currency</b>	<b>Amount in ₹</b>
Accounts Receivable	<b>USD 15,223,833</b>	<b>676,571,066</b>	USD 13,925,285	626,248,374
	<b>EURO 9,750</b>	<b>609,375</b>		
Accounts Payable *	<b>USD 21,839,867</b>	<b>987,320,323</b>	USD 25,642,931	1,225,564,756
	<b>EURO 549,619</b>	<b>34,939,270</b>		

\*Forward contracts outstanding at year end for hedging payables (USD) 10,917,583 (Previous Year: (USD) 2,612,236)

32 A) During the year the company has taken office premises under cancelable lease. Lease rent accounted in profit and loss account ₹ 993,075 (Previous Year ₹ 312,750). The said lease is cancelable at the option of the lessee at three months notice.

B) The Company has given office premises on lease to a Company under the same management under cancelable lease arrangement for a period of five years. The lease arrangement can be cancelled at the option of lessor or lessee either giving two months notice. The Company has taken interest free security deposit of ₹ 1,400,000 (Previous Year ₹ 1,400,000) Lease rent received during the year and accounted as income is ₹ 2,638,340 (Previous Year ₹ 1,852,455)

33 Shri S.V.Rajan and Ms.Ramya Bhartram, relatives of directors are entitled to remuneration in terms of their respective Terms of appointment. As required by Section 314 of the Companies Act, 1956, the remuneration payable is subject to approval of members in the forthcoming annual general meeting and approval of Central Government if required.

34 Previous Years figures have been grouped wherever necessary.

**BALANCE SHEET ABSTRACT  
AND COMPANY'S GENERAL BUSINESS PROFILE**

**35. Balance Sheet Abstract And Company's General Business Profile**

<b>I. Registration Details</b>	<b>16149</b>	State Code	<b>11</b>
CIN	L24100MH1972PLC016149		
Balance Sheet Date	<b>31.3.2011</b>		
<b>II. Capital Raised during the year (Amount in ₹ Thousands)</b>			
Public Issue	<b>Nil</b>	Rights Issue (Warrant Conversion)	<b>Nil</b>
Bonus Issue	<b>Nil</b>	Private Placement	<b>Nil</b>
<b>III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)</b>			
Total Liabilities	<b>3,091,819</b>	Total Assets	<b>3,091,819</b>
<b>SOURCES OF FUNDS</b>			
Paid up Capital	<b>102,411</b>	Reserves & Surplus	<b>951,636</b>
<b>APPLICATION OF FUNDS</b>			
Net Current Assets	<b>1,786,944</b>	Miscellaneous Expenditure	<b>Nil</b>
Accumulated Losses	<b>Nil</b>		<b>Nil</b>
<b>IV. Performance of Company (Amount in ₹ Thousands)</b>			
Turnover	<b>8,279,924</b>	Total Expenditure	<b>8,016,243</b>
Profit before Tax	<b>263,681</b>	Profit After Tax	<b>189,737</b>
Earning per Share in ₹	<b>18.12</b>	Dividend Rate	---
<b>V. Generic Name of Principal Products / Services of Company (as per Monetary terms)</b>			
Item Code No.	2917.35.00		
Product Description	PHTHALIC ANHYDRIDE		
Item Code No	2917.14.00		
Product Description	MALEIC ANHYDRIDE		
Item Code No	2918.19.00		
Product Description	MALIC ACID		
Item Code No	2917.90.00		
Product Description	PHTHALATE ESTERS		

As per our report of even date

For & on behalf of

**CONTRACTOR, NAYAK & KISHNADWALA  
CHARTERED ACCOUNTANTS**

For and on behalf of the Board of Directors

**R.SAMPATH  
CHAIRMAN**

**H. V. KISHNADWALA  
PARTNER**

**R PARTHASARATHY  
MANAGING DIRECTOR**

**MUMBAI, 30TH MAY, 2011**

**RITA MALGAONKAR  
COMPANY SECRETARY & LEGAL HEAD**

**STATEMENT PURSUANT TO GENERAL EXEMPTION UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2011**

₹ IN LAKHS

Sr. No.	Name of Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserve	Total Liabilities	Total Assets	Investment Other than Investment in Subsidiary	Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend
1	Tarderv International Pte. Ltd.	USD	44.65	2248	2574	9509	14331	-	NIL	1,395	-	1,395	-
2	Cheminvest Pte. Ltd.	USD	44.65	181	2515	11635	14331	-	NIL	(231)	-	(231)	-
3	Optimistic Organic Sdn. Bhd.	RM	14.75	1403	2499	10409	14311	-	NIL	(61)	-	(61)	-

## **Audit Report on Consolidated Financial Statement**

Auditors' report to the Board of Directors on the Consolidated financial statements of Thirumalai Chemicals Limited and its subsidiaries

1. We have audited the attached consolidated balance sheet of Thirumalai Chemicals Limited (the Company) and its subsidiaries (collectively referred to as the 'Thirumalai Group') as at March 31, 2011, the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries, and have relied on unaudited consolidated financial statements of subsidiaries whose financial statements reflect total assets of Rs. 1,433,128,417; total revenue of Rs. Nil and net cash flows of Rs. 5,176,968, as at 31<sup>st</sup> March, 2011. These unaudited financial statements as approved by respective Board of Directors of these companies have been furnished to us by the management and our report in so far as it relates to the amounts included in respect of the subsidiaries is solely on such approved unaudited financial statements.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, as notified by the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit read together with our remark in paragraph 3 above, and to the best of our information and according to the explanations given to us, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. in the case of the consolidated balance sheet, of the state of affairs of the Thirumalai Group as at March 31, 2011;
  - b. in the case of the consolidated profit and loss account, of the profit of the Thirumalai Group for the year ended on that date; and
  - c. in the case of the consolidated cash flow statement, of the cash flows of the Thirumalai Group for the year ended on that date.

For and on behalf of  
**Contractor, Nayak & Kishnadwala**  
**Chartered Accountants**  
Firm Registration Number 101961W

**Himanshu Kishnadwala**  
Partner,  
Membership No 37391

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



**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011**

	Schedule	As at 31.03.2011 ₹
<b>I SOURCES OF FUNDS</b>		
<b>SHARE HOLDERS' FUNDS</b>		
a) Share Capital	1	102,410,620
b) Reserves and Surplus	2	<u>1,100,539,167</u>
		<b>1,202,949,787</b>
<b>LOAN FUNDS</b>		
a) Secured Loans	3	1,422,723,991
b) Unsecured Loans	4	<u>983,856,420</u>
		<b>2,406,580,411</b>
<b>MINORITY INTEREST</b>		<b>108,495,723</b>
<b>DEFERRED TAX LIABILITIES (NET)</b>		<u>208,739,005</u>
<b>TOTAL</b>		<u><b>3,926,764,927</b></u>
<b>II APPLICATION OF FUNDS</b>		
<b>FIXED ASSETS</b>	5	
a) Gross Block		4,183,501,174
b) Less: Depreciation		<u>1,758,680,257</u>
c) Net Block		2,424,820,917
d) Capital Work in progress		<u>30,516,079</u>
		<b>2,455,336,996</b>
<b>INVESTMENTS</b>	6	54,579,855
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
a) Inventories	7	1,114,175,817
b) Sundry Debtors	8	1,909,014,747
c) Cash and Bank Balances	9	18,103,030
d) Loans and advances	10	<u>510,575,408</u>
		<b>3,551,869,001</b>
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>		-
a) Current Liabilities	11	2,076,703,102
b) Provisions	12	<u>58,317,824</u>
		<b>2,135,020,926</b>
<b>NET CURRENT ASSETS</b>		<u>1,416,848,075</u>
<b>TOTAL</b>		<u><b>3,926,764,927</b></u>
NOTES FORMING PART OF ACCOUNTS	19	

As per our report of even date

For &amp; on behalf of

**CONTRACTOR, NAYAK & KISHNADWALA  
CHARTERED ACCOUNTANTS**
**H. V. KISHNADWALA  
PARTNER**
**MUMBAI, 30TH MAY, 2011**

For and on behalf of the Board of Directors

**R.SAMPATH  
CHAIRMAN**
**R PARTHASARATHY  
MANAGING DIRECTOR**
**RITA MALGAONKAR  
COMPANY SECRETARY & LEGAL HEAD**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011**

	Schedule	Year Ended 31.03.2011 ₹
<b>INCOME</b>		
Sales		8,279,923,859
Less : Excise Duty Recovered on Sales		609,193,746
Net Sales		<u>7,670,730,113</u>
Income from windmill operations		14,557,834
Other Income	13	108,104,749
Variation in stocks	14	<u>(9,074,000)</u>
		<u><u>7,784,318,695</u></u>
<b>EXPENDITURE</b>		
Materials consumed	15	5,526,529,865
Employee's Emoluments	16	147,654,938
Purchase (Trading)		552,916,435
Other charges	17	986,718,920
Interest and Finance charges	18	175,070,351
Depreciation		<u>147,152,199</u>
		7,536,042,709
<b>Profit before Tax</b>		<b>248,275,986</b>
Less: Provision for Current Tax		(51,130,000)
Add: MAT credit entitlement		48,176,593
Less: Provision for Deferred Tax		(70,990,059)
<b>Profit after Tax</b>		<b>174,332,520</b>
Less: Excess Provision for tax for earlier years		(4,148,313)
Less: Previous Years Expenses (Net)		(77,062)
Add: Share of Minority		9,338,897
Add: Balance in Profit and Loss account		<u>170,803,256</u>
Available for appropriations		<u><u>350,249,298</u></u>
<b>APPROPRIATIONS:</b>		
Proposed Dividend		—
Tax on Dividend		—
Transferred to General Reserve		—
Balance carried to Balance Sheet		<u>350,249,298</u>
		<u><u>350,249,298</u></u>
Earnings per Share of ₹ 10 each (Basic and Diluted)		17.53
NOTES FORMING PART OF ACCOUNTS	19	

As per our report of even date  
For & on behalf of  
**CONTRACTOR, NAYAK & KISHNADWALA**  
**CHARTERED ACCOUNTANTS**

**H. V. KISHNADWALA**  
**PARTNER**  
  
**MUMBAI, 30TH MAY, 2011**

For and on behalf of the Board of Directors

**R.SAMPATH**  
**CHAIRMAN**

**R PARTHASARATHY**  
**MANAGING DIRECTOR**

**RITA MALGAONKAR**  
**COMPANY SECRETARY & LEGAL HEAD**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011**

	Year Ended 31.03.2011 ₹	Year Ended 31.03.2010 ₹
<b>(A) Consolidated Cash Flow From Operating Activities</b>		
Net Profit Before Tax And Extraordinary Items	248,275,986	380,258,315
<b>Adjustments For</b>		
Depreciation	153,793,435	123,572,751
Interest	175,070,351	199,449,504
Interest / Dividend Received	(9,357,277)	(6,727,326)
Loss / (Profit) On Sale Of Investment	-	(137,000)
Loss / (Profit) On Sale Of Assets	(17,785)	11,746,192
Foreign Currency Translation Reserve	9,416,039	-
Earlier Year Adjustments	(77,062)	(274,589)
	<u>328,827,701</u>	<u>327,629,532</u>
Operating Profit Before Working Capital Changes	577,103,687	707,887,847
Adjustments For		
Share Of Minority	9,338,897	-
(Increase) / Decrease In Trade And Other Receivables	181,311,063	(584,678,951)
(Increase) / Decrease In Inventories	(203,076,737)	57,533,601
Increase / (Decrease) In Trade And Other Payables	680,154,579	357,793,267
	<u>667,727,802</u>	<u>(169,352,083)</u>
Cash Generated From Operations	1,244,831,489	538,535,765
Interest Paid	(99,910,195)	(110,074,987)
Direct Tax Paid	(34,717,620)	(63,087,663)
Deferred Tax	(70,990,059)	(120,307,913)
	<u>(205,617,874)</u>	<u>(293,470,562)</u>
Net Cash Inflow / (Outflow) From Operations	(A) 1,039,213,616	245,065,202
<b>(B) Cash Flow From Investment Activities</b>		
Sale / (Purchase) Of Investments (Net)	7,699	78,526
Sale Of Fixed Assets	554,000	965,945
Assets Scrapped	-	(696,000)
(Loss) / Profit On Sale Of Investments	-	137,000
Purchase Of Fixed Assets #	(1,498,597,626)	(17,173,074)
Capital Reserve On Consolidation	145,552,240	-
Interest Received	179,890	592,376
Dividend Received	9,177,387	6,134,950
Deposit With Companies	-	5,830,000
Net Cash Inflow / (Outflow) From Investing Activities	(B) (1,343,126,409)	(4,130,277)
<b>(C) Cash Flow From Finance Activities</b>		
Proceeds From Borrowings	295,704,793	(116,506,206)
Interest Paid	(74,440,215)	(87,717,989)
Dividend Paid ( Including Dividend Tax )	(59,696,753)	-
Net Cash Inflow / (Outflow) From Financing Activities	(C) 161,567,825	(204,224,195)
Net Increase / (Decrease) In Cash Or Cash Equivalents	(A)+(B)+(C) (142,344,967)	36,710,730
Cash And Cash Equivalents - (Opening Balance)		
- Cash And Bank Balance	39,979,775	19,156,166
- Cash Credit	(472,684,994)	(488,572,115)
	<u>(432,705,219)</u>	<u>(469,415,949)</u>
Cash And Cash Equivalents - (Closing Balance)		
- Cash And Bank Balance	18,103,030	39,979,775
- Cash Credit	(593,153,214)	(472,684,994)
	<u>(575,050,185)</u>	<u>(432,705,219)</u>
Total	<u>(142,344,967)</u>	<u>36,710,730</u>

**Note:** Cash and Cash Equivalents Includes ₹ 40,02,988 (Previous Year ₹ 39,36,758 ) on account of unclaimed dividend, which are not available for use by the Company.

# This includes non-cash transaction of ₹ 821,431,950 (Previous Year ₹ Nil) for acquisition of assets by assuming directly related liabilities.

As per our report of even date

For and on behalf of the Board of Directors

For & on behalf of

**CONTRACTOR, NAYAK & KISHNADWALA**  
**CHARTERED ACCOUNTANTS**

**R.SAMPATH**  
**CHAIRMAN**

**H. V. KISHNADWALA**  
**PARTNER**

**R PARTHASARATHY**  
**MANAGING DIRECTOR**

**MUMBAI, 30TH MAY, 2011**

**RITA MALGAONKAR**  
**COMPANY SECRETARY & LEGAL HEAD**

**CONSOLIDATED SCHEDULES TO THE ACCOUNTS**

	As at 31.03.2011 ₹
<b>SCHEDULE 1: SHARE CAPITAL</b>	
<b>AUTHORISED:</b>	
15,000,000 Equity shares of ₹ 10/- each	150,000,000
10,000,000 Unclassified shares of ₹ 10/- each	100,000,000
	<u>250,000,000</u>
<b>ISSUED:</b>	
10,242,812 Equity shares of ₹ 10/- each	102,428,120
<b>SUBSCRIBED AND PAID UP:</b>	
10,238,812 Equity Shares of ₹ 10/- each	102,388,120
Add: Amount paid up on forfeited shares	22,500
	<u>102,410,620</u>
<b>SCHEDULE 2: RESERVES AND SURPLUS</b>	
<b>SECURITIES PREMIUM ACCOUNT</b>	
Balance as per last Balance Sheet	197,069,526
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>	
	9,416,039
<b>CAPITAL RESERVE ON CONSOLIDATION</b>	
	145,552,240
<b>GENERAL RESERVE</b>	
Balance as per last Balance Sheet	398,252,062
<b>SURPLUS AS PER PROFIT AND LOSS ACCOUNT</b>	
	350,249,300
<b>TOTAL</b>	<u>1,100,539,167</u>
<b>SCHEDULE 3: SECURED LOANS</b>	
<b>A FROM INSTITUTIONS</b>	
a) FOREIGN CURRENCY LOANS	
Export Import Bank of India Pre/Post Shipment	346,039,241
b) RUPEE TERM LOANS	
Export Import Bank of India	180,417,858
[The above Loans are secured by pari passu first mortgage and charge of all of the Borrower's immovable and moveable fixed assets, both present and future]	
<b>B FROM SCHEDULED BANKS</b>	
a) Working Capital Demand Loan	
	326,843,823
b) Cash Credit/Export Credit Accounts	
	266,309,391
c) Bank of India Preshipment/ Post Shipment	
	53,313,678
[Secured by hypothecation of stock of raw materials, work in progress, finished goods and book debts and secured by a second charge on all of the Company's immovable fixed assets both present and future]	
<b>C FROM SCHEDULED BANKS</b>	
Medium Term Loan	
	249,800,000
[The above Loans are secured by way of second charge (on pari passu basis) over the immovable properties of the Company at Ranipet, Tamilnadu]	
	<u>1,422,723,991</u>

**CONSOLIDATED SCHEDULES TO THE ACCOUNTS**

**As at  
31.03.2011  
₹**

**SCHEDULE 4: UNSECURED LOANS**

Fixed deposits	<b>239,439,000</b>
Interest free Sales Tax Loan	<b>166,869,321</b>
[Guaranteed by Shri R Parthasarathy, Managing Director of the Company]	
Advances from Others	<b>568,213,866</b>
Other Loans	<b>9,334,233</b>
	<b>983,856,420</b>

[Payable within one year ₹ 185,895,013 (previous year ₹ 60,891,853)]

**SCHEDULE 5: FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 1.04.2010 ₹	ADDITIONS ₹	DEDUCTIONS ₹	As at 31.03.2011 ₹	UPTO 31.03.2010 ₹	RECOUPED DEPRECIATION ₹	DURING THE PERIOD ₹	As at 31.03.2011 ₹	As at 31.03.2011 ₹	As at 31.03.2010 ₹
LAND	3,749,329	82,015,526	-	85,764,855	-	-	-	-	85,764,855	3,749,329
BUILDINGS	128,984,850	56,667,921	-	185,652,771	47,220,409	-	3,508,450	50,728,859	134,923,912	81,923,585
PLANT AND MACHINERY	2,262,892,748	1,320,018,012	-	3,582,910,760	1,473,275,826	-	114,937,891	1,588,213,717	1,994,697,044	796,099,014
WIND OPERATED GENERATORS	165,023,000	-	-	165,023,000	30,889,240	-	18,878,361	49,767,601	115,255,399	134,133,760
COMPUTERS	17,826,264	1,992,137	43,788	19,774,613	15,178,450	-	1,207,212	16,385,662	3,388,951	2,647,815
FURNITURE, FIXTURES AND EQUIPMENTS	41,824,235	7,353,646	640,495	48,537,386	24,960,110	474,362	3,129,393	27,615,141	20,922,245	16,864,125
VEHICLES	9,206,259	3,220,437	2,029,620	10,397,076	6,407,888	1,703,326	1,228,942	5,933,504	4,463,572	2,798,371
DETAILS OF ASSETS USED FOR R&D:										
PLANT AND MACHINERY	78,461,990	-	-	78,461,990	13,690,358	-	3,702,511	17,392,869	61,069,121	64,771,632
COMPUTERS	-	-	-	-	-	-	-	-	-	-
FURNITURE, FIXTURES AND EQUIPMENTS	6,873,722	105,000	-	6,978,722	2,083,466	-	559,439	2,642,905	4,335,817	4,790,256
<b>TOTAL</b>	<b>2,714,842,398</b>	<b>1,471,372,679</b>	<b>2,713,903</b>	<b>4,183,501,174</b>	<b>1,613,705,747</b>	<b>2,177,688</b>	<b>147,152,199</b>	<b>1,758,680,257</b>	<b>2,424,820,916</b>	<b>1,107,777,887</b>

**CONSOLIDATED SCHEDULES TO THE ACCOUNTS**

As at  
**31.03.2011**  
₹

**SCHEDULE 6: INVESTMENTS**

(AT COST Less provision for dimunition where applicable)

**LONG TERM**
**QUOTED: EQUITY SHARES ( NON TRADE )**

3,044,800 of ₹ 2 each	- Ultramarine & Pigments Ltd.	<b>53,775,623</b>
10,000	- Resins and Plastics Ltd.	<b>300,000</b>
1375	- Nicholas Piramal Ltd.	<b>122,728</b>
137	- Piramal Life sciences ltd.	<b>25,727</b>
5,000	- Maruti Plastics Ltd	<b>4,000</b>
9,550	- Indu Nissan Oxo Chemical Ltd.,	<b>9,150</b>
50	- Tata Power Ltd.	<b>7,699</b>
100	- Futuristic Offshore Services and Chemicals Ltd.	<b>100</b>
5000	- Neyveli Lignite Corporation Ltd.	<b>313,958</b>
62	- Piramal Glass Ltd.	<b>620</b>

Total of Quoted Shares A	<b>54,559,605</b>
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[Market value of Quoted Investments ₹ 126,193,579 prev year ₹ 102,883,050]

**UNQUOTED (TRADE)**

5	Shares of Kamer Co-operative Housing Society Limited	<b>250</b>
200	Shares of The Sarawat Co-operative Bank Ltd	<b>20,000</b>

Total of unquoted Shares B

**20,250**

A+B

**54,579,855**

**SCHEDULE 7: INVENTORIES**

[As per inventory taken, valued and certified by a director]

Stores and Spares	<b>62,544,000</b>
Fuel	<b>4,644,000</b>
Packing Materials	<b>2,699,646</b>
Raw Materials	<b>480,387,000</b>
Finished Goods	<b>337,056,000</b>
Work in Progress	<b>92,711,000</b>
Goods in Transit	<b>7,405,970</b>
Catalyst	<b>95,061,599</b>
Stock of Trading Items	<b>31,666,602</b>

**1,114,175,817**

**CONSOLIDATED SCHEDULES TO THE ACCOUNTS**

	As at 31.03.2011 ₹
<b>SCHEDULE 8: SUNDRY DEBTORS</b>	
[Unsecured Considered Good]	
Debts outstanding for a period exceeding six months	24,933,090
Other Debts	1,884,081,657
	<u>1,909,014,747</u>
<b>SCHEDULE 9: CASH AND BANK BALANCES</b>	
Cash/Cheques in hand	3,777,523
Margin money	160,000
Balance with scheduled banks In Current Accounts	14,165,506
	<u>18,103,030</u>
<b>SCHEDULE 10: LOANS AND ADVANCES</b>	
[Unsecured Considered Good]	
Advances recoverable in cash or in kind or for value to be received	201,365,700
Taxes Paid in Advance ( Net of provision for tax)	200,376,822
Deposits with Companies	-
Balance with Customs and Excise	108,832,886
	<u>510,575,408</u>
<b>SCHEDULE 11: CURRENT LIABILITIES</b>	
Acceptances by banks	1,343,444,610
Sundry Creditors - Due to Small and Micro Enterprises	-
- Due to Enterprises other than above	714,961,989
credit balance in current a/c with banks	-
Unpaid Dividend*	4,002,988
Unpaid Matured Deposits*	379,737
Interest Accrued on Unpaid amounts *	359,354
Deposits from Stockists and Others	6,277,830
Interest Accrued but not due on loans	7,276,593
*See Note 19 of Schedule 20	
	<u>2,076,703,102</u>
<b>SCHEDULE 12: PROVISIONS</b>	
Provision for gratuity	47,115,901
Provision for leave encashment	11,201,923
Proposed Dividend	-
Provision for tax on dividend	-
	<u>58,317,824</u>

**CONSOLIDATED SCHEDULES TO THE ACCOUNTS**

	Year Ended 31.03.2011 ₹
<b>SCHEDULE 13: OTHER INCOME</b>	
Interest [Gross]	-
From Banks	-
From Others	179,890
[TDS ₹10,382 (Previous year 'NIL)]	-
Rent received	3,022,719
Dividend received-On Long Term Investments	9,177,387
On Current Investments	179
Sundry Receipts	9,835,684
Storage Tank Receipts	21,227,976
Insurance Claims	18,168,381
Profit on Sale of Shares	-
Export Incentive	16,311,885
Interest on Income Tax	30,180,648
	<u>108,104,749</u>
<b>SCHEDULE 14: VARIATION IN STOCKS</b>	
Opening Stock:	
Finished Goods	388,022,000
Work in Progress	50,819,000
	<u>438,841,000</u>
Closing Stock:	
Finished Goods	337,056,000
Work in Progress	92,711,000
	<u>429,767,000</u>
Variation in Stocks	<u>(9,074,000)</u>
<b>SCHEDULE 15: MATERIALS CONSUMED</b>	
Stock at commencement	303,543,000
Add: Purchases	5,716,469,623
	<u>6,020,012,623</u>
Less: Sales	13,095,757
Less: Stock at close	480,387,000
	<u>5,526,529,865</u>
<b>SCHEDULE 16: EMPLOYEE'S EMOLUMENTS</b>	
Salaries, Wages Bonus, etc	123,952,735
Contribution to Provident Fund and Other Funds	13,662,454
Staff Welfare expenses	10,039,750
	<u>147,654,938</u>



**CONSOLIDATED SCHEDULES TO THE ACCOUNTS**

	Year Ended 31.03.2011 ₹
<b>SCHEDULE 17: OTHER CHARGES</b>	
Stores and Spares consumed	41,055,343
Catalyst written off	36,873,362
Effluent Treatment and Water Treatment Materials consumed	2,928,138
Power and Fuel	233,321,570
Excise Duty on Stock	(13,874,232)
Water Charges	7,846,304
<b>Repairs to:</b>	
Machinery	19,407,941
Buildings	18,784,264
Others	3,619,364
Packing expenses and materials consumed	61,114,160
Freight and Forwarding	298,558,575
Sales Tax	84,362,284
Commission and Brokerage	26,234,112
Advertisement and Sales Promotion	703,448
Rent	1,005,075
Lease Rentals	193,599
Rates and Taxes	1,307,849
Insurance	12,596,225
Travelling and Conveyance	15,506,374
Communication Expenses	3,616,029
Research and development expenses	23,614,231
Miscellaneous Expenses	45,026,304
Wind Mill Expenses	2,207,047
Legal and Professional Charges	17,175,565
Directors Remuneration	11,413,539
Exchange Fluctuation Loss (Net)	33,884,953
Loss on Sale/Disposal of Assets	(17,785)
Bad debts and 'Sundry balances written off (Net)	(1,744,717)
	<b>986,718,920</b>
<b>SCHEDULE 18: INTEREST AND FINANCE CHARGES</b>	
On fixed Loans	75,160,157
On Others	99,910,195
TOTAL	<b>175,070,352</b>

**SCHEDULE :19 SIGNIFICANT ACCOUNTING POLICIES AND PRINCIPLES OF CONSOLIDATION**
**A Principles of Consolidation**
**Basis of Consolidation**

The Consolidated Financial Statement (CFS) relate to Thirumalai Chemicals Limited (The Company) and its subsidiary companies. The companies and its subsidiaries constitute the group.

**(I) Basis of Accounting**

The financial statements of the subsidiary companies used in the consolidation are not drawn up to the same reporting date as of the company i.e.31st March, 2011. The same is based on the unaudited financial results up to 31st March, 2011 as certified by the management of the respective subsidiary companies.

The financial statements of the group have been prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard 21 'Consolidated Financial Statements' as notified by the Companies (Accounting Standards) Rules, 2006.

(II) The consolidated financial statements have been prepared on the following basis.

- (a) The financial statements of the company and its subsidiary companies have been combined on a line-by -line basis by adding together book values of similar items of assets, liabilities, income and expenses. The intra-group balances and intra-group transaction have been fully eliminated.
- (b) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the Minority shareholders at the date on which investments are made by the company in the subsidiary companies and further movements in their share in equity subsequent to the date of investment as stated above.
- (c) Consolidated financial statements are prepared by applying uniform accounting policies to the extent possible, in use at the group. (Also Refer Note 12 of Schedule 20)
- (d) Indian rupee is the reporting currency for the group. However, the reporting currencies of non-integral overseas subsidiaries are different from the reporting currency of the group. The translation of those currencies in to Indian rupee is performed for assets and liabilities, using the exchange date as at the Balance sheet date and for revenues, cost and expenses using average exchange rate during the reporting period. Resultant currency translation, exchange gain / loss is carried as foreign currency translation reserve under "Reserves and Surplus".
- (e) Goodwill / Capital Reserve

The difference between the cost of investments in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as goodwill or capital reserve as the case may be.

For this purpose, the Company's share of net-worth is determined on the basis of latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

- (f) The Consolidated Financial Statements include the financial statements of Thirumalai Chemicals Limited (Parent Company) and its subsidiaries

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest (%)
Tarderviv International Pte Ltd.	Singapore	100
Cheminvest Pte Ltd.	Singapore	60
Optimistic Organic Sdn Bhd. (OOSB)	Malaysia	60

**B Significant Accounting Policies**
**I BASIS OF ACCOUNTING**

- (i) The financial statements are prepared in conformity with Generally Accepted Accounting Principles in India, the applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the other relevant provisions of the Companies Act, 1956. The Accounts have been prepared on the basis of historical cost. The Company follows the mercantile system of accounting for recognizing income and expenditure on accrual basis.

(ii) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the year. Difference between the actual and estimates are recognized in the year in which the results are known / materialized.

**II REVENUE RECOGNITION:**

Sale of goods are recognized when risk and rewards of ownership of the products are passed on to the customers which is generally on despatch of goods. Service revenue is recognized as per terms of contract. Sales include amounts recovered towards Excise Duty and Sales Tax/Vat, delayed payment charges and are net of returns.

**III FIXED ASSETS**

Fixed Assets are recorded at cost of acquisition or construction / erection including taxes, duties, freight and other incidental expenses related to acquisition and installation. Interest incurred during construction period on borrowings to finance qualifying fixed assets is capitalized. Fixed Assets which are not in active use are scrapped and written off.

In case of OOSB, the fixed assets are, following FRS 3 recorded at fair value.

**IV DEPRECIATION**

Depreciation on Plant and Machinery and Building is provided on Straight Line method except on Maleic Anhydride plant and all assets of CMC division, which has been provided on Written Down Value method. The rates at which depreciation is provided as above, are as prescribed by Schedule XIV to the Companies Act, 1956 and in terms of relevant circulars issued by the Department of Company Affairs

In case of OOSB, fixed assets are depreciated over its estimated useful life.

**V INVESTMENTS**

Investments which are all long-term are stated at cost of acquisition and related expenses. Provision is made for any diminution, other than temporary, in the value of investments.

**VI INVENTORIES**

Items of Inventory are valued on the principle laid down by Accounting Standard 2 on "Valuation of Inventories" basis given below

I	Stores and Spare Parts	At cost (on weighted average basis) including incidental expenses like freight, transport etc. or net realizable value whichever is lower
II	Raw Materials	At cost (on weighted average basis) including incidental expenses like freight, transport etc. or net realizable value whichever is lower
III	Work-in-Progress	At raw material cost plus proportionate fixed and variable manufacturing expenses. or net realizable value whichever is lower.
IV	Finished Goods	At Cost or net realizable value whichever is lower, Cost is calculated at Raw Material cost plus all fixed and variable manufacturing expenses. Excise duty is also included in valuation

**VII EMPLOYEE BENEFITS**

**1. Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, performance incentive paid annual leave, bonus, leave travel allowance, medical allowance, contribution to provident fund and superannuation etc. recognized as actual amounts due in period in which the employee renders the related services.

**2. Post-employment benefits**

**a. Defined contribution plan**

Payment made to defined contribution plans such as Provident fund is charged as expenses as they fall due.



**b. Defined Benefit Plans**

The cost of providing benefits i.e. gratuity is determined using the projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date. Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

**3. Other Long term employee benefits**

Other Long term employee benefit is recognized as an expense in the profit and loss account as and when it accrues. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date. The actuarial gains and losses in respect of such benefit are charged to the profit and loss account.

**VIII FOREIGN CURRENCY TRANSLATION**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the date of transaction. Monetary items denominated in foreign currency at the year end are translated at year end rates. In respect of Monetary items which are covered by foreign exchange contracts, the difference between the year end rates and the rate on the date of contract is recognized as exchange difference and the premium on such forward contracts is recognized over the life of the forward contract. The exchange differences arising on settlement / translation are recognized in the profit and loss account. Exchange differences relating to Monetary items that are in substance forming part of Company's net investments in non-integral foreign operation are accumulated in Foreign Currency Translation Reserve on Consolidation account.

**IX BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalized for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**X TAXATION**

Current tax is determined as the amount of tax payable to the taxation authorities in respect of taxable income for the period. Deferred tax is recognized, subject to the consideration of prudence, on timing difference being differences between taxable incomes and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods.

**XI LEASE RENTALS**

Lease rentals paid in respect of assets taken on lease are charged to revenue over the estimated life of the asset.

**XII CATALYST**

Cost of Catalyst is amortised over its estimated useful life or estimated units of production as applicable.

**XIII Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized only when there is present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liabilities disclosed for (i) possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of obligation cannot be made. Contingent assets are not recognized in the financial statements, since this may result in recognition of income that may never be realized.

**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011(CONSOLIDATED)  
SCHEDULE 20: NOTES TO ACCOUNTS**

		<b>2010-2011</b>	
		₹	
1.	Contingent Liability in respect of:		
a)	Estimated amount of contracts to be executed on capital account and not provided for Against which advances paid	<b>1,355,000</b> <b>NIL</b>	
b)	Guarantees issued by Banks on behalf of Company (since revoked)	<b>314,131,200</b>	
c)	Bond in favor of excise authorities	<b>160,000</b>	
2.	Claims against the Company not acknowledged as debts and not provided for	<b>NIL</b>	
3.	a) The Excise authorities have in their show cause notices questioned the company's claim for Cenvat on certain items acquired for the expansion project amounting to ₹ 599,945. The company has paid ₹ 350,000 against the same which are shown under the head Advances. The Company does not expect any liability to crystallize on this account.		
	b) The Sales Tax authorities have issued notices to the Company whereby the authorities have disputed the method of availment of deferral sales tax on monthly pro-rata basis for the period April 2000 to April 2006 amounting to ₹ 7,537,505. The Company has filed a writ petition against these notices in the High Court. The Company does not expect any liability to crystallize on this account.		
4.	The company had received a demand of ₹99,363,453 from enforcement directorate toward alleged non submission of bill of entries for imports in earlier years. However, the Company has received letters from the concerned banks as well as Reserve Bank of India accepting that the said omission was not on the part of the Company.  The appeal filed by the Company before the Foreign Exchange Appellate Tribunal was dismissed on limitation grounds. The Company thereafter, filed an appeal against the said order of the appellate tribunal as well as a writ petition to quash the proceedings before the Hon 'ble High Court at Bombay. The Hon 'ble High Court was of the opinion that the appeal was not maintainable and rejected the same as well as the Writ petition.  Aggrieved by this order, the Company filed a Special Leave Petition before the Hon 'ble Supreme Court of India on 15 <sup>th</sup> September, 2008. The said matter was finally heard by the Hon' ble Supreme Court of India on 7 <sup>th</sup> May, 2010 & the order pronounced on 11th April, 2011.  By the said order, the Hon 'ble Supreme Court of India has set aside the order dated 25th October, 2007 passed by the Foreign Exchange Appellate Tribunal and the order dated 24 <sup>th</sup> July, 2008 passed by the Hon' ble High Court of Bombay. It has remitted the appeals back to the Foreign Exchange Appellate Tribunal for fresh consideration in accordance with the law on the basis of findings recorded by them. The Company does not expect any liability to crystalize on this account.		
5.	No provision has been made in respect of disputed demands from Income-tax Authorities to the extent of ₹ 102,707,853 since the Company has reasons to believe that it would get relief at the appellate stage as the said demands are excessive and erroneous. Against the above, the company has already paid ₹ 59,055,767.		
		<b>2010-2011</b>	
		₹	
6.	Sales is net of cash discount	<b>9,945,664</b>	
7.	Fixed Assets / Capital work-in-progress includes the following:		
	Upto 31.03.2010 (₹)	<b>During</b> <b>2010-2011</b> (₹)	<b>Upto</b> <b>31.03.2011</b> (₹)
	Salaries and wages	<b>NIL</b>	<b>10,172,389</b>
	Power and fuel	<b>43,18,000</b>	<b>5,290,000</b>
	Stores and spares	<b>12,640,900</b>	<b>12,640,900</b>
	Interest	-	<b>3,673,368</b>
	Travelling	-	<b>737,405</b>
8.	Loans and advances includes excess contribution towards superannuation to Managing Directors recoverable ₹ 1,536,000. This amount has since been recovered.		
9.	Interest paid on fixed Loans include interest paid on Loans from Managing Directors ₹ 837,024		

**10 Interest Free Sales Tax Loan comprise of follows**

Product - Maleic Anhydride	₹ 379,047
Product - Food Acids	₹ 17,786
Product - Phthalic Anhydride	₹ 166,472,489

In case of default in repayment of the first loan the movable and immovable properties of the company and that of the Directors shall be liable to be attached / proceeded towards the realization of defaulted tax installments.

In case of default in repayment of the second and third loans the movable and immovable properties of the company shall be liable to be attached / proceeded towards the realization of outstanding Government loan under Revenue Recovery Act.

**11 Miscellaneous expenses/Legal & Professional charges includes payments to Statutory Auditors as follows:**

Particulars	<b>2010 - 2011 (₹)</b>
Audit fees	<b>747,280</b>
For Certification	<b>325,000</b>
For Taxation matters	<b>60,000</b>
For Tax Audit	<b>125,000</b>
For Other Services	<b>300,000</b>
Service Tax	<b>150,380</b>
<b>Total</b>	<b><u>1,610,380</u></b>

**12 OOSB has adopted Financial Reporting Standard 3 "Business Combinations" issued by Malaysian Accounting Standards Board for accounting for the acquisition of the Maleic Anhydride business at Malaysia. Accordingly, the said fixed assets acquired and the corresponding liabilities acquired as part of the acquisition are accounted at Fair value and included in the CFS. The said accounting policy is different from the accounting policies followed by the company. Provision for depreciation on these fixed assets is also made based on the estimated useful life of the said assets.**
**13 Disclosure requirement of accounting Standard 17 "Segment Reporting" issued under Companies (Accounting Standard) Rules notified u/s. 211.**
**a) Primary Segment**

The Company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risk and returns, the organization structure and internal reporting system. The Company's operations predominantly relate to manufacture of Chemicals Products and its Intermediaries.

**b) Secondary Segment**

The business segment has been considered as the primary segment and the geographical segment has been considered as the secondary segment. "Chemicals" and "power generation" are the business segments and necessary information is given hereunder.

**c) Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The expenses, which are not attributable to the business segment, are shown unallocated corporate cost**
**d) Assets and Liabilities that cannot allocate between the segments are shown as a part of unallocated corporate assets and liabilities respectively.**

	Year Ended 31.03.2011		Year Ended 31.03.2010	
	₹	₹	₹	₹
<b>1 REVENUE</b>				
EXTERNAL REVENUE				
Chemical Products & its Intermediaries	<b>8,335,632,101</b>		6,685,566,279	
Power Generation (Windmill)	<b>14,557,834</b>		19,513,982	
Unallocated / Corporate	<b>52,396,506</b>		24,178,696	
<b>TOTAL</b>		<b>8,402,586,441</b>		6,729,258,957
<b>2 RESULT</b>				
PROFIT/(LOSS) BEFORE INTEREST AND CORPORATE EXPENSES BUT AFTER DEPRECIATION				
Chemical Products & its Intermediaries	<b>432,984,539</b>		596,551,969	
Power Generation (Windmill)	<b>(6,527,574)</b>		1,750,435	
Unallocated / Corporate	<b>52,396,507</b>		24,178,696	
<b>TOTAL</b>		<b>478,853,472</b>		622,481,100
INTEREST		<b>(230,577,486)</b>		(242,222,785)
Add: (Unallocated Expenses) / Income (net) and Corporate expenses		—		—
Provision for Current Tax		<b>(2,953,407)</b>		(2,480,000)
Deferred Tax		<b>(70,990,059)</b>		(120,307,913)
<b>NET PROFIT</b>		<b>174,332,520</b>		<b>257,470,402</b>
<b>OTHER INFORMATION</b>				
<b>3 SEGMENT ASSETS</b>				
Chemical Products & its Intermediaries	<b>5,663,807,228</b>		4,320,605,436	
Power Generation (Windmill)	<b>124,918,918</b>		142,066,835	
Unallocated / Corporate	<b>273,059,707</b>		227,348,477	
<b>TOTAL</b>		<b>6,061,785,853</b>		4,690,020,747
<b>4 SEGMENT LIABILITIES</b>				
Chemical Products & its Intermediaries	<b>2,339,017,852</b>		3,588,003,062	
Power Generation (Windmill)	—		90,154,168	
Unallocated / Corporate	<b>2,519,818,213</b>		143,328,053	
<b>TOTAL</b>		<b>4,858,836,065</b>		3,821,485,283
<b>5 CAPITAL EXPENDITURE</b> (including capital Work in Progress)				
Chemical Products & its Intermediaries	<b>1,498,597,626</b>		17,173,074	
Power Generation (Windmill)	—		—	
Unallocated / Corporate	—		—	
<b>TOTAL</b>		<b>1,498,597,626</b>		17,173,074
<b>6 DEPRECIATION</b>				
Chemical Products & its Intermediaries	<b>128,273,838</b>		108,103,834	
Power Generation (Windmill)	<b>18,878,361</b>		15,468,917	
Unallocated / Corporate	—		—	
<b>TOTAL</b>		<b>147,152,199</b>		123,572,751

The information relating to geographical segment is given hereunder.

The Company has two geographical segments viz., Domestic and Exports within the primary segment of chemicals as defined above. Revenue from geographical segments based on location of customers is given below:

	<b>2010-11</b>	<b>2009-10</b>
	(₹)	(₹)
Domestic	7,391,039,853	5,971,919,054
Exports	888,884,006	682,202,433
<b>Total</b>	<b>8,279,923,859</b>	<b>6,654,121,487</b>

14 The break up of Deferred tax assets and liabilities & the effect on the Profit are as under:-

Nature of timing difference	Deferred tax Asset / Liability as at 01.04.2010	Credit for the Current Year credited to Profit and Loss Account.	<b>Deferred Tax Asset / Liability as at 31.03.2011</b>
	₹	₹	₹
a) Deferred Tax Liabilities (DTL)			
(i) Depreciation.	209,812,520	19,298,442	<b>229,110,962</b>
(ii) Amortised expenses.	64,309	(64,309)	-
<b>TOTAL</b>	<b>209,876,829</b>	<b>19,234,133</b>	<b>229,110,962</b>
b) Deferred Tax Assets. (DTA)			
(i) Items covered u/s 43B	4,981,791	103,411	<b>5,085,202</b>
(ii) Gratuity	13,744,831	1,541,923	<b>15,286,754</b>
(iii) for unabsorbed loss	53,401,261	(53,401,261)	-
<b>TOTAL</b>	<b>72,127,883</b>	<b>(51,755,927)</b>	<b>20,371,956</b>
Deferred Tax Liabilities (Net)	137,748,946	70,990,059	<b>208,739,005</b>

15. **EARNING PER SHARE (EPS)**

The basic and Diluted EPS is calculated as under:

Particulars	<b>2010-2011</b>
Profit attributable to Equity Shareholders (₹)	<b>179,446,044</b>
No. of equity shares of ₹ 10 each	<b>10,238,812</b>
<b>Earnings Per Share</b>	<b>17.53</b>

16 Related Party Disclosures

A Related Party Disclosures as required by Accounting Standard 18 is as follows

- a) Entities in which the company has substantial interest (i.e. more than 20% in voting power directly or indirectly)
  - Ultramarine and Pigments Ltd. (UPL), TCL Industries (Malaysia) Sdn. Bhd. (TCLM) (under liquidation) and Thirumalai Charity Trust (TCT)
- b) Managing Directors
  - Mr. R. Parthasarathy
  - Mr. S. Sridhar
- c) Key Management Personnel
  - Mr. S. V. S. Ramaraju - Chief Operation Officer up to 31/01/2011
- d) Relatives of Directors
  - Ms. V. Jaya
  - Ms. Ramya Bharathram
  - Mr. S. Rajan from 01.03.2011



**B) DETAILS OF TRANSACTIONS WITH ABOVE PARTIES**

Particulars	Companies in which the company has substantial interest ₹	Directors of the Company and their relatives ₹	Total ₹
Purchase of goods	333,409		324,409
Sale of goods	21,937,482		21,913,966
Expenses recharged by Company	2,920,049		2,920,049
Expenses recharged to Company	37,559		30,791
Rendering of services	354,417	12,000	366,417
Receiving of services	179,396		179,396
Outstanding payables	115,891		169,980
Outstanding receivables	2,284,924		2,284,924
Deposit taken	211,287,864	22,364,000	233,651,864
Interest Expenses on deposit taken	10,821,828	6,768,719	17,590,547
Outstanding deposit payable	1,400,000	76,422,000	77,822,000

**C) DISCLOSURE IN RESPECT OF MATERIAL RELATED PARTY TRANSACTIONS DURING THE YEAR**

- a) Purchase of Goods from UPL ₹ 333,409.
- b) Sale of Goods to TCLM ₹ 21,913,966, UPL ₹ 23,516
- c) Expenses Recharged from UPL ₹ 2,920,049
- d) Expenses Recharged by UPL ₹ 37,559
- e) On rendering of services from Mr. R Parthasarathy ₹ 12,000, UPL ₹ 368,685
- f) Outstanding payables to UPL ₹ 115,891
- g) Outstanding receivable from TCLM ₹ 1,675,722, from UPL ₹ 609,202.
- h) Deposits Taken from UPL ₹ 211,287,864, Mr. Dilip Thakkar ₹ 3,000,000
- i) Interest expenses on deposits taken from UPL ₹ 10,821,828, from Mr. Dilip J. Thakkar ₹ 861,846, from Ms. Indira Dilip Thakkar ₹ 444,184, from Ms. Mitali Rohit Lakhanpal ₹ 349,438,
- j) Outstanding deposits payable to Dilip Thakkar ₹ 9,700,000
- k) Remuneration paid to Key Management Personnel Mr. S.V.S. Ramaraju ₹ 3,228,890
- l) Remuneration paid to relative of Directors Ms. V. Jaya ₹ 401,493 and Mr. S.V. Rajan ₹ 49,996 Mrs. Ramya Bharathram ₹ 236,261
- m) Receiving of services includes amount paid to Thirumalai Charity Trust ₹ 145,636

17 A) During the year the company has taken office premises under cancelable lease. Lease rent accounted in profit and loss account ₹ 993,075. The said lease is cancelable at the option of the lessee at three months notice.

B) The Company has given office premises on lease to a Company under the same management under cancelable lease arrangement for a period of five years. The lease arrangement can be cancelled at the option of lesser or lessee either giving two months notice. The Company has taken interest free security deposit of ₹ 1,400,000. Lease rent received during the year and accounted as income is ₹ 2,638,340

18 This being the first year of Consolidated Financial Statements, no comparable figures are given.

As per our report of even date

For & on behalf of

**CONTRACTOR, NAYAK & KISHNADWALA  
CHARTERED ACCOUNTANTS**

**H. V. KISHNADWALA  
PARTNER**

**MUMBAI, 30TH MAY, 2011**

For and on behalf of the Board of Directors

**R.SAMPATH  
CHAIRMAN**

**R PARTHASARATHY  
MANAGING DIRECTOR**

**RITA MALGAONKAR  
COMPANY SECRETARY & LEGAL HEAD**



# THIRUMALAI CHEMICALS LTD.

Regd. Office : Thirumalai House, Road No.29,Near Sion Hill Fort, Sion (E), Mumbai 400 022.

## Thirty Eighth Annual General Meeting on Monday, August 1, 2011

Joint shareholders may obtain additional Slip at the venue of the meeting

**ATTENDANCE SLIP**

* DP I.D. No.	
---------------	--

Master Folio No.	
------------------	--

*Client I.D.No.	
-----------------	--

No. of Shares	
---------------	--

### NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the **THIRTY EIGHTH ANNUAL GENERAL MEETING** of the Company to be held on Monday, August 1, 2011 at 4.00 p.m. at The Mysore Association Auditorium, Mysore Association, 393, Bhaudaji Road, Matunga-C Rly., Mumbai 400 019.

Signature of Shareholder / proxy

\* Applicable for shares in dematerialised form.

Tear Here

**PROXY FORM**



# THIRUMALAI CHEMICALS LTD.

Regd. Office : Thirumalai House, Road No.29,Near Sion Hill Fort, Sion (E), Mumbai 400 022.

## Thirty Eighth Annual General Meeting on Monday, August 1, 2011

* DP I.D. No.	
---------------	--

Master Folio No.	
------------------	--

*Client I.D.No.	
-----------------	--

No. of Shares	
---------------	--

I/We .....of

..... in the district of .....

being a member / members of the above named Company hereby appoint .....

.....of .....

in the district of .....or failing him .....

..... in the district of .....

as my/our proxy to vote for me/us on my /our behalf at the **THIRTY EIGHTH ANNUAL GENERAL MEETING** of the Company to be held on Monday, August 1, 2011 at 4.00 p.m. at The Mysore Association Auditorium, Mysore Association, 393, Bhaudaji Road, Matunga-C. Rly., Mumbai 400 019 and at any adjournment thereof.

Signed this day of .....2011.

Signature .....

\* Applicable for shares in dematerialised form.

Please affix Revenue Stamp Here

### Note :

The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Company's Registered Office, not less than 48 hours before the time for holding the meeting. The proxy need not be a member of the Company.







**Thirumalai  
Chemicals Ltd.**

## Financial Highlights

(₹ in Lakhs)

Particulars	10-11	09-10	08-09	07-08	06-07	05-06	04-05	03-04	02-03	01-02
<b>Share Capital</b>	1024	1024	1024	1024	1024	1024	996	996	996	996
<b>Reserves &amp; Surplus</b>	9516	7661	7500	12100	10631	9178	8336	7682	7199	6453
<b>Networth</b>	10540	8685	8524	13124	11655	10202	9332	8678	8195	7449
<b>Fixed Assets(net)</b>	10255	11111	12295	12145	10689	11354	11499	12378	13329	14133
<b>Sales/Other Income</b>	77843	63253	48405	58430	54749	37129	35803	23628	27709	26326
<b>Gross Profit(loss)</b>	5726	7033	(4061)	7190	5963	4009	3553	2942	3256	3276
<b>Interest/Finance Charges</b>	1751	1994	1703	1387	1019	884	724	800	997	1532
<b>Depreciation</b>	1339	1236	1223	1125	1090	1124	1109	1087	900	844
<b>Current Tax</b>	511	665	12	1825	1459	596	792	82	107	68
<b>Deferred Tax</b>	710	1203	(2405)	(197)	(185)	(42)	(406)	(73)	(126)	220
<b>Net Profit/(Loss)</b>	1855	2586	(4600)	2667	2531	1453	1335	1044	1309	597
<b>Dividend(incl.tax)</b>	—	597	—	1198	1078	759	681	562	562	299
<b>DIVIDEND (%)</b>	—	50	—	100	90	65	60	50	50	30
<b>EARNING PER SHARE(₹)</b>	18.12	25.26	(44.93)	26.05	24.72	14.19	13.41	10.48	13.14	5.99



## Vedavalli Vidyalaya Schools in Walaja & Ranipet in Tamil Nadu

Our three schools, Vedavalli Vidyalaya Senior Secondary School (Pre KG – X CBSE), Vedavalli Vidyalaya Higher Secondary School (XI & XII under State Board) in Walajapet, and Vedavalli Vidyalaya (Pre KG to IX – CBSE) in Ranipet, are increasingly recognized in the community here for their child friendliness and innovative teaching and learning methodologies.

Our Group has founded the Schools, and supported them in a variety of ways, for the last 17 years. We are proud of the Schools and of our contributions to make them great schools.

### The highlights of the year

- ◆ Our student Ms. Kavnilavu topped the XII Std. in Vellore District in the State Board Exam held in March 2010.

- ◆ Expanded the Ranipet School with an additional block with Labs, 12 Classrooms and an Auditorium.

- ◆ Set up a Resource Room for teachers to further encourage the use of computer and AV aided teaching and to make Classrooms and school programmes lively. The results of its use are visible in the programmes.

- ◆ An innovative project of collaborative learning with activities has been started in the primary school, to reach out to every child according to his / her learning style and to foster multiple intelligence.

- ◆ ‘Special Weeks’ - such as Maths, Sports, Space, Library weeks - were observed during the year to expose the entire school to learning a particular topic throughout a week in a variety of interesting activities.

We have over 2000 students, 95 teachers and 40 support staff in our schools. The teachers have their most rewarding time at the Annual Alumni Meet when the alumni share their experiences about the leadership roles they play in their colleges and work places, because of their training in Vedavalli Schools.

## Thirumalai Charity Trust

Working over the last three decades on **Bringing the Rural Poor together in Building their own Future** Thirumalai Charity Trust (TCT) has reached out to the villages in many programmes in Health, Women empowerment, Veterinary care, Disability and De-addiction and alcoholism education.

Towards building a sustainable model of development, TCT has focused on training and development of village volunteers and voluntary action groups. Over a period of time, they have begun to take on ownership roles. TCT's current village activities extend to 225 villages in 40 panchayats impacting 25,000 households and over a lakh of people.



### Thirumalai Mission Hospital

TCT started a Hospital in Ranipet to address the changing scenario in the villages and to give additional support to the village programmes. The Thirumalai Mission Hospital offers **Quality Healthcare that is Accessible and Affordable to all** sections of the community both in the villages and in Ranipet. This community hospital is designed as a Hub and Spoke model in consultation with Community Health experts.

### Services offered

- ⊕ Obstetrics & Gynaecology
- ⊕ Emergency
- ⊕ General Medicine
- ⊕ General Surgery
- ⊕ Physiotherapy
- ⊕ Outreach programmes



### Performance in the first year

- ◆ Treated 12,470 out-patients
- ◆ Treated 105 in-patients
- ◆ Provided various health check-ups to 505 persons
- ◆ Delivered 29 babies
- ◆ Did 20 surgeries – both minor and major
- ◆ Provided Physiotherapy treatment to 185 patients

The Hospital has excellent out-patient and in-patient facilities, good Labs and Diagnostic facilities, well-equipped Operation Theatre, Labour room, Neonatal care, and a Physiotherapy unit.

The first phase with 20-beds, built on a 5 acre plot in Ranipet, with a built-up area of 10,000 square feet on the ground and first floor was inaugurated on 18<sup>th</sup> April 2010. This is designed for expansion to 100+ beds and many more facilities.

Our vision is to develop the hospital into a good Community Health and Research Centre, with a focus on women and children and non-communicable diseases.

We have started this mission as a not-for-profit facility. This offers a platform for many people to participate as volunteers, medical consultants, trainers, donors, advisors and long-term partners and patrons.

We welcome visitors to our schools, hospital and rural programmes to personally experience the impact of TCT's work.