



**THIRUMALAI  
CHEMICALS LTD.**

**40<sup>th</sup>**

**Annual Report  
2012–2013**



# Over the years....



Chemidye Trading Company Bombay. Mr. N.T. Iyengar, Mr. N.R. Swamy with Visitors from Chemapol Warsaw in 1951.



Our food ingredients at the Singapore FIA fair in 1994.



Mr. N.S. Iyengar Chairman TCL, signing the EPC Agreement with Mr. Ramu Menon of Power Gas. Present chairman of TCL, Dr. Rama Iyer (then Marketing Manager, Power Gas) stands behind Mr. Iyengar.



Fumaric Acid and Malic Acid Plants under Construction in 1996.



Bhoomi Pooja, Ranipet – 1973.



PA3 Plant Ranipet 1997.



The TCL's first PA Plant in Ranipet, March 1976 .



Maleic Anhydride Plant Malaysia 1997.



Construction of the Malic Plant – March, 1992 .



Board of Directors at our Plant in Malaysia – 2013.

## And the legacy continues.....

**Board of Directors**

Dr. S. Rama Iyer (Chairman)  
Mr. R. Parthasarathy (Managing Director)  
Mr. Atul Agarwal  
Mr. P. Shankar  
Mr. A. Janakiraman  
Mr. Pradeep Rathi  
Mr. N. Subramanian  
Mr. Raj Kataria  
Mr. R. Sampath  
Mr. S. Santhanam  
Mr. S. Sridhar

**Chief Executive Officer**

Mr. Dhanpat Raj Dhariwal

**Chief Financial Officer**

Mr. N. Nambi Rajan

**Company Secretary**

Mr. T. Rajagopalan

**Bankers**

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

**Auditors**

M/s. Contractor, Nayak & Kishnadwala  
Chartered Accountants  
501-502, Narian Chambers,  
M. G. Road, Vile Parle(E),  
Mumbai - 400 057.

**Cost Auditor**

Mr. G. Sundaresan  
Chennai.

**Registered Office**

Thirumalai House, Road No. 29  
Near Sion Hill Fort, Sion(E),  
Mumbai - 400 022  
Tel. : 2401 7834 / 41 / 53 / 61 / 69  
Fax : 2401 1699  
E-mail : thirumalai@thirumalaichemicals.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  
Tel. : 022 2594 6970  
Fax : 022 2594 6969  
E-mail : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website : [www.linkintime.co.in](http://www.linkintime.co.in)

**Factory**

Ranipet, Vellore District, Tamilnadu  
Tel. : 04172-244441 / 42 / 43  
Fax : 04172-244308  
E-mail : [mail@thirumalaichemicals.com](mailto:mail@thirumalaichemicals.com)

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

Friday, July 05, 2013 at 3.00 p.m.

**Venue**

Mysore Association Auditorium  
393, Bhaudaji Road, Matunga-(C.Rly),  
Mumbai - 400 019.

**Book closure**

Saturday, June 29, 2013 to Friday, July 05, 2013  
(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 FORTIETH ANNUAL GENERAL MEETING OF THIRUMALAI CHEMICALS LIMITED will be held at THE MYSORE ASSOCIATION AUDITORIUM, Mysore Association, 393, Bhaudaji Road, Matunga C-Rly., Mumbai - 400 019 on Friday July 05, 2013 at 3.00 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, 2013 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare a final dividend for the Financial Year ended March 31, 2013.
3. To appoint a Director in place of Dr. S. Rama Iyer, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. Shankar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. A. Janakiraman, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors for the Financial Year 2013-2014 and fix their remuneration.

### SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr. N. Subramanian who was appointed as an Additional Director of the Company with effect from September 13, 2012 and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company."
8. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr. Raj Kataria who was appointed as an Additional Director of the Company with effect from January 28, 2013 and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company."
9. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr. R. Parthasarathy, whose term of office as Director expires on July 31, 2013, be appointed as a director of the company with effect from August 08, 2013."
10. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:  
"RESOLVED THAT pursuant to Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, Mr. R. Parthasarathy be and is hereby appointed as Vice-Chairman and Managing Director of the Company for a period of three years from August 01, 2013 to July 31, 2016 upon the terms and conditions as set out herein below:

- i) Basic Salary ₹ 7 Lakhs per month (with annual increments of ₹ 1 Lakh in April of each year).
- ii) Commission of 3 % of net profits of the Company as computed under Section 309 of the Companies Act, 1956.  
"RESOLVED FURTHER THAT in addition to the above remuneration, Mr. R. Parthasarathy shall be entitled to:
  - a) perquisites like HRA/furnished accommodation, gas, electricity, water, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance, medical insurance for self and family, telephone, etc., Such perquisites being restricted to ₹ 42 Lakhs per annum in the first year ending March 2014 and with an annual increase equivalent to one month basic salary for subsequent years.
  - b) Company's contribution to Provident Fund and Superannuation Fund, applicable as per rules/norms, or payments made in lieu of such contributions; Gratuity payment at the end of tenure and encashment of leave as per rules of the Company. These shall not be included in the computation of limits/restrictions for remuneration or perquisites as aforesaid and Mr. R. Parthasarathy shall be entitled to the same."  
"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the Company do pay remuneration to Mr. R. Parthasarathy as permissible under Section II of Part II to Schedule XIII to the Companies Act, 1956 as minimum remuneration or any amendments thereof."  
"RESOLVED FURTHER THAT Mr. R. Parthasarathy shall not retire by rotation in terms of article 163(B) of the Articles of Association of the Company while continuing as Managing Director and shall be liable to retire by rotation once vacating the office of Managing Director."
11. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.  
"RESOLVED THAT in accordance with the provisions of Section 198, 309(4) and all other applicable provisions of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, the Articles of Association of the Company and subject to all applicable approval(s) as may be required, the consent of the Company be and is hereby accorded to the payment of Commission for a period of five years commencing from April 01, 2012, to the Non-Executive Directors of the Company as may be decided by the Board from time to time, provided that the total commission payable to the Non-Executive Directors per annum shall not exceed one percent of the net profits of the Company as computed in the manner referred to under Section 198(1) of the Companies Act, 1956, with authority to the Board to determine the manner and proportion in which the amount be distributed among the Non-Executive Directors."
12. 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, relative of a Director of the Company (within the meaning of Section 6 of the Companies Act, 1956) to hold the Office or Place of Profit in the Senior Management Cadre and she be paid remuneration up to the following limits with effect from April 01, 2013 as under:

- a) Basic Salary of ` 1,20,000/- per month (subject to revision as approved by the Selection & Remuneration Committee of the Board).
- b) House Rent Allowance (per month) - @ 30% of Basic Salary.
- c) Leave Travel Assistance (per annum) - One month Basic Salary.
- d) Medical Reimbursement (per annum) - One month Basic Salary.
- e) Payment of Conveyance Allowance, Children Education Allowance, any other allowance(s), Bonus, Ex-gratia payment, Mediclaim Insurance for self and Family, etc., as per Rules of the Company, not exceeding in aggregate ` 5.00 Lacs per annum.
- 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 Rules of the Company."

"FURTHER RESOLVED THAT the total remuneration in (a) to (f) shall not exceed ` 30 Lakhs per annum."

13. 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, relative of a Director of the Company (within the meaning of Section 6 of the Companies Act, 1956), to hold the Office or Place of Profit in the Senior Management Cadre and he be paid remuneration up to the following limits with effect from April 01, 2013 as under:

- a) Basic Salary of ` 1,20,000/- per month (subject to revision as approved by the Selection & Remuneration Committee of the Board).
- b) House Rent Allowance per month - @ 30% of Basic Salary.
- c) Leave Travel Assistance (per annum) - One month Basic Salary.
- d) Medical Reimbursement (per annum) - One month Basic Salary.
- e) Payment of Conveyance Allowance, Children Education Allowance, any other allowance(s), Bonus, Ex-gratia payment, Mediclaim Insurance for self and Family, etc., as per Rules of the Company, not exceeding in aggregate ` 5.00 Lacs per annum.
- 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."

"FURTHER RESOLVED THAT the total remuneration in (a) to (f) shall not exceed ` 30 Lakhs per annum."

14. 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. Narayan, relative of a Director of the Company (within the meaning of Section 6 of the Companies Act, 1956) to hold the Office or Place of Profit in the Management Cadre, and he be paid remuneration up to the following limits with effect from April 01, 2013 as under:

- a) Basic Salary of ` 90,000/- per month (subject to revision as approved by the Selection & Remuneration Committee of the Board)
- b) House Rent Allowance (per month) - @ 30% of Basic Salary.
- c) Leave Travel Assistance (per annum) - One month Basic Salary.
- d) Medical Reimbursement (per annum) - One month Basic Salary.
- e) Payment of Conveyance Allowance, Children Education Allowance, any other allowance(s), Bonus, Ex-gratia payment, Mediclaim Insurance for self and Family, etc., as per the Rules of the Company, not exceeding in aggregate ` 3.50 Lacs per annum.
- 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 Rules of the Company."

"FURTHER RESOLVED THAT the total remuneration in (a) to (f) shall not exceed ` 25 Lakhs per annum."

**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 Saturday, June 29, 2013 to Friday July 05, 2013 (both days inclusive) for the purpose of AGM and determining the names of members eligible for dividend, if approved. In respect of shares held in Electronic form, the dividend will be paid to those shareholders whose names appear at the close of Business hours on Friday, June 28, 2013 as beneficial owners and whose names are furnished by National Securities Depository Limited and Central Depository Services Limited as on that date.
- d) Re-appointment of retiring Directors:

Dr. S. Rama Iyer, Mr. P. Shankar, and Mr. A. Janakiraman, Directors of the Company, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Dr. S. Rama Iyer, 73 years, has been a Director of the Company since 25th 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., Gujarat Fluorochemicals Ltd., Deepak Fertilizers & Petrochemicals Corporation Ltd. and Indsil Electrosmelts Ltd. He holds 50000 shares of the Company on behalf of private family trust.

Mr. P. Shankar, 69 years, retired as Central Vigilance Commissioner of India in September 2006. He joined the Indian Administrative Service in 1966 after acquiring a Post-graduate degree in Economics from The Madras University. In a distinguished career, he has served as the Chief Secretary of Tamil Nadu and as Secretary to The Government of India in the Departments/Ministries of Heavy Industry; Sugar; Food and Public Distribution and Petroleum. He has rich experience in the field of Industrial Management and Administration, and Governance. He does not hold any shares of the Company.

Mr. A. Janakiraman, 68 years, is a B.Sc. Chemistry graduate with B.Tech. in Chemical Engineering from IIT and has wide experience in the area of Petrochemicals. He retired as President - New Business (Petroleum) Reliance Industries Ltd. in January, 2010. He has worked in various capacities with Indian Oil Corporation, Herdilla Chemicals Ltd, Herdilla Polymers Ltd, Pasumai Irrigations Ltd, and Chemplast Sanmar Ltd. He does not hold any shares of the Company.

- e) 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) immediately about any change in their Bank Mandate or address, if any.
- f) 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.
- g) Pursuant to the provisions of Section 205A(5) & 205(c) of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividend for the financial year 1995-1996 to 2004-2005 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 IEPF 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.

- h) 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.

- i) Member(s) wanting to nominate a person on whom the Shares will vest in the event of death of the holder(s) are requested to use the prescribed Form-2B and forward to the Company' Registrars.

- j) Members/Proxies are requested to bring attendance-slip along with their copy of the Annual Report to the Meeting.

- k) 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 the 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., to the Shareholders in electronic form in lieu of the physical form. Shareholders in the Demat Mode & the Physical Mode are requested to provide an email ID for the purpose of servicing documents by the Company in electronic mode at our email id

thirumalaigogreen@linkintime.co.in

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

**ITEM No.7**

Mr. N. Subramanian, 65 years, was appointed as Additional Director of the Company effective from September 13, 2012 under Article 126 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956. Mr. N. Subramanian holds office as an Additional Director up to the date of Annual General Meeting. The Company has received notice in writing (together with a deposit of ` 500) from a member signifying his intention to propose the appointment of Mr. N. Subramanian as Director of the Company in accordance with Section 257 of the Companies Act, 1956.

N. Subramanian, who is a chemical engineer from IIT Madras, a Management Graduate from IIM -Ahmedabad and has 40 years of experience in the Chemical Industry in India and Overseas. Mr. Subramanian is highly respected for his Senior Management expertise in leading companies in India and Overseas, viz, Chemplast Sanmar, Total Group, Arkema, etc. and for his experience in the Chemical Industry, especially in the Asia Pacific region. He does not hold any shares of the Company. He is not a Director in any other Indian Company.

The Directors recommend the resolution set out at item no.7 of the accompanying notice for your approval.

None of the Directors of the Company except Mr. N. Subramanian is concerned or interested in the resolution.

**ITEM No.8**

Mr. Raj Kataria, 57 years was appointed as Additional Director of the Company effective from January 28, 2013 under Article 126 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956. Mr. Raj Kataria holds office as an Additional Director up to the date of Annual General Meeting. The Company has received notice in writing (together with a deposit of ` 500) from a member signifying his intention to propose the appointment of Mr. Raj Kataria as Director of the Company in accordance with Section 257 of the Companies Act, 1956.

Mr. Raj Kataria is an experienced Investment Banker with over 20 years in Mergers and Acquisitions and Capital Markets. He also has significant expertise in Company Law, and Corporate Structuring matters. He was Managing Director at Merrill Lynch (DSP Merrill Lynch Ltd.) till July, 2011. He holds 50 shares of the Company. He is not a Director in any other Indian Company.

The Directors recommend the resolution set out at item no.8 of the accompanying notice for your approval.

None of the Directors of the Company except Mr. Raj Kataria is concerned or interested in the resolution.

**ITEM No. 9**

Mr. R. Parthasarathy is the Managing Director of the company and his term of office as director expires on July 31, 2013. The Company has received notice in writing (together with a deposit of ₹ 500) from a member signifying his intention to propose the appointment of Mr. R. Parthasarathy as Director of the Company in accordance with Section 257 of the Companies Act, 1956. Mr. R. Parthasarathy, 62 years, is a B.Tech. (IIT), M.S., (Wisc, USA). and has over 38 years of experience in the Chemical Industry. Under his stewardship, the Company has been able to grow the business, overcome lean phases in last few years and emerge stronger.

The Directors recommend the resolution set out at item no. 9 of the accompanying notice for your approval.

None of the Directors of the Company except Mr. R. Parthasarathy and Mr. R. Sampath (being a relative of Mr. R. Parthasarathy) is concerned or interested in the resolution.

**ITEM NO. 10**

Mr. R. Parthasarathy was appointed as Vice-Chairman and Managing Director of the Company for a period of three Years effective from August 01, 2010 as per the terms and conditions approved by the Shareholders at the 37th Annual General Meeting held on August 09, 2010.

Mr. R. Parthasarathy has been associated with the Company for about 38 Years. Mr.R.Parthasarathy is a B.Tech.( IIT) ,M.S., (Wisc, USA) and has over 38 years of experience in the chemical Industry . He has in depth expertise in Projects & Engineering, R&D, Setting up of new Businesses, Manufacturing, Government and Regulatory issues, General Management of Business Organizations and in International Business. He is an acknowledged expert in the various businesses / products that your Company is engaged in. He is presently leading the reorganization of the Company and its management. The Company has made significant progress under the Managing Directorship of Mr. R. Parthasarathy. He holds 260150 shares of the Company.

Since the aforesaid appointment for the revised period of three years ended on July 31, 2013, the Audit and Remuneration Committee of the Board of Directors further recommended the appointment and remuneration of Mr. R. Parthasarathy as Vice-Chairman and Managing Director of the Company for a period of three years from August 01, 2013 to July 31, 2016 and pay him the remuneration as proposed in the resolution.

The Board is of the opinion that the appointment of Mr. R. Parthasarathy as Vice-Chairman & Managing Director for a

period of three years effective from August 01, 2013 would be in the interest of the Company.

The scope and quantum of remuneration and perquisites specified hereinabove may be enhanced, enlarged, widened, altered or varied by the Remuneration Committee of the Board of Directors in the light of and in conformity with any amendments to the relevant provisions of the Companies Act and / or re-enactment thereto or thereof or the rules and regulations made thereunder and/or such guidelines as may be announced by the Central Government from time to time.

The Managing Director shall report to the Board of Directors. He shall perform such functions as may from time to time be entrusted to him by the Board. All his acts shall be subject to the supervision and control of the Board of Directors. The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

Mr. R. Parthasarathy is a relative of Mr. R. Sampath , Director of the Company, who may be deemed to be interested in the resolution relating to the appointment of Mr. R. Parthasarathy as Vice-Chairman & Managing Director. None of the Directors of the Company except Mr. R.Parthasarathy and Mr. R. Sampath are in any way concerned or interested in the resolutions.

This explanatory statement together with the accompanying notice may be treated as an abstract under Section 302 of the Companies Act, 1956.

In compliance with the provisions of Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956, the terms of remuneration specified above are now being placed before the Members in the ensuing Annual General Meeting for their approval and no other approval from any authority is required in this behalf.

The Board recommends the Special Resolution at item no. 10 of the Notice for your approval.

As per Schedule XIII of the Companies Act, 1956, statement containing details to the Shareholders along with the Notice of the General Meeting is given below and forms part of the Explanatory Statement.

**ITEM. No. 11**

The shareholders at the 34th Annual General Meeting have approved Commission payable to the Non-Executive Directors which shall not exceed 1% of the Net Profits of the Company after considering the time devoted and contribution made by the Directors of the Company including Non-Executive Directors. The approval was for a period of five years which ended on March 31, 2012. The Board of Directors of the Company at its meeting held on October 23, 2012 decided to extend the payment of commission to Non-Executive directors, subject to the approval of the Members of the Company, for a period of five years from April 01, 2012 provided that the total Commission payable to the Non-Executive Directors shall not exceed 1% of the Net Profits of the Company as computed in the manner referred to under Section 198(1) of the Companies Act, 1956. Payment of such commission will be in addition to the sitting fees for attending the Board/Committee meetings.

All Directors other than the Managing Director may be deemed to be concerned or interested in the Resolution set out at item no. 11 of the Notice.

The Board recommends the Resolution set out at item No. 11 of the Notice for your approval.

**ITEM NO. 12**

Ms. Ramya Bharathram, who is relative of Mr. R. Sampath, Director, was appointed as Manager-Business Development under section 314 of the Companies Act, 1956 at the 38th Annual General Meeting of the company held on August 01, 2011.

Ms. Ramya Bharathram, 40 years, is a B.Com, C.A (Inter) and has work experience of over 15 years in Finance, Legal & Marketing. She has been with Thirumalai Chemicals Limited for the last 3 years.

She is serving the Company with the same remuneration as approved by the shareholders in their meeting held on August 01, 2011 without any increment. The management, on review of her performance, has decided to restructure and increase her remuneration as stated in the resolution.

The Selection & Remuneration Committee had approved the proposed remuneration at its meeting held on May 29, 2013 and recommended the revision for your approval as required under section 314 of the Companies Act, 1956.

The Board of Directors recommends the special Resolution at item No.12 of the Notice for your approval.

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

**ITEM NO. 13**

Mr. S. V. Rajan, who is relative of Mr. S. Santhanam, Director, was appointed as Manager (Commercial) under section 314 of the Companies Act, 1956 at the 38th Annual General Meeting of the company held on August 01, 2011.

Mr. S. V. Rajan, 40 years, is a B.Com with a MBA in Marketing with work experience of over 14 years in various capacities. He has been with Thirumalai Chemicals Limited for the last 12 years.

He is serving the Company with the same remuneration as approved by the shareholders in their meeting held on August 01, 2011 without any increment. The management, on review of his performance, has decided to restructure and increase his remuneration as stated in the resolution.

The Selection & Remuneration Committee had approved the proposed remuneration at its meeting held on May 29, 2013 and recommended the revision for your approval as required under section 314 of the Companies Act, 1956. The Board of Directors recommends the Special Resolution at item No.13 of the Notice for your approval.

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

**ITEM NO. 14**

Mr.S.Narayan, who is relative of Mr.S.Santhanam, Director, was appointed as Manager (Commercial) under section 314 of the Companies Act, 1956 at the 38th Annual General

Meeting of the company held on August 01, 2011.

Mr.S.Narayan, 36 years, is a B.Sc (Chemistry) with MBA in Marketing and has work experience of over 11 years in various capacities. He has been with Thirumalai Chemicals Limited for the last 2 years.

He is serving the Company with the same remuneration as approved by the shareholders in their meeting held on August 01, 2011 without any increment. The management, on review of his performance, has decided to restructure and increase his remuneration as stated in the resolution.

The Selection & Remuneration Committee had approved the proposed remuneration at its meeting held on May 29, 2013 and recommended the revision for your approval as required under section 314 of the Companies Act, 1956.

The Board of Directors recommends the special resolution at item No.14 of the Notice for your approval.

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

**Statement required to be given under Part II, Section II(B) (IV) of the Schedule XIII of the Companies Act, 1956**

**I. General Information**

- (1) Nature of Industry: The Company is into manufacture of Phthalic Anhydride, Maleic Anhydride, Food Acids and Esters.
- (2) Date or expected date of commencement of commercial production: The Company commenced operations in the year 1974.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.
- (4) Financial performance based on given indicators: The financial performance of the Company is mentioned in the Director's Report.
- (5) Export performance and net foreign exchange collaborations: The FOB value of exports during the year 2012-2013 is ` 6595 lakhs and the Company does not have any foreign collaboration.
- (6) Foreign investments or collaborations, if any: US\$ 6 Mn

**II. Information about the appointee(s)**

**(1) Background details**

Mr. R. Parthasarathy has over 38 years of experience spanning different areas including Projects, Manufacturing, R&D, Technical know-how, foreign collaborations, licensing etc. He is an engineer from I.I.T. Mumbai and did his Masters in USA. During his distinguished career, he has contributed immensely to the growth and entry into new businesses by Thirumalai Chemicals Limited. He is considered an authority on matters concerning our businesses, and has extensive management experience in India and overseas, as well as in Government and Regulatory affairs relating to The Chemical Industry. He has been President of the Indian Chemical Council. He is also actively involved in various charitable activities, educational institutions, rural development programs etc.





(2) Past Remuneration (for the last three years)

Year	Amount
2012-13	₹ 235.96 Lakhs
2011-12	₹ 69.04 Lakhs
2010-11	₹ 57.07 Lakhs

The above figures include Company's Contribution to Provident Fund, Superannuation Fund and Provision for Gratuity.

(3) Recognition or Awards: Nil

(4) Job profile and suitability

Mr. R.Parthasarathy has considerable knowledge and experience in the Chemical Industry which is compatible with the Organizational requirements and the Company would definitely benefit under his leadership and valuable guidance.

(5) Remuneration proposed: The proposed remuneration of the appointee(s) as mentioned in the Explanatory Statement is within the limits specified in Schedule XIII of the Companies Act, 1956.

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

The proposed remuneration of the Managing Director is commensurate with the position he occupies, size of your Company and as per the industry standards.

(7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any,

Mr.R.Parthasarathy is a relative of Mr. R. Sampath , Director

of the Company, who may be deemed to be interested in the resolution relating to the appointment of Mr. R.Parthasarathy as Vice-Chairman & Managing Director.

III. Other information

(1) Reasons of loss or inadequate profit:

There is no inadequacy of profit for the financial year 2012-13.

(2) Steps taken or proposed to be taken for improvement:

Increased sales turnover, cost control & reduction, focus on cash management

(3) Expected increase in productivity and profits in measurable terms:

Productivity and profits are expected to increase substantially in the coming years

**By Order of the Board  
For Thirumalai Chemicals Ltd.**

**T. RAJAGOPALAN**  
Company Secretary

**Registered Office:**

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

May 29, 2013

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

To

**The Members,  
Thirumalai Chemicals Ltd.**

Your Directors present the **FORTIETH ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended March 31, 2013.

	(₹ In lakhs)	
<b>STANDALONE FINANCIAL RESULTS</b>	<b>Year ended 31.3.2013</b>	Year ended 31.3.2012
Revenue from operations	<b>114,584</b>	90,649
Income from Windmill Operation	<b>192</b>	138
Other Income	<b>816</b>	563
	<b>115,592</b>	91,350
<b>Gross Profit / (Loss) before Interest and Finance Charges and Depreciation</b>	<b>10,912</b>	7,198
Interest and Finance charges	5,202	5,237
Profit / (Loss) before Depreciation and Tax	5,710	1,961
Depreciation	1,287	1,381
<b>Profit / (Loss) before Tax</b>	<b>4,423</b>	<b>580</b>
Provision for Current Tax	1,884	346
<b>Profit / (Loss) after Current Tax</b>	<b>2,539</b>	<b>234</b>
Provision for Deferred Tax	236	244
<b>Profit / (Loss) after Tax</b>	<b>2,775</b>	<b>478</b>
Balance in Profit & Loss Statement	4,041	3,563
Profit available for appropriation	<b>6,816</b>	<b>4,041</b>
<b>APPROPRIATIONS</b>		
Dividend	<b>768</b>	-
Tax on Dividend	<b>127</b>	-
General Reserve	<b>300</b>	-
Balance carried forward	<b>5,621</b>	4,041
	<b>6,816</b>	4,041

On a Revenue from operation of ₹114,584 lakhs (₹ 90,649 lakhs) including Export earning on FOB basis of ₹ 6,595 lakhs (₹ 11,909 lakhs), Income from windmill operation of ₹ 192 lakhs (₹ 138 lakhs) and Other Income of ₹ 816 lakhs (₹ 563 lakhs), the Gross Profit of the Company amounted to ₹ 10,912 lakhs (Profit of ₹ 7,198 lakhs in the previous year). After providing for Interest and Finance charges, Depreciation, the Profit after Tax is ₹ 2,775 lakhs (₹ 478 Lakhs) in the previous year.

**Dividend:** Your Company paid an interim dividend of ₹ 5.00/- per share (50% on the face value of ₹ 10/-) in February 2013. The directors are now pleased to recommend a final dividend of ₹ 2.50/- per share (25% on the face value of ₹ 10/-). This, together with the interim dividend, aggregates to a total dividend of ₹ 7.50 per share (75% on the face value of ₹ 10/-) for the financial year ended 31st March 2013, on the paid-up capital of ₹ 10.24 cr. (Previous Year Dividend - Nil)

**Subsidiaries:** Tarderiv International Pte Ltd., Singapore is a wholly-owned subsidiary of your Company and it has two step-down subsidiaries viz. Cheminvest Pte Ltd., Singapore and Optimistic Organic Sdn. Bhd., Malaysia.

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

In the last Annual report to Members, the reorganisation of your Company and Businesses were discussed. This process is in progress and has shown results. The Performance, Plans and Prospects of your Company are given below.

### **1. Scenario overview:**

The difficult Economic and Business scenario in India which started in 2011, has continued and in certain areas deepened further during 2012-13. Inflation continued to be very high, while growth remained below expectations.

Capital Investments by Individuals, Families, and by Businesses and Industrial organisations in the Private and Public sector dropped significantly. Many industries have witnessed slow growth while certain sectors experienced contraction, as retail consumer spending also slowed down.

The deepening monetary and economic crises in Europe and the slow recovery in the US, has had an adverse effect on growth in the ASEAN and Far Eastern economies. These International developments in the EU and Asia further dampened your company's growth, since these are the key export markets for India and for your Company.

### **2. Your Business:**

#### **The Markets:**

- a. The major customer segments for your company include Construction Chemicals, Consumer products, the Auto sector, Colours for Printing, Garments, Paints & Plastics; and the manufacture of Agrochemicals and Speciality Chemicals. All these suffered from very low growth or stagnation. As a result, Phthalic Anhydride, where our Company did well in the first quarter of the year, saw a long period of low or nil margins thereafter.
- b. The Food Ingredients business faced severe margin pressures, as it is heavily exposed to the European market, where competitors adopted aggressive price and margin cutting in order to retain market shares.
- c. In PA Derivatives your Company was able to maintain margins.

#### **Management and Performance:**

From 2011 onwards a complete overhaul of the organisation was commenced. This process has matured during the year and has led to faster and focused decision making by each business team separately.

- a. The focus in the Phthalic Anhydride business was on reduction of total cost, plant reliability, and better management of receivables and stocks. Our aim is to be among the lowest cost producers in the Industry, which will help offset our disadvantage of being located away from the raw material source and the main markets in Western India.
- b. In Food Ingredients, the Business team quickly adapted to

the evolving market conditions, changed strategy to reduce dependence on the EU, and focused on developing the Indian market. The results are already visible, and have partly offset the sharp decline of prices and volumes in Europe.

The team has also partly expanded its capacity at marginal cost; and is now developing a strategy for a low cost expansion which will double our volumes in the next 3 years, with more efficient manufacturing.

- c. In The Chemidye division, i.e. Phthalic Derivatives, the performance has been good. A planned expansion has been deferred to 2013-14 due to delays in certain approvals.

Amidst challenging business conditions, we have seen a growth in Revenues of 38.54% in our Phthalic Anhydride business and 14% in our Value Added products.

Across the Board your Company has been working on tightening performance and improving efficiencies, especially in Plant Reliability, Safety, Quality, Energy, Logistics, Sales Collections and Distribution Management. These processes are ongoing and will continue through the current year 2013-14.

#### **Overseas Subsidiary: MA Business**

For the overseas subsidiary (Optimistic Organic, Malaysia) this has been year of visible turnaround. This company was making losses for over a decade and there was a delay in the repayment of advances to your Company. Your Company also had to write off its Equity Investments completely in 2010-11

The erstwhile company was a Joint Venture with local partners. During 2011-12 we acquired the Assets of the company completely through a Subsidiary and this operation is now completely owned by your company.

The year under review has been the first full year of operations, since our acquisition of the Subsidiary

The Subsidiary has not only turned around, but has done well. On a turnover of USD 51 Mn ( ₹ 279 crore), it has made a Profit Before Tax of USD 3 Mn ( ₹ 21 crore), and has had a healthy positive cash flow. The amount due from the erstwhile entity in Malaysia, is being serviced by the subsidiary. During the year under review a sum of USD 750,000 has been received along with interest of USD 509,675 (USD 458,707 net of taxes).

A further sum of USD 500,000 has been received towards the above dues in May 2013.

Further efforts are in progress in the Malaysian subsidiary in terms of refurbishment of the plant and improvement of reliability, which will make it more profitable.

After many years of financial support from the Indian Company, we now expect the Malaysian subsidiary to contribute significantly to your company's Cash flows, Profitability and Growth. This would also result in significant improvements in our Balance Sheet.

**ANNEXURE TO DIRECTORS' REPORT**

<b>CONSOLIDATED FINANCIAL RESULTS</b>	( ` In lakhs)	
	<b>Year ended 31.3.2013</b>	Year ended 31.3.2012
Revenue Revenue from operations	136,958	105,264
Income from Windmill Operation	192	138
Other Income	478	528
	137,628	105,930
Gross Profit / (Loss) before Interest and Finance Charges and Depreciation	13,960	7,724
Interest and Finance charges	5,228	5,261
Profit / (Loss) before Depreciation and Tax	8,732	2,463
Depreciation	2,286	2,260
<b>Profit / (Loss) before Tax</b>	<b>6,446</b>	<b>203</b>
Provision for Current Tax	2,301	355
<b>Profit / (Loss) after Current Tax</b>	<b>4,145</b>	<b>(152)</b>
Provision for Deferred Tax	236	244
<b>Profit / (Loss) after Tax</b>	<b>4,381</b>	<b>92</b>
Balance in Profit & Loss Account	3,594	3,502
Profit available for appropriation	7,975	3,594

**Systems, Audits and Governance :**

To improve our Systems and Compliance in key areas, the Board of Directors decided last year, to implement a three tier system of audits and reviews, through professional agencies of repute.

We now have a regular audit of Systems, Policies & Risks, along with a Transaction & Compliance audit, and finally the Statutory Audit. All Auditors report to the Audit Committee of the Board, and then to the full Board. These systems have been introduced in the past year, and the directors already see greater awareness of important issues and risks, with regular action plans to correct these through better systems and procedures, by the management.

The **Business Review Committee** of the Board which was set up in the previous year, reviews the budgets plans and corrective actions on a regular basis with the management and operations team. The Business Review Committee had 4 meetings in the current year. The finding and comments of the Committee are then placed before and reviewed by the board.

**Social Responsibility:**

Your Company has a long history of service to the Society. We have been proactive in our commitments to the communities and the people we work with, and live among. Your Company mainly channels these social initiatives through its support to the **Thirumalai Charity Trust (TCT)** and the **Akshaya Vidya Trust (AVT)**.

Since 1982 the TCT has been engaged in Women's Empowerment, Micro Business development, Rural Health Care, Alcoholism Rehab, Social and Health Education and

Aiding the Handicapped, in the Vellore District of Tamil Nadu. In 2010 the TCT set up the Thirumalai Mission Hospital in Ranipet to provide Quality Healthcare that is accessible and affordable by all. This integrates the ongoing primary healthcare services with secondary healthcare, and has been well received. These endeavours have been supported by your Company.

In 1994 your Company assisted the Akshaya Vidya Trust to set up the Vedavalli Vidyalaya Schools.

Since then with our support the AVT has grown to 3 prominent schools on 2 campuses with over 2500 children from all walks of life.

The cover pages of this Report provide an overview about the Activities of the TCT, the TMH and the AVT

**Awards and Recognitions :**

In its efforts to benchmark itself and motivate employees, your Company has participated in various important competitions and programmes. Your Company is well recognised for its stellar performance in Energy and Water management, Ethical Business practices, Manufacturing Excellence and for its various Community and Social initiatives.

We have received a number of prestigious Awards and Recognitions, a few of which are:

- 2013 - ET Now World CSR Excellence & Leadership Awards
- 2013- Global CSR Excellence & Leadership Awards
- 2012- Asian Quality Leadership Award
- 2012- Asian CSR Leadership Award
- 2012- Asia's Best CSR Practices Award - Chief Marketing Officer Council
- 2011 - Jamnalal Bajaj Award for Fair Business Practices - Council For Fair Business Practices

2010 -	Water Management Award	-	Indian Chemical council
2010 -	Social Responsibility Award	-	Indian Chemical council
2008 -	Energy Excellence Award	-	Confederation of Indian Industry
2008 -	Responsible Care Award	-	Indian Chemical council
2007 -	Water Excellence Award	-	Confederation of Indian Industry
2006 -	Manufacturing Excellence Award	-	Frost & Sullivan

### Employees

Employees at all levels both in India and Malaysia have stretched themselves in this process of re-organization and change. They continue to work exceptionally hard in improving the performance of your Company and in meeting the difficult market conditions, while conforming to the Values that define the organisation.

The Board wishes to thank all its employees, in India and Malaysia for their exceptional contributions.

### Financial and Operating performance

Your Company achieved a Net Profit of ₹ 2,775 lakhs compared to Net profit of ₹ 478 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 ₹ 15,234 Lakhs on Net Sales of about ₹ 1,15,592 Lakhs. Contribution to the Exchequer is about 13% of your Company's Sales.

### Research and Development

Your Company's in-house Research and Development facility is approved by the Government of India, Department of Science and Technology, under Section 35 (2AB) of the Income Tax, 1961. It focuses on improving the quality of our Fine Chemicals, Food Ingredients and Derivatives businesses, in terms of Grades, Applications, etc, as also on Energy Conservation, and Development of higher efficiencies in the manufacturing processes.

An amount of ₹ 178 lakhs (₹ 233 Lakhs) has been spent during the year for these projects on which your Company avails a weighted deduction of 200% (200 %)

### Risks and concerns

As a Commodity Industry, our main product Phthalic Anhydride and Maleic Anhydride are exposed to sharp cycles, which result in profitability pressures from time to time.

The other areas which could upset your Company's plans are Raw material pricing & sourcing, Dumped Imports, Forex Fluctuations and Manufacturing Risks.

### Current Year

The Indian and International markets continue to present an extremely difficult trading situation for Phthalic Anhydride, with a significant decline in volumes in Europe and some parts of Asia, eroding margins in the Domestic markets. The Management

and Operating teams are working actively to address and mitigate these business problems. There are many improvements in cost and efficiency which will be completed during the current year, 2013-14.

In our Food Ingredients Business, we have been working on improving margins, while reducing costs, and will continue to do so. We are also in the early stages of setting up additional capacity in these products.

In our Phthalic Derivatives (The Chemidye Division) an expansion is planned during 2013-14 and this will progress by the end of the year, depending on the pace of key approvals.

Overall the current market and economic situation is challenging. Your Company is gearing itself to face and overcome these.

### Cautionary Statement

The statements made in this 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 later, on the basis of subsequent developments, information or events.

### Exports:

Calculated on FOB basis, Exports amounted to ₹ 6,595 lakhs (₹ 11,909 Lakhs)

### Directors' Responsibility Statement

As required pursuant to the Companies (Amendment) Act, 2000, the Board of Directors confirms 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 to maintain 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. Your Company is also very regular in meeting its commitments to its depositors. Deposits aggregating ₹ 11.95 Lakhs due for repayment on or before March 31, 2013 were not claimed by the depositors as on that date.

### Statement pursuant to Listing Agreement

Your Company's shares are listed with The National Stock Exchange and The Bombay Stock Exchange Ltd. We have paid the respective annual listing fees and there are no arrears.

### **Report on Corporate Governance**

A Report on Corporate governance is annexed herewith. Auditors' Report on the same is also annexed.

### **Industrial Relations**

Industrial Relations during the year under review continued to be cordial.

### **Directors**

Mr. Dilip J Thakkar, Director, resigned from the Board with effect from May 25, 2012 The Board has placed on record its appreciation of the valuable contribution made to your Company by Mr Dilip J Thakkar.

Mr. K. V. Krishnamurthy, Director, expired on January 16, 2013. The Board has placed on record its appreciation of the valuable contribution made to your Company by Mr K.V.Krishnamurthy.

Mr. N. Subramanians was appointed as an Additional Director with effect from September 13, 2012 in accordance with Article 126 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. Mr N.Subramanian holds office only up to the date of the forthcoming Annual General Meeting (AGM) and a Notice under Section 257 of the Act has been received from a Member signifying his intention to propose Mr. N. Subramanian's appointment as a Director.

Mr. Raj Kataria was appointed as an Additional Director with effect from January 28th, 2013 in accordance with Article 126 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. Mr Raj Kataria holds office only up to the date of the forthcoming Annual General Meeting (AGM) and a Notice under Section 257 of the Act has been received from a Member signifying his intention to propose Mr Raj Kataria's appointment as a Director.

Dr. S. Rama Iyer, Mr. P. Shankar, and Mr. A. Janakiraman, Directors of your company, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The Board recommends their aforesaid appointments / reappointments.

### **Auditors**

M/s. Contractor, Nayak and Kishnadwala, Chartered Accountants, Statutory Auditors of your 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, Chartered Accountants, as Auditors for the Current Year.

### **Cost Auditors**

Mr.G.Sunderesan, Cost Accountant, was appointed as Cost Auditor to conduct cost audit of the accounts maintained by your Company in respect of products manufactured for the financial year 2012-13.

### **Personnel**

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the Annexure to the directors' report.

### **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- 1.

### **Acknowledgements**

The 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 period under review. The Directors also appreciate and value the contributions made by the employees of your Company at all levels.

For and on behalf of the Board of Directors

Mumbai  
29th May 2013

**R.Parthasarathy**  
Managing Director

### 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 2012 - 2013	Year Ending 2011 - 2012
1	Electricity			
	a) Purchased Units	KWHR	<b>2,436,360</b>	1,537,220
	Total Amount Paid	`	<b>19,291,746</b>	9,809,798
	Rate per Unit	`	<b>7.92</b>	6.38
	b) Own Generation	KWHR	<b>3,424,096</b>	3,679,952
	Unit / Ltr of HSD	KWHR/LTR	<b>2.64</b>	2.78
	Cost per Unit	`	<b>17.75</b>	14.88
2	Coal : Consumed in the process	KWHR	<b>Nil</b>	Nil
3	Furnace Oil			
	Total Quantity	KL	<b>5,573</b>	6,506
	Total Amount	`	<b>217,571,141</b>	228,455,589
	Average Rate	`	<b>39,038</b>	35,114
4	Other Internal Generations	KWHR	<b>27,057,614</b>	22,477,893
5	Consumption Per Tonne of Production			
	Electricity	KWHR	<b>21.14</b>	15.28
	Furnace Oil	Ltr	<b>48.36</b>	64.68
	Diesel	Ltr	<b>11.24</b>	13.16
	Production Details (bagged - in MT)	Quantity Mts		
	Total Production		1,15,247	

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

##### Research and Development

- 1) Specific Areas in which R & D activities are carried out by the company.
  - a) Improvement in the quality and cost reduction of Specialties.
  - b) Development of new value added products from Maleic Anhydride, Phthalic Anhydride and others.
  - c) Reduction in the cost of production of food acids.
  - d) Improvement in effluent treatment methods and effluent reduction using microbiological techniques.
  - e) Reducing Energy Cost
- 2) Benefits derived as a result of above effects.
  - a) Improvement of yield in the plants.
  - b) Improvement in quality of products.
  - c) Optimal utilization of Raw materials in Fine chemical plants.
  - d) Significant Energy Reduction
- 3) Future plan of action.
  - a) Process improvement to reduce Water Consumption and Effluent.
  - b) Reduce energy cost per unit of production further.

4) Capital Expenditure on R & D		
a) Capital	<b>₹ 4.32 lakhs</b>	(₹ 25.19 lakhs)
b) Recurring	<b>₹173.80 lakhs</b>	(₹ 207.90 lakhs)
c) Total	<b>₹ 178.12 lakhs</b>	(₹233.09 lakhs)
Total R&D expenditure as a % of sales	<b>0.16%</b>	0.26%

**5. Technology Absorption, Adaptation and Innovation:**
**a) 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.

**b) 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.

**c) Particulars of Technology imported during the last 5 Years : None.**
**d) Techno-commercial studies of fine chemicals.**
**e) Food acidulants - awareness to customers and technical services to users of our products.**
**III) Foreign Exchange Earning and Outgo**

Export earnings	<b>₹ 6,595 Lakhs</b>	(₹ 11,909 Lakhs)
Outgo	<b>₹ 12,774 Lakhs</b>	(₹ 8,965 Lakhs)

**STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE OF THE COMPANIES ACT,1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED MARCH 31,2013 AND FORMING PART OF THE DIRECTORS' REPORT - EMPLOYED THROUGHOUT THE FINANCIAL YEAR**

SI_No	Name	Designation	Qualifi- cation(s)	Age	Date of Commencement of Employment	Total Experience	Nature of Employment, whether contractual or	Nature of duties of the employee otherwise	Gross Remuneration	Previous Employment / Designation
1	Mr. Dhanpat Raj Dhariwal	Chief Executive Officer	M.Tech B.E	63 years	8th July 2011	36 yrs	Contractual	General Management	₹ 1.40 cr	President/CEO Birla White, Grasim Industries

For and on behalf of the Board of Directors

Mumbai  
29th May 2013

**R.Parthasarathy**  
Managing Director



## CORPORATE GOVERNANCE REPORT 2012-13

(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 recognises that strong Corporate Governance is indispensable to a resilient and vibrant Capital Market 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") decide 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 comprises of One Non-Executive Chairman, One Managing Director and Nine Non-Executive Directors.
- 2) All Directors other than Mr. R. Sampath, Mr. S. Santhanam, Mr. R. Parthasarathy and Mr. S. Sridhar are Independent Directors.

#### b) Board Meetings:

Five meetings of the Board of Directors were held on 15/05/2012, 13/07/2012, 23/10/2012, 28/01/2013 and 01/02/2013. 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 five Board Meetings held during the financial year 2012-2013, the last AGM and other particulars of Directorship are given below:-

Name of the Director	Attendance at		No. of Directorships in other Public Companies	Board Sub-Committees (Audit Committee and Share Transfer Committee)	
	Board Meetings	Last AGM		Membership	Chairmanship
Dr. S. Rama Iyer <sup>1</sup>	4	Yes	6	3	-
Mr. R. Parthasarathy <sup>2</sup>	5	Yes	1	-	-
Mr. Atul Agarwal	4	Yes	3	2	1
Mr. Pradeep Rathi	2	Yes	11	5	1
Mr. A. Janakiraman	5	Yes	-	1	-
Mr. P. Shankar	4	Yes	1	2	-
Mr. N. Subramanian <sup>3</sup>	2	No	-	1	-
Mr. Raj Kataria <sup>4</sup>	-	No	-	-	-
Mr. S. Sridhar	4	Yes	2	-	-
Mr. S. Santhanam	4	Yes	1	2	1
Mr. R. Sampath	5	Yes	1	-	-
Mr. Dilip J Thakkar <sup>5</sup>	1	No	-	-	-
Mr. K. V. Krishnamurthy <sup>6</sup>	3	Yes	-	-	-

<sup>1</sup> Chairman

<sup>2</sup> Managing Director

<sup>3</sup> Inducted from 13/09/2012 as additional Director

<sup>4</sup> Inducted from 28/01/2013 as additional Director

<sup>5</sup> Ceased to be a Director from 25/05/2012

<sup>6</sup> Ceased to be a Director from 16/01/2013

**c) Remuneration of Directors:**

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

**Details of remuneration paid to the Managing Director during the year ended 31/03/2013 are:**

Name	Position	Salary	Commission	Contribution to PF and other Fund	Perquisites
Mr. R. Parthasarathy	Managing Director	72,00,000	85,20,879	78,74,769	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 (subject to approval by the shareholders at the Annual General Meeting).

**The sitting fees paid to the Non-Executive Directors are as under:**

Name of the Director	Sitting fees paid
Mr. R.Sampath	1,00,000
Mr. S. Santhanam	1,60,000
Mr. S. Sridhar	80,000
Mr. Dilip J Thakkar	40,000
Dr. S. Rama Iyer	1,60,000
Mr. Pradeep Rathi	40,000
Mr. K. V. Krishnamurthy	1,20,000
Mr. A. Janakiraman	1,80,000
Mr. P. Shankar	1,20,000
Mr. N. Subramanian	40,000

**d) Details of the Shares held by Non-Executive Directors as on 31/3/2013 :**

Name of the Director	No. of Shares held*
Mr. R.Sampath	4,81,737
Mr. S. Santhanam	99,452
Mr. S. Sridhar	1,07,147
Mr. Atul Agarwal	15,000
Dr, S. Rama Iyer	50,000
Mr. Raj Kataria	50

\* Incl. Trust holdings

**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 consists entirely of independent directors.

**a) Audit Committee Members:**

<b>Name of Director</b>	<b>Category</b>
1. Mr. Atul Agarwal	Independent Director & Chairman
2. Mr. Dilip J Thakkar*	Independent Director
3. Mr. P. Shankar\$	Independent Director
4. Mr. K. V. Krishnamurthy**	Independent Director
5. Mr. A. Janakiraman#	Independent Director
6. Mr. S. Santhanam	Promoter Director

\* Ceased to be a member from 25/05/2012

\$ Inducted as member from 13/07/2012

\*\* Ceased to be a member from 16/01/2013

# Inducted as member from 28/01/2013

Mr. Atul Agarwal, a qualified Chartered Accountant, is the Managing Director of Mercator Lines Ltd. He is a Director in 3 Public Companies and member in 4 Committees of the Board.

Mr. P. Shankar, joined the Indian Administrative Service in 1966 after acquiring a post-graduate degree in Economics from Vivekanand College of the erstwhile Madras University. In the course of a distinguished career, he served as the Chief Secretary of Tamil Nadu (2001 - 02) and as the Secretary to Government of India in the Departments/Ministries of Heavy Industry; Sugar; Food and Public Distribution and Petroleum. He has a rich experience in the field of Industrial Management and Administration.

Mr. A. Janakiraman, is a B.Sc. Chemistry graduate with B.Tech. in Chemical Engineering from IIT and has wide experience in the area of Petrochemicals. He retired as President - New Business (Petroleum), Reliance Industries Ltd. in January, 2010.

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

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 Exchange.

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 2012-13 on 15/05/2012, 13/07/2012, 23/10/2012 and 28/01/2013. The details of attendance are given below:

<b>Name of the Director</b>	<b>No. of Meetings attended</b>
Mr. Atul Agarwal	4
Mr. Dilip J Thakkar	1
Mr. P. Shankar	2
Mr. A. Janakiraman	-
Mr. S. Santhanam	4
Mr. K. V. Krishnamurthy	3

The Statutory Auditors attended all the Audit Committee meetings. The Company Secretary and the CFO attended all the Audit Committee meetings. Audit Committee members also act as Selection/Remuneration Committee members.

The Audit Committee discussed the Company's accounts and also the periodic quarterly results and then it was placed before the Board of Directors. The Audit Committee also reviews the Company's financial reporting process. The Audit Committee reviews the annual results before it is considered by the Board of Directors. The Audit Committee also reviews the Group Company's transactions, Internal Auditors' Report and the Action Taken Report thereon.

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

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

<b>Name of the Director</b>	<b>Category</b>
Mr. S. Santhanam	Promoter Director & Chairman
Mr. Dilip J Thakkar <sup>1</sup>	Independent Director
Mr. S. Sridhar <sup>2</sup>	Promoter Director
Mr. K. V. Krishnamurthy <sup>3</sup>	Independent Director
Mr. N. Subramanian <sup>4</sup>	Independent Director

<sup>1</sup> Ceased to be a member from 25/05/2012

<sup>2</sup> Ceased to be a member from 13/07/2012

<sup>3</sup> Inducted as a member from 13/07/2012 & Ceased as a member from 16/01/2013

<sup>4</sup> Inducted as a member from 28/01/2013

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

- 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.
- Any other matter related to share transfers.

Mr. T.Rajagopalan has been appointed as Company Secretary and Compliance Officer from 15th May, 2012. During the year, the Company received 11 queries/complaints from Shareholders which were all resolved promptly. The process of share transfer is delegated to R&T and is carried out by it in compliance with the Listing Agreement which will be confirmed and ratified by the Board at the subsequent meeting. There has been no complaint from any investor which has not been redressed promptly.

It has been noted that the shareholding in dematerialized mode as on March 31, 2013 was 96.27%.

**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 Fortieth Annual General Meeting of the Company for the financial year 2012-2013 would be held on Friday, July 05, 2013 at 3.00 p.m. at Mysore Association Auditorium, Bhaudaji Road, Matunga-(C.Rly), 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>
2011-2012	13/07/2012	4.00 p.m	Mysore Association Auditorium Bhaudaji Road, Matunga- (C.Rly), Mumbai.
2010-2011	01/08/2011	4.00 p.m	Mysore Association Auditorium Bhaudaji Road, Matunga- (C.Rly), Mumbai.
2009-2010	09/08/2010	4.00 p.m	Mysore Association Auditorium Bhaudaji Road, Matunga- (C.Rly), Mumbai.

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 a 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.

There were no significant transactions with the Directors or their relatives or the Management that has 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 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 Exchange 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, 2013. 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 49V of the Equity Listing requirement with the stock Exchanges, Mr. R.Parthasarathy, Managing Director and Mr. N. Nambi Rajan, Chief Financial Officer have certified to the Board regarding Financial Statements for the year ended March 31, 2013.

**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 advertisements in a National daily and in a vernacular language newspaper.

**GENERAL SHAREHOLDERS INFORMATION:**

- 1) Date, time and venue of 40th AGM : Friday, July 05, 2013 at 3.00 p.m. at Mysore Association Auditorium, 393, Bhaudaji Road, Matunga-(C.Rly), Mumbai - 400 019.
- 2) Date of Book Closure : Saturday, June 29, 2013 to Friday, July 05, 2013.
- 3) Listing on Stock Exchanges : Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange Ltd. (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,  
Near Sion Hill Fort, Sion(E), Mumbai - 400 022.  
Tel: +91-22-2401 7834 / 41 / 53 / 61 / 69  
Fax: +91-22-2401 1699 / 4754  
E-mail: thirumalai@thirumalaichemicals.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: rnt.helpdesk@linkintime.co.in
- 9) Compliance Officer : Mr. T. Rajagopalan, Company Secretary  
Thirumalai Chemicals Limited  
Thirumalai House, Road No.29,  
Sion (East), Mumbai - 400 022.  
Tel: +91-22-24017841 / 53 / 61.  
Fax: +91-22-24011699.  
E-mail: rajagopalan.t@thirumalaichemicals.com
- 10) Share Transfer system : The Company's shares are traded in the Stock Exchanges which are compulsorily in demat mode. Shares sent for physical transfer are registered promptly within 15 days from the date of receipt of completed and validly executed documents.
- 11) Financial Calendar : Annual Results - May 29, 2013  
Mailing of Annual Reports - By June 08, 2013  
Results for the Quarter ending:  
June 30, 2013 - By August 14, 2013  
September 30, 2013 - By Nov 15, 2013  
December 31, 2013 - By Feb 15, 2014  
March 31, 2014 - May, 2014
- 12) Dividend payment date : Friday July 12, 2013.
- 13) Dematerializations of shares : As on March 31, 2013, 96.27% of the Company's Shares representing 98,56,883 shares were held in the dematerialized form.
- 14) Plant Location: Ranipet, Vellore District, Tamil Nadu.  
Tel: +04172-244441. Fax: +04172-244308.  
E-Mail: mail@thirumalaichemicals.com

## 15) Categories of Shareholders (as on March 31, 2013):

Category	No. of Shares	% of Shareholding
Promoters, Directors & their Relatives	20,74,420	20.26
Group Companies	27,00,182	26.37
Financial Institutions / Banks	8,245	0.08
Insurance companies	600	0.01
NRIs / FIIs	98,994	0.97
Companies / Bodies Corporates	5,20,486	5.08
General Public	48,04,133	46.92
Clearing Members	30,652	0.30
Trusts	1,100	0.01
<b>TOTAL</b>	<b>1,02,38,812</b>	<b>100.00</b>

## 17) Distribution of Shareholding as on March 31, 2013:

No. of shares	No. of Shareholders	% of Shareholders	Shareholding	% of Shareholding
Upto 500	14,785	91.39	16,17,785	15.80
501 - 1,000	735	4.54	5,75,651	5.62
1,001 - 2,000	324	2.00	4,85,465	4.74
2,001 - 5,000	195	1.21	6,14,286	6.00
5,001 - 10,000	65	0.40	4,74,000	4.63
Above 10,000	74	0.46	64,71,625	63.21
<b>Total</b>	<b>16,178</b>	<b>100.00</b>	<b>1,02,38,812</b>	<b>100.00</b>

## 18) Stock market price data for the year 2012-2013:

Month	BSE			NSE		
	High (₹)	Low (₹)	No. of Shares	High (₹)	Low (₹)	No. of Shares
April, 2012	54.50	44.00	2,12,659	53.90	44.00	1,93,095
May, 2012	54.20	45.65	2,32,851	54.85	45.30	1,47,118
June, 2012	60.50	47.95	2,24,189	60.85	47.90	91,436
July, 2012	102.30	56.85	13,02,104	102.35	57.00	5,92,662
August, 2012	104.90	90.00	4,21,164	105.00	87.65	5,03,515
September, 2012	127.50	90.15	11,94,011	127.50	89.00	4,95,976
October, 2012	145.00	111.40	9,83,961	144.70	111.00	7,82,360
November, 2012	120.40	106.10	4,40,763	121.80	105.55	5,90,001
December, 2012	130.50	112.55	5,25,034	130.80	111.55	5,03,654
January, 2013	139.60	116.60	6,00,709	144.10	115.00	5,58,122
February, 2013	127.50	96.15	2,77,557	128.00	98.50	2,91,937
March, 2013	111.60	89.00	1,18,983	111.30	89.00	1,55,275

**DECLARATION BY THE MANAGING DIRECTOR 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 Exchange, 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, 2013.

For Thirumalai Chemicals Limited

**R. Parthasarathy**  
Managing Director

Mumbai, May 29, 2013

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**INDEPENDENT AUDITOR'S REPORT ON CORPORATE GOVERNANCE**

To the Members of,  
Thirumalai Chemicals Limited

We have examined the compliance of conditions of corporate governance by **Thirumalai Chemicals Limited** for the year ended on 31st March 2013, 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the abovementioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders and Investors' Grievance Committee.

We further 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 No. : 101961W

Place: Mumbai  
Date: 29th May, 2013

H. V. Kishnadwala  
Partner  
Membership No. : 37391



## INDEPENDENT AUDITOR'S REPORT

To the Members of  
THIRUMALAI CHEMICALS LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of Thirumalai Chemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to Note E.5 to the financial statements regarding exposure of ₹ 411,879,337 in Optimistic Organic Sdn Bhd on account of transfer of advances and other amounts due to the company from erstwhile TCL Industries (Malaysia) Sdn Bhd. As detailed in the said note, the Company expects that the same would be recovered in the foreseeable future.

We further draw attention to Note E.7 to financial statements regarding provision made for commission payable to non-executive directors amounting to ₹ 5,302,414. The same is subject to approval by the members at next general meeting.

Our opinion is not qualified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227 (3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 those books;
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of  
Contractor, Nayak & Kishnadwala  
Chartered Accountants  
Firm Registration No. : 101961W

Place : Mumbai  
Date : 29th May, 2013

H. V. Kishnadwala  
Partner  
Membership No. : 37391

### Annexure to the Independent Auditors' Report

Referred in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date.

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, an independent chartered engineer, valuer and appraiser appointed by the company had carried physical verification of the fixed assets in December 2011. As informed to us, the company has also initiated a phased physical verification of fixed assets over a period of 3 years. 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 2013 (₹)	Maximum balance outstanding during the year (₹)
Ultramarine & Pigments Ltd	Nil	13,642,774
- 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 according to the explanations given to us, the Company has generally complied with the provisions of Section 58A and 58AA or any other relevant provision 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 pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie, the prescribed accounts and cost records have been made and maintained. We have not, however, made a detailed examination of the cost 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, 2013, 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:

Name of the Statute	Nature of the dues	Amount ( )	Financial Year/s to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise Duty	99,945	2005-06	Assistant Commissioner of Central Excise
Income Tax Act	Penalty	18,169,912	1995-96	Income Tax Appellate Tribunal
Foreign Exchange Management Act	Penalty	99,363,453	1995-96	Appellate Tribunal constituted under Foreign Exchange Management Act
Tamilnadu General Sales Tax Act	Interest on belated payments of tax	7,537,505	2000-01 to 2005-06	Madras High Court

Amounts paid under protest and not charged to Statement of Profit and Loss Account have not been included above. [Refer Note C.32(B) to the financial statements]

- 10 The company does not have any accumulated losses as on 31st March 2013. 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 not given any guarantees for loans taken

by another company from banks where it has substantial interest;

- 16 In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained;
- 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 During the year the Company has not made any preferential allotment of shares to the parties or companies covered in the register maintained under section 301 of the Companies Act, 1956;
- 19 During the year the Company has not issued any debentures accordingly, the clause (xix) of the paragraph 4 of the Order is not applicable to the Company;
- 20 The Company has not raised any money by way of public issues during the year. Therefore, the provisions of clause (xx) of the paragraph 4 of the Order are not applicable to the Company;
- 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 No. : 101961W

H. V. Kishnadwala  
Partner  
Membership No. : 37391

Place : Mumbai  
Date : 29th May, 2013

**BALANCE SHEET AS AT 31ST MARCH, 2013**

All amounts in Indian rupees, except share data and where otherwise stated

Particulars	Note No.	As at 31st March, 2013	As at 31st March, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders funds</b>			
(a) Share capital	C.1	102,410,620	102,410,620
(b) Reserves and surplus	C.2	<u>1,277,009,463</u>	<u>1,062,858,040</u>
		<u>1,379,420,083</u>	<u>1,165,268,660</u>
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	C.3	530,496,284	888,443,357
(b) Deferred tax liabilities (net)	C.4	160,792,038	184,372,263
(c) Long-term provisions	C.5	<u>37,149,952</u>	<u>37,459,816</u>
		<u>728,438,274</u>	<u>1,110,275,436</u>
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	C.6	1,616,647,965	949,733,865
(b) Trade payables	C.7	2,328,502,321	2,721,242,182
(c) Other current liabilities	C.8	554,115,506	506,058,891
(d) Short-term provisions	C.9	<u>55,726,493</u>	<u>28,491,876</u>
		<u>4,554,992,285</u>	<u>4,205,526,814</u>
<b>TOTAL</b>		<u><u>6,662,850,642</u></u>	<u><u>6,481,070,910</u></u>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>(1) (a) Fixed assets</b>			
(i) Tangible assets	C.10	922,948,243	1,004,720,364
(ii) Capital work-in-progress (Refer note E. 1)		5,373,894	27,007,815
(b) Non-current investments	C.11	325,169,305	325,169,305
(c) Long-term loans and advances	C.12	553,232,664	748,315,777
(d) Other non current assets	C.13	<u>2,443,098</u>	<u>6,358,026</u>
		<u>1,809,167,204</u>	<u>2,111,571,287</u>
<b>(2) Current assets</b>			
(a) Inventories	C.14	1,880,507,991	1,421,340,007
(b) Trade receivables	C.15	2,535,553,277	2,560,218,214
(c) Cash and cash equivalents	C.16	109,762,596	116,520,272
(d) Short-term loans and advances	C.17	126,684,473	147,869,050
(e) Other current assets	C.18	<u>201,175,101</u>	<u>123,552,080</u>
		<u>4,853,683,438</u>	<u>4,369,499,623</u>
<b>TOTAL</b>		<u><u>6,662,850,642</u></u>	<u><u>6,481,070,910</u></u>

Significant accounting policies

B

Notes to financial statements

A, C, D &amp; E

The accompanying notes are an integral part of financial statements

As per our report of even date

For and on behalf of the Board of Directors

For &amp; on behalf of

**CONTRACTOR, NAYAK & KISHNADWALA  
CHARTERED ACCOUNTANTS**
**R. PARTHASARATHY  
MANAGING DIRECTOR**
**R.SAMPATH  
DIRECTOR**
**ATUL AGARWAL  
DIRECTOR**
**H. V. KISHNADWALA  
PARTNER**
**N. NAMBI RAJAN  
CHIEF FINANCIAL OFFICER**
**T. RAJAGOPALAN  
COMPANY SECRETARY**
**MUMBAI, 29TH MAY, 2013**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

All amounts in Indian rupees, except share data and where otherwise stated

Particulars	Note No.	Year ended	Year ended
		31st March, 2013	31st March, 2012
<b>I</b> Revenue from operations	C.19	<b>11,477,570,242</b>	9,078,655,823
<b>II</b> Other income	C.20	<b>81,600,853</b>	56,301,223
<b>III Total revenue (I + II)</b>		<b>11,559,171,095</b>	<b>9,134,957,046</b>
<b>IV Expenses:</b>			
Cost of materials consumed	C.21	<b>8,967,472,803</b>	6,706,066,726
Purchase of stock in trade	C.22	<b>415,320,314</b>	741,214,519
Changes in stock	C.23	<b>(204,827,036)</b>	(144,669,596)
Employees benefits expense	C.24	<b>215,827,257</b>	196,426,784
Finance costs	C.25	<b>520,222,578</b>	523,727,282
Depreciation and amortization	C.10	<b>128,749,674</b>	138,053,942
Other expenses	C.26	<b>1,074,129,515</b>	916,083,590
<b>Total expenses</b>		<b>11,116,895,105</b>	9,076,903,247
<b>V Profit before tax</b>		<b>442,275,990</b>	58,053,799
<b>VI Tax expense</b>			
Current tax		<b>(165,000,000)</b>	(34,593,800)
Deferred tax		<b>23,580,226</b>	24,366,742
Adjustment for earlier years		<b>(23,399,889)</b>	(20,000)
<b>VII Profit for the year</b>		<b>277,456,327</b>	47,806,741
<b>VIII Earnings per equity share - Par value ` 10 per share</b>			
Basic and diluted		<b>27.10</b>	4.67
Significant accounting policies	B		
Notes to financial statements	A, C, D & E		
The accompanying notes are an integral part of financial statements			

 As per our report of even date  
For & on behalf of

For and on behalf of the Board of Directors

**CONTRACTOR, NAYAK & KISHNADWALA  
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**R. PARTHASARATHY  
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COMPANY SECRETARY**

MUMBAI, 29TH MAY, 2013

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

Particulars	Year Ended 31st March, 2013	Year Ended 31st March, 2012
<b>(A) Cash Flow From Operating Activities</b>		
<b>Net profit before tax and extraordinary items</b>	<b>442,275,990</b>	58,053,799
<b>Adjustments for</b>		
Depreciation	128,749,674	138,053,942
Finance Costs	520,222,578	523,727,282
Interest Income	(50,783,590)	(5,864,896)
Dividend Received	(9,208,100)	(9,192,800)
Loss/(Profit) on sale of assets	197,531	(25,194)
Write off of fixed assets	126,112	-
Effect of exchange rate change	13,314,692	30,750,060
	<b>602,618,898</b>	677,448,394
<b>Operating Profit before Working Capital changes</b>	<b>1,044,894,888</b>	735,502,193
<b>Adjustments for</b>		
(Increase) / decrease in trade and other receivables	48,346,340	(302,706,098)
(Increase) / decrease in inventories	(459,167,984)	(307,164,191)
Increase / (decrease) in trade and other payables	(368,766,717)	766,725,521
	<b>(779,588,361)</b>	156,855,232
<b>Cash Generated From Operations</b>	<b>265,306,527</b>	892,357,425
Direct tax paid (net)	(106,537,431)	(49,087,863)
	<b>(106,537,431)</b>	(49,087,863)
<b>Net Cash Inflow / (Outflow) From Operations</b>	<b>(a) 158,769,096</b>	843,269,562
<b>(B) Cash Flow From Investment Activities</b>		
Sale of fixed assets	548,120	153,857
Purchase of Fixed assets and Capital work in progress	(26,215,397)	(144,416,533)
Increase/ (decrease) in loan given to Subsidiaries	7,181,119	(527,220,456)
Interest received	40,113,140	1,494,348
Sale/ (Purchase) of Investments (net)	-	(45,789,450)
Dividend received	9,208,100	9,192,800
Foreign currency translation reserve	26,141,364	63,414,668
Net Cash Inflow / (Outflow) From Investing Activities	<b>(b) 56,976,445</b>	(643,170,766)
<b>(C) Cash Flow From Finance Activities</b>		
Proceeds from long term borrowings	-	798,689,700
Repayment of long term borrowings	(347,349,883)	(384,786,989)
Short term borrowings (net)	660,894,856	(40,271,422)
Interest on borrowings	(520,222,578)	(523,727,282)
Dividend paid (including dividend tax)	(59,499,022)	-
Net Cash Inflow / (Outflow) From Financing Activities	<b>(c) (266,176,628)</b>	(150,095,993)
<b>Net Increase / (Decrease) in Cash or Cash Equivalents</b>	<b>(a+b+c) (50,431,087)</b>	50,002,803
<b>CASH AND CASH EQUIVALENTS - (OPENING)</b>		
- Cash and Bank balance	58,432,225	8,429,422
<b>CASH AND CASH EQUIVALENTS - (CLOSING)</b>		
i. Cash on hand	308,012	249,667
ii. Balance with banks	7,693,127	58,182,558
In current accounts	8,001,139	58,432,225
<b>TOTAL</b>	<b>(50,431,087)</b>	50,002,803

**Note**

- Figures in the brackets represents cash outflows.
- Previous year figures have been regrouped wherever necessary to conform to the current year's classification.

As per our report of even date  
For & on behalf of

For and on behalf of the Board of Directors

**CONTRACTOR, NAYAK & KISHNADWALA  
CHARTERED ACCOUNTANTS**

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CHIEF FINANCIAL OFFICER**

**T. RAJAGOPALAN  
COMPANY SECRETARY**

**MUMBAI, 29TH MAY, 2013**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

### **A. CORPORATE INFORMATION**

Thirumalai Chemicals Limited is a public limited company domiciled in India incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in manufacturing and selling chemicals. The company caters to both domestic and international markets.

### **B. SIGNIFICANT ACCOUNTING POLICIES**

#### **I. BASIS OF ACCOUNTING**

The financial statements of Thirumalai Chemicals Limited ("TCL" or "the Company") have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India and the provisions of Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

The company follows the accrual system of accounting for recognizing income and expenditure.

#### **II USE OF ESTIMATES:**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

#### **III REVENUE RECOGNITION:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Sale of goods: Revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer. Gross turnover includes excise duty but does not include sales tax and VAT.

Income from wind operated generators: Revenue from sale of power from wind operated generators is accounted when the same is transmitted to and confirmed by the Electricity Board to whom the same is sold.

Income from letting out of storage facility: Revenue from letting out of storage facilities are accounted on accrual basis as per terms of agreement.

Income from services: Revenue from service contracts are recognized pro-rata over the period of the contract as and when services are rendered and are net of service tax.

Sale of scrap: Revenue from sale of scrap is recognised as and when scrap is sold.

Dividend and interest income: Dividend income is recognized when the unconditional right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognized on the time proportionate method taking into account the amount outstanding and the rate applicable.

Export benefits: The benefit accrued under the Duty Entitlement Pass Book Scheme, duty drawback scheme as per the Export and Import Policy in respect of exports made under the said Schemes is included under the head "revenue from operations" as 'Incentives on Exports'.

Status holder incentive scrip scheme benefit is accounted on utilization thereof for payment of duty on eligible goods.

#### **IV FIXED ASSETS AND DEPRECIATION:**

##### **Tangible Assets:**

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

##### **Depreciation and amortization:**

Depreciation on fixed assets is provided using the straight-line method, except on Maleic Anhydride plant and all assets of CMC division at the rates specified in Schedule XIV to the Companies Act, 1956 or based on the useful life of the assets as estimated by Management, whichever is higher.

Depreciation on Maleic Anhydride plant and all assets of CMC division are provided using Written Down Value (WDV)

method at the rates specified in Schedule XIV to the Companies Act, 1956 or based on the useful life of the assets as estimated by Management, whichever is higher. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed. Individual assets costing less than ₹ 10,000/- are not capitalized.

The Management's estimates of the useful lives of various categories of fixed assets where depreciation rates are higher than the rates specified in Schedule XIV are as under:

Specific laboratory equipments : 5 years

Specific office equipments : 2 years

Leasehold land: Premium on lease hold land is amortized over the period of lease.

#### **V RESEARCH AND DEVELOPMENT EXPENSES:**

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized as expense in the statement of profit and loss when incurred.

Expenditure incurred on fixed assets used for research and development is capitalized and depreciated in accordance with the depreciation policy of the Company.

#### **VI IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS:**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of amortized historical cost.

#### **VII INVESTMENTS:**

Non-current investments are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment

#### **VIII INVENTORIES:**

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

(a)	Raw Materials	Lower of cost and net realizable value. Effective as of April 01, 2012, the Company has changed its policy on valuation of inventory (except for stores and spares) from weighted average cost method to first-in first-out method. Under the prior policy, the cost of all categories of inventories was based on weighted average cost method.
(b)	Work-in-Progress	Lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity.
(c)	Finished Goods	Lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.
(d)	Catalyst	Lower of cost and net realizable value. Cost of Catalyst is expensed over its estimated useful life.
(e)	Stores and Spare parts	Lower of cost and net realizable value. Stores and spares consists of packing materials, engineering spares (such as machinery spare parts) and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process, had been valued at cost based on a weighted average cost method.
(f)	Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.	

#### **IX EMPLOYEE BENEFITS:**

##### **Defined contribution plan:**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to recognized



provident funds and approved superannuation schemes which are defined contribution plans are recognized as an employee benefit expense in the statement of profit and loss as and when the services are received from the employees.

**Defined benefit plans:**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of gratuity plan, which is a defined benefit plan, and certain other defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

**Retirement and other 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 assistance, medical allowance, contribution to provident fund and superannuation etc. recognized as actual amounts due in period in which the employee renders the related services.

(i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contribution to the fund accrues. There are no obligations other than the contribution payable to the recognized Provident Fund.

(ii) Retirement benefits in the form of Superannuation Fund is a defined contribution scheme and the contribution is charged to the statement of profit and loss for the year when the contribution accrues. There are no obligations other than the contribution payable to the Superannuation Fund Trust. The scheme is funded with an Insurance Company in the form of a qualifying insurance policy.

(iii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

(iv) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

(v) Actuarial gains/losses are recognized immediately to the statement of profit and loss and are not deferred.

**X FOREIGN CURRENCY TRANSLATION:**

Initial recognition:

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the statement of profit and loss.

Conversion:

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated using the foreign exchange rates as at the balance sheet date. The resultant exchange differences are recognized in the statement of profit and loss. Non-monetary assets and liabilities are not translated.

Exchange differences on non integral operations:

Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the enterprise's financial statements. Such exchange differences are recognized in the statement of profit and loss in the event of disposal of the net investment.

Forward Exchange Contracts:

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

**XI 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.

**XII LEASE RENTALS:**

The lease arrangement is classified as either a finance lease or an operating lease, at the inception of the lease, based on the substance of the lease arrangement.

**Finance leases**

A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**Operating leases**

Other leases are operating leases, and the leased assets are not recognized on the Company's balance sheet.

- a. In respect of operating lease agreements entered into by the Company as a lessee, the lease payments are recognized as expense in the statement of profit and loss over the lease term.
- b. In respect of operating lease agreement entered into by the Company as a lessor, the initial direct costs are recognized as expenses in the year in which they are incurred.

**XIII EARNINGS PER SHARE:**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**XIV TAXATION:**

Tax expense comprises of current and deferred tax. The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

**XV PROVISIONS ,CONTINGENT LIABILITES AND CONTINGENT ASSETS:**

Provisions:

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liability:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent liabilities are 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.

**XVI CASH AND CASH EQUIVALENTS**

The Company considers all highly liquid financial instruments, which are readily convertible into and cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	31st March, 2013	31st March, 2012
<b>C.1 Share capital</b>		
<b>Authorised</b>		
15,000,000 (15,000,000) Equity shares of ` 10/- each	<b>150,000,000</b>	150,000,000
10,000,000 (10,000,000) Unclassified shares of ` 10/- each	<b>100,000,000</b>	100,000,000
	<b><u>250,000,000</u></b>	<b><u>250,000,000</u></b>
<b>Issued</b>		
10,242,812 (10,242,812) Equity shares of ` 10/- each	<b>102,428,120</b>	102,428,120
<b>Subscribed and fully paidup</b>		
10,238,812 (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><u>102,410,620</u></b>	<b><u>102,410,620</u></b>

(a) The Company has only one class of shares referred to as equity shares having a par value of ` 10/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be proportional to the number of equity shares held by the shareholders.

(b) Details of shareholder holding more than 5% share

Name of the Entity	As at '31st March, 2013		As at '31st March, 2012	
	No. of Shares	% of holding	No. of Shares	% of holding
Ultramarine & Pigments Limited	<b>2,045,177</b>	<b>19.97</b>	2,045,177	19.97
Jasmine Limited	<b>655,005</b>	<b>6.40</b>	655,005	6.40

(c) The Company has forfeited 4,000 (4,000) equity shares on which amount originally paid up is ` 22,500/-.

(d) There is no change in Issued and Subscribed share capital during the year.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	31st March, 2013	31st March, 2012
<b>C.2 Reserves and surplus</b>		
<b>Securities Premium Account</b>		
Balance as per last financial statements	197,069,526	197,069,526
<b>General reserve</b>		
Balance as per last financial statements	398,252,062	398,252,062
Add: Transfer from statement of profit and loss	30,000,000	-
	<u>428,252,062</u>	<u>398,252,062</u>
<b>Foreign Currency Translation Reserve</b>		
Balance as per last financial statements	63,414,668	-
Add: Exchange fluctuation on long term loans and advances in relation to non-integral foreign operations	30,963,881	63,414,668
Less: Transfer to statement of profit and loss on repayment of long term loans and advances in relation to non integral foreign operations	(4,822,517)	-
	<u>89,556,032</u>	<u>63,414,668</u>
<b>Surplus</b>		
Balance as per last financial statements	404,121,784	356,315,043
Add: Profit for the year	277,456,327	47,806,741
	<u>681,578,111</u>	<u>404,121,784</u>
<b>Less: Appropriations</b>		
Transfer to general reserve	(30,000,000)	-
Interim dividend	(51,194,060)	-
Tax on interim dividend	(8,304,962)	-
Proposed dividend	(25,597,030)	-
Tax on proposed dividend	(4,350,216)	-
Total appropriations	(119,446,268)	-
Balance at the end of the year	562,131,843	404,121,784
<b>Total</b>	<u><u>1,277,009,463</u></u>	<u><u>1,062,858,040</u></u>
<b>C.3 Long term borrowings</b>		
<b>Term loans (secured)</b>		
<u>From Banks</u>		
(a) Bank of India ( refer note I.a and e.b below)	100,000,000	210,000,000
<u>From Institutions</u>		
(a) Export Import Bank of India Overseas Investment Finance Loan (refer note I.b and e. a below)	122,737,500	166,725,000
(b) Export Import Bank of India Long term Working Capital Demand Loan (refer note I.c and e.b below)	180,000,000	260,000,000
(c) Export Import Bank of India Export Oriented Unit Loan (refer note I.d and e.b below)	-	41,180,954
	<u>402,737,500</u>	<u>677,905,954</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	31st March, 2013	31st March, 2012
<b>C.3 Long term borrowings (Contd.,)</b>		
<b><u>Deferred payment liabilities ( unsecured )</u></b>		
Gujarat Industrial Development Corporation (refer note II .a below)	-	22,059,341
Sales tax deferment loan from the Government of Tamilnadu (interest free) (refer note II.b below )	<b>55,263,784</b>	99,407,062
<b><u>Deposits ( unsecured )</u></b>		
Fixed deposits	<b>72,495,000</b>	89,071,000
	<b><u>530,496,284</u></b>	<b><u>888,443,357</u></b>
I. In respect of term loans from banks and financial institutions, terms of repayments and nature of security are given below:		
a. Term loan from Bank of India, is repayable in equal 30 monthly instalments starting from July 2012 up to December 2014. The loan is secured by way of second charge (on pari passu basis) over the immovable properties of the Company.		
b. Export Import Bank of India Overseas Investment Finance loan is repayable in 16 equal quarterly instalments starting from July 2012 up to April 2016. The loan is secured by First Pari Passu charge on Movable fixed assets and immovable assets at Ranipet, Tamilnadu.		
c. Export Import Bank of India Working Capital Demand Loan is repayable in 16 equal quarterly instalments starting from July 2012 up to April 2016. The loan is secured by First Pari Passu charge on Movable fixed assets and immovable assets at Ranipet, Tamilnadu.		
d. Export Import Bank of India EOU Loan is repayable in 21 equal quarterly instalments starting from March 2009 upto March 2014. The loan is secured by First Pari Passu charge on Movable fixed assets and immovable assets at Ranipet, Tamilnadu.		
e. The interest rates in case of loans vary as below		
a. for foreign currency loans		
-Export Import Bank of India Overseas Investment Finance Loan : LIBOR + 450 basis points		
b. for rupee term loans : 11.23% to 14.5% per annum.		
II. Deferred payment liabilities		
a. Amounts due to Gujarat Industrial Development Corporation represents amount payable for acquiring lease hold land for industrial project. This loan is repayable in 12 equal quarterly instalments commencing from June 2011 to March 2014.		
b. Deferral of sales tax liabilities represent interest free deferred sales tax loan received from Government of Tamilnadu. Repayable up to 2016-17 based on the deferment availed in the respective years. An amount of ` Nil (Previous Year ` 379,047) only has been guaranteed by Shri R.Parthasarathy, Managing Director of the company. For the Deferred Sales Tax liabilities In case of default in repayment of 'Deferred sales tax liabilities' the movable and immovable properties of the company are liable to be attached / proceed towards the realization of outstanding Government loan under Revenue Recovery Act.		
<b>C.4 Deferred tax liability (net)</b>		
<b>Deferred Tax Liability</b>		
On account of timing difference in		
Depreciation	<b>185,911,166</b>	202,675,252
<b>Total</b>	<b><u>185,911,166</u></b>	<b><u>202,675,252</u></b>
<b>Deferred Tax Assets</b>		
On account of timing difference in		
Adjustments on account of gratuity provision	<b>16,281,049</b>	13,511,908
Provision for privilege leave etc.	<b>5,108,587</b>	3,857,947
Provision for doubtful deposits, DEPB etc.	<b>1,839,437</b>	-
Other disallowances under Section 43B of Income Tax Act, 1961	<b>1,890,056</b>	933,134
<b>Total</b>	<b><u>25,119,129</u></b>	<b><u>18,302,989</u></b>
Deferred Tax Liability (Net)	<b><u>160,792,038</u></b>	<b><u>184,372,263</u></b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	31st March, 2013	31st March, 2012
<b>C.5 Long term provisions</b>		
Provision for employee benefits (refer note D.1)		
Gratuity (non funded)	28,225,636	27,956,967
Compensated absences (non funded)	8,924,316	9,502,849
	<u>37,149,952</u>	<u>37,459,816</u>
<b>C.6 Short term borrowings</b>		
(a) Loan payable on Demand (secured)		
From banks		
Working Capital Demand Loan (refer note I & iii.b below)	593,353,093	258,522,367
Cash Credit/Export Credit Accounts (refer note I & iii.b below)	448,350,070	83,281,337
Bills purchased and discounted (refer note I & iii.b below)	-	9,194,729
(b) Other loans and advances (secured)		
Export Import Bank of India Pre/Post Shipment (refer note ii & iii.a below)	574,944,802	598,735,432
	<u>1,616,647,965</u>	<u>949,733,865</u>
i. Working Capital Demand Loan/Cash credit/Export accounts and Bills purchases and discounted are 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.		
ii. Export Import Bank of India Pre/post shipment is secured by hypothecation of stock of raw materials, work in progress, finished goods and book debts (those financed by Export Import Bank of India) and secured by a second charge on all of the Company's immovable fixed assets both present and future.		
iii. The interest rates in case of loans vary as below		
a. for foreign currency loans		
- Export Import Bank of India Pre/Post Shipment : LIBOR + 450 basis points		
b. for other rupee loans : 13.5% to 14.5% per annum.		
<b>C.7 Trade payables</b>		
Other trade payables	912,283,839	278,148,899
Acceptances	1,416,218,482	2,443,093,283
	<u>2,328,502,321</u>	<u>2,721,242,182</u>
Out of trade payable ` 2,121,522 (Previous year ` 2,104,221) pertain to micro, small and medium enterprises as defined under Micro, Small, and Medium Development Act, 2006 based on the information available with the Company.		
Other trade payables include emoluments payable to employees for services rendered.		
<b>C.8 Other current liabilities</b>		
Current maturities of long term debt (refer note C.3 and C.8 (a))	409,655,523	388,495,833
Book overdraft with banks	754,809	2,813,774
Unpaid dividend	4,233,934	3,484,807
Unpaid matured deposits and interest accrued thereon	503,370	457,337
Deposits from service providers	5,521,433	5,706,633
Interest Accrued but not due on loans	7,462,960	7,695,153
Payable to statutory authorities	58,928,060	38,464,404
Advances from customers	7,314,667	12,283,015
Amounts due to consignment agents	24,441,561	23,370,050
Directors remuneration payable	13,240,009	-
Other payables	22,059,180	23,287,885
	<u>554,115,506</u>	<u>506,058,891</u>
a. Export Import Bank of India Production Equipment Loan has been repaid in 16 equal quarterly instalments starting from Jan 2009 up to December 2012. The loan is secured by exclusive charge on Wind operated generators.		
b. Unpaid dividend, unpaid matured deposits and interest accrued thereon included above represent amounts to be credited to the Investor Education and Protection Fund as and when they become due.		

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**
**31st March, 2013 31st March, 2012**
**C.9 Short term provisions**

Provision for employee benefits (refer note D.1)

Gratuity (non funded)	<b>19,673,888</b>	21,303,997
Compensated absences (non funded)	<b>6,105,360</b>	7,187,879
Proposed dividend	<b>25,597,030</b>	-
Tax on proposed dividend	<b>4,350,215</b>	-
	<b>55,726,493</b>	<b>28,491,876</b>

**C.10 Fixed Asset - TANGIBLE**

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 1st April, 2012	Additions	Sales/ Disposals	As at 31st March, 2013	As at 1st April, 2012	Charge for the Period	Recouped	As at 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012
<b>Tangible assets</b>										
Freehold Land	3,749,329	-	-	<b>3,749,329</b>	-	-	-	-	<b>3,749,329</b>	3,749,329
Lease hold land (refer note D.4 c)	97,033,326	-	-	<b>97,033,326</b>	980,138	980,138	-	<b>1,960,276</b>	<b>95,073,050</b>	96,053,188
Buildings	128,984,850	257,515	-	<b>129,242,365</b>	53,424,032	3,158,961	-	<b>56,582,993</b>	<b>72,659,372</b>	75,560,817
Plant and machinery	2,312,221,610	35,335,580	-	<b>2,347,557,190</b>	1,669,703,812	96,596,788	-	<b>1,766,300,600</b>	<b>581,256,590</b>	642,517,798
Wind operated generators	165,023,000	-	-	<b>165,023,000</b>	66,830,980	17,063,378	-	<b>83,894,358</b>	<b>81,128,642</b>	98,192,023
Computer equipments	20,981,231	737,856	(1,911,440)	<b>19,807,647</b>	17,739,858	1,237,448	(1,785,328)	<b>17,191,978</b>	<b>2,615,669</b>	3,241,373
Office equipments	12,596,924	1,355,532	-	<b>13,952,456</b>	7,100,762	890,770	-	<b>7,991,532</b>	<b>5,960,924</b>	5,496,162
Furniture and fixtures	39,159,816	9,025,651	-	<b>48,185,467</b>	27,406,886	2,735,798	-	<b>30,142,684</b>	<b>18,042,783</b>	11,752,930
Vehicles	13,386,514	705,000	(2,028,621)	<b>12,062,893</b>	7,036,171	1,484,884	(1,282,970)	<b>7,238,085</b>	<b>4,824,808</b>	6,350,343
<b>Details of Assets used for R &amp; D</b>										
Plant and machinery	78,461,990	-	-	<b>78,461,990</b>	21,090,058	3,692,119	-	<b>24,782,177</b>	<b>53,679,813</b>	57,371,932
Furniture, fixtures and office equipments	9,497,901	432,184	-	<b>9,930,085</b>	5,063,432	909,390	-	<b>5,972,822</b>	<b>3,957,263</b>	4,434,469
<b>Total</b>	<b>2,881,096,491</b>	<b>47,849,318</b>	<b>(3,940,061)</b>	<b>2,925,005,748</b>	<b>1,876,376,130</b>	<b>128,749,674</b>	<b>(3,068,298)</b>	<b>2,002,057,506</b>	<b>922,948,243</b>	<b>1,004,720,364</b>
Previous Year	2,733,734,717	147,924,797	(563,022)	2,881,096,492	1,738,756,547	138,053,942	(434,362)	1,876,376,128	1,004,720,364	994,978,169

**31st March, 2013 31st March, 2012**
**C.11 Non Current Investments**
**Trade investments (At cost)**
Investment in subsidiaries
**Tarderiv International Pte. Ltd., Singapore**
In equity instruments
**22,480,000**

22,480,000

(Representing 100% equity share capital of subsidiary)

500,000 (500,000) equity shares of US\$ 1 each fully paid up

In preference equity shares
**248,109,450**

248,109,450

5,500,000 (5,500,000) preference shares of US\$ 1 each fully paid up

**(A)**
**270,589,450**
**270,589,450**



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**
**31st March, 2013    31st March, 2012**
**Other investments (At cost)**
**In equity instruments**
**Quoted (At Cost)**

Neyveli Lignite Corporation Ltd.	<b>313,958</b>	313,958
5,000 (5,000) equity shares of ` 10 each fully paid up		
Piramal Glass Limited	<b>620</b>	620
62 (62) equity shares of ` 10 each fully paid-up		
Piramal Healthcare Limited	<b>122,728</b>	122,728
1,409 (1,409) equity shares of ` 2 each fully paid up		
Piramal Life Science Limited	<b>25,727</b>	25,727
137(137) equity shares of ` 10 each fully paid-up		
Tata Power Limited	<b>7,699</b>	7,699
500 (500) equity shares of ` 1 each fully paid-up		
Ultramarine & Pigments Limited	<b>53,775,623</b>	53,775,623
3,044,800 ( 3,044,800 ) equity shares of ` 2 each fully paid-up		
Resins and Plastics Ltd.	<b>300,000</b>	300,000
10,000 (10,000) equity shares @ ` 10 each fully paid-up		
	<b>(B)</b>	
	<b>54,546,355</b>	54,546,355

**Quoted (At realisable value)**

Futuristic Offshore Services and Chemicals Ltd.	<b>1,050</b>	1,050
(Earlier known as Ganesh Anhydride Ltd.)		
100 (100) equity shares @ ` 10 each fully paid-up		
Less: Provision for diminution other than temporary	<b>(950)</b>	(950)
	<b>100</b>	100
Maruti Plastics Ltd	<b>51,239</b>	51,239
4,000 (4,000) equity shares @ ` 10 each fully paid-up		
Less: Provision for diminution other than temporary	<b>(47,239)</b>	(47,239)
	<b>4,000</b>	4,000
Indu Nissan Oxo Chemical Ltd.	<b>115,595</b>	115,595
9,150 (9,150) equity shares @ ` 10 each fully paid-up		
Less: Provision for diminution other than temporary	<b>(106,445)</b>	(106,445)
	<b>9,150</b>	9,150
	<b>(C)</b>	
	<b>13,250</b>	13,250

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	31st March 2013	31st March 2012
<b>Unquoted (At cost)</b>		
Kamer Co-operative Housing Society Limited	250	250
5 (5) equity shares @ ` 50 fully paid-up		
The Sarawat Co-operative Bank Ltd	20,000	20,000
200 (200) equity shares @ ` 100 each fully paid-up		
	<b>(D)</b>	<b>20,250</b>
	<b>(E) = (A+B+C+D)</b>	<b>325,169,305</b>
Aggregate amount of Quoted Investments	<b>54,559,605</b>	54,559,605
Market value of Quoted Investments	<b>194,286,341</b>	154,324,840
Aggregate amount of Unquoted Investments	<b>270,609,700</b>	270,609,700
Aggregate provision for diminution in value of investments	<b>154,634</b>	154,634
<b>C.12 Long-term loans and advances</b>		
Unsecured and considered good		
Capital advances	<b>3,599,769</b>	-
Security deposits	<b>4,765,132</b>	6,244,436
Loans and advances (to subsidiary companies) (Refer Note . E4 and E5)	<b>411,879,337</b>	527,220,456
Taxes paid in advance (Net of provision for tax)	<b>124,695,333</b>	116,087,874
Minimum alternate tax credit entitlement	<b>8,293,093</b>	98,763,011
	<b>553,232,664</b>	748,315,777
considered doubtful		
Security deposits	<b>946,784</b>	-
less: provision for doubtful deposits	<b>(946,784)</b>	-
	<b>553,232,664</b>	748,315,777
<b>C.13 Other non current assets</b>		
Unsecured and considered good		
Other loans and advances	<b>2,443,098</b>	6,358,026
	<b>2,443,098</b>	6,358,026
<b>C.14 Inventories (valued at lower of cost and net realizable value)</b>		
Stores and spares	<b>79,835,151</b>	64,278,642
Fuel	<b>9,473,555</b>	2,536,000
Packing materials	<b>2,780,057</b>	2,662,228
Raw materials	<b>888,488,795</b>	639,566,000
Catalyst	<b>93,403,502</b>	94,447,965
Finished goods	<b>576,821,959</b>	399,243,750
Work in progress	<b>227,835,836</b>	159,600,000
Stock of trading items	<b>1,869,136</b>	59,005,422
	<b>1,880,507,991</b>	1,421,340,007

**Note:**

- Stores and spares includes material in transit amounting to ` NIL (Previous year ` 168,642 )
- Raw Materials includes material in transit amounting to ` 628,831,785 (Previous year ` Nil )
- Finished Goods includes material in transit amounting to ` 52,764,447 (Previous year ` 151,769,170 )

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	31st March, 2013	31st March, 2012
<b>C.15 Trade receivables</b>		
Unsecured and considered good		
Debts outstanding for a period exceeding six months from due date	22,699,971	37,525,162
Other debts	2,512,853,306	2,522,693,052
	<u>2,535,553,277</u>	<u>2,560,218,214</u>
<b>C.16 Cash and Bank balances</b>		
<b>a. Cash and Cash Equivalents</b>		
Cash on hand	308,012	249,667
<u>Balance with banks</u>		
In current accounts	7,693,127	58,182,558
	<u>8,001,139</u>	<u>58,432,225</u>
<b>b. Other bank balances</b>		
Short-term bank deposits with maturity after 3 months but before 12 months	16,842,526	15,300,000
In Margin money account against letters of credit issued by banks	80,634,595	39,087,985
<u>Earmarked balances with banks</u>		
Unpaid dividend	4,233,934	3,484,807
Unpaid interest	50,402	215,255
	<u>109,762,596</u>	<u>116,520,272</u>
<b>C.17 Short-term loans and advances</b>		
Unsecured and considered good		
Balance with customs and excise	31,957,306	52,402,727
Cenvat claimable	93,647,572	94,490,518
Staff advances	1,079,595	975,805
	<u>126,684,473</u>	<u>147,869,050</u>
<b>C.18 Other current assets</b>		
Unsecured and considered good		
Other loans and advances		
Advance to suppliers	18,037,833	20,220,081
To Subsidiary company	108,160,000	-
Other loans and advances	74,977,268	103,331,999
	<u>201,175,101</u>	<u>123,552,080</u>
considered doubtful		
other loans and advances recoverable in cash or in kind or value to be received	4,464,916	-
less: provision for doubtful loans and advances	(4,464,916)	-
	<u>201,175,101</u>	<u>123,552,080</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>C.19 Revenue from Operations</b>		
Sales		
Manufactured goods	12,155,213,755	8,963,369,540
Traded goods	522,946,738	775,560,337
Gross sales	<u>12,678,160,493</u>	<u>9,738,929,877</u>
Less: Excise duty recovered on sales	1,283,083,629	741,660,638
Net sales	<u>11,395,076,864</u>	8,997,269,239
Other operating revenues:		
Sales of power from wind operated generators	19,246,180	13,757,978
Income from letting out of storage facility	24,863,891	26,602,499
Duty drawback and Duty Entitlement Pass Book Benefits	12,628,524	31,186,026
Export incentive	13,164,310	-
Sale of scrap	12,590,473	9,840,081
	<u>11,477,570,242</u>	<u>9,078,655,823</u>
<b>Details of products sold</b>		
Phthalic Anhydride	10,544,280,119	7,612,430,763
Food acids	884,113,672	774,955,044
Pthalate esters	724,725,700	573,604,732
Other chemicals	2,094,264	2,379,001
	<u>12,155,213,755</u>	<u>8,963,369,540</u>
<b>Details of trading sales</b>		
Maleic anhydride and other chemicals	509,779,502	758,247,082
Machinery items	13,167,236	17,313,255
	<u>522,946,738</u>	<u>775,560,337</u>
<b>C.20 Other Income</b>		
Interest Income	50,783,590	5,864,896
Dividend Income from long term investments	9,208,100	9,192,800
Profit on sale of assets	-	25,194
Rent received	4,187,667	3,944,254
Recovery of consortium fee of prior period	-	1,600,608
Sundry balances written back	3,330,375	591,611
Gain on foreign currency transaction / translation	2,465,471	12,736,909
Surrender value on assignment of keymen insurance policy	-	15,363,288
Miscellaneous receipts	11,625,650	6,981,663
(Miscellaneous receipts includes income of previous year ` 15,79,303		
	<u>81,600,853</u>	<u>56,301,223</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>C.21 Cost of Materials consumed</b>		
Raw materials, process chemicals and catalyst consumed		
Stock at commencement	734,013,965	575,448,599
Add: Purchases	<u>9,235,798,313</u>	<u>6,876,549,629</u>
	<b>9,969,812,278</b>	<b>7,451,998,228</b>
Less: Sales	<b>23,283,065</b>	<b>11,917,537</b>
Less: Stock at close	<u>979,056,410</u>	<u>734,013,965</u>
	<u><b>8,967,472,803</b></u>	<u><b>6,706,066,726</b></u>
<u>Details of Raw Materials Consumed</u>		
Orthoxylene	<b>8,606,186,847</b>	<b>6,346,942,484</b>
Others	<b>361,285,956</b>	<b>359,124,242</b>
	<u><b>8,967,472,803</b></u>	<u><b>6,706,066,726</b></u>
<b>C.22 Purchases of stock in trade</b>		
Traded goods		
Purchase of Maleic Anhydride and other chemicals	<b>412,424,701</b>	<b>721,911,016</b>
Purchase of machinery and spares	<b>2,895,613</b>	<b>19,303,503</b>
	<u><b>415,320,314</b></u>	<u><b>741,214,519</b></u>
<b>C.23 Changes in stock</b>		
<b>Inventories at the end of the year</b>		
Finished goods	<b>576,821,959</b>	<b>399,243,750</b>
Work in progress	<b>227,835,836</b>	<b>159,600,000</b>
Excise duty on closing stock	<b>16,149,277</b>	<b>(11,745,974)</b>
<u>Stock of Trading items</u>		
Maleic Anhydride and other trading chemicals	<b>1,092,361</b>	<b>53,359,000</b>
Machinery and spares	<b>776,775</b>	<b>5,646,422</b>
	<u><b>822,676,208</b></u>	<u><b>606,103,198</b></u>
<b>Inventories at the beginning of the year</b>		
Finished goods	<b>399,243,750</b>	<b>337,056,000</b>
Work in progress	<b>159,600,000</b>	<b>92,711,000</b>
<u>Stock of trading items</u>		
Maleic Anhydride and other trading chemicals	<b>53,359,000</b>	<b>30,342,000</b>
Machinery and spares	<b>5,646,422</b>	<b>1,324,602</b>
	<u><b>617,849,172</b></u>	<u><b>461,433,602</b></u>
<b>Changes in inventory</b>	<u><b>204,827,036</b></u>	<u><b>144,669,596</b></u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	Year ended 31st March, 2013	Year ended 31st March, 2012
<u>Details of Finished goods at the end of the year</u>		
Phthalic Anhydride	536,621,926	359,658,000
Others	40,200,033	39,585,750
	<u>576,821,959</u>	<u>399,243,750</u>
<u>Details of Finished goods at the beginning of the year</u>		
Phthalic Anhydride	359,658,000	317,669,000
Others	39,585,750	19,387,000
	<u>399,243,750</u>	<u>337,056,000</u>
<u>Details of Work in progress at the end of the year</u>		
Phthalic Anhydride	183,668,936	118,995,000
Others	44,166,900	40,605,000
	<u>227,835,836</u>	<u>159,600,000</u>
<u>Details of Work in progress at the beginning of the year</u>		
Phthalic Anhydride	118,995,000	85,830,000
Others	40,605,000	6,881,000
	<u>159,600,000</u>	<u>92,711,000</u>
<b>Trading stocks</b>		
i. Maleic Anhydride and other chemicals		
Opening Stock	53,359,000	30,342,000
Purchase	412,424,701	721,911,016
Sales	509,779,502	758,247,082
Closing Stock	1,092,361	53,359,000
ii. Machinery items		
Opening Stock	5,646,422	1,324,602
Purchases	2,895,613	19,303,503
Sales	13,167,236	17,313,255
Closing Stock	776,775	5,646,422
<b>C.24 Employees benefits expense</b>		
Salaries, wages, bonus, etc	173,334,748	159,948,487
Directors remuneration	15,159,436	12,653,538
Contribution to provident fund and other funds	17,226,740	17,111,020
Staff welfare expenses	10,106,333	6,713,739
	<u>215,827,257</u>	<u>196,426,784</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>C.25 Finance costs</b>		
Interest expense	420,294,241	380,943,731
Exchange loss on foreign currency loan	21,403,898	82,297,015
Interest on income tax	-	810,000
Bank charges	78,524,439	59,676,536
	<u>520,222,578</u>	<u>523,727,282</u>
Interest expense includes interest on acceptance ` 136,243,352 (Previous year ` 105,170,659)		
<b>C.26 Other expenses</b>		
Stores and spares consumed	77,635,455	50,787,208
Power and fuel	301,518,847	300,592,357
<u>Repairs to:</u>		
Machinery	35,478,933	26,102,113
Buildings	17,415,239	17,395,709
Others	3,307,420	3,234,320
Packing expenses and materials consumed	74,789,207	61,504,760
Freight and forwarding	338,788,588	285,688,992
Commission and brokerage	21,112,974	26,266,787
Rent	1,408,982	1,200,969
Rates and taxes	3,233,048	3,037,534
Insurance	14,191,559	14,131,376
Travelling and conveyance	19,262,488	15,466,375
Communication expenses	3,368,411	4,534,548
Research and development expenses	17,380,536	20,790,331
Payment to auditors (Refer note no. C27)	2,174,166	1,855,906
Expenses on wind operated generators	2,671,603	1,406,567
Legal and professional charges	17,389,593	12,503,652
Commssion to directors	13,240,009	-
Bad debts/ Sundry balance written off	2,469,829	575,597
Provision for doubtful deposits and Licenses	5,411,700	-
Excise duty expenses	6,982,922	5,715,262
Loss on sale of assets	197,531	
Donation	6,560,000	30,000
Cash discounts and rebates	25,176,235	15,889,925
Miscellaneous expenses	62,964,240	47,373,302
(Miscellaneous expenses includes previous year expenses ` 5,382,230 ( Previous year ` 22,410))		
	<u>1,074,129,515</u>	<u>916,083,590</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	₹	₹		
	Year ended 31st March, 2013	Year ended 31st March, 2012		
<b>C.27 Payment to Auditors</b>				
Audit fees	825,000	750,000		
For Certification	475,000	400,000		
For Taxation matters	60,000	60,000		
For Tax Audit	175,000	150,000		
For Other Services	400,000	300,000		
Service Tax	239,166	195,906		
	<b>2,174,166</b>	<b>1,855,906</b>		
<b>C.28 Value of Imports on C.I.F. Basis</b>				
I) Raw materials	1,214,560,969	834,311,558		
II) Spare part and others	2,141,500	2,946,784		
III) Catalyst	32,960,091	29,755,855		
<b>C.29 Expenditure in Foreign Currency :</b>				
Product registration, travelling, interest and others	27,786,636	29,531,645		
<b>C.30 Imported and Indigenous raw material, components and spares consumed</b>				
	2012-2013 ₹	2012-2013 %	2011-12 ₹	2011-12 %
<b>Raw Materials</b>				
Imported	1,134,313,078	12.65	268,655,720	4.01
Indigenous	7,833,159,725	87.35	6,437,411,006	95.99
	<b>8,967,472,803</b>	<b>100.00</b>	<b>6,706,066,726</b>	<b>100.00</b>
<b>Stores and Spares</b>				
Imported	17,344,968	22.34	3,450,040	6.79
Indigenous	60,290,487	77.66	47,337,168	93.21
	<b>77,635,455</b>	<b>100.00</b>	<b>50,787,208</b>	<b>100.00</b>
			₹	₹
			Year ended 31st March, 2013	Year ended 31st March, 2012
<b>C.31 Earnings in Foreign Exchange</b>				
On export of goods calculated on FOB Basis			659,533,649	1,190,906,474
Interest income			34,722,246	4,034,893
Marketing services			4,778,314	-



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>C.32 Commitments and contingent liabilities</b>		
<b>(A) <u>Commitments/contingent liabilities</u></b>		
(i) Estimated amount of contracts to be executed on capital account and not provided for	<b>13,780,702</b>	3,791,850
Against which advances paid	<b>3,599,769</b>	NIL
(ii) Guarantees issued by Banks on behalf of Company	<b>212,000</b>	29,451,930
(iii) Bond in favour of excise authorities	<b>160,000</b>	160,000
<b>(B) <u>Claims against the Company not acknowledged as debts in respect of following items:</u></b>		
(i) The Excise authorities have in their show cause notices questioned the company's claim for Modvat on certain items amounting to ` 99,945 (Previous year ` 99,945). The company has paid ` NIL (Previous Year ` NIL) against the same which are shown under the head Advances. The Company does not expect any liability to crystallize on this account.		
(ii) 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.		
(iii) 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 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 September 15, 2008. The said matter was finally heard by the Hon'ble Supreme Court of India on May 7, 2010 & the order pronounced on April 11, 2011. The Hon'ble Supreme Court of India has vide its order dated April 11, 2011 set aside the order passed by the Foreign Exchange Appellate Tribunal on October 25, 2007 and the order dated July 24, 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 crystallise on this account.		
(iv) No provision has been made in respect of disputed demands from Income-tax Authorities to the extent of ` 82,106,136 (Previous Year ` 134,345,983) 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 ` 95,436,546 (Previous Year ` 122,191,555).		
<b>(C) <u>Other Commitments:</u></b>		
The company had entered into an agreement with Gujarat Industrial Development Corporation for allotment of land for setting up chemical unit. As per the said agreement, the company within a period of six months from the date of agreement and within a period of two years from the said date build and completely finish it for occupation building to be used as industrial factory.		
<b>D. Disclosure in accordance with Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006.</b>		
<b>D.1 Accounting Standard (AS) - 2 on Valuation of inventories:</b>		
Effective as of April 01, 2012, the Company has changed its policy on valuation of inventory (except stores and spares) from weighted average cost method to first-in first-out method.		
Under the prior policy, the cost of all categories of inventories had been based on their weighted average cost method.		
Effective as of April 01, 2012, the cost of all categories of inventories (except stores and spares), is based on first-in first-out (FIFO) method.		
The management believes that using the first-in first out method will produce more accurate, reasonable and relevant information on the amounts of inventory reported in the balance sheet and in turn, more accurate material consumption reported in the statement of profit and loss.		
The effect of this change in the methodology of valuation of inventory is resulting in higher valuation of inventories as on year end by ` 69,425,741 and profit for the year higher by ` 46,925,741 (net of tax).		

**D.2 Accounting Standard (AS) – 15 on “Employee Benefits” :**
**i. Defined Contribution Plans :**

The Company has recognized the following amounts in the statement of profit and loss account for the year :

Particulars	2012-2013	2011-2012
(i) Contribution to Employees' Provident Fund *	12,229,634	11,988,222
(ii) Contribution to Employees' State Insurance Fund	1,462,778	1,935,638
(iii) Contribution to Employees' Superannuation Fund **	6,806,260	6,601,867
<b>Total</b>	<b>20,498,672</b>	<b>20,525,727</b>

\* ₹ 828,440 (₹ 822,707) included in Research and Development Expenses, ₹ 872,000 (₹ 1,152,000) Included in MD's remuneration

\*\* ₹ 481,492 (₹ 513,002) included in Research and Development Expenses ₹ 1,090,000 (Previous Year ₹ 1,440,000) 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**
**A. Changes in the Present Value of Obligation in respect of gratuity benefits**

	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
a) Obligation at the year beginning	49,260,964	47,115,901
b) Interest Cost	3,539,874	3,769,272
c) Past Service Cost	Nil	Nil
d) Current Service Cost	663,107	3,227,627
e) Past Service Cost – Vested Benefit	Nil	Nil
f) Current Cost/ (Credit)	Nil	Nil
g) Settlement Cost/ (Credit)	Nil	Nil
h) Benefits Paid	(13,766,384)	(4,850,870)
i) Actuarial (Gain) / Loss	8,201,964	(966)
j) Obligation at the year end	<b>47,899,525</b>	<b>49,260,964</b>

**B. Expenses recognized in the statement of profit and loss in respect of gratuity benefits**

	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
a) Current Service Cost	663,107	3,227,627
b) Past Service Cost	Nil	Nil
c) Interest Cost	3,539,874	3,769,272
d) Past Service Cost – Vested Benefit	Nil	Nil
e) Curtailment Cost / (Credit)	Nil	Nil
f) Settlement Cost/ (Credit)	Nil	Nil
g) Net Actuarial (Gain)/ Loss	8,201,964	(966)
h) Employees' Contribution	Nil	Nil
i) Total Expenses recognized in Profit and Loss A/c	<b>12,404,945</b>	<b>6,995,933</b>

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

Particulars	2012-2013	2011-2012
	Gratuity	Gratuity
a) Discount Rate	8.00%	8.50%
b) Salary Escalation Rate – Management Staff	7.08%	7.00%
c) Turnover Rate	14.50%	10.00%
d) Mortality Table	Indian assured lives mortality (2006-08) ultimate	LIC 1994-96 ultimate

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**D. Experience Adjustment**

**Experience adjustment on plan liabilities (gains) / losses**

2012-13	2011-12	2010-11	2009-10	2008-09
6,305,202	891,003	(136,594)	(1,702,112)	2,082,531

**E. 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.

**Changes in the Present Value of Obligation in respect of leave encashments**

	For the Year Ended	For the Year Ended
	March 31, 2013	March 31, 2012
	₹	₹
a) Obligation at the year beginning	16,690,728	11,201,923
b) Actuarial (Gain) / Loss	(1,661,052)	5,488,805
c) Obligation at the year end	15,029,676	16,690,728

**D.3 Accounting Standard (AS-17) "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.

**D.4 Accounting Accounting Standard (AS-18) "Related Party Disclosures" :**

**Subsidiary Companies:**

- Tarderviv International Pte Ltd (subsidiary company) (TIPL) (w.e.f 28th December 2010)
- Cheminvest Pte Ltd (Step down subsidiary) (CPL) (w.e.f 28th December, 2010)
- Optimistic Organic Sdn Bhd (Step down subsidiary)(OOSB) (w.e.f 28th December, 2010)

**Entity in which the company has substantial interest (i.e. more than 20% in voting power directly or indirectly)**

Thirumalai Charity Trust (TCT)

**Others**

Ultramarine and Pigments Ltd. (UPL)

**Managing Director**

Mr. R. Parthasarathy

**Key Management Personnel**

Mr. Dhanpat Raj Dhariwal (CEO)

**Relatives of Directors**

Ms. V. Jaya

Ms. Ramya Bharathram

Mr. S. Varadharajan

Mr. S. Narayan

**Details of transactions with above parties**

Particulars		Companies in which the company has substantial interest				Directors / Relatives / Key Management Personnel				Total
		Optimistic Organic Sdn Bhd	Ultramarine and Pigments Ltd	Tarderv International Pte. Ltd	Thirumalai Charity Trust	Mr. S. Sridhar	Mr. R. Parthasarathy	Dhanpat Raj Dhariwal	Directors and Relatives of Directors	
		₹	₹	₹	₹	₹	₹	₹	₹	
Managing Director Remuneration	2012-13	-	-	-	-	84,667	23,595,648	-	-	23,680,315
	2011-12	-	-	-	-	5,749,846	6,903,692	-	-	12,653,538
Purchase of Goods	2012-13	583,070,926	37,056	-	15,420	-	-	-	-	583,123,402
	2011-12	382,079,858	32,698	-	-	-	-	-	-	382,112,556
Sale of Goods	2012-13	36,450,301	-	-	-	-	-	-	-	36,450,301
	2011-12	29,230,792	-	-	-	-	-	-	-	29,230,792
Assignment of Insurance Policy	2012-13	-	-	-	-	-	-	-	-	-
	2011-12	-	-	-	-	7,681,644	7,681,644	-	-	15,363,288
Expenses Recharged by Company	2012-13	-	4,207,690	-	-	-	-	-	-	4,207,690
	2011-12	305,734	4,290,196	-	-	-	-	-	-	4,595,930
Expenses Recharged to Company	2012-13	-	36,957,790	-	-	-	-	-	-	36,957,790
	2011-12	-	132,571	-	-	-	-	-	-	132,571
Rendering of Services	2012-13	4,778,314	87,414	-	-	-	12,000	108,000	-	4,985,728
	2011-12	-	88,462	-	-	-	12,000	78,968	-	179,430
Receiving of Services	2012-13	-	235,956	-	341,545	-	-	-	-	577,501
	2011-12	-	-	-	84,520	-	-	-	-	84,520
Outstanding Payables	2012-13	5,162,593	-	-	8,476	-	-	-	-	5,171,069
	2011-12	127,353,134	2,632	-	-	2,333,741	-	-	-	129,689,507
Outstanding Receivables	2012-13	441,597,866	379,326	119,635,095	-	-	-	-	21,630	561,633,917
	2011-12	434,082,372	1,651,713	105,754,893	-	-	7,681,644	-	-	549,170,622
Deposits Taken	2012-13	-	25,000,000	-	-	-	-	-	21,610,000	46,610,000
	2011-12	-	131,149,352	-	-	-	-	-	26,950,000	158,099,352
Interest Expenses on Deposits Taken	2012-13	-	232,558	-	-	-	-	-	4,092,070	4,324,628
	2011-12	-	5,814,660	-	-	-	-	-	7,364,261	13,178,921
Deposits Paid	2012-13	-	25,000,000	-	-	-	-	-	27,450,000	52,450,000
	2011-12	-	131,149,352	-	-	-	-	-	62,822,000	193,971,352
Interest Income on Loan Given	2012-13	27,531,279	-	7,190,967	-	-	-	-	-	34,722,246
	2011-12	-	-	4,034,893	-	-	-	-	-	4,034,893
Outstanding Deposits Payable	2012-13	-	1,400,000	-	-	-	-	-	35,210,000	36,610,000
	2011-12	-	1,400,000	-	-	-	-	-	41,050,000	42,450,000
Investments in Preference Shares 1,000,000 (4,500,000) shares of US\$ 1 each	2012-13	-	-	-	-	-	-	-	-	-
	2011-12	-	-	45,789,450	-	-	-	-	-	45,789,450

	<b>2012-2013</b>	2011-2012
<b>Remuneration paid to key management personnel</b>		
Mr. Dhanpat Raj Dhariwal	<b>13,969,785</b>	7,231,516
	<b>13,969,785</b>	7,231,516
<b>Remuneration paid to relatives of Directors</b>		
Ms. V. Jaya	-	438,292
Ms. Ramya Bharathram	1,602,000	1,330,412
Mr. S. Varadharajan	1,602,000	1,286,309
Mr. S. Narayan	1,546,341	1,286,309
	<b>4,750,341</b>	<b>4,341,322</b>

**D.5 Accounting Standard (AS-19) "Accounting for Leases" :**

- During the year the company has taken office premises/residential premises under cancelable lease. Lease rent accounted in profit and loss account ` 1,246,892 (Previous Year ` 1,200,969). The said lease is cancelable at the option of the lessee at three months notice. The deposit paid in respect of the same is ` 4,73,255 (` 419,255).
- 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 (Previous Year ` 1,400,000) Lease rent received during the year and accounted as income is ` 3,696,784 (Previous Year ` 3,369,470).
- The company has entered into a agreement with Gujarat Industrial Development Corporation for allotment of land (leasehold). After complying with conditions related to erection of factory building and works, a lease agreement will be entered for a term of 99 years.

**D.6 Accounting Standard (AS-20) "Earnings per share" :**

The Basic and Diluted EPS is calculated as under:

<b>Particulars</b>	<b>2012-2013</b>	2011-2012
Profit attributable to Equity Shareholders (`)	<b>277,456,327</b>	47,806,741
No. of equity shares (of ` 10 each)	<b>10,238,812</b>	10,238,812
Earnings Per Share	<b>27.10</b>	4.67

**E. Other disclosures:**
**E.1 Fixed asset / capital work in progress includes the following**

	Upto 31.03.2012	During 2012-13	Upto 31.03.2013
Salaries and wages	10,172,389	-	<b>10,172,389</b>
Power and fuel	529,000	-	<b>529,000</b>
Stores and spares	21,117,221	-	<b>21,117,221</b>
Interest	3,673,368	-	<b>3,673,368</b>
Travelling	737,405	-	<b>737,405</b>

**E.2 The Company has spent towards Research and Development expenses during the year of which are as under**

<b>Particulars</b>	<b>2012-2013</b>	2011-2012
Capital	<b>432,184</b>	2,519,179
Revenue (including Salaries ` 13,569,604. (Prev Year ` 13,161,153)	<b>17,380,536</b>	20,790,331
<b>Total</b>	<b>17,812,720</b>	<b>23,309,510</b>

**E.3 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

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.

	<b>2012-2013</b>	2011-2012
The details are as follows:		
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	<b>2,869,054</b>	2,104,221
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

**E.3 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

The details are as follows:

	2012-2013	2011-2012
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.	NIL	NIL
d. The amount of interest due accrued and remaining unpaid at the end of each accounting year.	<b>747,532</b>	679,027
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>68,505</b>	24,604

**E.4 Disclosures as required under clause 32 of the listing agreement**

Loans and Advances Include amount receivable from subsidiaries

Optimistic organic Sdn Bhd	411,879,337	425,500,456
Maximum amount due at any time during the year	425,500,456	441,898,036
Tarderiv International Pte Ltd	108,160,000	101,720,000
Maximum amount due at any time during the year	112,800,000	105,640,000

**E.5 Long Term loans and advances**

Loans and advances (to subsidiary companies) includes an amount of ` 411,879,337/- (US\$ 7,616,112) (Previous year ` 425,500,435/- (US\$ 8,366,112)) recoverable from Optimistic Organic Sdn.Bhd. (OOSB). This amount represents amount recoverable by the company from estwhile TCL Industries (Malaysia) Sdn. Bhd. (TCL(M)). The liability was staken over by OOSB on winding up of TCL (M).

OOSB has reported improved performance in 2012-13 and has made part repayment of ` 40,308,113/- (US\$ 750,000) in 2012-13. From 2012-13, the company is also charging simple interest @ 6% per annum on the outstanding dues, which is also recovered for 2012-13. The company believes that in view of the above, the entire amount due from OOSB will be ultimately recovered.

**E.6 Foreign exchange derivatives and exposures outstanding at the close of the year :**

Open foreign exchange exposures:

Particulars	2012-2013		2011-2012	
	Foreign Currency		Foreign Currency	
Accounts Receivable	USD 15,066,973	814,821,880	USD 21,133,706	1,074,860,316
Accounts Payable *	USD 13,896,192	757,394,895	USD 6,996,700	359,080,545
			EURO 440,057	30,245,113

\*Forward contracts outstanding at year end for hedging accounts payables ` 13,775,000 (Previous Year: NIL)

**E.7 Commission payable to non executive directors**

The Board of directors has approved commission to non-executive directors for ` 5,302,414 (Previous year NIL) which is subject to the approval of shareholders in accordance with the Companies Act, 1956.

**E.8 Previous Year's Figures**

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

As per our report of even date

For and on behalf of the Board of Directors

For &amp; on behalf of

**CONTRACTOR, NAYAK & KISHNADWALA  
CHARTERED ACCOUNTANTS**
**R. PARTHASARATHY  
MANAGING DIRECTOR**
**R.SAMPATH  
DIRECTOR**
**ATUL AGARWAL  
DIRECTOR**
**H. V. KISHNADWALA  
PARTNER**
**N. NAMBI RAJAN  
CHIEF FINANCIAL OFFICER**
**T. RAJAGOPALAN  
COMPANY SECRETARY**
**MUMBAI, 29TH MAY, 2013**

**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, 2013**

(₹ in Lakhs)

S.No	Name of Subsidiary Company	Reporting Currency	Exchange rate	Capital	Reserve	Total Liabilities	Investment Other than Investment in Subsidiary	Turnover	Profit/(Loss) before Taxation	Profit/(Loss) after Taxation	Proposed Dividend
1	Tarderiv Internaional Pte. Ltd	USD	54.08	2,706	204	1,211	-	165	85	81	-
2	Cheminvest Pte. Ltd	USD	54.08	218	(84)	4,456	-	158	(23)	(23)	-
3	Optimistic Organic Sdn. Bhd.	RM	17.51	1,751	5,177	14,136	-	27,917	1,972	1,559	-

## **INDEPENDENT AUDITOR'S REPORT**

To The Board of Directors of  
**Thirumalai Chemicals Limited**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **Thirumalai Chemicals Limited** ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on financial statements, 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 Group as at March 31, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the 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 Group for the year ended on that date.

### **Emphasis of Matter**

We draw attention to Note E.2 to financial statements regarding provision made for commission payable to non-executive directors amounting to ` 5,302,414. The same is subject to approval by the members at next general meeting. Our opinion is not qualified in respect of this matter.

### **Other Matters**

We did not audit the financial statements of three (3) subsidiaries, whose financial statements, prepared under the generally accepted accounting principles ('GAAPs') accepted in the respective countries, reflect in relation to the amounts considered in the consolidated financial statements, total Net Assets of ` 610,258,623 as at March 31, 2013; total Net Revenues of ` 2,203,597,137 and total Net Profit



of ₹ 160,635,088 as at 31st March, 2013 for the year then ended. These financial statements and other financial information have been audited by other auditors, who have submitted their audit opinions, prepared under generally accepted auditing standards of their respective countries, to the shareholders / Board of Directors of the respective companies, copies of which have been provided to us by the Company. The management of the Company has converted these audited financial statements of the Company's subsidiaries to accounting principles generally accepted in India, for the purpose of preparation of the Company's consolidated financial statements under accounting principles generally accepted in India. Our opinion, thus, insofar it relates to amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors under the aforementioned GAAPs in respective countries and the aforesaid conversion undertaken by the management; examined by us on a test basis.

For and on behalf of  
Contractor, Nayak & Kishnadwala  
Chartered Accountants  
Firm Registration No. : 101961W

Place : Mumbai  
Date : 29th May, 2013

H. V. Kishnadwala  
Partner  
Membership No. : 37391

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013**

All amounts in Indian rupees, except share data and where otherwise stated

Particulars	Note No.	As at 31st March, 2013	As at 31st March, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders funds</b>			
(a) Share capital	C.1	102,410,620	102,410,620
(b) Reserves and surplus	C.2	<u>1,887,268,085</u>	<u>1,438,677,782</u>
		<b>1,989,678,705</b>	<b>1,541,088,402</b>
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	C.3	1,074,155,206	1,424,704,656
(b) Deferred tax liabilities (net)	C.4	201,656,081	184,372,263
(c) Long-term provisions	C.5	<u>37,149,953</u>	<u>37,459,816</u>
		<b>1,312,961,240</b>	<b>1,646,536,735</b>
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	C.6	1,616,647,965	949,733,865
(b) Trade payables	C.7	2,396,602,304	2,672,662,046
(c) Other current liabilities	C.8	556,445,272	721,633,798
(d) Short-term provisions	C.9	<u>59,140,032</u>	<u>31,566,789</u>
		<b>4,628,835,573</b>	<b>4,375,596,498</b>
<b>TOTAL</b>		<b><u>7,931,475,518</u></b>	<b><u>7,563,221,635</u></b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>(1) (a) Fixed Assets</b>			
(i) Tangible assets	C.10	2,491,797,339	2,566,979,643
(ii) Capital work-in-progress		5,373,894	27,007,815
(b) Non-current investments	C.11	54,579,855	54,579,855
(c) Long-term loans and advances	C.12	232,705,768	302,865,935
(d) Other non current assets	C.13	<u>2,443,098</u>	<u>6,741,216</u>
		<b>2,786,899,954</b>	<b>2,958,174,464</b>
<b>(2) Current assets</b>			
(a) Inventories	C.14	1,940,449,121	1,594,824,132
(b) Trade receivables	C.15	2,830,312,129	2,556,422,987
(c) Cash and cash equivalents	C.16	161,216,711	182,619,556
(d) Short-term loans and advances	C.17	126,684,473	148,053,253
(e) Other current assets	C.18	<u>85,913,130</u>	<u>123,127,243</u>
		<b>5,144,575,564</b>	<b>4,605,047,171</b>
<b>TOTAL</b>		<b><u>7,931,475,518</u></b>	<b><u>7,563,221,635</u></b>

Significant Accounting Policies

Notes to Financial Statements

The accompanying notes are an integral part of consolidated financial statements

B

A,C,D &amp; E

As per our report of even date

For and on behalf of the Board of Directors

For &amp; on behalf of

**CONTRACTOR, NAYAK & KISHNADWALA  
CHARTERED ACCOUNTANTS**
**R. PARTHASARATHY  
MANAGING DIRECTOR**
**R.SAMPATH  
DIRECTOR**
**ATUL AGARWAL  
DIRECTOR**
**H. V. KISHNADWALA  
PARTNER**
**N.NAMBI RAJAN  
CHIEF FINANCIAL OFFICER**
**T. RAJAGOPALAN  
COMPANY SECRETARY**
**MUMBAI, 29TH MAY, 2013**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

All amounts in Indian rupees, except share data and where otherwise stated

Particulars	Note No.	Year ended	Year ended
		31st March, 2013	31st March, 2012
I Revenue from operations	C.19	13,714,995,234	10,540,273,238
II Other income	C.20	47,772,998	52,773,753
<b>III Total revenue (I + II)</b>		<b>13,762,768,232</b>	<b>10,593,046,991</b>
IV Expenses:			
Cost of materials consumed	C.21	10,635,908,701	8,256,714,309
Purchase of stock in trade	C.22	63,330,083	371,055,230
Changes in stock	C.23	(134,393,681)	(280,973,808)
Employees benefits expense	C.24	336,045,565	287,726,387
Finance costs	C.25	522,839,157	526,057,933
Depreciation and amortization	C.10	228,595,428	226,039,139
Other expenses	C.26	1,465,807,976	1,186,145,648
Total Expenses		<b>13,118,133,229</b>	<b>10,572,764,838</b>
V Profit before tax		<b>644,635,003</b>	20,282,153
VI Tax expense			
Current tax		(205,419,258)	(35,447,249)
Deferred tax		23,580,226	24,366,742
Adjustment for earlier years		(24,704,558)	(20,000)
VII Profit for the year		<b>438,091,413</b>	<b>9,181,646</b>
VIII Earnings per equity share - Par value ₹ 10 per share			
Basic and diluted		<b>42.79</b>	0.89
Significant accounting policies	B		
Notes to financial statements	A,C,D & E		

The accompanying notes are an integral part of consolidated financial statements

 As per our report of even date  
For & on behalf of

For and on behalf of the Board of Directors

**CONTRACTOR, NAYAK & KISHNADWALA  
CHARTERED ACCOUNTANTS**
**R. PARTHASARATHY  
MANAGING DIRECTOR**
**R.SAMPATH  
DIRECTOR**
**ATUL AGARWAL  
DIRECTOR**
**H. V. KISHNADWALA  
PARTNER**
**N.NAMBI RAJAN  
CHIEF FINANCIAL OFFICER**
**T. RAJAGOPALAN  
COMPANY SECRETARY**
**MUMBAI, 29TH MAY, 2013**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013**

Particulars	Year Ended 31st March, 2013	Year Ended 31st March, 2012
<b>(A) Cash Flow From Operating Activities</b>		
Net profit before tax and extraordinary items	644,635,003	20,282,153
<b>Adjustments for</b>		
Depreciation	228,595,428	226,039,139
Finance Costs	522,839,157	526,057,933
Interest Income	(16,136,033)	(1,830,003)
Dividend Received	(9,208,100)	(9,192,800)
Loss/(Profit) on sale of assets	197,531	(25,194)
Write off of fixed assets	996,431	-
Effect of exchange rate change	13,287,900	28,395,617
	<u>740,572,314</u>	<u>769,444,691</u>
<b>Operating Profit before Working Capital changes</b>	<u>1,385,207,317</u>	<u>789,726,845</u>
<b>Adjustments for</b>		
(Increase) / decrease in trade and other receivables	(258,846,994)	(761,734,561)
(Increase) / decrease in inventories	(345,624,989)	(480,648,316)
Increase / (decrease) in trade and other payables	(447,685,509)	335,508,371
	<u>(1,052,157,491)</u>	<u>(906,874,506)</u>
<b>Cash Generated From Operations</b>	<u>333,049,826</u>	<u>(117,147,661)</u>
Direct tax paid	(148,943,053)	(48,616,768)
Deferred tax	23,580,226	24,366,742
	<u>(125,362,827)</u>	<u>(24,250,026)</u>
<b>Net Cash Inflow / (Outflow) From Operations</b>	<u>207,686,999</u>	<u>(141,397,687)</u>
<b>(B) Cash Flow From Investment Activities</b>		
Sale of fixed assets	548,120	153,857
Purchase of Fixed assets and Capital work in progress	(133,521,288)	(364,818,259)
Loan given to Subsidiary	-	-
Interest received	12,320,895	1,830,003
Sale/ (Purchase) of Investments (net)	-	-
Dividend received	9,208,100	9,192,800
Foreign currency translation reserve	99,945,160	117,565,838
Capital reserve on consolidation	-	211,391,129
Minority interest acquired	-	(108,495,723)
Net Cash Inflow / (Outflow) From Investing Activities	<u>(11,499,014)</u>	<u>(133,180,355)</u>
<b>(C) Cash Flow From Finance Activities</b>		
Proceeds from long term borrowings	7,397,624	1,334,950,999
Repayment of long term borrowings	(347,349,883)	(384,786,989)
Short term borrowings (net)	660,894,858	(40,271,423)
Interest on borrowings	(522,839,157)	(526,057,933)
Dividend paid (including dividend tax)	(59,499,022)	-
Net Cash Inflow / (Outflow) From Financing Activities	<u>(261,395,581)</u>	<u>383,834,654</u>
<b>Net Increase / (Decrease) in Cash or Cash Equivalents (A)+(B)+(C)(a+b+c)</b>	<u>(65,207,596)</u>	<u>109,256,612</u>
<b>CASH AND CASH EQUIVALENTS - (OPENING)</b>		
- Cash and Bank balance	122,863,000	13,606,388
<b>CASH AND CASH EQUIVALENTS - (CLOSING)</b>		
Cash on hand	308,012	249,667
Balance with Banks		
In current accounts	57,347,392	122,613,333
- Cash and Bank balance	<u>57,655,404</u>	<u>122,863,000</u>
<b>TOTAL</b>	<u>(65,207,596)</u>	<u>109,256,612</u>

**Note**

- Figures in the brackets represents cash outflows.
- Previous year figures have been regrouped wherever necessary to conform to the current year's classification.

As per our report of even date  
For & on behalf of

For and on behalf of the Board of Directors

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

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

**R.SAMPATH**  
**DIRECTOR**

**ATUL AGARWAL**  
**DIRECTOR**

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

**N.NAMBI RAJAN**  
**CHIEF FINANCIAL OFFICER**

**T. RAJAGOPALAN**  
**COMPANY SECRETARY**

**MUMBAI, 29TH MAY, 2013**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**
**A. CORPORATE INFORMATION**

Thirumalai Chemicals Limited is a public limited company domiciled in India incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in manufacturing and selling chemicals. The company caters to both domestic and international markets.

**B.1. 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 drawn up to the same reporting date as of the company i.e. March 31, 2013. The same is based on the audited financial results up to 31st March, 2013 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 (AS) 21- "Consolidated Financial Statements" as notified by the Companies (Accounting Standards) Rules, 2006.

**II PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements have been prepared on the following basis:

- 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 transactions have been fully eliminated.
- Consolidated financial statements are prepared by applying uniform accounting policies to the extent possible, in use at the group.
- 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 into 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".
- 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.
- The Consolidated Financial Statements include the financial statements of Thirumalai Chemicals Limited (Parent Company) and its subsidiaries

Name of Subsidiary Companies	Country of Incorporation	% of holding either directly or through subsidiary as at 31st March, 2013	% of holding either directly or through subsidiary as at 31st March, 2012
Tarderv International Pte Ltd.	Singapore	100	100
Cheminvest Pte Ltd.	Singapore	100	100
Optimistic Organic Sdn Bhd. (OOSB)	Malaysia	100	100

**B.2. SIGNIFICANT ACCOUNTING POLICIES**
**I BASIS OF ACCOUNTING:**

The financial statements of Thirumalai Chemicals Limited ("TCL" or "the Company") have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India and the provisions of Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

The company follows the accrual system of accounting for recognizing income and expenditure.

**II USE OF ESTIMATES:**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

**III REVENUE RECOGNITION:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

**Sale of goods:**

Revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer. Gross turnover includes excise duty but does not include sales tax and VAT.

**Income from wind operated generators:**

Revenue from sale of power from wind operated generators is accounted when the same is transmitted to and confirmed by the Electricity Board to whom the same is sold.

**Income from letting out of storage facility:**

Revenue from letting out of storage facilities are accounted on accrual basis as per terms of agreement. Income from services: Revenue from service contracts are recognized pro-rata over the period of the contract as and when services are rendered and are net of service tax.

**Sale of scrap:**

Revenue from sale of scrap is recognised as and when scrap is sold.

**Dividend and interest income:**

Dividend income is recognized when the unconditional right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognized on the time proportionate method taking into account the amount outstanding and the rate applicable.

**Export benefits:**

The benefit accrued under the Duty Entitlement Pass Book Scheme, duty drawback scheme as per the Export and Import Policy in respect of exports made under the said Schemes is included under the head "revenue from operations" as 'Incentives on Exports'. Status holder incentive scrip scheme benefit is accounted on utilization thereof for payment of duty on eligible goods.

**IV FIXED ASSETS AND DEPRECIATION:****Tangible Assets:**

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

**Depreciation and amortization:**

Depreciation on fixed assets is provided using the straight-line method, except on Maleic Anhydride plant and all assets of CMC division at the rates specified in Schedule XIV to the Companies Act, 1956 or based on the useful life of the assets as estimated by Management, whichever is higher. In case of Optimistic Organic Sdn Bhd. (OOSB) depreciation is computed on a straight-line basis over the assets estimated economic useful life.

Depreciation on Maleic Anhydride plant and all assets of CMC division are provided using Written Down Value (WDV) method at the rates specified in Schedule XIV to the Companies Act, 1956 or based on the useful life of the assets as estimated by Management, whichever is higher.

Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed. Individual assets costing less than ₹ 10,000/- are not capitalized.

The Management's estimates of the useful lives of various categories of fixed assets where depreciation rates are higher than the rates specified in Schedule XIV are as under:

Specific laboratory equipments : 5 years

Specific office equipments : 2 years

**Lease hold land:** Premium on lease hold land is amortized over the period of lease.

**V Research and Development Expenses**

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and

understanding are recognized as expense in the statement of profit and loss when incurred.

Expenditure incurred on fixed assets used for research and development is capitalized and depreciated in accordance with the depreciation policy of the Company.

#### **VI IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS:**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of amortized historical cost.

#### **VII INVESTMENTS:**

Non-current investments are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment

#### **VIII INVENTORIES:**

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

(a)	Raw Materials	Lower of cost and net realizable value. Effective as of 1 April 2012, the Company has changed its policy on valuation of inventory (except for stores and spares) from weighted average cost method to first-in first-out method for its Indian operations. Under the prior policy, the cost of all categories of inventories was based on weighted average cost method.
(b)	Work-in-Progress	Lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity.
(c)	Finished Goods	Lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.
(d)	Catalyst	Lower of cost and net realizable value. Cost of Catalyst is expensed over its estimated useful life.
(e)	Stores and Spare parts	Lower of cost and net realizable value. Stores and spares consists of packing materials, engineering spares (such as machinery spare parts) and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process, had been valued at cost based on a weighted average cost method.
(f)	Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.	

In case of Optimistic Organic Sdn Bhd. (OOSB), inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:-

**Raw materials:** purchase costs on a first-in-first-out basis.

**Finished goods and work-in-progress:** costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

#### **IX EMPLOYEE BENEFITS:**

##### **Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to recognized provident funds and approved superannuation schemes which are defined contribution plans are recognized as an employee benefit expense in the statement of profit and loss as and when the services are received from the employees.

**Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of gratuity plan, which is a defined benefit plan, and certain other defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

**Retirement and other 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, and performance incentive paid annual leave, bonus, leave travel assistance, medical allowance, contribution to provident fund and superannuation etc. recognized as actual amounts due in period in which the employee renders the related services.

- (i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contribution to the fund accrues. There are no obligations other than the contribution payable to the recognized Provident Fund.
- (ii) Retirement benefits in the form of Superannuation Fund is a defined contribution scheme and the contribution is charged to the statement of profit and loss for the year when the contribution accrues. There are no obligations other than the contribution payable to the Superannuation Fund Trust. The scheme is funded with an Insurance Company in the form of a qualifying insurance policy.
- (iii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- (iv) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.
- (v) Actuarial gains/losses are recognized immediately to the statement of profit and loss and are not deferred.

**X FOREIGN CURRENCY TRANSLATION:****Initial recognition:**

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the statement of profit and loss.

**Conversion:**

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated using the foreign exchange rates as at the balance sheet date. The resultant exchange differences are recognized in the statement of profit and loss. Non-monetary assets and liabilities are not translated.

**Exchange differences on non integral operations:**

Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the enterprise's financial statements. Such exchange differences are recognized in the statement of profit and loss in the event of disposal of the net investment.

In accordance with AS-11, revised 2003 "the effects of changes in foreign exchange rates", the financial statements of such non-integral foreign operations are translated into Indian rupees as follows:

All assets and liabilities, both monetary and non-monetary, are translated using the closing rate; Income and expense items are translated at annual rate. The resulting net exchange difference is credited or debited to a foreign currency translation reserve.

**Forward Exchange Contracts:**

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

Exchange differences arising on long term foreign currency loans given to non-integral foreign subsidiaries is accumulated in Foreign Currency Translation Reserve and reversed to profit and loss statement as and when the loans are repaid /settled.



**XI 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.

**XII LEASE RENTALS:**

The lease arrangement is classified as either a finance lease or an operating lease, at the inception of the lease, based on the substance of the lease arrangement.

**Finance leases**

A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**Operating leases**

Other leases are operating leases, and the leased assets are not recognized on the Company's balance sheet.

- a. In respect of operating lease agreements entered into by the Company as a lessee, the lease payments are recognized as expense in the statement of profit and loss over the lease term.
- b. In respect of operating lease agreement entered into by the Company as a lessor, the initial direct costs are recognized as expenses in the year in which they are incurred.

**XIII EARNINGS PER SHARE:**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**XIV TAXATION:**

Tax expense comprises of current and deferred tax. The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

**XV PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

**Provisions:** A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liability: A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent liabilities are 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.

#### **XVI CASH AND CASH EQUIVALENTS**

The Company considers all highly liquid financial instruments, which are readily convertible into and cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	As at 31st March, 2013	As at 31st March, 2012
<b>C.1 SHARE CAPITAL</b>		
<b>Authorised</b>		
15,000,000 (15,000,000) Equity shares of ` 10/- each	<b>150,000,000</b>	150,000,000
10,000,000 (10,000,000) Unclassified shares of ` 10/- each	<b>100,000,000</b>	100,000,000
	<b><u>250,000,000</u></b>	<b><u>250,000,000</u></b>
<b>Issued</b>		
10,242,812 (10,242,812) Equity shares of ` 10/- each	<b>102,428,120</b>	102,428,120
<b>Subscribed and fully paidup</b>		
10,238,812 (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><u>102,410,620</u></b>	<b><u>102,410,620</u></b>

(a) The Company has only one class of shares referred to as equity shares having a par value of ` 10/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be proportional to the number of equity shares held by the shareholders.

(b) Details of shareholder holding more than 5% shares

Name of the Entity	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	% of holding	No. of Shares	% of holding
Ultramarine & Pigments Limited	<b>2,045,177</b>	<b>19.97</b>	2,045,177	19.97
Jasmine Limited	<b>655,005</b>	<b>6.40</b>	655,005	6.40

(c) The Company has forfeited 4,000 (4,000) equity shares on which amount originally paid up is ` 22,500/-.

(d) There is no change in Issued and Subscribed share capital during the year.

**C.2 Reserves and surplus**
**Securities Premium Account**

Balance as per last financial statements **197,069,526** 197,069,526

**Capital reserve on acquisition/consolidation** **356,943,369** 356,943,369

**General reserve**

Balance as per last financial statements **398,252,062** 398,252,062

Add: Transferred from statement of profit and loss **30,000,000** -

Balance at the end of the year **428,252,062** **398,252,062**

**Foreign Currency Translation Reserve**

Balance as per last financial statements **63,414,668** -

Add: Exchange fluctuation on long term loans and advances in relation to non-integral foreign operations **30,963,879** 63,414,670

Less: Transfer to statement of profit and loss on repayment of long term loans and advances in relation to non integral foreign operations **(4,822,517)** -

Balance at the end of the year **89,556,030** **63,414,670**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	As at 31st March, 2013	As at 31st March, 2012
<b>Foreign Currency Translation Reserve (on consolidation)</b>	<b>137,371,007</b>	63,567,211
<b>Surplus</b>		
Balance as per last financial statements	<b>359,430,945</b>	350,249,298
Add: Profit for the year	<b>438,091,413</b>	9,181,646
	<b>797,522,358</b>	359,430,945
Less: Appropriations		
Transfer to general reserve	<b>(30,000,000)</b>	-
Interim dividend	<b>(51,194,060)</b>	-
Tax on interim dividend	<b>(8,304,962)</b>	-
Proposed dividend	<b>(25,597,030)</b>	-
Tax on proposed dividend	<b>(4,350,215)</b>	-
Total appropriations	<b>(119,446,267)</b>	-
Balance at the end of the year	<b>678,076,091</b>	359,430,945
<b>Total</b>	<b>1,887,268,085</b>	1,438,677,782
<b>C.3 Long term borrowings</b>		
<b>Term loans (secured)</b>		
<u>From Banks</u>		
(a) Bank of India ( refer note I.a below)	<b>100,000,000</b>	210,000,000
<u>From Institutions</u>		
(a) Export Import Bank of India Overseas Investment Finance Loan (refer note I.b below)	<b>122,737,500</b>	166,725,000
(b) Export Import Bank of India Long term Working Capital Demand Loan (refer note I.c below)	<b>180,000,000</b>	260,000,000
(c) Export Import Bank of India Export Oriented Unit Loan (refer note I.d below )	-	41,180,954
	<b>402,737,500</b>	677,905,954
<b><u>Deferred payment liabilities ( unsecured )</u></b>		
Gujarat Industrial Development Corporation ( refer note II .a below )	-	22,059,341
Sales tax deferment loan from the Government of Tamilnadu (interest free) (refer note II.b below )	<b>55,263,784</b>	99,407,062
<b><u>Deposits ( unsecured )</u></b>		
Fixed deposits	<b>72,495,000</b>	89,071,000
<b><u>Others (unsecured) ( refer note I.e below )</u></b>	<b>543,658,922</b>	536,261,299
	<b>1,074,155,206</b>	1,424,704,656

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

- I. In respect of term loans from banks and financial institutions, terms of repayments and nature of security are given below:
- Term loan from Bank of India, is repayable in equal 30 monthly instalments starting from July 2012 up to December 2014. The loan is secured by way of second charge (on pari passu basis) over the immovable properties of the Company.
  - Export Import Bank of India Overseas Investment Finance loan is repayable in 16 equal quarterly instalments starting from July 2012 up to April 2016. The loan is secured by First Pari Passu charge on Movable fixed assets and immovable assets at Ranipet, Tamilnadu.
  - Export Import Bank of India Working Capital Demand Loan is repayable in 16 equal quarterly instalments starting from July 2012 up to April 2016. The loan is secured by First Pari Passu charge on Movable fixed assets and immovable assets at Ranipet, Tamilnadu.
  - Export Import Bank of India EOU Loan is repayable in 21 equal quarterly instalments starting from March 2009 upto March 2014. The loan is secured by First Pari Passu charge on Movable fixed assets and immovable assets at Ranipet, Tamilnadu.
  - The amount is unsecured, non-interest bearing and is repayable after the period of twelve months after the end of the financial year.
  - The interest rates in case of the loans vary as below
    - Foreign currency loans  
Export Import bank of india Overseas Investment Finance Loan : LIBOR + 450 basis points
    - For rupee term loans : 11.23% to 14.50% per annum
- II. Deferred payment liabilities
- Amounts due to Gujarat Industrial Development Corporation represents amount payable for acquiring lease hold land for industrial project. This loan is repayable in 12 equal quarterly instalments commencing from June 2011 to March 2014.
  - Deferral of sales tax liabilities represent interest free deferred sales tax loan received from Government of Tamilnadu. Repayable up to 2016-17 based on the deferment availed in the respective years. An amount of ` Nil (Previous Year ` 379,047) only has been guaranteed by Shri R.Parthasarathy, Managing Director of the company. For the Deferred Sales Tax liabilities In case of default in repayment of ' Deferred sales tax liabilities ' the movable and immovable properties of the company are liable to be attached / proceeded towards the realization of outstanding Government loan under Revenue Recovery Act.

**C.4 Deferred tax liability (net)**
**Deferred Tax Liability**

	As at 31st March, 2013	As at 31st March, 2012
On account of timing difference in Depreciation	<b>226,775,210</b>	202,675,252
Total	<b>226,775,210</b>	202,675,252

**Deferred Tax Assets**

On account of timing difference in Adjustments on account of gratuity provision	<b>16,281,049</b>	13,511,908
Provision for privilege leave etc.	<b>5,108,587</b>	3,857,947
Provision for doubtful deposits, DEPB etc.	<b>1,839,437</b>	-
Other disallowances under Section 43B of Income Tax Act, 1961	<b>1,890,056</b>	933,134
Total	<b>25,119,129</b>	18,302,989
Deferred Tax Liability (Net)	<b>201,656,081</b>	184,372,263

**C.5 Long term provisions**

Provision for employee benefits Gratuity (non funded)	<b>28,225,637</b>	27,956,967
Compensated absences (non funded)	<b>8,924,316</b>	9,502,849
	<b>37,149,953</b>	37,459,816

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	As at 31st March, 2013	As at 31st March, 2012
<b>C.6 Short term borrowings</b>		
(a) Loan payable on Demand (secured)		
From banks		
Working Capital Demand Loan ( refer note I & iii.b. below )	593,353,093	258,522,367
Cash Credit/Export Credit Accounts ( refer note I & iii.b. below )	448,350,070	83,281,337
Bills purchased and discounted ( refer note I & iii.b. below )	-	9,194,729
(b) Other loans and advances (secured)		
Export Import Bank of India Pre/Post Shipment ( refer note ii & iii.a. below )	574,944,802	598,735,432
	<u>1,616,647,965</u>	<u>949,733,865</u>
i. Working Capital Demand Loan/Cash credit/Export accounts and Bills purchases and discounted are 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.		
ii. Export Import Bank of India pre/post shipment is secured by hypothecation of stock of raw materials, work in progress, finished goods and book debts (those financed by Export Import Bank of India) and secured by a second charge on all of the Company's immovable fixed assets both present and future.		
iii. The interest rates in case of the loans vary as below		
a. Foreign currency loans		
- Export Imporrt bank of india Pre/Post Shipment : LIBOR + 450 basis points		
b. For other rupee loans : 13.50% to 14.50% per annum		
<b>C.7 Trade payables</b>		
Other trade Payables	980,383,822	229,568,763
Acceptances	1,416,218,482	2,443,093,283
	<u>2,396,602,304</u>	<u>2,672,662,046</u>
Out of trade payable ` 2,121,522 (Previous year ` 2,104,221) pertain to micro, small and medium enterprises as defined under Micro, Small, and Medium Development Act, 2006 based on the information available with the Company. (refer note E.3.) Other trade payables include emoluments payable to employees for services rendered.		
<b>C.8 Other current liabilities</b>		
Current maturities of Long term debt (refer note C.3 and C.8(a))	409,655,523	388,495,833
Book overdraft with Banks	754,809	2,813,774
Unpaid Dividend	4,233,934	3,484,807
Unpaid Matured Deposits and interest accrued thereon	503,370	457,337
Deposits from service providers	5,521,433	5,706,633
Interest Accrued but not due on loans	7,462,960	7,695,153
Payable to statutory authorities	58,928,060	38,464,404
Advances from customers	7,314,667	121,259,775
Amounts due to consignment agents	24,441,561	23,370,050
Directors remuneration payable	13,240,009	-
Other payables	24,388,946	129,886,032
	<u>556,445,272</u>	<u>721,633,798</u>
a. Export Import Bank of India Production Equipment Loan has been repaid in 16 equal quarterly instalments starting from Jan 2009 up to December 2012. The loan is secured by exclusive charge on Wind Mill.		
b. Unpaid dividend, unpaid matured deposits and interest accrued thereon included above represent amounts to be credited to the Investor Education and Protection Fund as and when they become due.		
<b>C.9 Short term provisions</b>		
Provision for employee benefits		
Gratuity (non funded)	19,673,888	21,303,997
Compensated absences (non funded)	9,518,899	10,262,792
Proposed dividend	25,597,030	-
Tax on dividend	4,350,215	-
	<u>59,140,032</u>	<u>31,566,789</u>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

**C.10 FIXED ASSET - TANGIBLE**

Description	GROSS BLOCK						DEPRECIATION			NET BLOCK	
	As at 1st April, 2012	Additions	Sales/ Disposals	Exchange translations	As at 31st March, 2013	As at 1st April, 2012	Charge for the Period	Recouped	As at 31st March, 2013	As at 31st March, 2012	
<b>Tangible assets</b>											
Freehold Land	3,749,329	-	-	-	3,749,329	-	-	-	-	3,749,329	
Leaseholdland (refer note D.4 c)	189,918,587	-	-	5,204,430	195,123,017	2,963,110	3,210,826	-	6,173,935	188,949,082	
Buildings	193,163,121	257,515	-	3,595,956	197,016,592	55,930,009	5,440,913	-	61,370,923	135,645,669	
Plant and machinery	3,824,996,437	49,219,540	(870,319)	84,290,178	3,957,635,836	1,773,110,470	191,842,560	-	1,964,953,030	2,051,885,968	
Wind operated generators	165,023,000	-	-	-	165,023,000	66,830,980	17,063,378	-	83,894,358	98,192,020	
Computer equipments	20,981,231	737,856	(1,911,440)	-	19,807,647	17,739,858	1,237,448	(1,785,328)	17,191,978	3,241,372	
Office equipments	12,907,900	1,623,030	-	60,067	14,590,997	7,113,300	975,824	-	8,089,124	5,794,600	
Furniture and fixtures	39,178,663	9,025,651	-	3,802	48,208,116	27,407,645	2,738,086	-	30,145,731	11,771,021	
Vehicles	13,386,514	705,000	(2,028,621)	-	12,062,893	7,036,171	1,484,884	(1,282,970)	7,238,085	6,350,343	
Details of Assets used for R & D	-	-	-	-	-	-	-	-	-	-	
Plant and machinery	78,461,990	-	-	-	78,461,990	21,090,058	3,692,119	-	24,782,177	57,371,932	
Furniture, fixtures and office equipments	9,497,901	432,184	-	-	9,930,085	5,063,432	909,390	-	5,972,822	4,434,469	
<b>Total</b>	<b>4,551,264,673</b>	<b>62,000,776</b>	<b>(4,810,380)</b>	<b>93,154,433</b>	<b>4,701,609,502</b>	<b>1,984,285,033</b>	<b>228,595,428</b>	<b>(3,068,298)</b>	<b>2,491,797,339</b>	<b>2,566,979,643</b>	
Previous Year	4,183,501,174	172,514,027	(563,022)	195,812,496	4,551,264,675	1,758,680,255	226,039,139	(434,362)	2,566,979,643	2,424,820,919	

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	As at 31st March, 2013	As at 31st March, 2012
<b>C.11 Non Current Investments</b>		
<b><u>In equity instruments</u></b>		
<b><u>Quoted (At Cost)</u></b>		
Neyveli Lignite Corporation Ltd.	313,958	313,958
5,000 (5,000) equity shares of ` 10 each fully paid up		
Piramal Glass Limited	620	620
62 (62) equity shares of ` 10 each fully paid-up		
Piramal Healthcare Limited	122,728	122,728
1,409 (1,409) equity shares of ` 2 each fully paid up		
Piramal Life Science Limited	25,727	25,727
137(137) equity shares of ` 10 each fully paid-up		
Tata Power Limited	7,699	7,699
500 (500) equity shares of ` 1 each fully Paid-up		
Ultramarine & Pigments Limited	53,775,623	53,775,623
3,044,800 ( 3,044,800 ) equity shares of ` 2 each fully paid-up		
Resins and Plastics Ltd.	300,000	300,000
	<b>(A)</b>	
	<u>54,546,355</u>	<u>54,546,355</u>
<b><u>Quoted (At realisable value)</u></b>		
Futuristic Offshore Services and Chemicals Ltd. (Earlier known as Ganesh Anhydride Ltd.)	1,050	1,050
100 ( 100 ) equity shares @ ` 10 each fully paid-up		
Less: Provision for diminution other than temporary	(950)	(950)
	100	100
Maruti Plastics Ltd	51,239	51,239
4,000 ( 4,000 ) equity shares @ ` 10 each fully paid-up		
Less: Provision for diminution other than temporary	(47,239)	(47,239)
	4,000	4,000
Indu Nissan Oxo Chemical Ltd.	115,595	115,595
9,150 ( 9,150 ) equity shares @ ` 10 each fully paid-up		
Less: Provision for diminution other than temporary	(106,445)	(106,445)
	9,150	9,150
	<b>(B)</b>	
	<u>13,250</u>	<u>13,250</u>
<b><u>Unquoted (At Cost)</u></b>		
Kamer Co-operative Housing Society Limited	250	250
5 (5) equity shares @ ` 50 fully paid up		
The Sarawat Co-operative Bank Ltd	20,000	20,000
	<b>(C)</b>	
	<u>20,250</u>	<u>20,250</u>
<b>(D) = (A+B+C)</b>	<u>54,579,855</u>	<u>54,579,855</u>
Aggregate amount of Quoted Investments	54,559,605	54,559,605
Market value of Quoted Investments	194,286,341	154,324,840
Aggregate amount of Unquoted Investments	20,250	20,250
Aggregate provision for diminution in value of investments	154,634	154,634



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	As at 31st March, 2013	As at 31st March, 2012
<b>C.12 Long-term loans and advances</b>		
Unsecured and considered good		
Capital advances	3,599,769	-
Security deposits	96,760,422	89,339,594
Taxes paid in advance (Net of provision for tax)	124,052,484	114,763,330
Minimum alternate tax credit entitlement	8,293,093	98,763,011
	<u>232,705,768</u>	<u>302,865,935</u>
Considered doubtful		
Security deposits	946,784	-
less: provision for doubtful deposits	(946,784)	-
	<u>232,705,768</u>	<u>302,865,935</u>
<b>C.13 Other non current assets</b>		
Unsecured and considered Good		
Other loans and advances	2,443,098	6,741,216
	<u>2,443,098</u>	<u>6,741,216</u>
<b>C.14 Inventories (valued at lower of cost and net realizable value)</b>		
Stores and Spares	105,111,889	94,686,660
Fuel	9,473,555	2,536,000
Packing Materials	7,189,110	9,434,124
Raw Materials	898,146,816	639,566,000
Catalyst	93,403,502	94,447,965
Finished Goods	584,442,789	507,205,559
Work in Progress	240,812,324	187,942,402
Stock of Trading items	1,869,136	59,005,422
	<u>1,940,449,121</u>	<u>1,594,824,132</u>
<b>Note:</b>		
a. Stores and spares includes material in transit amounting to ` NIL (Previous year ` 168,642 )		
b. Raw Materials includes material in transit amounting to ` 631,083,029 (Previous year ` Nil )		
c. Finished Goods includes material in transit amounting to ` 53,129,934 (Previous year ` 197,042,709 )		
<b>C.15 Trade receivables</b>		
Unsecured Considered Good		
Debts outstanding for a period exceeding six months from due date	22,699,971	33,729,934
Other Debts	2,807,612,158	2,522,693,053
	<u>2,830,312,129</u>	<u>2,556,422,987</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	As at 31st March, 2013	As at 31st March, 2012
<b>C.16 Cash and Bank balances</b>		
a. Cash and Cash Equivalents		
Cash on hand	308,012	249,667
Balance with Banks		
In current accounts	57,347,392	122,613,333
	<u>57,655,404</u>	<u>122,863,000</u>
b. Other Bank balances		
Short-term bank deposits with maturity after 3 months but before 12 months	18,642,376	16,968,509
In Margin money account against letters of credit issued by banks	80,634,595	39,087,985
<u>Earmarked balances with banks</u>		
Unpaid Dividend	4,233,934	3,484,807
Unpaid Interest	50,402	215,255
	<u>161,216,711</u>	<u>182,619,556</u>
<b>C.17 Short-term loans and advances</b>		
Unsecured, Considered good		
Balance with customs and excise	31,957,306	52,586,930
Cenvat claimable	93,647,572	94,490,518
Staff advances	1,079,595	975,805
	<u>126,684,473</u>	<u>148,053,253</u>
<b>C.18 Other current assets</b>		
Unsecured Considered Good		
Other loans and advances		
Advance to Suppliers	18,037,829	20,220,083
Other loans and advances	67,875,301	102,907,160
	<u>85,913,130</u>	<u>123,127,243</u>
considered doubtful		
other loans and advances recoverable in cash or in kind or value to be received	4,464,916	-
less: provision for doubtful loans and advances	<u>(4,464,916)</u>	<u>-</u>
	<u>85,913,130</u>	<u>123,127,243</u>
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
<b>C.19 Revenue from Operations</b>		
Sales		
Manufactured goods	14,909,671,982	11,182,673,558
Traded goods	5,726,888	11,425,204
Gross sales	14,915,398,870	11,194,098,762
Less: Excise duty recovered on sales	<u>(1,283,083,629)</u>	<u>(741,660,638)</u>
Net sales	13,632,315,241	10,452,438,124
Other Operating revenues:		
Sales of power from wind operated generators	19,246,180	13,757,978
Income from letting out of storage facility	24,863,891	26,602,499
Duty drawback and Duty Entitlement Pass Book Benefits	12,628,524	31,186,026
Export Incentive	13,164,310	-
Sale of scrap	12,777,088	16,288,611
	<u>13,714,995,234</u>	<u>10,540,273,238</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
<b>Details of products sold</b>		
Phthalic Anhydride	10,544,280,119	7,612,430,763
Maleic Anhydride	2,754,458,227	2,214,470,600
Food Acids	884,113,672	779,788,462
Pthalate Esters	724,725,700	573,604,732
Other chemicals	2,094,264	2,379,001
	<u>14,909,671,982</u>	<u>11,182,673,558</u>
<b>Details of trading sales</b>		
Speciality chemicals	5,726,888	11,425,204
	<u>5,726,889</u>	<u>11,425,204</u>
<b>C.20 Other Income</b>		
Interest Income	16,136,033	1,830,003
Dividend Income from long term investments	9,208,100	9,192,800
Profit on sale of assets	-	25,194
Rent received	4,187,667	3,944,254
Recovery of consortium fee of Prior period	-	1,600,608
Sundry balances written back	3,330,376	591,611
Gain on foreign currency Transaction / Translation	2,508,977	12,736,909
Surrender value on assignment of keymen insurance policy	-	15,363,288
Miscellaneous receipts	12,401,845	7,489,086
(Miscellaneous receipts includes income of previous year ` 1,579,903 (Previous year ` 943,537))		
	<u>47,772,998</u>	<u>52,773,753</u>
<b>C.21 Cost of Materials consumed</b>		
Raw materials, process chemicals and catalyst consumed		
Stock at commencement	744,559,880	575,448,599
Add: Purchases	10,880,063,252	8,425,825,590
	<u>11,624,623,132</u>	<u>9,001,274,189</u>
Less: Stock at close	(988,714,431)	(744,559,880)
	<u>10,635,908,701</u>	<u>8,256,714,309</u>
<u>Details of Raw Materials Consumed</u>		
Orthoxylene	8,629,469,912	6,358,860,021
Others	2,006,438,789	1,897,854,288
	<u>10,635,908,701</u>	<u>8,256,714,309</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
<b>C.22 Purchases of stock in trade</b>		
Traded goods		
Purchase of Maleic Anhydride and other chemicals	<b>60,434,470</b>	351,751,727
Purchase of machinery and spares	<b>2,895,613</b>	19,303,503
	<b>63,330,083</b>	371,055,230
<b>C.23 Changes in stock</b>		
<b>Inventories at the end of the year</b>		
Finished goods	<b>584,442,789</b>	507,205,559
Work in progress	<b>240,812,324</b>	187,942,403
Excise duty on change in closing stock	<b>16,149,277</b>	(11,745,974)
<u>Stock of Trading items</u>		
Maleic Anhydride and other trading chemicals	<b>1,092,361</b>	53,359,000
Machinery and spares	<b>776,775</b>	5,646,422
	<b>843,273,526</b>	742,407,410
<b>Inventories at the beginning of the year</b>		
Finished Goods	<b>461,932,020</b>	337,056,000
Work in Progress	<b>187,942,403</b>	92,711,000
<u>Stock of Trading items</u>		
Maleic Anhydride and other trading chemicals	<b>53,359,000</b>	30,342,000
Machinery and spares	<b>5,646,422</b>	1,324,602
	<b>708,879,845</b>	461,433,602
Changes in stock	<b>134,393,681</b>	280,973,808
<u>Details of finished goods at the end of the year</u>		
Phthalic Anhydride	<b>535,076,265</b>	359,658,000
Maleic Anhydride	<b>9,166,490</b>	-
Others	<b>40,200,034</b>	147,547,459
	<b>584,442,789</b>	507,205,459
<u>Details of finished goods at the beginning of the year</u>		
Phthalic Anhydride	<b>359,658,000</b>	317,669,000
Maleic Anhydride	<b>62,688,270</b>	-
Others	<b>39,585,750</b>	19,387,000
	<b>461,932,020</b>	337,056,000

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	₹ Year Ended 31st March, 2013	₹ Year Ended 31st March, 2012
<u>Details of work in progress at the end of the year</u>		
Phthalic Anhydride	180,959,628	118,995,000
Maleic Anhydride	15,685,796	-
Others	44,166,900	68,947,403
	<u>240,812,324</u>	<u>187,942,403</u>
<u>Details of work in progress at the beginning of the year</u>		
Phthalic Anhydride	118,995,000	85,830,000
Maleic Anhydride	28,342,403	-
Others	40,605,000	6,881,000
	<u>187,942,403</u>	<u>92,711,000</u>
<b>Trading stocks</b>		
i. Machinery items and spares		
Opening Stock	5,646,422	1,324,602
Purchase	2,895,613	19,303,503
Sales	5,726,888	11,425,204
Closing Stock	776,775	5,646,422
<b>C.24 Employees benefits expense</b>		
Salaries, wages, bonus, etc	273,819,295	223,642,817
Directors remuneration	25,255,629	12,653,538
Contribution to provident fund and other funds	24,161,505	22,424,513
Staff welfare expenses	12,809,136	29,005,519
	<u>336,045,565</u>	<u>287,726,387</u>
<b>C.25 Finance costs</b>		
Interest expense	421,181,544	382,086,497
Exchange loss on foreign currency loan	21,403,898	82,297,015
Interest on income tax	-	810,000
Bank charges	80,253,715	60,864,421
	<u>522,839,157</u>	<u>526,057,933</u>
Interest expense includes interest on acceptances ₹ 136,243,352 (Previous year ₹ 105,170,659)		

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
<b>C.26 Other expenses</b>		
Stores and spares consumed	98,325,379	52,895,229
Power and fuel	403,124,879	394,446,681
<u>Repairs to:</u>		
Machinery	88,773,703	26,102,113
Buildings	17,415,239	58,537,289
Others	5,938,228	3,234,320
Packing expenses and materials consumed	74,789,207	61,504,760
Freight and forwarding	501,721,794	369,784,344
Commission and brokerage	21,112,974	26,266,787
Rent	1,704,638	1,200,969
Rates and taxes	7,243,260	3,037,534
Insurance	19,804,989	14,131,376
Travelling and conveyance	20,572,788	15,466,375
Communication expenses	7,635,798	4,534,548
Research and development expenses	17,380,536	20,790,331
Payment to auditors (Refer note no. C27)	3,436,069	2,826,448
Expenses on Wind operated generators	2,671,603	1,406,567
Legal and professional charges	29,082,224	12,923,185
Commission to directors	13,240,009	7,461,511
Bad debts/ Sundry balance written off	2,469,829	575,597
Provision for doubtful deposits and Licenses	5,411,700	-
Exchange loss on foreign currency transaction / translation	3,761,453	15,725,866
Excise duty expenses	6,982,922	5,715,262
Loss on sale of assets	197,531	-
Donation	6,560,000	30,000
Cash discounts and rebates	25,176,236	15,889,925
Miscellaneous expenses	81,274,988	71,658,631
(Miscellaneous expenses includes previous year expenses ` 5,382,230 (Previous year ` 22,410))		
	<b>1,465,807,976</b>	<b>1,186,145,648</b>

**C.27 Payment to Auditors**
Particulars

Audit fees	2,086,903	1,720,542
Others	1,349,166	1,105,906
	<b>3,436,069</b>	<b>2,826,448</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
	<u>2012-2013</u>	<u>2011-2012</u>
<b>C.28 Commitments and contingent liabilities</b>		
<b>(A) Commitments/contingent liabilities</b>		
(i) Estimated amount of contracts to be executed on capital account and not provided for	<b>13,780,702</b>	3,791,850
Against which advances paid	<b>3,599,769</b>	NIL
(ii) Guarantees issued by Banks on behalf of Company	<b>212,000</b>	29,451,930
(iii) Bond in favor of excise authorities	<b>1,910,718</b>	1,828,509
<b>(B) Claims against the Company not acknowledged as debts in respect of following items:</b>		
(i) The Excise authorities have in their show cause notices questioned the company's claim for Modvat on certain items amounting to ` 99,945 (Previous year ` 99,945). The company has paid ` NIL (Previous Year ` NIL) against the same which are shown under the head Advances. The Company does not expect any liability to crystallize on this account.		
(ii) 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.		
(iii) 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 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 September 15, 2008. The said matter was finally heard by the Hon'ble Supreme Court of India on May 07, 2010 & the order pronounced on April 11, 2011.  The Hon'ble Supreme Court of India has vide its order dated April 11, 2011 set aside the order passed by the Foreign Exchange Appellate Tribunal on October 25, 2007 and the order dated 24th 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 crystallise on this account.		
(iv) No provision has been made in respect of disputed demands from Income-tax Authorities to the extent of ` 82,106,136 (Previous Year ` 134,345,983) 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 ` 95,436,546 (Previous Year ` 122,191,555).		
<b>(C) Other Commitments:</b>		
The company had entered into an agreement with Gujarat Industrial Development Corporation for allotment of land for setting up chemical unit. As per the said agreement, the company within a period of six months from the date of agreement and within a period of two years from the said date build and completely finish it for occupation building to be used as industrial factory.		

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**
**D. Disclosure in accordance with Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006.**
**D.1 Accounting Standard (AS) - 2 on Valuation of inventories:**

Effective as of April 01, 2012, the Company has changed its policy on valuation of inventory of Indian operations (except stores and spares) from weighted average cost method (WAM) to first-in first-out method (FIFO).

Under the prior policy, the cost of all categories of inventories had been based on their weighted average cost method.

Effective as of April 01, 2012, the cost of all categories of inventories (except stores and spares), is based on first-in first-out (FIFO) method.

The management believes that using the first-in first out method will produce more accurate, reasonable and relevant information on the amounts of inventory reported in the balance sheet and, in turn, more accurate material consumption reported in the statement of profit and loss.

The effect of this change in the methodology of valuation of inventory is resulting in higher valuation of inventories as on year end by ` 69,425,741 and profit for the year higher by ` 46,925,741 (net of tax).

**D.2 Accounting Standard (AS-17) "Segment Reporting" :**
**(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.

		31.03.2013	31.03.2012
<b>1. REVENUE</b>			
	<u>EXTERNAL REVENUE</u>		
	Chemical products and its intermediaries	13,695,749,054	10,526,515,260
	Power generation from wind operated generators	19,246,180	13,757,978
	Total <b>A</b>	<u>13,714,995,234</u>	10,540,273,238
<b>2. RESULT</b>			
	Profit / (Loss) before interest and corporate expenses but after depreciation		
	Chemical products and its intermediaries	1,142,618,828	524,646,769
	Power generation from wind operated generators	(488,801)	(4,711,968)
	Total <b>B</b>	<u>1,142,130,027</u>	519,934,801
	LESS:		
	Interest	(522,839,157)	(526,057,933)
	Unallocated (Expenses) / Income (net) and Corporate expenses	25,344,132	26,405,285
	Provision for current Tax	(230,123,816)	(35,467,249)
	Deferred Tax	23,580,226	24,366,742
	Total <b>C</b>	<u>(704,038,614)</u>	(510,753,155)
	<b>NET PROFIT</b> <b>A-B-C</b>	<u><u>438,091,413</u></u>	<u><u>9,181,646</u></u>



	31.03.2013	31.03.2012
<b><u>OTHER INFORMATIONS</u></b>		
<b>3. SEGMENT ASSETS</b>		
Chemical Products and its intermediaries	7,270,338,357	6,821,230,165
Power Generation (Windoperated Generators)	100,818,990	113,956,231
Unallocated / Corporate	560,318,171	628,035,240
Total	<u>7,931,475,518</u>	<u>7,563,221,635</u>
<b>4. SEGMENT LIABILITIES</b>		
Chemical Products and its intermediaries	2,596,779,719	3,060,375,544
Power Generation (Windoperated Generators)	-	-
Unallocated / Corporate	3,345,017,094	2,961,757,689
Total	<u>5,941,796,813</u>	<u>6,022,133,233</u>
<b>5. CAPITAL EMPLOYED</b>		
(including capital work in progress)		
Chemical Products and its intermediaries	4,673,558,638	3,760,854,620
Power Generation (Windoperated Generators)	100,818,990	113,956,231
Unallocated / Corporate	(2,784,698,923)	(2,333,722,449)
Total	<u>1,989,678,705</u>	<u>1,541,088,402</u>
<b>6. CAPITAL EXPENDITURE</b>		
(including capital work in progress)		
Chemical Products and its intermediaries	83,634,697	176,022,291
Power Generation (Windoperated Generators)	-	-
Unallocated / Corporate	-	-
Total	<u>83,634,697</u>	<u>176,022,291</u>
<b>7. DEPRECIATION</b>		
Chemical Products and its intermediaries	211,532,050	208,975,760
Power Generation (Windoperated Generators)	17,063,378	17,063,379
Unallocated / Corporate	-	-
Total	<u>228,595,428</u>	<u>226,039,139</u>

**D.3 Accounting Standard (AS-18) "Related party disclosures " :**
**Entity in which the company has substantial interest (i.e. more than 20% in voting power directly or indirectly)**

Thirumalai Charity Trust (TCT)

**Others**

Ultramarine and Pigments Ltd. (UPL)

**Managing Director**

Mr. R. Parthasarathy

**Key Management Personnel**

Mr. Dhanpat Raj Dhariwal (CEO)

**Relatives of Directors**

Ms. V. Jaya

Ms. Ramya Bharathram

Mr. S. Varadharajan

Mr. S. Narayan

**Details of transactions with above parties**

Particulars		Companies in which the company has substantial interest		Directors / Relatives / Key Management Personnel				Total
		Ultramarine and Pigments Ltd	Thirumalai Charity Trust	Mr. S. Sridhar	Mr. R. Parthasarathy	Dhanpat Raj Dhariwal	Directors and Relatives of Directors	
		₹	₹	₹	₹	₹	₹	
Managing Director Remuneration	20 12-13	-	-	84,667	23,595,648	-	-	23,680,315
	20 11-12	-	-	5,749,846	6,903,692	-	-	12,653,538
Purchase of Goods	20 12-13	37,056	15,420	-	-	-	-	52,476
	20 11-12	32,698	-	-	-	-	-	32,698
Assignment of Insurance Policy	20 12-13	-	-	-	-	-	-	-
	20 11-12	-	-	7,681,644	7,681,644	-	-	15,363,288
Expenses Recharged by Company	20 12-13	4,207,690	-	-	-	-	-	4,207,690
	20 11-12	4,290,196	-	-	-	-	-	4,290,196
Expenses Recharged to Company	20 12-13	36,957,790	-	-	-	-	-	36,957,790
	20 11-12	132,571	-	-	-	-	-	132,571
Rendering of Services	20 12-13	87,414	-	-	12,000	108,000	-	207,414
	20 11-12	88,462	-	-	12,000	78,968	-	179,430
Receiving of Services	20 12-13	235,956	341,545	-	-	-	-	577,501
	20 11-12	-	84,520	-	-	-	-	84,520
Outstanding Payables	20 12-13	-	8,476	-	-	-	-	8,476
	20 11-12	2,632	-	2,333,741	-	-	-	2,336,373
Outstanding Receivables	20 12-13	379,326	-	-	-	-	21,630	400,956
	20 11-12	1,651,713	-	-	7,681,644	-	-	9,333,357
Deposits Taken	20 12-13	25,000,000	-	-	-	-	21,610,000	46,610,000
	20 11-12	131,149,352	-	-	-	-	26,950,000	158,099,352
Interest Expenses on Deposits Taken	20 12-13	232,558	-	-	-	-	4,092,070	4,324,628
	20 11-12	5,814,660	-	-	-	-	7,364,261	13,178,921
Deposits Paid	20 12-13	25,000,000	-	-	-	-	27,450,000	52,450,000
	20 11-12	131,149,352	-	-	-	-	62,822,000	193,971,352
Outstanding Deposits Payable	20 12-13	1,400,000	-	-	-	-	35,210,000	36,610,000
	20 11-12	1,400,000	-	-	-	-	41,050,000	42,450,000

**Remuneration paid to key management personnel**

Mr. Dhanpat Raj Dhariwal

**2012-2013**
**13,969,785**
**13,969,785**

2011-2012

7,231,516

7,231,516

**Remuneration paid to relatives of Directors**

Ms. V. Jaya

Ms. Ramya Bharathram

Mr. S. Varadharajan

Mr. S. Narayan

-

1,602,000

1,602,000

1,546,341

**4,750,341**

438,292

1,330,412

1,286,309

1,286,309

**4,341,322**

**D.4 Accounting Standard (AS-19) “Accounting for Leases” :**

- a) During the year the company has taken office premises/residential premises under cancelable lease. Lease rent accounted in profit and loss account ` 1,246,892 (Previous Year ` 1,200,969). The said lease is cancelable at the option of the lessee at three months notice. The deposit paid in respect of the same is ` 4,73,255 (Previous Year ` 419,255).
- 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 (Previous Year ` 1,400,000) Lease rent received during the year and accounted as income is ` 3,696,784 (Previous Year ` 3,369,470).
- c) The company has entered into a agreement with Gujarat Industrial Development Corporation for allotment of land (leasehold). After complying with conditions related to erection of factory building and works, a lease agreement will be entered for a term of 99 years.

**D.5 Accounting Standard (AS-20) “Earnings per share” :**

The Basic and Diluted EPS is calculated as under:

Particulars	2012-2013	2011-2012
Profit attributable to Equity Shareholders ( ` )	438,091,413	9,181,647
No. of equity shares (of ` 10 each)	10,238,812	10,238,812
Earnings Per Share	42.79	0.89

**E. Other disclosures:**
**E.1 Foreign exchange derivatives and exposures outstanding at the close of the year :**

Open foreign exchange exposures:

Particulars	2012-2013		2011-2012	
	Foreign Currency		Foreign Currency	
Accounts Receivable	USD 21,255,239	1,149,483,292	USD 21,213,147	1,078,391,481
Accounts Payable *	USD 14,451,310	787,415,676	USD 17,094,905	807,919,077
			EURO 440,057	30,245,113

\*Forward contracts outstanding at year end for hedging accounts payables ` 13,775,000(Previous Year: NIL)

**E.2 Commission payable to non executive directors**

The Board has approved commission to non-executive directors for ` 5,302,414 (Previous year ` NIL) which is subject to the approval of shareholders in accordance with the Companies Act, 1956.

**E.3 Previous Year’s Figures**

Previous year’s figures have been regrouped/ reclassified wherever necessary to correspond with the current year’s classification/ disclosure.

As per our report of even date  
For & on behalf of

For and on behalf of the Board of Directors

**CONTRACTOR, NAYAK & KISHNADWALA  
CHARTERED ACCOUNTANTS**

**R. PARTHASARATHY  
MANAGING DIRECTOR**

**R.SAMPATH  
DIRECTOR**

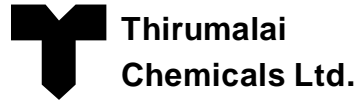
**ATUL AGARWAL  
DIRECTOR**

**H. V. KISHNADWALA  
PARTNER**

**N.NAMBI RAJAN  
CHIEF FINANCIAL OFFICER**

**T. RAJAGOPALAN  
COMPANY SECRETARY**

**MUMBAI, 29TH MAY, 2013**



## Financial Highlights

(` in Lakhs)

Particulars	12-13	11-12	10-11	09-10	08-09	07-08	06-07	05-06	04-05	03-04
<b>Share Capital</b>	1024	1024	1024	1024	1024	1024	1024	1024	996	996
<b>Reserves &amp; Surplus</b>	12770	10629	9516	7661	7500	12100	10631	9178	8336	7682
<b>Networth</b>	13794	11653	10540	8685	8524	13124	11655	10202	9332	8678
<b>Fixed Assets(net)</b>	9283	10317	10255	11111	12295	12145	10689	11354	11499	12378
<b>Sales/Other Income</b>	115592	91130	77843	63253	48405	58430	54749	37129	35803	23628
<b>Gross Profit/(loss)</b>	10912	7199	7019	7033	(4061)	7190	5963	4009	3553	2942
<b>Interest/Finance Charges</b>	5202	5237	1751	1994	1703	1387	1019	884	724	800
<b>Depreciation</b>	1287	1381	1339	1236	1223	1125	1090	1124	1109	1087
<b>Current Tax</b>	1650	346	511	665	12	1825	1459	596	792	82
<b>Deferred Tax</b>	236	244	710	1203	(2405)	(197)	(185)	(42)	(406)	(73)
<b>Net Profit/(Loss)</b>	2775	478	1855	2586	(4600)	2667	2531	1453	1335	1044
<b>Dividend(incl.tax)</b>	894*	—	—	597	—	1198	1078	759	681	562
<b>DIVIDEND (%)</b>	75*	—	—	50	—	100	90	65	60	50
<b>EARNING PER SHARE (`)</b>	27.10	4.67	18.12	25.26	(44.93)	26.05	24.72	14.19	13.41	10.48

\* including final dividend recommended 25% and provision of ` 300 lakhs thereof.



# THIRUMALAI CHEMICALS LTD.

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

## Fortieth Annual General Meeting on Friday July 05, 2013

Joint shareholders may obtain additional slip at the venue of the meeting.

### ATTENDANCE SLIP

*DP I.D. No.	
*Client I.D. No.	

Master Folio No.	
No. of Shares	

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the **Fortieth Annual General Meeting** of the Company to be held on Friday July 05, 2013 at 3.00 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-



# THIRUMALAI CHEMICALS LTD.

### PROXY FORM

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

## Fortieth Annual General Meeting on Friday July 05, 2013

*DP I.D. No.	
*Client I.D. No.	

Master Folio 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 ..... of  
..... in the district of .....

as my/our proxy to vote for me/us on my /our behalf at the **Fortieth Annual General Meeting** of the Company to be held on Friday July 05, 2013 at 3.00 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 .....2013.

Signature .....

\* Applicable for shares in dematerialised form.

Note :

Please  
affix  
Revenue  
Stamp Here

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.





The Akshaya Vidya Trust

# The Akshaya Vidya Trust

Vedavalli Vidyalaya Senior Secondary School, Walaja - CBSE (1994)  
Vedavalli Higher Secondary School, Walaja - Tamilnadu State Board (1999)  
Vedavalli Vidyalaya School, Ranipet - CBSE (2003)

Two core beliefs that have guided us are:

- ◆ 'Learning by doing' is the best way to understand fundamental concepts thoroughly
- ◆ Learning can take place only in a fear-free environment.

Spread over two campuses with good facilities and a congenial atmosphere of learning, we continue our mission to provide holistic education. More than 2300 students study at our schools.

We at Vedavalli focus on the all round development of our students, preparing them for life. We strive to:

- \* **Inculcate an understanding of the fundamentals of different subjects and their practical applications**
- \* **Instill a sense of patriotism and good citizenship with a concern for their fellow beings**
- \* **Build self esteem and confidence**
- \* **Encourage good communication skills**
- \* **Foster and nurture creativity**
- \* **Exposure to new ideas, places and people**
- \* **Inculcate good habits for work and life**
- \* **Prepare for change and offer abundant opportunities for self learning.**

The training in school enables students to perform well not only in public examinations but also in national competitions. Our students also win prizes in zonal and district sports events. Our alumni stand out because of their confidence and competence. They are team leaders because of their analytical thinking, communication and inter-personal skills. We are proud of our students and alumni.

Each of our kids is a treasure trove of ideas. The students' are engaged in the planning and execution of all school events with support from their teachers. The Sports Day, Annual Day, Project Day, Special Days and Special Weeks, intra and inter-school programs were a great success. We appreciate our teachers for their involvement and dedication in this nurturing process.

The school also conducts programs such as:

**Leadership Training Programme:** The elected members of the student's council were taken to a tribal settlement at Thandaiyankotai in Vellore District for a two day workshop on leadership, where they learnt values to be possessed by a good leader.

**Special Skills Programme:** The children of Classes VI to VIII were involved in a unique programme this year that catered to their holistic development. The special skills that the children were trained for, were Herbal Gardening, Typing, Flower Art, Mehendi, Cooking, Electric work, Plumb-ing, Carpentry, Art, Kolam, Silambam, Folk Dance, Personal Grooming, Embroidery and Self-Defense.

We welcome you to visit us. Our children will be eager to show you around the school and explain how learning takes place here.



Tel: +91-4172-231860, 230870

Visit us: [www.vedavallividyalaya.org](http://www.vedavallividyalaya.org)

E-mail: [vedavalli94@yahoo.com](mailto:vedavalli94@yahoo.com)



# Thirumalai Charity Trust (TCT) – Ranipet

## A Unique Model of Primary and Secondary Healthcare



Our community work since 1983 crossed an important milestone on 18th April 2010 when we started the **Thirumalai Mission Hospital**, with the aim to provide high quality, accessible and affordable healthcare. Our health care service is spread out in 315 villages of Vellore District and the 3 towns of Ranipet, Wallajah and Arcot.



The Thirumalai Mission Hospital is a unique attempt to integrate primary level care in the community with a secondary level hospital. Towards understanding the burden of disease in the community we serve, we have recently carried out a survey covering 35,000 families. We have identified some of the major medical problems in the community such as diabetes mellitus, hypertension, common infections, Osteoporosis and Obesity. Our pediatricians have started providing health care for children in the community who attend Balwadis. We are in the process of streamlining care at the community level through our multipurpose health workers and family care volunteers. We carry out educational programs for all the medical problems that we have identified so that patients from the community get maximum benefit. We have so far done 1000 free DEXA scans for detection of osteoporosis and an equal number of women have undergone screening for health problems including cancers. The outpatient services are increasingly utilized by the community as reflected by an increase in OP attendance and an increase in inpatient numbers. The Laboratory is part of the quality control program run by CMC hospital and is rendering very reliable service.



With the integration of primary care with a secondary level hospital we aim to provide Cost-Effective, Ethical and Good Quality care to the community. Our approach has been further encouraged by many physicians and general practitioners in the community who have started referring problem cases for evaluation and management. Our ambulance service has helped many sick patients reach the hospital in time. For patients coming from the villages that we cover, transportation has been arranged to facilitate access to health care. We are grateful to all our patients who have continued to use Our services and the many agencies and individuals who have rendered financial, professional and technical support to facilitate the success of this project.



We are adding to our facilities, departments and services. As we train our staff, we are developing unique practices to ensure quality in everything we do.

Also visit us: [www.thirumalaicharitytrust.org](http://www.thirumalaicharitytrust.org)  
<http://www.youtube.com/watch?v=e7DJVoE08IA>

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Mob: +91-9443141655  
E-mail: [thirumalaihospital@gmail.com](mailto:thirumalaihospital@gmail.com)