



**THIRUMALAI
CHEMICALS LTD.**

43rd Annual Report 2015–2016

APPLICATIONS OF MALIC ACID



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Board of Directors

Mr. R. Parthasarathy (Chairman & Managing Director)
 Mr. P. Shankar
 Mr. A. Janakiraman
 Mr. N. Subramanian
 Mr. Raj Kataria
 Mr. R. Ravishankar
 Mr. Dhruv Moondhra
 Mr. R. Sampath
 Mr. S. Santhanam
 Mrs. Ramya Bharathram (Whole-time Director)
 Mr. P. Mohanachandra Nair (Whole-time Director)

Chief Executive Officer

Mr. C.G. Sethuram

Chief Financial Officer

Mr. P. Krishnamoorthy

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
- Bank of Baroda
- Export-Import Bank of India

Auditors

M/s. CNK & Associates LLP
 Chartered Accountants, Mumbai.

Internal Auditors

M/s M.S.KRISHNASWAMY & CO.
 Chartered Accountants, Chennai

M/s ANEJA ASSOCIATES
 Chartered Accountants, Mumbai

Cost Auditor

Mr. G. Sundaresan, Chennai.

Registered Office

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

Tel. : 022-24017841, 43686200,
 Fax : 022-24011699
 E-mail : thirumalai@thirumalaichemicals.com
 Website : <http://www.thirumalaichemicals.com>
 CIN : L24100MH1972PLC016149

Registrar & Share Transfer Agents

Link Intime India Private Limited
 C-13, Pannalal 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
 Website : www.linkintime.co.in

Factory

25-A, SIPCOT Industrial Complex,
 Ranipet, Vellore District, Tamilnadu
 Tel. : 04172-244327
 Fax : 04172-244308
 E-mail : mail@thirumalaichemicals.com

43rd Annual General Meeting
Date & Time

Friday, July 29, 2016 at 3.00 p.m.

Venue

The Mysore Association Auditorium,
 Mysore Association, 393, Bhaudaji Road,
 Matunga C-Rly., Mumbai – 400 019

Book closure

Saturday, July 23, 2016 to Friday,
 July 29, 2016 (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 **FORTY THIRD 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 29, 2016 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, 2016 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. S. Santhanam, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors for a term of five years from the financial year 2016-2017 and fix their remuneration.

SPECIAL BUSINESS

4. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT Mr. R. Parthasarathy (DIN: 00092172), whose term of office as Director expires on July 31, 2016, be appointed as a Director of the company with effect from August 01, 2016"

5. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the section 196 of the Companies Act, 2013 and other applicable provisions of the Act and Articles of Association of the Company, Mr. P.Mohanachandra Nair (DIN: 07326079), President (Mfg.), be and is hereby appointed as a Whole Time Director of the Company under section 196 of the Companies Act, 2013 with effect from 28.10.2015 for a period of five years upon terms and conditions as detailed below and is liable to retire by rotation. He will be designated as Executive Director (Mfg.).

Remuneration:

- Total starting remuneration up to Rs.40 lakhs per annum including all perquisites and benefits as per Company's Rules and Practices.
- Additionally, Provident Fund, Superannuation, Gratuity and other applicable benefits as per provisions of Companies Act, 2013.
- Incentives and Annual Increments as per the Practice and Policy of the Company as determined by the Managing Director.
- Total remuneration including all perquisites / benefits / allowances / incentives including PF/SA/Gratuity shall not exceed Rs.70 Lakhs per annum.

Termination Clause:

Either party may terminate the service/employment by giving a three months' Notice or salary in lieu of Mr. Nair will cease to be a Director of the Company co-terminus with his ceasing to be in the services / employment of the company.

The Managing Director shall determine and define the Roles and Responsibilities of Mr. P.M.C. Nair, and Mr. Nair will report in all his executive functions and duties to the Managing Director."

6. **To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to the section 196 of the Companies Act, 2013 and other applicable provisions of the Act and Articles of Association of the Company, Mr. R. Parthasarathy (DIN: 00092172), Director, be and is hereby appointed as "Chairman & Managing Director" of the Company under section 196 of the Companies Act, 2013 with effect from August 01, 2016 for a period of three years.

FURTHER RESOLVED THAT Mr. R. Parthasarathy, Managing Director of the company be paid remuneration as stated below:

- i) Basic Salary per month Rs.9 Lakhs (with annual increment of Rs.1 Lakh in April of each year)
- ii) Commission up to 3% of net profits of the company calculated in accordance with the provisions of Sections 198 of the Companies Act, 2013.

RESOLVED FURTHER THAT in addition to the above remuneration, Mr. R. Parthasarathy shall be entitled to

- a) Perquisites like HRA/unfurnished/ furnished Accommodation, gas, electricity, water and furnishings, 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 50% of the Basic Salary for the relevant year and with an annual increase equivalent to one Month basic Salary for subsequent years.
- b) Company's contribution to Provident Fund and Superannuation Fund, each as applicable as per Rules/ Norms, or payments made in lieu of such contributions; 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.

FURTHER RESOLVED THAT within the overall limits as specified above, the Board has the power to determine individual component(s) of remuneration.

RESOLVED THAT pursuant to Section II of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment/modification thereof), the consent of the Members of the Company be and is hereby accorded to pay minimum remuneration to Mr. R. Parthasarathy, Managing Director for the financial year, in which there is no profits or profits are inadequate, during the period commencing from August 01, 2016 till the expiry of his term i.e. July 31, 2019.

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 he continues as Managing Director; and he shall be liable to retire by rotation as a Director only after he vacates the office of Managing Director.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT subject to approval as may be required from the Central Government the appointment of Mr. G. Sundaresan, Cost Accountant (M 11733), as Cost Auditor to issue Compliance Certificate and to audit the Cost Accounts of the Company for the Financial Year 2016-17 for a remuneration of Rs.25,000/- in addition to reimbursement of out of pocket expenses, be and is hereby ratified.”

NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from Saturday, July 23, 2016 to Friday, July 29, 2016 (both days inclusive) for the purpose of Annual General Meeting.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.
4. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable.
5. Pursuant to the provisions of Section 124 of the Companies Act, 2013, the Company has transferred the unpaid or unclaimed dividend, if any, up to the financial year 2008-2009 to the Investor Education and Protection Fund (The IEPF) established by the Central Government. Likewise, Debentures/Fixed Deposits repayment warrants/interest warrants which remain unclaimed /unpaid for a period of 7 years from the dates they first became due for payment have been transferred to the Investor Education and Protection Fund. All persons are requested to note that no claims shall lie against the Company or the said fund in respect of any amounts which were unclaimed and unpaid for a period of 7 years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.
6. Details under Reg. 36(3) of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, in respect of the Director seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/ re-appointment.
7. Electronic copy of the Notice of the 43rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s)

for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Notice of the 43rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.

8. Members may also note that the Notice of the 43rd Annual General Meeting and the Annual Report for 2015-16 will also be available on the Company's website www.thirumalaichemicals.com for their download.
9. 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.
10. 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.
11. Members / Proxies are requested to bring attendance-Slip along with their copy of Annual Report to the Meeting.
12. Voting through electronic means
 1. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing facility to the Members to exercise their right to vote at the 43rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again in the meeting.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on July 25, 2016 at 2.00 p.m. (IST) and ends on July 28, 2016 at 5.00 p.m. (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 22, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5.00 p.m. (IST) on July 28, 2016.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for **THIRUMALAI CHEMICALS LTD.** to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

- II. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company.
 - III. Mr. Manoj Mimani, Practicing Company Secretary (Membership No. 17083) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - IV. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - V. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.thirumalaichemicals.com and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges, where the shares are listed.
13. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
- II. DETAILS OF DIRECTOR SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:**

a) Re-appointment of retiring Director: (item no. 2)

Mr. S. Santhanam, Printing Technologist, is a non-Executive Director and is also a Director of another public Company, Ultramarine & Pigments Ltd, which is one of the promoters of the Company.

Mr. S. Santhanam holds 49,452 equity shares of the company.

Except Mr. S. Santhanam, none of the Directors and the Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise in the resolution set out at Item no. 2.

b) Appointment of Statutory Auditors: (item no. 3)

M/s. CNK & Associates LLP, Chartered Accountants, present Statutory Auditors of your Company completed more than two terms of five consecutive years, and therefore your company is required to appoint new auditors in order to comply with provisions of Sec.139(2) of the Companies Act, 2013, within three years from the date of commencement of the new Act.

Accordingly M/s. Walker Chandok & Co LLP, Chartered Accountants have been recommended by the Board of Directors for your consideration to be appointed as Statutory Auditors of the company for a term of five years from the ensuing AGM as under sec. 139 of the companies Act, 2013.

III. EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013.

ITEM No.4

Mr. R. Parthasarathy is the Managing Director of the company and his term of office as Director expires on July 31, 2016. The Company has received notice from a member, together with a deposit of Rs.1 lakh, signifying his intention to propose the appointment of Mr. R. Parthasarathy as Director of the Company in accordance with Section 160 of the Companies Act, 2013. Mr. R. Parthasarathy, 65 years, is qualified as B. Tech. (IIT), M.S., (USA) and has over 40 years of experience in the Chemical and Petrochemical Industries. Under his stewardship in the last few years, the Company has been able to diversify its business, improve in performance and health, create a strong management team and emerge stronger.

Mr. R. Parthasarathy is a Director on the Board of M/s Jasmine Limited, a NBFC company registered with RBI, and a related company. He holds 272,350 shares of the Company.

The Directors recommend the resolution set out at item.no. 4 of the accompanying notice for your approval.

Except Mr. R. Parthasarathy and Mr. R. Sampath, who is his relative, none of the other Directors and the Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise in the resolution set out at item no.4.

ITEM No. 5

Mr. P. Mohanachandra Nair, President (Manufacturing), was appointed as a Whole Time Director of the Company under section 196 of the companies Act, 2013 for a period of five years with effect from 28-10-2015 by the Board of Directors of the company and is liable to retire by rotation.

Mr. Mohanachandra Nair had till then been working in your Company for 3 years as President (Mfg).

Mr. Nair is a Chemical Engineer with about 35 years of experience in various roles at Rashtriya Chemicals and Fertilizers Ltd (RCF), where he started his career as a Trainee, and grew to Executive Director. He was the Head of Operations and Profit

Centre Head at RCF, before he joined us. He has extensive experience in Operations incl, Manufacturing, Engineering, Project Management, Technology, Commercial, etc.

During the last three years in TCL his performance has been outstanding. He has consistently set high targets in Safety, Efficiency, Energy, and Costs and has motivated and led diverse teams to deliver on these goals. He has also led a comprehensive change management initiative in the company successfully. He will be a good addition to the Board of Directors.

He is not a Director in any other company and no share in our company is held by him.

The Directors recommend the resolution set out at item.no.5 of the accompanying notice for your approval.

The Ordinary resolution as set out against item no. 5 was approved by the Nomination & Remuneration Committee and the Board at their respective meetings held on October 28, 2015.

Except Mr. P. Mohanachandra Nair, none of the Directors and Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise in the resolution set out at item no.5.

ITEM NO. 6

Mr. R. Parthasarathy was appointed as Vice-Chairman and Managing Director of the Company respectively for a period of three Years effective from August 1, 2013 as per the terms and conditions approved by the Shareholders at the 40th Annual General Meeting held on July 05, 2013.

Since the aforesaid appointment for the revised period of three years ended on 31st July, 2016, the Nomination and Remuneration Committee of the Board of Directors further recommends the appointment and remuneration of Mr. R. Parthasarathy as Managing Director of the Company for a period of three years from August 1, 2016 to 31st July, 2019 and to pay him the remuneration as proposed in the resolution.

The Board is of the opinion that the appointment of Mr. R. Parthasarathy as Chairman & Managing Director for a period of three years effective from August 1, 2016 would be in the interest of the Company.

The Managing Director will report to the Board of Directors. He shall perform such functions as may from time to time be entrusted to him by the Board. He 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 Committees thereof.

Mr. R. Parthasarathy is a Director on the Board of M/s Jasmine Limited, a NBFC company registered with RBI, and a related company. He holds 272,350 shares of the Company.

The Board recommends the Special Resolutions at item No. 6 of the Notice for your approval.

The special resolution as set out against item no. 6 was approved by the Nomination & Remuneration Committee and the Board at their respective meetings held on May 14, 2016.

Except Mr. R. Parthasarathy and Mr. R. Sampath, who is his relative, none of the other Directors and Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise in the resolution set out at item no.6

ITEM No. 7

To ratify remuneration of Cost Auditor:

The Board at its meeting held on May 14, 2016, as recommended by the Audit Committee, appointed Mr. G. Sundaresan, Cost Accountant, as Cost Auditor to issue Compliance Certificate and to audit the Cost Accounts of the Company for the Financial Year 2016-17 for a remuneration of Rs.25,000/- in addition to reimbursement of out of pocket expenses.

As per Rule 14(a) (ii) of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditor has to be ratified by the Shareholders. Hence this resolution is placed for the consideration of the shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item No. 7.

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

Statement to be given under Part II, Section II (B) (IV) of the Schedule V of the Companies Act, 2013 (for item no. 6)
I. General Information

- (1) Nature of Industry: The Company manufactures Chemicals and Fine Chemicals.
- (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 Directors' Report.
- (5) Export performance and net foreign exchange collaborations: The FOB value of exports during the year 2015-2016 is Rs.102.38 Crore 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 40 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 from the USA. During his 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 is a past 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)

Rs.in lakhs

Year	Amount Rs.	Year	Amount Rs.	Year	Amount Rs.
2015-16	288.97	2014-15	97.71	2013-14	158.95

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 from 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 V of the Companies Act, 2013.

(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 is 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 Chairman & Managing Director.

III. Other information
(1) Reasons of loss or inadequate profit:

There is no inadequacy of profit for the financial year 2015-16.

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

Increased sales margins, cost control & reduction, focus on working capital and interest management.

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

Productivity and profits are expected to increase 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 14, 2016

DIRECTORS' REPORT

With Management Discussion & Analysis

To

The Members

Thirumalai Chemicals Ltd.

Your Directors present the FORTY THIRD ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS of the Company for the year ended March 31, 2016. The Management Discussion and Analysis has also been incorporated into this report.

(Rs. In crore)

Standalone Financial Results	Year ended 31.03.2016	Year ended 31.3.2015
Revenue from Operations	780.44	925.80
Other Income	11.67	15.88
Total Revenue	792.11	941.68
Gross Profit / (Loss) before Interest and Finance Charges and Depreciation	91.55	59.65
Interest and Finance charges	20.97	33.11
Profit / (Loss) before Depreciation and Tax	70.58	26.54
Depreciation	6.57	7.00
Profit / (Loss) before Tax	64.01	19.54
Provision for Tax	(23.81)	(5.48)
Profit / (Loss) after Tax	40.20	14.05
Add : Provision for Deferred Tax	2.53	0.15
Profit / (Loss) after Tax	42.73	14.20
Balance in Profit & Loss Account	66.78	59.78
Less : Adjustments related to Depreciation	-	(2.28)
Add : Profit / (Loss) for the year	42.73	14.20
Profit available for appropriation	109.51	71.71
APPROPRIATIONS		
Dividend	10.24	4.10
Tax on Dividend	2.09	0.83
General Reserve		
Balance Carry Forward	97.18	66.78

On a Revenue from operation of **Rs.780.44 cr** (Previous Year: Rs.925.80 cr) including Export earning on FOB basis of **Rs.102.38** (Previous Year: Rs.105.49 cr), and Other Income of **Rs.11.67** (Previous Year: Rs.15.88 cr), the Gross Profit of the Company amounted to **Rs.91.55 cr** (Previous Year: Rs.59.65 cr). After providing for Interest & Finance charges, and Depreciation, the Profit after Tax is **Rs.42.73 cr** (Previous Year: Rs.14.20 cr).

Dividend

During the year 2015-16, two interim dividends were declared; 1st interim dividend at Rs.4/- per share in October 2015 and the 2nd interim dividend at Rs.6/- per share in March 2016, totally **Rs.12.33 cr** including taxes on Dividends (Previous Year: Rs.4.93 cr).

Considering the above, your Directors do not recommend a further dividend for the year ended March 31, 2016.

Subsidiaries

Tarderiv International Pte Ltd., Singapore is a wholly-owned subsidiary of your Company. Your Company has three step-down subsidiaries viz. Cheminvest Pte Ltd., Singapore, Optimistic Organic Sdn. Bhd., Malaysia (OOSB) and LAPIZ Europe Ltd.

The Performance, Plans and Prospects of your Company

Your Company's current year Business:

All Divisions of the Company have performed well.

Phthalic Anhydride:

Your Company was able to generate better margins despite the mid-year slump, especially in Q2 and Q3 when there was a sharp drop in product prices, and in gross margins. Our improvement in internal efficiencies, including in Marketing and Working Capital management helped us significantly address these issues in the latter half of the year.

Our supply chain improvements also helped us address the volatility in prices, which in earlier years, have caused huge losses during times of falling prices. Without these improvements, the sharp drop in prices which had an adverse impact on the Industry, would have severely affected our performance.

There was also an upturn in performance of logistics, customer satisfaction, inventory & receivables management and HR practices across the Company.

We are now confident that these improvements, along with tighter management and faster reaction are well embedded in our business practices and policies.

A serious concern during the year was the increased dumping of PA into India at lower prices. India is used as an easy dumping ground for excess capacity from the Far & Middle East, Russia and a few other CIS countries. An increased flow into India has been seen in recent times due to the economic crisis in these countries. This situation is aggravated by the progressively weakening demand in China. Many of them have tried to "export their way" out of the problem, while aggressively protecting their domestic markets.

In Russia, the artificial and unusual "export duties" on raw material 'Ortho Xylene" caused a major distortion in the whole value chain, which allowed the local and related CIS producers to buy raw material at significantly lower and artificial numbers. This helped them to sell the product at a value far below the international price.

However, after a long effort of over 2 years, your Company has been able to address this issue through an Anti-dumping duty. Though there is an existing Anti-dumping Duty against some countries and selected Companies, Producers and Traders in certain countries like Korea, have found loopholes to circumvent it. This continues to be a major reason for the low margin, not only for our business, but also for our customers. Much more remains to be done with respect to other CIS group countries which have this distortion.

Your Company is reviewing these issues with the assistance of consultants and Government departments to block these loopholes.

Derivatives and Food Ingredients

Our Fine Chemicals Divisions have performed very well. Their contributions have increased significantly. All these Plants are working at full capacity and substantial expansions through de-bottlenecking are underway.

We hope to see the early results of these efforts during the second half of the current year. These will help us to serve our customers better and increase our market share.

Finance & Cash flow:

Your company continued to generate good cash flow during the year. This enabled your Company to pay down the balance of its debts almost fully and to reduce borrowings for Working Capital. The total bank debt therefore is only **Rs. 26.39 cr** now (previous year Rs.67.96 cr). This was a result of continued focus on Working Capital, tightening of operations especially of Inventories and Receivables. Consequent to this, our Balance Sheet and Ratios have improved, and interest and finance charges have come down. We hope to continue on this track during the current year.

Environment:

Your company continues to drive down Energy, Chemicals and Water consumption. As a result, the per unit utilization has decreased further. This has been done along with improvements in control of inputs and waste reduction. We continue to be a Zero Discharge Company. We generate almost all our energy internally from Waste Heat Recovery. Our achievements in Water and Energy conservation and Environmental Management have been recognized and have become examples within our Industry.

Safety management receives the highest priority and the safety performance during the year continues to be very good.

Overseas Subsidiary: Optimistic Organic Sdn. Bhd., (OOSB), Malaysia

Our manufacturing Subsidiary M/s. Optimistic Organic Sdn. Bhd., completed its expansion project which will add about 40% capacity. During the Q4 FY16, the expansion and refurbishment of the older plants have been completed and production has started to ramp up during the month of February'16. We are already seeing results of this project in terms of production and lower operating costs. By Q3 FY17 it is expected that the Subsidiary will reach its full designed performance in terms of production, sales and cost reduction. A major part of the Capex costs for expansion was paid from their internal cash flows and accruals of FY13 and FY15. The slump in the world market affected our Subsidiary significantly, where gross margins dropped by over 40%. This was aggravated by the sharp drop in the Malaysian Ringgit vs other currencies. These gave rise to losses. A major portion of the losses are non-operational and unrealized, and are due to the Forex changes relating to residual Term debts due to our company.

We are confident that the Subsidiary will again after a break of two years, start making significant contributions to our consolidated Profits, cash flows and to revenue.

Management Team

We are happy to report to you that over the last 4 years, the company has completed the restructuring of its Management, to build a strong management team. The results are being seen in our improved performances, in our zero term debt, strong ratios

and plans for growth. The support of the Directors in the various Committees has also helped in improving functioning and in identifying and implementing various strategic and operational initiatives.

Senior Management Team:

Your Company has a resilient Senior Management Executives and their contributions to execution of strategies in an effective manner were responsible for improved performance of your Company.

At the Board Level:

Your Directors have played a very important role in the improvement of the Company's Business Performance, Controls, Finances and Accounts, Compliances and Systems. Their active involvement and their critical and supportive monitoring have been of great value. They have brought in a breadth of experience and expertise coupled with commitment to the Company.

During the year, your Board has inducted (at its meeting held on October 28, 2015) Mr. Mohanachandra Nair as a Whole-time Director. Mr. Nair has been President (Mfg) in our Company for the last 3 years. He is a well-known Chemical Engineer with about 35 years of experience in various roles at Rashtriya Chemicals and Fertilizers Ltd (RCF), where his previous position was Executive Director. He has extensive experience in Operations, especially Manufacturing, Engineering, Project Management, Technology, Commercial, etc.

The Chairman of your Board Dr. S. Rama Iyer announced his retirement as a Director of the Company at its meeting held on March 21, 2016. During his 18+ year as a Director, his contributions have been immense. He was elected as Chairman of your Board in January 2012 and led your Company ably through a very difficult period. Your Company and the Directors owe him a deep sense of gratitude for his significant contributions as a Director and as Chairman.

During the year six Board Meetings and five Audit Committee Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Board Committees:

The **Audit Committee** had a number of meetings, both formal and internal interactions with the management team in reviewing Accounts, Finances, Compliances and Risks, and in ensuring improved internal reporting, analyses and financial performances. Given the increasing complexities presented by the new Companies Act and other Laws, the Audit Committee has also focused on **Compliance and Governance** to meet the needs of the present and the future. When necessary, external consultants have been brought in to support the Committee and the Management team.

We are happy to report to you that governance of your Company is of a high order as a result. Further improvements are being implemented.

The **Business Review Committee** has played an important role in monitoring the Businesses and in improving their management functioning. The Committee meets regularly. Its inputs have been intense and have played a key role in your Company's long-term sustainability of performance and improvement.

The **Nomination & Remuneration Committee, Stakeholders Relationship Committee** and the **Corporate Social Responsibility** committee have been active in their respective roles.

The details of these are given in the Corporate Governance Report.

Social Responsibility:

Your company plays a key role in contributing to the welfare of the local communities. The founders of your company, had set up the Thirumalai Charity Trust (TCT) and the Akshaya Vidya Trust (AVT) for this purpose.

The TCT, set up in 1970, actively works in 350 villages in Vellore district, providing services in Community Healthcare, Women's Empowerment, Disability, De-addiction, and Village development.

The TCT operates the Thirumalai Mission Hospital, which provides Secondary and Specialized Healthcare, with special focus on Community Health & Lifestyle Diseases (Diabetics, Obesity, Osteoporosis, Women's Health, Alcoholism, etc).

The Vedavalli Vidyalaya Schools (with 3 schools at 2 campuses), managed by the Akshaya Vidya Trust, have around 2,600 students, out of whom 70% are from rural families.

Your company supports these Trusts. Their performance is reviewed periodically by the CSR committee. Your Company can be proud of its contribution to the well-being of the Communities we operate in.

Employees:

Employees at all levels have performed well. On your behalf, we sincerely thank all our staff for their hard work & outstanding commitment to your company.

Industrial Relations:

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

Financial and Operating Performance:

Your company achieved a Net profit of **Rs.42.73 cr** compared to Net profit of Rs.14.20 cr in the previous year, a Gross Profit before Interest and Finance Charges and Depreciation of **Rs.91.55 cr** (previous year Rs.59.65 cr) and a Profit Before Depreciation and Tax of **Rs.70.58 cr** (previous year Rs.26.54 cr).

Finance

All taxes and statutory dues have been paid on time. Payment of interest and installments to the Financial Institutions and Banks are being made as per schedule. Your Company had not collected any Fixed Deposits during the Financial Year. Your Company is also regular in attending every enquiry from old Depositors.

Contribution to the 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 Rs. **130.55 cr** on Gross Sales of about **Rs.852.64 cr**.

Contribution to the Exchequer is about **15.31%** of your Company's Sales

Exports:

Calculated on FOB basis, Exports amounted to **Rs.102.38 cr** (previous year Rs.105.49 cr)

Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Related Party Transactions

All transactions entered into with Related Parties (as defined under the Companies Act, 2013) during the financial year were in the ordinary course of business and on an Arm's length pricing basis, and do not attract the provisions of Section 188 of the Companies Act, 2013 and within the ambit of Reg. 23 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015. There were no materially significant transactions with related parties during the financial year which were in conflict with the interests of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website.

Plans for Financial Year 2016-17

Your company has taken up the following initiatives for the current year:-

- 1) Continue with reduction in Fixed Costs, Interests and Energy.
- 2) Improve Gross Margins and Volumes in all products.
- 3) Management of Working Capital utilization in each business rigorously to ensure better cash realization and ROCE.
- 4) Debottleneck our existing capacities in various business units to ensure better utilization and sale, and higher market shares and profitability. A number of initiatives for these have been identified and plans are being implemented to achieve these initially in our Fine Chemicals Products during the current year.
- 5) Identify and implement improvements in our Commodity businesses to improve Technology and Output, Complete the detailing and commence work on growth plans in our business areas.

Directors' Responsibility Statement:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- 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.
- v) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- vi) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Business Risk Management

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks. Pursuant to the requirement of Reg. 17(9) of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, the Company has constituted a Business Risk Management Committee and the details of the Committee are as under:

Sl. No.	Name of the member	Category
1	Mr. Dhruv Moondhra (DIN: 00151532)	Independent Director
2	Mr. R. Parthasarathy (DIN: 00092172)	Managing Director
3	Mrs. Ramya Bharathram (DIN: 06367352)	Whole-time Director
4	Mr. C.G.Sethuram	Chief Executive Officer
5	Mr. P.M.C. Nair	Whole-time Director
6	Mr. P.Krishnamoorthy	Chief Financial Officer

Vigil Mechanism / Whistle Blower Mechanism

The Company has a vigil mechanism to deal with instance of fraud and mismanagement, if any. The details of the Policy are explained in the Corporate Governance Report and also posted on the website of the Company.

Corporate Social Responsibility (CSR) Committee

The Committee recommended continuing support for the Thirumalai Charity Trust's Health and Rural development projects and for the Akshaya Vidya Trust's Educational programmes.

The terms of reference of the Corporate Social Responsibility Committee (CSR) broadly comprises:

- To review the existing CSR Policy and to make it more comprehensive so as to recommend the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013. The policy is available in the company website <http://www.thirumalaichemicals.com>
- To provide guidance on various CSR activities to be undertaken by the Company and to monitor their progress;

The composition of the Corporate Social Responsibility Committee is given below:

Sl.No.	Name of the Director	Category
1	Mr. P. Shankar	Independent Director
2	Mr. Raj Kataria	Independent Director
3	Mr. R. Sampath	Promoter Director

Total Expenditure on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%):

The Company's total spending on CSR is **2.67%** of the average profit of the last three financial years towards Health and Sanitation Programmes.

Statement pursuant to Listing Agreement

Your Company's shares are listed with the National Stock Exchange of India Ltd. and the BSE 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. An extract of Annual Return and Secretarial Audit report are attached as required u/s 134 of the Companies Act, 2013.

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Reg. 17(10) of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, the Board carried out the annual performance evaluation of its own performance, of the Directors individually as well as the evaluation of working of its Audit, Nomination & Remuneration and Compliance Committees. A structured questionnaire is prepared after taking into consideration the inputs received from Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, Execution and Performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interests of the Company and its minority shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up by your Company to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Since the number of complaints filed during the year was Nil, the Committee prepared a Nil complaint report.

Statutory Auditors

M/s. CNK & Associates LLP, Chartered Accountants, present Statutory Auditors of your Company have completed more than two terms of five consecutive years, and therefore your company is required to appoint new auditors in order to comply with provisions of Sec.139(2) of the Companies Act, 2013, within three years from the date of commencement of the new Act.

M/s. CNK & Associates LLP and their predecessors have been the Auditors of your Company since their inception. They have played a thorough role in ensuring that Accounts and Reports of the Company are transparent and critically audited. Their inputs have been of great support to the Audit Committee and to the Board.

On your behalf, the Directors wish to place on record our sense of satisfaction and gratitude to M/s. CNK & Associates LLP, and especially so to the partners : Mr. Kishnadwala and Mr. Vijay Mehta for their signal contributions.

M/s. Walker Chandiook & Co LLP, Chartered Accountants have been recommended highly given their breadth of experience and expertise to perform their function as Statutory Auditors of the Company. The Board of Directors have therefore recommended them for your consideration to be appointed as Statutory Auditors of the company for a term of five years from the ensuing AGM.

Internal Auditors

The Internal Auditors M/s. M.S. Krishnaswamy & Co have played an important role in strengthening the Systems and internal Controls within the Company. The Company's System Auditors M/s. Aneja Associates also contributed significantly in improving the System Operating Procedures.

Cost Auditor

Mr. G. Sundaresan, Cost Accountant, was appointed as Cost Auditor to conduct cost audit of the cost records maintained by our Company with respect to products manufactured during the Financial Year 2015-16. For the Financial Year 2014-15, the Cost Audit Report was filed with MCA, Government of India, by the Company on September 14, 2015, well before September 30, 2015, the due date of filing.

Secretarial Audit

The Board appointed M/s. R.M. Mimani & Associates LLP, Company Secretaries, to conduct Secretarial Audit for the Financial Year 2015-16. The Secretarial Audit Report for the Financial Year ended March 31, 2016 is attached to this Report. The Secretarial Audit Report does not contain any qualification, or reservations or adverse remark.

Extract of Annual Return

Extract of Annual Return of the Company for the year ended March 31, 2016 is attached to this Report

Personnel

In terms of the provisions of section 197(12) of the Companies Act, 2013 read with the rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the names and other particulars of employees are set out in the *Annexure A to the Directors' Report*.

PARTICULARS PURSUANT TO SECTION 197(12) AND THE RELEVANT RULES OF THE COMPANIES ACT, 2013:

- a) The ratio of the remuneration of each Director to the median employee's remuneration for the financial year and such other details as prescribed is as given below:

Name of Director	Ratio
1. Mr. R. Parthasarathy (Managing Director)	95: 1
2. Mrs. Ramya Bharathram (Whole-time Director)	35: 1
3. Mr. P. Mohanachandra Nair (Whole-time Director)	8: 1

For this purpose, Sitting fees paid to the Directors have not been considered as remuneration. Gratuity / EL provision is also not considered for this purpose.

- b) The percentage increase in remuneration of the Managing Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year:

Mr. R. Parthasarathy – (Managing Director) : **183%**

Mr. Mr. P.Krishnamoorthy – (Chief Financial Officer) : **N.A.**

Mr. T. Rajagopalan – (Company Secretary) : **19%**

- c) The percentage increase in the median remuneration of employees in the financial year: **10%**

- d) The number of permanent employees on the rolls of company: **395**

- e) The explanation on the relationship between average increase in remuneration and company performance:

The Company's PAT has grown from Rs.14.20 Cr to Rs. **42.73 Cr**, an increase of **201%** against which the average increase in remuneration is 23%; and this increase is aligned with the Compensation Policy of the Company.

- f) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:

Name	Designation	*Remuneration IN Rs.	% Increase In Remuneration	PAT Rs. in Cr	% Increase in PAT
Mr. R. Parthasarathy	Managing Director	28,896,917	183	42.73	201%
Mr. Nambirajan@	Chief Financial Officer	1,717,139	NA		
Mr.P.Krishnamoorthy#	Chief Financial Officer	16,04,361	NA		
Mr. T.Rajagopalan	Company Secretary	20,72,500	19		

* It consists of Salary/Allowance & Benefits.

@ CFO upto 08.08.2015

CFO from 28.10.2015

The remuneration of the Managing Director Mr. R. Parthasarathy includes the commission of Rs.1 cr, which works out to approximately 1.45% of the net profit for the Financial Year ended March 31, 2016 (maximum permitted 3% as approved by the previous AGM). It may be noted that the increase in the remuneration is mainly due to the significant increase in Net Profit, and commission as a result.

As per the Compensation Policy, the compensation of the Key Managerial Personnel is based on various parameters including Internal Benchmarks, External Benchmarks, and Financial Performance of the Company.

- g) Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:

Date	Issued Capital (No. of Shares)	Closing Market Price per share Rs.	EPS in Rs.	PE Ratio	Market Capitalisation (Rs. in Cr)
31.03.2015	10238812	82.75	13.87	5.97	84.73
31.03.2016	10238812	179.95	40.15	4.48	184.25
Increase / (Decrease)	Nil	97.20	26.28	(1.49)	99.52
% of Increase/ (Decrease)	NA	117.46	189.47	(24.96)	117.46
Issue Price of the share at the last Public Offer (IPO)		10			
Increase in market price as on 31.03.2016 as compared to Issue Price of IPO		169.95			
Increase in %		1699.50			

- h) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:

Average increase in remuneration is **23%** for Employees other than Managerial Personnel & **(8.3%)** for Managerial Personnel (KMP and Senior Management)

- i) The key parameters for any variable component of remuneration availed by the Directors:

Except for Mr.R.Parthasarathy, Managing Director, Mrs. Ramya Bharathram, Whole-time Director and Mr. Mohanachandra Nair, Whole-time Director, no Directors have been paid any remuneration, as only sitting fees are paid to them. The said Directors have not been paid any variable remuneration. The Non-Executive Directors are eligible for a commission on Net Profits in accordance with the approval of the Shareholders at their meeting held on July 5, 2013.

- j) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: **Not Applicable**

- k) If remuneration is as per the remuneration policy of the company: **Yes**

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

The particulars required to be included in terms of Section 134(3) (m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014 with regard to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure-C.

Cautionary Statement

Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation, plant breakdowns, industrial relations, etc.

Acknowledgements

The Directors would like to place on record our 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 our Company at all levels.

For and on behalf of the Board of Directors

Chennai
14th May 2016

R. Parthasarathy
Managing Director
(DIN:00092172)

R. Ravishankar
Independent Director
(DIN:01224361)

ANNEXURE TO DIRECTORS' REPORT

(Rs. In cr)

CONSOLIDATED FINANCIAL RESULTS	Year ended 31.03.2016	Year ended 31.3.2015
Revenue from Operations	944.17	1072.26
Other Income	5.19	7.69
Total Revenue	949.36	1079.95
Gross Profit / (Loss) before Interest and Finance Charges and Depreciation	96.80	45.73
Interest and Finance charges	23.06	34.71
Profit / (Loss) before Depreciation and Tax	73.74	11.02
Depreciation	18.90	17.83
Profit / (Loss) before Tax	54.84	(6.80)
Provision for Tax	(24.10)	(8.69)
Profit / (Loss) after Tax	30.74	(15.50)
Add : Provision for Deferred Tax	1.42	1.77
Profit / (Loss) after Tax	32.16	(13.72)
Balance in Profit & Loss Account	58.74	79.67
Less : Adjustments related to Depreciation	-	(2.28)
Add : Profit / (Loss) for the year	32.16	(13.72)
Profit available for appropriation	90.90	63.67
Appropriation :		
Dividend and Tax on Dividend	12.33	4.93
Balance C/F	78.57	58.74

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES FOR THE YEAR ENDED 31ST MARCH, 2016 (IN LAKHS)

S.No	Name of the 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 International Pte Ltd	USD	66.33	332	557	5,326	-	202	100	94	-
2	Cheminvest Pte Ltd	USD	66.33	268	(167)	5,954	-	190	(21)	(39)	-
3	Optimistic Organic Sdn. Bhd	RM	16.93	1,693	2,861	19,441	-	19,038	(1,042)	(1,163)	-
4	LAPIZ Europe Ltd	GBP	95.09	0.0951	(1.0393)	2.86	-	0.76	(1.52)	(1.52)	-

Annexure-A

Reporting of Corporate Social Responsibility (CSR)

1. *Period for which CSR is being reported : From 01/04/2015 to 31/03/2016
2. a) *Whether information includes information about subsidiary company(s): No
b) If yes, then indicate number of such subsidiary company(s): NA
3. a) *Whether information includes information about any other entity(s) : No
(eg. Supplies, value chain, etc)
b) If yes, then indicate number of such entity(s): NA
4. a) *Does the company have a written CSR Policy : Yes
b) Brief contents of the CSR Policy : The areas of principal support of the CSR Policy are towards Education, Health, Women Empowerment and Community development services. The full policy is available in the Company's website <http://www.thirumalaichemicals.com>
5. The Composition of the CSR Committee:-

S.No.	Name of the Director	Category
1.	Mr. P. Shankar	Independent Director
2.	Mr. Raj Kataria	Independent Director
3.	Mr. R. Sampath	Promoter Director

6. Average net profit of the Company for the last three years: Rs.224,181,991/-
7. Prescribed CSR Expenditure (min. two percent of the amount as in item 6 above): Rs.4,483,640/-

8. Details of CSR spent during the Financial Year:-
- Total amount to be spent for the Financial Year : Rs.60,00,000/-
 - Amount unspent, if any : NA
 - Manner in which the amount spent during the Financial Year is detailed below:-

S. No	CSR Project or Activity Identified	Sector in which the Project is covered	Project or Program 1) Local Area or Other 2) Specify the State and district where project or program was undertaken	Amount of Outlay (Budget) Project or Program-wise (Rs. in Lakhs)	Amount spent on the Projects or Programs Sub Heads: (1) Direct Expenditure on Projects or Programs 2) Overheads (Rs. in Lakhs)	Cumulative Expenditure up to the reporting period i.e. FY 2015-2016 (Rs. in lakhs)	Amount Spent Direct or through Implementing Agency
1	Health	Primary and Secondary Healthcare	Vellore District, Taminadu	60.00	60.00	140.00	Thirumalai Charity Trust

9. RESPONSIBILITY STATEMENT : The CSR Committee confirmed that the implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

Sd/-
Mr. R. Sampath
Director (DIN:00092144)

Sd/-
Mr. P. Shankar
Director (DIN:01638317)

Annexure B

Statement of particulars under section 197(12) of the Companies Act, 2013 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31,2016 and forming part of the Directors' Report.

S.L. No.	Name	Designation	Qualification(s)	Age	Date of Commencement of Employment	Total Experience	Nature of Employment, Whether Contractual or Otherwise	Nature of Duties of The Employee	Gross Remuneration Rs. in crore	Previous Employment / Designation
1.	Mr. C. G.Sethuram	Chief Executive Officer	B.Tech., PGDM	60 Yr	12 th August 2013	37 years	Contractual	General Management	1.53	ED (emerging business), Archean Group
2.	Mr.S.V.S. Rama Raju	President	B.Tech., Chem Eng.	56 Yr	11 th August 2014	33 years	Contractual	General Management	0.77	President – Operations Nagarjuna Agrichem Ltd

\$ No shares are held by them and are not relatives of any Director or Manager or KMP.

Annexure C

Information as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report.

I. CONSERVATION OF ENERGY:

Your Company continues to focus on Conservation of Energy and considers it very important for efficient use of energy.

Fuel Consumption		Units	Year Ending 2015 - 2016	Year Ending 2014 - 2015
1	Electricity			
a)	Purchased Units	KWHR	3,274,620	3,088,690
	Total Amount Paid	RS.	29,951,615	28,321,013
	Rate per Unit	RS.	9.15	9.17
b)	Own Generation	KWHR	1,090,477	1,055,373
	Unit / Ltr of HSD	KWHR/LTR	2.45	2.43
	Cost per Unit	RS	20.04	19.84
2	Coal : Not consumed in the process	KWHR	Nil	Nil
3	Furnace Oil			
	Total Quantity	KL	5,714	3,923
	Total Amount	RS	120,319,792	142,045,906
	Average Rate	RS	21,057	36,211
4	Other Internal Generations	KWHR	24,187,661	19,792,803

Fuel Consumption	Units	Year Ending 2015 - 2016	Year Ending 2014 - 2015
5 Consumption Per Tonne of Production			
Electricity	KWHR	27.76	27.97
Furnace Oil	Ltr	48.43	35.52
Others (Diesel)	Ltr	3.77	3.93

II. Technology Absorption, Adaptation and Innovation.
Research and Development

- 1) Specific Areas in which R & D activities carried out by our company.
 - a) Reduction in Input use including raw materials, chemicals, energy and water.
 - b) Reduction in effluent generation from each production plant.
 - c) Improving the quality of our products viz., developing process improvements for implementation in the plant towards the above.
- 2) Benefits derived as a result of above effects.
 - a) Improvement of yield in the plants.
 - b) Improvement in quality of products.
 - c) Significant energy, water, chemicals reduction in our derivatives plants.
- 3) Future plan of action.
 - a) Technology development to enable higher capacity utilization, debottlenecking and lower Input use.
- 4) Capital Expenditure on R & D

Particulars	2015-16	2014-15
a) Capital	Rs. NIL cr	Rs. NIL cr
b) Recurring	Rs.1.83 cr	Rs.1.24 cr
Total	Rs.1.83 cr	Rs.1.24 cr
Total R&D expenditure as a % of sales	0.23%	0.13%

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.
Please refer Class 2 above
- c) Improvement in the quality of the products, increased productivity and reduced cost of production in all products.
Continuous Process
- d) Particulars of Technology imported during the last 5 Years: **None.**
- e) Techno-commercial studies of fine chemicals
Continuous Process
- f) Food acidulants- awareness to customers, technical services to users of our products.
Continuous Process

III) Foreign Exchange Earning and Outgo

	<u>2015-16</u>	<u>2014-15</u>
Export earnings	– Rs. 102.38 cr	Rs.105.49 cr
Outgo	– Rs. 35.12 cr	Rs. 37.08 cr

For and on behalf of the Board of Directors

Chennai
14th May 2016

R. Parthasarathy
Managing Director
(DIN:00092172)

R. Ravishankar
Independent Director
(DIN:01224361)

CORPORATE GOVERNANCE REPORT 2015-16

(as required under schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that good Governance practices ensures fair and effective conduct of the affairs of the Company and will help the Company to achieve its goal of maximizing value to the shareholders and enable the company to fulfill its obligations to all stakeholders such as customers, vendors, employees and to the communities it operates in.

The company remains committed to a culture of integrity, fairness, transparency and accountability, its behavior and functioning.

BOARD OF DIRECTORS

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

a) Composition:

- 1) The Board of Directors of your Company constituted one Non-Executive Chairman, one Managing Director, two Executive Directors and eight Non-Executive Directors, until 21.03.2016.

From 14.05.2016 onwards the Board of Directors of your Company comprises of a Chairman - cum - Managing Director, two Executive Directors and eight Non-Executive Directors.

- 2) All Directors other than Mr.S.Santhanam, Mr.R.Sampath, Mrs.Ramya Bharathram, Mr. R.Parthasarathy and Mr.P.Mohanachandra Nair are Independent Directors. Mrs. Ramya Bharathram is a daughter of Mr. R.Sampath. Mr.R.Parthasarathy is the brother of Mr. R.Sampath.

b) Board Meetings:

Six meetings of the Board of Directors were held on May 6, 2015, August 3, 2015, October 28, 2015, February 1, 2016, March 11, 2016 and March 21, 2016. All operational, compliance 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 Managing Director, drafted the agenda of the meetings. Agenda papers along with relevant details were circulated to all Directors, well in advance of the date of each of these Board meetings.

The details of attendance of each Director at the Six Board Meetings held during the financial year 2015-2016, at the last AGM and other particulars of Directorships are given below:-

Name of the Director	Attendance at		No. of Directorships in Other Public Companies	Board Sub-Committees including in Thirumalai Chemicals Limited (Audit Committee and Stakeholders Relationship Committee)	
	Board Meetings	Last AGM		Membership	Chairmanship
Dr. S. Rama Iyer ^{3 & 1}	5	Yes	-	-	-
Mr. R. Parthasarathy ²	6	Yes	1	-	-
Mr. A. Janakiraman	6	Yes	-	1	1
Mr. P. Shankar	5	Yes	2	3	1
Mr. N.Subramanian	6	Yes	-	1	-
Mr. Raj Kataria	5	Yes	2	2	-
Mr. R.Ravishankar	5	Yes	-	1	1
Mr. Dhruv Moondhra	5	Yes	-	-	-
Mr. S. Santhanam	4	Yes	1	-	-
Mr. R. Sampath	4	Yes	1	2	-
Mrs.Ramya Bharathram	5	Yes	1	-	-
Mr. P.Mohanachandra Nair ⁴	3	NA	-	-	-

¹ Chairman

² Managing Director

³ Ceased to be a Director from 21/03/2016

⁴ Whole-time Director from 28/10/2015

c) Remuneration of Directors:

The remuneration paid to the Managing Director/ Whole-time Directors is within the ceiling as per the resolution approved by the shareholders/prescribed under the Schedule V to the Companies Act, 2013 and their terms of appointment are displayed at the company's website <http://www.thirumalaichemicals.com>

Details of remuneration paid to the Managing Director/ Whole-time Directors during the year ended 31/03/2016 are:

Name	Position	Salary Rs.	Commission Rs.	Contribution to P.F. and other Fund Rs.	Perquisites Rs.	Incentives & Bonus In Rs.
Mr. R. Parthasarathy	Managing Director	1,62,00,000	1,00,00,000	13,96,000	13,00,917	-
Mrs.Ramya Bharathram	Whole-time Director	72,00,000	25,00,000	5,32,000	-	-
Mr.P.Mohanachandra Nair *	Whole-time Director	12,08,068	-	2,16,926	54,000	8,00,000

*from 28/10/2015

Sitting fees is payable to the Non-Executive Directors for attending Board / eligible 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.

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

Sitting fees paid to the Non-Executive Directors (Financial Year 2015-16)

Name of the Director	Sitting fees paid (Rs.)
Dr. S. Rama Iyer	3,00,000
Mr. P. Shankar	5,40,000
Mr. A. Janakiraman	6,00,000
Mr. N. Subramanian	8,40,000
Mr. Raj Kataria	6,00,000
Mr. R.Ravishankar	7,80,000
Mr. Dhruv Moondhra	4,80,000
Mr. S. Santhanam	2,40,000
Mr. R.Sampath	1,80,000

d) Details of the Shares held by Non-Executive Directors as on 31/3/2016

Name of the Director	No. of Shares held*
Mr. R.Sampath	4,81,737
Mr. S. Santhanam	49,452
Mr. Raj Kataria	50

* Incl. Trust holdings

BOARD COMMITTEES

Currently, the Board has five Committees: the Audit Committee, the Stakeholders Relationship Committee, the Business Review Committee, the Nomination & Remuneration Committee and the Corporate Social Responsibility Committee.

Not less than three-fourth of the Members of the Audit Committee are Independent Directors.

a) Audit Committee:

The Audit Committee constitutes the following members:

Sl.No.	Name of the Director	Category
1	Mr.R.Ravishankar	Independent Director & Chairman
2	Mr.P.Shankar	Independent Director
3	Mr.N.Subramanian	Independent Director
4	Mr.Raj Kataria	Independent Director
5	Mr.R.Sampath	Promoter Director

Mr. R.Ravishankar is a Professional with extensive experience in Finance, Manufacturing and Business Management, M & A, and Strategic Consultancy. He is a **Chartered Accountant** and a Diplomate from IIM Ahmedabad. He was a senior partner heading the M&A Division in **Ernst & Young** for 10 years from 1997-2007, and earlier in senior positions in **Ponds Ltd / Hindusthan Lever Ltd.**

Mr. P.SHANKAR, joined the Indian Administrative Service in 1966 **after a post-graduate degree in Economics, Madras University. In the course of a distinguished career he has served as the** Chief Secretary of Tamil Nadu, and as Secretary to the Government of India in the Ministries of Heavy Industry, Sugar, Food and Public Distribution, and Petroleum. He was Central Vigilance Commissioner of India, **a senior Constitutional position.**

Mr. N. SUBRAMANIAN, is a Chemical Engineer from IIT, 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 management expertise in leading companies in India and E Asia, viz, Chemplast Sanmar, Atochem- Arkema, etc. and for his experience in the Chemical Industry, especially in the Asia Pacific region.

Mr. RAJ KATARIA is an experienced Investment Banker with over 20 years in Mergers and Acquisitions and Capital Markets. He also has significant expertise as Company Law and Corporate Structuring matters, most recently as Managing Director, **in DSP- Merrill Lynch**

Mr. R. SAMPATH is a B.Sc / BS in Chemical Engineering educated in the USA. He is a Director of Ultramarine & Pigments Ltd, which is one of the promoters of the Company. **He has 40 years of experience in the USA and India, in business operations and management.**

The Composition of the Audit Committee of the Company meets with the requirements of Section 177 of the Companies Act, 2013 and as required under Reg. 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audit Committee's objectives is 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 and shall, *inter alia*, include, the recommendation for appointment, remuneration and terms of appointment of auditors of the company; review and monitor the auditor's independence and performance, and effectiveness of audit process; examination of the financial statement and the auditors' report thereon; approval or any subsequent modification of transactions of the company with related parties; scrutiny of inter-corporate loans and investments; valuation of undertakings or assets of the company, wherever it is necessary; evaluation of internal financial controls and risk management systems; monitoring the end use of funds raised through public offers and related matters.

Five meetings of the Audit Committee of the Board of Directors were held during the year 2015-2016 on May 5, 2015, August 1, 2015, October 28, 2015, January 29, 2016 and March 21, 2016. The details of attendance are given below:

Name of the Director	No. of Meetings attended
Mr.R.Ravishankar	4
Mr. P.Shankar	4
Mr.N.Subramanian	5
Mr.Raj Kataria	5
Mr.R.Sampath	4

The Statutory Auditors and the Internal Auditors attended all the Audit Committee meetings. The Audit Committee discussed the Company's accounts as also the periodic quarterly results and then these were placed before the Board of Directors.

The Audit Committee also reviewed the Company's financial reporting process, Quarterly and Annual results before they were considered by the Board of Directors. Further, the Audit Committee reviewed the Related Party Transactions, Internal Auditors Report and the Action Taken Reports thereon.

b) Stakeholders Relationship Committee:

The Stakeholders Relationship Committee constitutes the following members:

Sl.No.	Name of the Director	Category
1	Mr. A. Janakiraman	Independent Director & Chairman
2	Mr. Raj Kataria	Independent Director
3	Mr. R. Sampath	Promoter Director

The Stakeholders Relationship Committee deals with the following matters:

- Monitors expeditious redressal of Investor Grievance matters received from Stock Exchanges, SEBI, ROCE, etc.
- Monitors redressal of queries/complaints received from shareholders relating to Transfers, non-receipt of Annual Report, dividend, etc
- Any other matters 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 20 queries/complaints from Shareholders which were all resolved promptly and fully. The process of share transfer is delegated to a R&T and is carried out by it in compliance with the Listing Agreement which will be confirmed and ratified by the Board at each subsequent meeting. All complaints/service requests of investors are redressed promptly to their satisfaction.

It may be noted that that the shareholding in dematerialized mode as on 31st March, 2016 was 96.72 %.

c) Business Review Committee:

The Business Review Committee constitutes the following members:

Sl.No.	Name of the Director	Category
1	Mr. N.Subramanian	Independent Director & Chairman
2	Mr. A.Janakiraman	Independent Director
3	Mr. R.Ravishankar	Independent Director
4	Mr. Dhruv Moondhra	Independent Director

The Committee reviews the business & operations of the company and also reviews growth/expansion strategy aimed and the functioning of the Company's Business in detail.

The Committee meets at such intervals as may be necessary.

d) Nomination & Remuneration Committee:

The Nomination & Remuneration Committee constitutes the following members:

Sl.No.	Name of the Director	Category
1	Mr. Raj Kataria	Independent Director & Chairman
2	Mr. N. Subramanian	Independent Director
3	Dr. S. Rama Iyer#	Independent Director
4	Mr. R. Sampath*	Promoter Director

ceased to be a member from 21/03/2016

*inducted from 06/04/2016

Two meetings of the Committee were held during the year 2015-2016 on May 6, 2015 and October 28, 2015. The details of attendance are given below:

Name of the Director	No. of Meetings attended
Mr.Raj Kataria	2
Mr.N.Subramanian	2
Dr. S. Rama Iyer	2

The function of the Nomination and Remuneration Committee includes identifying persons who are qualified to become directors and those who may be appointed in senior management position in accordance with the criteria laid down and recommending to the Board their appointment and removal. The Committee formulates the criteria for determining qualifications, attributes and independence of a director and also recommends to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

e) Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee constitutes the following members:

Sl.No.	Name of the Director	Category
1	Mr. P. Shankar	Independent Director & Chairman
2	Mr. Raj Kataria	Independent Director
3	Mr. R. Sampath	Promoter Director

The Corporate Social Responsibility Committee formulates CSR policy to undertake social activities as specified under Schedule VII of the Companies Act, 2013 for approval of the Board. The Committee recommends spending on the approved CSR activities **and monitors** the spending **and performance** of such activities.

The Committee meets at such intervals as may be necessary.

Familiarization programmes for Directors

Details of the programmes have been disclosed on the company's website <http://www.thirumalaichemicals.com>

Policy on Material Subsidiary

The details of the policy have been disclosed on the company's website <http://www.thirumalaichemicals.com>

Policy on Related Party Transactions

The details of the policy have been disclosed on the company's website <http://www.thirumalaichemicals.com>

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and CEO & Managing Director and their remuneration. This Policy is accordingly derived from the said Charter.

Criteria of selection of Non-Executive Directors

- Prospective Directors shall be of high integrity, and with relevant expertise and experience, so as to have a diverse Board, with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

- b. In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- c. The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d. The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board, the candidature for appointment as Director.
 - i. Qualifications, expertise and experience of the Directors in their respective fields;
 - ii. Personal, Professional or business standing;
 - iii. Diversity of the Board.

Remuneration

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder:

- i. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- ii. A Non-Executive Director will also be entitled to receive commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the N&R Committee;
- iii. In determining the quantum of commission payable to the Directors, the N&R Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director. The total commission payable to the Directors shall not exceed 1% of the net profit of the Company;

Managing Director/Whole-time Director - Criteria for selection / appointment

For the purpose of selection of the Managing Director/Whole-time Directors, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration for the Managing Director/Whole-time Director

At the time of appointment or re-appointment, the Managing Director/Whole-time Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the Managing Director/Whole-time Director within the overall limits prescribed under the Companies Act, 2013.

In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure / consider the following:

- a. the relationship of remuneration and performance benchmarks is clear;
- b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- c. responsibility required to be shouldered by the Managing Director/Whole-time Director, the industry benchmarks and the current trends;

Remuneration Policy for the Senior Management Employees

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Senior Management executives) the N&R Committee shall ensure / consider the following:

- i. the relationship of remuneration and performance benchmark is clear;
- ii. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis Key Performance Indicator (KPI) and Key Responsibility Areas (KRA), industry benchmark and current compensation trends in the market.

The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above.

VIGIL MECHANISM / WHISTLE BLOWER MECHANISM

Employees are asked to report any practices or actions believed to be inappropriate and against the interests of the Company or its code of conduct adopted or any other illegal acts to their immediate Manager. Report of violation may also be made directly to the Chief Executive Officer. Where appropriate, complaints may be made on a confidential basis to the Chairman of the Audit Committee / Board. The contact details are made available at the Company's website / Notice Board. All complaints received will be properly investigated by the recipients and report the outcome to the Audit Committee in sealed cover for appropriate action. The Company prohibits retaliation against any employee for such complaints made in good faith, while it also protects the rights of the incriminated person. No complaint has been registered during 2015-16. No personnel have been denied access to the Committee/Mechanism.

GENERAL BODY MEETINGS

The Forty Third Annual General Meeting of the Company for the Financial Year 2015-2016 will be held on July 29, 2016 at **Mysore Association Auditorium, Mysore Association, 393, Bhaudaji Road, Matunga C-Rly., Mumbai at 3.00 pm.**

I. The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2014-2015	03/08/2015	2.30 p.m.	Mysore Association Auditorium, Bhaudaji Road, Matunga- (C.Rly) Mumbai.

Special resolutions were passed for the appointment of Mrs. Ramya Bharathram as a Whole-time Director for a period of three years from November 03, 2014; modified remuneration of Mr.R.Parthasarathy as Managing Director.

Financial Year	Date	Time	Location
2013-2014	06/08/2014	3.00 p.m.	Rangaswar, Yashwantrao Chavan Pratishthan, Fourth Floor, Gen. Jagannathrao Bhosale Marg, Nariman Point , Mumbai 400 021.

Special resolution was passed authorizing the Board of Directors to borrow money for the Company's business from time to time not exceeding Rupees One thousand crores.

Financial Year	Date	Time	Location
2012-2013	05/07/2013	3.00 p.m.	Mysore Association Auditorium, Bhaudaji Road, Matunga- (C.Rly) Mumbai.

Special resolutions were passed for the appointment of Mr.R.Parthasarathy as Managing Director for a period of three years from August 01, 2013; for distribution of commission out of net profit to Non-Executive Directors for a period of five years from April 01, 2012; consent given to Mrs. Ramya Bharathram, Mr. S. V. Rajan and Mr. S. Narayan who are relatives of Directors to hold office of profit in the senior management/management cadre of the company.

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

III. No resolution is proposed to be conducted through postal ballot.

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 Executive Director (Manufacturing) and Manager (Accounts) at Ranipet, make a report of all 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. Exceptions are listed & reviewed in detail for action & correction.

During the year, there were no material significant transactions with the Directors or their relatives or the Management that has any potential conflict with the interests of the Company. All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.

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

CODE OF CONDUCT:

The Company has laid down the Code of Conduct for all Board members and senior management of the Company, which is 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, 2016. 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 adopted suitable forex policy including hedging to contain foreign exchange risk.

CEO /CFO CERTIFICATION:

Appropriate certification as required under Reg. 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Mr. R.Parthasarathy, Managing Director and Mr. P. Krishnamoorthy, Chief Financial Officer have certified to the Board regarding Financial Statements for the year ended 31st March, 2016.

MEANS OF COMMUNICATION:

The Company has promptly reported all material information including quarterly results and press releases to the Stock Exchanges where the Company's securities are listed. The quarterly results were communicated to the shareholders by way of advertisement in an English National Newspaper, normally in The Economic Times, Mumbai edition and in a vernacular language newspaper, normally in the Maharashtra Times, Mumbai edition. The results and other updates are displayed on the company's website <http://www.thirumalaichemicals.com>

AFFIRMATION:

The provisions of Reg. 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Reg. 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, wherever applicable to the company, are fully complied with. All the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are disclosed in this report.

Further the company adopted the following discretionary requirements under Reg. 27(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

A. The Board

No separate Office was maintained by the Chairman of the company.

No separate Office is maintained by the present Chairman - cum - Managing Director.

B. Shareholder Rights

The company has not circulated a half-yearly declaration of financial performance/summary of significant events in the last six-months.

C. Modified opinion(s) in audit report

Not applicable since there is no qualification in the audit reports.

D. Separate Posts of Chairperson and Chief Executive Officer

Separate persons occupied the position of Chairperson and Managing Director during the financial year.

E. Reporting of internal auditor

The Internal Auditors directly reported to the Audit Committee.

GENERAL SHAREHOLDERS INFORMATION:

- 1) Date, time and venue of the 43rd AGM : 29th July 2016, 3.00 pm at Mysore Association Auditorium, Mysore Association, 393, Bhaudaji Road, Matunga C-Rly., Mumbai
- 2) Date of Book Closure : 23rd July, 2016 to 29th July, 2016 (both days inclusive)
- 3) Dividend payment date : Not Applicable
- 4) Listing on Stock Exchanges with their addresses : **BSE Limited**, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001.
National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051.
- 5) Listing fees : Paid as per the listing agreement.
- 6) ISIN No : INE 338A01016.
- 7) BSE Stock code : 500412
NSE Stock code : TIRUMALCHM
- 8) Registered office : Thirumalai House, Road No.29, Sion (East), Mumbai-400 022.
Tel: +91-22- 2401 7841 / 7861 / 7853 / 7869 / 7834
Fax: +91-22-2401 1699 / 4754
E-mail: thirumalai@thirumalaichemicals.com
- 9) Registrar & Share Transfer Agent : Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Road, Bhandup (W), Mumbai-400 078.
Tel: +91-22-2594 6970
Fax: +91-22-2594 6969
E-mail: helpdesk@linkintime.co.in
- 10) Compliance Officer : Mr. T. Rajagopalan, Company Secretary
Thirumalai Chemicals Limited
Thirumalai House, Road No.29,
Sion (East), Mumbai- 400 022.
Tel: +91-22-2401 7841 / 61 / 53.
Fax: +91-22-240 11699.
E-mail: rajagopalan.t@thirumalaichemicals.com
- 11) 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.
- 12) Financial Calendar : Annual Results - 14th May, 2016
Mailing of Annual Reports - By 30th June, 2016
Results for the Quarter ending:
June 30, 2016 - By 13th August, 2016
September 30, 2016 - By 15th Nov, 2016
December 31, 2016 - By 14th Feb, 2017
March 31, 2017 - May, 2017
- 13) Dematerializations of shares : As on 31/3/2016, 96.72 % of the Company's Shares representing 99,03,006 shares were held in the dematerialized form.
- 14) Plant Location : 25A, SIPCOT Industrial Complex Ranipet, Vellore District, Tamil Nadu.
Tel: +91-4172-244 441. Fax: +91-4172-244 308.
E-Mail: mail@thirumalaichemicals.com

15) Categories of Shareholders (as on 31/3/2016):

Category	No. of shares	% of shareholding
Promoters, Directors & their Relatives	1614143	15.77
Group companies	2700182	26.37
Financial Institutions / Banks	11457	0.11
Insurance companies	600	0.01
NRIs / FIIs	206034	2.01
Companies / Bodies corporates	728448	7.11
General Public	4717275	46.07
Clearing members	70995	0.69
Trusts	750	0.01
HUFs	188928	1.85
TOTAL	10238812	100.00

16) Distribution of Shareholding as on 31.03.2016:

No. of shares	No. of shareholders	% of shareholders	Shareholding	% of shareholding
Up to 500	14237	90.67	1576481	15.40
501- 1000	783	4.82	616243	6.02
1001-2000	396	2.44	597553	5.84
2001-5000	206	1.26	655085	6.40
5001-10000	55	0.34	419234	4.09
Above 10000	76	0.47	6374216	62.25
Total	15753	100.00	10238812	100.00

17) Stock market price data for the year 2015-2016:

The details of month wise high/low price of the company's share in the Stock Exchanges, where it is listed, along with the comparable indices of the Stock Exchanges for the financial year are tabled below:

Indices :S&P BSE SENSEX opening 26,117.54 closing 25,597.02

Indices : NIFTY 50 opening 8,483.70 closing 7,738.40

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	No. of Shares	High (Rs.)	Low (Rs.)	No. of Shares
April, 2015	103.00	82.95	1,53,179	102.50	82.25	2,61,425
May, 2015	119.90	91.00	4,85,335	120.00	91.00	10,05,912
June, 2015	138.00	100.70	3,57,085	138.80	100.60	7,89,285
July, 2015	206.90	134.90	12,33,608	206.70	134.00	27,22,503
August, 2015	284.90	194.80	16,83,780	286.00	194.25	43,60,529
September, 2015	234.00	192.90	2,38,324	234.50	193.35	5,33,674
October, 2015	290.00	194.10	13,74,161	290.95	194.10	28,17,930
November, 2015	229.10	180.00	6,03,372	229.40	180.10	13,05,518
December, 2015	240.50	209.00	5,58,227	240.95	205.20	10,47,806
January, 2016	218.50	170.00	1,22,473	218.00	170.00	2,58,857
February, 2016	203.00	130.00	1,87,163	203.70	129.80	3,14,854
March, 2016	203.00	129.00	3,27,287	203.45	130.25	8,92,143

For Thirumalai Chemicals Limited

R.Parthasarathy	R. Ravishankar
Managing Director	Independent Director
(DIN: 00092172)	(DIN: 01224361)

Chennai, 14th May, 2016

DECLARATION BY THE CEO UNDER REGULATION 34(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with Reg. 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2016.

For Thirumalai Chemicals Limited

R.Parthasarathy
Managing Director
(DIN: 00092172)

Chennai, 14th May, 2016

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of, Thirumalai Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by Thirumalai Chemicals Limited ('the Company'), for the year ended on 31st March 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the company with the stock exchanges for the period 1st April 2015 to 30th November 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulation for the period 1st December 2015 to 31st March 2016.

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 Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements 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 above-mentioned Listing Agreement / Listing Regulations, as applicable.

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
CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

H. V. Kishnadwala
Partner
Membership No.: 037391

Place: Mumbai
Date: May 14th, 2016

**FORM NO. MGT. 9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2016**

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]*

I. REGISTRATION AND OTHER DETAILS:

- i) **CIN:- L24100MH1972PLC016149**
- ii) Registration Date: **27-11-1972**
- iii) Name of the Company: **THIRUMALAI CHEMICALS LIMITED**
- iv) Category / Sub-Category of the Company: **Company having Share Capital**
- v) Address of the Registered office and contact details
Thirumalai House, Plot No 101/102, Sion-Matunga Estate, Road No. 29, Near Sion Hill Fort, Sion (E), Mumbai - 400 022
- vi) Whether listed company Yes / No : **Yes**
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any
**Link Intime India Private Limited, C-13, Pannalal 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**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Phthalic Anhydride	24119	92%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Tarderiv International Pte. Ltd., 10 Jalan Besar, #10-12 Sim Lim Tower, Singapore 208787.	201025959N	Subsidiary	100	Sec 2(87)
2	Cheminvest Pte. Ltd., 10 Jalan Besar, #10-12 Sim Lim Tower, Singapore 208787.	200909241H	Subsidiary	100	Sec 2(87)
3	Optimistic Organic SDN. BHD., Level 8, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia.	873094-V	Subsidiary	100	Sec 2(87)
4	LAPIZ Europe Ltd. Talbot House, 204 – 226 Imperial Drive, Rayners lane, Harrow, Middlesex, UK.	05965088	Subsidiary	100	Sec 2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

CATEGORY OF SHAREHOLDERS	NUMBER OF SHARES HELD AT THE BEGINNING OF THE YEAR				NUMBER OF SHARES HELD AT THE END OF THE YEAR			
	DEMAT	PHYSICAL	TOTAL	%	DEMAT	PHYSICAL	TOTAL	%
A. PROMOTERS								
1. INDIAN								
A. INDIVIDUALS / HINDU UNDIVIDED FAMILY	1702385	14	1702399	16.63	1614129	14	1614143	15.77
B. CENTRAL GOVERNMENT/STATE GOVERNMENT(S)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

CATEGORY OF SHAREHOLDERS	NUMBER OF SHARES HELD AT THE BEGINNING OF THE YEAR				NUMBER OF SHARES HELD AT THE END OF THE YEAR			
	DEMAT	PHYSICAL	TOTAL	%	DEMAT	PHYSICAL	TOTAL	%
C. BODIES CORPORATE	2700182	0	2700182	26.37	2700182	0	2700182	26.37
D. FINANCIAL INSTITUTIONS/BANKS	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
E. ANY OTHERS (SPECIFY)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB TOTAL(A) (1):	4402567	14	4402581	43.00	4314311	14	4314325	42.14
2. FOREIGN								
A. INDIVIDUALS(NON-RESIDENT INDIVIDUALS/FOREIGN INDIVIDUALS)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
B. BODIES CORPORATE	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. INSTITUTIONS	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
D. ANY OTHERS (SPECIFY)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB TOTAL (A)(2):	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
TOTAL SHAREHOLDING OF PROMOTER AND PROMOTER GROUP (A)= (A)(1) +(A)(2)	4402567	14	4402581	43.00	4314311	14	4314325	42.14
B. PUBLIC SHAREHOLDING								
1. INSTITUTIONS								
A. MUTUAL FUNDS/UTI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
B. FINANCIAL INSTITUTIONS/BANKS	15832	1249	17081	0.17	10208	1249	11457	0.11
C. CENTRAL GOVERNMENT/STATE GOVERNMENT(S)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
D. VENTURE CAPITAL FUNDS	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
E. INSURANCE COMPANIES	NIL	600	600	0.01	NIL	600	600	0.01
F. FOREIGN INSTITUTIONAL INVESTORS	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
G. FOREIGN VENTURE CAPITAL INVESTORS	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
H. ANY OTHER (SPECIFY)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB TOTAL (B)(1):	15832	1849	17681	0.18	10208	1849	12057	0.12
B2. NON - INSTITUTIONS								
A. BODIES CORPORATE	604721	6979	611700	5.97	721469	6979	728448	7.11
B. INDIVIDUALS								
I. INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL UP TO RS.2 LAKHS	3269165	345686	3614851	35.31	3071194	326429	3397623	33.18
II. INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL IN EXCESS OF RS.2 LAKHS	1411098	NIL	1411098	13.78	1319652	NIL	1319652	12.89
C. ANY OTHER (SPECIFY)								
CLEARING MEMBERS	34919	NIL	34919	0.34	70995	NIL	70995	0.69
NRIs	94947	535	95482	0.93	205499	535	206034	2.01
HUF	NA		NA		188928	NIL	188928	1.85
TRUSTS	50500	NIL	50500	0.49	750	NIL	750	0.01
SUB TOTAL (B) (2):	5465350	353200	5818550	56.82	5578487	333943	5912430	57.74
TOTAL PUBLIC SHAREHOLDING (B) = (B)(1) + (B)(2)	5481182	355049	5836231	57.00	5588695	335792	5924487	57.86
C. SHARES HELD BY CUSTODIAN FOR GDR'S & ADR'S	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
GRAND TOTAL (A + B + C)	9883749	355063	10238812	100.00	9903006	335806	10238812	100.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Name of Promoter		Shareholding at the beginning of the year		Cumulative Shareholding during the year		Remarks
	Date	Reason for change	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	R.SAMPATH		481737	4.71	481737	4.71	No change
2	PARTHASARATHY RANGASWAMY		272350	2.66	272350	2.66	No change
3	SANTHANAM SUNDARARAJAN		64452	0.63	64452	0.63	Beginning
Less	19/08/2015	Market Sale	15000	0.15	49452	0.48	Change
	At the end of the year				49452	0.48	
4	SRIDHAR SUNDARARAJAN		41867	0.41	41867	0.41	No change
5	BHOOMA PARTHASARATHY		262615	2.57	262615	2.57	No change
6	INDIRA SUNDARARAJAN		182296	1.78	182296	1.78	No change
7	SUJATHA SAMPATH		93771	0.92	93771	0.92	No change
8	KALA SUNDARVEDHA		32716	0.32	32716	0.32	Beginning
Less	17/08/2015	Market Sale	8422	0.08	24294	0.24	Change
Less	18/08/2015	Market Sale	4078	0.04	20216	0.20	Change
	At the end of the year				20216	0.20	
9	S.VARADARAJAN		39542	0.38	39542	0.38	Beginning
Less	19/08/2015	Market Sale	9551	0.09	29991	0.29	Change
Less	07/10/2015	Market Sale	5000	0.05	24901	0.24	Change
Less	09/10/2015	Market Sale	4000	0.04	20991	0.20	Change
	At the end of the year				20991	0.20	
10	SRINATH SRIDHAR		29381	0.29	29381	0.29	Beginning
Less	25/08/2015	Market Sale	1401	0.02	27980	0.27	Change
Less	28/08/2015	Market Sale	599	0.00	27381	0.27	Change
Less	03/09/2015	Market Sale	1010	0.01	26371	0.26	Change
Less	09/09/2015	Market Sale	1831	0.02	24540	0.24	Change
Less	06/10/2015	Market Sale	5000	0.05	19540	0.19	Change
	At the end of the year				19540	0.19	
11	S.VIDHYA		41813	0.41	41813	0.41	No change
12	S.NARAYAN		18000	0.17	18000	0.17	Beginning
Less	28/08/2015	Market Sale	3000	0.03	15000	0.14	Change
Less	28/08/2015	Market Sale	800	0.01	14200	0.13	Change
Less	10/09/2015	Market Sale	500	0.00	13700	0.13	Change
Less	15/09/2015	Market Sale	800	0.01	12900	0.12	Change
Less	06/10/2015	Market Sale	2400	0.02	10500	0.10	Change
Less	28/12/2015	Market Sale	500	0.00	10000	0.10	Change
	At the end of the year				10000	0.10	
13	GEETHA.S		20394	0.20	20394	0.20	No change
14	JAYALAKSHMI SUNDARARAJAN		19770	0.19	19770	0.19	Beginning
Less	11/08/2015	Market Sale	13229	0.13	6541	0.06	Change
Less	14/08/2015	Market Sale	6135	0.06	406	0.00	Change
	At the end of the year				406	0.00	
15	DAYA SRIDHAR		18910	0.18	18910	0.18	No change
16	RAMYA BHARATHRAM		23696	0.23	23696	0.23	No change
17	MEERA PARTHASARATHY		20438	0.20	20438	0.20	No change

Sl. No.	Name of Promoter		Shareholding at the beginning of the year		Cumulative Shareholding during the year		Remarks
	Date	Reason for change	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
18	TARA PARATHASARATHY		20188	0.20	20188	0.20	No change
19	V.S.SUNDARARAJAN		5873	0.06	5873	0.06	No change
20	KAVYA NARAYAN		5000	0.05	5000	0.05	Beginning
Less	06/10/2015	Market Sale	5000	0.05	0.00	0.00	Change
	At the end of the year				0.00	0.00	
21	UTTARA.B		4000	0.04	4000	0.04	No change
22	GAYATHRI SAMPATH		3388	0.03	3388	0.03	No change
23	N.R.SWAMY		188	0.00	188	0.00	No change
24	S.SRIDHAR [HUF]		14	0.00	14	0.00	No change
25	ULTRAMARINE & PIGMENTS LTD.		2045177	19.97	2045177	19.97	No change
26	JASMINE LIMITED		655005	6.40	655005	6.40	No change
	Total		4402581	43.00	4314325	42.14	

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. Nos.	Name of Shareholder (DP id wise)		Shareholding at the beginning of the year		Cumulative Shareholding during the year		Remarks
	Date	Reason for change	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	ANIL KUMAR GOEL (1203760000210771)		418000	4.08	418000	4.08	
Add	08/05/2015	Market Purchase	6000	0.06	424000	4.14	Change
Add	15/05/2015	Market Purchase	22500	0.22	446500	4.36	Change
Add	05/06/2015	Market Purchase	4056	0.04	450556	4.40	Change
Add	12/06/2015	Market Purchase	15444	0.15	466000	4.55	Change
Less	30/06/2015	Market sale	200000	1.95	266000	2.60	Change
Add	03/07/2015	Market Purchase	1000	0.01	267000	2.61	Change
Add	31/07/2015	Market Purchase	88000	0.86	355000	3.47	Change
Less	07/08/2015	Market sale	15000	0.15	340000	3.32	Change
Less	23/10/2015	Market sale	3157	0.03	336843	3.29	Change
Less	31/10/2015	Market sale	6789	0.07	330054	3.22	Change
Add	04/03/2016	Market Purchase	946	0.01	331000	3.23	Change
	At the end of the year				331000	3.23	
2	SEEMA GOEL (1203760000210765)		215000	2.10	215000	2.10	
Add	31/07/2015	Market Purchase	35000	0.34	250000	2.44	Change
Less	07/08/2015	Market sale	10000	0.10	240000	2.34	Change
Less	23/10/2015	Market sale	10000	0.10	230000	2.24	Change
Less	31/10/2015	Market sale	5000	0.04	225000	2.20	Change
	At the end of the year				225000	2.20	
3	DOLLY KHANNA (IN30015910002665)		17959	0.17	17959	0.17	
Add	05/06/2015	Market Purchase	2500	0.03	20459	0.20	Change

Sl. Nos.	Name of Shareholder (DP id wise)		Shareholding at the beginning of the year		Cumulative Shareholding during the year		Remarks
	Date	Reason for change	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
Add	10/07/2015	Market Purchase	13500	0.13	33959	0.33	Change
Add	12/06/2015	Market Purchase	22025	0.22	55984	0.55	Change
Add	24/07/2015	Market Purchase	8000	0.08	63984	0.63	Change
Add	31/07/2015	Market Purchase	8074	0.08	72058	0.71	Change
Add	07/08/2015	Market Purchase	6477	0.06	78535	0.77	Change
Add	14/08/2015	Market Purchase	2000	0.02	80535	0.79	Change
Add	21/08/2015	Market Purchase	2000	0.02	82535	0.81	Change
Add	28/08/2015	Market Purchase	1000	0.01	83535	0.82	Change
Add	04/09/2015	Market Purchase	1800	0.01	85335	0.83	Change
Add	30/10/2015	Market Purchase	26733	0.26	112068	1.09	Change
Add	06/11/2015	Market Purchase	2300	0.02	114368	1.12	Change
Add	27/11/2015	Market Purchase	4460	0.04	118828	1.16	Change
Add	04/12/2015	Market Purchase	3110	0.03	121938	1.19	Change
Add	18/12/2015	Market Purchase	8235	0.08	130173	1.27	Change
Add	25/12/2015	Market Purchase	2000	0.02	132173	1.29	Change
	At the end of the year				132173	1.29	
4	RAJASTHAN GLOBAL SECURITIES PRIVATE LIMITED (IN30072410153429)		0.00	0.00	0.00	0.00	
Add	14/08/2015	Market Purchase	22093	0.21	22093	0.21	Change
Less	28/08/2015	Market Sale	22093	0.21	0.00	0.00	Change
Add	04/09/2015	Market Purchase	25794	0.25	25794	0.25	Change
Add	16/10/2015	Market Purchase	17837	0.18	45631	0.43	Change
Less	23/10/2015	Market Sale	34872	0.35	8759	0.08	Change
Add	06/11/2015	Market Purchase	83017	0.82	91776	0.90	Change
Add	13/11/2015	Market Purchase	4196	0.04	95972	0.94	Change
Less	20/11/2015	Market Sale	20570	0.20	75402	0.74	Change
Less	27/11/2015	Market Sale	59279	0.58	16123	0.16	Change
Add	04/12/2015	Market Purchase	13803	0.13	29926	0.29	Change
Less	18/12/2015	Market Sale	29900	0.29	26	0.00	Change
Add	31/12/2015	Market Purchase	45000	0.44	45026	0.44	Change
Add	08/01/2016	Market Purchase	64000	0.62	109026	1.06	Change
Add	12/02/2016	Market Purchase	13689	0.14	122715	1.20	Change
	At the end of the year				122715	1.20	
5	VINODCHANDRA MANSUKHLAL PAREKH (IN30040910011221)		120507	1.18	120507	1.18	No change
6	ANIL KUMAR GOEL SEEMA GOEL RITU GOEL (1203940000222406)		0.00	0.00	0.00	0.00	

Sl. Nos.	Name of Shareholder (DP id wise)		Shareholding at the beginning of the year		Cumulative Shareholding during the year		Remarks
	Date	Reason for change	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
Add	30/06/2015	Market Purchase	100000	0.98	100000	0.98	Change
	At the end of the year				100000	0.98	
7	ANIL KUMAR GOEL RITU GOEL (1203940000222410)		0.00	0.00	0.00	0.00	
Add	30/06/2015	Market Purchase	100000	0.98	100000	0.98	Change
	At the end of the year				100000	0.98	
8	INTEGRATED MASTER SECURITIES PVT. LTD. (IN30072410040200)		0.00	0.00	0.00	0.00	
Add	24/07/2015	Market Purchase	5000	0.05	5000	0.05	Change
Add	28/08/2015	Market Purchase	46358	0.45	51358	0.50	Change
Less	16/10/2015	Market Sale	51358	0.50	0.00	0.00	Change
Add	14/11/2015	Market Purchase	58901	0.58	58901	0.58	Change
Less	20/11/2015	Market Sale	58901	0.58	0.00	0.00	Change
Add	31/12/2015	Market Purchase	109000	1.06	109000	1.06	Change
Less	15/01/2016	Market Sale	21000	0.20	88000	0.86	Change
Less	19/02/2016	Market Sale	19000	0.19	69000	0.67	Change
	At the end of the year				69000	0.67	
9	NARASIMHAN K SWAMY (IN30040910110394)		77000	0.75	77000	0.75	
Less	29/05/2015	Market Sale	25000	0.24	52000	0.51	Change
	At the end of the year				52000	0.51	
10	KLJ PLASTICIZERS LTD (1203460000277373)		0.00	0.00	0.00	0.00	
Add	04/03/2016	Market Purchase	46724	0.46	46724	0.46	
Add	25/03/2016	Market Purchase	1173	0.47	47897	0.47	
Add	31/03/2016	Market Purchase	3827	0.04	51724	0.51	
	At the end of the year				51724	0.51	

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Directors	Shareholding at the beginning of the year		Shareholding at the end of the year		Reasons for increase/decrease
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	Mr.R.Parthasarathy	272350	2.66	272350	2.66	No change
2	Mr.R.Sampath	481737	4.71	481737	4.71	No change
3	Mr.S.Santhanam	64452	0.63	49452	0.48	Market sale
4	Mrs.Ramya Bharathram	23696	0.23	23696	0.23	No change
5	Mr.Raj Kataria	50	0.00	50	0.00	No change
B	Key Managerial Personnel					
1	Chief Financial Officer	Nil		Nil		Not applicable
2	Company Secretary	Nil		Nil		

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Rs. in lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8050.26	258.92	--	8309.18
ii) Interest due but not paid	--	--	--	
iii) Interest accrued but not due	--	--	--	
Total (i+ii+iii)	8050.26	258.92	--	8309.18
Change in Indebtedness during the financial year				
• Addition	--	--	--	--
• Reduction	5411.35	85.97	--	5497.32
Net Change	5411.35	85.97	--	5497.32
Indebtedness at the end of the financial year				
i) Principal Amount	2638.91	172.95	--	2811.86
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	2638.91	172.95	--	2811.86

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Rs. in lakhs

Sl. no.	Particulars of Remuneration	Mr. R.Parthasarathy, Managing Director	Mrs. Ramya Bharathram, Whole-time Director	Mr.P. Mohana chandra Nair, Whole-time Director (from Oct. 28, 2015)	Total Amount
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	188.96	77.32	22.78	289.06
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2.	Stock Option	--	--		
3.	Sweat Equity	--	--		
4.	Commission				
	- as % of profit	100.00	25.00		125.00
	- others, specify...				
5.	Others, please specify	--	--		
	Total (A)	288.96	102.32	22.78	414.06
	Ceiling as per the Act	333.68	333.68	22.78	690.14

B. Remuneration to other Directors:

Rs. in lakhs

Sl. no.	Particulars of Remuneration	Name of Directors							Total amount
		Dr. S. Ramalayer	Mr. P. Shankar	Mr. A. Janakiraman	Mr. N. Subramanian	Mr. Raj Kataria	Mr. Ravi Shankar	Mr. Dhruv Moondhra	
1.	Independent Directors								
	• Fee for attending board committee meetings	3.00	5.40	6.00	8.40	6.00	7.80	4.80	41.40
	• Commission (provided*)								69.02
	• Others, please specify								Nil
	Total (1)								110.42
2.	Other Non-Executive Directors	Mr.S. Santhanam		Mr. R.Sampath					
	• Fee for attending board committee meetings	2.40		1.80					4.20
	• Commission*								
	• Others, please specify								
	Total (2)								4.20
	Total (B) = (1 + 2)								114.62
	Total Managerial Remuneration (A+B)								528.68
	Overall Ceiling as per the Act								759.17

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Rs. in lakhs

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20.73	33.21	53.94
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option			
3.	Sweat Equity			
4.	Commission			
	- as % of profit			
	- others, specify			
5.	Others, please specify			
	Total	20.73	33.21	53.94

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY			NIL		
Penalty					
Punishment					
Compounding					
B. DIRECTORS			NIL		
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT			NIL		
Penalty					
Punishment					
Compounding					

Form No. MR.3**Secretarial Audit Report for the financial year ended on March 31, 2016**

[Pursuant to Section 204(1) of the Companies Act, 2013 and the Rule 9 of the companies (Appointment and remuneration of managerial personnel) Rule, 2014]

To,

The Members

Thirumalai Chemicals Limited

Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Thirumalai Chemicals Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- I. The Companies Act, 2013 (**the Act**) and the Rules made there-under;
- II. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made there-under;
- III. The Depositories Act, 1996 and the Regulations and bye-laws framed there-under;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) to the extent applicable to the Company;
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- VI. Other law applicable specifically to the Company, as detailed below;
 - a. Explosive Act, 1974
 - b. Hazardous Wastes (Management and Handling) Rules 1989
 - c. The Chemical Weapons Convention Act, 2000
 - d. The Prevention of Food Adulteration Act, 1954 and rules
 - e. The Electricity Act, 2013

We have also examined compliance with the applicable clauses of the following;

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015
- (iii) The listing agreement entered into by the Company with Stock Exchanges in India.

We report that, during the financial year under review, the Company has complied with the provisions of the Act, rules, regulations, guidelines as mentioned above. We further report that, there was no action/event in pursuance of;

- a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- b) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- c) The Securities and Exchange Board of India (Issue of Debt Securities) Regulations, 2008
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company and test verification on random basis carried out for compliances under other applicable Acts, Laws and Regulations to the Company. The compliance by the Company of the applicable direct tax laws, indirect tax laws and other financial laws has not been reviewed in this Audit, since the same have been subject to review by the other designated professionals and being relied on the reports given by such designated professionals.

We further report that, based on the information provided and representation made by the Company and also on the review of compliance reports of the respective department/unit heads/Company Secretary/CFO/CEO taken on record by the Board of Directors of the Company, in our opinion adequate system and process exists in the company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable general laws like labour laws, competition law and environmental laws.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, and in view of the nonexistence formal system, we are not in position to comment on existence of system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meeting duly recorded and signed by the Chairman, majority decision carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there were no specific events/actions in pursuance of any of the above referred laws, rules, regulations, guidelines etc., having a major bearing on the Company affairs.

For **R M MIMANI & ASSOCIATES LLP**
[COMPANY SECRETARIES]

RANJANA MIMANI
(PARTNER)

FCS No: 6271
CP No : 4234

Place: Mumbai
Dated: May 14, 2016

Note: This report is to be read with our letter of even date which is annexed as "Annexure A" and forms and integral part of this report.

Annexure – "A"

To,
The Members
Thirumalai Chemicals Limited
Mumbai

Our Secretarial Audit Report of even date is to be read along with this letter;

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company;
4. Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulation and happening of events etc.;
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis;
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **R M MIMANI & ASSOCIATES LLP**
[COMPANY SECRETARIES]

RANJANA MIMANI
(PARTNER)

FCS No: 6271
CP No : 4234

Place: Mumbai
Dated: May 14, 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THIRUMALAI CHEMICALS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Thirumalai Chemicals Limited ("the Company"), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the

accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

Emphasis of Matter:

We refer to Note E.9 to the standalone financial statements regarding appointment of and remuneration of Rs.22,78,994 paid to a whole time director during the year as approved by the Board of Directors. The same is subject to ratification and approval by members in ensuing annual general meeting.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in Annexure 'A' a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and

With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'B'.

With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note C.32 (B) to the standalone financial statements;

The Company did not have any long term contracts, including derivative contracts for which there were any material foreseeable losses.

There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For and on behalf of
CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

H. V. Kishnadwala
Partner
Membership number: 37391

Mumbai May 14, 2016

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in paragraph 1 under 'Report on the Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of the Company on the standalone financial statements for the year ended 31 March 2016:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As per the information and explanations given to us, the fixed assets have been physically verified by the management during the year in accordance with the phased programme of verification adopted by the Company and discrepancies noticed on such verification have been properly dealt with in the books of account;
- (c) As per the information and explanations given to us, the title deeds of immovable properties are held in the name of the company;
- (ii) As per the information and explanations given 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;
- 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;
- (iii) As informed, during the year, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Hence, clause 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the order are not applicable;
- (iv) In our opinion and as explained to us, in respect of loans, investments, guarantees, and security, the Company has complied with provisions of section 185 and 186 of the Act;
- (v) In our opinion and as explained to us, the Company has not accepted any deposits with in the provisions of Section 73 to 76 of the Act read with The Companies (Acceptance of Deposits) Rules, 2014 and other relevant provisions of the Act;
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act and we 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;
- (vii) (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, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues and there are no undisputed statutory dues outstanding as at 31st March 2016, for a period of more than six months from the date they became payable;
- (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 (Rs.)	Financial year/s to which the amount relates	Forum where dispute is pending
Tamilnadu General Sales Tax Act	Sales tax and Interest on belated payments of tax	84,48,007	2000-01 to 2005-06	Madras High Court
Income Tax Act	Penalty	400,000	2003-04	Income Tax Appellate Tribunal
Income Tax Act	Regular Tax	2,00,24,980	2013-14	Commission of Income Tax, Appeals

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

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank or government or dues to debenture holders;
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. According to information and explanations given to us, during the year the Company has not raised any term loans and term loans raised in past were applied for the purpose for which those are raised;
- (x) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit;
- (xi) According to the information and explanations given to us, The Managerial remuneration has been paid or provided in accordance with requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, except in case of remuneration paid / payable of Rs.22,78,994 to executive director which is subject to approval by shareholders at ensuing general meeting. (refer note E.9 of standalone financial statements);
- (xii) According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, para 3 (xii) of the order is not applicable.
- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of The Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standard;
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review;
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him;
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For and on behalf of
CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

H. V. Kishnadwala
Partner
Membership No.: 037391

Place: Mumbai
Date: 14th May, 2016

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016.

Report on the Internal Financial Control u/s.143 (3)(i) of The Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Thirumalai Chemicals Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial control based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of the reliable financial information, as required under the Companies Act, 2013;

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting ('the Guidance Note') and the Standards on auditing, to the extent applicable to an audit of internal financial control, both issued by the Institute of Chartered Accountants of India. Those Standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial control over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial control over financial reporting included obtaining and understanding of internal financial control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statement, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of
CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

H. V. Kishnadwala
Partner
Membership No.: 037391

Place: Mumbai
Date: 14th May, 2016

BALANCE SHEET AS AT 31ST MARCH 2016

Particulars	Note No.	All Amounts in Indian Rupees	
		As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholders funds			
(a) Share capital	C.1	102,410,620	102,410,620
(b) Reserves and surplus	C.2	1,736,190,307	1,407,400,035
		<u>1,838,600,927</u>	<u>1,509,810,655</u>
(2) Non-current liabilities			
(a) Long-term borrowings	C.3	2,862,902	52,964,940
(b) Deferred tax liabilities (net)	C.4	94,894,518	120,229,928
(c) Long-term provisions	C.5	78,785,568	73,866,189
		<u>176,542,988</u>	<u>247,061,057</u>
(3) Current liabilities			
(a) Short-term borrowings	C.6	227,178,837	626,676,231
(b) Trade payables	C.7	639,735,145	688,400,225
(c) Other current liabilities	C.8	954,995,866	1,029,119,590
(d) Short-term provisions	C.9	74,094,624	71,210,320
		<u>1,896,004,472</u>	<u>2,415,406,366</u>
TOTAL		<u><u>3,911,148,387</u></u>	<u><u>4,172,278,078</u></u>
II. ASSETS			
Non-current assets			
(1) (a) Fixed assets			
(i) Tangible assets	C.10	711,726,052	743,677,965
(ii) Capital work-in-progress		56,078,721	3,687,556
(b) Non-current investments	C.11	324,869,305	324,869,305
(c) Long-term loans and advances	C.12	593,331,994	581,676,855
(d) Other non-current assets	C.13	810,855	660,971
		<u>1,686,816,927</u>	<u>1,654,572,652</u>
(2) Current assets			
(a) Inventories	C.14	673,717,733	706,464,886
(b) Trade receivables	C.15	1,101,001,783	1,365,190,472
(c) Cash and cash equivalents	C.16	113,032,940	84,266,159
(d) Short-term loans and advances	C.17	41,233,044	56,695,216
(e) Other current assets	C.18	295,345,960	305,088,693
		<u>2,224,331,460</u>	<u>2,517,705,426</u>
TOTAL		<u><u>3,911,148,387</u></u>	<u><u>4,172,278,078</u></u>
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

CNK & ASSOCIATES LLP
CHARTERED ACCOUNTANTS

R. PARTHASARATHY
MANAGING DIRECTOR
(DIN : 00092172)

R. RAVISHANKAR
INDEPENDENT DIRECTOR
(DIN : 01224361)

H. V. KISHNADWALA
PARTNER

P. KRISHNAMOORTHY
CHIEF FINANCIAL OFFICER

T. RAJAGOPALAN
COMPANY SECRETARY

MUMBAI, 14TH MAY,2016

CHENNAI, 14TH MAY,2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

All Amounts in Indian Rupees

Particulars	Note No.	Year ended	Year ended
		31st March 2016 Rs.	31st March 2015 Rs.
I Revenue from operations	C.19	7,804,385,107	9,258,015,726
II Other income	C.20	116,708,144	158,813,821
III Total revenue (I + II)		<u>7,921,093,251</u>	<u>9,416,829,547</u>
IV Expenses:			
Cost of materials consumed	C.21	5,615,957,632	7,163,963,465
Purchase of stock in trade	C.22	24,045,498	51,748,921
Changes in stock	C.23	79,087,521	444,023,444
Employees benefits expense	C.24	292,717,692	226,141,468
Finance costs	C.25	209,723,624	331,054,214
Depreciation and amortization (refer note E.6)	C.10	65,714,359	70,050,771
Other expenses	C.26	993,780,161	934,491,344
Total expenses		<u>7,281,026,487</u>	<u>9,221,473,627</u>
V Profit before tax		640,066,764	195,355,920
VI Tax expense			
Current tax		(235,000,000)	(68,000,000)
Deferred tax		25,335,410	1,514,778
Adjustment for earlier years		(3,119,798)	13,168,499
VII Profit for the year		427,282,376	142,039,197
VIII Earnings per equity share - Face value Rs. 10 per share			
Basic and diluted (refer note D.5)		41.73	13.87

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
**CNK & ASSOCIATES LLP
CHARTERED ACCOUNTANTS**
**R. PARTHASARATHY
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COMPANY SECRETARY**
MUMBAI, 14TH MAY,2016
CHENNAI, 14TH MAY,2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
(A) Cash Flow From Operating Activities		
Net profit before tax and extraordinary items	640,066,764	195,355,920
Adjustments for		
Depreciation	65,714,359	70,050,771
Finance Costs	209,723,624	331,054,214
Interest Income	(44,431,083)	(54,950,847)
Dividend Received	(19,864,688)	(7,743,010)
Loss/(Profit) on sale of assets	(199,721)	(24,382,613)
Profit on Sale of Investments	-	(600,000)
Effect of exchange rate change	(3,351,778)	835,392
	207,590,713	314,263,907
Operating Profit before Working Capital changes	847,657,477	509,619,827
Adjustments for		
(Increase) / decrease in trade and other receivables	267,432,634	492,140,962
(Increase) / decrease in inventories	36,533,724	1,195,847,149
Increase / (decrease) in trade and other payables	3,877,713	(1,108,724,243)
	307,844,071	579,263,868
Cash Generated From Operations	1,155,501,548	1,088,883,695
Direct tax paid (net)	(179,754,313)	(30,270,010)
Net Cash Inflow / (Outflow) From Operations	975,747,235	1,058,613,685
(B) Cash Flow From Investment Activities		
Sale of fixed assets	280,758	(1,480,646)
Purchase of Fixed assets and Capital work in progress	(90,021,216)	(50,458,854)
Interest received	29,423,779	31,399,689
Sale/ (Purchase) of Investments (net)	-	900,000
Dividend received	19,864,688	7,743,010
Net Cash Inflow / (Outflow) From Investing Activities	(40,451,991)	(11,896,801)
(C) Cash Flow From Finance Activities		
Proceeds from long term borrowings	-	-
Repayment of long term borrowings	(153,616,611)	(272,061,924)
Short term borrowings (net)	(399,497,395)	(521,530,014)
Interest on borrowings	(209,723,624)	(331,054,214)
Dividend paid (including dividend tax)	(172,526,613)	-
Net Cash Inflow / (Outflow) From Financing Activities	(935,364,243)	(1,124,646,152)
Net Increase / (Decrease) in Cash or Cash Equivalents (A)+(B)+(C)	(68,999)	(77,929,268)
CASH AND CASH EQUIVALENTS - (OPENING)		
- Cash and Bank balance	5,051,514	82,980,782
CASH AND CASH EQUIVALENTS - (CLOSING)		
i. Cash on hand	128,422	270,299
ii. Balance with banks	4,854,093	4,781,215
In current accounts	4,982,515	5,051,514
TOTAL	(68,999)	(77,929,268)

Note

- 1 Figures in the brackets represent cash outflows.
- 2 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
**CNK & ASSOCIATES LLP
CHARTERED ACCOUNTANTS**
**R. PARTHASARATHY
MANAGING DIRECTOR
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**T. RAJAGOPALAN
COMPANY SECRETARY**
MUMBAI, 14TH MAY, 2016
CHENNAI, 14TH MAY, 2016

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

A. CORPORATE INFORMATION

Thirumalai Chemicals Limited is a public limited company domiciled in India incorporated under the provisions of the Companies Act. Its shares are listed on 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 133 of the Companies Act, 2013, other pronouncements of Institute of Chartered Accountants of India.

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 Schedule III to the Companies Act, 2013. 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 is recognized on the basis of electrical units generated and transmitted to grid of Electricity Board to whom it is sold at prescribed rate as per agreement of sale of electricity by the Company.

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 in to account the amount outstanding and the rate applicable.

Export benefits:

The benefit accrued under the 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. Assets which are retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value.

Depreciation and amortization:

a) Leasehold land:

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

b) Depreciation on tangible assets is provided over its useful life specified in Schedule II to the Companies Act, 2013 or based on the useful life of the assets as estimated by Management based on technical evaluation and advice.

c) Depreciation on tangible assets is provided as under:

Buildings	Straight line method except building of CMC division.
Plant and Machinery	Straight line method except as stated below. Written down value method for plant and machinery for CMC division, factory equipments and laboratory equipments.
Wind operated generators	Straight line method
Furniture and Fittings	Written down value method
Vehicles	Written down value method
Office Equipments	Written down value method
Computer Equipments	Written down value method

d) Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

- e) Individual assets costing less than Rs.10,000/- are not capitalized.
- f) The Management's estimates of the useful life of various categories of fixed assets where estimates of useful life are lower than the useful life specified in Schedule II are as under:

Specific laboratory equipments	5 years
Office equipments (mobile phones)	2 years

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:-

The inventories (including traded goods) are valued at lower of cost and net realizable value after providing for cost of obsolescence wherever considered necessary. However, 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.

The cost comprises of costs of purchase, duties and taxes (other than those subsequently recoverable), conversion cost and other costs incurred in bringing the inventories to their present location and condition.

(a)	Raw Materials	Lower of cost and net realizable value. Cost is determined using First In First Out (FIFO) method for valuation of inventories.
(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.

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 Fund, etc. recognized as actual amounts due in period in which the employee renders the related services.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

- (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 difference 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.

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.

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.

- 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.
- 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**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 cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

XVII CASH FLOW STATEMENT:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
C.1 Share capital		
Authorised		
15,000,000 (15,000,000) Equity shares of Rs. 10/- each	150,000,000	150,000,000
10,000,000 (10,000,000) Unclassified shares of Rs.10/- each	100,000,000	100,000,000
	<u>250,000,000</u>	<u>250,000,000</u>
Issued		
10,242,812 (10,242,812) Equity shares of Rs.10/- each	102,428,120	102,428,120
Subscribed and fully paid up		
10,238,812 (10,238,812) Equity shares of Rs.10/- each	102,388,120	102,388,120
Add: Amount paid up on forfeited shares	22,500	22,500
	<u>102,410,620</u>	<u>102,410,620</u>

(a) The Company has only one class of shares referred to as equity shares having a par value of Rs.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 shareholders holding more than 5%

Name of the Entity	As at 31st March 2016		As at 31st March 2015	
	No. of Shares	% of holding	No. of Shares	% of holding
Ultramarine & Pigments Limited	2,045,177	19.97	2,045,177	19.97
Jasmine Limited	655,005	6.40	655,005	6.40
Anil Kumar Goel	531,000	5.19	418,000	4.08

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

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

C.2 Reserves and surplus
Securities Premium Account

As per last Balance Sheet **197,069,526** 197,069,526

General reserve

As per last Balance Sheet **428,252,062** 428,252,062

Foreign Currency Translation Reserve

As per last Balance Sheet **114,305,688** 98,295,413

Add: Exchange fluctuation on long term loans and advances in relation to non-integral foreign operations

24,730,759 16,010,275

139,036,447 114,305,688

Surplus

As per last Balance Sheet **667,772,759** 597,812,216

Less: Adjustment related to depreciation pursuant to provisions of Schedule II (refer note E 6) - (22,774,904)

Add: Profit for the year **427,282,376** 142,039,197

1,095,055,135 717,076,509

Less: Appropriations

Interim dividend **102,388,120** -

(Interim dividend of Rs. 4/- per equity share paid on 02.11.2015 Rs.40,955,248/-)

(Interim dividend of Rs.6/- per equity share paid on 25.03.2016 Rs.61,432,872/-)

Excess provision for dividend in earlier years adjusted **(9,000)** -

Proposed dividend - 40,964,248

Tax on dividend **20,843,743** 8,339,502

Total appropriations **123,222,863** 49,303,750

Balance at the end of the year **971,832,272** 667,772,759

Total **1,736,190,307** 1,407,400,035

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
C.3 Long term borrowings		
Term loans (secured)		
<u>From Institutions</u>		
(a) Export Import Bank of India Overseas Investment Finance Loan (refer note I.a and I.c.a below)	-	15,670,000
(b) Export Import Bank of India Long term Working Capital Demand Loan (refer note I.b and I.c.b below)	-	20,000,000
	<u>-</u>	<u>35,670,000</u>
<u>Deferred payment liabilities (unsecured)</u>		
Sales tax deferment loan from the Government of Tamilnadu (interest free) (refer note II.a below)	2,862,902	17,294,940
	<u>2,862,902</u>	<u>52,964,940</u>
I. In respect of term loans from banks and financial institutions, terms of repayments and nature of security are given below:		
a. Export Import Bank of India Overseas Investment Finance loan is repayable in 16 equal quarterly installments starting from July 2012 up to April 2016. The loan is secured by First Pari Passu charge on Movable fixed assets and immovable assets of the Company at Ranipet, Tamilnadu.		
b. Export Import Bank of India Working Capital Demand Loan is repayable in 16 equal quarterly installments starting from July 2012 up to April 2016. The loan is secured by First Pari Passu charge on Movable fixed assets and immovable assets of the Company at Ranipet, Tamilnadu.		
c. The interest rates for the above 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 : 10.74 % to 11.59 % per annum. Previous Year (11.00 % to 14.80% per annum.)		
II. Deferred payment liabilities		
a. Deferral of sales tax liabilities represent interest free deferred sales tax loan received from Government of Tamilnadu. Repayable up to 2017-18 based on the deferment availed in the respective years. 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		
On account of timing difference in		
Depreciation (Refer note E 6)	146,536,807	156,339,791
Total	<u>146,536,807</u>	<u>156,339,791</u>
Deferred Tax Assets		
On account of timing difference in		
Foreign currency translation reserve	8,558,821	-
Adjustments on account of gratuity provision	25,147,760	22,554,025
Provision for privilege leave etc.	6,360,606	6,083,808
Provision for doubtful debts, deposits, DEPB etc.	8,206,899	6,011,061
Other disallowances under Section 43B of Income Tax Act, 1961	3,368,203	1,460,969
Total	<u>51,642,289</u>	<u>36,109,863</u>
Deferred Tax Liability (Net)	<u>94,894,518</u>	<u>120,229,928</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
C.5 Long term provisions		
Provision for employee benefits (Refer note D 1)		
Gratuity (non funded)	63,578,697	59,024,614
Compensated absences (non funded)	15,206,871	14,841,575
	<u>78,785,568</u>	<u>73,866,189</u>
C.6 Short term borrowings		
(a) Loan payable on Demand (secured)		
From banks		
Working Capital Demand Loan (refer note i & ii below)	117,800,000	278,700,000
Cash Credit/Export Credit Accounts (refer note i & ii below)	88,157,373	304,034,578
Bills purchased / discounted (refer note i & ii below)	21,221,464	43,941,653
	<u>227,178,837</u>	<u>626,676,231</u>
i. Working Capital Demand Loan/Cash credit/Export accounts and Bills purchased / 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. The interest rates for other rupee loans : 11.00 % to 14.15% per annum Previous Year (12.20 % to 14.50% per annum.)		
C.7 Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises (refer note E2)	446,498	499,865
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	639,288,647	687,900,360
	<u>639,735,145</u>	<u>688,400,225</u>
C.8 Other current liabilities		
Current maturities of long term debt (refer note C.3)	51,144,538	151,276,958
Unpaid dividend (refer note C.8.a)	1,863,760	2,743,413
Unpaid matured deposits and interest accrued thereon (refer note C.8.a)	1,916,693	1,060,572
Deposits from service providers	4,896,883	4,967,440
Interest Accrued but not due on loans	576,190	621,506
Payable to statutory authorities	39,382,382	46,836,527
Advances from customers	19,978,683	3,054,901
Amounts due to consignment agents	8,590,779	14,108,858
Directors remuneration payable	20,201,516	3,898,072
Direct recourse under LC bills discounted	803,007,597	799,246,045
Other payables	3,436,845	1,305,298
	<u>954,995,866</u>	<u>1,029,119,590</u>
a. Unpaid dividend, unpaid matured deposits and interest accrued thereon included above represent amounts to be credited to the Investor Education and Protection Funds as and when they become due		
C.9 Short term provisions		
Provision for employee benefits (refer note D.1)		
Gratuity (non funded)	9,085,888	6,145,362
Compensated absences (non funded)	3,172,133	2,737,621
Other employee benefits (refer note E.8)	29,042,646	3,240,357
Provision for taxes (net of taxes paid in advance)	32,793,957	9,783,230
Proposed final dividend	-	40,964,248
Tax on dividend	-	8,339,502
	<u>74,094,624</u>	<u>71,210,320</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016
C.10 Fixed Assets - Tangible

(Amount in Rs.)

Description	Gross block			Depreciation						Net block	
	As at 1st April 2015	Additions	Sales/ disposals	As at 31st March 2016	As at 1st April 2015	Charge for the Period	Recouped on sale	Transfer To Retained earnings *	Depreciation Up to 31st March 2016	As at 31st March 2016	As at 31st March 2015
Tangible assets											
Freehold Land	3,749,329	-	-	3,749,329	-	-	-	-	-	3,749,329	3,749,329
Lease hold land (refer note D.4 c)	102,058,492	-	-	102,058,492	4,123,575	773,170	-	-	4,896,745	97,161,747	97,934,917
Buildings and Roads	129,243,365	-	-	129,243,365	63,171,976	2,845,405	-	-	66,017,381	63,225,984	66,071,389
Plant and equipment	2,030,113,609	32,240,008	38,891,261	2,023,462,356	1,570,446,831	44,994,396	35,104,690	-	1,580,336,537	443,125,819	459,666,778
Wind operated generators	165,023,000	-	-	165,023,000	104,440,218	3,482,481	-	-	107,922,699	57,100,301	60,582,782
Furniture and fixtures	10,139,253	-	-	10,139,253	7,568,377	795,649	-	-	8,364,026	1,775,227	2,570,876
Vehicles	16,112,873	2,956,980	1,126,930	17,942,923	10,789,222	2,242,600	1,065,453	-	11,966,369	5,976,554	5,323,651
Office equipment	15,073,317	1,281,065	332,710	16,021,672	11,998,680	1,629,536	315,671	-	13,312,545	2,709,127	3,074,637
Computer equipments	10,723,420	1,152,000	2,521,224	9,354,196	10,008,392	978,004	2,518,703	-	8,467,692	886,504	715,028
Details of Assets used for R & D											
Plant and equipment	78,230,520	-	-	78,230,520	36,136,556	7,452,954	-	-	43,589,510	34,641,010	42,093,964
Furniture, fixtures and office equipments	8,592,258	-	-	8,592,258	6,697,644	520,164	-	-	7,217,808	1,374,450	1,894,614
Total	2,569,059,436	37,630,063	42,872,125	2,563,817,364	1,825,381,471	65,714,959	39,004,517	-	1,852,091,312	711,726,052	743,677,965
Previous year	2,497,032,704	78,345,973	6,319,241	2,569,059,436	1,726,980,096	70,050,771	6,151,599	34,502,203	1,825,381,471	743,677,965	770,052,608

* (Refer Note E 6)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31st March 2016	As at 31st March 2015
C.11 Non-Current Investments		
Trade investments (At cost)		
Investment in subsidiaries		
Tarderiv International Pte Ltd., Singapore		
<u>In equity instruments</u>	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		
<u>In preference shares</u>	248,109,450	248,109,450
5,500,000 (5,500,000) 5% non cumulative preference shares of US\$ 1 each fully paid up The above shares are redeemable at the call option of the investee		
(A)	270,589,450	270,589,450
Other investments (At cost)		
In equity instruments		
Quoted (At Cost)		
Neyveli Lignite Corporation Ltd.	313,958	313,958
5,000 (5,000) equity shares of Rs. 10 each fully paid up		
Piramal Enterprises Limited	122,728	122,728
1,409 (1,409) equity shares of Rs. 2 each fully paid up		
Piramal Phytocare Limited	25,727	25,727
137(137) equity shares of Rs. 10 each fully paid-up		
Poddar Pigments Limited	-	-
600 (600) equity shares @ Rs.10 each fully paid-up		
Tata Power Limited	7,699	7,699
500 (500) equity shares of Rs.1 each		
Ultramarine & Pigments Limited	53,775,623	53,775,623
3,044,800 (3,044,800) equity shares of Rs. 2 each fully paid-up		
(B)	54,245,735	54,245,735
Quoted (At realisable value)		
Futuristic Offshore Services and Chemicals Ltd.	1,050	1,050
100 (100) equity shares @ Rs.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 @ Rs.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 @ Rs.10 each fully paid-up		
Less: Provision for diminution other than temporary	(106,445)	(106,445)
	9,150	9,150
(C)	13,250	13,250
Unquoted (At Cost)		
unquoted non trade investments		
Kamer Co-operative Housing Society Limited	250	250
5 (5) equity shares @ Rs.50 fully paid up		
Piramal Glass Limited	620	620
62 (62) equity shares of Rs. 10 each fully paid-up		
The Saraswat Co-operative Bank Ltd	20,000	20,000
200 (200) equity shares @ Rs. 100 each fully paid up		
(D)	20,870	20,870
(E)=	324,869,305	324,869,305
(A+B+C+D)		
Aggregate amount of Quoted Investments	54,258,985	54,258,985
Market value of Quoted Investments	333,219,332	199,301,339
Aggregate amount of Unquoted Investments	270,610,320	270,610,320
Aggregate provision for diminution in value of investments	154,634	154,634

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31st March 2016	As at 31st March 2015
C.12 Long-term loans and advances		
Unsecured and considered good		
Capital advances	13,503,517	-
Security deposits	10,191,052	8,978,038
Loans and advances (to wholly owned subsidiary companies) (Refer note E 3 and E 4)	447,470,048	422,739,288
Taxes paid in advance (Net of provision for tax)	<u>122,167,377</u>	<u>149,959,529</u>
	593,331,994	581,676,855
Unsecured and considered doubtful		
Security deposits	285,047	285,047
less: provision for doubtful deposits	<u>(285,047)</u>	<u>(285,047)</u>
	<u>-</u>	<u>-</u>
	593,331,994	581,676,855
C.13 Other non-current assets		
Unsecured and considered good		
Other loans and advances	<u>810,855</u>	<u>660,971</u>
	810,855	660,971
C.14 Inventories		
(valued at lower of cost and net realizable value)		
Raw materials	400,404,000	363,232,571
Work in progress	29,088,000	70,705,000
Finished goods	83,443,087	124,441,000
Excise duty paid in advance for goods with agents and depots	11,522,407	9,089,210
Stock of trading items	2,106,797	3,400,677
Stores and spares	59,499,584	67,604,529
Catalyst	80,484,858	62,841,899
Fuel	2,432,000	2,115,000
Packing materials	<u>4,737,000</u>	<u>3,035,000</u>
	673,717,733	706,464,886
Note:		
a. Raw material includes material in transit Rs. NIL (Previous Year Rs.7,206,571)		
b. Finished goods includes material in transit Rs.52,383,479 (Previous Year Rs.49,699,196)		
C.15 Trade receivables		
Unsecured and considered good		
Debts outstanding for a period exceeding six months from due date	49,314,663	57,609,331
Other debts	<u>1,051,687,120</u>	<u>1,307,581,141</u>
	1,101,001,783	1,365,190,472
considered doubtful		
Debts outstanding for a period exceeding six months from due date	23,428,833	17,083,945
less: provision for doubtful debts	<u>(23,428,833)</u>	<u>(17,083,945)</u>
	<u>-</u>	<u>-</u>
	1,101,001,783	1,365,190,472

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31st March 2016	As at 31st March 2015
C.16 Cash and Bank balances		
a. Cash and Cash Equivalents		
Cash on hand	128,422	270,299
Balance with banks		
In current accounts	<u>4,854,093</u>	<u>4,781,215</u>
	4,982,515	5,051,514
b. Other bank balances		
Short-term bank deposits with maturity after 3 months but before 12 months	-	20,062,041
In Margin money account against letters of credit issued by banks	106,163,738	56,376,409
Earmarked balances with banks		
Unpaid dividend	1,863,760	2,743,413
Unpaid interest	<u>22,927</u>	<u>32,782</u>
	113,032,940	84,266,159
C.17 Short-term loans and advances		
Unsecured and considered good		
Balance with customs and excise	2,367,368	28,018,978
Cenvat claimable	36,147,616	25,647,225
Staff advances	<u>2,718,060</u>	<u>3,029,013</u>
	41,233,044	56,695,216
C.18 Other current assets		
Unsecured and considered good		
Other loans and advances		
Advance to suppliers	10,508,151	14,701,302
To Wholly owned subsidiary company	231,595,800	221,328,985
Assets held for disposal	12,802,972	12,802,972
Others	<u>40,439,037</u>	<u>56,255,434</u>
	295,345,960	305,088,693
C.19 Revenue from Operations		
Sales		
Manufactured goods	8,494,612,885	10,103,829,189
Traded goods	<u>31,777,158</u>	<u>53,733,537</u>
Gross sales	8,526,390,043	10,157,562,726
Less: Excise duty recovered on sales	<u>790,979,446</u>	<u>956,445,886</u>
Net sales	7,735,410,597	9,201,116,840
Other operating revenues:		
Sales of power from wind operated generators	9,696,758	12,014,213
Income from letting out of storage facility	31,971,268	28,389,990
Duty Drawback benefit	14,780,146	8,844,810
Export incentive	6,732,215	2,807,923
Sale of scrap (net of taxes recovered)	<u>5,794,123</u>	<u>4,841,950</u>
	7,804,385,107	9,258,015,726
Details of products sold		
Organic and other chemicals	8,494,612,885	10,103,829,189
	8,494,612,885	10,103,829,189
Details of trading sales		
Organic and other trading chemicals	9,679,167	30,205,149
Machinery items	<u>22,097,991</u>	<u>23,528,388</u>
	31,777,158	53,733,537

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31st March 2016	As at 31st March 2015
C.20 Other Income		
Interest Income (Gross)	44,431,083	54,950,847
(Tax Deducted at Sources Rs.3,207,985 (Previous Year Rs.4,663,933))		
Dividend Income from long term investments	19,864,688	7,743,010
Profit on sale of assets (net of loss on sales / scraping of asset)	199,721	24,382,613
Profit on sale of long term investments	-	600,000
Rent received	4,107,643	4,233,274
Excess provisions / Sundry balances written back (net)	-	10,213,046
Gain on foreign currency transaction / translation (net)	20,447,423	4,675,712
Expenses and Services recharged	16,945,358	19,882,091
Insurance claims	1,393,666	17,998,008
Miscellaneous receipts	9,318,562	14,135,220
	116,708,144	158,813,821
C.21 Cost of Materials consumed		
Raw materials, process chemicals and catalyst consumed		
Stock at commencement	426,074,470	1,134,014,205
Add: Purchases	5,696,564,336	6,477,745,038
	6,122,638,806	7,611,759,243
Less: Sales	25,792,316	21,721,308
Less: Stock at close	480,888,858	426,074,470
	5,615,957,632	7,163,963,465
<u>Details of Raw Materials Consumed</u>		
Organic and other chemicals	5,615,957,632	7,163,963,465
	5,615,957,632	7,163,963,465
C.22 Purchases of stock in trade		
Traded goods		
Purchase of Organic and other chemicals	6,852,824	28,841,428
Purchase of machinery and spares	17,192,674	22,907,493
	24,045,498	51,748,921

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	Year ended 31st March 2016 Rs	Year ended 31st March 2015 Rs
C.23 Changes in stock		
Inventories at the end of the year		
Finished goods	83,443,087	124,441,000
Work in progress	29,088,000	70,705,000
Stock of Trading items		
Organic and other trading chemicals	39,768	155,896
Machinery and spares	2,067,029	3,244,781
	<u>114,637,884</u>	<u>198,546,677</u>
Inventories at the beginning of the year		
Finished goods	124,441,000	546,146,724
Work in progress	70,705,000	123,887,000
Stock of trading items		
Organic and other trading chemicals	155,896	508,683
Machinery and spares	3,244,781	190,669
	<u>198,546,677</u>	<u>670,733,076</u>
Excise duty on closing stock (net)	4,821,272	28,162,955
Changes in inventory	<u>(79,087,521)</u>	<u>(444,023,444)</u>
Trading stocks		
i. Organic and other trading chemicals		
Opening Stock	155,896	508,683
Purchase	6,852,824	28,841,428
Sales	9,679,167	30,205,149
Closing Stock	39,768	155,896
ii. Machinery items		
Opening Stock	3,244,781	190,669
Purchases	17,192,674	22,907,493
Sales	22,097,991	23,528,388
Closing Stock	2,067,029	3,244,781
C.24 Employees benefits expense		
Salaries, wages, bonus, etc (Refer note E 8)	227,052,119	187,938,178
Whole Time Directors remuneration (Refer note E 9)	40,157,944	10,553,752
Contribution to provident fund and other funds	16,257,759	19,364,377
Staff welfare expenses	9,249,870	8,285,161
	<u>292,717,692</u>	<u>226,141,468</u>
Provision for gratuity and leave encashment on actuarial basis based on the contractual terms of appointment of Directors is included in salaries, wages and bonus, etc.,		
C.25 Finance costs		
Interest expense	137,583,455	282,942,118
Exchange loss on foreign currency loan	2,150,139	5,319,888
Interest on short fall on payment of advance tax	3,074,010	2,418,946
Other borrowing costs	66,916,020	40,373,262
	<u>209,723,624</u>	<u>331,054,214</u>
Interest expense includes interest on Letter of Credit discounts Rs.86,262,160 (Previous Year Rs.102,714,165)		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	Year ended 31st March 2016 Rs	Year ended 31st March 2015 Rs
C.26 Other expenses		
Stores and spares consumed	42,687,964	35,092,477
Power and fuel	180,143,559	198,157,333
Repairs to:		
Machinery	36,292,338	29,922,868
Buildings	13,803,532	12,798,938
Others	5,096,220	3,753,683
Packing expenses and materials consumed	94,694,686	89,898,299
Freight and forwarding	366,775,767	363,158,516
Commission and brokerage	23,336,439	24,857,146
Rent (Refer note D.4)	4,769,373	4,948,812
Rates and taxes	1,926,929	5,023,545
Insurance	9,173,523	9,376,840
Travelling and conveyance	26,563,659	26,234,908
Communication expenses	4,429,873	5,153,682
Research and development expenses (Refer note E.1)	18,312,423	12,406,569
Payment to auditors (Refer note C.27)	2,190,000	2,060,000
Expenses on wind operated generators	3,817,362	3,061,610
Legal and professional charges	30,235,329	19,006,041
Commission to non-executive directors	6,901,516	1,954,346
Bad debts/ Sundry balance written off (net)	4,773,813	592,745
Provision for doubtful debts	9,793,665	10,698,167
Donation (Refer note E.7)	6,130,000	3,300,000
Cash discounts and rebates	39,335,485	26,187,231
Miscellaneous expenses	62,596,706	46,847,588
(Includes previous year expenditure/(Income) Rs.(129275)) (Previous Year Rs.78,634)		
	993,780,161	934,491,344
C.27 Payment to Auditors (Net of service tax)		
Particulars		
Audit fees	1,000,000	900,000
For Limited review and Other certification	605,000	575,000
For Taxation and other matters	360,000	360,000
For Tax Audit	225,000	225,000
	2,190,000	2,060,000
C.28 Value of Imports on C.I.F. Basis	2015-16	2014-2015
	Rs.	Rs.
I] Raw materials	250,954,136	311,312,260
II] Spare part and others	10,532,923	23,958,526
III] Catalyst	60,440,319	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

C.29 Expenditure in Foreign Currency : Travelling, interest and others	2015-16	2014-2015
	Rs.	Rs.
On account of profession and consultancy fee	5,619,555	-
On account of interest	8,851,759	21,738,751
On account of other matters	14,764,158	13,870,205

C.30 Imported and Indigenous raw material, components and spares consumed

	2015-2016	2015-2016	2014-2015	2014-2015
	Rs.	%	Rs.	%
<u>Raw Materials</u>				
Imported	318,713,633	5.68	381,112,461	5.32
Indigenous	5,297,243,999	94.32	6,782,851,004	94.68
	5,615,957,632	100.00	7,163,963,465	100.00
<u>Stores and Spares</u>				
Imported	4,100,062	9.60	2,235,886	6.37
Indigenous	38,587,902	90.40	32,856,591	93.63
	42,687,964	100.00	35,092,477	100.00

C.31 Earnings in Foreign Exchange

	2015-2016	2014-2015
	Rs.	Rs.
On export of goods calculated on FOB Basis	1,023,825,258	1,054,928,491
Interest income	27,767,850	25,638,259
Expenses and Services recharged	16,945,358	19,882,091

C.32 Commitments and contingent liabilities

	2015-2016	2014-2015
	Rs.	Rs.
(A) Commitments/contingent liabilities		
(i) Estimated amount of contracts to be executed on capital account and not provided for	42,411,689	-
Against which advances paid	13,503,517	-
(ii) Guarantees issued by Banks on behalf of Company	41,200	41,200
(iii) Bond in favor of excise authorities	160,000	160,000
(iv) Corporate Guarantee issued to a bank on behalf of subsidiary	552,640,000	533,446,809
(B) Claims against the Company not acknowledged as debts in respect of following items:		
(i) 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 Rs.8,448,007 (Previous year Rs. 8,448,007). 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.		
(ii) No provision has been made in respect of disputed demands from Income-tax Authorities to the extent of Rs. 51,052,250 (Previous Year Rs. 12,114,057) 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 Rs. 30,627,270. (Previous Year Rs.10,566,447).		
(iii) Other claims against the company not acknowledged as debts: Rs.46,433,000 (Previous Year NIL)		
(C) Other Commitments:		

The company has been allotted a plot in 2011 in Dahej by Gujarat Industrial Development Corporation for setting up a manufacturing facility. In terms of the said allotment the company has paid the consideration and possession letter for land has been obtained in April 2015. The company is obligated to set up a manufacturing facility within the specified period as per the terms and conditions of allotment, failing which penalty as per agreement is payable.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016
D. Disclosure in accordance with Accounting Standards as notified by the Companies (Accounts) Rules, 2014
D.1 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	2015-16 Rs.	2014-15 Rs.
(i) Contribution to Employees' Provident Fund *	15,212,437	13,307,566
(ii) Contribution to Employees' State Insurance Fund	770,033	956,433
(iii) Contribution to Employees' Superannuation Fund **	3,693,196	6,864,994
Total	19,675,666	21,128,993

*Rs.790,030 (Previous Year Rs.470,840) included in Research and Development Expenses and Rs.1,825,676 (Previous Year Rs.838,750) Included in Director's remuneration.

**Rs.482,951 (Previous Year Rs.206,588) included in Research and Development Expenses and Rs.319,250 (Previous Year Rs. 248,438) 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, 2016	For the Year Ended March 31, 2015
a) Obligation at the year beginning	65,169,976	59,683,965
b) Interest Cost	5,141,911	5,455,114
c) Past Service Cost	Nil	Nil
d) Current Service Cost	4,216,376	3,681,928
e) Past Service Cost – Vested Benefit	Nil	Nil
e) Current Cost/ (Credit)	Nil	Nil
f) Settlement Cost/ (Credit)	Nil	Nil
g) Benefits Paid	(1,782,909)	(7,406,872)
h) Actuarial (Gain) / Loss	(80,771)	3,755,841
i) Obligation at the year end	72,664,583	65,169,976

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

	For the Year Ended March 31, 2016 Rs.	For the Year Ended March 31, 2015 Rs.
a) Current Service Cost	4,216,376	3,681,928
b) Past Service Cost	Nil	Nil
c) Interest Cost	5,141,911	5,455,114
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	(80,771)	3,755,841
h) Employees' Contribution	Nil	Nil
i) Total Expenses recognized in Profit and Loss A/c	9,277,516	12,892,883

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

Particulars	2015-2016 Gratuity	2014-2015 Gratuity
a) Discount Rate	7.84%	7.89%
b) Salary Escalation Rate – Management Staff	9.00%	8.50%
c) Turnover Rate	14.0%	15.0%
d) Mortality Table	Indian assured lives mortality (2006-08) ultimate	Indian assured lives mortality (2006-08) ultimate

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

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

2015-16	2014-15	2013-14	2012-13	2011-12
(6,906,540)	(6,304,712)	2,174,649	6,305,202	891,003

E. Other Long Term benefits

The Company's Long Term benefit includes Leave encashment payable at the time of retirement in full, otherwise 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 encashment

	For the Year Ended March 31, 2016 Rs.	For the Year Ended March 31, 2015 Rs.
a) Obligation at the year beginning	17,579,196	19,197,810
b) Actuarial (Gain) / Loss	799,808	(1,618,614)
c) Obligation at the year end	18,379,004	17,579,196

D.2 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.3 Accounting Standard (AS-18) "Related party disclosures" :

Subsidiary Companies:

Tarderiv International Pte Ltd (subsidiary company) (TIPL)
Cheminvest Pte Ltd (Step down subsidiary) (CPL)
Optimistic organic Sdn Bhd (Step down subsidiary)(OOSB)
Lapiz Europe Limited (step down subsidiary from 1st November 2015)

Enterprise over which the Key Managerial Personnel and their relatives are able to exercise significant influence

Ultramarine and Pigments Ltd. (UPL)
Thirumalai Charity Trust (TCT)

Managerial Personnel

R.Parthasarathy (Managing Director)
Ramya Bharathram (Whole Time Director with effect from 03.11.2014)
P. Mohanachandra Nair (Executive Director with effect from 28.10.2015)

Key Managerial Personnel

N Nambirajan (CFO) upto 08.08.2015
P Krishnamoorthy (CFO) with effect from 28.10.2015
T Rajagopalan (CS)

Relatives of Directors

S.Varadharajan
S. Narayan

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

Details of transactions with above parties

Particulars	Year	Wholly owned subsidiary companies		Enterprise over which the Key Managerial Personnel and their relatives are able to exercise significant influence		Directors / Relatives / Key Managerial Personnel					Total
		Optimistic Organic Sdn Bhd	Tarderiv International Pte Ltd	Ultramarine and Pigments Ltd	Thirumalai Charity Trust	Mr. R. Parthasarathy	Mrs.Ramya Bharathram	Mr.PMC Nair *	Key Managerial Personnel other than Whole Time Directors	Directors and Relatives of Directors	
Remuneration to Key Managerial Personnel	2015-16					28,896,917	10,232,000	2,278,994	5,394,000		46,801,911
	2014-15					9,771,729	3,891,013	-	5,310,169		18,972,911
Purchase of Goods	2015-16	225,584,298		42,194	39,755						225,666,247
	2014-15	302,510,227		34,546							302,544,773
Sale of Goods	2015-16	44,831,534			789						44,832,323
	2014-15	82,781,613									82,781,613
Rendering of Services	2015-16	11,696,817		4,487,386		12,000			-		16,196,203
	2014-15	16,558,544		4,462,302		12,000			-		21,032,846
Receiving of Services	2015-16				135,548						135,548
	2014-15				334,517						334,517
Guarantee Commission	2015-16	5,248,541									5,248,541
	2014-15	3,323,547									3,323,547
Donation given	2015-16				6,000,000						6,000,000
	2014-15				3,000,000						3,000,000
Outstanding Receivables	2015-16	580,154,050	164,587,754	384,300							745,126,105
	2014-15	547,460,719	148,527,983	341,099							696,329,801
Interest Expenses on Deposits Taken	2015-16										
	2014-15									3,709,501	3,709,501
Deposits Paid	2015-16										
	2014-15									32,360,000	32,360,000
Interest Income on Loan Given	2015-16	19,136,948	8,630,902								27,767,850
	2014-15	17,926,196	7,712,063								25,638,259
Guarantee Given	2015-16	552,640,000									552,640,000
	2014-15	533,446,809									533,446,809
Outstanding Deposits Payable	2015-16			1,400,000							1,400,000
	2014-15			1,400,000							1,400,000

* refer note E.9

Remuneration paid to relative of Directors

	2015-16	2014-15
	Rs.	Rs.
Ms.Ramya Bharathram (for the period 1.4.2014 to 31.10.2014)	-	1,598,662
Mr.S.Varadharajan	2,199,528	2,202,528
Mr.S.Narayan	1,819,946	1,799,646
	4,019,474	5,600,836

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 Rs. 2,525,739 (Previous Year Rs. 2,831,828). The said lease is cancelable at the option of the lessee at three months notice. The deposit paid in respect of the same is Rs. 1,680,255 (Previous Year Rs.1,680,255).
- 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 Rs. 1,400,000 (Previous Year Rs. 1,400,000) Lease rent received during the year and accounted as income is Rs.3,832,433 (Previous Year Rs. 3,942,629).
- c) The company has entered into an 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.(Refer Note C.32-(c))

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

D.5 Accounting Standard (AS-20) "Earnings per share" :

The Basic and Diluted EPS is calculated as under:

Particulars	2015-2016	2014-2015
	Rs.	Rs.
Profit attributable to Equity Shareholders (Rs.)	427,282,376	142,039,197
No. of equity shares (of Rs 10 each)	10,238,812	10,238,812
Earnings Per Share	41.73	13.87

E. Other disclosures:

E.1 The Company has spent towards Research and Development expenses during the year which are as under

Particulars	2015-2016	2014-2015
	Rs.	Rs.
Capital	-	-
Revenue (including Salaries Rs.13,402,127 (Previous year Rs. 7,552,638))	18,312,423	12,406,569
Total	18,312,423	12,406,569

E.2 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. The details are as follows:

	2015-2016	2014-2015
	Rs.	Rs.
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	446,498	499,865
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.	NIL	NIL
c. The amount of interest due and payable for the period of delay in making payment (Which have been paid but beyond the appointed day during the year) without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL
d. The amount of interest due accrued and remaining unpaid at the end of each accounting year.	40,719	NIL
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.	40,719	NIL

E.3 Disclosures required under Schedule V of Listing Obligations and Disclosure Regulations, 2015

Loans and Advances Include amount receivable from subsidiaries:

Particulars	2015-2016	2014-2015
	Rs.	Rs.
Optimistic organic Sdn Bhd	514,478,094	495,540,290
Maximum amount due at any time during the year	514,478,094	495,540,290
Tarderv International Pte Ltd	164,587,754	148,527,983
Maximum amount due at any time during the year	164,587,754	148,527,983

E.4 Long Term loans and advances

Loans and advances (to wholly owned subsidiary companies) includes an amount of Rs.316,110,048 (US\$ 4,812,881) {Previous year Rs.298,639,288 (US\$ 4,812,881)} recoverable from Optimistic Organic Sdn.Bhd. (OOSB). This amount represents amount recoverable by the company from erstwhile TCL Industries (Malaysia) Sdn. Bhd. (TCL(M)). The liability was taken over by OOSB on winding up of TCL (M).

The operations of OOSB have been stabilised during the current year and the capacity expansion has been completed to increase the MA production capacity to 3500 Tons per month by the end of financials year 2015-16. Consequently the cash generation has shown improvement and is expected to stabilised in the year 2016-17 and so OOSB is certain to meeting its obligations including the repayment of above loans and advances.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

E.5 Foreign exchange derivatives and exposures outstanding at the close of the year :

Open foreign exchange exposures:

(a) Exposure on Assets and Liabilities

Particulars		2015-2016		2014-2015	
		Foreign Currency	Rs.	Foreign Currency	Rs.
Export Receivables	USD	4,407,020	289,453,096	3,581,842	222,253,269
Loans	USD	6,812,881	447,470,048	6,812,881	422,739,288
Other Receivables	VARIOUS	2,085,576	137,106,694	2,436,044	153,171,991
TOTAL		13,305,477	874,029,838	12,830,767	798,164,548
Import Payables	USD	78,381	5,239,756	54,668	3,428,341
Loans	USD	250,000	16,712,500	1,250,000	78,350,000
Other Payables	VARIOUS	251,041	16,779,747	-	-
TOTAL		579,422	38,732,003	1,304,668	81,778,341

(b) Guarantee given

Particulars	2015-2016		2014-2015	
	Foreign Currency	Rs.	Foreign Currency	Rs.
Guarantee Given to banks on behalf of step down subsidiary (in Malaysian Ringgit)	32,000,000	552,640,000	32,000,000	533,446,809
TOTAL	32,000,000	552,640,000	32,000,000	533,446,809

E.6 Effect due to change in depreciation as per Schedule II to the Companies Act, 2013

The company had during the previous year provided depreciation on fixed assets based on estimated life and realisable value as prescribed in Schedule II of the Companies Act, 2013, except on few assets, where different life has been estimated based on technical advice (Refer note B.IV).

Following provisions of Schedule II, an amount of Rs. NIL (Previous Year Rs. 51,681,001) was determined as carrying amount of assets on 1st April 2014 where remaining useful life of asset is Nil, and after retaining Rs. NIL (Previous year Rs. 17,178,798) towards residual value, an amount of Rs. NIL ((Previous year Rs. 22,774,904 (Net of tax of Rs.11,727,299)) has been adjusted in the opening balance of the retained earnings.

Had not there been any change in useful life of assets prescribed by statute, depreciation for the year would have been higher by Rs.NIL (Previous Year Rs.514 Lakhs.)

E.7 Corporate Social Responsibility (CSR)

	2015-16	2014-15
(a) Gross amount required to be spent by the company during the year	4,483,640	3,620,730
(b) Amount spent during the year on:		
(i) in cash		
(ii) Construction / acquisition of any asset	-	-
(iii) On purposes other than above	6,000,000	3,000,000
(iv) Yet to be paid in cash	Nil	Nil
(c) Details of related party transactions with regard to CSR contribution		
Name of the related party to which CSR contribution was paid	Thirumalai Charity Trust	Thirumalai Charity Trust
(d) Whether any provision made based on contractual obligation to undertake CSR activity	No	No

E.8 Provision for performance related variable pay

During the year the Company has paid / provided an amount of Rs.35,404,849/- as performance related variable pay. The same includes Rs.12,204,849/- related to FY 2014-15 which is paid. The Company has estimated and made a provision of Rs.23,200,000/- towards the same for FY 2015-16, pending performance appraisals.

E.9 Appointment of Executive Director

Mr. P. Mohanachandra Nair has been appointed as an Executive Director with effect from 28th October 2015. Remuneration of Rs.2,278,994/-, paid or payable to him is subject to Shareholders' approval in the ensuing annual general meeting.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016
E.10. Disclosure as required under Section 186 (4) of Companies Act, 2013.

Particulars	Purpose for which amount is utilised	Amount as on 31.03.2016	Amount as on 31.03.2015
Optimistic organic Sdn Bhd Guarantee given	Corporate guarantee provided in favour of wholly owned step down subsidiary as collateral security for borrowing facilities from Banks	552,640,000	533,446,809
Tarderv International Pte Ltd Loan given	For long term Investments in wholly owned step down subsidiaries	131,360,000	124,100,000
Investment made: 500,000 (500,000) equity shares of US\$ 1 each fully paid up	For long term Investments in wholly owned step down subsidiaries	22,480,000	22,480,000
5,500,000 (5,500,000) 5% non cumulative preference shares of US\$ 1 each fully paid up	For long term Investments in wholly owned step down subsidiaries	248,109,450	248,109,450

E.11 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**

**CNK & ASSOCIATES LLP
CHARTERED ACCOUNTANTS**

**H. V. KISHNADWALA
PARTNER**

MUMBAI, 14TH MAY,2016

For and on behalf of the Board of Directors

**R. PARTHASARATHY
MANAGING DIRECTOR
(DIN : 00092172)**

**P. KRISHNAMOORTHY
CHIEF FINANCIAL OFFICER**

CHENNAI, 14TH MAY,2016

**R. RAVISHANKAR
INDEPENDENT DIRECTOR
(DIN : 01224361)**

**T. RAJAGOPALAN
COMPANY SECRETARY**

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THIRUMALAI CHEMICALS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Thirumalai Chemicals Limited ("the Holding Company") and its subsidiaries ("the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31 March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information ("the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the act, the accounting and auditing standards and matters which are required to be included in the audit report under the provision of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those standards require that 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view 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 the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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 aforesaid consolidated financial statements give the information required by the act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the group, as at 31st March 2016, and their the consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter:

We refer to Note E.5 to the consolidated financial statements regarding appointment of and remuneration of Rs.22,78,994 paid to a whole time director during the year as approved by the Board of Directors. The same is subject to ratification and approval by members in ensuing annual general meeting.

Our opinion is not modified in respect of this matter.

Other Matters

- (a) We did not audit the financial statements of three (3) subsidiaries, whose financial statements reflect total assets of Rs.89.62 Crores as at 31st March, 2016, total revenues of Rs.193.41 Crores and net cash flows amounting to Rs. 0.24 Crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries;
- (b) We did not audit the financial statements of one (1) subsidiary, whose financial statements reflect total assets of Rs.(94,424) as at 31st March, 2016, total revenues of Rs.140,101 and net cash flows amounting to Rs.(411,768) for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the group;

- (c) Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company, incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act. Subsidiary Companies of the Holding Company are not incorporated in India;

As per the Guidance Note on 'Audit of Internal Financial Controls over Financial Reporting' issued in September 2015 by the Institute of Chartered Accountants of India, since there are no subsidiaries incorporated in India, no reporting on the adequacy of the internal financial controls over financial reporting of the said subsidiaries and the operating effectiveness of such controls is required. With respect to the adequacy of the internal financial controls over financial reporting of the Holding company and the operating effectiveness of such controls, refer to our report in Annexure 'B' of the standalone financial statements;

With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note C.28(B) to the consolidated financial statements;

The Group does not have any material foreseeable losses on long-term contracts including derivative contracts;

There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company incorporated in India. Subsidiary Companies of the Holding Company are not incorporated in India.

For and on behalf of
CNK & Associates LLP
Chartered Accountants
Firm Registration No.: 101961W

H.V. Kishnadwala
Partner
Membership number: 37391

Mumbai May 14, 2016

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2016

Particulars	Note No.	All amounts in Indian Rupees	
		As at 31st March 2016 Rs.	As at 31st March, 2015 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	C.1	102,410,620	102,410,620
(b) Reserves and surplus	C.2	2,084,910,400	1,828,586,054
		<u>2,187,321,020</u>	<u>1,930,996,674</u>
(2) Non-current liabilities			
(a) Long-term borrowings	C.3	236,354,710	388,124,113
(b) Deferred tax liabilities (net)	C.4	188,035,744	201,519,652
(c) Long-term provisions	C.5	78,785,568	73,866,189
		<u>503,176,022</u>	<u>663,509,954</u>
(3) Current liabilities			
(a) Short-term borrowings	C.6	419,507,636	792,507,378
(b) Trade payables	C.7	847,840,003	875,701,227
(c) Other current liabilities	C.8	1,170,074,383	1,133,604,048
(d) Short-term provisions	C.9	75,602,983	71,778,832
		<u>2,513,025,005</u>	<u>2,873,591,485</u>
TOTAL		<u>5,203,522,047</u>	<u>5,468,098,113</u>
II. ASSETS			
Non-current assets			
(1) (a) Fixed Assets			
(i) Tangible assets	C.10	2,320,950,484	2,433,305,275
(ii) Capital work-in-progress		177,076,881	65,580,035
(b) Non-current investments	C.11	54,279,855	54,279,855
(c) Long-term loans and advances	C.12	145,861,946	158,937,567
(d) Other non-current assets	C.13	810,855	660,971
		<u>2,698,980,021</u>	<u>2,712,763,703</u>
(2) Current assets			
(a) Inventories	C.14	927,280,701	979,712,411
(b) Trade receivables	C.15	1,293,509,209	1,518,071,091
(c) Cash and cash equivalents	C.16	140,159,700	105,925,798
(d) Short-term loans and advances	C.17	63,843,169	56,686,500
(e) Other current assets	C.18	79,749,247	94,938,610
		<u>2,504,542,026</u>	<u>2,755,334,410</u>
TOTAL		<u>5,203,522,047</u>	<u>5,468,098,113</u>

Significant accounting policies

Notes to financial statements

The accompanying notes are an integral part of consolidated financial statements

B

A,C,D & E

**As per our report of even date
For & on behalf of**
For and on behalf of the Board of Directors
**CNK & ASSOCIATES LLP
CHARTERED ACCOUNTANTS**
**R. PARTHASARATHY
MANAGING DIRECTOR
(DIN : 00092172)**
**R. RAVISHANKAR
INDEPENDENT DIRECTOR
(DIN : 01224361)**
**H. V. KISHNADWALA
PARTNER**
**P. KRISHNAMOORTHY
CHIEF FINANCIAL OFFICER**
**T. RAJAGOPALAN
COMPANY SECRETARY**
MUMBAI, 14TH MAY,2016
CHENNAI, 14TH MAY,2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH 2016

All amounts in Indian Rupees

Particulars	Note No.	For the year ended 31st March 2016 Rs.	For the year ended 31st March 2015 Rs.
I Revenue from operations	C.19	9,441,721,014	10,722,586,057
II Other income	C.20	<u>51,909,261</u>	<u>76,880,690</u>
III Total revenue (I + II)		<u>9,493,630,275</u>	<u>10,799,466,747</u>
IV Expenses:			
Cost of materials consumed	C.21	6,554,305,492	8,031,505,192
Purchase of stock in trade	C.22	2,574,342	3,828,692
Changes in stock	C.23	77,323,521	470,009,119
Employees benefits expense	C.24	418,163,453	360,426,980
Finance costs	C.25	230,548,891	347,087,853
Depreciation and amortization (refer note E.2)	C.10	188,985,103	178,261,102
Other expenses	C.26	<u>1,473,373,156</u>	<u>1,476,376,680</u>
Total Expenses		<u>8,945,273,958</u>	<u>10,867,495,618</u>
V Profit before tax		<u>548,356,317</u>	<u>(68,028,871)</u>
VI Tax expense			
Current tax		(236,477,642)	(69,110,823)
Deferred tax		14,177,897	17,726,010
Adjustment for earlier years		<u>(4,536,419)</u>	<u>(17,833,541)</u>
VII Profit for the year		<u>321,520,153</u>	<u>(137,247,225)</u>
VIII Earnings per equity share - Par value Rs. 10 per share			
Basic and diluted (refer note D.4)		31.40	(13.40)
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
**CNK & ASSOCIATES LLP
CHARTERED ACCOUNTANTS**
**R. PARTHASARATHY
MANAGING DIRECTOR
(DIN : 00092172)**
**R. RAVISHANKAR
INDEPENDENT DIRECTOR
(DIN : 01224361)**
**H. V. KISHNADWALA
PARTNER**
**P. KRISHNAMOORTHY
CHIEF FINANCIAL OFFICER**
**T. RAJAGOPALAN
COMPANY SECRETARY**
MUMBAI, 14TH MAY,2016
CHENNAI, 14TH MAY,2016

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	As at 31st March 2016 Rs.	As at 31st March, 2015 Rs.
(A) Cash Flow From Operating Activities		
Net profit before tax and extraordinary items	548,356,317	(68,028,871)
Adjustments for		
Depreciation	188,985,103	178,261,102
Finance Costs	230,548,891	347,087,853
Interest Income	(18,471,434)	(29,315,231)
Dividend Received	(19,864,688)	(7,743,010)
Loss/(Profit) on sale of assets	(199,721)	167,642
Profit on sale of investments	-	(600,000)
Effect of exchange rate change	79,763,092	7,788,531
	460,761,243	495,646,887
Operating Profit before Working Capital changes	1,009,117,560	427,618,016
Adjustments for		
(Increase) / decrease in trade and other receivables	187,644,422	937,901,229
(Increase) / decrease in inventories	56,218,282	1,101,326,563
Increase / (decrease) in trade and other payables	18,232,930	(860,733,950)
	262,095,634	1,178,493,842
Cash Generated From Operations	1,271,213,194	1,606,111,858
Direct tax paid (net)	(181,170,934)	(70,126,179)
Net Cash Inflow / (Outflow) From Operations	(a) 1,090,042,260	1,535,985,679
(B) Cash Flow From Investment Activities		
Sale of fixed assets	280,758	-
Aggregate cash flow from acquisition of subsidiary (refer note E.6)	27,958	-
Purchase of Fixed assets and Capital work in progress	(191,994,764)	(214,391,525)
Interest received	16,971,434	13,476,133
Sale/ (Purchase) of Investments (net)	-	900,000
Dividend received	19,864,688	7,743,010
Net Cash Inflow / (Outflow) From Investing Activities	(b) (154,849,926)	(192,272,383)
(C) Cash Flow From Finance Activities		
Repayment of long term borrowings	(156,669,376)	(516,451,255)
Short term borrowings (net)	(372,999,742)	(558,626,793)
Interest on borrowings	(230,548,891)	(347,087,853)
Dividend paid (including dividend tax)	(172,526,613)	-
Net Cash Inflow / (Outflow) From Financing Activities	(c) (932,744,622)	(1,422,165,901)
Net Increase / (Decrease) in Cash or Cash Equivalents (A)+(B)+(C)	(a+b+c) 2,447,712	(78,452,605)
CASH AND CASH EQUIVALENTS - (OPENING)		
- Cash and Bank balance	7,928,610	86,381,215
CASH AND CASH EQUIVALENTS - (CLOSING)		
i. Cash on hand	160,869	306,663
ii. <u>Balance with banks</u>		
In current accounts	10,215,453	7,621,947
	10,376,322	7,928,610
TOTAL	2,447,712	(78,452,605)

Note

- Figures in the brackets represent 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

CNK & ASSOCIATES LLP
CHARTERED ACCOUNTANTS

R. PARTHASARATHY
MANAGING DIRECTOR
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CHIEF FINANCIAL OFFICER

T. RAJAGOPALAN
COMPANY SECRETARY

MUMBAI, 14TH MAY, 2016

CHENNAI, 14TH MAY, 2016

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
A. CORPORATE INFORMATION

Thirumalai Chemicals Limited is a public limited company domiciled in India incorporated under the provisions of the Companies Act. Its shares are listed on 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

- (a) 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. 31st March, 2016. The same is based on the audited financial results up to 31st March, 2016 of the respective subsidiary companies.
- (b) 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 Central Government of India under Section 133 of the Companies Act, 2013, other pronouncements of Institute of Chartered Accountants of India.

(II) PRINCIPLES OF CONSOLIDATION

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

- (a) The financial statements of the company and its subsidiary companies have been combined on a line-by-line basis by adding together book values of similar items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions have been fully eliminated.
- (b) Consolidated financial statements are prepared by applying uniform accounting policies to the extent possible, in use at the group.
- (c) 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 rate as at the Balance sheet date and for revenues, cost and expenses using average exchange rate during the reporting period. The resultant currency translation, exchange gain / loss is carried as ‘Foreign Currency Translation Reserve’ under “Reserves and Surplus”.
- (d) 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.

- (e) 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 2016	% of holding either directly or through subsidiary as at 31st March 2015
Tarderiv International Pte Ltd.	Singapore	100	100
Lapiz Europe Limited (from 1 st November 2015)	United Kingdom	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 133 of the Companies Act, 2013, other pronouncements of Institute of Chartered Accountants of India.

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 Schedule III to the Companies Act, 2013. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
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 is recognized on the basis of electrical units generated and transmitted to grid of Electricity Board to whom it is sold at prescribed rate as per agreement of sale of electricity by the Company.

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 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.

In case of Optimistic Organic Sdn Bhd. (OOSB):
Interest income:

Interest income is recognized using effective interest rate.

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. Assets which are retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value.

Depreciation and amortization:

- a) Leasehold land:
Premium on lease hold land is amortized over the period of lease.
- b) Depreciation on tangible assets is provided over its useful life specified in Schedule II to the Companies Act, 2013 or based on the useful life of the assets as estimated by Management based on technical evaluation and advice.

- c) Depreciation on tangible assets is provided as under:

Buildings	Straight line method except building of CMC division.
Plant and Machinery	Straight line method except as stated below. Written down value method for plant and machinery for CMC division, factory equipments and laboratory equipments.
Wind operated generators	Straight line method
Furniture and Fittings	Written down value method
Vehicles	Written down value method
Office Equipment	Written down value method
Computer Equipment	Written down value method

- d) Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.
- e) Individual assets costing less than Rs.10,000/- are not capitalized.
- f) The Management's estimates of the useful life of various categories of fixed assets, where estimates of useful life are lower than the useful life specified in Schedule II, are as under:

Specific laboratory equipments	5 years
Office equipments (mobile phones)	2 years

In case of Optimistic Organic Sdn Bhd. (OOSB):

Depreciation is computed for all tangible assets on a straight-line basis over the assets estimated economic useful life at the following annual rates.

Lease hold land	2%
Buildings	3%
Plant and Machinery	5.88%
Office Equipment	15%
Furniture and fittings	10%

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
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

The inventories (including traded goods) are valued at lower of cost and net realizable value after providing for cost of obsolescence wherever considered necessary. However, 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.

The cost comprises of costs of purchase, duties and taxes (other than those subsequently recoverable), conversion cost and other costs incurred in bringing the inventories to their present location and condition.

(a)	Raw Materials	Lower of cost and net realizable value. Cost is determined using First In First Out (FIFO) method for valuation of inventories.
(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 include 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.

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, performance incentive, paid annual leave, bonus, leave travel assistance, medical allowance, contribution to Provident Fund and Superannuation Fund, 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 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

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.

In case of Optimistic Organic Sdn Bhd. (OOSB):

The company participates in the national pension scheme as defined by the law of the country in which it has operation. The Company makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognized as an expense in the period in which the related service is performed.

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.

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.

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 SEGMENT REPORTING:

Segments are identified in line with AS-17 "Segment Reporting", taking into consideration the internal organization and management structure as well as the differential risk and returns of the segment.

Identification of Segment

Based on the Company's business model, Chemical products and power generation from wind operated generators have been considered as the reportable business segments. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

Inter segment transfers

The company accounts for inter segment revenues at current market prices.

Unallocated items.

Unallocable income and expenses includes general corporate income and expense items which are not allocated to any business segment.

XIII 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

- 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.

XIV 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.

XV 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.

XVI 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.

XVII CASH AND CASH EQUIVALENTS

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

XVIII CASH FLOW STATEMENT:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st March 2016 Rs.	As at 31st March, 2015 Rs.		
C.1 Share capital				
Authorised				
15,000,000 (15,000,000) Equity shares of Rs. 10/- each	150,000,000	150,000,000		
10,000,000 (10,000,000) Unclassified shares of Rs. 10/- each	100,000,000	100,000,000		
	250,000,000	250,000,000		
Issued				
10,242,812 (10,242,812) Equity shares of Rs 10/- each	102,428,120	102,428,120		
Subscribed and fully paid-up				
10,238,812 (10,238,812) Equity Shares of Rs 10/- each	102,388,120	102,388,120		
Add: Amount paid up on forfeited shares	22,500	22,500		
	102,410,620	102,410,620		
(a) The Company has only one class of shares referred to as equity shares having a par value of Rs.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 shareholders holding more than 5%				
Name of the Entity	As at 31st March 2016		As at 31st March 2015	
	No. of Shares	% of holding	No. of Shares	% of holding
Ultramarine & Pigments Limited	2,045,177	19.97	2,045,177	19.97
Jasmine Limited	655,005	6.40	655,005	6.40
Anil Kumar Goel	531,000	5.19	418,000	4.08
(c) The Company has forfeited 4,000 (4,000) equity shares on which amount originally paid up is Rs. 22,500/-.				
(d) There is no change in Issued and Subscribed share capital during the year.				
C.2 Reserves and surplus				
Securities Premium Account				
As per last Balance Sheet	197,069,526		197,069,526	
Capital reserve on acquisition				
As per last Balance Sheet	356,943,369		356,943,369	
Add: Additions during the year (Refer note E.6)	27,958		-	
	356,971,327		356,943,369	
General reserve				
As per last Balance Sheet	428,252,062		428,252,062	
Foreign Currency Translation Reserve				
As per last Balance Sheet	114,305,688		98,295,413	
Add: Exchange fluctuation on long term loans and advances in relation to non-integral foreign operations			24,730,759	16,010,275
Balance at the end of the year	139,036,447		114,305,688	
Foreign Currency Translation Reserve (on consolidation)	177,865,148		144,596,809	
Surplus				
As per last Balance Sheet	587,418,600		796,744,479	
Less: Adjustment related to depreciation pursuant to provisions of Schedule II (Refer Note E .2)	-		(22,774,904)	
Add: Profit / (Loss) for the year	321,520,153		(137,247,225)	
	908,938,753		636,722,350	
Less: Appropriations				
Interim dividend	102,388,120		-	
(Interim dividend of Rs.4/- per equity share paid on 02.11.2015 Rs.40,955,248/-)				
(Interim dividend of Rs.6/- per equity share paid on 25.03.2016 Rs.61,432,872/-)				
Excess provision for dividend in earlier years adjusted	(9,000)		-	
Proposed dividend	-		40,964,248	
Tax on proposed dividend	20,843,743		8,339,502	
Total appropriations	123,222,863		49,303,750	
Balance at the end of the year	785,715,890		587,418,600	
Total	2,084,910,400		1,828,586,054	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st March 2016 Rs.	As at 31st March, 2015 Rs.
C.3 Long term borrowings		
Term loans (secured)		
<u>From Institutions</u>		
(a) Export Import Bank of India Overseas Investment Finance Loan (refer note I.a and I.c.a below)	-	15,670,000
(b) Export Import Bank of India Long term Working Capital Demand Loan (refer note I.b and I.c.b below)	-	20,000,000
	-	35,670,000
<u>Deferred payment liabilities (unsecured)</u>		
Sales tax deferment loan from the Government of Tamilnadu (interest free) (refer note II.a below)	2,862,902	17,294,940
<u>Others (unsecured)</u> (refer note I.d below)	233,491,808	335,159,173
	236,354,710	388,124,113
I. <u>In respect of term loans from banks and financial institutions, terms of repayments and nature of security are given below:</u>		
a) Export Import Bank of India Overseas Investment Finance loan is repayable in 16 equal quarterly installments starting from July 2012 up to April 2016. The loan is secured by First Pari Passu charge on Movable fixed assets and immovable assets of the Company at Ranipet, Tamilnadu.		
b) Export Import Bank of India Working Capital Demand Loan is repayable in 16 equal quarterly installments starting from July 2012 up to April 2016. The loan is secured by First Pari Passu charge on Movable fixed assets and immovable assets of the Company at Ranipet, Tamilnadu.		
c) The interest rates for the above 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 : 10.74 % to 11.59 % per annum. (Previous Year 11.00 % to 14.80% per annum.)		
d) The amount is unsecured, non-interest bearing and as per novation agreement entered with lender, and the amount is payable in 15 equal quarterly installments starting from July 2015 upto December 2018.		
II. <u>Deferred payment liabilities</u>		
a. Deferral of sales tax liabilities represent interest free deferred sales tax loan received from Government of Tamilnadu. Repayable up to 2017-18 based on the deferment availed in the respective years. 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		
On account of timing difference in		
Depreciation (refer note E.2)	239,678,033	237,629,515
Total	239,678,033	237,629,515
Deferred Tax Assets		
On account of timing difference in		
Foreign currency translation reserve	8,558,821	-
Adjustments on account of gratuity provision	25,147,760	22,554,025
Provision for privilege leave etc.	6,360,606	6,083,808
Provision for doubtful deposits, DEPB etc.	8,206,899	6,011,061
Other disallowances under Section 43B of Income Tax Act, 1961	3,368,203	1,460,969
Total	51,642,289	36,109,863
Deferred Tax Liability (Net)	188,035,744	201,519,652

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st March 2016 Rs.	As at 31st March, 2015 Rs.
C.5 Long term provisions		
Provision for employee benefits		
Gratuity (non funded)	63,578,697	59,024,614
Compensated absences (non funded)	15,206,871	14,841,575
	<u>78,785,568</u>	<u>73,866,189</u>
C.6 Short term borrowings		
(a) Loan payable on Demand (secured)		
From banks		
Working Capital Demand Loan (refer note i and ii below)	117,800,000	278,700,000
Cash Credit/Export Credit Accounts (refer note i and ii below)	88,157,373	335,819,799
Bills purchased and discounted (refer note i, ii and iii below)	213,550,263	177,987,579
	<u>419,507,636</u>	<u>792,507,378</u>
i. Working Capital Demand Loan/Cash credit/Export accounts and Bills purchased / 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. The interest rates for other rupee loans : 11.00 % to 14.15% per annum. (Previous Year 12.20 % to 14.50% per annum.)		
iii. Bill discounting facility of subsidiary is secured by the following.		
The facility bears interest at BLR +0.5% per annum presently at 7.35% per annum (Previous Year 7.10%) with margin 10% of the bills and secured by documents of title to goods along with invoice, bills of exchange drawn on approved parties.		
a) Corporate Guarantee by ultimate holding company and holding company.		
b) A registered debenture over the subsidiary companies entire fixed and floating assets, movable and immovable, both present and future.		
c) First party, first legal charge over the land and building belonging to subsidiary company erected on PN 7606, Lot 3351 Mukim Teluk Kalung and district of Kemaman, Terengganu.		
C.7 Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises	446,498	499,865
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	847,393,505	875,201,362
	<u>847,840,003</u>	<u>875,701,227</u>
C.8 Other current liabilities		
Current maturities of long term debt (refer note C.3)	252,133,225	235,066,751
Unpaid dividend (refer note C.8.a)	1,863,760	2,743,413
Unpaid matured deposits and interest accrued thereon (refer note C.8.a)	1,916,693	1,060,572
Deposits from service providers	4,896,883	4,967,440
Interest Accrued but not due on loans	576,190	621,506
Payable to statutory authorities	39,382,382	46,553,111
Advances from customers	19,978,683	3,054,901
Amounts due to consignment agents	8,590,779	14,108,858
Directors remuneration payable	20,201,516	3,898,072
Direct recourse under LC bills discounted	803,007,597	799,246,045
Other payables	17,526,675	22,283,379
	<u>1,170,074,383</u>	<u>1,133,604,048</u>
a. 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st March 2016 Rs.	As at 31st March, 2015 Rs.
C.9 Short term provisions		
Provision for employee benefits		
Gratuity (non funded)	9,085,888	6,145,362
Compensated absences (non funded)	3,172,133	2,737,621
Other employee benefits (refer note E.4)	29,042,646	3,240,357
Provision for taxes (net of taxes paid in advance)	34,302,316	10,351,742
Proposed dividend	-	40,964,248
Tax on dividend	-	8,339,502
	75,602,983	71,778,832

C.10 Fixed Asset - Tangible

(Amount in Rs.)

Description	Gross block					Depreciation						NET BLOCK	
	As at 1st April 2015	Additions	Exchange translations/ reserve adjustment	Sales/ Disposals	As at 31st March 2016	As at 1st April 2015	Charge for the Period	Transfer to Retained Earnings	Exchange translations	Recouped on Sale	Depreciation Up to 31st March 2016	As at 31st March 2016	As at 31st March 2015
Tangible assets													
Freehold Land	3,749,329	-	-	-	3,749,329	-	-	-	-	-	-	3,749,329	3,749,329
Lease hold land (refer note D.3 c)	197,105,344	-	246,393	-	197,351,737	12,683,130	2,829,539	-	111,256	-	15,623,925	181,727,812	184,422,214
Buildings	195,928,945	2,328,725	247,634	-	198,505,305	72,508,942	4,996,064	-	117,355	-	77,622,360	120,882,945	123,420,004
Plant and machinery	3,965,043,260	73,518,275	8,341,236	38,891,261	4,008,011,510	1,962,144,775	163,575,777	-	10,745,707	35,104,690	2,101,361,569	1,906,649,941	2,002,898,482
Wind operated generators	165,023,000	-	-	-	165,023,000	104,440,218	3,482,482	-	-	-	107,922,699	57,100,301	60,582,782
Computer equipments	10,723,420	1,152,000	-	2,521,224	9,354,196	10,008,392	978,003	-	-	2,518,703	8,467,692	886,504	1,360,104
Office equipments	17,658,743	1,771,044	52,668	332,710	19,149,745	12,454,083	2,039,320	-	18,929	315,671	14,196,662	4,953,083	6,371,645
Furniture and fixtures	10,602,281	-	879,438	-	11,481,720	7,601,736	868,200	-	3,229	-	8,473,165	3,008,555	1,971,226
Vehicles	16,112,873	2,956,980	-	1,126,930	17,942,923	10,789,222	2,242,600	-	-	1,065,453	11,966,369	5,976,554	4,540,910
Details of Assets used for R & D													
Plant and machinery	78,230,520	-	-	-	78,230,520	36,136,556	7,452,954	-	-	-	43,589,510	34,641,010	42,093,964
Furniture, fixtures and office equipments	8,592,258	-	-	-	8,592,258	6,697,644	520,164	-	-	-	7,217,808	1,374,450	1,894,614
Total	4,668,769,974	81,727,024	9,767,370	42,872,125	4,717,392,242	2,235,464,699	188,985,103	-	10,996,476	39,004,517	2,396,441,759	2,320,950,484	2,433,305,275
Previous year	4,366,619,553	484,781,382	(176,311,720)	6,319,241	4,668,769,974	2,062,067,590	178,261,102	34,502,203	(33,214,596)	6,151,599	2,235,464,699	2,433,305,275	2,304,551,963

*(Refer Note E 2)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st March 2016 Rs.	As at 31st March, 2015 Rs.
C.11 Non Current Investments		
<u>In equity instruments</u>		
<u>Quoted (At Cost)</u>		
Neyveli Lignite Corporation Ltd.	313,958	313,958
5,000 (5,000) equity shares of Rs. 10 each fully paid up		
Piramal Enterprises Limited	122,728	122,728
1,409 (1,409) equity shares of Rs. 2 each fully paid up		
Piramal Phytocare Limited	25,727	25,727
137(137) equity shares of Rs. 10 each fully paid-up		
Poddar Pigments Limited	-	-
600 (600) equity shares @ Rs.10 each fully paid-up		
Tata Power Limited	7,699	7,699
500 (500) equity shares of Rs.1 each		
Ultramarine & Pigments Limited	53,775,623	53,775,623
3,044,800 (3,044,800) equity shares of Rs. 2 each fully paid-up		
(A)	54,245,735	54,245,735
<u>Quoted (At realisable value)</u>		
Futuristic Offshore Services and Chemicals Ltd.	1,050	1,050
100 (100) equity shares @ Rs.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 @ Rs.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 @ Rs.10 each fully paid-up		
Less: Provision for diminution other than temporary	(106,445)	(106,445)
	9,150	9,150
(B)	13,250	13,250
<u>Unquoted (At Cost)</u>		
unquoted non trade investments		
Kamer Co-operative Housing Society Limited	250	250
5 (5) equity shares @ Rs.50 fully paid up		
Piramal Glass Limited	620	620
62 (62) equity shares of Rs. 10 each fully paid-up		
The Sarawat Co-operative Bank Ltd	20,000	20,000
200 (200) equity shares @ Rs. 100 each fully paid up		
(C)	20,870	20,870
(D) =	54,279,855	54,279,855
(A+B+C)		
Aggregate amount of Quoted Investments	54,258,985	54,258,985
Market value of Quoted Investments	333,219,332	155,991,539
Aggregate amount of Unquoted Investments	20,870	20,870
Aggregate provision for diminution in value of investments	154,634	154,634

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st March 2016 Rs.	As at 31st March, 2015 Rs.
C.12 Long-term loans and advances		
Unsecured and considered good		
Capital advances	13,503,517	-
Security deposits	10,191,052	8,978,038
Taxes paid in advance (Net of provision for tax)	<u>122,167,377</u>	<u>149,959,529</u>
	<u>145,861,946</u>	<u>158,937,567</u>
Unsecured and considered doubtful		
Security deposits	285,047	285,047
less: provision for doubtful deposits	<u>(285,047)</u>	<u>(285,047)</u>
	<u>-</u>	<u>-</u>
	<u>145,861,946</u>	<u>158,937,567</u>
C.13 Other non-current assets		
Unsecured and considered Good		
Other loans and advances	810,855	660,971
	<u>810,855</u>	<u>660,971</u>
C.14 Inventories		
(valued at lower of cost and net realizable value)		
Raw Materials	404,523,436	367,174,656
Work in Progress	48,463,331	101,880,921
Finished Goods	113,421,753	140,855,076
Excise duty paid in advance for goods with agents and depots	11,522,407	9,089,210
Stock of Trading items	2,106,797	3,400,677
Stores and Spares	101,668,222	110,964,655
Catalyst	236,345,102	239,186,223
Fuel	2,432,000	2,115,000
Packing Materials	<u>6,797,653</u>	<u>5,045,993</u>
	<u>927,280,701</u>	<u>979,712,411</u>
Note:		
a. Raw material includes material in transit Rs.976,115 (Previous Year Rs.NIL)		
b. Finished goods includes material in transit Rs.57,314,807 (Previous Year Rs.56,618,346)		
C.15 Trade receivables		
Unsecured Considered Good		
Debts outstanding for a period exceeding six months from due date	-	22,407,360
Other Debts	<u>1,293,509,209</u>	<u>1,495,663,731</u>
	<u>1,293,509,209</u>	<u>1,518,071,091</u>
Unsecured and considered doubtful		
Debts outstanding for a period exceeding six months from due date	23,428,833	17,083,945
less: provision for doubtful debts	<u>(23,428,833)</u>	<u>(17,083,945)</u>
	<u>-</u>	<u>-</u>
	<u>1,293,509,209</u>	<u>1,518,071,091</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st March 2016 Rs.	As at 31st March, 2015 Rs.
C.16 Cash and Bank balances		
a. <u>Cash and Cash Equivalents</u>		
Cash on hand	160,869	306,663
<u>Balance with Banks</u>		
In current accounts	10,215,453	7,621,947
	<u>10,376,322</u>	<u>7,928,610</u>
b. <u>Other Bank balances</u>		
Short-term bank deposits with maturity after 3 months but before 12 months	21,732,953	40,320,695
In Margin money account against letters of credit issued by banks	106,163,738	54,900,298
<u>Earmarked balances with banks</u>		
Unpaid Dividend	1,863,760	2,743,413
Unpaid Interest	22,927	32,782
	<u>140,159,700</u>	<u>105,925,798</u>
C.17 Short-term loans and advances		
Unsecured, Considered good		
Balance with customs and excise	2,367,368	28,010,262
Value added taxes claimable	58,757,741	25,647,225
Staff advances	2,718,060	3,029,013
	<u>63,843,169</u>	<u>56,686,500</u>
C.18 Other current assets		
Unsecured Considered Good		
Other loans and advances		
Advance to Suppliers	10,508,151	14,701,302
Assets held for disposal	12,802,972	12,802,972
Others	56,438,124	67,434,336
	<u>79,749,247</u>	<u>94,938,610</u>
	Year ended 31st March 2016 Rs.	Year ended 31st March 2015 Rs.
C.19 Revenue from Operations		
Sales		
Manufactured goods	10,162,223,141	11,609,405,224
Traded goods	1,170,204	1,380,376
Gross sales	10,163,393,345	11,610,785,600
Less: Excise duty recovered on sales	(790,979,446)	(956,445,886)
Net sales	9,372,413,899	10,654,339,714
<u>Other operating revenues:</u>		
Sales of power from wind operated generators	9,696,758	12,014,213
Income from letting out of storage facility	31,971,268	28,389,990
Duty drawback and Duty Entitlement Pass Book Benefits	14,780,146	8,844,810
Consortium fee	76,699	-
Export Incentive	6,732,215	2,807,923
Sale of scrap (net of taxes recovered)	6,050,029	16,189,407
	<u>9,441,721,014</u>	<u>10,722,586,057</u>
Details of products sold		
Organic and other chemicals	10,162,223,141	11,609,405,224
	<u>10,162,223,141</u>	<u>11,609,405,224</u>
Details of trading sales		
Organic and other trading chemicals	1,170,204	1,380,376
	<u>1,170,204</u>	<u>1,380,376</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	Year ended 31st March 2016 Rs.	Year ended 31st March 2015 Rs.
C.20 Other Income		
Interest Income (Gross)	18,471,434	29,315,231
(Tax Deducted at Sources Rs.3,207,985 (Previous Year Rs.4,663,933))		
Dividend Income from long term investments	19,864,688	7,743,010
Profit on sale of assets	199,721	
Profit on sale of Investments	-	600,000
Rent received	4,107,643	4,233,274
Sundry balances written back	60,438	10,213,046
Insurance claims received	1,393,666	17,998,008
Miscellaneous receipts	7,811,671	6,778,121
	51,909,261	76,880,690
C.21 Cost of Materials consumed		
Raw materials, process chemicals and catalyst consumed		
Stock at commencement	613,392,886	1,142,085,654
Add: Purchases	6,587,075,706	7,502,812,424
	7,200,468,592	8,644,898,078
Less: Sales	(5,294,563)	-
Less: Stock at close	(640,868,537)	(613,392,886)
	6,554,305,492	8,031,505,192
<u>Details of Raw Materials Consumed</u>		
Organic and other chemicals	6,554,305,492	8,031,505,192
	6,554,305,492	8,031,505,192
C.22 Purchases of stock in trade		
Traded goods		
Purchase of Organic and other chemicals	507,313	774,580
Purchase of machinery and spares	2,067,029	3,054,112
	2,574,342	3,828,692
C.23 Changes in stock		
Inventories at the end of the year		
Finished goods	113,421,753	140,855,076
Work in progress	48,463,331	101,880,921
<u>Stock of Trading items</u>		
Organic and other trading chemicals	39,768	155,896
Machinery and spares	2,067,029	3,244,781
	163,991,881	246,136,674
Inventories at the beginning of the year		
Finished Goods	140,855,076	588,402,814
Work in progress	101,880,921	155,206,582
<u>Stock of Trading items</u>		
Organic and other trading chemicals	155,896	508,683
Machinery and spares	3,244,781	190,669
	246,136,674	744,308,748
Excise duty on closing stock (net)	4,821,272	28,162,955
Changes in stock	77,323,521	470,009,119

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	Year ended 31st March 2016 Rs.	Year ended 31st March 2015 Rs.
C.24 Employees benefits expense		
Salaries, wages, bonus, etc (refer note E.4)	334,962,321	304,623,599
Whole Time Directors remuneration (refer note E.5)	50,512,387	22,282,332
Contribution to provident fund and other funds	18,152,544	21,391,083
Staff welfare expenses	14,536,201	12,129,966
	<u>418,163,453</u>	<u>360,426,980</u>
Provision for gratuity and leave encashment on actuarial basis based on the contractual terms of appointment of Directors is included in salaries, wages and bonus etc.,		
C.25 Finance costs		
Interest expense	146,875,576	290,543,207
Exchange loss on foreign currency loan	10,045,713	5,319,888
Interest on short fall on payment of advance tax	3,074,010	2,418,946
Other borrowing costs	70,553,592	48,805,812
	<u>230,548,891</u>	<u>347,087,853</u>
Interest expense includes interest on Letter of Credit discounts Rs.86,262,160 (Previous Year Rs.102,714,165)		
C.26 Other expenses		
Stores and spares consumed	73,265,254	70,994,375
Power and fuel	286,037,039	352,609,291
<u>Repairs to:</u>		
Machinery	102,741,434	111,799,197
Buildings	19,174,516	18,131,363
Others	5,981,640	4,487,969
Packing expenses and materials consumed	132,397,044	116,490,561
Freight and forwarding	493,803,478	427,964,283
Commission and brokerage	26,217,438	25,283,266
Rent (refer note D.3)	5,115,741	5,401,437
Rates and taxes	6,362,023	9,510,405
Insurance	16,548,605	16,497,195
Travelling and conveyance	28,873,906	30,002,214
Communication expenses	5,995,487	7,048,609
Research and development expenses	18,312,423	12,406,569
Payment to auditors (refer note C.27)	4,717,429	3,438,022
Expenses on Wind operated generators	3,817,362	3,061,610
Legal and professional charges	32,462,085	21,434,843
Commission to directors	6,901,516	2,247,150
Bad debts/ Sundry balance written off (net)	4,773,813	592,745
Provision for doubtful debts	9,793,665	10,698,167
Exchange loss on foreign currency transaction / translation (net)	66,018,121	140,701,753
Loss on sale of assets	-	151,372
Donation (refer note E.3)	6,130,000	3,300,000
Cash discounts and rebates	39,335,485	26,187,231
Miscellaneous expenses	78,597,652	55,937,053
(Includes previous year expenditure/(Income) Rs.(1,29,275) (Previous Year Rs.78,634)		
	<u>1,473,373,156</u>	<u>1,476,376,680</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	Year ended 31st March 2016 Rs.	Year ended 31st March 2015 Rs.
C.27 Payment to Auditors		
<u>Particulars</u>		
Audit fees	3,527,429	2,278,022
Others	1,190,000	1,160,000
	4,717,429	3,438,022

C.28 Commitments and contingent liabilities	2015-16	2014-15
(A) Commitments/contingent liabilities		
(i) Estimated amount of contracts to be executed on capital account and not provided for	54,857,339	-
Against which advances paid	13,503,517	-
(ii) Guarantees issued by Banks on behalf of Company	152,606,239	41,200
(iii) Bond in favor of excise authorities	2,056,480	160,000
(iv) Corporate Guarantee issued to a bank on behalf of subsidiary	552,640,000	533,446,809
(B) Claims against the Company not acknowledged as debts in respect of following items:		
(i) 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 Rs.8,448,007 (Previous year Rs. 8,448,007). 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.		
(ii) No provision has been made in respect of disputed demands from Income-tax Authorities to the extent of Rs. 51,052,250 (Previous Year Rs. 12,114,057) 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 Rs.30,627,270. (Previous Year Rs.10,566,447).		
(iii) Other claims against the company not acknowledged as debts: Rs.46,433,000 (Previous Year NIL)		
(C) <u>Other Commitments:</u>		
The company has been allotted a plot in 2011 in Dahej by Gujarat Industrial Development Corporation for setting up a manufacturing facility. In terms of the said allotment the company has paid the consideration and possession letter for land has been obtained in April 2015. The company is obligated to set up a manufacturing facility within the specified period as per the terms and conditions of allotment, failing which penalty as per agreement is payable.		

C.29 Capital work in progress includes following expenses:

	2015-16	2014-15
Salaries, wages, bonus etc.,	1,510,919	3,135,627

D. Disclosure in accordance with Accounting Standards as notified by the Companies (Accounts) Rules, 2014
D 1. 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 Chemical 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 as 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	31.03.2016	31.03.2015	
1. REVENUE			
<u>EXTERNAL REVENUE</u>			
Chemical products and its intermediaries	9,432,024,257	10,710,571,844	
Power Generation (Wind operated generators)	<u>9,696,758</u>	<u>12,014,213</u>	
Total	9,441,721,015	10,722,586,057	
2. RESULT			
Profit / (Loss) before interest and corporate expenses but after depreciation			
Chemical products and its intermediaries	738,172,173	235,930,618	
Power Generation (Wind operated generators)	<u>2,396,915</u>	<u>5,470,122</u>	
Total	740,569,088	241,400,740	
LESS:			
Interest	(230,548,891)	(347,087,853)	
Unallocated (Expenses) / Income (net) and Corporate expenses	38,336,121	37,658,241	
Provision for current Tax	(236,477,642)	(69,110,823)	
Deferred Tax	14,177,897	17,726,010	
Adjustment for earlier year tax	<u>(4,536,419)</u>	<u>(17,833,541)</u>	
NET PROFIT	321,520,153	(137,247,225)	
<u>OTHER INFORMATION</u>			
3. SEGMENT ASSETS			
Chemical Products and its intermediaries	4,885,216,670	5,137,922,161	
Power Generation (Wind operated generators)	66,503,051	67,596,178	
Unallocated / Corporate	<u>251,802,326</u>	<u>262,579,774</u>	
Total	5,203,522,047	5,468,098,113	
4. SEGMENT LIABILITIES			
Chemical Products and its intermediaries	1,881,510,753	1,855,802,563	
Power Generation (Wind operated generators)	-	-	
Unallocated / Corporate	<u>1,134,690,273</u>	<u>1,681,298,876</u>	
Total	3,016,201,026	3,537,101,439	
5. CAPITAL EMPLOYED (including capital work in progress)			
Chemical Products and its intermediaries	3,003,705,918	3,282,119,599	
Power Generation (Wind operated generators)	66,503,051	67,596,178	
Unallocated / Corporate	<u>(882,887,946)</u>	<u>(1,418,719,101)</u>	
Total	2,187,321,023	1,930,996,676	
6. CAPITAL EXPENDITURE (including capital work in progress)			
Chemical Products and its intermediaries	81,727,024	369,215,951	
Power Generation (Wind operated Generators)	-	-	
Unallocated / Corporate	-	-	
Total	81,727,024	369,215,951	
7. DEPRECIATION			
Chemical Products and its intermediaries	185,502,621	174,778,621	
Power Generation (Wind operated Generators)	3,482,482	3,482,481	
Unallocated / Corporate	-	-	
Total	188,985,103	178,261,102	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
D.2 Accounting Standard (AS-18) “Related party disclosures “ :
Enterprise over which the Key Managerial Personnel and their relatives are able to exercise significant influence

Ultramarine and Pigments Ltd. (UPL)

Thirumalai Charity Trust (TCT)

Managerial Personnel

R.Parthasarathy (Managing Director)

Ramya Bharathram (Whole Time Director with effect from 03.11.2014)

P. Mohanachandra Nair (Executive Director with effect from 28.10.2015)

Key Managerial Personnel

N Nambirajan (CFO) Upto 08.08.2015

P Krishnamoorthy (CFO) with effect from 28.10.2015

T Rajagopalan (CS)

Relatives of Directors

S.Varadharajan

S. Narayan

Details of transactions with above parties

Particulars	Year	Enterprise over which the Key Managerial Personnel and their relatives are able to exercise significant influence		Directors / Relatives / Key Managerial Personnel					Total
		Ultramarine and Pigments Ltd	Thirumalai Charity Trust	Mr. R. Parthasarathy	Mrs.Ramya Bharathram	Mr. PMC Nair *	Key Managerial Personnel Other than Directors	Directors and Relatives of Directors	
Remuneration to Key Managerial Personnel	2015-16	-	-	28,896,917	10,232,000	2,278,994	5,394,000		46,801,911
	2014-15	-	-	9,761,871	3,891,013		5,310,169		18,963,053
Purchase of Goods	2015-16	42,194	39,755						81,949
	2014-15	34,546	-						34,546
Sale of Goods	2015-16	-	789						789
	2014-15	-	-						0
Rendering of Services	2015-16	4,487,386	-	12,000					4,499,386
	2014-15	4,462,302	-	12,000					4,474,302
Receiving of Services	2015-16	-	135,548						135,548
	2014-15	-	334,517						334,517
Guarantee Commission	2015-16	-	-						0
	2014-15	-	-						0
Donation given	2015-16	-	6,000,000						6,000,000
	2014-15	-	3,000,000						3,000,000
Outstanding Receivables	2015-16	384,300	-						384,300
	2014-15	341,099	-						341,099
Interest Expenses on Deposits Taken	2015-16	-	-					-	0
	2014-15	-	-					3,709,501	3,709,501
Deposits Paid	2015-16	-	-						0
	2014-15	-	-					32,360,000	32,360,000
Interest Income on Loan Given	2015-16	-	-						0
	2014-15	-	-						0
Guarantee Given	2015-16	-	-						0
	2014-15	-	-						0
Outstanding Deposits Payable	2015-16	1,400,000	-					-	1,400,000
	2014-15	1,400,000	-					-	1,400,000

* refer note E.5

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Remuneration paid to relative of Directors	2015-16 Rs.	2014-15 Rs.
Ms.Ramya Bharathram	-	1,598,662
Mr.S.Varadharajan	2,199,528	2,202,528
Mr.S.Narayan	1,819,946	1,799,646
	<u>4,019,474</u>	<u>5,600,836</u>

D.3 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 Rs. 2,525,739 (Previous Year Rs. 2,831,828). The said lease is cancelable at the option of the lessee at three months notice. The deposit paid in respect of the same is Rs. 1,680,255 (Previous Year Rs.1,680,255).
- 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 Rs. 1,400,000 (Previous Year Rs. 1,400,000) Lease rent received during the year and accounted as income is Rs.3,832,433 (Previous Year Rs. 3,942,629).
- c) The company has entered into an 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.(Refer Note C.28-(c))

D.4 Accounting Standard (AS-20) "Earnings per share" :

The Basic and Diluted EPS is calculated as under:

Particulars	2015-2016 Rs.	2014-15 Rs.
Profit attributable to Equity Shareholders (Rs.)	321,520,153	(137,247,225)
No. of equity shares (of Rs.10 each)	10,238,812	10,238,812
Earnings Per Share	31.40	(13.40)

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

Open foreign exchange exposures:

- (a) Exposure on Assets and Liabilities

Particulars		2015-2016		2014-2015	
		Foreign Currency	Rs.	Foreign Currency	Rs.
Export Receivables	USD	8,135,362	536,764,784	6,804,657	422,228,940
Loans	USD	6,812,881	447,470,048	6,812,881	422,739,288
Other Receivables	VARIOUS	2,131,604	140,159,865	2,436,044	153,171,991
TOTAL		<u>17,079,846</u>	<u>1,124,394,697</u>	<u>16,053,582</u>	<u>998,140,219</u>
Import Payables	USD	2,610,292	173,188,764	3,803,070	238,490,630
Loans	USD	16,387,881	1,087,184,970	17,437,881	1,093,006,381
Other Payables	VARIOUS	2,834,823	188,169,485	-	-
TOTAL		<u>21,832,996</u>	<u>1,448,543,219</u>	<u>21,240,951</u>	<u>1,331,497,011</u>

- (b) Guarantee given

Particulars	2015-2016		2014-2015	
	Foreign Currency	Rs.	Foreign Currency	Rs.
Guarantee Given to banks on behalf of step down subsidiary (in Malaysian Ringgit)	32,000,000	552,640,000	32,000,000	533,446,809
TOTAL	<u>32,000,000</u>	<u>552,640,000</u>	<u>32,000,000</u>	<u>533,446,809</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
E.2 Effect due to change in depreciation as per Schedule II to the Companies Act, 2013

The company had during previous year provided depreciation on fixed assets based on estimated life and realisable value as prescribed in Schedule II of the Companies Act, 2013, except on few assets, where different life has been estimated based on technical advice (Refer note B.IV).

Following provisions of Schedule II, an amount of Rs. NIL (Previous Year Rs. 51,681,001) was determined as carrying amount of assets on 1st April 2014 where remaining useful life of asset is Nil, and after retaining Rs. NIL (Previous year Rs 17,178,798) towards residual value, an amount of Rs. NIL ((Previous year Rs. 22,774,904 (Net of tax of Rs.11,727,299)) has been adjusted in the opening balance of the retained earnings.

Had not there been any change in useful life of assets prescribed by statutes, depreciation for the year would have been higher by Rs.NIL (Previous Year Rs.514 Lakhs.)

E.3 Corporate Social Responsibility (CSR)

	2015-16	2014-15
(a) Gross amount required to be spent by the company during the year	4,483,640	3,620,730
(b) Amount spent during the year on:		
(i) in cash		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	6,000,000	3,000,000
(i) Yet to be paid in cash	Nil	Nil
(c) Details of related party transactions with regard to CSR contribution		
Name of the related party to which CSR contribution was paid	Thirumalai Charity Trust	Thirumalai Charity Trust
(d) Whether any provision made based on contractual obligation to undertake CSR activity	No	No

E.4 Provision for performance related variable pay

During the year the Company has paid / provided an amount of Rs.35,404,849/- as performance related variable pay. The same includes Rs.12,204,849/- related to FY 2014-15 which is paid. The Company has estimated and made a provision of Rs.23,200,000/- towards the same for FY 2015-16, pending performance appraisals.

E.5 Appointment of Executive Director

Mr. P. Mohanachandra Nair has been appointed as an Executive Director with effect from 28th October 2015. Remuneration of Rs.2,278,994/-, paid or payable to him is subject to Shareholders' approval in the ensuing annual general meeting.

E.6. Acquisition of a step down wholly owned subsidiary

During the year the Company's wholly owned subsidiary acquired 100% interest in Lapiz Europe Limited. Details of the same are as under:

Date of Acquisition : 1st November 2015	(Rs.)
Assets acquired	60,698
Total purchase consideration	32,740
Excess of assets acquired over purchase consideration treated as capital reserve	27,958
Purchase consideration discharged by means of cash and cash equivalents	27,958

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016
E. 7 Additional information on subsidiaries

Name of the entity	2015-16			
	Net asset i.e, total assets minus total liabilities		Share in profit or loss	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
a) Parent subsidiary Indian: Thirumalai Chemicals Limited	84.06%	1,838,600,927	132.89%	427,282,376
b) Foreign subsidiary:				
Tarderiv International Pte Ltd	2.55%	55,698,598	2.88%	9,250,596
Lapiz Europe Limited	0.00%	(104,631)	-0.05%	(153,558)
Cheminvest Pte Ltd	-0.76%	(16,710,425)	-1.20%	(3,857,745)
Optimistic Organic Sdn Bhd	14.15%	309,836,551	-34.52%	(111,001,515)
Total	100.00%	2,187,321,020	100.00%	321,520,153
				2014-15
Parent Subsidiary Indian Thirumalai Chemicals Limited	78.19%	1,509,810,655	103.5%	142,039,197
Foreign				
Tarderiv International Pte Ltd	0.04%	698,711	6.9%	9,440,051
Cheminvest Pte Ltd	-0.01%	(193,129)	-0.2%	(323,638)
Optimistic Organic Sdn Bhd	21.78%	420,680,437	-210.2%	(288,402,835)
Total	100.00%	1,930,996,674	100.0%	(137,247,225)

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 & on behalf of**

**CNK & ASSOCIATES LLP
CHARTERED ACCOUNTANTS**

**H. V. KISHNADWALA
PARTNER**

MUMBAI, 14TH MAY, 2016

For and on behalf of the Board of Directors

**R. PARTHASARATHY
MANAGING DIRECTOR
(DIN : 00092172)**

**P. KRISHNAMOORTHY
CHIEF FINANCIAL OFFICER**

CHENNAI, 14TH MAY, 2016

**R. RAVISHANKAR
INDEPENDENT DIRECTOR
(DIN : 01224361)**

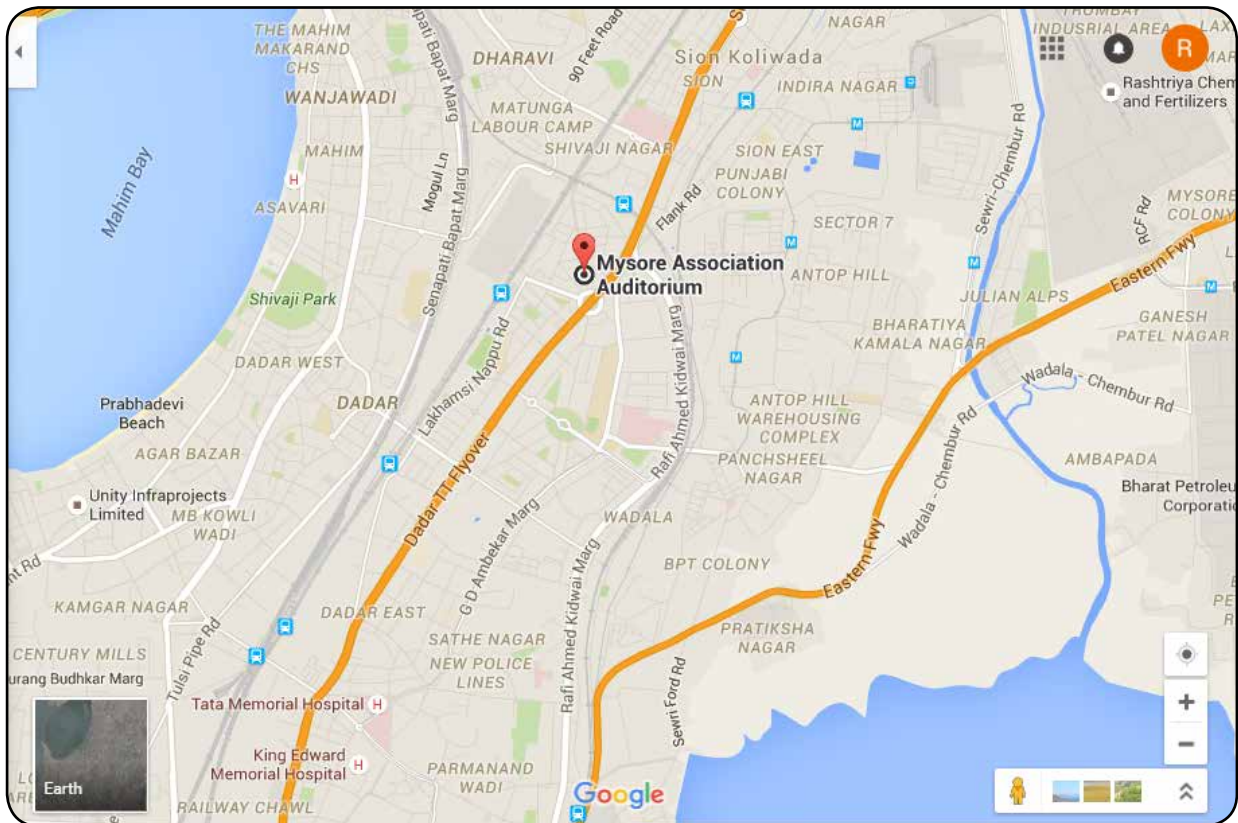
**T. RAJAGOPALAN
COMPANY SECRETARY**

FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

Particulars	15-16	14-15	13-14	12-13	11-12	10-11	09-10	08-09	07-08	06-07
Share Capital	1024	1024	1024	1024	1024	1024	1024	1024	1024	1024
Reserves & Surplus	17362	14074	13214	12770	10629	9516	7661	7500	12100	10631
Networth	18386	15098	14238	13794	11653	10540	8685	8524	13124	11655
Fixed Assets(net)	7678	7474	8016	9283	10317	10255	11111	12295	12145	10689
Sales/Other Income	79211	94168	105065	115572	91130	77843	63253	48405	58430	54749
Gross Profit/(loss)	9155	5965	6107	10912	7199	7019	7033	(4061)	7190	5963
Interest/Finance Charges	2097	3311	4542	5202	5237	1751	1994	1703	1387	1019
Depreciation	657	701	1221	1287	1381	1339	1236	1223	1125	1090
Current Tax	2381	548	260	1884	346	511	665	12	1825	1459
Deferred Tax	253	15	273	236	244	710	1203	(2405)	(197)	(185)
Net Profit/(Loss)	4273	1420	357	2775	478	1855	2586	(4600)	2667	2531
Dividend (incl.tax)	1232	493	-	894	-	-	597	-	1198	1078
DIVIDEND (%)	100	40	-	75	-	-	50	-	100	90
EARNING PER SHARE (Rs.)	41.73	13.87	3.48	27.10	4.67	18.12	25.26	(44.93)	26.05	24.72

Route Map to the Venue of Forty Third AGM





THIRUMALAI CHEMICALS LTD.

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

Forty Third Annual General Meeting on July 29, 2016

FORM NO. MGT - 11

PROXY FORM

[Pursuant to section 105 (6) of the Companies Act, 2014 and rule 19(3) of the Companies (Management and Administration) Rules, 2015]

CIN : L24100MH1972PLC016149	Registered office :Thirumalai House, Road No.29, Near Sion Hill Fort, Sion(E), Mumbai - 400 022.
Name of the Company :Thirumalai Chemicals Ltd.	

Name of the member (s):		
Registered address :		
E-mail ID:	Folio No / Client ID:	DP ID:

I / We, being the member (s) of the above named Company, holding _____ shares, hereby appoint

1. Name: Address : E-mail ID: Signature : _____ ,or failing him	2. Name: Address : E-mail ID: Signature : _____ ,or failing him
--	--

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 43rd Annual General meeting of the Company, to be held on the July 29, 2016 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 in respect of such resolutions as are indicated below:

Resolution No.

1. Adoption of Annual Accounts as on March 31, 2016.
2. Reappointment of Mr. S. Santhanam, Director who retires by rotation.
3. Appointment of Auditors for a term of five years from the financial year 2016-2017 and fix their remuneration.
4. Appointment of Mr. R. Parthasarathy (DIN: 00092172) as a Director of the Company.
5. Appointment of Mr. P. Mohanachandra Nair (DIN 07326079) as a Whole-time Director of the Company.
6. Appointment of Mr. R. Parthasarathy (DIN: 00092172) as Chairman and Managing Director of the Company from 01.08.2016 for a period of three years as Special Resolution.
7. To ratify the remuneration of Cost Auditor for Financial Year 2016-17.

Signed this _____ day of _____ 20_____

Signature of shareholder

Signature of Proxy holder (s)

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



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

Forty Third Annual General Meeting on July 29, 2016

ATTENDANCE SLIP

Registered Folio No./ DP ID/Client ID	
Name and address of the Member(s)	
Joint Holder 1	
Joint Holder 2	

I/We hereby record my/our presence at the 43rd Annual General meeting of the Company held on July 29, 2016 at 3.00 p.m. at The Mysore Association Auditorium, Mysore Association, 393, Bhaudaji Road, Matunga - (C.Rly), Mumbai - 400 019.

Member's/Proxy's name in Block Letters

Member's/Proxy's Signature

Please hand it over at the Attendance Verification Counter at the entrance of the meeting hall.



The Akshaya Vidya Trust

The Akshaya Vidya Trust

Vedavalli Vidyalaya Senior Secondary School, Walaja (CBSE) 1994

Vedavalli Higher Secondary School, Walaja (State Board) 1999

Vedavalli Vidyalaya Nursery & Primary & Senior Secondary School,
Ranipet (CBSE) 2003

Two decades in Education

For over 20 years, the Akshaya Vidya Trust has ensured a happy learning environment for children through the three Vedavalli Vidyalaya Schools at Walajapet and Ranipet. With Theme-based learning in KG, Activity-based learning in Primary and Middle, and seminars and presentations in High school, students at Vedavalli are taken through a well-connected, holistic curriculum.

Our academics are supplemented by co-scholastic programmes; teachers are encouraged to innovate activities to motivate students to learn. Class libraries were introduced nearly immediately after the inception of the school to encourage children to read different books. To ensure that students are exposed to different professions, our alumni address the students during assembly on career options. The students from Classes 9-12 also go through a career guidance programme which gives them a comprehensive report on their aptitude versus their interest. This year some of our alumni addressed the parents on the different opportunities available.

New programmes which inculcate creative thinking and skill development in students are introduced every year. Programmes are started keeping in mind the different abilities and interests of the children. This year, we had special weeks which focused on Fun with Math, Traditional games (gilli, pallanguzhi, lagori and others), Tamil Week and Performing Arts. Guest speakers are invited to these special weeks to address and interact with the children. Integrated methods of learning have always been a part of teaching at Vedavalli. This year we had a whole month dedicated to integrated learning for classes 4-8. Some mixed age groups were also created to ensure peer learning.

Our Schools are equipped with Science, Math and English labs. We have equipped the English Lab with a TV and headphones with a range of cds, reading cards, books and games to enhance Listening, Reading and Writing skills. Additional activities in Math lab have been added. Every class from KG - Class 12 goes on a short trip to get exposure to how things work. Weaving units, agricultural land, brick kiln, factory visits are some places the middle and high school students are taken to. Students with difficulties are addressed by an inhouse counselor. Our students are taught about health and physical fitness. Athletics and sports are as important as academics. Students are trained for district and cluster sport events.

Teaching isn't bound to the four walls of the class as we understand that children learn in different ways. Our teachers too are sent for workshops and seminars to update themselves in methodology and content. There is a Teacher Training Programme offered at Vedavalli in which our trainees are taught well-tested methodologies, class-room delivery, content up gradation and communication. In the course of our efforts to give a good education to children, we are proud to have developed some excellent teachers.

For more information & details, please visit www.vedavallividyalaya.org





Thirumalai Charity Trust

Ranipet



On a foundation of more than 3 decades of service to the rural community, the Thirumalai Charity Trust setup the Thirumalai Mission Hospital in 2010.

Our hospital was started to create a relevant model of healthcare by integrating the community and hospital services. Our approach includes quality healthcare with care and compassion for all, patient and family education on the disease and its complications, and a thoughtful follow up system.



Starting with two floors of in-patient and out-patient services, and one medical officer, we have now expanded to four floors with many departments. We have a team of twelve well qualified, experienced consultants in general medicine, emergency care, intensive medical care, general surgery, obstetrics and gynaecology, paediatrics, orthopaedics, ENT, dentistry and de-addiction departments.



We reach out to 1,20,000 people in 35,000 families in 315 villages and 50 panchayats in Vellore district of Tamilnadu. Our community programmes are strengthened by providing access to hospital services; exceptional problems in maternal and child health, and conditions such as diabetes, hypertension, osteoporosis, cancer in women, arthritis and alcoholism get the needed attention with education, identification, counseling, and referral and follow up. Nearly 75,000 beneficiaries have been served in 2015-16.



In the hospital, we have treated over 25,000 patients in out-patient services and 550 patients as inpatients. We have expanded our hospital to include a new Emergency Wing with an Intensive Medical Care facility. We are pioneering research for certain conditions. Our E.N.T. service is now upgraded with a unique audio lab facility.



We have screened more than 6000 women for cervical and breast cancer and 4000 people for osteoporosis. Each of the departments offers camp services for the rural people. These services are offered completely free. Those identified with problems are carefully monitored and given suitable cost effective treatment.

We are continuously expanding our building, programmes and personnel. We are also reaching out to people who want to be involved in our efforts to serve the community. We are fortunate to have the ongoing support of many companies such as yours, and of foundations and individuals.

For more information and details, please visit:
www.thirumalaicharitytrust.org / www.thirumalaimissionhospital.org