


A new decade ...

A new dynamism



37th
Annual Report
2009 - 2010

 Thirumalai
Chemicals Ltd.

Board of Directors

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

Company Secretary & Legal Head

Ms.Rita Malgaonkar

Bankers

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

Auditors

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

Registered Office

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

Registrar & Share Transfer Agents

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

Factory

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

37th Annual General Meeting

Date & Time

Monday, August 9, 2010

Venue

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

Dividend declared 50%

Dividend eligibility

For : Regd. Member
Physical Shares : As on August 9, 2010
Demat Shares : As at the close of Business
hours as on July 26, 2010, a
per the list of beneficial
ownership furnished by the
Depositors

Book closure

Tuesday, 27th July, 2010 to Monday, 9th August,
2010 (both days inclusive)

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

NOTICE

NOTICE is hereby given that the **THIRTY SEVENTH 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 Monday, August 9, 2010 at 4.00 p.m to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended March 31, 2010 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr.Pradeep Rathi, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr.A.Janakiraman, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr.P.Shankar, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint Auditors for the current year and fix their remuneration.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

'RESOLVED, in modification of Resolution passed at the Annual General Meeting held on July 16, 2007, that pursuant to Sections 198,269,309, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the Company hereby accords its approval to the appointment of Mr.S.Sridhar as Chairman and Managing Director of the Company for a revised period of three years from August 1, 2007 to 31st July, 2010 upon the same terms and conditions with respect to remuneration as set out in the draft letter of appointment submitted to the meeting and initialled by the Chairman for the purpose of identification thereof.

RESOLVED FURTHER THAT since the aforesaid appointment for the revised period of three years ends on 31st July, 2010, that pursuant to Sections 198,269,309,Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the Company hereby approves the re-appointment and remuneration of Mr.S.Sridhar as Chairman and Managing Director of the Company for a fresh period of three years from August 1, 2010 to 31st July, 2013 upon the terms and conditions as set out in the draft letter of appointment submitted to the meeting and initialled by the Chairman for the purpose of identification thereof and Mr.S.Sridhar may be paid the following remuneration:

- i) Salary per month Rs.4 Lakhs (with annual increments of Rs.1 Lakh in April of each year)
- ii) Commission of 3 % of net profits of the Company as computed under Section 309 of the Companies Act, 1956.

RESOLVED FURTHER THAT

- a) In addition to the above remuneration, Mr.S.Sridhar shall be entitled to 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 Rs. 30 lakhs per annum, with annual increase of Rs.6 Lakhs every year in the scale/range of Rs.30 Lakhs-Rs.6 Lakhs-Rs.42 Lakhs.
- b) Company's contribution to Provident fund and Superannuation Fund or payments made in lieu of such contributions, Gratuity payment and encashment of leave at the end of the tenure shall not be included in the computation of limits for remuneration or perquisites as aforesaid and Mr.S.Sridhar shall be entitled to the same.

RESOLVED FURTHER that in the event of loss or inadequacy of profits in any financial year, the Company do pay to Mr. S. Sridhar upto such amount as remuneration as may be permissible under Section II of part II to schedule XIII to the Companies Act, 1956 as minimum remuneration.

- 8) To consider and if thought fit, to pass with or without modifications, the following resolution as a Special resolution:

'RESOLVED, in modification of Resolution passed at the Annual General Meeting held on July 16, 2007, that pursuant to Sections 198,269,309, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the Company hereby accords its approval to the appointment of R.Parthasarathy as Vice-Chairman and Managing Director of the Company for a revised period of three years from August 1, 2007 to 31st July, 2010 upon the same terms and conditions with respect to remuneration as set out in the draft letter of appointment submitted to the meeting and initialled by the Chairman for the purpose of identification thereof.

RESOLVED FURTHER THAT since the aforesaid appointment for the revised period of three years ends on 31st July, 2010, that pursuant to Sections 198,269,309, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the Company hereby approves the re-appointment and remuneration of Mr. R.Parthasarathy as Vice- Chairman and Managing Director of the Company for a fresh period of three years from August 1, 2010 to 31st July, 2013 upon the terms and conditions as set out in the draft letter of appointment submitted to the meeting and initialled by the Chairman for the purpose of identification thereof, and Mr. R.Parthasarathy may be paid the following remuneration :

- i) Salary per month Rs.4 Lakhs (with annual increments of Rs.1 Lakh in April of each year)
- ii) Commission of 3 % of net profits of the Company as computed under Section 309 of the Companies Act, 1956.

RESOLVED FURTHER THAT

- a) In addition to the above remuneration, Mr.R.Parthasarathy shall be entitled to 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 Rs.30 Lakhs per annum in the first year ended March 2011, with annual increase of Rs.6 Lakhs every year in the scale/range of Rs.30 Lakhs-Rs.6 Lakhs-Rs.42 Lakhs.
- b) Company's contribution to Provident fund and Superannuation Fund or payments made in lieu of such contributions, Gratuity payment and encashment of leave at the end of the tenure, shall not be included in the computation of limits for remuneration or perquisites as aforesaid and Mr.R.Parthasarathy shall be entitled to the same.

RESOLVED FURTHER that in the event of loss or inadequacy of profit in any financial year, the company do pay to Mr. R. Parthasarathy upto such amount as remuneration as may be permissible under Section II of Part II to Schedule XIII to the Companies Act, 1956 as minimum remuneration.

By Order of the Board of Directors

Registered Office

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

21st May, 2010

Rita Malgaonkar

Company Secretary & Legal Head

NOTES

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- b) The proxy form duly completed and signed should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.
- c) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, July 27, 2010 to Monday, August 9, 2010 (both days inclusive) for determining the names of members eligible for dividend, if approved. In respect of shares held in Electronic form, the dividend will be paid to those shareholders whose names are furnished at the close of Business hours on Monday, July 26 ,2010 as Beneficial owners by National Securities Depository Limited & Central Depository Service Limited

d) Reappointment of retiring Directors:

Mr. Pradeep Rathi, Mr.A.Janakiraman and Mr.P.Shankar, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Pradeep Rathi, 57 years a reputed businessman with vast knowledge and experience in the Chemical Industry, is the Director of Sudarshan Chemical Industries Ltd., as also other Public Companies like Prescient Colour Ltd., Rathi Brothers Poona Ltd., Rathi Brothers Calcutta Ltd., Rathi Brothers Madras Ltd., Rathi Brothers Delhi Ltd., Reico Industries Ltd., Lahoti Oversea Ltd., Sanghavi Movers Ltd., Finolex Cables Ltd. Mr. Rathi, is an active participant in various Trade and Industry Association's activities and meetings. Mr. Rathi has been the Director of the Company since May 04, 2004. He does not hold any shares of the Company.

Mr. Janakiraman, 66 years, is B.Sc (Chemistry), B.Tech (Chem-Engg), I.I.T and has wide experience in the area of Petrochemicals. He retired as President – New Business (Petroleum) Reliance Industries Ltd. in January, 2010. He has worked in various capacities with Indian Oil Corporation, Herdilla Chemicals Ltd, Herdilla Polymers Ltd, Pasumai Irrigations Ltd, Chemplast Sanmar Ltd. He does not hold any shares of the Company.

Shri. P. Shankar, 67 years retired as Central Vigilance Commissioner of India in September 2006. He joined the Indian Administrative Service in 1966 after acquiring a post-graduate degree in Economics from Vivekanand College of the erstwhile Madras University. In the course of a distinguished career he served as the Chief Secretary of Tamil Nadu (2001 - 02) and as Secretary to Government of India in the Departments/Ministries of Heavy Industry; Sugar; Food and Public Distribution and Petroleum. He has rich experience in the field of Industrial Management and administration. His tenure as Chairman and Managing Director of Tamil Nadu Industrial Infrastructure Development Corporation saw the setting up of the Perundurai and Ghanoikondan Industrial areas and the Tirupur Infrastructure Development Initiative. He does not hold any shares of the Company.

- e) Members are requested to notify immediately any change in their addresses and/or Bank Mandate details to the Company's Registrar and Share Transfer Agent for shares held in physical form and to their respective Depository Participants (DP) for shares held in Electronic form.
- f) Members desiring any clarification on accounts are requested to write to the Company at an early date so as to enable the Company to keep the information ready.
- g) An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to special business set out in item nos. 7 & 8 to be transacted at the meeting annexed here to.
- h) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, all dividends for the financial year ended 31.03.1996, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Likewise, 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 also need to be transferred to the Investor Education and Protection Fund.
- Accordingly, amounts have been transferred to the Investor Education and Protection fund from time to time. 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.
- Persons who have not encashed their Fixed Deposits repayment/interest warrants/dividend warrants are requested to approach the Company for obtaining the duplicate warrants before the balance in the respective account gets transferred to the Investor Education and Protection Fund.
- i) The Equity shares of the Company are mandated for trading in the compulsory demat mode. The ISIN No. allotted for the Company's shares is INE338A01016.
- j) Member(s) wanting to nominate a person on whom the Shares will vest in the event of death of the holder(s) are requested to use the prescribed Form-2B and forward to the Company's Registrars.
- k) Member/Proxy are requested to bring attendance-Slip along with their copy of Annual Report to the meeting.

By Order of the Board of Directors

Registered Office

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

21st May, 2010

Rita Malgaonkar

Company Secretary & Legal Head

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 7 & 8**

Mr. S. Sridhar and Mr. R. Parthasarathy were appointed as Chairman & Managing Director and Vice-Chairman and Managing Director of the Company respectively for a period of five Years effective from August 1, 2007 as per the terms and conditions approved by the Shareholders at the 34th Annual General Meeting held on July 16, 2007.

Mr. S. Sridhar and Mr. R. Parthasarathy have been associated with the Company for about 35 Years. Mr. S. Sridhar, the present Chairman & Managing Director is a Science Graduate and a Chartered Accountant. Mr. R. Parthasarathy is B.Tech., M.S. (Wisconsin, USA). Both have over 35 years of experience in the Petrochemical Industry. Under their able stewardship, the Company has been able to grow the business, overcome lean phases in last few years and emerge stronger. Also, the Company has successfully commissioned several new projects. The Company has made significant progress under the Managing Directorships of Mr. S. Sridhar and Mr. R. Parthasarathy.

The Managing Directors shall report to the Board of Directors and shall devote wholetime and attention to the business of the Company. They shall perform such of the functions as may from time to time be entrusted to them by the Board. All their acts shall be subject to the supervision and control of the Board of Directors. During their term as Managing Directors with the Company, they shall not be employed as Managing Director / Wholetime Director in any other Company. The Managing Directors shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

As per the Corporate Governance requirement followed by the Company, the Audit and Remuneration Committee of the Board of Directors comprising of Independent Directors have recommended the appointment of Mr. S. Sridhar as Chairman and Managing Director and Mr. R. Parthasarathy as Vice-Chairman and Managing Director for a revised period of 3 years with effect from August 1, 2007 to July 31, 2010 upon the same terms and conditions with respect to remuneration.

Since the aforesaid appointment for the revised period of three years ends on July 31, 2010, the Audit and Remuneration Committee of the Board of Directors further recommends the re-appointment and remuneration of Mr. S. Sridhar as Chairman and Managing Director and Mr. R. Parthasarathy as Vice-Chairman and Managing Director of the Company for a fresh period of three years from August 1, 2010 to July 31, 2013 and pay them the remuneration as is proposed in the resolution.

The Board is of the opinion that the reappointment of Mr. S. Sridhar as Chairman & Managing Director and of Mr. R. Parthasarathy as Vice-Chairman & Managing Director for a fresh period of 3 years effective from August 1, 2010 and the payment of remuneration as stated in the resolution would be in the interest of the Company.

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

The draft letters of appointment referred to in the resolution are open for inspection by the members of the Company at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on any working day until the day of Annual General Meeting or any adjournment thereof.

Mr. S. Sridhar is a relative of Mr. S. Santhanam, Director of the Company, who may be deemed to be interested in the resolution relating to the reappointment of Mr. S. Sridhar as Chairman & Managing Director. None of the other Directors of the Company except Mr. S. Sridhar and Mr. R. Parthasarathy are in any way concerned or interested in the resolutions.

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

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

The Board recommends the Special Resolutions at items 7 and 8 of the Notice for your approval.

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

By Order of the Board of Directors

Registered Office

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

Rita Malgaonkar

Company Secretary & Legal Head

21st May, 2010

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

I. General Information

- (1) **Nature of Industry:** Company is into manufacture of Phthalic Anhydride, Maleic Anhydride, food acids and esters.
- (2) **Date or expected date of commencement of commercial production:** The Company commenced operations in the year 1974.
- (3) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable.
- (4) **Financial performance based on given indicators:** The financial performance of the Company is mentioned in the Director's Report.
- (5) **Export performance and net foreign exchange collaborations:** The FOB value of exports during the year 2009-2010 is Rs.6417 lakhs and the Company does not have any foreign collaboration.
- (6) **Foreign investments or collaborations, if any:** Nil

II. Information about the appointee(s)
(1) Background details

- (a) Mr. S.Sridhar, a qualified Chartered Accountant & Science Graduate has over 34 years experience in diverse fields such as commercial, accounting, taxation, marketing etc. He was the Chief Accountant of Ultramarine & Pigments Limited. His business acumen, knowledge of commercial, legal & financial matter is well recognized. He is also very active in pursuing and contributing to activities of charitable trusts & educational institutions.
- (b) Mr. R. Parthasarathy has over 36 years of experience spanning different areas including Projects, Manufacturing, R&D, Technical know-how, foreign collaborations, licensing etc. He is an engineer from I.I.T. Mumbai and did his Masters in USA. During his distinguished career, he has contributed immensely to the growth of Thirumalai Chemicals Limited. He is considered an authority on matters concerning the Phthalic Anhydride industry. He regularly contributes to various technical journals & is invited as speaker by various Trade and Industrial Organizations. He is the Vice President of Indian Chemical Council. He is also actively involved in various charitable activities, rural development programs etc.

(2) Past Remuneration

Year	Mr. S.Sridhar	Mr. R. Parthasarathy
2009-10	Rs. 57.07 Lakhs	Rs. 57.07 Lakhs
2008-09	Rs. 73.29 Lakhs	Rs. 66.91 Lakhs
2007-08	Rs.231.37 Lakhs	Rs.237.75 Lakhs
2006-07	Rs. 60.33 Lakhs	Rs. 60.33 Lakhs

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

- (3) **Recognition or Awards:** Not applicable

(4) Job profile and suitability

- (a) Shri. S.Sridhar has considerable knowledge and experience in the Chemical Industry which is compatible with the Organizational requirements and the Company would definitely benefit under his leadership and valuable guidance.
- (b) Shri. R.Parthasarathy has considerable knowledge and experience in the Chemical Industry which is compatible with the Organizational requirements and the Company would definitely benefit under his leadership and valuable guidance.

- (5) Remuneration proposed: The proposed remuneration of the appointee(s) as mentioned in the Explanatory Statement is within the limits specified in Schedule XIII of the companies Act, 1956.
- (6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: The proposed remuneration of the Managing Director is commensurate with the position he occupies, size of our company and as per the industry standards.
- (7) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any, Mr. S.Sridhar is a relative of Mr. S. Santhanam, Director of the Company, who may be deemed to be interested in the resolution relating to the reappointment of Mr. S.Sridhar as Chairman & Managing Director.

III. Other information

(1) Reasons of loss or inadequate profits

The Company had incurred losses during the year 2008-2009 on account of global recession, rising crude oil prices leading to turmoil in the industry with steep increase in price of raw-materials, exchange fluctuations and fall in value of stocks. The excess of expenditure over income as per the provisions of calculation of Directors remuneration was Rs.6853 lakhs

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

This year Rs.4044 lakhs of the above has been adjusted out of the profits for the year. The balance will be adjusted next year.

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

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

By Order of the Board of Directors

Registered Office

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

21st May, 2010

Rita Malgaonkar

Company Secretary & Legal Head

DIRECTORS' REPORT, MANAGEMENT DISCUSSIONS & ANALYSIS

To

The Members

Thirumalai Chemicals Ltd.

Your Directors present their **THIRTY SEVENTH ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended **March 31, 2010**.

	(Rs. In lakhs)	
FINANCIAL RESULTS	Year ended 31.3.2010	Year ended 31.3.2009
Sales	66,541	51,281
Income from Windmill Operation	195	98
Other Income	556	712
	67,292	52,091
Gross Profit / (Loss) before Interest and Finance Charges and Depreciation	7,033	(4,062)
Interest and Finance charges	1,994	1,703
Profit / (Loss) before Depreciation and Tax	5,039	(5,765)
Depreciation	1,236	1,222
Profit / (Loss) before Tax	3,803	(6,987)
Provision for Current Tax	25	12
Profit / (Loss) after Current Tax	3,778	(6,999)
Provision for Deferred Tax	1,203	(2,405)
Profit / (Loss) after Tax	2,575	(4,594)
Prior Year Adjustment	11	(6)
Balance in Profit & Loss Account	19	(4,619)
Profit available for appropriation	-	-
	2,605	19
APPROPRIATIONS		
Dividend	512	-
Tax on Dividend	85	-
General Reserve	300	-
Balance carried forward	1,708	19
	-	-
	2,605	19

On a Sales turnover of Rs. 66,541 lakhs (Rs. 51,281 lakhs) with Export Turnover at Rs.6,822 lakhs (Rs.11,205 lakhs) including Export earning on FOB basis of Rs. 6,417 lakhs (Rs. 10,990 lakhs), Income from windmill operation of Rs. 195 lakhs (Rs. 98 Lakhs) and Other Income of Rs.556 lakhs (Rs. 712 lakhs), the Gross Profit of the Company amounted to Rs. 7033 lakhs (Loss of Rs.4062 lakhs in the previous year). After providing for Interest and Finance charges, Depreciation, Current and Deferred taxation and some adjustments, the Net Profit amounted to Rs. 2575 lakhs compared to loss of (Rs.4594 lakhs) in the previous year. The performance during the year is explained below in Industry Developments.

Dividend

Your Directors are pleased to recommend payment of Dividend @ Rs. 5 per share. The total cash outflow on account of this dividend payment including distribution tax will be Rs. 597 lakhs. The dividend after approval by the shareholders at the forthcoming AGM will be paid to the eligible shareholders by 12th August 2010.