



**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
- I. 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 | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <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) | <p>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.</p> <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 Chandio & 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

Tarderv 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.