

**29<sup>th</sup> Annual Report**  
**2001 - 2002**



**BOARD OF DIRECTORS**

Shri. S. Sridhar (Chairman & Managing Director)  
 Shri. R. Parthasarathy (Vice Chairman & Managing Director)  
 Shri. S. Santhanam  
 Shri. Cyril S. Shroff  
 Shri. Y. Ramachandran (Nominee of LIC)  
 Shri. R. Sundara Rajan  
 Dr. S. Rama Iyer  
 Shri. Dilip J. Thakkar  
 Shri. Pradeep Rathi

**COMPANY SECRETARY :**

Shri. S. Madhavan

**BANKERS :**

ABN AMRO Bank  
 Andhra Bank  
 Bank of Baroda  
 Bank of India  
 Global Trust Bank Ltd.  
 Indian Bank  
 State Bank of India  
 Vysya Bank Ltd.

**AUDITORS :**

R. B. Patel & Co.  
 Chartered Accountants  
 Podar Chambers, Parsi Bazar Street,  
 Mumbai - 400 001.

**REGISTERED OFFICE AND SHARE DEPARTMENT :**

Baldota Bhavan,  
 117, Maharshi Karve Road,  
 Mumbai - 400 020.  
 Tel. : 203 0445/208 7790  
 Fax : 205 1145  
 E-mail: ultrapl@vsnl.com

**ADMINISTRATIVE OFFICE :**

Thirumalai House, Road No.29,  
 Near Sion Hill Fort, Sion (E), Mumbai - 400 022.  
 Tel. : 401 7841, 7834, 7853, 7861  
 Fax : 401 1699  
 E-mail: thirumalai@thiruchem.com

**FACTORY :**

Ranipet, North Arcot District, Tamilnadu,  
 Tel. : 44441/44442/44045  
 Fax : 041728-44308  
 E-mail: mail@thirumalaichemicals.com  
 Web : http://www.thirumalaichemicals.com

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

**29<sup>TH</sup> ANNUAL  
GENERAL MEETING****DATE :**

Monday, August 5, 2002  
 at 4.00 p.m.

**VENUE :**

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

**DIVIDEND :**

30%

**DIVIDEND ELIGIBILITY :**

For : Regd. Member  
 Physical Shares : As on 5th August, 2002  
 Demat Shares : As on July 22, 2002 (Close of Business Hours)

**BOOK CLOSURE :**

July 23, 2002 to August 5, 2002

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## NOTICE

NOTICE is hereby given that the **TWENTYNINTH ANNUAL GENERAL MEETING OF THIRUMALAI CHEMICALS LIMITED** will be held at THE MYSORE ASSOCIATION AUDITORIUM, Mysore Association, 393, Bhaudaji Road, Matunga-C.Rly, Mumbai- 400019 on Monday, August 5, 2002 at 4.00 p.m to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended March 31, 2002 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.Cyril S Shroff, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr.Pradeep Rathi, who retires by rotation and, being eligible, offers himself for reappointment.

### SPECIAL BUSINESS.

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

Resolved that pursuant to the provisions of Section 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Contractor, Nayak & Kishnadwala, Chartered Accountants be and are hereby appointed Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, in place of M/s. R.B.Patel & Co., Chartered Accountants, the retiring Auditors of the Company at a remuneration as may be fixed by the Board of Directors in negotiation with the said M/s. Contractor, Nayak & Kishnadwala, the Chartered Accountants.

### ANNEXURE TO NOTICE

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

##### ITEM NO.5.

M/s. R.B.Patel & Co, Chartered Accountants, the retiring Auditors of the Company have informed vide their letter dated 30th May, 2002 that they do not offer themselves for re-appointment as Auditors for the ensuing year in view of their merger with three other firms due to which all professional services will be rendered by the new firm of M/s. Contractor, Nayak & Kishnadwala, Chartered Accountants. M/s. Contractor, Nayak and Kishnadwala, Chartered Accountants have vide their letter dated 30th May, 2002 agreed to be appointed as the Auditors of the Company and confirmed that their appointment would be within the limits specified in Sub-Section (1B) of Section 224 of the Companies Act, 1956. Both the letters are open for inspection of the members.

The Board of Directors recommend the resolution at item No.5 for your approval.

None of the Directors of the Company is concerned or interested in the resolution.

**Registered Office :**  
Baldota Bhavan  
117 Maharshi Karve Road,  
Mumbai -400 020.

June 6, 2002.

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

**S.MADHAVAN**  
SECRETARY

### 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 23, 2002 to Monday, August 5, 2002 for the purpose of the Annual General Meeting and payment of Dividend.
- d) The Dividend, if declared will be paid (subject to deduction of tax at source, as applicable) to all those shareholders whose name would appear in the Register of Members as on August 5, 2002 and in the list of beneficial owners registered with NSDL and CDSL as furnished by them as at the close of business hours on July 22, 2002.

No deduction of Tax at source shall be made, if dividend payable to a resident individual shareholder does not exceed Rs.1,000/- in the Financial year. Further, no Income Tax will be deducted at source from Dividend payable to individual

▲ 29TH ANNUAL GENERAL MEETING 2002 ▲

## **Thirumalai Chemicals Ltd.**

resident shareholders, if declaration in Form. No. 15G, in duplicate, (provided that the aggregate dividend amount paid does not exceed Rs.50,000/- being the maximum amount not chargeable to tax) or a certificate of non deduction of Tax or deduction at lower rate from Dividend issued by the assessing officer of the members in Form .No.15, is submitted to the Company on or before July 23,2002.

- e) Members/ Proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.
- f) Reappointment of Directors:

Mr.Cyril S Shroff and Mr. Pradeep Rath, Directors of the Company , retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Mr.Cyril S Shroff, 43 years, has been a Director of the Company from November 24,1995. He is an Advocate and Solicitor and is the partner in the leading Legal firm, Amarchand & Mangaldas & Suresh A Shroff & Co. He is an authority on legal matters and regularly contributes articles in leading newspapers and journals. He is also a member/Advisor of/to Committees of SEBI, Chambers of Commerce, Ministry of the Government, Industry etc. He is the Director of Kotak Mahindra Finance Ltd, IDBI Capital markets Ltd, Apar Industries Ltd, Associated Cement Companies Ltd and Grasim Industries Ltd (also Investor relations Committee member).

Mr.Pradeep Rath, a reputed Businessman with vast knowledge and experience in the Chemicals Industry, is the Director of Sudarshan Chemical Industries Ltd as also Director of Lahoti Overseas Ltd, Rath Brothers Madras Ltd, Mantri Finance Ltd, Rath Brothers Poona Ltd, Rath Brothers Calcutta Ltd and Worldwide Travel agencies. Mr.Rath, 49 years, is an active participant in various Trade and Industry associations' activities and meetings. Mr.Rath has been the Director of the Company since July 1999.

- g) Members are requested to notify the Company/ their Depository Participant (DP) immediately change of address , if any, and also write to the Company/DP immediately about corrections , if any, in name, address and pincode.
- h) 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.
- i) All unclaimed Dividends upto the Interim Dividend for the Year ended March, 31, 1996 have been transferred to the General Revenue Account of the Central Government.

The Company has in April 2002, transferred the balance lying in the Refund Order account for the Securities issued in 1995 to the Investor Education and Protection Fund .

Persons who have not encashed their Debenture/Fixed Deposits repayment/interest warrants and the Dividend warrants (which have not been transferred to the Central Government account), are requested to approach the Company for obtaining the duplicate warrants before the balances in those respective accounts get transferred to the Investor Education and Protection Fund

- j) 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.
- k) 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.
- l) For the Future, the Company wishes to offer the facility of Electronic Credit of Dividend directly to the respective bank accounts of our shareholders. This facility called ECS, is presently available at select locations like Mumbai, Bangalore, Chennai, Kolkata, New Delhi, Hyderabad etc. Shareholders in locations where ECS facility is available are requested to send the ECS mandate form appearing on the last page of this Report duly filled and signed and return to the Depository Participant (in case of Demat Shares) / the Company at its Registered Office (in case of Physical Shares).

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

**Registered Office :**  
Baldota Bhavan  
117 Maharshi Karve Road,  
Mumbai -400 020.  
June 6,2002.

**S.MADHAVAN**  
SECRETARY

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSIONS & ANALYSIS.

To

**The Members,****Thirumalai Chemicals Ltd.**

Your Directors present their TWENTYNINTH ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS of the Company for the year ended March 31,2002.

**DIVIDEND:**

Your Directors are pleased to recommend payment of Dividend @ 30 % , resulting in payment of Rs. 2.99 Crores. The dividend shall be taxable at the hands of the members and shall also be subject to deduction of tax at source (if applicable).

**MANAGEMENT'S DISCUSSIONS AND ANALYSIS:****Mission and Business Strategy :**

Your Company's mission is to be a " World Class Global sized Producer" of all the products in its line of business, setting own standards, in terms of Product Quality, Technology, Product offerings and efficiencies. The objective is to offer diverse products to its customers, local as well as overseas, which are produced at low costs and efficiently, and reduce dependence on any single product , to achieve healthy growth in profitability. Your Company is committed to achieve this while ensuring high levels of ethical standards, professional integrity and regulatory compliances.

Your Company's Business Strategy emphasises the following:

- 1) Focus on high earnings growth with low volatility.
- 2) Continue to reduce debts, thereby lowering the Interest costs.
- 3) Leverage our Technology platform to deliver more products to more customers and control operating costs.
- 4) Increase Market share by following disciplined growth strategy.

**Industry Developments:**

The Financial year 2001-2002 began on a not too encouraging note. Our Economy's GDP growth estimated at 6.5% before, was revised downwards to 5.4%.The year commenced with all round depressed market conditions.

Members may be aware that in the previous year, your Company had to operate at lower capacity of PAN on account of unwillingness to sell below costs. Depending on the markets and inventory buildup, your Company had to also periodically curtail operations of its PAN plant, resulting in higher power cost. Your Company had ,therefore, as a strategic move, focussed more on its value added products, which has proved to be rewarding.

The other Plants were operated at good capacities. With pick up in demand around end of the Financial year, your Company also operated all its PAN plants fully. Your Company's efforts to grow the markets for its other Products like Food Acids, Fumaric Acid, Tartaric Acid etc is yielding good results.

**Financial and Operating performance:**

The overall Financial performance during the year 2001-2002 was healthy with Sales value increasing by 43% while quantity produced increased by 39 %. Operational performance was

|   | Rs. (in Lakhs)          |                         |
|---|-------------------------|-------------------------|
|   | Year ended<br>31/3/2002 | Year ended<br>31/3/2001 |
| <b>FINANCIAL RESULTS</b>  |                         |                         |
| Sales   | 25,872                  | 18,091                  |
| Other Income  | 454                     | 331                     |
|   | <b>26,326</b>           | <b>18,422</b>           |
| <b>Gross Profit before Interest and Finance charges &amp; Depreciation.</b> | <b>3,313</b>            | <b>2,285</b>            |
| Interest and Finance charges  | 1,532                   | 1,887                   |
|   | <b>1,781</b>            | <b>398</b>              |
| <b>Profit before Depreciation and Tax</b>                                   | <b>1,781</b>            | <b>398</b>              |
| Depreciation  | 884                     | 888                     |
| <b>Profit/[Loss] before Tax</b>   | <b>897</b>              | <b>(490)</b>            |
| Provision for Current Tax   | 68                      | —                       |
| <b>Profit/(Loss) after Current Tax</b>                                      | <b>829</b>              | <b>(490)</b>            |
| Provision for Deferred Tax  | 220                     | —                       |
| Prior Year Adjustment   | 12                      | 42                      |
| <b>Profit / ( Loss ) after Tax</b>  | <b>597</b>              | <b>(532)</b>            |
| Balance in Profit & Loss Account.   | 237                     | 832                     |
| Profit available for appropriation.   | <b>834</b>              | <b>300</b>              |
| <b>APPROPRIATIONS</b>   |                         |                         |
| Dividend.   | 299                     | —                       |
| Debenture Redemption reserve  | 63                      | 63                      |
| General Reserve   | 70                      | —                       |
| Balance carried forward   | <b>402</b>              | <b>237</b>              |
|   | <b>834</b>              | <b>300</b>              |

On a Sales turnover of Rs.25871 Lakhs (Rs.18091 lakhs) including Export earning on FOB basis of Rs 3044 Lakhs (Rs. 1689 Lakhs) and Other Income of Rs. 454 Lakhs (Rs.331 Lakhs), the Gross Profit of the Company amounted to Rs.3313 Lakhs (Rs.2285 Lakhs). After providing for Interest and Finance charges, Depreciation, Current and Deferred taxation and some adjustments, the Net Profit amounted to Rs. 597 Lakhs compared to loss of Rs.532 lakhs in the previous year. In view of the provision for deferred taxes, the profit for this year is not comparable with the previous year.



## **Thirumalai Chemicals Ltd.**

better aided by the Company's continuous efforts to keep costs as low as possible. During the year, Interest costs were lower by over 23%, primarily on account of the Company's determined efforts to reduce debts. Other income was higher due to sale of assets which yielded about Rs.1.60 Crores.

### **New Plants commissioned:**

Your Company commissioned the balance capacity of PAN during the year. Also commissioned was the Special Anhydride Plant for the manufacture of Speciality Chemicals like Succinic Acid, Succinic Anhydride and Special Anhydrides.

### **Research and Development:**

Research and Development activities backed by constant market surveys is enabling your Company to develop different products.

### **Outlook:**

There seems to be signs of recovery in the S.E.Asian Economy now, which were faced with a crisis before. Also, there are pointers to good recovery of the US economy, which was faced with recession earlier. And the global doom mood prevalent following the 9/11 tragedy, seems to be a thing of the past. And in the domestic scenario, with infrastructure buildup and sectors like Steel, Cement, Paints etc doing well, the demand for the Company's products can only be expected to increase.

While competitive pressures can be expected to intensify, your Company has developed necessary strengths to face the same. Your Company is hopeful that its attempts to reduce operating and interest costs will yield good results. Your Company has grown into a large Company with Global sized plants manufacturing different products. These provide optimism for the Company to grow its revenues and market shares. Overall, your Company remains steadfast in its resolve to grow its leadership by building on its strengths for competitive advantage.

### **EXPORTS:**

The Company's exports during the year calculated on FOB basis amounted to Rs 3044 Lakhs (Rs.1689 Lakhs). Your Company will aim to achieve higher exports year after year.

### **MALAYSIAN JOINT VENTURE:**

The Joint Venture Company, TCL Industries Malaysia SDN BHD has turned out better results as compared to the previous year. Your Company hopes that with the revival of the S.E. Asian Economy, the performance of TCL Industries Malaysia SDN BHD should further improve during the current year. Your Company hopes to reap the reward on its investments soon.

### **DIRECTORS RESPONSIBILITY STATEMENT:**

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

- i] in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

- ii] the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.

- iii] the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

- iv] the directors have prepared the annual accounts on a going concern basis.

### **FINAL REDEMPTION OF 12% RIGHTS DEBENTURES.**

Your Company had in 1995 issued 12% Secured Rights Debentures of Rs.150 each which were redeemable in 3 equal instalments of Rs.50 each in 2000, 2001 and 2002. These Debentures were fully redeemed with the Final payment of interest and instalment on 30th March 2002. As an investor friendly measure, your Company, had with the permission of the Stock Exchange and the Trustees, did not insist for the return of the Debenture Certificates/letter of allotment of the Debentures. With the final redemption of these Debentures with payment of interest, these Debenture certificates stand cancelled and the Debentures fully discharged.

### **FINANCE:**

All taxes and statutory dues are being paid on time. Payment of interest and installments to the Financial Institutions and Banks are being made as per schedule. During this year, your Company prepaid 19.5% Privately placed Debentures subscribed by Army Group Insurance Fund. The Company is also very regular in meeting its commitments to its depositors. Deposits aggregating Rs. 4.87 lakhs due for repayment on or before March 31, 2002 were not claimed by the depositors as on that date.

### **STATEMENT PURSUANT TO LISTING AGREEMENTS:**

The Company's shares are listed with Mumbai and Madras Stock Exchanges. Your Company has paid the respective annual listing fees up-to-date 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.

### **PERSONNEL:**

Industrial relations continue to remain cordial. The Directors place on record their appreciation of the devoted services rendered by the employees.

### **DIRECTORS:**

Mr.Cyril S Shroff and Mr.Pradeep Rathi retire by rotation at the Annual General Meeting and are eligible for reappointment.

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| <b>APPROPRIATIONS</b>   |                             |                             |
| Dividend.   | 299                         | —                           |
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| General Reserve   | 70                          | —                           |
| Balance carried forward   | 402                         | 237                         |
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## ANNEXURE TO DIRECTORS' REPORT

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

### I) CONSERVATION OF ENERGY :

- 1) Energy saving Systems are incorporated wherever necessary. Energy savings are attempted continuously.
- 2) Existing energy saving systems are properly utilized and further devices are added when necessary.

#### FUEL CONSUMPTION

|  |      | Year Ending<br>31.03.2002 | Year Ending<br>31.03.2001 |
|--|------|---------------------------|---------------------------|
| <b>1 ELECTRICITY</b>                         |      |                           |                           |
| a) <b>PURCHASED UNITS</b>                    | KWHR | <b>1,680,705</b>          | 2,982,660                 |
| TOTAL AMOUNT PAID                            | RS.  | <b>9,829,651</b>          | 14,224,100                |
| RATE PER UNIT                                | RS.  | <b>5.85</b>               | 4.77                      |
| b) <b>OWN GENERATION</b>                     | KWHR | <b>4,458,127</b>          | 5,084,008                 |
| UNIT/LITRE OF DIESEL OIL                     | KWHR | <b>2.97</b>               | 3.07                      |
| COST PER UNIT                                | RS.  | <b>5.70</b>               | 5.07                      |
| <b>2 COAL:</b> Not consumed in the process   |      |                           |                           |
| <b>3 FURNACE OIL</b>                         |      |                           |                           |
| Quantity                                     | KL   | <b>8,135.91</b>           | 6,790.47                  |
| Total amount                                 | Rs.  | <b>64,374,545</b>         | 63,480,643                |
| Average rate                                 | Rs.  | <b>7,912.39</b>           | 9,780.59                  |
| <b>4 OTHER INTERNAL GENERATIONS</b>          |      | <b>NIL</b>                | NIL                       |
| <b>5 CONSUMPTION PER TONNE OF PRODUCTION</b> |      |                           |                           |
| a) <b>Phthalic Anhydride</b>                 |      |                           |                           |
| Electricity                                  | KWHR | <b>9.48</b>               | 27.94                     |
| Furnace oil                                  | LTR  | <b>45.87</b>              | 64.09                     |
| Others (Diesel)                              | LTR  | <b>8.47</b>               | 11.26                     |
| b) <b>Maleic Anhydride</b>                   |      |                           |                           |
| Electricity                                  | KWHR | <b>48.05</b>              | 94.75                     |
| Furnace oil                                  | LTR  | <b>232.60</b>             | 178.00                    |
| Others (Diesel)                              | LTR  | <b>42.94</b>              | 39.67                     |
| c) <b>Food acids</b>                         |      |                           |                           |
| Electricity                                  | KWHR | <b>169.63</b>             | 306.59                    |
| Furnace oil                                  | LTR  | <b>821.13</b>             | 715.03                    |
| Others (Diesel)                              | LTR  | <b>151.57</b>             | 134.62                    |

### II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.

#### RESEARCH AND DEVELOPMENT

1. Specific areas in which R & D activities carried out by the company.
  - a) Development of special anhydrides.
  - b) Development of fine chemicals using Biotechnology.
  - c) Development of new value added products from Maleic Anhydride
  - d) Improvement in effluent treatment methods and effluent reduction.
  - e) Improvement of quality & shelf life of products.
2. Benefits derived as a result of above effects.
  - a) Production of Special Anhydrides and downstream products.
  - b) Improvement of yield in the plants.
  - c) Improvement in quality of products.
3. Future plan of action
  - a) Development of new fine chemicals using Biotechnology.
  - b) Process improvement to reduce effluent.
  - c) Reduce energy cost per unit of production.

#### 4. Capital expenditure on R & D (Rs.)

- |   |                 |                    |
|---|-----------------|--------------------|
| a) Capital                                    | Rs. 7.75 Lakhs  | (Rs. 162.10 Lakhs) |
| b) Recurring                                  | Rs. 31.11 Lakhs | (Rs. 33.69 Lakhs)  |
| c) Total                                      | Rs. 38.86 Lakhs | (Rs. 198.79 Lakhs) |
| d) Total R& D Expenditure as a % age of Sales | 0.15 %          | ( 1.08 %)          |

#### 5. Technology Absorption, Adaptation and Innovation :

- a) Efforts in brief towards absorption, adaptation and innovation.  
The Technologies required for better products applications and better quality have been adapted and are being developed / improved indigenously.
- b) Benefits derived as a result of the above efforts.  
Improvement in the quality of the products, increased productivity and reduced cost of production in all products.
- c) Particulars of Technology imported during the last 5 years. None.

### III) Foreign Exchange Earning and Outgo.

Export earnings - Rs. 3044 Lakhs (Rs. 1689 Lakhs)



## Thirumalai Chemicals Ltd.

### AUDITORS:

M/s. R.B.Patel & Co., the retiring Auditors have informed that they do not offer themselves for reappointment in view of their merger. M/s. Contractor, Nayak and Kishnadwala, Chartered Accountants have consented by their letter dated 30th May, 2002 to be appointed as Auditors of the Company, and to hold office as such from the conclusion of this meeting until the conclusion of the next AGM. The notice convening the AGM is self explanatory. Members are requested to appoint M/s. Contractor, Nayak and Kishnadwala as Auditors for the Current Year.

### PARTICULARS OF EMPLOYEES:

No employee of the Company was in receipt of remuneration in excess of the limits under Section 217(2A) of the Companies Act, 1956.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars required to be included in terms of Section 217 (1)(e) of the Companies Act, 1956 with regard to conservation

of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure.

### ACKNOWLEDGEMENT:

The Board acknowledges the support given by the Bankers, EXIM BANK, IDBI, its employees at all levels and the shareholders, depositors and debenture holders for their continued support.

By Order of the Board  
For THIRUMALAI CHEMICALS LIMITED

Mumbai  
June 6, 2002.

**S.SRIDHAR**  
CHAIRMAN & MANAGING DIRECTOR



## ANNEXURE TO DIRECTORS' REPORT

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

### I) CONSERVATION OF ENERGY :

- 1) Energy saving Systems are incorporated wherever necessary. Energy savings are attempted continuously.
- 2) Existing energy saving systems are properly utilized and further devices are added when necessary.

#### FUEL CONSUMPTION

|    |  | Year Ending<br>31.03.2002 | Year Ending<br>31.03.2001 |
|----|--|---------------------------|---------------------------|
| 1  | <b>ELECTRICITY</b>                         |                           |                           |
| a) | <b>PURCHASED UNITS</b>                     |                           |                           |
|    | TOTAL AMOUNT PAID                          | KWHR <b>1,680,705</b>     | 2,982,660                 |
|    | RATE PER UNIT                              | RS. <b>9,829,651</b>      | 14,224,100                |
|    |  | RS. <b>5.85</b>           | 4.77                      |
| b) | <b>OWN GENERATION</b>                      |                           |                           |
|    | UNIT/LITRE OF DIESEL OIL                   | KWHR <b>4,458,127</b>     | 5,084,008                 |
|    | COST PER UNIT                              | KWHR <b>2.97</b>          | 3.07                      |
|    |  | RS. <b>5.70</b>           | 5.07                      |
| 2  | <b>COAL:</b> Not consumed in the process   |                           |                           |
| 3  | <b>FURNACE OIL</b>                         |                           |                           |
|    | Quantity                                   | KL <b>8,135.91</b>        | 6,790.47                  |
|    | Total amount                               | Rs. <b>64,374,545</b>     | 63,480,643                |
|    | Average rate                               | Rs. <b>7,912.39</b>       | 9,780.59                  |
| 4  | <b>OTHER INTERNAL GENERATIONS</b>          | <b>NIL</b>                | <b>NIL</b>                |
| 5  | <b>CONSUMPTION PER TONNE OF PRODUCTION</b> |                           |                           |
| a) | Phthalic Anhydride                         |                           |                           |
|    | Electricity                                | KWHR <b>9.48</b>          | 27.94                     |
|    | Furnace oil                                | LTR <b>45.87</b>          | 64.09                     |
|    | Others (Diesel)                            | LTR <b>8.47</b>           | 11.26                     |
| b) | Maleic Anhydride                           |                           |                           |
|    | Electricity                                | KWHR <b>48.05</b>         | 94.75                     |
|    | Furnace oil                                | LTR <b>232.60</b>         | 178.00                    |
|    | Others (Diesel)                            | LTR <b>42.94</b>          | 39.67                     |
| c) | Food acids                                 |                           |                           |
|    | Electricity                                | KWHR <b>169.63</b>        | 306.59                    |
|    | Furnace oil                                | LTR <b>821.13</b>         | 715.03                    |
|    | Others (Diesel)                            | LTR <b>151.57</b>         | 134.62                    |

### II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.

#### RESEARCH AND DEVELOPMENT

1. Specific areas in which R & D activities carried out by the company.
  - a) Development of special anhydrides.
  - b) Development of fine chemicals using Biotechnology.
  - c) Development of new value added products from Maleic Anhydride
  - d) Improvement in effluent treatment methods and effluent reduction.
  - e) Improvement of quality & shelf life of products.
2. Benefits derived as a result of above effects.
  - a) Production of Special Anhydrides and downstream products.
  - b) Improvement of yield in the plants.
  - c) Improvement in quality of products.
3. Future plan of action
  - a) Development of new fine chemicals using Biotechnology.
  - b) Process improvement to reduce effluent.
  - c) Reduce energy cost per unit of production.

#### 4. Capital expenditure on R & D (Rs.)

- |   |                 |                    |
|---|-----------------|--------------------|
| a) Capital                                    | Rs. 7.75 Lakhs  | (Rs. 162.10 Lakhs) |
| b) Recurring                                  | Rs. 31.11 Lakhs | (Rs. 33.69 Lakhs)  |
| c) Total                                      | Rs. 38.86 Lakhs | (Rs. 198.79 Lakhs) |
| d) Total R& D Expenditure as a % age of Sales | 0.15 %          | ( 1.08 %)          |

#### 5. Technology Absorption, Adaptation and Innovation :

- a) Efforts in brief towards absorption, adaptation and innovation.  
The Technologies required for better products applications and better quality have been adapted and are being developed / improved indigenously.
- b) Benefits derived as a result of the above efforts.  
Improvement in the quality of the products, increased productivity and reduced cost of production in all products.
- c) Particulars of Technology imported during the last 5 years. None.

### III) Foreign Exchange Earning and Outgo.

Export earnings - Rs. 3044 Lakhs (Rs. 1689 Lakhs)