



**THIRUMALAI
CHEMICALS LTD.**

40th

**Annual Report
2012–2013**



Over the years....



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



Our food ingredients at the Singapore
FIA fair in 1994.



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



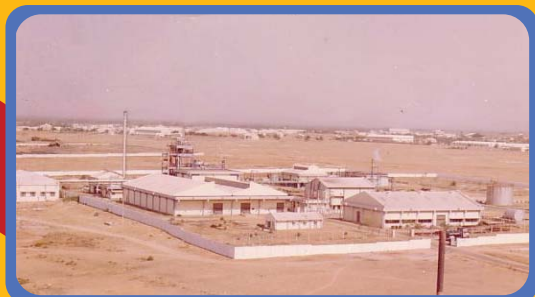
Fumaric Acid and Malic Acid Plants under
Construction in 1996.



Bhoomi Pooja, Ranipet – 1973.



PA3 Plant Ranipet 1997.



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



Maleic Anhydride Plant Malaysia 1997.



Construction of the Malic
Plant – March, 1992 .



Board of Directors at our Plant in Malaysia – 2013.

And the legacy continues.....

Board of Directors

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

Chief Executive Officer

Mr. Dhanpat Raj Dhariwal

Chief Financial Officer

Mr. N. Nambi Rajan

Company Secretary

Mr. T. Rajagopalan

Bankers

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

Auditors

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

Cost Auditor

Mr. G. Sundaresan
Chennai.

Registered Office

Thirumalai House, Road No. 29
Near Sion Hill Fort, Sion(E),
Mumbai - 400 022
Tel. : 2401 7834 / 41 / 53 / 61 / 69
Fax : 2401 1699
E-mail : thirumalai@thirumalaichemicals.com
Website : <http://www.thirumalaichemicals.com>

Registrar & Share Transfer Agents

Link Intime India Private Limited
C-13, Pannal 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

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

40th Annual General Meeting
Date & Time

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

Venue

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

Book closure

Saturday, June 29, 2013 to Friday, July 05, 2013
(both days inclusive)

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

NOTICE

NOTICE is hereby given that the FORTIETH ANNUAL GENERAL MEETING OF THIRUMALAI CHEMICALS LIMITED will be held at THE MYSORE ASSOCIATION AUDITORIUM, Mysore Association, 393, Bhaudaji Road, Matunga C-Rly., Mumbai - 400 019 on Friday July 05, 2013 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended March 31, 2013 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare a final dividend for the Financial Year ended March 31, 2013.
3. To appoint a Director in place of Dr. S. Rama Iyer, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. Shankar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. A. Janakiraman, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors for the Financial Year 2013-2014 and fix their remuneration.

SPECIAL BUSINESS

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

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

"RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any of the Companies Act, 1956, consent be and is hereby accorded to Ms. Ramya Bharathram, relative of a Director of the Company (within the meaning of Section 6 of the Companies Act, 1956) to hold the Office or Place of Profit in the Senior Management Cadre and she be paid remuneration up to the following limits with effect from April 01, 2013 as under:

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

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

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

"RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any of the Companies Act, 1956, consent be and is hereby accorded to Mr. S. V. Rajan, relative of a Director of the Company (within the meaning of Section 6 of the Companies Act, 1956), to hold the Office or Place of Profit in the Senior Management Cadre and he be paid remuneration up to the following limits with effect from April 01, 2013 as under:

- a) Basic Salary of ` 1,20,000/- per month (subject to revision as approved by the Selection & Remuneration Committee of the Board).
- b) House Rent Allowance per month - @ 30% of Basic Salary.
- c) Leave Travel Assistance (per annum) - One month Basic Salary.
- d) Medical Reimbursement (per annum) - One month Basic Salary.
- e) Payment of Conveyance Allowance, Children Education Allowance, any other allowance(s), Bonus, Ex-gratia payment, Mediclaim Insurance for self and Family, etc., as per Rules of the Company, not exceeding in aggregate ` 5.00 Lacs per annum.
- f) In addition to the above, Mr. S. V. Rajan will be entitled to Provident Fund and Superannuation Fund contributions, Gratuity payment and encashment of earned leave as per the Rules of the Company."

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

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

"RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any of the Companies Act, 1956, consent be and is hereby accorded to Mr. S. Narayan, relative of a Director of the Company (within the meaning of Section 6 of the Companies Act, 1956) to hold the Office or Place of Profit in the Management Cadre, and he be paid remuneration up to the following limits with effect from April 01, 2013 as under:

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

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

NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- b) The proxy form duly completed and signed should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.
- c) The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, June 29, 2013 to Friday July 05, 2013 (both days inclusive) for the purpose of AGM and determining the names of members eligible for dividend, if approved. In respect of shares held in Electronic form, the dividend will be paid to those shareholders whose names appear at the close of Business hours on Friday, June 28, 2013 as beneficial owners and whose names are furnished by National Securities Depository Limited and Central Depository Services Limited as on that date.
- d) Re-appointment of retiring Directors:

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

Dr. S. Rama Iyer, 73 years, has been a Director of the Company since 25th November, 1997. He is a Phd, M.I.Chem.E and a reputed Technocrat with vast experience and knowledge. He retired as the Executive Chairman of Aker Kvaerner Powergas Ltd. He is also a Director in public companies like Larsen & Toubro Infotech Ltd., Gujarat Fluorochemicals Ltd., Deepak Fertilizers & Petrochemicals Corporation Ltd. and Indsil Electrosmelts Ltd. He holds 50000 shares of the Company on behalf of private family trust.

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

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

- e) Members are requested to notify their Depository Participant(DP) in case of shares in Demat segment/ Company's Registrars, in case of Shares in physical segment viz: Link Intime Private Limited, C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W) Mumbai - 400 078 -Tel. No: 022-25946970, E-mail: rnt.helpdesk@linkintime.co.in) immediately about any change in their Bank Mandate or address, if any.
 - f) Members desiring any clarification on accounts are requested to write to the Company at an early date so as to enable the Company to keep the information ready.
 - g) Pursuant to the provisions of Section 205A(5) & 205(c) of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividend for the financial year 1995-1996 to 2004-2005 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Likewise, Debentures/Fixed Deposits repayment warrants/ interest warrants which remain unclaimed/unpaid for a period of 7 years from the dates they first became due for payment have been transferred to the Investor Education and Protection Fund.
- All persons are requested to note that no claims shall lie against the Company or the IEPF in respect of any amounts which were unclaimed and unpaid for a period of 7 years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

- h) The Equity shares of the Company are mandated for trading in the compulsory demat mode. The ISIN No. allotted for the Company's shares is INE338A01016.

- i) Member(s) wanting to nominate a person on whom the Shares will vest in the event of death of the holder(s) are requested to use the prescribed Form-2B and forward to the Company' Registrars.
- j) Members/Proxies are requested to bring attendance-slip along with their copy of the Annual Report to the Meeting.
- k) The Ministry of Corporate Affairs (MCA) vide its circular No. 17/2011 dt.21/04/2011 & Circular No.18/2011 dated 29/04/2011 has taken a 'Go Green Initiative' by allowing paperless compliances by Companies through the Electronic mode. The Company thus proposes to send all documents like General Meeting Notices (including AGM Notice), Audited Financial Statements, Directors' Report, Auditors' Report etc., to the Shareholders in electronic form in lieu of the physical form. Shareholders in the Demat Mode & the Physical Mode are requested to provide an email ID for the purpose of servicing documents by the Company in electronic mode at our email id

thirumalaigogreen@linkintime.co.in

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

ITEM No.7

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

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

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

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

ITEM No.8

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

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

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

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

ITEM No. 9

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

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

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

ITEM NO. 10

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

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

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

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

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

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

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

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

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

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

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

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

ITEM. No. 11

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

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

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

ITEM NO. 12

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

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

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

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

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

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

ITEM NO. 13

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

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

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

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

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

ITEM NO. 14

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

Meeting of the company held on August 01, 2011.

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

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

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

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

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

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

I. General Information

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

II. Information about the appointee(s)

(1) Background details

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

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

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

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

(3) Recognition or Awards: Nil

(4) Job profile and suitability

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

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

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

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

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

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

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

III. Other information

(1) Reasons of loss or inadequate profit:

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

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

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

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

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

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

T. RAJAGOPALAN
Company Secretary

Registered Office:

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

May 29, 2013

DIRECTORS' REPORT, MANAGEMENT DISCUSSIONS & ANALYSIS

To

**The Members,
Thirumalai Chemicals Ltd.**

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

	(₹ In lakhs)
STANDALONE FINANCIAL RESULTS	
	Year ended 31.3.2013
	Year ended 31.3.2012
Revenue from operations	114,584
Income from Windmill Operation	192
Other Income	816
	<u>115,592</u>
	<u>91,350</u>
Gross Profit / (Loss) before Interest and Finance Charges and Depreciation	10,912
Interest and Finance charges	5,202
Profit / (Loss) before Depreciation and Tax	5,710
Depreciation	1,287
Profit / (Loss) before Tax	4,423
Provision for Current Tax	1,884
Profit / (Loss) after Current Tax	2,539
Provision for Deferred Tax	236
Profit / (Loss) after Tax	2,775
Balance in Profit & Loss Statement	4,041
	<u>6,816</u>
	<u>4,041</u>
APPROPRIATIONS	
Dividend	768
Tax on Dividend	127
General Reserve	300
Balance carried forward	5,621
	<u>6,816</u>
	<u>4,041</u>

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

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

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