THIRUMALAI CHEMICALS LIMITED

41st Annual Report 2013–2014

The Akshaya Vidya Trust

Vedavalli Vidyalaya Senior Secondary School, Walaja (CBSE) 1994
Vedavalli Higher Secondary School, Walaja (State Board) 1999
Vedavalli Vidyalaya Nursery & Primary & Senior Secondary School, Ranipet (CBSE) 2003

Two decades in Education

The main aim of our schools has been to provide an all round development and quality education for the children. We have over 2300 students, 135 teaching and 85 support staff. Every year the children are exposed to new programmes within the school and are encouraged to participate in programmes conducted by other schools and colleges. To provide a secular atmosphere, the children celebrate different religious festivals like Ramzan, Navratri and Christmas. Many other special programmes like the UN day, World AIDs day, Anti Drugs day and Women's day are also conducted. This year some new programmes like the Traffic Day for Kindergarten and the School Carnival were introduced. The traffic park and the stalls in the carnival were completely organised by the students. A sum of Rs. 50,000 was raised through the carnival and was contributed to the Prime Minister's Relief Fund. All the school events are conducted by students giving them hands on experience on team work and events management.

The children of our schools are given exposure of various kinds. Field trips to museums, post office, fire station, factories and historical places are among a few places they visit. Within the school they get exposed to different vocations such as cooking, stitching, plumbing, self defence, gardening to name a few. They also interact with visitors to the school.

Our core beliefs have been to provide a fear free environment for learning and learning by doing. The teachers of our school have been a continuous support for the execution of these core beliefs. To facilitate this in the classrooms, our teachers go through training and attend various workshops for better understanding. Seminars on varied topics on education are conducted during the year for the benefit of the teachers. During our 7th Annual Smt. Sathyabama Teachers' Seminar, we had stalwarts in education to talk about "Integrating Sports and art in Education".

The schools have impressive infrastructural facilities with well ventilated rooms, labs, libraries, AV rooms, playgrounds, auditorium, and greenery around to offer an excellent environment for learning. Every aspect of Vedavalli Vidyalaya, from curriculum design to classroom planning is carefully and creatively planned, to ensure a congenial atmosphere for academic pursuit and individual growth.

We are proud as our alumni stand out in their work places and as our students stand tall ready to face the future.

Tel: +91-4172-231860, 230870

Visit us: www.vedavallividyalaya.org E-mail: vedavalli94@yahoo.com

Board of Directors

Dr. S. Rama Iyer (Chairman)
Mr. R. Parthasarathy (Managing Director)
Mr. P. Shankar
Mr. A. Janakiraman
Mr. N. Subramanian
Mr. Raj Kataria
Mr. R. Ravi Shankar
Mr. Dhruv Moondhra
Mr. R. Sampath
Mr. S. Santhanam

Chief Executive Officer
Mr. C.G. Sethuram

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
- 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. : 022-43686225, 43686206
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
Ranipet, Vellore District, Tamilnadu
Tel. : 04172-246327, 246061
Fax : 04172-244308
E-mail : mail@thirumalaichemicals.com

41st Annual General Meeting

Date & Time

Wednesday, August 06, 2014 at 3.00 p.m.

Venue
Rangaswar, Yashwantrao Chavan Pratishthan,
Fourth Floor, Gen. Jagannathrao Bhosale Marg,
Nariman Point , Mumbai 400 021.

Book closure

Saturday, July 26, 2014 to Wednesday,

August, 06, 2014 (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 FIRST ANNUAL GENERAL MEETING OF THIRUMALAI CHEMICALS LIMITED** will be held on Wednesday, August 06, 2014 at 3 p.m. at **Rangaswar,** Yashwantrao Chavan Pratishthan, Fourth Floor, Gen. Jagannathrao Bhosale Marg, Nariman Point, Mumbai 400 021 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, 2014 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. R. Sampath, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. S. Santhanam, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors for the financial year 2014-2015 and fix their remuneration.

SPECIAL BUSINESS

5. To appoint Dr.S.Rama Iyer as an Independent Director and in this regard 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 provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr. S.Rama Iyer (holding DIN 00076549), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from the conclusion of this meeting."

6. To appoint Mr. A. Janakiraman as an Independent Director and in this regard 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 provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. A. Janakiraman (holding DIN 01831854), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from the conclusion of this meeting."

7. To appoint Mr. P. Shankar as an Independent Director and in this regard 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 provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.P.Shankar (holding DIN 01638317), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from the conclusion of this meeting."

8. To appoint Mr. Raj Kataria as an Independent Director and in this regard 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 provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.Raj Kataria (holding DIN 01960956), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from the conclusion of this meeting."

9. To appoint Mr.N.Subramanian as an Independent Director and in this regard 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 provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.N.Subramanian (holding DIN 000336468), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from the conclusion of this meeting."

10. To appoint Mr.R.Ravi Shankar as an Independent Director and in this regard 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 provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.R.Ravi Shankar (holding DIN 01224361), Director of the Company, who is retiring by rotation at this meeting, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from the conclusion of this meeting."

11. To appoint Mr. Dhruv Moondhra as an Independent Director and in this regard 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 provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Dhruv Moondhra (holding DIN 00151532), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from the conclusion of this meeting."

12. To ratify the remuneration of Cost Auditor for the year 2014-15 by passing the following resolution,with or without modification(s), 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, as Cost Auditor to issue Compliance Certificate and to audit the Cost Accounts of the Company for the Financial Year 2014-15 for a remuneration of Rs.90,000/- in addition to reimbursement of out of pocket expenses, be and is hereby ratified."

13. To authorize borrowing in excess of net worth of the company by passing the following resolution, with or without modification(s), as a special resolution.

    "RESOLVED THAT pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modifications or any amendments or any substitution or re-enactment thereof, if any, for the time being in force and all other applicable Acts, laws, rules, regulations and guidelines for the time being in force; the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time as they may think fit, any sum or sums of money not exceeding Rupees One thousand Crores [including the money already borrowed by the Company] on such terms and conditions as the Board may deem fit, whether the same may be secured or unsecured and if secured, whether by way of mortgage, charge or hypothecation, pledge or otherwise in any way whatsoever, on, over or in any respect of all, or any of the Company's assets and effects or properties whether moveable or immoveable, including stock-in-trade, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) and remaining un-discharged at any given time, exceed the aggregate, for the time being, of the paid-up capital of the Company and its free reserves.

    RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board of Directors of the Company be and is hereby authorized to take all such actions and to give all such directions and to do all such acts, deeds, matters and things as may be necessary and/or expedient in that behalf."

I. NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from Saturday, July 26, 2014 to Wednesday, August 06, 2014 (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 205A(5) & 205(c) of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividend, if any, for the financial year 1995-1996 to 2005-2006 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 Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors 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 Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(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 Annual Report for 2013-14 are being sent in the permitted mode.
8. Electronic copy of the Notice of the 41st 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 Participants(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 41st 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.

9. Members may also note that the Notice of the 41st Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website www.thirumalaichemicals.com for their download.

10. 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.

11. 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.

12. Members / Proxies are requested to bring attendance-Slip along with their copy of Annual Report to the Meeting.

13. 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 pleased to provide members facility to exercise their right to vote at the 41st 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):

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

(i) Log on to the e-voting website www.evotingindia.com

(ii) Click on "Shareholders" tab.

(iii) Now, select the "THIRUMALAI CHEMICALS LIMITED" from the drop down menu and click on "SUBMIT"

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP IDfollowed by 8 Digits Client ID,

c. Members holding sharesin Physical Form should enter Folio Number registeredwith 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 sharesin Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If 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 reach directly 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 the relevant Company name < THIRUMALAI CHEMICALS LIMITED > on which you choose 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) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password& enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.co.in and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a compliance user which 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.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA)which they have issuedin favour of the Custodian,if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

(A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

The voting period begins on July 31, 2014 (9:00 am) and ends on August 02, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the record date July 25, 2014 (end of day), may cast their vote electronically. The e-voting module shall be disabled by

CDSL for voting thereafter.

(B) 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.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

(C) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company.

(D) 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.

(E) 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.

(F) 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.

14. 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 DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES:

Re-appointment of retiring Directors (item nos. 2 & 3)

Mr.R.Sampath is a B.Sc and also a BS in Chemical Engineering, USA. He is the Chairman & Managing Director of Ultramarines & Pigments Ltd which is one of the promoters of the Company.

Mr. S. Santhanam, Printing Technologist, having vast management experience, is a non-Executive Director and is the Director of another public Company and member of 2 Committees of Board.

III. EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Appointment of Independent Directors (item nos. 5 to 11)

ITEM No.5

Dr. S. Rama Iyer, 74 years, has been a Director of the Company since 25th November, 1997. He is a Phd, MI.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., Gujrat Fluorochemicals Ltd and Deepak Fertilizers & Petrochemicals Corporation Ltd. He holds 50000 shares of the Company on behalf of a private Trust.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Dr. S. Rama Iyer being eligible, is proposed to be appointed as an Independent Director for a term of five consecutive years from the conclusion of this meeting.

In the opinion of the Board, Dr. S. Rama Iyer fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Dr. S. Rama Iyer as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. S. Rama Iyer as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Dr. S. Rama Iyer as an Independent Director, for the approval by the shareholders of the Company.

Except Dr. S. Rama Iyer, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM No. 6

Mr. A. Janakiraman, 69 years, is B.Sc (Chemistry), B.Tech (Chem-Engg), I.I.T and has wide experience in the area of Petrochemicals. He retired as President – New Business (Petroleum) Reliance Industries Ltd. in January, 2010. He has worked in various capacities with Indian Oil Corporation, Herdilla Chemicals Ltd, Herdilla Polymers Ltd, Pasumai Irrigations Ltd, and Chemplast Sanmar Ltd. He does not hold any shares of the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. A. Janakiraman being eligible, is proposed to be appointed as an Independent Director for a term of five consecutive years from the conclusion of this meeting.

In the opinion of the Board, Mr. A. Janakiraman fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. A. Janakiraman as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. A. Janakiraman as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. A. Janakiraman as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. A. Janakiraman, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM No. 7

Mr. P. Shankar, 70 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.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. P. Shankar being eligible, is proposed to be appointed as an Independent Director for a term of five consecutive years from the conclusion of this meeting.

In the opinion of the Board, Mr. P. Shankar fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. P. Shankar as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. P. Shankar as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. P. Shankar as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. P. Shankar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM NO. 8

Mr. Raj Kataria, 58 years, 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.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Raj Kataria being eligible, is proposed to be appointed as an Independent Director for a term of five consecutive years from the conclusion of this meeting.

In the opinion of the Board, Mr. Raj Kataria fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Raj Kataria as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Raj Kataria as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Raj Kataria as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Raj Kataria, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM NO. 9

Mr. N. Subramanian, 66 years, 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.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. N. Subramanian being eligible, is proposed to be appointed as an Independent Director for a term of five consecutive years from the conclusion of this meeting.

In the opinion of the Board, Mr. N. Subramanian fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. N. Subramanian as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. N. Subramanian as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. N. Subramanian as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. N. Subramanian, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 9. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM NO. 10

Mr. R.Ravi Shankar, 61 years, is a Professional with extensive experience in Finance, Manufacturing and Business Management, M & A, and Strategic Consultancy. He is a Chartered Accountant and a Diplomate from IIM Ahmedabad. He has been a Global Sourcing Manager for Unilever PLC, in Strategic Sourcing and Supply Chain, in London and the USA; General Manager – M&A in Hindustan Lever, during which period he has had extensive experience in M&A and Integration of new businesses. He was a senior partner heading the M&A Division in Ernst & Young for 10 years from 1997-2007. During the last six years he is a CEO of an independent Consultancy which advises in M&A, Valuation and Investment Banking. Mr. R.Ravi Shankar also has extensive experience in Business Restructuring & Performance Improvement.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. R.Ravi Shankar being eligible, is proposed to be appointed as an Independent Director for a term of five consecutive years from the conclusion of this meeting.

In the opinion of the Board, Mr. R.Ravi Shankar fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the

management. Copy of the draft letter for appointment of Mr. R.Ravi Shankar as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. R.Ravi Shankar as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. R.Ravi Shankar as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. R.Ravi Shankar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 10. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM No. 11

Mr. Dhruv Moondhra, 37 years, is an entrepreneur and is Director & Chief Executive Officer of Arcelor Mittal Dhamm Processing Pvt Ltd. besides in various other companies. He is a Bachelor of Arts in Economics from Cornell University.

Mr. Dhruv Moondhra has in depth experience in Steel Distribution, Trading and Manufacturing. He has also led business startups in the UK/ India, etc. His induction will bring a wealth of experience in the Commodity industry to the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Dhruv Moondhra being eligible, is proposed to be appointed as an Independent Director for a term of five consecutive years from the conclusion of this meeting.

In the opinion of the Board, Mr. Dhruv Moondhra fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Dhruv Moondhra as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Dhruv Moondhra as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Dhruv Moondhra as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Dhruv Moondhra , being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 11. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM No. 12

To ratify remuneration of Cost Auditor:

The Board at its meeting held on May 12, 2014, 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 2014-15 for a remuneration of Rs.90,000/- 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 put for the consideration of the shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 12.

The Board of Directors recommends the resolution for your approval.

ITEM No. 13

To authorize borrowing in excess of net worth of the company.

The company had earlier obtained the shareholders' approval at its 34thAnnual General Meeting held on July 16, 2007 for borrowing in excess of net worth not exceeding Rupees One thousand Crores under the provision of sec 293(1)(d) of the Previous Companies Act, 1956.

The Ministry of Corporate Affairs vide General Circular no. 04 /2014 dated 25/3/2014 clarifiedwith regard to section 180 of the Companies Act, 2013 that the resolution passed under section 293 of the Companies Act, 1956 prior to12.09.2013 with reference to borrowings (subject to the limits prescribed) and / orcreation of security on assets of the company will be regarded as sufficientcompliance of the requirements of section 180 of the Companies Act, 2013 for aperiod of one year from the date of notification of section 180 of the Act.

Hence this resolution is put for the consideration of the shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 13.

The Board of Directors recommends the resolution for your approval.

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.
CIN : L24100MH1972PLC016149

June 24, 2014

DIRECTORS' REPORT, MANAGEMENT DISCUSSIONS & ANALYSIS

To

The Members

Thirumalai Chemicals Ltd.

Your Directors present the FORTY FIRST ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS of the Company for the year ended March 31, 2014.

(Rs. In Lakhs)

STANDALONE FINANCIAL RESULTS	**Year ended 31.03.2014**	Year ended 31.03.2013
Revenue from Operations	103,344	114,564
Income from Windmill Operation	137	192
Other Income	1584	816
	105,065	**115,572**
Gross Profit / (Loss) before Interest and Finance charges and Depreciation	**6,107**	**10,912**
Interest and Finance charges	4,542	5,202
Profit / (Loss) before Depreciation and Tax	1,565	5,710
Depreciation	1,221	1,287
Profit / (Loss) before Tax	**344**	**4,423**
Provision for Current Tax	260	1,884
Profit / (Loss) after Current Tax	**84**	**2,539**
Provision for Deferred Tax	273	236
Profit / (Loss) after Tax	**357**	2,775
Balance in Profit & Loss Statement	5,621	4,041
	5,978	**6,816**
APPROPRIATIONS		
Dividend	-	**768**
Tax on Dividend	-	**127**
General Reserve	-	**300**
Balance carried forward		**5621**
	5,978	**6,816**

On a Revenue from operation of Rs.103,344 Lakhs (Rs.114,564 Lakhs) including Export earning on FOB basis of Rs.7,187 lakhs (Rs.6,595 lakhs), Income from windmill operation of Rs.137 Lakhs (Rs.192 Lakhs) and Other Income of Rs.1584 lakhs (Rs.816 lakhs), the Gross Profit of the Company amounted to Rs. 6,107 lakhs (profit of Rs.10,912 lakhs in the previous year). After providing for Interest and Finance charges, Depreciation, the Profit after Tax is Rs.357 lakhs (Rs.2,775 lakhs in the previous year).

Dividend: Your Directors, intend to conserve the resource, have not recommended for any dividend for financial year 2013-14 (Previous Year total dividend – Rs.7.50 per share).

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.

MANAGEMENT'S DISCUSSIONS AND ANALYSIS

The Performance, Plans and Prospects of your Company are given below.

1. Scenario overview

2013-14 was a difficult year for the region and for India. India's growth in key sectors was flat, and in some sectors negative. This was aggravated by high inflation for the third year in a row, large public deficits and a sharp devaluation of the rupee and a mood of economic crisis.

2. Your Company's Businesses:

Phthalic Anhydride (PA)

The PA business was badly impacted by low volumes and margins, since the main customer segments viz., Construction, Plastics, Auto, and Paints suffered deeply. The situation was further affected by the Government's Trade and Commerce policies, resulting in a flood of low priced import from around the world – which increased by 100% in the last 6 - 8 months.

These resulted in capacity utilization falling sharply in the second half. Unit costs are very dependent on capacity utilization; these two factors lead to losses in the PA business.

The senior management team is actively working toward correcting the unfair trade situation at a policy level, and we are now hopeful of correction.

PA Derivatives

PA Derivatives business performed reasonably well; but demand was stagnant.

Both in our PA and Derivatives businesses, your company's Business & Manufacturing teams are working on internal cost reduction projects aimed at reducing manufacturing and sales cost in various areas -- in energy, packing and logistics, finance and improving business efficiencies.

The Food Ingredients Businesses

These businesses were positive contributors; this despite the slowdown in the Indian market and in the export market in Europe.

These businesses continued to be profitable and to some extent mitigated the loss from the PA business.

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

Maleic Anhydride (MA) is a very versatile intermediate that goes into many dozens of Speciality Applications in Foods, Polymers, Coatings, Pharma and Speciality Chemicals.

Your overseas subsidiary M/s. OOSB registered a turnover of USD 45.25 million, (prev year USD 51.22 million), a decrease of 11.66 % over the previous year, and a profit before tax of USD 2.46 million (prev year USD 3.61 million).

The profit was impacted by the shut downs, especially for plant refurbishments which are critical for the planned expansion.

The Subsidiary has witnessed a complete turnaround in the 2 years since we acquired it fully: the Subsidiary has not only become profitable, but has repaid a good part of its debt. The subsidiary has undertaken a 30% capacity expansion largely funded by internal cash flows.

Management Team and Human Resources

Mr. Dhanpat Raj Dhariwal retired as CEO in end of October 2013.

He has played a key role during his tenure in improving the business and manufacturing performance of the company.

He has been succeeded by Mr. C. G. Sethuram, a Chemical Engineer and Management Graduate with about 30 years of experience in various businesses within the Chemical industry.

Mr. P.M.C. Nair, a Chemical manufacturing veteran with more than 3 decades of experience, has joined as President-Manufacturing. Mr. Nair has extensive experience in the Chemicals and Fertilizers Industry, and last served as the Executive Director-Operations at RCF.

We are further strengthening the teams for the PA, MA and Food Ingredient businesses units.

At the Board level,

- Mr. Atul Agarwal, who has been a Director and Chairman of the Audit Committee of our company, and an active member of the Business review committee of the Company, stepped down after 10 years of contributions to our Company.
- Mr. Pradeep Rathi, Managing Director of Sudarshan Chemicals stepped down after a long association with the company.
- Mr. S. Sridhar stepped down after many decades with the company.

Your Board places on record their deep sense of gratitude for the contributions of Mr. Atul Agarwal, Mr. Pradeep Rathi and Mr. S. Sridhar.

Our new Directors include:

- Mr. Ravi Shankar, FCA and Diplomate from IIM-Ahmedabad, is a Finance Professional with extensive experience in Business Management, M&A and Strategic Consultancy. He was a senior partner with Ernst and Young; He is a member of the Audit Committee, Nomination & Remuneration Committee, Business Review Committee and Corporate Social Responsibility Committee.
- 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 is a member of the Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

- Mr. Dhruv Moondra is an entrepreneur, and Director & Chief Executive Officer of Arcelor Mittal Dhamm Processing Pvt Ltd. besides various other companies. He is a graduate in Economics from Cornell University.

Systems, Audits and Governance:

We now have regular audits of Systems, Policies & Risks, along with Transaction & Compliance audit, and Statutory Audit. All Auditors report to the Audit Committee of the Board, and to the full Board.

The Business Review Committee of the Board reviews the budgets plans and corrective actions on a regular basis with the management and operations team. The Business Review Committee had 4 meetings in the current year.

Social Responsibility:

Your company has since the very beginning been closely engaging with the communities and people that it operates in, in many ways. These activities are carried out through the Thirumalai Charity Trust (TCT) and the Akshaya Vidya Trust (AVT). The TCT has been active since 1982 in Vellore District, Tamil Nadu in the empowerment of women, development of micro businesses, supporting entrepreneurship, rural health care, alcoholism rehab, social and health education, and in aiding the disabled, in 300 villages.

The Thirumalai Mission Hospital provides Secondary and Specialised healthcare for the communities of Vellore district.

The Thirumalai Mission Hospital (TMH) and the Vedavalli Vidyalaya Schools operate with support from the Company. Now over 2500 children are educated through the 3 VV schools at 2 campuses.

RISKS AND CONCERNS

1. While the domestic market in India is growing, aggressive and cheap imports due to inverted duties and dumping are dampening domestic manufacturing and may continue until government policy is corrected.
2. In our PA business, we are dependent on a single raw material supplier. This could be a risk due to logistic constraints, and single source risks. Your Company is working on diversifying our sources.
3. For PA derivatives, Alcohol availability continues to be a concern, resulting in increased cost of alcohol – since for supply we have to compete with Liquor and Petrol blending.

Awards and Recognitions:

The Company has participated in various important Competitions and Programmes to benchmark and improve ourselves and motivate our employees. The Company is recognized for its performance in Energy and Water management, Ethical Business practices, Manufacturing Excellence and in CSR / Social initiatives.

We have received the following Awards and Recognitions over the last year: National Award Excellence in Energy Management, Ramakrishna Bajaj National Quality Award, and CSR Excellence & Leadership, to mention a few.

Employees:

Industrial relations with employees remained cordial during the year. We thank our employees, for their sustained effort and commitment to your Company.

Financial and Operating performance

Your Company achieved a Net Profit of Rs.357 lakhs compared to Net profit of Rs. 2,775 lakhs in the previous year.

Contribution to Exchequer

The amounts paid to the Central and State Exchequer by way of Excise Duty, Sales Tax, Customs duties (incl. paid to supplier), Income Tax, etc. is about Rs.13,415 Lakhs on Net Sales of about Rs.103,344 Lakhs. Contribution to the Exchequer is about 12.7% of your Company's Sales.

Exports:

Calculated on FOB basis, Exports amounted to Rs.7,187 Lakhs (Rs. 6,595 lakhs).

Current Year Business

In the Phthalic Anhydride business, large volumes of imports have affected sales in the domestic market. The market situation continues to be challenging but your company is gearing itself to rise above these.

The International markets present a difficult trade situation given the volatility in prices of Raw material and in the finished product. The Management and Operating teams are working to address these.

Continuous improvement in cost and efficiency will continue to be a focus in the coming year.

In the Food Ingredients Business, the margins have improved, while reducing costs. Active efforts are being taken to expand the market.

The Focus for FY 2014-15

The Management team has set itself the following key tasks:-

1) Work towards early correction of the Inverted Duty, caused by various Trade Agreements
2) Improve gross margins on all products
3) Improve raw material supply chain and costs, to derive significant cost efficiencies

4) Drive down total cost -- manufacturing and post manufacturing, by eliminating activities, improved reliability and better management of working capital.

Cautionary Statement

The statements made in this report are based on considered assumptions and expectations. Actual results may differ in future. The Company assumes no responsibility with respect to forward looking statements that may be amended or modified later, on the basis of subsequent developments, information or events.

Directors' Responsibility Statement

As required pursuant to the Companies (Amendment) Act, 2000, the Board of Directors confirms 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 judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.

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

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

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. Your Company is also very regular in meeting its commitments to its depositors. Deposits aggregating Rs. 20.95 lakhs due for repayment on or before March 31, 2014 were not claimed by the depositors as on that date.

Statement pursuant to Listing Agreement

Your Company's shares are listed with the National Stock Exchange of India Ltd. and the BSE Ltd. We have paid the respective annual listing fees and there are no arrears.

Report on Corporate Governance

A Report on Corporate governance is annexed herewith. Auditors' Report on the same is also annexed.

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

Auditors

M/s. CNK & Associates LLP, Chartered Accountants, Statutory Auditors of our Company hold office until the conclusion of the ensuing AGM. The notice convening the AGM is self-explanatory. Members are requested to appoint M/s. CNK & Associates LLP, Chartered Accountants, as Auditors for the Current Year.

Cost Auditors

Mr.G.Sundaresan, Cost Accountant, was appointed as Cost Auditor to conduct cost audit of the cost records maintained by our Company in respect of products manufactured during the financial year 2013-14. Cost Compliance and Cost Audit Reports were filed with MCA, Govt. of India, by the Cost Auditor on Sept.23, 2013 and Sept.25, 2013 respectively, well before Sept.30, 2013, the due date of filing for the financial year 2012-13.

Personnel

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the *Annexure A to the directors' report.*

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 B.

Acknowledgements

The Directors would like to place on record our sincere appreciation for the continued support given by the Banks, Government Authorities, Customers, Vendors, Shareholders and Depositors during the period under review. The Directors also appreciate and value the contributions made by the employees of our Company at all levels.

For and on behalf of the Board of Directors

Mumbai	**R. Parthasarathy**	**R. Ravi Shankar**
12th May 2014	Managing Director	Director

ANNEXURE TO DIRECTORS' REPORT

(Rs. In Lakhs)

CONSOLIDATED FINANCIAL RESULTS	Year ended 31.03.2014	Year ended 31.3.2013
Revenue from operations	**127,487**	136,938
Income from Windmill Operation	**137**	192
Other Income	**463**	478
Gross Profit / (Loss) before Interest and Finance Charges and Depreciation	**8,640**	13,960
Interest and Finance charges	**4,854**	5,228
Profit / (Loss) before Depreciation and Tax	**3,786**	8,732
Depreciation	**2,299**	2,286
Profit / (Loss) before Tax	**1,487**	6,446
Provision for Tax	**383**	2,301
Profit / (Loss) after Tax	**1,104**	4,145
Provision for Deferred Tax	**83**	236
Profit / (Loss) after Tax	**1,187**	4,381
Balance in Profit & Loss Account	**6,780**	3,594
Profit available for appropriation	**7,967**	7,975

Annexure A

STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT,1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED MARCH 31,2014 AND FORMING PART OF THE DIRECTORS' REPORT -- EMPLOYED PART OF*/THROUGHOUT THE FINANCIAL YEAR

Sl. No	Name	Designation	Qualification(S)	Age	Date of Commencement of Employment	Total Experience	Nature of Employment, Whether Contractual or Otherwise	Nature of Duties of the Employee	Gross Remuneration Rs.	Previous Employment / Designation
1.	Mr.Dhanpat Raj Dhariwal	Chief Executive Officer (up to 31.10.2013)	M.Tech B.E	63 years	8th July 2011	36 years	Contractual	General Management	1.55 crores	President / CEO / Birla White, Grasim Industries
2.*	Mr. C. G.Sethuram	Chief Executive Officer (from 01.11.2013)	B.Tech PGDM	58 Years	12th August 2013	35 years	Contractual	General Management	0.72 crores	ED (emerging business), Archean Group

Annexure B

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 DIRECTORS' REPORT.

CONSERVATION OF ENERGY:

Energy saving systems is incorporated wherever necessary. Energy savings are attempted continuously.

Existing energy saving systems are properly utilized and further devices are added when necessary.

I	Fuel Consumption	Units	Year Ending 2013 – 2014	Year Ending 2012 – 2013
1	Electricity			
	a) Purchased Units	KWHR	**3,678,641**	2,436,360
	Total Amount Paid	Rs.	**32,202,068**	19,291,746
	Rate per Unit	Rs.	**8.75**	7.92
	b) Own Generation	KWHR	**2,733,422**	3,424,096
	Unit / Ltr of HSD	KWHR/LTR	**2.87**	2.64
	Cost per Unit	Rs.	**21.39**	17.75
2	Coal : Not consumed in the process	KWHR	**Nil**	Nil
3	Furnace Oil			
	Total Quantity	KL	**4,557**	5,573
	Total Amount	Rs.	**188,873,080**	217,571,141
	Average Rate	Rs.	**41,448**	39,038
4	Other Internal Generations	KWHR	**17,815,963**	27,057,614
5	Consumption Per Tonne of Production			
	Electricity	KWHR	**36.40**	21.14
	Furnace Oil	Ltr	**45.09**	48.36
	Diesel	Ltr	**9.42**	11.24
	Production Details (bagged - in MT)	Quantity Mts		
	Total Production	1,07,927		

II. Technology Absorption, Adaptation and Innovation.

Research and Development

1) Specific Areas in which R & D activities carried out by our company.
   - Reducing process effluents
   - Improving Yields
   - Improving Conversion Efficiencies
2) Benefits derived as a result of above effects.
   - Improvement in raw material consumption
   - Reducing effluents
   - Better process Efficiencies
3) Future plan of action.
   - To improve in the above areas specified
4) Capital Expenditure on R & D

a)	Capital	Rs. NIL lakhs	(Rs. 4.32 lakhs)
b)	Recurring	Rs. 116.07 lakhs	(Rs. 173.60 lakhs)
c)	Total	Rs. 116.07 lakhs	(Rs. 178.12 lakhs)
	Total R&D expenditure as a % of sales	0.11%	0.16%

5. Technology Absorption, Adaptation and Innovation:
   - On going in the above areas specified.

III) **Foreign Exchange Earning and Outgo**

Export earnings	–	Rs. 7,762 Lakhs	(Rs. 6,990 Lakhs)
Outgo	–	Rs. 3,819 Lakhs	(Rs.12,774 Lakhs)

For and on behalf of the Board of Directors

Mumbai,
12th May 2014

R. Parthasarathy
Managing Director

R. Ravi Shankar
Director

CORPORATE GOVERNANCE REPORT 2013-14

(as required under Clause 49 of the Listing Agreement with Stock Exchanges)

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that good Corporate Governance practices would ensure efficient conduct of the affairs of the Company and facilitate the Company to achieve its goal of maximizing value to the shareholders and simultaneously enable the company to fulfill its obligations to the other stakeholders such as customers, vendors, employees and to the society in general.

The Company recognizes that strong Corporate Governance is indispensable to resilient and vibrant capital markets and is therefore an important instrument of investor protection.

The company continues to remain committed to a corporate culture of conscience and consciousness, integrity, fairness, transparency, accountability and responsibility for efficient and ethical conduct of its business.

BOARD OF DIRECTORS

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

a) Composition:

1) The Board of Directors of your Company presently comprises of a Non-Executive Chairman, One Managing Director and eight Non-Executive Directors.

2) All Directors other than Mr.S.Santhanam, Mr.R.Sampath and Mr. R.Parthasarathy are independent Directors.

b) Board Meetings:

Five meetings of the Board of Directors were held on 29.05.2013, 05.07.2013, 13.08.2013, 08.11.2013 and 10.02.2014. All operational and statutorily required information were placed before the Board. All significant events were also reported to the Board.

The Company Secretary, in consultation with the Chairman and the Managing Director, drafts the agenda of the meeting. Agenda papers along with relevant details are circulated to all Directors, well in advance of the date of the Board meeting.

The details of attendance of each Director at the five Board Meetings held during the financial year 2013-2014, at the last AGM and other particulars of Directorships are given below:-

Name of the Director	Attendance at		No. of Directorships in Other Public Companies	Board Sub-Committees (Audit Committee and Stakeholders Relationship Committee)	
	Board Meetings	Last AGM		Membership	Chairmanship
Dr. S. Rama Iyer [1]	5	Yes	8	2	-
Mr. R. Parthasarathy [2]	5	Yes	1	-	-
Mr. Atul Agarwal [3]	3	Yes	-	-	-
Mr. Pradeep Rathi [4]	1	Yes	-	-	-
Mr. A. Janakiraman	5	Yes	-	1	-
Mr. P. Shankar	3	Yes	2	2	2
Mr. N.Subramanian	2	No	-	1	-
Mr. Raj Kataria	5	Yes	-	2	-
Mr. S. Sridhar[7]	2	No	-	-	-
Mr. S. Santhanam	5	Yes	1	2	1
Mr. R. Sampath	5	Yes	1	-	-
Mr. R.Ravi Shankar [5]	2	No	-	1	-
Mr. Dhruv Moondhra [6]	-	No	-	-	-

[1] Chairman

[2] Managing Director

[3] Ceased to be a Director from 13/08/2013

[4] Ceased to be a Director from 17/09/2013

[5] Inducted from 13/08/2013 as Director in casual vacancy.

[6] Inducted from 10/02/2014 as Director in casual vacancy.

[7] Ceased to be a Director from 13/05/2014

c) Remuneration of Director:

The remuneration paid to the Managing Director is within the ceiling as per the resolution approved by the shareholders.

Details of remuneration paid to the Managing Directors during the year ended 31/03/2014 are: in **Rs.**

Name	Position	Salary	Commission	Contribution to P.F. and other Fund	Provisions for Leave Encashment and Gratuity	Perquisites
Mr. R. Parthasarathy	Managing Director	4,800,000	Nil	5,76,000	10,419,041#	Nil

provisions of Rs.2,019,249 towards Leave encashment and Rs.8,399,792 towards Gratuity.

Sitting fees is payable to the Non-Executive Directors for attending Board / Committee meetings. The Non-Executive Directors are also paid commission on an annual basis, in such proportion as may be decided by the Board, provided that the total commission payable to such Directors shall not exceed 1% of the net profits of the Company.

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

Sitting fees paid to the Non-Executive Directors

Name of the Director	Sitting fees paid (Rs.)
Dr. S. Rama Iyer	1,40,000
Mr. P. Shankar	1,00,000
Mr. A. Janakiraman	1,80,000
Mr. N. Subramanian	1,00,000
Mr. Raj Kataria	1,40,000
Mr. R.Ravi Shankar	1,20,000
Mr. Pradeep Rathi	20,000
Mr. S. Santhanam	1,80,000
Mr. R.Sampath	1,40,000
Mr. S. Sridhar	40,000

d) Details of the Shares held by Non-Executive Directors as on 31/3/2014.

Name of the Director	No. of Shares held*
Mr. R.Sampath	4,81,737
Mr. S. Santhanam	79,452
Mr. S. Sridhar	78,717
Dr. S. Rama Iyer	50,000
Mr. Raj Kataria	50

* Incl. Trust holdings

BOARD COMMITTEES

The Board has the following Committees :

Audit Committee, Stakeholders Relationship Committee, Business Review Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee.

a) Audit Committee:

Three/fourth of the Audit Committee consists of independent Directors.

The Audit Committee constitutes of the following members:

Name of Director	Category
Mr.P.Shankar	Independent Director & Chairman
Mr.Atul Agarwal*	Independent Director
Mr.A.Janakiraman*	Independent Director
Mr.N.Subramanian$	Independent Director
Mr.Raj Kataria#	Independent Director
Mr.R.Ravi Shankar#	Independent Director
Mr.S.Santhanam	Promoter Director

* Ceased to be a member from 13/08/2013

$ Inducted as a member from 29/05/2013

Inducted as a member from 13/08/2013

Mr. P.Shankar, joined the Indian Administrative Service in 1966 after acquiring a Post-Graduate degree in Economics from Vivekananda College of the erstwhile Madras University. In the course of a distinguished career he served as the Chief Secretary of Tamil Nadu (2001 - 02) and as Secretary to 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. He has last served as Central Vigilence Commissioner of India.

N. Subramanian, 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.

Mr. Raj Kataria is a qualified Company Secretary 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.

Mr. R.Ravi Shankar is a Professional with extensive experience in Finance, Manufacturing and Business Management, M & A, and Strategic Consultancy. He is a Chartered Accountant and a Diplomate from IIM Ahmedabad He was a senior partner in Ernst & Young for 10 years from 1997-2007.

Mr. S. Santhanam, Printing Technologist, is a non-Executive Director and is the Director of another public Company and member of 2 Committees of Board

The Composition of the Audit Committee of the Company meets with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the relevant Indian stock exchange.

The Audit Committee's objectives is to assist the Board in its responsibility for overseeing the processes related to the financial accounting, auditing and reporting practices of the Company and its compliances with the legal and regulatory requirements, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors and the performance, appointment and remuneration of internal auditors and the Company's risk and management policies.

Four meetings of the Audit Committee of the Board of Directors were held during the year 2013-2014 on 29.05.2013, 13.08.2013, 08.11.2013 and 10.02.2014. The details of attendance are given below:

Name of the Director	No. of Meetings attended
Mr. Atul Agarwal	2
Mr. P.Shankar	2
Mr. A.Janakiraman	2
Mr.N.Subramanian	1
Mr.Raj Kataria	2
Mr.R.Ravi Shankar	2
Mr.S.Santhanam	4

The Statutory Auditors attended all the Audit Committee meetings. The Company Secretary and the CFO attended all the Audit committee meetings. The Audit Committee discussed the Company's accounts as also the periodic quarterly results and then these were placed before the Board of Directors, The Audit Committee also overviews the Company's financial reporting process. The Audit Committee reviews the annual results before it is considered by the Board of Directors. The Audit Committee also reviews the Group Company transactions, Internal Auditors Report and the Action Taken Report thereon.

b) **Stakeholders Relationship Committee:**

Stakeholders Relationship Committee constitutes of the following members:

Name of Director	Category
Mr. S. Santhanam	Promoter Director & Chairman
Mr. N. Subramanian[1]	Independent Director
Mr. A. Janakiraman [2]	Independent Director
Mr. Raj Kataria [2]	Independent Director

[1] Ceased to be a member from 13/08/2013

[2] Inducted as a member from 13/08/2013

Stakeholders Relationship Committee deals with the following matters:

- Monitors expeditious redressal of Investor Grievance matters received from Stock Exchanges, SEBI, ROC etc.
- Monitors redressal of queries/complaints received from shareholders relating to Transfers, non-receipt of Annual Report, dividend etc.
- Any other matters related to share transfers.

Mr. T.Rajagopalan has been appointed as Company Secretary and Compliance Officer from 15th May, 2012. During the year, the Company received 13 queries/complaints from Shareholders which were all resolved promptly. The process of share transfer is delegated to the R&T and is carried out by it in compliance with the Listing Agreement which will be confirmed and ratified by the Board at the subsequent meeting. There has been no complaint from any investor which has not been redressed promptly.

It has been noted that the shareholding in dematerialized mode as on 31st March, 2014 was 96.40 %.

c) **Business Review Committee:**

The Business Review Committee constitutes of the following members:

Sl.No.	Name of Director	Category
1	Dr. S.Rama Iyer	Independent Director
2	Mr. Atul Agarwal [1]	Independent Director
3	Mr. A.Janakiraman	Independent Director
4	Mr. N.Subramanian [2]	Independent Director
5	Mr. R.Ravi Shankar [3]	Independent Director
6	Mr. R.Sampath [3]	Promoter Director

[1] Ceased to be a member from 13/08/2013

[2] Inducted as a member from 29/05/2013

[3] Inducted as a member from 13/08/2013

The Committee reviews the business of the company and also discusses Possibilities of growth/expansion strategy aimed at market penetration, market development and / or product development, for the overall improvement and growth of the company.

The Committee meets at such intervals as necessary.

d) **Nomination & Remuneration Committee**:

The Nomination & Remuneration Committee * constitutes of the following members:

Sl.No.	Name of Director	Category
1	Mr. Atul Agarwal [1]	Independent Director
2	Mr. P.Shankar [1]	Independent Director
3	Mr. A.Janakiraman [1]	Independent Director
4	Mr. N.Subramanian [1]	Independent Director
5	Mr. S.Santhanam [1]	Promoter Director
6	Dr. Rama Iyer [2]	Chairman and Independent Director
7	Mr. Raj Kataria [2]	Independent Director
8	Mr. R.Ravi Shankar [2]	Independent Director
9	Mr. R.Sampath [2]	Promoter Director

* Separately constituted from 29/05/2013

[1] Ceased to be a member from 13/08/2013

[2] Inducted as a member from 13/08/2013

The Committee monitors and evaluates the selection, appointment and remuneration of Key Management personnel.

The Committee meets at such intervals as necessary.

e) **Corporate Social Responsibility Committee**:

The Corporate Social Responsibility Committee* constitutes of the following members:

Sl.No.	Name of Director	Category
1	Dr. Rama Iyer	Chairman and Independent Director
2	Mr. Raj Kataria	Independent Director
3	Mr. R.Ravi Shankar	Independent Director
4	Mr. R. Sampath	Promoter Director

(*constituted from 08/11/2013)

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

The Committee had met once during the year.

GENERAL BODY MEETINGS

The Forty First Annual General Meeting of the Company for the financial year 2013-2014 would be held on Wednesday, August 06, 2014 at 3 p.m. at **Rangaswar**, Yashwantrao Chavan Pratishthan, Fourth Floor, Gen. Jagannathrao Bhosale Marg, Nariman Point , Mumbai 400 021..

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2012-2013	05/07/2013	3.00 p.m.	Mysore Association Auditorium Bhaudaji Road, Matunga- (C.Rly) Mumbai.
2011-2012	13/07/2012	4.00 p.m.	Mysore Association Auditorium Bhaudaji Road, Matunga - (C.Rly) Mumbai.
2010-2011	01/08/2011	4.00 p.m.	Mysore Association Auditorium Bhaudaji Road, Matunga - (C.Rly) Mumbai.

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

DISCLOSURES :

The Company's internal Audit is done by a firm of Chartered Accountants. The reports submitted by the Internal Auditors on the operations and financial transactions and the Action Taken Report on the same are placed before the Audit Committee, apart from the Statutory Auditors and the Senior Management of the Company.

For every quarter, the General Manager of the Factory at Ranipet / Manager (Accounts), make report of statutory compliances which are placed before the Audit Committee, which is a detailed report. At the Board meeting following the Audit Committee meeting, the Company Secretary makes a report confirming statutory compliances for the said quarter.

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

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

CODE OF CONDUCT :

The Company has laid down the Code of Conduct for all Board members and Senior management of the Company, available on the Company's Website.

All Board members and Senior Management of the Company have affirmed compliance with their Code of Conduct for the financial year ended March 31, 2014. The Managing Director has also confirmed and certified the same. The certification is annexed at the end of this Report.

RISK MANAGEMENT :

The Company has well laid down procedures to inform Board members about the risk assessment and minimisation procedures.

CEO /CFO CERTIFICATION :

Appropriate certification as required Clause 49 V of the Equity Listing requirement with the stock Exchanges, Mr. R.Parthasarathy, Managing Director and Mr. N. Nambi Rajan, Chief Financial Officer have certified to the Board regarding Financial Statements for the year ended 31st March, 2014.

MEANS OF COMMUNICATION :

The Company has promptly reported all material information including quarterly results and press releases to the Stock Exchanges where the Company's securities are listed. The quarterly results were communicated to the shareholders by way of advertisement in a National daily and in a vernacular language newspaper.

GENERAL SHAREHOLDERS INFORMATION :

1)	Date, time and venue of 41st AGM	:	August 06, 2014 at 3 p.m. at **Rangaswar,** Yashwantrao Chavan Pratishthan, Fourth Floor, Gen. Jagannathrao Bhosale Marg, Nariman Point , Mumbai 400 021
2)	Date of Book Closure	:	Saturday, July 26, 2014 to Wednesday, August 06, 2014 (both days inclusive)
3)	Listing on Stock Exchanges	:	BSE Ltd. (BSE) and National Stock Exchange Ltd. (NSE).

4) Listing fees : Paid as per the listing agreement.

5) ISIN No : INE 338A01016.

6) BSE Stock code : 500412

NSE Stock code : TIRUMALCHM

7) Registered office : Thirumalai House, Road No.29, Sion-East, Mumbai-400 022 Tel: +91-22-43686225, 43686206 Fax: +91-22-24011699/4754 E-mail- thirumalai@thirumalaichemicals.com

8) Registrar & Share Transfer Agent : Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W) Mumbai-400 078. Tel: +91-22-25946970 Fax: +91-22-25946969 E-mail- helpdesk@linkintime.co.in

9) Compliance Officer : Mr. T. Rajagopalan, Company Secretary Thirumalai Chemicals Limited Thirumalai House, Road No.29, Sion (East), Mumbai- 400 022. Tel: +91-22-43686225, 43686206. Fax: +91-22-24011699. E-mail- rajagopalan.t@thirumalaichemicals.com

10) Share Transfer system : The Company's shares are traded in the Stock Exchanges which are compulsorily in demat mode. Shares sent for physical transfer are registered promptly within 15 days from the date of receipt of completed and validly executed documents.

11) Financial Calendar :

Annual Results	-	12th May, 2014
Mailing of Annual Reports	-	By 07th July, 2014
Results for the Quarter ending:		
June 30, 2014	-	By 14th August, 2014
September 30, 2014	-	By 15th Nov, 2014
December 31, 2014	-	By 14th Feb, 2015
March 31, 2015	-	May, 2015

12) Dematerializations of shares : As on 31/3/2014, 96.40 % of the Company's Shares representing 98,70,253 shares were held in the dematerialized form.

13) Plant Location : Ranipet, Vellore District, Tamil Nadu. Tel: +04172-246327, 246061. Fax: +04172-244308. E-Mail: mail@thirumalaichemicals.com

14) Categories of Shareholders (as on 31/3/2014):

Category	No. of shares	% of shareholding
Promoters, Directors & their Relatives	18,99,360	18.55
Group Companies	27,00,182	26.37
Financial Institutions / Banks	1,575	0.01
Insurance companies	600	0.01
NRIs / FIIs	92,931	0.91
Companies / Bodies Corporates	4,97,385	4.86
General Public	49,45,340	48.30
Clearing Members	50,439	0.49
Trusts	51,000	0.50
TOTAL	**1,02,38,812**	**100.00**

15) Distribution of Shareholding as on 31.03.2014:

No. of shares	No. of Shareholders	% of Shareholders	Shareholding	% of Shareholding
Upto 500	15,011	91.26	16,64,563	16.26
501- 1000	780	4.74	6,13,741	5.99
1001-2000	332	2.02	4,97,102	4.86
2001-5000	183	1.11	5,78,197	5.65
5001-10000	65	0.40	4,62,278	4.51
Above 10000	78	0.47	64,22,931	62.73
Total	**16,449**	**100.00**	**1,02,38,812**	**100.00**

16) Stock market price data for the year 2013-2014

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	No. of Shares	High (Rs.)	Low (Rs.)	No. of Shares
April, 2013	116.00	92.50	1,17,133	115.75	92.40	1,92,770
May, 2013	104.95	84.45	55,562	100.50	84.50	1,09,974
June, 2013	86.00	74.25	34,640	89.75	74.05	66,880
July, 2013	107.00	72.00	532374	106.90	72.10	11,32,826
August, 2013	79.50	68.05	55,565	82.00	65.65	1,43,832
September, 2013	97.90	68.20	1,97,813	97.95	67.00	3,85,273
October, 2013	104.30	78.20	3,36,474	104.80	80.00	4,52,126
November, 2013	104.70	88.80	1,85,594	105.00	89.00	2,34,626
December, 2013	111.40	91.60	4,03,256	111.65	91.00	6,51,783
January, 2014	115.30	93.40	2,65,738	115.50	92.50	4,27,669
February, 2014	103.95	88.05	90,724	104.30	86.10	1,65,367
March, 2014	98.45	87.00	3,73,755	98.50	86.85	5,05,452

For Thirumalai Chemicals Limited

Mumbai,
12th May, 2014

R. Parthasarathy
Managing Director

R. Ravi Shankar
Director

DECLARATION BY THE MANAGING DIRECTOR / CEO UNDER CLAUSE 49 (1) (D) OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with Clause 49 sub-clause 1 (D) of the Listing Agreement with the Stock Exchange, I hereby confirm that all the Directors and the Senior Management Personnel of the Company have affirmed compliance to the Code of Conduct for the Financial Year ended March 31, 2014.

For Thirumalai Chemicals Limited

Mumbai,
12th May, 2014

R. Parthasarathy
Managing Director

INDEPENDENT AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To the Members of,

Thirumalai Chemicals Limited

We have examined the compliance of conditions of corporate governance by **Thirumalai Chemicals Limited** for the year ended on 31st March 2014, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the abovementioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders and Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

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

H. V. Kishnadwala
Partner
Membership No.: 037391

Place: Mumbai
Date: 12th May, 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of

THIRUMALAI CHEMICALS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Thirumalai Chemicals Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2014;

(b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and

(c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227 (3) of the Act, we report that:
   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c) the balance sheet, statement of profit and loss, and cash flow statement dealt with by this Report are in agreement with the books of account;
   d) in our opinion, the balance sheet, statement of profit and loss, and cash flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
   e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

H. V. Kishnadwala
Partner
Membership No.: 037391

Place: Mumbai
Date: 12th May, 2014

Annexure to the Independent Auditors' Report

Referred in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date.

On the basis of such checks as considered appropriate and in terms of the information and explanations given to us, we state as under:

1 (a) The company is maintaining proper records showing full particulars including quantitative details and situation of the fixed assets;

(b) As per the information and explanations given to us, the fixed assets have been physically verified by the management during the year in accordance with the phased programme of verification adopted by the Company and no material discrepancies were noticed on such verification;

(c) During the year, the company has discontinued its Maleic Anhydride plant and has disposed off part of the plant. However, the fixed assets disposed off by the company were not substantial and therefore does not affect the going concern assumption;

2 (a) As explained to us, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable;

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;

(c) In our opinion, the Company is maintaining proper records of inventory and the discrepancies noticed on physical verification of the same were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account;

3 (a) As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured to any company, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, clause 3(b), 3(c) and 3(d) of the Order are not applicable for the year;

(b) As per the information and explanations given to us, the Company has not taken any unsecured loans from parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, clause 3(f) and 3(g) of the Order are not applicable for the year;

4 In our opinion and as explained to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls and there is no continuing failure for the same;

5 (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered;

(b) In our opinion and as explained to us, the terms and conditions of the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 are reasonable having regard to the prevailing market prices at the relevant time;

6 In our opinion and according to the explanations given to us, the Company has generally complied with the provisions of Section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and rules made there under for the deposits accepted from the public;

7 In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business;

8 We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie, the prescribed accounts and cost records have been made and maintained. We have not, however, made a detailed examination of the cost records with a view to determining whether they are accurate or complete;

9 (a) According to the information and explanations given to us and the records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise-duty, cess and other statutory dues and there are no undisputed statutory dues outstanding as at 31st March 2014, for a period of more than six months from the date they became payable;

(b) Disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the dues	Amount (Rs.)	Financial year/s to which the amount relates	Forum where dispute is pending
Tamilnadu General Sales Tax Act	Interest on belated payments of tax	7,537,505	2000-01 to 2005-06	Madras High Court
Foreign Exchange Management Act	Penalty	99,363,453	1995-96	Appellate Tribunal constituted under Foreign Exchange Management Act
Income Tax Act	Penalty	10,566,447	2009-10	Commissioner of Income Tax, Appeals

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

10 The company does not have any accumulated losses as on 31st March 2014. The company has not incurred any cash losses during the financial year and in the immediately preceding financial year;

11 Based on the information and explanations given to us, the Company has not defaulted in repayment of any dues to financial institutions and banks;

12 Based on our examination of the records and as explained to us, the Company has not granted any loans and/ or advances on the basis of security by way of pledge of shares, debentures and other securities;

13 The Company is not a chit fund, nidhi, mutual benefit fund or a society;

14 During the year, the Company has not made any dealing and trading in shares, securities, debentures and other investments. The Company holds all shares, debentures and other investments held by the company in own name;

15 According to the information and explanations given to us, the Company has given corporate guarantee to bank for and on behalf of step-down subsidiary amounting to Rs. 587,047,000 the terms and conditions whereof in our opinion are not *prima facie* prejudicial to the interest of the Company;

16 In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained;

17 As explained to us and on an overall examination of the balance sheet of the Company, in our opinion there are no funds raised on short-term basis, which have been used for long term investments by the Company;

18 During the year the Company has not made any preferential allotment of shares to the parties or companies covered in the register maintained under section 301 of the Companies Act, 1956;

19 During the year the Company has not issued any debentures accordingly, the clause (xix) of the paragraph 4 of the Order is not applicable to the Company;

20 The Company has not raised any money by way of public issues during the year. Therefore, the provisions of clause (xx) of the paragraph 4 of the Order are not applicable to the Company;

21 As per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

H. V. Kishnadwala
Partner
Membership No.: 037391

Place: Mumbai
Date: 12th May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

All amounts in Indian rupees, except share data and where otherwise stated

Particulars	Note No.	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
I. EQUITY AND LIABILITIES			
(1) **Shareholders funds**			
(a) Share capital	C.1	**102,410,620**	102,410,620
(b) Reserves and surplus	C.2	**1,321,429,217**	1,277,009,463
		1,423,839,837	1,379,420,083
(2) **Non-current liabilities**			
(a) Long-term borrowings	C.3	**201,166,899**	530,496,284
(b) Deferred tax liabilities (net)	C.4	**133,472,005**	160,792,038
(c) Long-term provisions	C.5	**69,111,052**	54,249,952
		403,749,956	745,538,274
(3) **Current liabilities**			
(a) Short-term borrowings	C.6	**1,147,475,077**	1,616,647,965
(b) Trade payables	C.7	**2,291,349,912**	2,324,716,737
(c) Other current liabilities	C.8	**650,458,787**	553,796,845
(d) Short-term provisions	C.9	**23,668,817**	42,730,739
		4,112,952,593	4,537,892,286
TOTAL		**5,940,542,386**	6,662,850,643
II. ASSETS			
Non-current assets			
(1) (a) Fixed assets			
(i) Tangible assets	C.10	**770,052,608**	922,948,243
(ii) Capital work-in-progress		**31,574,726**	5,373,894
(b) Non-current investments	C.11	**325,169,305**	325,169,305
(c) Long-term loans and advances	C.12	**527,255,178**	553,232,664
(d) Other non current assets	C.13	**1,432,097**	2,443,098
		1,655,483,914	1,809,167,204
(2) **Current assets**			
(a) Inventories	C.14	**1,902,312,035**	1,880,507,991
(b) Trade receivables	C.15	**1,906,512,640**	2,535,553,277
(c) Cash and cash equivalents	C.16	**189,071,900**	109,762,596
(d) Short-term loans and advances	C.17	**135,683,118**	134,782,187
(e) Other current assets	C.18	**151,478,779**	193,077,388
		4,285,058,472	4,853,683,439
TOTAL		**5,940,542,386**	6,662,850,643
Significant accounting policies	B		
Notes to financial statements	A,C,D & E		

The accompanying notes are an integral part of financial statements

As per our report of even date
For & on behalf of

CNK & ASSOCIATES LLP
CHARTERED ACCOUNTANTS

H. V. KISHNADWALA
PARTNER

MUMBAI, 12TH MAY, 2014

For and on behalf of the Board of Directors

R.PARTHASARATHY
MANAGING DIRECTOR

R.RAVI SHANKAR
DIRECTOR

N.NAMBI RAJAN
CHIEF FINANCIAL OFFICER

T. RAJAGOPALAN
COMPANY SECRETARY

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

All amounts in Indian rupees, except share data and where otherwise stated

	Particulars	Note No.	Year ended 31st March 2014 Rs.	Year ended 31st March 2013 Rs.
I	Revenue from operations	C.19	**10,348,070,146**	11,475,645,743
II	Other income	C.20	**158,438,768**	81,600,853
III	**Total revenue (I + II)**		**10,506,508,914**	11,557,246,596
IV	**Expenses:**			
	Cost of materials consumed	C.21	**8,512,852,298**	8,967,472,803
	Purchase of stock in trade	C.22	**67,210,338**	415,320,314
	Changes in stock	C.23	**103,706,273**	(204,827,036)
	Employees benefits expense	C.24	**241,522,617**	215,827,257
	Finance costs	C.25	**454,223,498**	520,222,578
	Depreciation and amortization	C.10	**122,100,129**	128,749,674
	Other expenses	C.26	**970,472,793**	1,072,205,016
	Total expenses		**10,472,087,946**	11,114,970,606
V	**Profit before tax**		**34,420,968**	442,275,990
VI	**Tax expense**			
	Current tax		**(34,700,000)**	(165,000,000)
	Deferred tax		**27,320,034**	23,580,226
	Adjustment for earlier years		**8,639,371**	(23,399,889)
VII	**Profit for the year**		**35,680,373**	277,456,327
VIII	**Earnings per equity share - Par value Rs. 10 per share**			
	Basic and diluted		**3.48**	27.10
	Significant accounting policies	B		
	Notes to financial statements	A, C, D & E		
	The accompanying notes are an integral part of financial statements			

As per our report of even date
For & on behalf of

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MUMBAI, 12TH MAY, 2014

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T. RAJAGOPALAN
COMPANY SECRETARY

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

	Particulars		As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
(A)	**Cash Flow From Operating Activities**			
	Net profit before tax and extraordinary items		**34,420,968**	442,275,990
	Adjustments for			
	Depreciation		**122,100,129**	128,749,674
	Finance Costs		**454,223,498**	520,222,578
	Interest Income		**(53,294,914)**	(51,420,017)
	Dividend Received		**(6,918,295)**	(9,208,100)
	Write off of fixed assets		**-**	323,643
	Profit on sale of assets		**(29,104,625)**	
	Effect of exchange rate change		**21,755,876**	13,314,692
			508,761,669	601,982,470
	Operating Profit before Working Capital changes		**543,182,637**	1,044,258,461
	Adjustments for			
	(Increase) / decrease in trade and other receivables		**537,819,744**	49,318,423
	(Increase) / decrease in inventories		**(21,804,044)**	(459,167,984)
	Increase / (decrease) in trade and other payables		**179,165,880**	(320,653,717)
			695,181,580	(730,503,278)
	Cash Generated From Operations		**1,238,364,217**	313,755,182
	Direct tax paid (net)		**(7,036,956)**	(106,537,431)
			(7,036,956)	(106,537,431)
	Net Cash Inflow / (Outflow) From Operations	**(a)**	**1,231,327,261**	207,217,751
(B)	**Cash Flow From Investment Activities**			
	Sale of fixed assets		**68,147,109**	548,120
	Purchase of Fixed assets and Capital work in progress		**(38,383,593)**	(26,215,397)
	Increase/ (decrease) in loan given to Subsidiaries		**147,579,936**	7,181,119
	Interest received		**43,682,445**	39,777,485
	Dividend received		**6,918,295**	9,208,100
	Foreign currency translation reserve		**8,739,381**	26,141,364
	Net Cash Inflow / (Outflow) From Investing Activities	**(b)**	**236,683,573**	56,640,790
(C)	**Cash Flow From Finance Activities**			
	Repayment of long term borrowings (Net)		**(434,037,522)**	(395,462,883)
	Short term borrowings (net)		**(474,822,926)**	660,894,855
	Interest on borrowings		**(454,223,498)**	(520,222,578)
	Dividend paid (including dividend tax)		**(29,947,245)**	(59,499,022)
	Net Cash Inflow / (Outflow) From Financing Activities	**(c)**	**(1,393,031,191)**	(314,289,628)
	Net Increase / (Decrease) in Cash or Cash Equivalents	**(a+b+c)**	**74,979,643**	(50,431,087)
	CASH AND CASH EQUIVALENTS - (OPENING)			
	- Cash and Bank balance		**8,001,139**	58,432,225
	CASH AND CASH EQUIVALENTS - (CLOSING)			
	i. Cash on hand		**386,436**	308,012
	ii. Balance with banks			
	In current accounts		**82,594,346**	7,693,127
			82,980,782	8,001,139
	TOTAL		**74,979,643**	(50,431,087)

Note

1 Figures in the brackets represents cash outflows.

2 Previous year figures have been regrouped wherever necessary to conform to the current year's classification.

As per our report of even date
For & on behalf of

CNK & ASSOCIATES LLP
CHARTERED ACCOUNTANTS

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PARTNER

MUMBAI, 12TH MAY, 2014

For and on behalf of the Board of Directors

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MANAGING DIRECTOR

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DIRECTOR

N.NAMBI RAJAN
CHIEF FINANCIAL OFFICER

T. RAJAGOPALAN
COMPANY SECRETARY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

A. CORPORATE INFORMATION

Thirumalai Chemicals Limited is a public limited company domiciled in India incorporated under the provisions of the Companies Act, 1956. Its shares are listed on stock exchanges in India. The company is engaged in manufacturing and selling chemicals. The company caters to both domestic and international markets.

B. SIGNIFICANT ACCOUNTING POLICIES

I BASIS OF ACCOUNTING

The financial statements of Thirumalai Chemicals Limited (''TCL" or "the Company") have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India and the provisions of Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

The company follows the accrual system of accounting for recognizing income and expenditure.

II USE OF ESTIMATES:

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

III REVENUE RECOGNITION:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Sale of goods:

Revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer. Gross turnover includes excise duty but does not include sales tax and VAT.

Income from wind operated generators:

Revenue from sale of power from wind operated generators is accounted when the same is transmitted to and confirmed by the Electricity Board to whom the same is sold.

Income from letting out of storage facility:

Revenue from letting out of storage facilities are accounted on accrual basis as per terms of agreement.

Income from services:

Revenue from service contracts are recognized pro-rata over the period of the contract as and when services are rendered and are net of service tax.

Sale of scrap:

Revenue from sale of scrap is recognised as and when scrap is sold.

Dividend and interest income:

Dividend income is recognized when the unconditional right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognized on the time proportionate method taking in to account the amount outstanding and the rate applicable.

Export benefits:

The benefit accrued under the Duty drawback scheme as per the Export and Import Policy in respect of exports made under the said Schemes is included under the head "revenue from operations" as 'Incentives on Exports'.

Status holder incentive scrip scheme benefit is accounted on utilization thereof for payment of duty on eligible goods.

IV FIXED ASSETS AND DEPRECIATION:

Tangible Assets:

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Assets which are retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value.

Depreciation and amortization:

Depreciation on Plant and Machinery and Building is provided using the straight-line method (except on Maleic Anhydride plant) at the rates specified in Schedule XIV to the Companies Act, 1956 or based on the useful life of the assets as estimated by Management, whichever is higher. Depreciation on all assets of CMC division is provided using the written down value method at the rates specified in Schedule XIV to the Companies Act, 1956 or based on the useful life of the assets as estimated by Management, whichever is higher.

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

Specific laboratory equipments : 5 years

Specific office equipments : 2 years

Leasehold land:

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

V Research and Development Expenses

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized as expense in the statement of profit and loss when incurred.

Expenditure incurred on fixed assets used for research and development is capitalized and depreciated in accordance with the depreciation policy of the Company.

VI IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of amortized historical cost.

VII INVESTMENTS:

Non-current investments are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment

VIII INVENTORIES:

Items of Inventory are valued on the principle laid down by Accounting Standard 2 on "Valuation of Inventories" on the basis given below

(a)	Raw Materials	Lower of cost and net realizable value. Effective as of 1 April 2012, the Company has changed its policy on valuation of inventory (except for stores and spares) from weighted average cost method to first-in first-out method.
(b)	Work-in-Progress	Lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity.
(c)	Finished Goods	Lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.
(d)	Catalyst	Lower of cost and net realizable value. Cost of Catalyst is expensed over its estimated useful life.
(e)	Stores and Spare parts	Lower of cost and net realizable value. Stores and spares consists of packing materials, engineering spares (such as machinery spare parts) and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process, had been valued at cost based on a weighted average cost method.
(f)	Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.	

IX EMPLOYEE BENEFITS :

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to recognized provident funds and approved superannuation schemes which are defined contribution plans are recognized as an employee benefit expense in the statement of profit and loss as and when the services are received from the employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of gratuity plan, which is a defined benefit plan, and certain other defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

Retirement and other employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, and performance incentive paid annual leave, bonus, leave travel assistance, medical allowance, contribution to provident fund and superannuation etc. recognized as actual amounts due in period in which the employee renders the related services.

(i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contribution to the fund accrues. There are no

obligations other than the contribution payable to the recognized Provident Fund.

(ii) Retirement benefits in the form of Superannuation Fund is a defined contribution scheme and the contribution is charged to the statement of profit and loss for the year when the contribution accrues. There are no obligations other than the contribution payable to the Superannuation Fund Trust. The scheme is funded with an Insurance Company in the form of a qualifying insurance policy.

(iii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

(iv) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

(v) Actuarial gains/losses are recognized immediately to the statement of profit and loss and are not deferred.

X FOREIGN CURRENCY TRANSLATION:

Initial recognition:

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the statement of profit and loss.

Conversion:

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated using the foreign exchange rates as at the balance sheet date. The resultant exchange differences are recognized in the statement of profit and loss. Non-monetary assets and liabilities are not translated.

Exchange difference on non integral operations:

Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the enterprise's financial statements. Such exchange differences are recognized in the statement of profit and loss in the event of disposal of the net investment.

Exchange differences arising on long term foreign currency loans given to non-integral foreign subsidiaries is accumulated in Foreign Currency Translation Reserve and reversed to profit and loss statement as and when the loans are repaid /settled.

Forward Exchange Contracts:

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

XI BORROWING COSTS:

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalized for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

XII LEASE RENTALS:

The lease arrangement is classified as either a finance lease or an operating lease, at the inception of the lease, based on the substance of the lease arrangement.

Finance leases

A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Other leases are operating leases, and the leased assets are not recognized on the Company's balance sheet.

a. In respect of operating lease agreements entered into by the Company as a lessee, the lease payments are recognized as expense in the statement of profit and loss over the lease term.

b. In respect of operating lease agreement entered into by the Company as a lessor, the initial direct costs are recognized as expenses in the year in which they are incurred.

XIII EARNINGS PER SHARE:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

XIV TAXATION:

Tax expense comprises of current and deferred tax. The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

XV PROVISIONS ,CONTINGENT LIABILITES AND CONTINGENT ASSETS:

Provisions:

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liability:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent liabilities are disclosed for:-

(i) possible obligations which will be confirmed only by future events not wholly within the control of the company, or

(ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of obligation cannot be made.

Contingent assets are not recognized in the financial statements, since this may result in recognition of income that may never be realized.

XVI CASH AND CASH EQUIVALENTS

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
C.1 Share capital		
Authorised		
15,000,000 (15,000,000) Equity shares of Rs. 10/- each	**150,000,000**	150,000,000
10,000,000 (10,000,000) Unclassified shares of Rs. 10/- each	**100,000,000**	100,000,000
	250,000,000	250,000,000
Issued		
10,242,812 (10,242,812) Equity shares of Rs 10/- each	**102,428,120**	102,428,120
Subscribed and fully paidup		
10,238,812 (10,238,812) Equity shares of Rs 10/- each	**102,388,120**	102,388,120
Add: Amount paid up on forfeited shares	**22,500**	22,500
	102,410,620	102,410,620

(a) The Company has only one class of shares referred to as equity shares having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be proportional to the number of equity shares held by the shareholders.

(b) Details of shareholders holding more than 5%

Name of the Entity	As at 31st March 2014		As at 31st March 2013	
	No. of Shares	% of holding	No. of Shares	% of holding
Ultramarine & Pigments Limited	**2,045,177**	**19.97**	2,045,177	19.97
Jasmine Limited	**655,005**	**6.40**	655,005	6.40

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

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

C.2 Reserves and surplus

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
Securities Premium Account		
Balance as per last financial statements	**197,069,526**	197,069,526
General reserve		
Balance as per last financial statements	**428,252,062**	398,252,062
Add: Transfer from profit and loss statement	**-**	30,000,000
Balance at the end of the year	**428,252,062**	428,252,062
Foreign Currency Translation Reserve		
Balance as per last financial statements	**89,556,032**	63,414,668
Add: Exchange fluctuation on long term loans and advances in relation to non-integral foreign operations	**38,172,430**	30,963,881
Less: Transfer to statement of profit and loss on repayment of long term loans and advances in relation to non integral foreign operations	**(29,433,049)**	(4,822,517)
Balance at the end of the year	**98,295,413**	89,556,032
Surplus		
Balance as per last financial statements	**562,131,843**	404,121,784
Add: Profit for the year	**35,680,373**	277,456,327
	597,812,216	681,578,111
Less: Appropriations		
Transfer to general reserve	**-**	(30,000,000)
Interim dividend	**-**	(51,194,060)
Tax on interim dividend	**-**	(8,304,962)
Proposed dividend	**-**	(25,597,030)
Tax on proposed dividend	**-**	(4,350,216)
Total appropriations	**-**	(119,446,267)
Balance at the end of the year	**597,812,216**	562,131,843
Total	**1,321,429,217**	1,277,009,463

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
C.3 Long term borrowings		
Term loans (secured)		
From Banks		
(a) Bank of India (refer note I.a and I.e.b below)	-	100,000,000
From Institutions		
(a) Export Import Bank of India Overseas Investment Finance Loan (refer note I.b and I.e.a below)	**75,275,000**	122,737,500
(b) Export Import Bank of India Long term Working Capital Demand Loan (refer note I.c and I.e.b below)	**100,000,000**	180,000,000
	175,275,000	402,737,500
Deferred payment liabilities (unsecured)		
Sales tax deferment loan from the Government of Tamilnadu (interest free) (refer note II.a below)	**25,891,899**	55,263,784
Deposits (unsecured)		
Fixed deposits (Refer note I.d below)	-	72,495,000
	201,166,899	530,496,284

I. In respect of term loans from banks and financilal institutions, terms of repayments and nature of security are given below:
   a. Term loan from Bank of India , is repayable in equal 30 monthly installments starting from July 2012 up to December 2014.The loan is secured by way of second charge (on pari passu basis) over the immovable properties of the Company.
   b. Export Import Bank of India Overseas Investment Finance loan is repayable in 16 equal quarterly installments starting from July 2012 up to April 2016. The loan is secured by First Pari Passu charge on Movable fixed assets and immovable assets of the Company at Ranipet, Tamilnadu.
   c. Export Import Bank of India Working Capital Demand Loan is repayable in 16 equal quarterly installments starting from July 2012 up to April 2016. The loan is secured by First Pari Passu charge on Movable fixed assets and immovable assets of the Company at Ranipet, Tamilnadu.
   d. As per provisions of Companies Act, 2013 read with Companies(Acceptance of Deposit) Rules, 2014, all the fixed deposits accepted from public are intended to be repaid within a year and hence disclosed under ' Other Current Liabilities'.
   e. The interest rates for the above vary as below:
      a. for foreign currency loans
         - Export Import Bank of India Overseas Investment Finance Loan : LIBOR + 450 basis points
      b. for rupee term loans : 11.07 % to 14.50% per annum.

II. Deferred payment liabilities
   a. Deferral of sales tax liabilities represent interest free deferred sales tax loan received from Government of Tamilnadu. Repayable up to 2016-17 based on the deferment availed in the respective years. For the Deferred Sales Tax liabilities In case of default in repayment of ' Deferred sales tax liabilities ' the movable and immovable properties of the company are liable to be attached / proceeded towards the realization of outstanding Government loan under Revenue Recovery Act.

C.4 Deferred tax liability (net)		
Deferred Tax Liability		
On account of timing difference in		
Depreciation	**166,442,220**	185,911,166
Total	**166,442,220**	185,911,166
Deferred Tax Assets		
On account of timing difference in		
Adjustments on account of gratuity provision	**20,286,580**	16,281,049
Provision for privilege leave etc.	**6,525,335**	5,108,587
Provision for doubtful debts, deposits, DEPB etc.	**3,931,510**	1,839,437
Other disallowances under Section 43B of Income Tax Act, 1961	**2,226,790**	1,890,055
Total	**32,970,215**	25,119,128
Deferred Tax Liability (Net)	**133,472,005**	160,792,038

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
C.5 Long term provisions		
Provision for employee benefits (refer note D.2)		
Gratuity (non funded)	**53,365,794**	41,725,636
Compensated absences (non funded)	**15,745,258**	12,524,316
	69,111,052	54,249,952
C.6 Short term borrowings		
(a) Loan payable on Demand (secured)		
From banks		
Working Capital Demand Loan (refer note i & iii.b below)	**364,300,000**	593,353,093
Cash Credit/Export Credit Accounts (refer note i & iii.b below)	**715,222,388**	448,350,070
Bills purchased / discounted (refer note i & iii.b below)	**8,491,247**	-
(b) Other loans and advances (secured)		
Export Import Bank of India Pre/Post Shipment (refer note ii & iii.a below)	**59,461,442**	574,944,802
	1,147,475,077	1,616,647,965

i. Working Capital Demand Loan/Cash credit/Export accounts and Bills purchased / discounted are secured by hypothecation of stock of raw materials, work in progress, finished goods and book debts and secured by a second charge on all of the Company's immovable fixed assets both present and future.)

ii. Export Import Bank of India Pre/post shipment is secured by hypothecation of stock of raw materials, work in progress, finished goods and book debts (those financed by Export Import Bank of India) and secured by a second charge on all of the Company's immovable fixed assets both present and future.)

iii. The interest rates in case of loans vary as below
   a. for foreign currency loans
      - Export Import Bank of India Pre/Post Shipment : LIBOR + 450 basis points
   b. for other rupee loans : 10.60 % to 14.50% per annum.

C.7 Trade payables		
Other trade payables	**1,462,745,033**	908,498,255
Acceptances	**828,604,879**	1,416,218,482
	2,291,349,912	2,324,716,737

Out of trade payable, Rs.510,690 (Previous year Rs.2,121,522) pertain to micro, small and medium enterprises as defined under Micro, Small, and Medium Development Act, 2006 based on the information available with the Company. (refer note E.2.)

C.8 Other current liabilities		
Current maturities of long term debt (refer note C.3, C.8.a and b)	**269,591,886**	361,542,523
Fixed deposits (Refer note C.8.c)	**257,334,000**	48,113,000
Book overdraft with banks	**1,165,263**	754,809
Unpaid dividend	**3,665,515**	4,233,934
Unpaid matured deposits and interest accrued thereon (refer note C.8.d)	**469,999**	503,370
Deposits from service providers	**4,878,704**	5,521,433
Interest Accrued but not due on loans	**12,645,648**	7,462,960
Payable to statutory authorities	**51,968,944**	58,928,060
Advances from customers	**902,570**	7,314,667
Amounts due to consignment agents	**11,523,207**	24,441,561
Directors remuneration payable	**290,678**	13,240,009
Other payables	**36,022,373**	21,740,519
	650,458,787	553,796,845

a. Amounts due to Gujarat Industrial Develoment Corporation represents amount payable for acquiring lease hold land for industrial project. This loan is repayable in 12 equal quarterly installments commencing from June 2011 to March 2014.

b. Export Import Bank of India EOU Loan is repayable in 21 equal quarterly installments starting from March 2009 upto March 2014. The loan is secured by First Pari Passu charge on Movable fixed assets and immovable assets at Ranipet, Tamilnadu.

c. As per provisions of Companies Act, 2013 read with Companies(Acceptance of Deposit) Rules, 2014, all the fixed deposits accepted from public are intended to be repaid within a year and hence disclosed under ' Other Current Liabilities'.

d. Unpaid dividend, unpaid matured deposits and interest accrued thereon included above represent amounts to be credited to the Investor Education and Protection Fund as and when they become due.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
C.9 Short term provisions		
Provision for employee benefits (refer note D.1)		
Gratuity (non funded)	**6,318,171**	6,173,888
Compensated absences (non funded)	**3,452,552**	2,505,360
Other employee benefits	**8,822,945**	4,104,245
Provision for taxes	**5,075,149**	-
(Net of MAT credit availed Rs.9,994,140 and advance tax)		
Proposed dividend	**-**	25,597,030
Tax on proposed dividend	**-**	4,350,216
	23,668,817	42,730,739

C.10 Fixed Assets - Tangible **(In Rs.)**

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April 2013	Additions	Sales/ disposals	As at 31st March 2014	As at 1st April 2013	Charge for the Period	Recouped	Depreciation up to 31st March 2014	As at 31st March 2014	As at 31st March 2013
Tangible assets										
Freehold Land	3,749,329	-	-	3,749,329	-	-	-	-	3,749,329	3,749,329
Lease hold land (refer note D.5 c)	97,033,326		-	97,033,326	1,960,276	980,140		2,940,416	94,092,910	95,073,050
Buildings **	129,242,365	1,000	-	129,243,365	56,582,993	3,151,194	-	59,734,187	69,509,178	72,659,372
Plant and machinery	2,347,557,190	2,833,376	426,860,700	1,923,529,866	1,766,300,600	89,702,585	385,046,199	1,470,956,986	452,572,880	581,256,590
Wind operated generators	165,023,000	-	-	165,023,000	83,894,358	17,063,379	-	100,957,737	64,065,263	81,128,642
Furniture and fixtures	48,185,467	4,747,726	3,510,924	49,422,269	30,142,684	3,237,088	3,350,612	30,029,160	19,393,109	18,042,783
Vehicles	12,062,893	1,681,117	112,804	13,631,206	7,238,085	1,490,685	107,098	8,621,672	5,009,534	4,824,808
Office equipments	13,952,456	2,784,192	1,904,341	14,832,307	7,991,532	1,095,613	1,708,045	7,379,100	7,453,207	5,960,924
Computer equipments	19,807,647	135,350	6,197,740	13,745,258	17,191,978	838,127	5,857,268	12,172,836	1,572,421	2,615,669
Details of Assets used for R & D										
Plant and machinery	78,461,990	-	231,470	78,230,520	24,782,177	3,687,288	62,549	28,406,916	49,823,604	53,679,813
Furniture, fixtures and office equipments	9,930,085	-	1,337,827	8,592,258	5,972,822	854,031	1,045,767	5,781,086	2,811,172	3,957,263
Total	**2,925,005,748**	**12,182,761**	**440,155,805**	**2,497,032,704**	**2,002,057,506**	**122,100,129**	**397,177,539**	**1,726,980,096**	**770,052,608**	**922,948,243**
Previous year	2,881,096,491	47,849,318	3,940,061	2,925,005,748	1,876,376,130	128,749,674	3,068,298	2,002,057,506	922,948,243	1,004,720,362

** Addittion to buildings of Rs.1,000 represents amount paid for purchase of shares in the building condominium.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

		As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
C.11 Non Current Investments			
Trade investments (At cost)			
Investment in subsidiaries			
Tarderiv International Pte. Ltd., Singapore			
In equity instruments		**22,480,000**	22,480,000
(Representing 100% equity share capital of subsidiary)			
500,000 (500,000) equity shares of US$ 1 each fully paid up			
In preference equity shares		**248,109,450**	248,109,450
5,500,000 (5,500,000) preference shares of US$ 1 each fully paid up			
	(A)	**270,589,450**	270,589,450
Other investments (At cost)			
In equity instruments			
Quoted (At Cost)			
Neyveli Lignite Corporation Ltd.		**313,958**	313,958
5,000 (5,000) equity shares of Rs. 10 each fully paid up			
Piramal Glass Limited		**620**	620
62 (62) equity shares of Rs. 10 each fully paid-up			
Piramal Healthcare Limited		**122,728**	122,728
1,409 (1,409) equity shares of Rs. 2 each fully paid up			
Piramal Life Science Limited		**25,727**	25,727
137(137) equity shares of Rs. 10 each fully paid-up			
Tata Power Limited		**7,699**	7,699
500 (500) equity shares of Rs.1 each			
Poddar Pigments Limited		**-**	-
600 (600) equity shares of Rs.10 each			
Ultramarine & Pigments Limited		**53,775,623**	53,775,623
3,044,800 (3,044,800) equity shares of Rs. 2 each fully paid-up			
Resins and Plastics Ltd.		**300,000**	300,000
10,000 (10,000) equity shares @ Rs.10 each fully paid-up			
	(B)	**54,546,355**	54,546,355
Quoted (At realisable value)			
Futuristic Offshore Services and Chemicals Ltd.		**1,050**	1,050
(Earlier known as Ganesh Anhydride Ltd.)			
100 (100) equity shares @ Rs.10 each fully paid-up			
Less: Provision for diminution other than temporary		**(950)**	(950)
		100	100
Maruti Plastics Ltd		**51,239**	51,239
4,000 (4,000) equity shares @ Rs.10 each fully paid-up			
Less: Provision for diminution other than temporary		**(47,239)**	(47,239)
		4,000	4,000
Indu Nissan Oxo Chemical Ltd.		**115,595**	115,595
9,150 (9,150) equity shares @ Rs.10 each fully paid-up			
Less: Provision for diminution other than temporary		**(106,445)**	(106,445)
		9,150	9,150
	(C)	**13,250**	13,250
Unquoted (At Cost)			
Kamer Co-operative Housing Society Limited		**250**	250
5 (5) equity shares @ Rs.50 fully paid up			
The Sarawat Co-operative Bank Ltd		**20,000**	20,000
200 (200) equity shares @ Rs. 100 each fully paid up			
unquoted non traded investments		**-**	
	(D)	**20,250**	20,250
	(E) = (A+B+C+D)	**325,169,305**	325,169,305
Aggregate amount of Quoted Investments		**54,559,605**	54,559,605
Market value of Quoted Investments		**155,991,539**	194,313,791
Aggregate amount of Unquoted Investments		**270,609,700**	270,609,700
Aggreate provision for diminution in value of investments		**154,634**	154,634

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
C.12 Long-term loans and advances		
Unsecured and considered good		
Capital advances	**691,075**	3,599,769
Security deposits	**5,870,332**	4,765,132
Loans and advances (to subsidiary companies)	**406,729,017**	411,879,337
(Refer Note no. E.3 and E.4)		
Taxes paid in advance (Net of provision for tax)	**113,964,754**	122,994,286
Minimum alternate tax credit entitlement	**-**	9,994,140
	527,255,178	553,232,664
Unsecured and considered doubtful		
Security deposits	**715,972**	946,784
less: provsion for doubtful deposits	**(715,972)**	(946,784)
	-	-
	527,255,178	553,232,664
C.13 Other non current assets		
Unsecured and considered good		
Other loans and advances	**1,432,097**	2,443,098
	1,432,097	2,443,098
C.14 Inventories (valued at lower of cost and net realizable value)		
Stores and spares	**59,208,000**	79,835,151
Fuel	**4,197,000**	9,473,555
Packing materials	**3,381,000**	2,780,057
Raw materials	**1,029,696,478**	888,488,795
Catalyst	**104,782,205**	93,403,502
Finished goods	**576,461,000**	576,821,959
Work in progress	**123,887,000**	227,835,836
Stock of trading items	**699,352**	1,869,136
	1,902,312,035	1,880,507,991

Note:

a. Raw Materials includes material in transit amounting to Rs. 561,552,049 (Previous year Rs.628,831,785)

b. Finished Goods includes material in transit amounting to Rs 122,739,833 (Previous year Rs. 52,764,447)

c. Refer Note D 1 for change in valuation

C.15 Trade receivables		
Unsecured and considered good		
Debts outstanding for a period exceeding six months from due date	**10,995,397**	22,699,971
Other debts	**1,895,517,243**	2,512,853,306
	1,906,512,640	2,535,553,277
Unsecured and considered doubtful		
Debts outstanding for a period exceeding six months from due date	**6,385,777**	-
less: provision for doubtful debts	**(6,385,777)**	-
	-	-
	1,906,512,640	2,535,553,277
C.16 Cash and Bank balances		
a. Cash and Cash Equivalents		
Cash on hand	**386,436**	308,012
Balance with banks		
In current accounts	**82,594,346**	7,693,127
(Includes cheques in hand Rs.19,850,944 (Previous year NIL)		
	82,980,782	8,001,139

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
b. Other bank balances		
Short-term bank deposits with maturity after 3 months but before 12 months	**10,110,720**	16,842,526
In Margin money account against letters of credit issued by banks	**92,269,151**	80,634,595
Earmarked balances with banks		
Unpaid dividend	**3,665,515**	4,233,934
Unpaid interest	**45,732**	50,402
	189,071,900	109,762,596
C.17 Short-term loans and advances		
Unsecured and considered good		
Balance with customs and excise	**46,422,205**	32,057,142
Cenvat claimable	**86,738,463**	97,789,845
Staff advances	**2,522,450**	4,935,200
	135,683,118	134,782,187
C.18 Other current assets		
Unsecured and considered good		
Other loans and advances		
Advance to suppliers	**40,707,227**	18,037,833
To Subsidary company	**-**	108,160,000
Other loans and advances (Refer note.E.6)	**110,771,552**	66,879,555
(Includes assets Rs.1,80,00,000 held for disposal (Previous year Rs. 4,06,000))		
	151,478,779	193,077,388
considered doubtful		
other loans and advances recoverable in cash or in kind or value to be received	**4,464,916**	4,464,916
less: provision for doubtful loans and advances	**(4,464,916)**	(4,464,916)
	-	-
	151,478,779	193,077,388

	Year Ended 31st March, 2014 Rs.	Year Ended 31st March, 2013 Rs.
C.19 Revenue from Operations		
Sales		
Manufactured goods	**11,320,481,431**	12,153,289,256
Traded goods	**81,602,846**	522,946,738
Gross sales	**11,402,084,277**	12,676,235,994
Less: Excise duty recovered on sales	**1,126,196,685**	1,283,083,629
Net sales	**10,275,887,592**	11,393,152,365
Other operating revenues:		
Sales of power from wind operated generators	**13,666,685**	19,246,180
Income from letting out of storage facility	**24,634,037**	24,863,891
Duty Drawback benefit	**11,237,709**	12,628,524
Export incentive	**10,602,201**	13,164,310
Sale of scrap (Net of taxes)	**12,041,922**	12,590,473
	10,348,070,146	11,475,645,743
Details of products sold		
Phthalic anhydride	**9,533,718,825**	10,542,355,620
Food acids	**896,622,679**	884,113,672
Pthalate esters	**888,573,691**	724,725,700
Other chemicals	**1,566,236**	2,094,264
	11,320,481,431	12,153,289,256

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	Year Ended 31st March, 2014 Rs.	Year Ended 31st March, 2013 Rs.
Details of trading sales		
Maleic anhydride and other chemicals	**60,296,312**	509,779,502
Machinery items	**21,306,534**	13,167,236
	81,602,846	522,946,738
C.20 Other Income		
Interest Income (Gross)	**53,294,914**	51,420,017
(Tax Deducted at Source Rs.4,221,715 (Previous Year Rs 3,565,166)		
Interest income pertaing to earlier period Rs.781,374 (Previous year Rs.636,427)		
Dividend Income from long term investments	**6,918,295**	9,208,100
Profit on sale of assets (net of loss on sale/scraping of asset)	**29,104,625**	-
Rent received	**4,028,854**	4,187,667
Sundry balances written back	**821,588**	3,330,375
Gain on foreign currency transaction / translation	**27,837,551**	2,465,471
Expenses and Services recharged	**28,662,211**	4,778,314
Miscellaneous receipts	**7,770,730**	6,210,909
	158,438,768	81,600,853
C.21 Cost of Materials consumed		
Raw materials, process chemicals and catalyst consumed		
Stock at commencement	**979,056,410**	734,013,965
Add: Purchases	**8,691,769,175**	9,235,798,313
	9,670,825,585	9,969,812,278
Less: Sales	**23,959,082**	23,283,065
Less: Stock at close	**1,134,014,205**	979,056,410
	8,512,852,298	8,967,472,803
Details of Raw Materials Consumed		
Orthoxylene	**8,076,056,765**	8,606,186,847
Others	**436,795,533**	361,285,956
	8,512,852,298	8,967,472,803
C.22 Purchases of stock in trade		
Traded goods		
Purchase of maleic Anhydride and other chemicals	**51,562,876**	412,424,701
Purchase of machinery and spares	**15,647,462**	2,895,613
	67,210,338	415,320,314
C.23 Changes in stock		
Inventories at the end of the year		
Finished goods	**576,461,000**	576,821,959
Work in progress	**123,887,000**	227,835,836
Stock of Trading items		
Maleic anhydride and other trading chemicals	**508,683**	1,092,361
Machinery and spares	**190,669**	776,775
	701,047,352	806,526,931
Inventories at the beginning of the year		
Finished goods	**576,821,959**	399,243,750
Work in progress	**227,835,836**	159,600,000
Stock of trading items		
Maleic anhydride and other trading chemicals	**1,092,361**	53,359,000
Machinery and spares	**776,775**	5,646,422
	806,526,931	617,849,172
Excise duty on closing stock (net)	**1,773,306**	16,149,277
Changes in inventory	**103,706,273**	(204,827,036)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	Year Ended 31st March, 2014 Rs.	Year Ended 31st March, 2013 Rs.
Details of Finished goods at the end of the year		
Phthalic anhydride	**531,068,000**	536,621,926
Others	**45,393,000**	40,200,033
	576,461,000	576,821,959
Details of Finished goods at the beginning of the year		
Phthalic anhydride	**536,621,926**	359,658,000
Others	**40,200,033**	39,585,750
	576,821,959	399,243,750
Details of Work in progress at the end of the year		
Phthalic Anhydride	**92,752,000**	183,668,937
Others	**31,135,000**	44,166,899
	123,887,000	227,835,836
Details of Work in progress at the beginning of the year		
Phthalic anhydride	**183,668,936**	118,995,000
Others	**44,166,900**	40,605,000
	227,835,836	159,600,000
Trading stocks		
i. Maleic Anhydride and other chemicals		
Opening Stock	**1,092,361**	53,359,000
Purchase	**51,562,876**	412,424,701
Sales	**60,296,312**	509,779,502
Closing Stock	**508,683**	1,092,361
ii. Machinery items		
Opening Stock	**776,775**	5,646,422
Purchases	**15,647,462**	2,895,613
Sales	**21,306,534**	13,167,236
Closing Stock	**190,669**	776,775
C.24 Employees benefits expense		
Salaries, wages, bonus, etc	**198,037,288**	173,334,748
(Includes salary of previous year Rs.4,000,000 (Previous year Rs. NIL)		
Directors remuneration	**15,895,041**	15,159,436
Contribution to provident fund and other funds	**18,599,714**	17,226,740
Staff welfare expenses	**8,990,574**	10,106,333
	241,522,617	215,827,257
Directors Remuneration includes provision for gratuity and leave encashment on actuarial basis based on the contractual terms of appointment.		
C.25 Finance costs		
Interest expense	**363,923,031**	420,294,241
Exchange loss on foreign currency loan	**45,018,937**	21,403,898
Interest on income tax	**818,550**	-
Bank charges	**44,462,980**	78,524,439
	454,223,498	520,222,578
Interest expense includes interest on acceptances Rs. 119,545,210 (Previous year Rs.105,170,659)		
C.26 Other expenses		
Stores and spares consumed	**69,666,127**	77,635,455
Power and fuel	**284,660,859**	301,518,847
Repairs to:		
Machinery	**46,097,061**	35,478,933
Buildings	**17,504,258**	17,415,239
Others	**6,058,442**	3,307,420

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	Year Ended 31st March, 2014 Rs.	Year Ended 31st March, 2013 Rs.
Packing expenses and materials consumed	**73,603,571**	74,789,207
Freight and forwarding	**296,788,926**	338,788,588
Commission and brokerage	**20,773,506**	21,112,974
Rent (Refer note D.5)	**3,473,473**	1,408,982
Rates and taxes	**3,019,007**	3,233,048
Insurance	**10,455,943**	14,191,559
Travelling and conveyance	**20,446,412**	19,262,488
Communication expenses	**4,015,077**	3,368,411
Research and development expenses (Refer note E.1)	**11,607,259**	17,380,536
Payment to auditors (Refer note C.27)	**1,910,000**	1,935,000
Expenses on wind operated generators	**3,472,472**	2,671,603
Legal and professional charges	**14,059,736**	17,389,593
Commission to directors	**290,678**	13,240,009
Bad debts/ Sundry balance written off	**3,975,353**	2,469,829
Provision for doubtful debts	**6,385,778**	-
Provision for doubtful deposits and Licenses	**-**	5,411,700
Excise duty expenses	**5,287,347**	6,982,922
Loss on sale of assets	**-**	197,531
Donation	**5,012,500**	6,560,000
Cash discounts and rebates	**11,919,899**	25,176,235
Miscellaneous expenses	**49,989,109**	61,278,907
(Includes previous year expense Rs.900,936 (Previous year Rs.5,382,230))		
	970,472,793	1,072,205,016

C.27 Payment to Auditors (Excluding service tax)

Particulars		
Audit fees	**825,000**	825,000
For Limited review and Other certification	**550,000**	475,000
For Taxation and other matters	**360,000**	460,000
For Tax Audit	**175,000**	175,000
	1,910,000	1,935,000

C.28 Value of Imports on C.I.F. Basis

I]	Raw materials	**274,327,843**	1,214,560,969
II]	Spare part and others	**17,524,395**	2,141,500
III]	Capital goods	**10,084,034**	-
IV]	Catalyst	**49,597,907**	32,960,091

C.29 Expenditure in Foreign Currency : Product registration, travelling, interest and others	**30,412,496**	27,786,636

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

	2013-2014 Rs.	2013-2014 %	2012-13 Rs.	2012-13 %
Raw Materials				
Imported	**345,407,868**	**4.06**	1,134,313,078	12.65
Indigenous	**8,167,444,430**	**95.94**	7,833,159,725	87.35
	8,512,852,298	**100.00**	8,967,472,803	100.00
Stores and Spares				
Imported	**15,454,155**	**22.18**	17,344,968	22.34
Indigenous	**54,211,972**	**77.82**	60,290,487	77.66
	69,666,127	**100.00**	77,635,455	100.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

C.31 Earnings in Foreign Exchange

	2013-2014 Rs.	2012-2013 Rs.
On export of goods calculated on FOB Basis	**718,699,552**	659,533,649
Interest income	**28,795,576**	34,722,246
Expenses and Services recharged	**28,662,212**	4,778,314

C.32 Commitments and contingent liabilities

	2013-2014 Rs.	2012-2013 Rs.
(A) Commitments/contingent liabilities		
(i) Estimated amount of contracts to be executed on capital account and not provided for	**12,502,130**	13,780,702
Against which advances paid	**691,075**	3,599,769
(ii) Guarantees issued by Banks on behalf of Company	**95,229**	212,000
(iii) Bond in favor of excise authorities	**160,000**	160,000
(iv) Corporate Guarantee issued to a bank on behalf of subsidiary	**587,047,000**	-

(B) Claims against the Company not acknowledged as debts in respect of following items:

(i) The Sales Tax authorities have issued notices to the Company whereby the authorities have disputed the method of availment of deferral sales tax on monthly pro-rata basis for the period April 2000 to April 2006 amounting to Rs.7,537,505 (Previous year Rs. 7,537,505). The Company has filed a writ petition against these notices in the High Court. The Company does not expect any liability to crystallize on this account.

(ii) The company had received a demand of Rs. 99,363,453 (Previous Year Rs. 99,363,453) from enforcement directorate toward alleged non-submission of bill of entries for imports in earlier years. However, the Company has received letters from the concerned banks as well as Reserve Bank of India accepting that the said omission was not on the part of the Company. The appeal filed by the Company before the appellate tribunal was dismissed on limitation grounds.

The Company thereafter, filed an appeal against the said order of the appellate tribunal as well as a writ petition to quash the proceedings, before the Hon'ble High Court at Bombay. The Hon'ble High Court was of the opinion that the appeal was not maintainable and rejected the same as well as the Writ petition.

Aggrieved by this order, the Company filed a Special Leave Petition before the Hon'ble Supreme Court of India on 15th September, 2008. The said matter was finally heard by the Hon'ble Supreme Court of India on 7th May, 2010 & the order pronounced on 11th April, 2011.

The Hon'ble Supreme Court of India has vide its order dated 11th April,2011 set aside the order passed by the Foreign Exchange Appellate Tribunal on 25th October,2007 and the order dated 24th July, 2008 passed by the Hon' ble High Court of Bombay and remitted the appeals back to the Foreign Exchange Appellate Tribunal for fresh consideration in accordance with the law on the basis of findings recorded by them. The Company does not expect any liability to crystalise on this account.

(iii) No provision has been made in respect of disputed demands from Income-tax Authorities to the extent of Rs.39,668, 926 (Previous Year Rs. 82,106,136) since the Company has reasons to believe that it would get relief at the appellate stage as the said demands are excessive and erroneous. Against the above, the company has already paid Rs. 29,102,479 (Previous Year Rs. 95,436,546).

(C) Other Committements:

The company had entered into an agreement with Gujarat Industrial Development Corportation for allotment of land for setting up chemical unit. As per the said agreement , the company within a period of six months from the date of agreement and within a period of two years from the said date build and completely finish it for occupation building to be used as industrial factory.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

D. Disclosure in accordance with Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006.

D.1 Accounting Standard (AS) - 2 on Valuation of inventories:

During the financial year 2012-13, the Company had changed its policy on valuation of inventory (except stores and spares) from weighted average cost method to first-in first-out method.

The effect of this change in the methodology of valuation of inventory resulted in higher valuation of inventories for the financial year 2012-13 by Rs.69,425,741 and profit for the financial year 2012-13 was higher by Rs.46,925,741 (net of tax).

D.2 Accounting Standard (AS) – 15 on "Employee Benefits" :

i. Defined Contribution Plans :

The Company has recognized the following amounts in the statement of profit and loss account for the year :

Particulars	2013-2014 Rs.	2012-2013 Rs.
(i) Contribution to Employees' Provident Fund *	**12,450,048**	12,229,634
(ii) Contribution to Employees' State Insurance Fund	**1,268,773**	1,462,778
(iii) Contribution to Employees' Superannuation Fund **	**6,423,706**	6,806,260
Total	**20,142,527**	20,498,672

* Rs. 568,341 (Rs.828,440) included in Research and Development Expenses and Rs.576,000 (Rs.872,000) Included in Director's remuneration

** Rs. 298,472 (Rs.481,492) included in Research and Development Expenses and Rs. 100,000 (Prev. Year Rs. 1,090,000) included in Director's remuneration.

ii. Defined Benefit Plans :

(i) Gratuity is payable to all the members at the rate of 15 days salary for each year of service

A. Changes in the Present Value of Obligation in respect of gratuity benefits

	For the Year Ended March 31, 2014 Rs.	For the Year Ended March 31, 2013 Rs.
a) Obligation at the year beginning	**47,899,525**	49,260,964
b) Interest Cost	**3,831,962**	3,539,874
c) Past Service Cost	**Nil**	Nil
d) Current Service Cost	**2,819,641**	663,107
e) Past Service Cast – Vested Benefit	**Nil**	Nil
f) Current Cost/ (Credit)	**Nil**	Nil
g) Settlement Cost/ (Credit)	**Nil**	Nil
h) Benefits Paid	**(2,734,155)**	(13,766,384)
i) Actuarial (Gain) / Loss	**7,866,992**	8,201,964
j) Obligation at the year end	**59,683,965**	47,899,525

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

	For the Year Ended March 31, 2014 Rs.	For the Year Ended March 31, 2013 Rs.
a) Current Service Cost	**2,819,641**	663,107
b) Past Service Cost	**Nil**	Nil
c) Interest Cost	**3,831,962**	3,539,874
d) Past Service Cast – Vested Benefit	**Nil**	Nil
e) Curtailment Cost / (Credit)	**Nil**	Nil
f) Settlement Cost/ (Credit)	**Nil**	Nil
g) Net Actuarial (Gain)/ Loss	**7,866,992**	8,201,964
h) Employees' Contribution	**Nil**	Nil
i) Total Expenses recognized in Statement of Profit and Loss	**14,518,595**	12,404,945

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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

Particulars	**2013-2014 Gratuity**	2012-2013 Gratuity
a) Discount Rate	**9.14%**	8.00%
b) Salary Escalation Rate – Management Staff	**8.38%**	7.08%
c) Attrition Rate	**13.0%**	14.5%
d) Mortality Table	**Indian assured lives morality (2006-08) ultimate**	Indian assured lives morality (2006-08) ultimate

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

D. Experience Adjustment

Experience adjustment on plan liabilities (gains) / losses (In Rs.)

2013-14	**2012-13**	**2011-12**	**2010-11**	**2009-10**
2,174,649	6,305,202	891,003	(136,594)	(1,702,112)

E. Other Long Term benefits

The Company's Long Term benefit includes Leave encashment payable at the time of retirement in full, other wise it is encashable during the year in which services are rendered subject to in excess of 30 days.

Changes in the Present Value of Obligation in respect of leave encashments

	For the Year Ended March 31, 2014 Rs.	For the Year Ended March 31, 2013 Rs.
a) Obligation at the year beginning	**15,029,676**	16,690,728
b) Actuarial (Gain) / Loss	**4,168,134**	(1,661,052)
c) Obligation at the year end	**19,197,810**	15,029,676

D.3 Accounting Standard (AS-17) "Segment Reporting" :

As permitted by paragraph 4 of Accounting Standard 17, "Segment Reporting" notified by the Companies (Accounting Standards) Rules, 2006, the company has disclosed Segment results on the basis of Consolidated Financial Statements. The same are therefore not disclosed for standalone financial statements.

D.4 Accounting Standard (AS-18) "Related party disclosures " :

Subsidiary Companies:

Tarderiv International Pte Ltd (subsidiary company) (TIPL)

Cheminvest Pte Ltd (Step down subsidiary) (CPL)

Optimistic organic Sdn Bhd (Step down subsidiary)(OOSB)

Entity in which the company has significant influence (i.e. more than 20% in voting power directly or indirectly)

Thirumalai Charity Trust (TCT)

Others

Ultramarine and Pigments Ltd. (UPL)

Managing Director

R.Parthasarathy

Key Management Personnel

Dhanpat Raj Dhariwal (as CEO upto 31.10.2013 and as advisor from 01.11.2013)

C G Sethuram (CEO) (from 01.11.2013)

Relatives of Directors

Ramya Bharathram

S.Varadharajan

S. Narayan

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Details of transactions with above parties (in Rs.)

Particulars	Financial Year	Companies in which the company has significant influence				Directors / Relatives / Key Management Personnel			Directors and Relatives of Directors	Total
		Optimistic Organic Sdn Bhd	Tarderiv International Pte Ltd	Ultramarine and Pigments Ltd	Thirumalai Charity Trust	Mr. R. Parathasarathy	Mr. Dhanpat Raj Dhariwal	Mr. CG Sethuram		
Remuneration to Key Managerial persons	**2013-14**					15,895,041	**15,506,356**	**7,203,019**		**38,604,416**
	2012-13					23,595,648	13,969,785			37,650,100
Purchase of Goods	**2013-14**	**279,082,585**		**40,764**						**279,123,349**
	2012-13	583,070,926		37,056	15,420					583,123,402
Sale of Goods	**2013-14**	**117,377,846**		**3,737**						**117,381,583**
	2012-13	36,450,301								36,450,301
Expenses and Services recharged	**2013-14**			**86,291**						**86,291**
	2012-13			36,957,790						36,957,790
Rendering of Services	**2013-14**	**22,133,616**		**4,161,248**		12,000	**108,000**			**26,414,864**
	2012-13	4,778,314		4,295,104		12,000	108,000			9,193,418
Receiving of Services	**2013-14**			**28,090**	**105,012**					**133,102**
	2012-13			235,956	341,545					577,501
Guarantee Commission	**2013-14**	**6,528,595**								**6,528,595**
	2012-13									-
Donation given	**2013-14**				**5,000,000**					**5,000,000**
	2012-13				6,500,000					6,500,000
Outstanding Payables	**2013-14**			-	-					-
	2012-13	5,162,593			8,476					5,171,069
Outstanding Receivables	**2013-14**	**343,432,838**	**136,466,168**	**322,765**						**480,221,771**
	2012-13	441,597,866	119,635,095	379,326					21,630	561,633,917
Deposits Taken	**2013-14**								**24,460,000**	**24,460,000**
	2012-13			25,000,000					21,610,000	46,610,000
Interest Expenses on Deposits Taken	**2013-14**								**2,977,893**	**2,977,893**
	2012-13			232,558					4,092,070	4,324,628
Deposits Paid	**2013-14**								**27,510,000**	**27,510,000**
	2012-13			25,000,000					27,450,000	52,450,000
Interest Income on Loan Given	**2013-14**	**21,081,644**	**7,713,931**							**28,795,576**
	2012-13	27,531,279	7,190,967							34,722,246
Guarantee Given	**2013-14**	**587,047,000**								**587,047,000**
	2012-13									-
Outstanding Deposits Payable	**2013-14**			**1,400,000**					**32,360,000**	**33,760,000**
	2012-13			1,400,000					35,210,000	36,610,000

Remuneration paid to relative of Directors	**2013-14 (Rs.)**	2012-13 (Rs.)
Ms.Ramya Bharathram	**2,429,442**	1,602,000
Mr.S.Varadharajan	**2,139,528**	1,602,000
Mr.S.Narayan	**1,799,646**	1,546,341
	6,368,616	4,750,341

D.5 Accounting Standard (AS-19) "Accounting for Leases" :

a) During the year the company has taken office premises/residential premises under cancelable lease. Lease rent accounted in profit and loss account Rs.3,473,473(Previous Year Rs. 1,246,892). The said lease is cancelable at the option of the lessee at three months notice. The deposit paid in respect of the same is Rs. 1,749,255 (Rs.473,255).

b) The Company has given office premises on lease to a Company under the same management under cancelable lease arrangement for a period of five years. The lease arrangement can be cancelled at the option of lesser or lessee either giving two months notice. The Company has taken interest free security deposit of Rs. 1,400,000 (Previous Year Rs. 1,400,000) Lease rent received during the year and accounted as income is Rs.3,617,294 (Previous Year Rs. 3,696,784).

c) The company has entered into an agreement with Gujarat Industrial Development Corportation for allotment of land (leasehold). After complying with conditions related to erection of factory building and works, a lease agreement will be entered for a term of 99 years.

D.6 Accounting Standard (AS-20) "Earnings per share" :

The Basic and Diluted EPS is calculated as under:

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	**2013-2014 Rs.**	2012-2013 Rs.
Profit attributable to Equity Shareholders (Rs.)	**35,680,373**	277,456,327
No. of equity shares (of Rs 10 each)	**10,238,812**	10,238,812
Earnings Per Share	**3.48**	27.10

E. Other disclosures:

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

Particulars	**2013-2014 Rs.**	2012-2013 Rs.
Capital	**-**	432,187
Revenue (including Salaries Rs.9,517,044 (Previous year Rs. 13,569,604)	**11,607,259**	17,380,536
Total	**11,607,259**	17,812,723

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

Sundry Creditors include dues to micro and small enterprises to which the company owes amounts. The above information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. The details are as follows:

		2013-2014 Rs.	2012-2013 Rs.
a.	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	**510,690**	2,869,054
b.	The amount of interest paid by the buyer in the terms of Sec.16 of the Micro, Small and Medium Enterprises Development Act,2006 along with the amount of payment made to the supplier beyond the appointed day during each accounting year.	**NIL**	NIL
c.	The amount of interest due and payable for the period of delay in making payment (Which have been paid but beyond the appointed day during the year) without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	**NIL**	NIL
d.	The amount of interest due accrued and remaining unpaid at the end of each accounting year.	**(747,532)**	747,532
e.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure u/s 23 of Micro, Small, Medium Enterprises Development Act, 2006.	**NIL**	68,505

E.3 Disclosures as required under clause 32 of the listing agreement

Loans and Advances Include amount receivable from subsidiaries

Particulars	**2013-2014 Rs.**	2012-2013 Rs.
Optimistic organic Sdn Bhd	**287,329,017**	411,879,337
Maximum amount due at any time during the year	**411,879,337**	425,500,456
Tarderiv International Pte Ltd	**119,400,000**	108,160,000
Maximum amount due at any time during the year	**119,400,000**	112,800,000

E.4 Long Term loans and advances

Loans and advances (to subsidiary companies) includes an amount of Rs.287,329,017/- (US$ 4,812,881) {Previous year Rs.411,879,337/- (US$ 7,616,112)} recoverable from Optimistic Organic Sdn.Bhd. (OOSB) .This amount represents amount recoverable by the company from estwhile TCL Industries (Malaysia) Sdn. Bhd. (TCL(M)). The liability was staken over by OOSB on winding up of TCL (M).

OOSB has reported improved performance in 2013-14 and has made part repayment of Rs.186,580,069/- ((US$ 3,050,000) (Previous Year Rs.40,308,113/- (US$ 750,000). From 2012-13, the company is also charging simple interest @ 6% per annum on the outstanding dues, which is also recovered for 2013-14. The company believes that in view of the above, the entire amount due from OOSB will be ultimately recovered.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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

Open foreign exchange exposures:

(a) Exposure on Assets and Liabilities

Particulars		2013-2014 Foreign Currency	2013-2014 Rs.	2012-2013 Foreign Currency	2012-2013 Rs.
Export Receivable	(USD)	**1,918,154**	**114,513,764**	5,238,673	283,307,447
Loans	(USD)	**6,812,881**	**406,729,017**	9,616,112	520,039,337
Other Receivable	(VARIOUS)	**619,452**	**37,252,801**	212,188	11,475,095
TOTAL		**9,350,487**	**558,495,582**	15,066,973	814,821,879
Import Payables	(USD)	**1,596**	**96,229**	94,553	5,162,593
Import Payables	(EURO)	**3,110**	**256,823**	-	-
Loans	(USD)	**3,246,004**	**194,956,442**	13,801,639	752,232,302
Other Payable	(VARIOUS)	**29,541**	**1,780,641**	-	-
TOTAL		**3,280,251**	**197,090,135**	13,896,192	757,394,895
(b) Exposure of Forward Cover Contracts					
Forward Contract against loans payable*	(USD)	**750,000**	**48,140,000**	250,000	13,775,000
		3 Nos		1 No	
TOTAL		**750,000**	**48,140,000**	250,000	13,775,000
*Forward contracts outstanding at year end for hedging loans payable					
(c) Guarantee given					
Guarantee Given to banks on behalf of step down subsidary	(RM)	**32,000,000**	**587,047,000**	-	-
TOTAL		**32,000,000**	**587,047,000**	-	-

E.6 Loans and Advances

Other loans and advances include Rs.6,20,000 (previous year Nil) recoverable from director towards excess contribution made to superannuation fund

The same has since been recovered.

E.7 Previous Year's Figures

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date
For & on behalf of

CNK & ASSOCIATES LLP
CHARTERED ACCOUNTANTS

H. V. KISHNADWALA
PARTNER

MUMBAI, 12TH MAY, 2014

For and on behalf of the Board of Directors

R.PARTHASARATHY
MANAGING DIRECTOR

R.RAVI SHANKAR
DIRECTOR

N.NAMBI RAJAN
CHIEF FINANCIAL OFFICER

T. RAJAGOPALAN
COMPANY SECRETARY

STATEMENT PURSUANT TO GENERAL EXEMPTION UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31st MARCH, 2014

(Rs. In Lakhs)

S. No	Name of the Subsidary Company	Reporting Currency	Exchange Rate	Capital	Reserve	Total Liabilities	Investment Other than Investment in Subsidary	Turnover	Profit/ (Loss) before Taxation	Profit/ (Loss) after Taxation	Proposed Dividend
1	Tarderiv International Pte. Ltd	USD	59.7	3,582	324	1,377	-	164	90	90	-
2	Cheminvest Pte.Ltd	USD	59.7	241	(112)	5,044	-	158	(18)	(18)	-
3	Optimistic Organic Sdn. Bhd	RM	18.35	1,835	6,591	15,710	-	25,354	4,329	1,112	-

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of

THIRUMALAI CHEMICALS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Thirumalai Chemicals Limited** ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on financial statements, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;

(b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

We did not audit the financial statements of three (3) subsidiaries, whose financial statements, prepared under the generally accepted accounting principles ('GAAPs') accepted in the respective countries, reflect in relation to the amounts considered in the consolidated financial statements, total Net Assets of Rs. 2,413,483,999 as at March 31, 2014; total Net Revenues of Rs. 2,737,288,955 and total Net Profit of Rs. 128,887,020 as at 31st March, 2014 for the year then ended. These financial statements and other financial information have been audited by other auditors, who have submitted their audit opinions, prepared under generally accepted auditing standards of their respective countries, to the shareholders / Board of Directors of the respective companies, copies of which have been provided to us by the Company. The management of the Company has converted these audited financial statements of the Company's subsidiaries to accounting principles generally accepted in India, for the purpose of preparation of the Company's consolidated financial statements under accounting principles generally accepted in India. Our opinion, thus, insofar it relates to amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors under the aforementioned GAAPs in respective countries and the aforesaid conversion undertaken by the management; examined by us on a test basis.

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

H. V. Kishnadwala
Partner
Membership No.: 037391

Place: Mumbai
Date: 12th May, 2014

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

All amounts in Indian rupees, except share data and where otherwise stated

Particulars	Note No.	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
I. EQUITY AND LIABILITIES			
I. Shareholders funds			
(a) Share capital	C.1	**102,410,620**	102,410,620
(b) Reserves and surplus	C.2	**2,048,535,979**	1,887,268,085
		2,150,946,599	1,989,678,705
(2) **Non-current liabilities**			
(a) Long-term borrowings	C.3	**595,186,899**	1,074,155,206
(b) Deferred tax liabilities (net)	C.4	**206,633,432**	201,656,081
(c) Long-term provisions	C.5	**69,111,052**	54,249,952
		870,931,383	1,330,061,239
(3) **Current liabilities**			
(a) Short-term borrowings	C.6	**1,350,403,003**	1,616,647,965
(b) Trade payables	C.7	**2,474,269,377**	2,392,816,720
(c) Other current liabilities	C.8	**700,319,783**	556,126,614
(d) Short-term provisions	C.9	**28,111,647**	46,144,278
		4,553,103,810	4,611,735,577
TOTAL		**7,574,981,792**	7,931,475,521
II. ASSETS			
Non-current assets			
(1) (a) Fixed Assets			
(i) Tangible assets	C.10	**2,304,551,963**	2,491,797,338
(ii) Capital work-in-progress		**181,145,466**	5,373,894
(b) Non-current investments	C.11	**54,579,855**	54,579,855
(c) Long-term loans and advances	C.12	**149,690,631**	232,705,768
(d) Other non current assets	C.13	**1,432,097**	2,443,098
		2,691,400,012	2,786,899,953
(2) **Current assets**			
(a) Inventories	C.14	**2,081,038,971**	1,940,449,121
(b) Trade receivables	C.15	**2,307,575,964**	2,830,312,129
(c) Cash and cash equivalents	C.16	**214,414,140**	161,216,711
(d) Short-term loans and advances	C.17	**135,683,118**	134,782,187
(e) Other current assets	C.18	**144,869,587**	77,815,420
		4,883,581,780	5,144,575,568
TOTAL		**7,574,981,792**	7,931,475,521
Significant accounting policies	B		
Notes to financial statements	A, C, D & E		
The accompanying notes are an integral part of financial statements			

As per our report of even date
For & on behalf of

CNK & ASSOCIATES LLP
CHARTERED ACCOUNTANTS

H. V. KISHNADWALA
PARTNER

MUMBAI, 12TH MAY, 2014

For and on behalf of the Board of Directors

R.PARTHASARATHY
MANAGING DIRECTOR

R.RAVI SHANKAR
DIRECTOR

N.NAMBI RAJAN
CHIEF FINANCIAL OFFICER

T. RAJAGOPALAN
COMPANY SECRETARY

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

All amounts in Indian rupees, except share data and where otherwise stated

	Particulars	Note No.	Year ended 31st March 2014 Rs.	Year ended 31st March, 2013 Rs.
I	Revenue from operations	C.19	**12,762,383,365**	13,713,070,735
II	Other income	C.20	**46,352,565**	47,772,997
III	Total revenue (I + II)		**12,808,735,930**	13,760,843,732
IV	Expenses:			
	Cost of materials consumed	C.21	**10,177,728,824**	10,635,908,701
	Purchase of stock in trade	C.22	**18,592,457**	63,330,083
	Changes in stock	C.23	**50,727,919**	(134,393,681)
	Employees benefits expense	C.24	**377,463,002**	336,045,567
	Finance costs	C.25	**485,360,801**	522,839,157
	Depreciation and amortization	C.10	**229,944,190**	228,595,428
	Other expenses	C.26	**1,320,198,144**	1,463,883,475
	Total Expenses		**12,660,015,337**	13,116,208,730
V	Profit before tax		**148,720,593**	644,635,002
VI	Tax expense			
	Current tax		**(35,285,887)**	(205,419,257)
	Deferred tax		**8,309,800**	23,580,226
	Adjustment for earlier years		**(3,076,118)**	(24,704,558)
VII	Profit for the year		**118,668,388**	438,091,413
VIII	Earnings per equity share - Par value Rs. 10 per share			
	Basic and diluted		**11.58**	42.79
	Significant accounting policies	B		
	Notes to financial statements	A,C,D & E		

The accompanying notes are an integral part of consolidated financial statements

As per our report of even date
For & on behalf of

CNK & ASSOCIATES LLP
CHARTERED ACCOUNTANTS

H. V. KISHNADWALA
PARTNER

MUMBAI, 12TH MAY, 2014

For and on behalf of the Board of Directors

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MANAGING DIRECTOR

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DIRECTOR

N.NAMBI RAJAN
CHIEF FINANCIAL OFFICER

T. RAJAGOPALAN
COMPANY SECRETARY

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

Particulars		As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
(A) Cash Flow From Operating Activities			
Net profit before tax and extraordinary items		**148,720,593**	644,635,002
Adjustments for			
Depreciation		**229,944,190**	228,595,428
Finance Costs		**485,360,801**	522,839,157
Interest Income		**(24,598,910)**	(16,772,460)
Dividend Received		**(6,918,295)**	(9,208,100)
Loss/(Profit) on sale of assets		**13,589,074**	197,531
Effect of exchange rate change		**4,750,432**	(3,171,347)
		702,127,292	722,480,209
Operating Profit before Working Capital changes		**850,847,885**	1,367,115,211
Adjustments for			
(Increase) / decrease in trade and other receivables		**493,969,180**	(255,366,233)
(Increase) / decrease in inventories		**(140,589,850)**	(345,624,989)
Increase / (decrease) in trade and other payables		**138,302,221**	(451,099,046)
		491,681,551	(1,052,090,267)
Cash Generated From Operations		**1,342,529,436**	315,024,944
Direct tax paid (net)		**(19,981,181)**	(147,638,385)
Deferred tax		**8,309,800**	23,580,226
		(11,671,381)	(124,058,159)
Net Cash Inflow / (Outflow) From Operations	**(a)**	**1,330,858,055**	190,966,785
(B) Cash Flow From Investment Activities			
Sale of fixed assets		**-**	548,120
Purchase of Fixed assets and Capital work in progress		**(232,059,464)**	(133,521,288)
Interest received		**22,700,373**	12,581,860
Sale/ (Purchase) of Investments (net)		**-**	-
Dividend received		**6,918,295**	9,208,100
Profit on sale of assets			
Foreign currency translation reserve		**42,599,506**	99,945,160
Effect of exchange rate change		**12,757,500**	10,562,500
Net Cash Inflow / (Outflow) From Investing Activities	**(b)**	**(147,083,790)**	(675,548)
(C) Cash Flow From Finance Activities			
Proceeds from long term borrowings		**-**	7,397,624
Repayment of long term borrowings		**(374,455,444)**	(347,349,883)
Short term borrowings (net)		**(271,895,000)**	660,894,856
Interest on borrowings		**(485,360,801)**	(522,839,157)
Dividend paid (including dividend tax)		**(29,947,247)**	(59,499,020)
Effect of exchange rate change		**6,610,038**	5,896,747
Net Cash Inflow / (Outflow) From Financing Activities	**(c)**	**(1,155,048,454)**	(255,498,833)
Net Increase / (Decrease) in Cash or Cash Equivalents	**(a+b+c)**	**28,725,811**	(65,207,596)
CASH AND CASH EQUIVALENTS - (OPENING)			
- Cash and Bank balance		**57,655,404**	122,863,000
CASH AND CASH EQUIVALENTS - (CLOSING)			
i. Cash on hand		**421,529**	308,012
ii. Balance with banks			
In current accounts		**85,959,686**	57,347,392
		86,381,215	57,655,404
TOTAL		**28,725,811**	(65,207,596)

Note

1 Figures in the brackets represents cash outflows.

2 Previous year figures have been regrouped wherever necessary to conform to the current year's classification.

As per our report of even date
For & on behalf of

CNK & ASSOCIATES LLP
CHARTERED ACCOUNTANTS

H. V. KISHNADWALA
PARTNER

MUMBAI, 12TH MAY, 2014

For and on behalf of the Board of Directors

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MANAGING DIRECTOR

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DIRECTOR

N.NAMBI RAJAN
CHIEF FINANCIAL OFFICER

T. RAJAGOPALAN
COMPANY SECRETARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

A. CORPORATE INFORMATION

Thirumalai Chemicals Limited is a public limited company domiciled in India incorporated under the provisions of the Companies Act, 1956. Its shares are listed on stock exchanges in India. The company is engaged in manufacturing and selling chemicals. The company caters to both domestic and international markets.

B.1. BASIS OF CONSOLIDATION

The Consolidated Financial Statement (CFS) relate to Thirumalai Chemicals Limited (the Company) and its subsidiary companies. The companies and its subsidiaries constitute the group.

(I) BASIS OF ACCOUNTING

(a) The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the company i.e.31st March, 2014. The same is based on the audited financial results up to 31st March, 2014 of the respective subsidiary companies.

(b) The financial statements of the group have been prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard (AS) 21- "Consolidated Financial Statements" as notified by the Companies (Accounting Standards) Rules, 2006.

(II) PRINCIPLES OF CONSOLIDATION

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

(a) The financial statements of the company and its subsidiary companies have been combined on a line-by-line basis by adding together book values of similar items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions have been fully eliminated.

(b) Consolidated financial statements are prepared by applying uniform accounting policies to the extent possible, in use at the group.

(c) Indian rupee is the reporting currency for the group. However, the reporting currencies of non-integral overseas subsidiaries are different from the reporting currency of the group. The translation of those currencies into Indian rupee is performed for assets and liabilities, using the exchange date as at the Balance sheet date and for revenues, cost and expenses using average exchange rate during the reporting period. The resultant currency translation, exchange gain / loss is carried as 'Foreign Currency Translation Reserve' under "Reserves and Surplus".

(d) Goodwill / Capital Reserve:

The difference between the cost of investments in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as goodwill or capital reserve as the case may be.

For this purpose, the Company's share of net-worth is determined on the basis of latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

(e) The Consolidated Financial Statements include the financial statements of Thirumalai Chemicals Limited (Parent Company) and its subsidiaries

Name Of Subsidiary Companies	Country of incorporation	% of holding either directly or through subsidiary as at 31st March 2014	% of holding either directly or through subsidiary as at 31st March 2013
Tarderiv International Pte Ltd.	Singapore	100	100
Cheminvest Pte Ltd.	Singapore	100	100
Optimistic Organic Sdn Bhd. (OOSB)	Malaysia	100	100

B.2. SIGNIFICANT ACCOUNTING POLICIES

I BASIS OF ACCOUNTING:

The financial statements of Thirumalai Chemicals Limited ("TCL" or "the Company") have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India and the provisions of Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

The company follows the accrual system of accounting for recognizing income and expenditure.

II USE OF ESTIMATES:

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

III REVENUE RECOGNITION:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Sale of goods:

Revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer. Gross turnover includes excise duty but does not include sales tax and VAT.

Income from wind operated generators:

Revenue from sale of power from wind operated generators is accounted when the same is transmitted to and confirmed by the Electricity Board to whom the same is sold.

Income from letting out of storage facility:

Revenue from letting out of storage facilities are accounted on accrual basis as per terms of agreement.

Income from services:

Revenue from service contracts are recognized pro-rata over the period of the contract as and when services are rendered and are net of service tax.

Sale of scrap:

Revenue from sale of scrap is recognised as and when scrap is sold.

Dividend and interest income:

Dividend income is recognized when the unconditional right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognized on the time proportionate method taking into account the amount outstanding and the rate applicable.

Export benefits:

The benefit accrued under the Duty drawback scheme as per the Export and Import Policy in respect of exports made under the said Schemes is included under the head "revenue from operations" as 'Incentives on Exports'.

Status holder incentive scrip scheme benefit is accounted on utilization thereof for payment of duty on eligible goods.

IV FIXED ASSETS AND DEPRECIATION:

Tangible Assets:

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Assets which are retired from active use and are held for disposal are stated at the lower of their net book value or net realisable value.

Depreciation and amortization:

Depreciation on Plant and Machinery and Building is provided using the straight-line method (except on Maleic Anhydride plant) at the rates specified in Schedule XIV to the Companies Act, 1956 or based on the useful life of the assets as estimated by Management, whichever is higher. Depreciation on all assets of CMC division is provided using the written down value method at the rates specified in Schedule XIV to the Companies Act, 1956 or based on the useful life of the assets as estimated by Management, whichever is higher.

In case of Optimistic Organic Sdn Bhd. (OOSB) depreciation is computed on a straight-line basis over the assets estimated economic useful life.

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

Laboratory equipments : 5 to 20 years

Furniture, fixtures and office equipments (other than computer equipments) : 2 to 20 years

Leasehold land:

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

V Research and Development Expenses

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized as expense in the statement of profit and loss when incurred.

Expenditure incurred on fixed assets used for research and development is capitalized and depreciated in accordance with the depreciation policy of the Company.

VI IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of amortized historical cost.

VII INVESTMENTS:

Non-current investments are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment

VIII INVENTORIES:

Items of Inventory are valued on the principle laid down by Accounting Standard 2 on "Valuation of Inventories" on the basis given below

(a)	Raw Materials	Lower of cost and net realizable value. Effective as of 1 April 2012, the Company has changed its policy on valuation of inventory (except for stores and spares) from weighted average cost method to first-in first-out method for its Indian operations.
(b)	Work-in-Progress	Lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity.
(c)	Finished Goods	Lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.
(d)	Catalyst	Lower of cost and net realizable value. Cost of Catalyst is expensed over its estimated useful life.
(e)	Stores and Spare parts	Lower of cost and net realizable value. Stores and spares consists of packing materials, engineering spares (such as machinery spare parts) and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process, had been valued at cost based on a weighted average cost method.
(f)	Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.	

In case of Optimistic Organic Sdn Bhd. (OOSB), inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- **Raw materials:** purchase costs on a first-in-first-out basis.
- **Finished goods and work-in-progress:** costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in-first-out basis.

  Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

IX EMPLOYEE BENEFITS :

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to recognized provident funds and approved superannuation schemes which are defined contribution plans are recognized as an employee benefit expense in the statement of profit and loss as and when the services are received from the employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of gratuity plan, which is a defined benefit plan, and certain other defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

Retirement and other employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, and performance incentive paid, annual leave, bonus, leave travel assistance, medical allowance, contribution to provident fund and superannuation etc. recognized as actual amounts due in period in which the employee renders the related services.

(i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contribution to the fund accrues. There are no obligations other than the contribution payable to the recognized Provident Fund.

(ii) Retirement benefits in the form of Superannuation Fund is a defined contribution scheme and the contribution is charged to the statement of profit and loss for the year when the contribution accrues. There are no obligations other than the contribution payable to the Superannuation Fund Trust. The scheme is funded with an Insurance Company in the form of a qualifying insurance policy.

(iii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

(iv) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

(v) Actuarial gains/losses are recognized immediately to the statement of profit and loss and are not deferred.

X FOREIGN CURRENCY TRANSLATION:

Initial recognition:

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the statement of profit and loss.

Conversion:

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated using the foreign exchange rates as at the balance sheet date. The resultant exchange differences are recognized in the statement of profit and loss. Non-monetary assets and liabilities are not translated.

Exchange differences on non integral operations:

Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the enterprise's financial statements. Such exchange differences are recognized in the statement of profit and loss in the event of disposal of the net investment.

In accordance with AS-11, revised 2003 " the effects of changes in foreign exchange rates" , the financial statements of such non-integral foreign operations are translated into Indian rupees as follows:

All assets and liabilities, both monetary and non-monetary, are translated using the closing rate; income and expense items are translated at annual rate. The resulting net exchange difference is credited or debited to a foreign currency translation reserve.

Exchange differences arising on long term foreign currency loans given to non-integral foreign subsidiaries is accumulated in Foreign Currency Translation Reserve and reversed to profit and loss statement as and when the loans are repaid /settled.

Forward Exchange Contracts:

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

XI BORROWING COSTS:

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalized for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

XII LEASE RENTALS:

The lease arrangement is classified as either a finance lease or an operating lease, at the inception of the lease, based on the substance of the lease arrangement.

Finance leases

A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Other leases are operating leases, and the leased assets are not recognized on the Company's balance sheet.

a. In respect of operating lease agreements entered into by the Company as a lessee, the lease payments are recognized as expense in the statement of profit and loss over the lease term.

b. In respect of operating lease agreement entered into by the Company as a lessor, the initial direct costs are recognized as expenses in the year in which they are incurred.

XIII EARNINGS PER SHARE:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

XIV TAXATION:

Tax expense comprises of current and deferred tax. The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

XV PROVISIONS ,CONTINGENT LIABILITES AND CONTINGENT ASSETS:

Provisions:

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liability:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent liabilities are disclosed for:-

(i) possible obligations which will be confirmed only by future events not wholly within the control of the company, or

(ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of obligation cannot be made.

Contingent assets are not recognized in the financial statements, since this may result in recognition of income that may never be realized.

XVI CASH AND CASH EQUIVALENTS

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
C.1 Share capital		
Authorised		
15,000,000 (15,000,000) Equity shares of Rs. 10/- each	**150,000,000**	150,000,000
10,000,000 (10,000,000) Unclassified shares of Rs. 10/- each	**100,000,000**	100,000,000
	250,000,000	250,000,000
Issued		
10,242,812 (10,242,812) Equity shares of Rs 10/- each	**102,428,120**	102,428,120
Subscribed and fully paidup		
10,238,812 (10,238,812) Equity Shares of Rs 10/- each	**102,388,120**	102,388,120
Add: Amount paid up on forfeited shares	**22,500**	22,500
	102,410,620	102,410,620

(a) The Company has only one class of shares referred to as equity shares having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be proportional to the number of equity shares held by the shareholders.

(b) Details of shareholders holding more than 5%

Name of the Entity	As at 31st March 2014		As at 31st March 2013	
	No. of Shares	% of holding	No. of Shares	% of holding
Ultramarine & Pigments Limited	2,045,177	19.97	2,045,177	19.97
Jasmine Limited	655,005	6.40	655,005	6.40

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

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

C.2 Reserves and surplus		
Securities Premium Account		
Balance as per last financial statements	**197,069,526**	197,069,526
Capital reserve on acquisition/consolidation	**356,943,369**	356,943,369
General reserve		
Balance as per last financial statements	**428,252,062**	398,252,062
Add: Transferred from profit and loss account	**-**	30,000,000
Balance at the end of the year	**428,252,062**	428,252,062
Foreign Currency Translation Reserve		
Balance as per last financial statements	**89,556,031**	63,414,668
Add: Exchange fluctuation on long term loans and advances in relation to non-integral foreign operations	**38,172,430**	30,963,880
Less: Transfer to statement of profit and loss on repayment of long term loans and advances in relation to non integral foreign operations	**(29,433,049)**	(4,822,517)
Balance at the end of the year	**98,295,412**	89,556,031
Foreign Currency Translation Reserve (on consolidation)	**171,231,132**	137,371,007
Surplus		
Balance as per last financial statements	**678,076,090**	359,430,945
Add: Profit for the year	**118,668,388**	438,091,413
	796,744,478	797,522,358
Less: Appropriations		
Transfer to general reserve	**-**	(30,000,000)
Interim dividend	**-**	(51,194,060)
Tax on interim dividend	**-**	(8,304,962)
Proposed dividend	**-**	(25,597,030)
Tax on proposed dividend	**-**	(4,350,216)
Total appropriations	**-**	(119,446,268)
Balance at the end of the year	**796,744,478**	678,076,090
Total	**2,048,535,979**	1,887,268,085

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
C.3 Long term borrowings		
Term loans (secured)		
From Banks		
(a) Bank of India (refer note I.a and I.g.b below)	-	100,000,000
From Institutions		
(a) Export Import Bank of India Overseas Investment Finance Loan (refer note I.b and I.g.a below)	**75,275,000**	122,737,500
(b) Export Import Bank of India Long term Working Capital Demand Loan (refer note I.c and I.g.b below)	**100,000,000**	180,000,000
	175,275,000	402,737,500
Deferred payment liabilities (unsecured)		
Sales tax deferment loan from the Government of Tamilnadu (interest free) (refer note II.a below)	**25,891,899**	55,263,784
Deposits (unsecured)		
Fixed deposits (Refer note I.e below)	-	72,495,000
Others (unsecured) (refer note I.f below)	**394,020,000**	543,658,922
	595,186,899	1,074,155,206

I. In respect of term loans from banks and financial institutions, terms of repayments and nature of security are given below:

a. Term loan from Bank of India , is repayable in equal 30 monthly installments starting from July 2012 up to December 2014. The loan is secured by way of second charge (on pari passu basis) over the immovable properties of the Company.

b. Export Import Bank of India Overseas Investment Finance loan is repayable in 16 equal quarterly installments starting from July 2012 up to April 2016. The loan is secured by First Pari Passu charge on Movable fixed assets and immovable assets of the company at Ranipet, Tamilnadu.

c. Export Import Bank of India Working Capital Demand Loan is repayable in 16 equal quarterly installments starting from July 2012 up to April 2016. The loan is secured by First Pari Passu charge on Movable fixed assets and immovable assets of the company at Ranipet, Tamilnadu.

d. Export Import Bank of India EOU Loan is repayable in 21 equal quarterly installments starting from March 2009 upto March 2014. The loan is secured by First Pari Passu charge on Movable fixed assets and immovable assets at Ranipet, Tamilnadu.

e. As per provisions of Companies Act, 2013 read with Companies(Acceptance of Deposit) Rules, 2014, all the fixed deposits accepted from public are intended to be repaid within a year and hence disclosed under ' Other Current Liabilities'.

f. The amount is unsecured, non-interest bearing and as per novation agreement entered with lender during the year the amount is payable in 15 equal quarterly installments starting from July 2015 up to Decemberl 2018.

g. The interest rates in case of the loans vary as below

a. For Foreign currency loans

- Export Import Bank of India Overseas Investment Finance Loan : LIBOR + 450 basis points

b. for rupee term loans : 11.07 % to 14.50% per annum.

II. Deferred payment liabilities

a. Deferral of sales tax liabilities represent interest free deferred sales tax loan received from Government of Tamilnadu. Repayable up to 2016-17 based on the deferment availed in the respective years. For the Deferred Sales Tax liabilities In case of default in repayment of ' Deferred sales tax liabilities ' the movable and immovable properties of the company are liable to be attached / proceeded towards the realization of outstanding Government loan under Revenue Recovery Act.

C.4 Deferred tax liability (net)		
Deferred Tax Liability		
On account of timing difference in		
Depreciation	**239,603,646**	226,775,210
Total	**239,603,646**	226,775,210

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
Deferred Tax Assets		
On account of timing difference in		
Adjustments on account of gratuity provision	**20,286,580**	16,281,049
Provision for privilege leave etc.	**6,525,334**	5,108,587
Provision for doubtful debts, deposits, DEPB etc.	**3,931,510**	1,839,437
Other disallowances under Section 43B of Income Tax Act, 1961	**2,226,790**	1,890,056
Total	**32,970,214**	25,119,129
Deferred Tax Liability (Net)	**206,633,432**	201,656,081
C.5 Long term provisions		
Provision for employee benefits		
Gratuity (non funded)	**53,365,794**	41,725,636
Compensated absences (non funded)	**15,745,258**	12,524,316
	69,111,052	54,249,952
C.6 Short term borrowings		
(a) Loan payable on Demand (secured)		
From banks		
Working Capital Demand Loan (refer note i & iv.b. below)	**364,300,000**	593,353,093
Cash Credit/Export Credit Accounts (refer note i, iii and iv.c below)	**727,852,970**	448,350,070
Bills purchased/ discounted (refer note i, iii & iv.b, c. below)	**198,788,591**	-
(b) Other loans and advances (secured)		
Export Import Bank of India Pre/Post Shipment (refer note ii & iv.a. below)	**59,461,442**	574,944,802
	1,350,403,003	1,616,647,965

i. Working Capital Demand Loan/Cash credit/Export accounts and Bills purchases/discounted are secured by hypothecation of stock of raw materials, work in progress, finished goods and book debts and secured by a second charge on all of the Company's immovable fixed assets both present and future.)

ii. Export Import Bank of India pre/post shipment is secured by hypothecation of stock of raw materials, work in progress, finished goods and book debts (those financed by Export Import Bank of India) and secured by a second charge on all of the Company's immovable fixed assets both present and future.)

iii Working capital loans taken by subsidiary are secured by the following

(a) Corporate Gurantee by ultimate holding company and holding company

(b) A registered debenture over the subsidiary companies entrire fixed and floating assets, movable and immovable, both present and future.

(c) First party, first legal charge over the land and building belonging to subsidiary company erected on PN7606, Lot 3351 Mukim Teluk Kalung and district of Kemaman, Terengganu

iv. The interest rates in case of the loans vary as below

a. For Foreign currency loans

- Export Imoprt bank of india Pre/Post Shipment : LIBOR + 450 basis points

b. for other rupee loans : 10.60 % to 14.50% per annum.

c. Loans taken by Subsidiary 7.1%

C.7 Trade payables		
Other trade Payables	**1,645,664,498**	976,598,238
Acceptances	**828,604,879**	1,416,218,482
	2,474,269,377	2,392,816,720

Out of trade payable, Rs.510,690 (Previous year Rs.2,121,522) pertain to micro, small and medium enterprises as defined under Micro, Small, and Medium Development Act, 2006 based on the information available with the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
C.8 Other current liabilities		
Current maturities of long term debt (refer note C.3, C.8.a and b)	**269,591,886**	361,542,523
Fixed deposits (refer note C.8.c)	**257,334,000**	48,113,000
Book overdraft with Banks	**1,165,263**	754,809
Unpaid Dividend (refer note C.8.d)	**3,665,515**	4,233,934
Unpaid Matured Deposits and interest accrued thereon	**469,999**	503,370
Deposits from service providers	**4,878,704**	5,521,433
Interest Accrued but not due on loans	**12,645,648**	7,462,960
Payable to statutory authorities	**52,248,624**	58,928,060
Advances from customers	**902,570**	7,314,667
Amounts due to consignment agents	**11,523,207**	24,441,561
Directors remuneration payable	**290,678**	13,240,009
Other payables	**85,603,689**	24,070,288
	700,319,783	556,126,614

a. Amounts due to Gujarat Industrial Development Corporation represents amount payable for acquiring leasehold land for industrial project. This loan is repayable in 12 equal quarterly installments commencing from June 2011 to March 2014

b. Export Import Bank of India EOU Loan is repayable in 21 equal quarterly installments starting from March 2009 upto March 2014. The loan is secured by First Pari Passu charge on Movable fixed assets and immovable assets at Ranipet, Tamilnadu.

c. As per provisions of Companies Act, 2013 read with Companies(Acceptance of Deposit) Rules, 2014, all the fixed deposits accepted from public are intended to be repaid within a year and hence disclosed under ' Other Current Liabilities'.

d. Unpaid dividend, unpaid matured deposits and interest accrued thereon included above represent amounts to be credited to the Investor Education and Protection Fund as and when they become due.

C.9 Short term provisions		
Provision for employee benefits		
Gratuity (non funded)	**6,318,171**	6,173,888
Compensated absences (non funded)	**7,317,127**	5,918,899
Other employee benefits	**8,822,944**	4,104,245
Provision for taxation	**5,653,405**	
(Net of MAT credit availed Rs.9,994,140 and advance tax)		
Proposed dividend	**-**	25,597,030
Tax on dividend	**-**	4,350,216
	28,111,647	46,144,278

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

C.10 Fixed Asset - Tangible

(In Rs.)

Description	Gross Block					Depreciation					Net block	
	As at 1st April 2013	Additions	Exchange translations	Sales/ disposals	As at 31st March 2014	As at 1st April 2013	Charge for the Period	Exchange translations	Recouped	Depreciation up to 31st March 2014	As at 31st March 2014	As at 31st March 2013
Tangible assets												
Freehold Land	3,749,329	-	-	-	3,749,329	-	-	-	-	-	3,749,329	3,749,329
Lease hold land (refer note D.4 c)	195,123,017	-	4,853,954	-	199,976,971	6,173,935	3,376,108	343,406	-	9,893,450	190,083,521	188,949,081
Buildings **	197,016,591	280,843	3,348,227	-	200,645,662	61,370,922	5,605,365	467,654	-	67,443,940	133,201,721	135,645,670
Plant and machinery	3,957,635,836	7,356,491	79,526,715	426,860,700	3,617,658,342	1,964,953,031	192,570,952	18,676,166	385,046,199	1,791,153,949	1,826,504,393	1,992,682,805
Wind operated generators	165,023,000	-	-	-	165,023,000	83,894,358	17,063,379	-	-	100,957,737	64,065,263	81,128,642
Computer equipments	19,807,647	135,350	-	6,197,740	13,745,258	17,191,978	838,127	-	5,857,268	12,172,836	1,572,421	2,615,669
Office equipments	14,590,997	3,172,836	61,476	1,904,341	15,920,968	8,089,124	1,218,711	708	1,708,045	7,600,499	8,320,470	6,501,873
Furniture and fixtures	48,208,117	4,747,726	1,121	3,510,924	49,446,039	30,145,732	3,239,545	840	3,350,612	30,035,504	19,410,535	18,062,385
Vehicles	12,062,893	1,681,117	-	112,804	13,631,206	7,238,085	1,490,685	-	107,098	8,621,672	5,009,534	4,824,808
Details of Assets used for R & D												
Plant and machinery	78,461,990	-	-	231,470	78,230,520	24,782,177	3,687,288	-	62,549	28,406,916	49,823,604	53,679,813
Furniture, fixtures and office equipments	9,930,085	-	-	1,337,827	8,592,258	5,972,822	854,031	-	1,045,767	5,781,086	2,811,172	3,957,263
Total	**4,701,609,502**	**17,374,363**	**87,791,493**	**440,155,805**	**4,366,619,553**	**2,209,812,165**	**229,944,190**	**19,488,773**	**397,177,539**	**2,062,067,590**	**2,304,551,963**	**2,491,797,338**
Previous year	4,551,264,673	62,000,776	93,154,433	4,810,380	4,701,609,502	1,984,285,035	228,595,428	-	3,068,298	2,209,812,165	2,491,797,338	2,566,979,638

** Addittion to buildings of Rs.1,000 represents amount paid for purchase of shares in the building condominium.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

		As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
C.11 Non Current Investments			
In equity instruments			
Quoted (At Cost)			
Neyveli Lignite Corporation Ltd.		**313,958**	313,958
5,000 (5,000) equity shares of Rs. 10 each fully paid up			
Piramal Glass Limited		**620**	620
62 (62) equity shares of Rs. 10 each fully paid-up			
Piramal Healthcare Limited		**122,728**	122,728
1,409 (1,409) equity shares of Rs. 2 each fully paid up			
Piramal Life Science Limited		**25,727**	25,727
137(137) equity shares of Rs. 10 each fully paid-up			
Tata Power Limited		**7,699**	7,699
500 (500) equity shares of Rs.1 each			
Poddar Pigments Limited		**-**	-
600 (600) equity shares of Rs.10 each			
Ultramarine & Pigments Limited		**53,775,623**	53,775,623
3,044,800 (3,044,800) equity shares of Rs. 2 each fully paid-up			
Resins and Plastics Ltd.		**300,000**	300,000
10,000 (10,000) equity shares @ Rs.10 each fully paid-up			
	(A)	**54,546,355**	54,546,355
Quoted (At realisable value)			
Futuristic Offshore Services and Chemicals Ltd.		**1,050**	1,050
(Earlier known as Ganesh Anhydride Ltd.)			
100 (100) equity shares @ Rs.10 each fully paid-up			
Less: Provision for diminution other than temporary		**(950)**	(950)
		100	100
Maruti Plastics Ltd		**51,239**	51,239
4,000 (4,000) equity shares @ Rs.10 each fully paid-up			
Less: Provision for diminution other than temporary		**(47,239)**	(47,239)
		4,000	4,000
Indu Nissan Oxo Chemical Ltd.		**115,595**	115,595
9,150 (9,150) equity shares @ Rs.10 each fully paid-up			
Less: Provision for diminution other than temporary		**(106,445)**	(106,445)
		9,150	9,150
	(B)	**13,250**	13,250
Unquoted (At Cost)			
Kamer Co-operative Housing Society Limited		**250**	250
5 (5) equity shares @ Rs.50 fully paid up			
The Sarawat Co-operative Bank Ltd		**20,000**	20,000
200 (200) equity shares @ Rs. 100 each fully paid up			
	(C)	**20,250**	20,250
	(D) = (A+B+C)	**54,579,855**	54,579,855
Aggregate amount of Quoted Investments		**54,559,605**	54,559,605
Market value of Quoted Investments		**155,991,539**	194,313,791
Aggregate amount of Unquoted Investments		**20,250**	20,250
Aggreate provision for diminution in value of investments		**154,634**	154,634

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
C.12 Long-term loans and advances		
Unsecured and considered good		
Capital advances	**29,855,545**	3,599,769
Security deposits	**5,870,332**	96,760,421
Taxes paid in advance (Net of provision for tax)	**113,964,754**	122,351,438
Minimum alternate tax credit entitlement	**-**	9,994,140
	149,690,631	232,705,768
Unsecured and Considered doubtful		
Security deposits	**715,972**	946,784
less: provsion for doubtful deposits	**(715,972)**	(946,784)
	-	-
	149,690,631	232,705,768
C.13 Other non current assets		
Unsecured and considered Good		
Other loans and advances	**1,432,097**	2,443,098
	1,432,097	2,443,098
C.14 Inventories (valued at lower of cost and net realizable value)		
Stores and Spares	**93,528,217**	105,111,889
Fuel	**4,197,000**	9,473,555
Packing Materials	**7,440,633**	7,189,110
Raw Materials	**1,039,905,722**	898,146,816
Catalyst	**161,344,375**	93,403,502
Finished Goods	**618,717,090**	584,442,789
Work in Progress	**155,206,582**	240,812,324
Stock of Trading items	**699,352**	1,869,136
	2,081,038,971	1,940,449,121

Note:

a. Raw Materials includes material in transit amounting to Rs. 563,689,843 (Previous year Rs.628,831,785)

b. Finished Goods includes material in transit amounting to Rs 142,825,007 (Previous year Rs. 52,764,447)

c. Refer Note D.1 for change in valuation

C.15 Trade receivables		
Unsecured and Considered Good		
Debts outstanding for a period exceeding six months from due date	**10,995,397**	22,699,971
Other Debts	**2,296,580,567**	2,807,612,158
	2,307,575,964	2,830,312,129
Unsecured and considered doubtful		
Debts outstanding for a period exceeding six months from due date	**6,385,777**	-
less: provision for doubtful debts	**(6,385,777)**	-
	-	-
	2,307,575,964	2,830,312,129
C.16 Cash and Bank balances		
a. Cash and Cash Equivalents		
Cash on hand	**421,529**	308,012
Balance with Banks		
In current accounts	**85,959,686**	57,347,392
(Includes cheques in hand Rs.19,850,944 (Previous year NIL)	**86,381,215**	57,655,404

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
b. Other Bank balances		
Short-term bank deposits with maturity after 3 months but before 12 months	**32,052,527**	18,642,376
In Margin money account against letters of credit issued by banks	**92,269,151**	80,634,595
Earmarked balances with banks		
Unpaid Dividend	**3,665,515**	4,233,934
Unpaid Interest	**45,732**	50,402
	214,414,140	161,216,711
C.17 Short-term loans and advances		
Unsecured, Considered good		
Balance with customs and excise	**46,422,205**	32,057,142
Cenvat claimable	**86,738,463**	97,789,845
Staff advances	**2,522,450**	4,935,200
	135,683,118	134,782,187
C.18 Other current assets		
Unsecured Considered Good		
Other loans and advances		
Advance to Suppliers	**33,201,859**	18,037,833
Other loans and advances	**111,667,728**	59,777,587
(Includes assets Rs.1,80,00,000 held for disposal (Previous year Rs.4,06,000))		
	144,869,587	77,815,420
considered doubtful		
other loans and advances recoverable in cash or in kind or value to be received	**4,464,916**	4,464,916
less: provsion for doubtful loans and advances	**(4,464,916)**	(4,464,916)
	144,869,587	77,815,420

	Year Ended 31st March 2014 Rs.	Year Ended 31st March 2013 Rs.
C.19 Revenue from Operations		
Sales		
Manufactured goods	**13,811,369,581**	14,907,747,483
Traded goods	**3,843,392**	5,726,889
Gross sales	**13,815,212,973**	14,913,474,371
Less: Excise duty recovered on sales	**(1,126,196,685)**	(1,283,083,629)
Net sales	**12,689,016,288**	13,630,390,742
Other Operating revenues:		
Sales of power from wind operated generators	**13,666,685**	19,246,180
Income from letting out of storage facility	**24,634,037**	24,863,891
Duty drawback and Duty Entitlement Pass Book Benefits	**11,237,709**	12,628,524
Export Incentive	**10,602,201**	13,164,310
Sale of scrap (Net of taxes)	**13,226,445**	12,777,088
	12,762,383,365	13,713,070,735
Details of products sold		
Phthalic Anhydride	**9,533,718,825**	2,646,242,214
Maleic Anhydride	**1,368,534,858**	10,562,116,519
Food Acids	**896,622,679**	242,412,293
Pthalate Esters	**888,573,691**	179,417,304
Other chemicals	**1,566,235**	202,412
	12,689,016,288	13,630,390,742
Details of trading sales		
Speciality chemicals	**3,843,392**	5,726,889
	3,843,392	5,726,889

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	Year Ended 31st March 2014 Rs.	Year Ended 31st March 2013 Rs.
C.20 Other Income		
Interest Income (Gross)	**24,598,910**	16,772,460
(Tax Deducted at Source Rs.4,221,715 (Previous Year Rs 3,565,166)		
Interest income pertaining to earlier period Rs.781,374 (Previous year Rs.636,427)		
Dividend Income from long term investments	**6,918,295**	9,208,100
Rent received	**4,028,854**	4,187,667
Sundry balances written back	**837,844**	3,330,375
Gain on foreign currency Transaction / Translation	**1,887,542**	2,508,977
Miscellaneous receipts	**8,081,120**	11,765,418
	46,352,565	47,772,997
C.21 Cost of Materials consumed		
Raw materials, process chemicals and catalyst consumed		
Stock at commencement	**988,714,432**	744,559,880
Add: Purchases	**10,339,197,671**	10,880,063,252
	11,327,912,103	11,624,623,132
Less: Sales	**(8,097,625)**	-
Less: Stock at close	**(1,142,085,654)**	(988,714,431)
	10,177,728,824	10,635,908,701
Details of Raw Materials Consumed		
Orthoxylene	**8,090,921,334**	8,629,469,912
Others	**2,086,807,490**	2,006,438,789
	10,177,728,824	10,635,908,701
C.22 Purchases of stock in trade		
Traded goods		
Purchase of chemicals	**2,944,995**	60,434,470
Purchase of machinery and spares	**15,647,462**	2,895,613
	18,592,457	63,330,083
C.23 Changes in stock		
Inventories at the end of the year		
Finished goods	**618,717,090**	584,442,789
Work in progress	**155,206,582**	240,812,324
Stock of Trading items		
Trading chemicals	**508,682**	1,092,361
Machinery and spares	**190,669**	776,775
	774,623,023	827,124,249
Inventories at the beginning of the year		
Finished Goods	**584,442,789**	461,932,020
Work in Progress	**240,812,324**	187,942,403
Stock of Trading items		
Trading chemicals	**1,092,361**	53,359,000
Machinery and spares	**776,775**	5,646,422
	827,124,249	708,879,845
Excise duty on closing stock (Net)	**1,773,307**	16,149,277
Changes in stock	**50,727,919**	(134,393,681)
Details of finished goods at the end of the year		
Phthalic Anhydride	**550,612,799**	535,076,265
Maleic Anhydride	**22,711,291**	9,166,490
Others	**45,393,000**	40,200,034
	618,717,090	584,442,789

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	Year Ended 31st March 2014 Rs.	Year Ended 31st March 2013 Rs.
Details of finished goods at the beginning of the year		
Phthalic Anhydride	**536,621,926**	359,658,000
Maleic Anhydride	**7,620,829**	62,688,270
Others	**40,200,034**	39,585,750
	584,442,789	461,932,020
Details of work in progress at the end of the year		
Phthalic Anhydride	**91,797,634**	180,959,628
Maleic Anhydride	**32,273,948**	15,685,796
Others	**31,135,000**	44,166,900
	155,206,582	240,812,324
Details of work in progress at the beginning of the year		
Phthalic Anhydride	**183,668,936**	118,995,000
Maleic Anhydride	**12,976,488**	28,342,403
Others	**44,166,900**	40,605,000
	240,812,324	187,942,403
Trading stocks		
Machinery items		
Opening Stock	**776,775**	5,646,422
Purchases	**15,647,462**	2,895,613
Sales	**21,306,534**	13,167,236
Closing Stock	**190,669**	776,775
C.24 Employees benefits expense		
Salaries, wages, bonus, etc	**306,966,440**	273,819,295
(Includes salary of previous year Rs.4,000,000 (Previous year Rs. NIL)		
Directors remuneration	**27,766,700**	25,255,629
Contribution to provident fund and other funds	**27,453,461**	24,161,505
Staff welfare expenses	**15,276,401**	12,809,138
	377,463,002	336,045,567
Directors Remuneration includes provision for gratuity and leave encashment on actuarial basis based on the contractual terms of appointment.		
C.25 Finance costs		
Interest expense	**391,441,276**	421,181,544
Interest on Income Tax	**818,550**	-
Exchange loss on foreign currency loan	**45,018,937**	21,403,898
Bank charges	**48,082,038**	80,253,715
	485,360,801	522,839,157
Interest expense includes interest on acceptances Rs. 119,545,210 (Previous year Rs.105,170,659)		
C.26 Other expenses		
Stores and spares consumed	**62,631,228**	98,325,379
Power and fuel	**397,377,940**	403,124,879
Repairs to:		
Machinery	**102,675,009**	88,773,703
Buildings	**17,511,821**	17,415,239
Others	**9,457,483**	5,938,228
Packing expenses and materials consumed	**109,087,301**	74,789,207
Freight and forwarding	**398,895,884**	501,721,794
Commission and brokerage	**22,132,867**	21,112,974
Rent	**3,791,034**	1,704,638
Rates and taxes	**7,543,468**	7,243,260
Insurance	**17,915,191**	19,804,989
Travelling and conveyance	**23,451,731**	20,572,788
Communication expenses	**5,602,156**	7,635,798
Research and development expenses	**11,607,259**	17,380,536
Payment to auditors (Refer note C.27)	**3,627,082**	3,196,903

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	Year Ended 31st March 2014 Rs.	Year Ended 31st March 2013 Rs.
Expenses on Wind operated generators	**3,472,472**	2,671,603
Legal and professional charges	**16,208,858**	29,082,224
Commission to directors	**290,678**	13,240,009
Bad debts/ Sundry balance written off	**4,485,448**	2,469,829
Provision for doubtful debts	**6,385,778**	
Provision for doubtful deposits and Licenses	**-**	5,411,700
Exchange loss on foreign currency transaction / translation	**-**	3,761,453
Excise duty expenses	**5,287,347**	6,982,922
Loss on sale of assets	**13,589,074**	197,531
Donation	**5,012,500**	6,560,000
Cash discounts and rebates	**11,919,899**	25,176,235
Miscellaneous expenses	**60,238,636**	79,589,654
(Includes previous year expense Rs.900,936 (Previous year Rs.5,382,230))		
	1,320,198,144	1,463,883,475

C.27 Payment to Auditors

Particulars		
Audit fees	**2,542,082**	2,086,903
Others	**1,085,000**	1,110,000
	3,627,082	3,196,903

C.28 Commitments and contingent liabilities

	2013-2014	2012-2013
(A) Commitments/contingent liabilities		
(i) Estimated amount of contracts to be executed on capital account and not provided for	**93,404,904**	13,780,702
Against which advances paid	**29,927,056**	3,599,769
(ii) Guarantees issued by Banks on behalf of Company	**95,229**	212,000
(iii) Bond in favor of excise authorities	**160,000**	1,910,718

(B) Claims against the Company not acknowledged as debts in respect of following items:

(i) The Sales Tax authorities have issued notices to the Company whereby the authorities have disputed the method of availment of deferral sales tax on monthly pro-rata basis for the period April 2000 to April 2006 amounting to Rs.7,537,505 (Previous year Rs. 7,537,505). The Company has filed a writ petition against these notices in the High Court. The Company does not expect any liability to crystallize on this account.

(ii) The company had received a demand of Rs. 99,363,453 (Previous Year Rs. 99,363,453) from enforcement directorate toward alleged non-submission of bill of entries for imports in earlier years. However, the Company has received letters from the concerned banks as well as Reserve Bank of India accepting that the said omission was not on the part of the Company. The appeal filed by the Company before the appellate tribunal was dismissed on limitation grounds.

The Company thereafter, filed an appeal against the said order of the appellate tribunal as well as a writ petition to quash the proceedings, before the Hon'ble High Court at Bombay. The Hon'ble High Court was of the opinion that the appeal was not maintainable and rejected the same as well as the Writ petition.

Aggrieved by this order, the Company filed a Special Leave Petition before the Hon'ble Supreme Court of India on 15th September, 2008. The said matter was finally heard by the Hon'ble Supreme Court of India on 7th May, 2010 & the order pronounced on 11th April, 2011.

The Hon'ble Supreme Court of India has vide its order dated 11th April,2011 set aside the order passed by the Foreign Exchange Appellate Tribunal on 25th October,2007 and the order dated 24th July, 2008 passed by the Hon' ble High Court of Bombay and remitted the appeals back to the Foreign Exchange Appellate Tribunal for fresh consideration in accordance with the law on the basis of findings recorded by them. The Company does not expect any liability to crystalise on this account.

(iii) No provision has been made in respect of disputed demands from Income-tax Authorities to the extent of Rs.39,668, 926 (Previous Year Rs. 82,106,136) since the Company has reasons to believe that it would get relief at the appellate stage as the said demands are excessive and erroneous. Against the above, the company has already paid Rs. 29,102,479 (Previous Year Rs. 95,436,546).

(C) Other Commitments:

The company had entered into an agreement with Gujarat Industrial Development Corportation for allotment of land for setting up chemical unit. As per the said agreement , the company within a period of six months from the date of agreement and within a period of two years from the said date build and completely finish it for occupation building to be used as industrial factory.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

D. Disclosure in accordance with Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006.

D.1 Accounting Standard (AS) - 2 on Valuation of inventories:

During the financial year 2012-13, the Company had changed its policy on valuation of inventory of indian operations (except stores and spares) from weighted average cost method to first-in first-out method.

The effect of this change in the methodology of valuation of inventory resulted in higher valuation of inventories for the financial year 2012-13 by Rs.69,425,741 and profit for the financial year 2012-13 was higher by Rs.46,925,741 (net of tax).

D 2. Accounting Standard (AS-17) "Segment Reporting" :

(a) Primary Segment

The Company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risk and returns, the organization structure and internal reporting system. The Company's operations predominantly relate to manufacture of Chemical Products and its Intermediaries.

(b) Secondary Segment

The business segment has been considered as the primary segment and the geographical segment has been considered as the secondary segment. "Chemicals" and "power generation" are the business segments and necessary information is given hereunder.

(c) Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The expenses, which are not attributable to the business segment, are shown unallocated corporate cost.

(d) Assets and Liabilities that cannot allocate between the segments are shown as a part of unallocated corporate assets and liabilities respectively.

(In Rs.)

		31.03.2014		31.03.2013	
1.	**REVENUE**				
	EXTERNAL REVENUE				
	Chemical products and its intermediaries	**12,748,716,680**		13,693,824,555	
	Power generation from wind operated generators	**13,666,685**		19,246,180	
	Total		**12,762,383,365**		13,713,070,735
2.	**RESULT**				
	Profit / (Loss) before interest and corporate expenses but after depreciation				
	Chemical products and its intermediaries	**609,433,354**		1,141,982,398	
	Power generation from wind operated generators	**(6,869,166)**		(488,801)	
	Total		**602,564,188**		1,141,493,597
	LESS:				
	Interest	**(485,360,801)**		(522,839,157)	
	Unallocted (Expenses) / Income (net) and Corportate expenses	**31,517,206**		25,980,559	
	Provision for current Tax	**(38,362,005)**		(230,123,816)	
	Deferred Tax	**8,309,800**		23,580,226	(703,402,187)
	NET PROFIT		**118,668,388**		438,091,413
	OTHER INFORMATIONS				
3.	**SEGMENT ASSETS**				
	Chemical Products and its intermediaries	**7,304,885,550**		7,543,370,908	
	Power Generation (Wind operated Generators)	**65,825,756**		100,818,990	
	Unallocated / Corporate	**204,270,486**		287,285,623	
	Total		**7,574,981,792**		7,931,475,521

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(In Rs.)

		31.03.2014		31.03.2013	
4.	**SEGMENT LIABILITIES**				
	Chemical Products and its intermediaries	**2,726,939,549**		2,626,726,968	
	Power Generation (Wind operated Generators)	**-**		-	
	Unallocated / Corporate	**2,697,095,644**		3,315,069,848	
	Total		**5,424,035,193**		5,941,796,816
5.	**CAPITAL EMPLOYED**				
	(including capital work in progress)				
	Chemical Products and its intermediaries	**4,577,946,000**		4,916,643,940	
	Power Generation (Wind operated Generators)	**65,825,757**		100,818,990	
	Unallocated / Corporate	**(2,492,825,158)**		(3,027,784,225)	
	Total		**2,150,946,599**		1,989,678,705
6	**CAPITAL EXPENDITURE**				
	(including capital work in progress)				
	Chemical Products and its intermediaries	**193,145,935**		237,772,348	
	Power Generation (Wind operated Generators)	**-**		-	
	Unallocated / Corporate	**-**		**-**	
	Total		**193,145,935**		237,772,348
7	**DEPRECIATION**				
	Chemical Products and its intermediaries	**212,880,811**		211,532,050	
	Power Generation (Wind operated Generators)	**17,063,379**		17,063,378	
	Unallocated / Corporate	**-**		**-**	
	Total		**229,944,190**		228,595,428

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

Entity in which the company has substantial interest (i.e. more than 20% in voting power directly or indirectly)

Thirumalai Charity Trust (TCT)

Others

Ultramarine and Pigments Ltd. (UPL)

Managing Director

R.Parthasarathy

Key Management Personnel

Dhanpat Raj Dhariwal (as CEO upto 31.10.2013 and as advisor from 01.11.2013)

C G Sethuram (CEO) (from 01.11.2013)

Relatives of Directors

Ramya Bharathram

S.Varadharajan

S. Narayan

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Details of transactions with above parties (in Rs.)

Particulars	Financial Year 2013-14	Companies in which the company has substantial interest		Directors / Relatives / Key Management Personnel			Directors and Relatives of Directors	Total
		Ultramarine and Pigments Ltd	Thirumalai Charity Trust	Mr. R. Parathasarathy	Mr. Dhanpat Raj Dhariwal	Mr. CG Sethuram		
Remuneration to Key Managerial persons	**2013-14**			**15,895,041**	**15,506,356**	**7,203,019**		**38,604,416**
	2012-13			23,595,648	13,969,785			37,650,100
Purchase of Goods	**2013-14**	**40,764**						**40,764**
	2012-13	37,056	15,420					52,476
Sale of Goods	**2013-14**	**3,737**						**3,737**
	2012-13	-						-
Expenses and Services recharged	**2013-14**	**86,291**						**86,291**
	2012-13	36,957,790						36,957,790
Rendering of Services	**2013-14**	**4,161,248**		**12,000**	**108,000**			**4,281,248**
	2012-13	4,295,104		12,000	108,000			4,415,104
Receiving of Services	**2013-14**	**28,090**	**105,012**					**133,102**
	2012-13	235,956	341,545					577,501
Donation given	**2013-14**		**5,000,000**					**5,000,000**
	2012-13		6,500,000					6,500,000
Outstanding Payables	**2013-14**	-	-					-
	2012-13		8,476					8,476
Outstanding Receivables	**2013-14**	**322,765**						**322,765**
	2012-13	379,326					21,630	400,956
Deposits Taken	**2013-14**						**24,460,000**	**24,460,000**
	2012-13	25,000,000					21,610,000	46,610,000
Interest Expenses on Deposits Taken	**2013-14**						**2,977,893**	**2,977,893**
	2012-13	232,558					4,092,070	4,324,628
Deposits Paid	**2013-14**						**27,510,000**	**27,510,000**
	2012-13	25,000,000					27,450,000	52,450,000
Outstanding Deposits Payable	**2013-14**	**1,400,000**					**32,360,000**	**33,760,000**
	2012-13	1,400,000					35,210,000	36,610,000

Remuneration paid to Key Management Personnel	**2013-14 Rs.**	2012-13 Rs.
Mr.Dhanpat Raj Dhariwal	**15,506,356**	13,969,785
Mr.C.G.Sethuram	**7,203,019**	NIL
	22,709,375	13,969,785

Remuneration paid to relative of Directors	**2013-14**	2012-13
Ms.Ramya Bharathram	**2,429,442**	1,602,000
Mr.S.Varadharajan	**2,139,528**	1,602,000
Mr.S.Narayan	**1,799,646**	1,546,341
	6,368,616	4,750,341

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

D.4 Accounting Standard (AS-19) "Accounting for Leases" :

a) During the year the company has taken office premises/residential premises under cancelable lease. Lease rent accounted in profit and loss account Rs.3,473,473(Previous Year Rs. 1,246,892). The said lease is cancelable at the option of the lessee at three months notice. The deposit paid in respect of the same is Rs. 1,749,255 (Rs.473,255).

b) The Company has given office premises on lease to a Company under the same management under cancelable lease arrangement for a period of five years. The lease arrangement can be cancelled at the option of lesser or lessee either giving two months notice. The Company has taken interest free security deposit of Rs. 1,400,000 (Previous Year Rs. 1,400,000) Lease rent received during the year and accounted as income is Rs.3,617,294 (Previous Year Rs. 3,696,784).

c) The company has entered into an agreement with Gujarat Industrial Development Corportation for allotment of land (leasehold). After complying with conditions related to erection of factory building and works, a lease agreement will be entered for a term of 99 years.

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

The Basic and Diluted EPS is calculated as under:

Particulars	**2013-2014 Rs.**	2012-2013 Rs.
Profit attributable to Equity Shareholders (Rs.)	**118,668,388**	438,091,413
No. of equity shares (of Rs 10 each)	**10,238,812**	10,238,812
Earnings Per Share	**11.58**	42.79

E. Other disclosures:

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

Open foreign exchange exposures:

(a) Exposure on Assets and Liabilities

Particulars		**2013-2014**		2012-2013	
		Foreign Currency	**Rs.**	Foreign Currency	Rs.
Export Receivable	(USD)	**9,575,895**	**571,680,909**	11,426,939	617,968,858
Other Receivable	(VARIOUS)	**635,634**	**38,218,917**	212,187	11,475,096
TOTAL		**10,211,529**	**609,899,826**	11,639,126	629,443,954
Import Payables	(USD)	**1,596**	**96,229**	-	-
Import Payables	(EURO)	**3,110**	**256,823**	-	-
Loans	(USD)	**9,846,004**	**588,976,442**	14,356,757	782,253,082
Other Payable	(VARIOUS)	**29,541**	**1,780,641**	-	-
TOTAL		**9,880,251**	**591,110,135**	14,356,757	782,253,082

(b) Exposure of Forward Cover Contracts

Particulars		**2013-2014**		2012-2013	
		Foreign Currency	**Rs.**	Foreign Currency	Rs.
Forward Contract against loans payable*	(USD)	**750,000**	**48,140,000**	250,000	13,775,000
		3 Nos		1 Nos	
TOTAL		**750,000**	**48,140,000**	250,000	13,775,000

*Forward contracts outstanding at year end for hedging loans payable

(c) Guarantee given

Particulars	2013-2014		2012-2013	
	Foreign Currency	**Rs.**	Foreign Currency	Rs.
Guarantee Given to banks on behalf of step down subsidary (RM)	**32,000,000**	**587,047,000**	-	-
TOTAL	**32,000,000**	**587,047,000**	-	-

E.2 Loans and Advances

Other loans and advances include Rs.6,20,000 (previous year Nil) recoverable from director towards excess contribution made to superannuation fund. The same has since been recovered.

E.3 Previous Year's Figures

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

As per our report of even date
For & on behalf of

For and on behalf of the Board of Directors

CNK & ASSOCIATES LLP
CHARTERED ACCOUNTANTS

R.PARTHASARATHY
MANAGING DIRECTOR

R.RAVI SHANKAR
DIRECTOR

H. V. KISHNADWALA
PARTNER

N.NAMBI RAJAN
CHIEF FINANCIAL OFFICER

T. RAJAGOPALAN
COMPANY SECRETARY

MUMBAI, 12TH MAY, 2014

Financial Highlights

(Rs. in Lakhs)

Particulars	13-14	12-13	11-12	10-11	09-10	08-09	07-08	06-07	05-06	04-05
Share Capital	1024	1024	1024	1024	1024	1024	1024	1024	1024	996
Reserves & Surplus	13214	12770	10629	9516	7661	7500	12100	10631	9178	8336
Networth	14238	13794	11653	10540	8685	8524	13124	11655	10202	9332
Fixed Assets(net)	8016	9283	10317	10255	11111	12295	12145	10689	11354	11499
Sales/Other Income	105065	115572	91130	77843	63253	48405	58430	54749	37129	35803
Gross Profit/(loss)	6107	10912	7199	7019	7033	(4061)	7190	5963	4009	3553
Interest/Finance Charges	4542	5202	5237	1751	1994	1703	1387	1019	884	724
Depreciation	1221	1287	1381	1339	1236	1223	1125	1090	1124	1109
Current Tax	260	1884	346	511	665	12	1825	1459	596	792
Deferred Tax	273	236	244	710	1203	(2405)	(197)	(185)	(42)	(406)
Net Profit/(Loss)	357	2775	478	1855	2586	(4600)	2667	2531	1453	1335
Dividend (incl.tax)	-	894	-	-	597	-	1198	1078	759	681
DIVIDEND (%)	-	75	-	-	50	-	100	90	65	60
EARNING PER SHARE (Rs.)	3.48	27.10	4.67	18.12	25.26	(44.93)	26.05	24.72	14.19	13.41

THIRUMALAI CHEMICALS LTD.

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

Form No. MGT - 11

Proxy Form

[Pursuant to section 105 (6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

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

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

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

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

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 41st Annual General meeting of the Company, to be held on the 6th day of August at 3 p.m. at Rangaswar, Yashwantrao Chavan Pratishthan, Fourth Floor, Gen. Jagannathrao Bhosale Marg, Nariman Point, Mumbai 400 021 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. Adoption of Annual Accounts as on March 31, 2014.
2. Reappointment of Mr.R.Sampath, Director who retires by rotation.
3. Reappointment of Mr.S.Santhanam, Director who retires by rotation.
4. Appointment of Statutory Auditors for Financial Year 2014-15.
5. Appointment of Dr.S.Rama Iyer as an Independent Director in compliance with the Companies Act,2013.
6. Appointment of Mr. A.Janakiraman as an Independent Director in compliance with the Companies Act,2013.
7. Appointment of Mr. P.Shankar as an Independent Director in compliance with the Companies Act,2013.
8. Appointment of Mr. Raj Kataria as an Independent Director in compliance with the Companies Act,2013.
9. Appointment of Mr. N.Subramanian as an Independent Director in compliance with the Companies Act,2013.
10. Appointment of Mr. Ravi Shankar as an Independent Director in compliance with the Companies Act,2013.
11. Appointment of Mr. Dhruv Moondhra as an Independent Director in compliance with the Companies Act,2013.
12. To ratify the remuneration of Cost Auditor for Financial Year 2014-15.
13. To authorize borrowing in excess of net worth of the company.

Signed this _____day of _____20_____

Signature of shareholder

Signature of Proxy holder (s)

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

APPLICATIONS OF MALIC ACID

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Jams

Pet Food

Beverages

Personal Care Products

Seasoning

Vegetables

Pickles

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Thirumalai Charity Trust

Thirumalai Charity Trust (TCT) set up in 1970 has been working on rural healthcare, women empowerment, disability, de-addiction and village development for more than 3 decades. TCT is currently active in 315 villages in Vellore District of Tamil Nadu and is managing the Thirumalai Mission Hospital at Ranipet.

TCT is working towards

- *Catalyzing rural people to build sustainable communities and improve their quality of life*
- *Mobilizing and motivating women volunteers for grassroots work*
- *Building community based organizations with local leaders*
- *Creating ripple effects in the community as beneficiaries become change agents*
- *Developing and delivering a unique model of accessible, affordable primary and secondary healthcare*

Our Thirumalai Mission Hospital (TMH) was started in April 2010. TMH addresses major medical problems in the community such as Diabetes, Hypertension, Osteoporosis, Cancer in Women and Obesity in appropriate screening and intervention programmes. Our Primary Healthcare team supports these programmes and involves village based volunteers and community based organizations to provide follow up care.

The TMH is well equipped for OP and IP services in General Medicine, General Surgery, Orthopaedics, Obstetrics and Gynaecology, Paediatrics, Emergency, E.N.T., Dentistry and Physiotherapy. The services are supported by good laboratory and other diagnostic facilities. Eye and Cardiology camps are conducted periodically and patients requiring surgery and other treatment are referred for care and follow-up. The hospital built with ground and two floors has a built up area of 15,000 sq. feet. It offers a good ambience for patients along with friendly and compassionate staff.

We now propose to continue our rehabilitation service for families suffering from alcoholism in our hospital. We are also planning to start ophthalmic and intensive medical care services.

TCT needs your support in its mission. We invite you to see our activities. TCT's Integrated Primary and Secondary Healthcare Project offers 100% tax exemption to its donors. Please visit our website www.thirumalaicharitytrust.org and contact admin@tmhospital.org for any further details.