

Contractor, Nayak & Kishnadwala

Chartered Accountants

Jash Chambers, 3rd floor, 7A, Sir P. M. Road, Fort, Mumbai - 400
Tel. : 6635 9681-82-83-84 / 2266 1819 / 6623 0600 • Fax : 22611B, 1st floor, Pushpam, K. D. Road, Vile Parle (W), Mumbai - 400 05
Tel. : 2628 6909 / 2628 4083 / 6515 9339 • Fax : 2628 6747

The Board of Directors,
THIRUMALAI CHEMICALS LIMITED,
Mumbai.

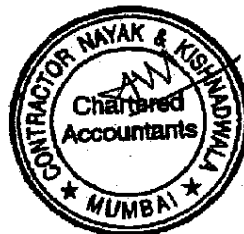
Re: Limited Review of your accounts for the period 1st April 2009 to 31st December 2009 and the unaudited financial results for the period ended on 31st December 2009

We have reviewed the accompanying statement of unaudited financial results of Thirumalai Chemicals Ltd. for the period ended 31st December 2009. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors/ Committee of Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, Engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

We draw attention to the following in the accompanying statement of unaudited financial results:

- a) As mentioned in Note I of the Notes of the unaudited financial results, the company has, during quarter ended 30th September, 2009, pursuant to approval received from the Hon'ble high Court of Mumbai, adjusted the diminution in value of the investments in shares of TCL Industries (Malaysia) Sdn. Bhd. (TCLM) of Rs. 18,27,69,550 against Capital Reserve Rs. 25,00,000, Amalgamation Reserve Rs.18,70,920 and Share premium account Rs.17,83,98,630. Had the company followed the provisions of Accounting Standard 13 "Accounting for Investments" and taken the said diminution to the Profit and Loss Account, the profit for the period would be lower by the same amount.
- b) *As mentioned in Note II of the Notes of the unaudited financial results, the company has an exposure of Rs. 430,330,557 in TCLM on account of advances and supplier's credit. The company expects that the same would be recovered in future since the operations of TCLM are continuing and hence no provisioning is considered necessary at this stage. Pending outcome of the restructuring of TCLM, we are unable to comment on the same.*
- c) *As mentioned in Note III of the Notes of the unaudited financial results, the company has during the current quarter continued to recognise Deferred Tax Asset of Rs.120,588,171 for the unabsorbed business losses. Had the company followed provisions of AS-22 'Accounting for Taxes on Income', by not recognizing deferred tax asset on account of unabsorbed losses, profit for the quarter as on 31st December 2009 would have been higher by Rs.28,762,837 and balance of deferred tax liability higher by Rs.120,588,171 with corresponding effect on reserves.*



d) *As reported in paras a) and c) above, had the Company followed the Accounting Standard 13 'Accounting for Investments' with respect to losses arising from diminution in value of the investments in shares of TCLM and Accounting Standard-22 'Accounting for Taxes on Income' with respect to recognition of Deferred Tax Asset qua the unabsorbed business losses, the result for the quarter ended December 31, 2009 and for the nine months ended December 31, 2009 would have shown net profit of Rs. 7,14,87,747 and Rs. 3,93,72,421, respectively and basic and diluted earning per share would have been Rs. 6.98 and Rs. 3.85 for the quarter and nine months ended December 31, 2009, respectively.*

Based on our review conducted as above, *subject to the effect of our observations vide paras b), c) and d) above*, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For and on behalf of
Contractor, Nayak & Kishnadwala
Chartered Accountants


H. V. Kishnadwala
Partner

M. No. 37391

Mumbai, dated January 21, 2010

