



Chemfab Alkalis Limited

BOARD OF DIRECTORS

Dr. C. H. Krishnamurthi Rao - Chairman
Mr. Suresh Krishnamurthi Rao - Vice Chairman
Mr. C. S. Ramesh
Mr. T. Ramabhadhran
Mr. J. Venkataraman
Mr. N. Ganga Ram

VICE PRESIDENT - FINANCE

Mr. Nitin S. Cowlagi

COMPANY SECRETARY

Mr. K. Mohamed Ibrahim

AUDITORS

M/s. Deloitte Haskins & Sells
ASV N Ramana Tower, 52, Venkatnarayana Road,
T.Nagar, Chennai-600 017

BANKER TO THE COMPANY

State Bank of India

REGISTERED OFFICE

'Team House', GST Salai, Vandalur, Chennai-600 048.
Phone : 0091-44-22750323 / 24, Fax : 0091-44-22750860
Email : chemfabalkalis@draaholdings.com
website : www.chemfabalkalis.com

FACTORY

Chlor-Alkali Division

'Gnanananda Place', Kalapet, Puducherry 605 014
Phone : 0091-413-2655111, Fax : 0091-413-2655125
E-mail : chemfabalkalis@draaholdings.com

Salt Division

Kanthadu Village, Tindivanam Taluk, Villupuram District

Marketing Office

1st Floor, Majestic Towers, Old No.1-A, New No.101,
HD Raja Street, Eldams Road, Chennai-600 018
Phone : 0091-44-42031444, Fax : 0091-44-24347959
Email: chemfabmktg@draaholdings.com

Dr Rao Holdings Pte Ltd

371 Beach Road, #22-07 Key Point, Singapore 199 597
Phone: 0065-67745994, Fax : 0065-67745997
Email: drhkrao@pacific.net.sg



CHEMFAB ALKALIS LIMITED

(Regd. Office: 'Team House', GST Salai, Vandalur, Chennai - 600 048.)

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty-Eighth Annual General Meeting of the Members of the Company will be held on Monday, the 23rd May, 2011 at 8.30 a.m. at the Registered Office of the Company at 'Team House,' GST Road, Vandalur, Chennai – 600 048 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2011, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in the place of Mr. T.Ramabhadran, who retires by rotation and, being eligible, offers himself for re-appointment
4. To appoint a Director in the place of Mr. J.Venkataraman, who retires by rotation and being eligible, offers himself for re-appointment
5. To appoint Auditors and to fix their remuneration, and in this regard, to consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT the retiring Auditors, M/s Deloitte Haskins & Sells (Registration No. 008072S) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors."

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special resolution:
"RESOLVED THAT consent of the Company is hereby accorded for payment of commission to Directors out of the net profits of the Company within the ceiling prescribed under Section 309(4) (b) (ii) and such other applicable provisions, if any, of the Companies Act, 1956.
RESOLVED FURTHER THAT the commission be divisible among the Directors in such proportion as the Board of Directors may decide.
RESOLVED FURTHER THAT this Resolution be effective for a period of five years from 1st April, 2011, and for determining the commission payable for any broken period of a year, the net profits of the Company shall be arrived at on a proportionate basis."

By Order of the Board of Directors

Place: Chennai

K.Mohamed Ibrahim

Date : 23rd April 2011

Company Secretary

Notes :

1. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting, is annexed.
2. A MEMBER OF THE COMPANY, WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
3. Instrument of Proxies, in order to be effective, must be received at the Company's Registered Office not less than forty-eight hours before the time fixed for holding the Annual General Meeting. A Form of Proxy is enclosed.
4. In terms of Article 33(f) of the Articles of Association of the Company, Mr.T.Ramabhadran and Mr.J.Venkataraman, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of these Directors, nature of their expertise in specific functional areas and names of the Companies in which they hold directorship and membership of Board Committees as stipulated in

Clause 49 of the Listing Agreement with the Stock Exchanges are given in the Report on Corporate Governance forming part of this Annual Report.

5. Members are requested to produce the Attendance Slip, sent along with the Annual Report, duly filled in with Client ID and DP ID numbers if they hold the shares in dematerialized form and with Folio Numbers if they hold the shares in physical form and signed as per the specimen signature recorded with the Company.

6. If and when approved by the Shareholders, the dividend will be paid / warrant will be posted on 17-06-2011.

7. The Register of Members and the Share Transfer Books of the Company will remain closed from 14-05-2011 to 23-05-2011 (both days inclusive) for determining the names of the Members eligible for dividend on Equity Shares, if declared at the Meeting.

8. Members holding shares in physical form are requested to intimate immediately, changes, if any, in their Registered Address, Bank Mandate and Status, quoting their Folio Numbers, to the Share Transfer Agents of the Company, M/s Cameo Corporate Services Limited, "Subramaniam Building," No.1, Club House Road, Chennai – 600002.

9. Members holding shares in physical form are advised, in their own interest, to dematerialize the shares to avail of the benefits of electronic holding/trading.

10. Members are requested to note that any dividend which remains unclaimed and unpaid for a period of seven years from the date it first became payable will get transferred to Investor Education and Protection Fund in terms of Section 205C of the Companies Act, 1956.

11. Members who have not encashed their dividend warrants for the year ended 31st March 2004 and for any financial year thereafter may contact the Company immediately for revalidation of the dividend warrants.

12. All documents referred to in this Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 11 a.m. and 1 p.m. upto the date of the AGM.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

The Company is Board-Managed with no Managing Director, Wholetime Director or Manager as defined in the Companies Act, 1956. The Directors are professionals with expertise and experience in industry/finance/management and they devote their valuable time to collectively supervise and guide the affairs of the Company. It is appropriate to pay them remuneration by way of a certain percentage of the net profits of the Company as allowed by the Companies Act, 1956, in addition to the normal sitting fees payable for attending meetings of the Board or the Committee constituted by it.

Accordingly, at the Annual General Meeting held on 10th May 2006, the Members had given their approval in terms of Article 55 (b) of the Memorandum and Articles of Association of the Company for payment of such commission to the Directors for a period of five years from 1st April, 2006 to 31st March, 2011.

It is proposed to pay such commission to the Directors for a further period of 5 years commencing from 1st April, 2011 within the ceiling prescribed under Section 309 (4) (b) (ii) of the Companies Act, 1956. The present ceiling is 3% of the net profits of the Company. Such commission will be paid to the individual Directors in such proportion as the Board of Directors may decide. The Directors are deemed to be interested in the Resolution to the extent of commission to be received by them

By Order of the Board of Directors

Place: Chennai

K.Mohamed Ibrahim

Date: 23rd April 2011

Company Secretary

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Twenty-Eighth Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS

Particulars	Current Year 31-03-2011 Rs. in lakhs	Previous Year 31-03-2010 Rs. in lakhs
Profit before Interest and Depreciation	1,977	1,886
Less: Interest	2	33
Profit Before Depreciation	1,975	1,853
Less: Depreciation	752	797
Profits before Tax	1,223	1,056
Tax	441	402
Deferred Tax Liability	-185	- 68
Net Profits after Tax	967	722
Balance brought forward from previous year	5,006	4,627
Balance available for appropriation		
Appropriations:	5,973	5,349
Proposed Dividend	229	229
Dividend Tax	38	39
General Reserve	100	75
Balance to be carried forward	5,606	5,006

DEMERGER SCHEME

During the year under review, the Scheme of Arrangement (Demerger) between M/s. Titanium Equipment and Anode Manufacturing Company Limited and your Company was approved by the High Court of Madras vide its Order dated 14th March, 2011. The above financial results include the financials of the Demerged Undertaking upto 30th November, 2010.

CHLORINE GAS LEAK AND PLANT CLOSURE

As the share holders are aware, your Company has been practising celebrations of the national days - Republic day and Independence day, right from the day of inception, for the past 2.1/2 decades, offering breakfast and sweets to the participants. In line with this policy, on 26.01.2011, for the Republic Day, your Company had organised for the celebration, inviting about 200 people of staff & workers' family members, children and the public. The function was

scheduled at 0815 hours and from 0800 hrs, the people were moving towards the venue of the function. The flag mast is installed in the middle of the plant and is close to the chlorine filling unit.

At 0800 hrs some people had already arrived near the ceremony spot and other people were moving from the main gate towards the flag mast. At 0801 hrs, there was a minor chlorine leak in one of the filling bridges and immediately the DCS (Distribution Control System) raised an alarm as one of the chlorine sensors installed nearby sensed chlorine and the leak was promptly arrested within 2 minutes and this was duly recorded in the DCS. CAL had shut the filling section immediately after the incident for safety. On precautionary ground, the security was alerted and the people were stopped at the main gate and requested to wait for a few minutes and later they were allowed inside.

The ceremony was conducted as planned and all the 200 people who had participated in the flag hoisting function, took breakfast and sweets and left the spot.

Meantime, when the security had stopped the movement of the people for two minutes, and though leak was arrested within a gap of 2 minutes, some village people misunderstood it to be a major leak and spread the message in panic and groups from the neighborhood gathered at the main gate rushed to the Primary Health Centre and later to the General Hospital. At that time no one realised that the leak was already arrested within two minutes.

Media played its role of blowing up the incident out of proportion.

The very fact that the flag hoisting function went on smoothly and none was affected in the plant including the participants or public shows there was no pollution/issue around.

As your plant has been fully equipped with instrumentation and totally automated, the minor leak was immediately detected, at the control room and conveyed promptly to the field staff and contained within 2 minutes. Due to the heavy wind towards the south east direction, the air carried some traces of chlorine which was also blocked by thick greenery around.

The plant was visited by two Ministers and various senior government officials and Tahsildar came and informed that factory is to be closed under the oral instructions from the Collector. In spite of our explaining that this was only a



part of a section of the whole plant, which was already shut down by CAL, as the instructions was from the Collector, the plant was closed forthwith.

At the end of the day, the Collector ordered closure of the factory and the closure order was pasted adjacent to the main gate of the Company. The Collector order clearly states about 25 villagers were affected on inhalation and admitted in the Government Hospital for treatment.

The same day evening, the Medical Superintendent of the Government Hospital issued a statement that "... none of the people admitted was in a serious condition and we will review their condition and discharge them later today..." which is self-explanatory on the nature of the incident.

Meantime, Pollution Control Board issued a notice of closure under section 5 of Environment Act asking for closure of the activities and reporting back, which was already done by your Company, under the first instructions received from the Collector, through Tahsildar.

Later the Minister for Health gave a press statement, in the Indian Express on January 27, 2011 after visiting the Hospital which is reproduced below. "...None is serious, in fact everyone is fine. There is no cause for worry. The factory will remain closed till the enquiry is completed and corrective measures are implemented..."

Factory inspector, Chief Inspector of Factories, Labour Commissioner, Special Secretary to Government, Deputy Collector, pollution control officials at various times, separately and severally, visited the plant many times and investigated.

As you are aware, your plant has been operating very successfully with utmost care and safety for over 25 years without a single incident with excellent results, complying with the pollution control norms well within the standards stipulated by the Government, which was monitored by the Pollution Control people by regular visits and surprise checks and the records are intact.

Various measures taken by your Company on the safety and environment front, lead to your Company being adjudged as the "Greenest Plant" in India, by Centre for Science and Environment, a reputed NGO organisation and the Award was presented by Dr. Manmohan Singh.

Pondicherry Pollution Control Board does not have the practice of renewing the Consent Order on time inspite of the applications being made well ahead of time. All the

Companies in Pondicherry, to the best of our knowledge are banking only upon "deemed renewal" for continuance, as the Pollution Control Board does not issue the order on time, as per the requirements.

Despite repeated requests and chasing of the Government officials, on a daily basis, by the Company's top officials, one day token fast undertaken by over 400 members on behalf of the Company followed by a rally to the Secretariat by the Union, with an appeal to the Chief Secretary, meeting the local MLA a few times for immediate opening of the plant, no tangible result was forthcoming. Your Company was confronted on a major issue of Safety of the finished goods under lock and key which should not be stored technically, for a longer time, from the safety point of view.

However, your Company, by pressuring the Government and convincing various officials, at last got the permission to dispose off the stock on hand to the customers, and the same was done to increase the safety of the closed plant.

Even here while transporting the products, villagers created a lot of problems and the Collector was kind enough to intervene and the problem was sorted out.

Meantime, as the election was announced, no one was willing to give time to meet either at the Ministerial level or the senior level people, as everyone was occupied in the election work.

As the Company was left with no other option to lift the closure and having exhausted all possible options filed a Writ petition with the Chennai High Court - Green Bench, claiming the fact the Government has no right to keep the factory closed this long under section 5 as they have been doing now. The Honourable High Court has immediately issued orders to the Government, returnable before 6th April, 2011. Meantime, another committee is appointed by the Pondicherry Government, to whom your Company will address.

DIVIDEND

The Directors recommend a Dividend of Rs.2.50 per Equity Share of Rs.5/- each (50%), for the year ended 31st March 2011, absorbing a sum of Rs.2,29,29,243 subject to the approval of the Members at the ensuing Annual General Meeting.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings: Rs. 56,03,840/-

Outgo : Rs. 5,73,58,289/-

POWER AND FUEL CONSUMPTION

PARTICULARS		CURRENT YEAR 31ST MARCH, 2011	PREVIOUS YEAR 31ST MARCH, 2010
ALKALI PRODUCTS	I. ELECTRICITY		
	PURCHASED:		
	- UNITS	83358750	9,50,48,600
	- TOTAL AMOUNT / Rs. in Lakhs	2885	2,936
	RATE PER UNIT [GROSS] Rs.	3.46	3.09
	CONSUMPTION PER TONNE OF ELECTROCHEMICAL PRODUCTION - KWH/AC	2705	2,736
	II. FURNACE OIL		
	[a] PURCHASED:		
	- Quantity [KL]	412	657
	- Total Amount / Rs.in Lakhs	109	160
	- Average Rate per KL / Rs.	26527	24,385
	[b] CONSUMPTION:		
	- Furnace Oil [KL]	418	653
	- Amount / Rs.in Lakhs	111	157
- Amount per KL / Rs.	26473	24,037	
CHLORATES	ELECTRICITY		
	PURCHASED:		
	- Units	NIL	58,070
	- Total Amount / Rs.in Lakhs	NIL	14
	Rate / Unit [Gross] Rs.	N.A	N.A.
Consumption per Tonne of Sodium Chlorate Production KWH/AC	N.A	N.A.	



FIXED DEPOSITS

The Company has not accepted any deposits from the public.

DIRECTORS

The following Directors retire by rotation at the ensuing Annual General Meeting.

1. Mr.T.Ramabhadran
2. Mr. J.Venkataraman

AUDITORS

The present Auditors of the Company, M/s. Deloitte Haskins & Sells, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDITORS' REPORT

The auditors vide Para 5(d) of their report dated 5th April 2011 have observed that "in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with in this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 except for non-disclosure of information required under Accounting Standard 24 "Discontinuing Operations" in respect of the Demerged Undertaking referred in Note No. II(6) of Schedule 17 to the Financial Statements."

With reference to the above, the Board of Directors wish to clarify that Accounting Standard 24 does not apply in our case, since as per clause 10 of Accounting Standard 24, a reportable business segment or geographical segment is as defined in the Accounting Standard 17, 'Segment Reporting' would normally satisfy the definition of 'Discontinuing Operations'. As per the Accounting Standard 17, the business segment or geographical segment should be identified as a reportable segment if each of the segment revenue or result or the assets are 10% or more of the total revenue result or assets of all segments in each case. Since the demerged segments are less than 10% in each area, the Board is of the view that there is no non-compliance of Accounting Standard 24 calling for separate disclosure.

COST AUDITOR

The Company has re-appointed Mr. V Kalyanaraman, Cost Accountant, as the Cost Auditor of the Company for the year 2011-12, subject to the approval of the Central Government.

PERSONNEL

The Company has no employees, attracting the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

The Board wishes to express its appreciation of the contribution made by the employees at all levels to the operations of the Company during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 [2AA] of the Companies Act, 1956, the Board of Directors hereby confirm -

- (i) that the Annual Accounts had been prepared in line with the accounting standards and proper explanations have been given wherever there has been material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the Financial Year and of the Profit of the Company for the year;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- (iv) that the Directors had prepared the Annual Accounts on a going-concern basis.

RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND CONSERVATION OF ENERGY

The Company has an in-house Research Development Department, where the main areas of focus are, Energy Conservation, Process Upgradation and Environmental Preservation. The recognition of the Company's in-house R & D facilities by the Ministry of Science and Technology, Department of Scientific and Industrial Research, Government of India, is valid up to 31.03.2014.

CAL has a sophisticated laboratory qualified by DuPont, USA for the analysis of chloralkali brine. Brine from various chloralkali industries in India are being analysed at CAL-QA Laboratory.

CORPORATE GOVERNANCE

The Company has been scrupulously following the Corporate Governance norms prescribed by the Securities and Exchange Board of India [SEBI]. The Report on the status of the Compliance of Corporate Governance Guidelines of SEBI, is enclosed as an Annexure to this Report.

SECRETARIAL COMPLIANCE CERTIFICATE

The Compliance Certificate issued by a Practicing Company Secretary is attached.

INDUSTRIAL RELATIONS

Overall, industrial relations remained cordial during the year under review.

For and on behalf of the Board of Directors

Suresh Krishnamurthi Rao C. S. Ramesh
Director Director

Place : Chennai
Date : 5th April, 2011



K.Rajagopalan
Company Secretary
FCS No.1622
CP No.3812

Plot No.2,
Shah Avenue Extension I
Rajakilpakkam,
Chennai - 600 073

Registration Number

of the Company : 18-72409 (CIN L24297TN1983PLC072409)

Nominal Capital : Rs.21,14,00,000

Paid up Capital : Rs. 4,58,58,485

COMPLIANCE CERTIFICATE

To

The Members of

Chemfab Alkalis Limited

Chennai -600 048.

I have examined the Registers, Records, Books and Papers of Chemfab Alkalis Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial Year ended on 31st March, 2011.

During the Financial Year, pursuant to a Scheme of Arrangement (Demerger) entered into by the Company, Titanium Equipment and Anode Manufacturing Company Limited (TEAM) and their respective Shareholders, sanctioned by the High Court of Madras on the 14th March, 2011, all the operations and activities of the Company, pertaining to the business of Hollow Fibre Ultra Filtration Membranes, Packaged Drinking and Energy Water and the Health Shoppe, engaged in the trading of health related products, were transferred to, and vested in TEAM with effect from the 1st December, 2010.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its Officers and Agents, I certify that in respect of and during the aforesaid Financial Year:

1. The Company has kept and maintained all Registers as stated in Annexure `A` to this Certificate, as per the provisions of the Act and the Rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the Forms and Returns as stated in Annexure `B` to this Certificate, with the Registrar of Companies, as prescribed under the Act and the Rules made thereunder.
3. The Company, being a Public Company, has the minimum prescribed Paid-up Capital.
4. The Board of Directors duly met 6 (Six) times on 07.04.2010, 07.05.2010, 06.07.2010, 18.10.2010, 05.12.2010 and 04.02.2011 in respect of which Meetings, proper notices were given and the proceedings were properly recorded and signed, in the Minutes Book maintained for the purpose. The Directors did not pass any Resolution by circulation.
5. The Company closed its Register of Members from 01.05.2010 to 07.05.2010, both days inclusive and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the Financial Year ended on 31.03.2010 was held on 07.05.2010, after giving due notice to the Members of the Company and the Resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extraordinary General Meeting was held. However, a General Meeting convened by the High Court of Madras was held on 31.01.2011 for the purpose of approving the Scheme of Arrangement (Demerger), referred to supra and the Resolution passed thereat was also duly recorded in the Minutes Book.
8. The Company has not advanced any loan(s) to its Directors and/or persons or firms or companies referred to in the Section 295 of the Act.
9. The Company has not entered into any contract pursuant to the provisions of Section 297 of the Act.
10. The Company has made the necessary entries in the Register maintained under Section 301 of the Act, in respect of the transactions attracting the provisions of Section 299 of the Act.
11. The Company did not make any appointments that would attract the provisions of Section 314 of the Act.
12. The Company did not issue any duplicate Share Certificate.
13. The Company has:
 - i. delivered all the Certificates on lodgment thereof for transfer/transmission in accordance with the provisions of the Act. There was no allotment of Shares.
 - ii. deposited the amount of the dividend declared in a separate Bank Account with the State Bank of India on 11.05.2010, which is within five days from the date of declaration of such dividend.
 - iii. paid/posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with the State Bank of India on 13.06.2010.
 - iv. transferred the amounts in unpaid dividend account which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - v. duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of Directors, has been duly made.
15. The Company is a Board Managed Company and has no Managing Director or Wholtime Director or Manager.
16. The Company has not appointed any Sole-selling Agent.



17. The Company has obtained the necessary approval from the Central Government under Section 233B of the Act, in respect of the appointment of the Cost Auditor.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the Rules made thereunder.
19. The Company has not issued any shares/debentures/other securities.
20. The Company has not bought back any shares.
21. The Company has not issued any Preference Shares or Debentures and hence the question of redeeming them does not arise.
22. There was no need for the Company to keep in abeyance the rights to Dividend, Rights Shares and Bonus Shares pending registration of transfer of shares.
23. The Company has not invited/accepted any Fixed Deposits under the provisions of Sections 58A read with the Companies (Acceptance of Deposits) Rules, 1975.
24. The amounts borrowed by the Company from Banks and others during the Financial Year ended 31st March, 2011, are within the borrowing limits of the Company.
25. The Company has not made any Investment, except the acquisition of the 1,66,465 6% Redeemable Cumulative Preference Shares in TEAM, valued at Rs.1,66,46,500/-, pursuant to the Scheme of Arrangement (Demerger), referred to supra. The Company did not make any Loan or given any Guarantee.
26. The Company has not altered the provisions of the Memorandum with respect to the situation of its Registered Office from one State to another.
27. The Company has not altered the provisions of the Memorandum with respect to its Objects.
28. The Company has not altered the provisions of the Memorandum with respect to its Name.
29. The Company has not altered the provisions of the Memorandum with respect to its Share Capital.
30. The Company has not altered its Articles of Association.
31. No prosecution has been initiated against the Company.
32. The Company has not received any security deposit from its employees that would attract the provisions of Section 417(1) of the Act.
33. Section 418 of the Act, with regard to the remittance of Provident Fund contribution, is not applicable to the Company.

Signature : Sd/-

Name of the Company Secretary : K.Rajagopalan

Place : Chennai

Date : 5th April, 2011.

Annexure A

Registers as maintained by the Company

1. Register of Members under Section 150 of the Act.
2. Register of Directors, etc. under Section 303 of the Act.
3. Register of Directors' Shareholdings under Section 307 of the Act.
4. Minutes Book of the Board Meetings under Section 193 of the Act.
5. Minutes Book of the General Meetings under Section 193 of the Act.
6. Register of Contracts under Section 301 of the Act.
7. Register of Charges under Section 143 of the Act.
8. Register of Investments, Loans and Guarantees under Section 372A of the Act.
9. Register of Share Transfer/Transmission.
10. Register of Duplicate Share Certificates.
11. Register of Investments not held in the name of the Company under Section 49 of the Act.

Signature : Sd/-

Name of the Company Secretary : K.Rajagopalan

Place : Chennai

Date : 5th April, 2011

ANNEXURE - B

Forms and Returns as filed by the Company with the Registrar of Companies during the Financial Year ended on 31st March, 2011

1. Form 17 filed on 23.04.2010 under Section 138 of the Act. No Delay
2. Form 8 filed on 23.04.2010 under Section 132 read with Section 135 of the Act. No Delay
3. Return in Form 32 filed on 11.05.2010 under Section 303 of the Act. No Delay.
4. Form 66 filed on 19.05.2010 under Section 383A of the Act. No Delay
5. Balance Sheet and Profit and Loss Account in respect of the Financial year 2009-10 - Forms 23AC and 23ACA uploaded on 05.06.2010 under Section 220 of the Act. No Delay.
6. Annual Return made up to 07.05.2010 - Form 20B uploaded on 05.07.2010 under Section 159 of the Act. No Delay.
7. Cost Audit Report - Uploaded on 19.07.2010
8. Form I - uploaded on 23.08.2010 under Section 205C of the Act
9. Form 8 filed on 08.12.2010 under Section 132 of the Act. No Delay
10. Form 61 filed on 24.02.2011 (Papers pertaining to Demerger)
11. Return in Form 21 - uploaded on 26.03.2011 under Section 394 of the Act. No Delay.

Forms and Returns as filed by the Company with the Regional Director, Central Government, Company Law Board, or such other authorities during the Financial Year ended 31st March, 2011.

1. Form 23C filed on 15.04.2010 under Section 233B of the Act. No Delay

Signature : Sd/-

Name of the Company Secretary : K.Rajagopalan

Place : Chennai

Date : 5th April, 2011.



MANAGEMENT ANALYSIS AND DISCUSSION REPORT

CHLOR ALKALI INDUSTRY STRUCTURE

Chlor Alkali is the basic Heavy Chemical Industry, manufacturing Caustic Soda, Chlorine, Hydrogen, Sodium Hypo Chlorate and Hydro Chloric Acid. The financial year 2010-11 was a challenging year during the first half. However in the second half due to regional developments and subsequently followed by global developments the realisations as well as capacity utilisations of operating units improved significantly.

OPPORTUNITIES AND THREATS

During the year 2010–2011, international caustic prices generally was stable in the region of USD 300 -340/MT. However since February 2011, there has been a pick up in international prices. This has been further exaggerated by the supply imbalance due to the calamity in Japan, since Japan is a net exporter of Caustic Soda. This augurs well forth forthcoming year and it is expected that international prices will rule high atleast during the H1 of 2011-12.

There has not been a major enhancement in overall capacity in the country with total Indian capacity increasing from 3.16 million TPA to 3.25 million TPA. Capacity utilisation of the Industry in 2010-11 has however improved due to demand growth from last year's 74% to around 78-80% in the current year.

OUTLOOK

With global upswing in prices of Caustic Soda, it is expected that the first half of 2011-12 will witness buoyant Caustic Soda realisations. There could be softening of prices from H2 onwards. However overall it is envisaged that the upcoming year would be a better year in terms of product realisations and will see further improved capacity utilisation levels.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has well defined and adequate internal controls and procedures, commensurate with its size and nature of its operations. This is further strengthened by the Internal Audit done concurrently.

The Company has also an Audit Committee, comprising Non Executive Directors, to monitor the functioning.

In addition, your Company has obtained certification for ISO 14001 and OSHAS 18001 systems to take care of critical operational areas. Your company also utilizes the services of other professional bodies like Central Leather Research Institute (CLRI) /Tata Energy Research Institute (TERI) / National Environmental Engineering Research Institute (NEERI) and other professional consultants to continuously analyse and upgrade the operations.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PERSONS EMPLOYED.

During the year under review, the Industrial relations were cordial.

The Company has given direct employment to 173 persons and indirect employment to 589 persons.

CAUTIONARY STATEMENT

The Statement in this Report on Management Discussion and Analysis, describing the Company's views may be a forward looking statement within the meaning of the applicable security regulations and laws. These assumptions are based on certain expectations on demand, imports, availability of power rates etc. and any change in Government laws and the economic situation in the country may mark a difference to the Company's operations.

The Company assumes no responsibility in respect of the forward looking statements herein, which may undergo changes in future for reasons beyond the control of the Company.

For and on behalf of the Board of Directors

Suresh Krishnamurthi Rao
Director

Place: Chennai
Date : 5th April, 2011



STATEMENT OF GENERAL BUSINESS PRINCIPLES OF CHEMFAB ALKALIS LIMITED [CAL]

The Company's objective is to employ efficiently, responsibly and profitably the resources at its command for furtherance of its business interests. CAL endeavours to achieve high standard of performance and aims to maintain a long term position in the competitive environment.

CAL's RESPONSIBILITIES

To Shareholders

To protect shareholders' investment and ensure an acceptable and economic return.

To Customers

To add and maintain customers by developing and providing products and services which offer value in terms of price, quality, safety and environmental preservation impact fostered by requisite technological, environmental and commercial expertise.

To Employees

To provide employees with good and safe conditions of work, and good and competitive terms and conditions of service, to promote the development and best use of human talent and equal opportunity employment, and to encourage the involvement of employees in the planning and direction of their work and in the application of these principles within the Company. It is recognized that commercial success depends on the full commitment of all employees.

In Business

To seek mutually beneficial relationships with contractors, suppliers and to promote the application of these principles in so doing. The ability to promote these principles will be an important factor in the decision to enter into or remain in such relationship.

To Society

To conduct business as responsible corporate members of society, to observe the law of the country, to give proper regard to health, safety and the environment consistent with the commitments of the Company.

The above areas of responsibility are seen as inseparable.

ECONOMIC PRINCIPLES

Profitability is essential to discharging these responsibilities and staying in business. It is a measure both of efficiency and the value that customers place on CAL's products and services. Profit is very essential to augment corporate resources and to support investments required for growth.

Criteria for investment decisions are not exclusively economic in nature but also take into account social and environmental considerations and a critical evaluation of the investment and the return on the same.

BUSINESS INTEGRITY

CAL believes and adheres to honesty, integrity and fairness in all aspects of its business and expects the same in their relationship with all those with whom they do business.

HEALTH, SAFETY AND THE ENVIRONMENT

Consistent with commitment for environment friendly business, CAL will give utmost priority to health, safety and environmental management in order to achieve continuous performance improvement.

COMPETITION

CAL seeks to compete fairly and ethically and within the framework of applicable competition laws.

Suresh Krishnamurthi Rao
Director

Place : Chennai
Date : 5th April, 2011

**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH, 2011****1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance aims at achieving the long-term viability of the business, keeping in mind the effective relationship with the shareholders and the establishment of the systems that help the Board in monitoring risks. The fundamental concern of Corporate Governance is to ensure that the Company's Directors and Managers act in the interests of the Company and its various stakeholders. Your Company has been practicing the principles of good Corporate Governance over the years and has been

upholding fair and ethical business and corporate practices and transparency in its dealings, laying emphasis on scrupulous regulatory compliance.

Your Company is fully compliant with the requirements under Clause 49 of the Listing Agreement. Your Company is committed to adhere to the norms of Corporate Governance on a consistent basis for meeting all its obligations towards the stakeholders.

2. BOARD OF DIRECTORS

The Company's Board consists of six members, all of whom are Non-Executive Directors.

The Company is Board-managed and hence, it has no Managing Director, Whole- Time Director, Manager or Chief Executive Officer.

A Information on Board of Directors and Attendance

Name	Category	Attendance particulars at the		Number of other Boards or Board Committees in which a Member or Chairperson		
		Board Meetings	Last AGM	Other Director ships	Committee Member ships	Committee Chairman ships
Dr. C. H. Krishnamurthi Rao	Non Executive Chairman Promoter	6	Present	4	NIL	NIL
Mr. Suresh Krishnamurthi Rao	Non Executive Vice Chairman	6	Present	2	NIL	NIL
Mr. C. S. Ramesh	Non Executive	6	Present	1	NIL	NIL
Mr. T. Ramabhadran	Non Executive Independent	6	Present	3	NIL	NIL
Mr. J. Venkataraman	Non Executive Independent	0	Absent	1	NIL	NIL
Mr. N. Ganga Ram	Non Executive Independent	6	Present	3	2	1

B Number of Board Meetings held during the year along with the dates of the Meetings:

During the financial year 2010-2011, six meetings of the Board of Directors were held on: 07.04.2010, 07.05.2010, 06.07.2010, 18.10.2010, 05.12.2010 and 04.02.2011.

C. Disclosures regarding Directors' Reappointment

At the ensuing Annual General Meeting, Mr.T.Ramabhadran, Non-Executive Independent Director and Mr.J.Venkataraman, Non-Executive Independent Director, retire by rotation. Brief particulars of these Directors are given below.

- i) Mr.T.Ramabhadran, aged 71 years has wide experience in the Engineering and Pharmaceutical Industry and is a Fellow of the Indian Institute of Engineering & Life Member of the Indian Pharmaceutical Association. He is an Independent Consultant in the Development & Application of Biological Enzymes for use in the treatment of highly polluted liquid effluents. He has held top Management positions in various organisations. He was a Director of Kutch Alumina Coke and Power Limited, President of Biochem Synergy Limited and working in various capacities in Smith Kline Beecham Pharmaceuticals Limited.

Mr.T.Ramabhadhran holds Directorship in the following Companies;

- * V.B.Medicare Private Limited. Director
- * Pharmed Medicare Private Limited Director
- * MyRna Reserach Laboratories Private Limited Director

Committee position in Chemfab Alkalis Limited:

Member, Audit Committee, Corporate Governance Committee and Shareholders Grievances Committee.

- ii) Mr.J.Venkataraman, aged 67 years, is a B.Sc.,D.M.I.T (Graduate from the Madras Institute of Technology). He has worked as an Instrument Engineer in DCM Group, Taylor Instruments and Sahu Jain Group. He promoted Jaisun & Hutchison Controls Private Limited which executed numerous Instrumentation Projects for the Fertiliser, Power and Petrochemical Sectors throughout India. He also promoted J&H Digisys Private Ltd., which developed sophisticated electronic products and anode protection systems for metal anodes.

Mr.J.Venkataraman holds Directorship in Novatron Broadband Private Limited

Committee position in Chemfab Alkalis Limited:

Member, Audit Committee. Corporate Governance Committee and Shareholders Grievances Committee.

3. AUDIT COMMITTEE

The Audit Committee constituted by the Board consists of four Non-Executive Directors, three of them being Independent. The following Directors are the Members of the Audit Committee:

- a. Mr. T. Ramabhadhran
- b. Mr. C. S. Ramesh
- c. Mr. J. Venkataraman
- d. Mr. N. Ganga Ram

Mr.T.Ramabhadhran is the Chairman of the Committee. The Company Secretary, Mr.K.Mohamed Ibrahim, is the Secretary to the Committee.

(i) Terms of Reference:

The broad terms of reference of the Audit Committee are as under:

- a) To review periodically with the Statutory Auditors and Internal Auditors of the Company concerning the financial reports, internal control systems, scope of audit and audit reports of the Statutory and Internal Auditors.
- b) To review compliance with internal control system.
- c) To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board.
- d) To review related party transactions.
- e) To investigate any matters within the audit committee's terms of reference, whenever it deems necessary.

f) To make recommendation to the Board on any matter relating to the financial management of the Company, including the Audit Report.

g) To recommend the appointment of Statutory Auditors and terms of their remuneration and

h) To review statutory compliance.

(ii) Meetings and Attendance during the year:

During the year 2010-11, the Audit Committee Meetings were held on:

07.04.2010, 06.07.2010, 18.10.2010 and 04.02.2011

Attendance of Members at the Audit Committee Meetings held during the Year.

Name of the Director	Number of Meetings Held	Number of Meetings Attended
Mr. T. Ramabhadhran	4	4
Mr. C. S. Ramesh	4	4
Mr. J. Venkataraman	4	0
Mr. N. Ganga Ram	4	4

4. REMUNERATION COMMITTEE

There is no need to constitute the Remuneration Committee under Clause 49 of the Listing Agreement, as the Company is a Board-managed one and has no Managing Director or Wholtime Director or Manager or Chief Executive Officer and no fixed remuneration is paid to the Directors.

NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES

The details of payment made to the Non-Executive Directors (with the approval of the Shareholders) during the year are given below.

Name of the Director	Sitting Fees	Commission	Total
	(Rupees in Lakhs)		
1. Dr. C. H. Krishnamurthi Rao	0.00	23.67	23.67
2. Mr. Suresh Krishnamurthi Rao	0.00	6.43	6.43
3. Mr. C. S. Ramesh	0.00	2.71	2.71
4. Mr. T. Ramabhadhran	1.20	0.51	1.71
5. Mr. J. Venkataraman	0.00	0.00	0.00
6. Mr. N. Ganga Ram	1.80	0.51	2.31
TOTAL	3.00	33.83	36.83

It may be noted that the commission of Rs.33.83 lakhs as above relates to the year 2009-10 and actually paid in the year 2010-11. For the year ended 31st March 2011, it is proposed to pay commission of 3% of the Net Profits of the Company to the Non Executive Directors absorbing a sum of Rs.28,35,078.

**5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE**

The Board of Directors has constituted a Shareholders'/ Investors' Grievance Committee consisting of the following Non-Executive Directors:

- Mr. N. Ganga Ram
- Mr. Suresh Krishnamurthi Rao
- Mr. C.S. Ramesh
- Mr. T. Ramabhadran
- Mr. J. Venkataraman

During the Financial Year 2010-11, the Committee met on:

07.04.2010, 06.07.2010, 18.10.2010, and 04.02.2011.

During the year 2010-11, 18 letters received from the shareholders seeking clarifications on Demat, Dividend, Share Split, Non-receipt of Annual Accounts etc. were responded to and at the end of the year, no matter raised by the shareholders was pending redressal.

6. ANNUAL GENERAL MEETINGS:

i. The details of the last three Annual General Meetings of the Company are given below.

Year	Location	Date	Time	Number of Special Resolutions passed
2007-08	Registered Office	30-04-2008	08.30 hrs	-----
2008-09	Registered Office	30-04-2009	09.00 hrs	-----
2009-10	Registered Office	07-05-2010	08.30 hrs	-----

ii) During the year 2010-11, the Company had not passed any Special Resolution through Postal Ballot.

iii) At the forthcoming AGM, there is no item on the Agenda that needs approval by Postal Ballot.

7. DISCLOSURES:

- Related party transactions during the year have been disclosed as required under the Accounting Standard 18. The transactions are not prejudicial to the interests of the Company.
- No strictures/penalties have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities on any matter related to capital market during the last three years.
- Accounting Treatment

In the preparation of the financial statements, the generally accepted accounting principles and policies were followed. All the Mandatory Accounting Standards were followed in the preparation of the financial statements.

d. Board Disclosures - Risk Management

The main objective of Risk Management is risk reduction and avoidance. It also helps a Company to identify the risks faced by the business and optimise the risk management strategies. The Company has a defined risk management framework.

e. Code of Conduct

The Company has adopted a Code of Conduct for the members of the Board of Directors and the Senior Management personnel of the Company. The said Code of Conduct has been posted on the Website of the Company www.chemfabalkalis.com.

The Company is a Board managed one and there is no CEO or Managing/Wholetime Director/Manager. The Board of Directors has authorized the CFO, to make a declaration on compliance of code of conduct by all the Board members and the senior management personnel.

A Report on the compliance aspect of the code of conduct given by the CFO and Company Secretary, authorised by the Board, appears at the end of this Report.

f. Subsidiary Companies

The Company has no Subsidiary.

g. Proceeds from Public Issues, Rights Issues, Preferential Issues etc.

No money was raised through Public/Rights/Preferential Issues during the year.

h. Management disclosures

Management Discussion and Analysis Report forms part of the Annual Report.

8. CEO/CFO CERTIFICATION

The Company is a Board managed one and there is also no CEO. However, the Directors have authorized a Committee consisting of the Company Secretary and the CFO of the Company, to discharge the obligations expected of a CEO under the Corporate Governance Guidelines prescribed by SEBI.

Accordingly, the Board has received the necessary Certificate from this Committee.

9. MEANS OF COMMUNICATION:

The quarterly audited/unaudited Results are generally published by the Company in National dailies. Further, the quarterly Results are also posted in the Company's Website – www.chemfabalkalis.com

10. GENERAL SHAREHOLDERS' INFORMATION:**i. Registered Office:**

Team House, GST Salai
Vandalur, Chennai – 600 048
Phone: 044-22750323/324
Fax: 044-22750860
Email: chemfabalkalis@draaholdings.com;
ibrahimcal@draaholdings.com
website: www.chemfabalkalis.com



ii. 28th ANNUAL GENERAL MEETING, DATE OF BOOK CLOSURE AND DIVIDEND PAYMENT DATE

Since, the date of AGM and the period of the Book Closure and the date of commencement of Book Closure are yet to be decided on the date of this report, we are unable to indicate the exact date of payment of dividend.

iii. TENTATIVE FINANCIAL CALENDAR

The next Financial Year covers the period from 1st April 2011 to 31st March 2012.

Particulars	Qtr/Year	Period	Expected date of completion
Financial Results for the	1 st Quarter ending	30 th June, 2011	30.06.2011
	2 nd Quarter ending	30 th September, 2011	30.09.2011
	3 rd Quarter ending	31 st December, 2011	31.12.2011
Audited Financial Results for the	Year ending	31 st March, 2012	31.03.2012

iv. LISTING OF EQUITY SHARES ON THE STOCK EXCHANGES

The Company's Shares are listed on following Stock Exchanges:

Bombay Stock Exchange Ltd. (BSE)

National Stock Exchange of India Limited (NSE)

The Company has paid Listing Fees to the above Stock Exchanges for 2010-11.

Stock code : 506894 [BSE], CHEMFALKAL [NSE]

DEMAT ISIN Nos. : INE479E01028

v. MARKET PRICE DATA

The High and Low stock quotations during the financial year 2010-11 in BSE and NSE are as under:

Month	BSE		NSE	
	High	Low	High	Low
April 2010	67.15	46.95	67.90	47.00
May 2010	59.70	49.35	59.50	48.10
June 2010	58.50	49.35	58.00	48.00
July 2010	73.85	56.00	73.50	55.00
August 2010	72.00	57.10	72.00	55.15
September 2010	75.50	60.00	75.90	60.80
October 2010	74.35	62.00	74.85	62.00
November 2010	79.00	57.00	78.00	56.55
December 2010	68.85	55.00	68.95	52.55
January 2011	68.65	50.50	70.00	50.35
February 2011	56.70	47.05	57.30	46.40
March 2011	57.50	45.90	58.00	45.00

vi. REGISTRAR AND SHARE TRANSFER AGENT

M/s Cameo Corporate Services Ltd, Subramanian Building,

1 Club House Road, Chennai - 600 002

Phone No.044 2846 0390 / 2846 0395

Fax: 044 2846 0129

Email: cameo@cameoindia.com

Website: www.cameoonline.net

vii. SHARE TRANSFER SYSTEM

A Committee of the Board approves Share Transfers in the physical form on a fortnightly basis.

viii. (a) DISTRIBUTION OF SHAREHOLDINGS

SHAREHOLDINGS OF NOMINAL VALUE		SHAREHOLDERS		SHARE AMOUNT	
Rs.	Rs.	Number	% TO TOTAL	Rs.	% TO TOTAL
5	5000	5145	93.60	5233280	11.41
5001	10000	176	3.20	1398390	3.05
10001	20000	95	1.73	1419575	3.10
20001	30000	35	0.64	888360	1.94
30001	40000	11	0.20	389630	0.85
40001	50000	13	0.24	629205	1.37
50001	100000	11	0.20	808860	1.76
100001	And Above	11	0.20	35091185	76.52
TOTAL		5497	100.00	45858485	100.00

(b) SHAREHOLDING PATTERN

Category	Equity Shares Nos.	% of Col 2
Promoters	6878326	74.99
Financial Institutions	500	0.01
Trust	200	0.00
Clearing Members	13815	0.15
Mutual Funds	9100	0.10
Bodies Corporate	259801	2.83
NRI and Foreign Nationals	200381	2.19
Public	1809574	19.73
Total	9171697	100.00

ix. DETAILS OF UNCLAIMED SHARE CERTIFICATES:

In terms of Clause 5A of the Listing Agreement, the Company had sent the reminder letters vide dated 27.01.2011, 05.03.2011 and 30.03.2011 to all the Shareholders whose Share Certificates have been returned undelivered. The Company will transfer the Shares comprised in the Share Certificates, which are still remaining undelivered into one Folio in the name of Unclaimed Suspense Account (Demat Account). The Company is in the process of opening an Unclaimed Suspense Account and further disclosure under Clause 5A(II)(h) will be made in due course.



x. DEMATERIALISATION OF SHARES:

The Company has appointed M/s Cameo Corporate Services Ltd., as the Registrars of the Company for establishing connectivity with NSDL and CDSL to facilitate dematerialisation of the shares held by the Members.

As of date, 80.08 % have been dematerialised.

xi. OUTSTANDING GDR/ADR WARRANTS OR CONVERTIBLE BONDS

The Company has not issued any of the securities mentioned above.

xii. PLANT LOCATION

- Chlor Alkali Division at 'Gnanananda Place', Kalapet, Puducherry-605 014.
- Salt Division at Kanthadu Village, Marakanam Post, Villupuram District.

xii. ADDRESS FOR CORRESPONDENCE

The Company Secretary Phone: 044-22750323
Chemfab Alkalis Limited Fax : 044-22750860
Team House, GST Salai Email : chemfabalkalis@drroaholdings.com
Vandalur ibrahimcal@drroaholdings.com
Chennai – 600 048 website: www.chemfabalkalis.com

For CHEMFAB ALKALIS LIMITED

Place : Chennai Suresh Krishnamurthi Rao C. S. Ramesh
Date : 5th April, 2011 Director Director

Declaration

As stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct.

K.Mohamed Ibrahim
Company Secretary

Nitin S.Cowlagi
Vice President (Finance)

Place : Chennai
Dated : 5th April, 2011



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Chemfab Alkalis Limited

We have examined the compliance of conditions of Corporate Governance of Chemfab Alkalis Limited, for the year ended 31st March, 2011, 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 has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievance is pending against the Company as at 31st March 2011, as per the records maintained by the Shareholders/ Investors Grievance Committee.

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

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

Bhavani Balasubramanian
Partner

Chennai, 5th April, 2011

Membership No. 22156

AUDITORS' REPORT TO THE MEMBERS OF CHEMFAB ALKALIS LIMITED

1. We have audited the attached Balance Sheet of Chemfab Alkalis Limited ("the Company") as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw attention to note no. II.5 of Schedule 17, regarding the temporary closure of the Chlor-Alkali operations at Puducherry due to chlorine gas leakage and the writ petition filed before the Hon'ble High Court of Madras to set aside the closure order, in respect of which, the decision is awaited.
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 except for non-disclosure of information required under Accounting Standard 24 "Discontinuing Operations" in respect of the demerged undertaking referred in Note no: II.6 of Schedule 17, to the financial statements.;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, subject to para 5(d) above, the said accounts, 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
6. On the basis of the written representations received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

Bhavani Balasubramanian
Partner

Chennai, 5th April, 2011

Membership No. 22156



Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

1. Having regard to the nature of the Company's business / activities / result, clauses (6), (10), (11), (12), (13), (14), (15), (16), (18), (19), (20) of CARO are not applicable
2. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
3. In respect of its inventories:
 - (a) As explained to us, inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
4. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are proprietary in nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
6. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time, except in respect of certain purchases for which comparable quotations are not available due to its proprietary nature and in respect of which we are unable to comment.
7. In our opinion, the internal audit function carried out during the year by firm of Chartered Accountants appointed by the

Management have been 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 rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of manufacture of Caustic Soda Lye and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
9. According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed 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 material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income tax, Sales-tax, Wealth Tax, Custom duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March 2011 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2011 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount Involved (Rs)
Central Sales Tax Act	C forms Pending	CTO- Chengalpet	2003-04	57,939
Income Tax Act, 1961	Capital gains on Insurance Claim	Commissioner (Appeals), Chennai	A.Y 2003-04	84,60,249
Income Tax Act, 1961	Disallowance of Nickel Materials for Cathode Stifner plates and half Anode and Cathode shell	Income Tax Appellate Tribunal, Chennai	A.Y 2004-05 to A.Y 2007-08	18,19,166
Total				1,03,37,354

Out of the above, Rs.56,32,697 (P.Y- Rs.38,13,531) have been deposited with the concerned authorities.

10. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
11. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

Bhavani Balasubramanian
Partner

Chennai, 5th April, 2011

Membership No. 22156



BALANCE SHEET AS AT 31st MARCH 2011

Particulars	SCHEDULE NO	Year Ended 31-March-2011 Rupees	Year Ended 31-March-2010 Rupees
I. SOURCES OF FUNDS			
1. Shareholders' funds			
Share Capital	1	4,58,58,485	4,58,58,485
Reserves and Surplus	2	75,79,83,854	68,79,74,092
2. Deferred Tax Liability (Net)		14,74,55,303	16,59,24,959
TOTAL		<u><u>95,12,97,642</u></u>	<u><u>89,97,57,536</u></u>
II. APPLICATION OF FUNDS			
1. Fixed Assets	3		
Gross Block		145,35,46,493	151,55,29,998
Less: Accumulated Depreciation		78,23,09,922	74,60,27,918
Net Block		<u>67,12,36,571</u>	76,95,02,080
Capital Work-in -Progress		1,53,06,504	92,88,576
		<u>68,65,43,075</u>	77,87,90,656
2. Investments	4	21,81,73,753	7,02,61,331
3. Current Assets, Loans and Advances			
Inventories	5	4,23,40,902	4,46,97,607
Sundry Debtors	6	1,37,12,157	8,25,92,237
Cash and Bank Balances	7	1,28,12,956	2,55,90,711
Loans and Advances	8	5,74,19,022	5,59,20,734
		<u>12,62,85,037</u>	20,88,01,289
Less: Current Liabilities and Provisions			
Liabilities	9	5,00,30,720	12,82,28,672
Provisions	10	2,96,73,503	2,98,67,068
		<u>7,97,04,223</u>	15,80,95,740
Net Current Assets		<u>4,65,80,814</u>	5,07,05,549
TOTAL		<u><u>95,12,97,642</u></u>	<u><u>89,97,57,536</u></u>
Accounting Policies and Notes on Accounts	17		

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

C. S. Ramesh
Director

Suresh Krishnamurthi Rao
Vice Chairman

Bhavani Balasubramanian
Partner

Nitin S. Cowlagi
Vice President - Finance

K. Mohamed Ibrahim
Company Secretary

Place : Chennai
Date : 5th April, 2011



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

Particulars	SCHEDULE NO	Year Ended 31-March-2011 Rupees	Year Ended 31-March-2010 Rupees
INCOME			
Gross Sales		87,05,30,455	93,60,56,592
Less: Excise Duty		7,05,48,885	6,31,81,614
Net Sales		79,99,81,570	87,28,74,978
Other Income	11	2,56,38,291	4,63,63,377
Total Income		82,56,19,861	91,92,38,355
EXPENDITURE			
Materials	12	12,35,45,761	12,08,71,491
Other Direct Manufacturing Expenses	13	31,58,10,584	33,01,16,358
Employee Costs	14	6,80,52,352	6,97,91,408
Other Expenses	15	14,83,03,890	19,14,43,855
Interest / Finance Charges	16	2,25,167	32,88,159
Depreciation		7,51,79,504	7,97,20,990
Total Expenditure		73,11,17,258	79,52,32,261
Operating Profit before Loss on sale of Assets		9,45,02,603	12,40,06,094
Loss on sale of Assets		-	1,84,46,357
Net Profit before Tax and Exceptional item		9,45,02,603	10,55,59,737
Exceptional Item :			
Demerger Surplus (Refer Note No.II (6) of Schedule 17)		2,77,78,728	-
Net Profit before Tax after Exceptional Item		12,22,81,331	10,55,59,737
Less : Provision for Tax			
- Current Tax		4,09,50,000	3,63,10,000
- Tax relating to prior years		30,53,722	38,66,123
- Deferred Tax		(1,84,69,656)	(67,67,339)
Net Profit after Tax		9,67,47,265	7,21,50,953
Add: Balance carried from Previous Year		50,06,13,231	46,27,88,346
Amount available for Appropriations		59,73,60,496	53,49,39,299
Less :			
- Transfer to General Reserve		1,00,00,000	75,00,000
- Proposed Dividend		2,29,29,243	2,29,29,243
- Corporate Dividend Tax		38,08,260	38,96,825
Balance Carried to Balance sheet		56,06,22,993	50,06,13,231
Basic and Diluted Earnings per Share (Face value of Rs. 5/- each)		10.55	7.87
Accounting Policies and Notes on Accounts	17		

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

C. S. Ramesh
Director

Suresh Krishnamurthi Rao
Vice Chairman

Bhavani Balasubramanian
Partner

Nitin S. Cowlagi
Vice President - Finance

K. Mohamed Ibrahim
Company Secretary

Place : Chennai
Date : 5th April, 2011



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	Year Ended 31-March-2011 Rupees	Year Ended 31-March-2010 Rupees
A. Cash fow from Operating Activities		
Net Profit Before Tax	12,22,81,331	10,55,59,737
Adjustment for:		
Depreciation	7,51,79,504	7,97,20,990
Demerger surplus	(2,77,78,728)	-
Interest / Finance Charges	2,25,167	32,88,159
Interest Income	(11,76,822)	(16,05,020)
Dividend Income	(74,32,444)	(8,19,985)
Bad debts written off	1,41,516	1,30,254
Profit on sale of Investments	-	(2,02,66,738)
Provision for compensated absences	(1,05,000)	(19,49,000)
Assets Written Off	-	1,05,84,802
Investments Written Off	15,000	-
Loss on sale of fixed assets (net)	21,24,055	1,55,85,944
Provisions no longer required written back	(71,73,963)	(57,13,662)
Unrealised Exchange Variation (Net)	7,67,554	(12,91,890)
Operating Profit before Working Capital changes	15,70,67,170	18,32,23,591
Decrease in Sundry Debtors	5,34,27,830	1,24,59,590
(Increase) / Decrease in Other Receivables	(13,91,433)	33,28,293
(Increase) / Decrease in Inventories	(1,05,37,700)	13,55,758
(Decrease) / Increase in Trade Creditors and Other Payables	(5,21,19,608)	99,30,838
Changes in Working Capital	(1,06,20,911)	2,70,74,479
Cash generated from Operations	14,64,46,259	21,02,98,070
Taxes Paid, net of refund	(4,58,36,002)	(3,24,96,000)
Net Cash generated from Operating Activities	10,06,10,257	17,78,02,070
B. Cash fow from Investing Activities		
Capital Expenditure	(4,08,64,161)	(9,70,26,427)
Proceeds from Sale of Fixed Assets	9,46,246	1,56,93,892
(Purchase) / Sale proceeds of Short Term Investments, Net	(12,38,48,478)	(6,55,69,996)
Proceeds from Sales of Long Term Investments	-	2,18,55,287
Decrease in restricted deposits	35,39,579	-
Dividend Received*	-	1,50,700
Interest Received	10,15,100	27,37,417
*Net of an amount of Rs.74,32,444/- being dividend from Mutual fund, reinvested.		
Net Cash (used in) Investing Activities	(15,92,11,714)	(12,21,59,127)
C. Cash fow from Financing Activities		
Interest Paid to Financial Institutions	(2,25,167)	(37,38,765)
Unclaimed Dividend, Dividend Paid/remitted, including Dividend Tax	(2,67,09,110)	(3,04,529)
Proceeds from Short Term Loan*	8,02,23,562	-
Repayment of Term Loan	-	(4,40,47,091)
Net Cash generated from / (used in) Financing Activities	5,32,89,285	(4,80,90,385)
D. Net (Decrease) / Increase in Cash & Cash Equivalents	(53,12,172)	75,52,558
E. Cash & Cash Equivalents (Opening)		
as on 1st April 2010 / 1st April 2009	1,38,60,050	63,07,492
F. Cash & Cash Equivalents transferred on demerger		
(Refer Note No. II(6) of Schedule 17)	(40,52,968)	-
G. Cash and Cash Equivalents (Closing)	44,94,910	1,38,60,050
Reconciliation of Cash and Cash equivalents		
Closing Cash and cash equivalents as per balance sheet	1,28,12,956	2,55,90,711
Less: Deposits under lien	66,87,959	1,02,27,538
Less: Unpaid dividend accounts	16,30,087	15,03,123
	44,94,910	1,38,60,050

* Represents Term Loan received from Bank of Baroda in respect of the "Demerged Undertaking" and transferred to the "Resultant Company", in accordance with the scheme sanctioned by Hon'ble High Court of Madras

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

C. S. Ramesh
Director

Suresh Krishnamurthi Rao
Vice Chairman

Bhavani Balasubramanian
Partner

Nitin S. Cowlagi
Vice President - Finance

K. Mohamed Ibrahim
Company Secretary

Place : Chennai

Date : 5th April, 2011

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2011**

SCHEDULE - 1		
Share Capital		
PARTICULARS	As at 31-March-2011 Rupees	As at 31-March-2010 Rupees
AUTHORISED		
3,20,00,000 (3,20,00,000) Equity Shares of Rs.5/- each	16,00,00,000	16,00,00,000
51,00,000 (51,00,000) Equity Shares of Rs.10/- each	5,10,00,000	5,10,00,000
	21,10,00,000	21,10,00,000
4,000 (4,000) 11% Redeemable Cumulative Preference Shares of Rs 100/- each	4,00,000	4,00,000
	21,14,00,000	21,14,00,000
ISSUED SUBSCRIBED AND PAID-UP		
91,71,697 (P.Y. 91,71,697) Equity Shares of Rs.5/- each	4,58,58,485	4,58,58,485
Total	4,58,58,485	4,58,58,485

Of the above shares :

- 10,60,000 shares of Rs. 5/- each were allotted as fully paid up for consideration other than cash to erstwhile share holders of M/s Chemfab Chlorates Ltd in the year 2000-01, pursuant to a scheme of amalgamation approved by The High Court of Madras vide its order dated 26-07-2001.

- 22,31,697 shares of Rs.5/- each (net of 12,43,948 shares of Rs.5/- each earlier held by erstwhile M/s Membrane Technologies Ltd in the company , which was subsequently cancelled on amalgamation) are allotted as fully paid up for consideration other than cash to other share holders of erstwhile M/s. Membrane Technologies Limited , in accordance with the scheme of amalgamation approved by The High Court of Madras vide its order dated 08-03-2006.

**SCHEDULE - 2**
Reserves and Surplus

PARTICULARS	As at 31-March-2011 Rupees	As at 31-March-2010 Rupees
CAPITAL RESERVE		
Central Subsidy received from the District Industries Centre, Union Territory of Puducherry	25,00,000	25,00,000
Transfer from erstwhile Membrane Technologies Limited pursuant to the scheme of amalgamation	14,00,000	14,00,000
Profit on Re-issue of Shares	1,66,650	1,66,650
	40,66,650	40,66,650
Capital Redemption Reserve	6,000	6,000
General Reserve		
Balance as on 01.04.2010/01.04.2009	18,32,88,211	17,57,88,211
Add : Transfer from Profit and Loss Account	1,00,00,000	75,00,000
	19,32,88,211	18,32,88,211
Surplus in Profit and Loss Account	56,06,22,993	50,06,13,231
	75,79,83,854	68,79,74,092
Total		

SCHEDULE - 3
Fixed Assets

Rupees

Particulars	Gross Block					Depreciation				Net Block		
	As at 01-April-2010	Additions during the Year	Deletions during the Year	Transferred on Demerger**	As at 31-March-2011	As at 01-April-2010	For the Year	Deletions during the Year	Transferred on Demerger**	As at 31-March-2011	As at 31-March-2011	As at 31-March-2010
Tangible Assets												
Land and Development*	3,03,16,875	-	-	88,00,000	2,15,16,875	-	-	-	-	-	2,15,16,875	3,03,16,875
Road and Building	9,95,97,645	12,58,134	35,61,506	1,13,41,470	8,59,52,803	31,07,963	15,80,529	32,04,996	2,57,59,040	6,01,93,763	7,21,61,043	
Plant and Machinery	136,12,80,366	2,55,46,370	36,53,500	5,32,26,144	132,99,47,092	7,08,73,196	34,91,064	2,41,53,986	74,78,12,714	58,21,34,378	65,66,95,798	
Furniture and Fixtures	1,13,89,818	2,75,088	-	5,25,758	1,11,39,148	4,81,338	-	3,54,777	67,53,380	43,85,768	47,62,999	
Vehicles	89,28,285	53,620	17,37,205	22,54,125	49,90,575	7,17,007	8,10,313	12,84,826	19,84,788	30,05,787	55,65,365	
Intangible Assets												
Technical Know How	40,17,009	-	-	40,17,009	-	-	-	40,17,009	-	-	-	-
	151,55,29,998	2,71,33,212	89,52,211	8,01,64,506	145,35,46,493	74,60,27,918	7,51,79,504	58,81,906	3,30,15,594	67,12,36,571	76,95,02,080	
Capital Work in Progress	-	-	-	-	-	-	-	-	-	-	1,53,06,504	92,88,576
Previous year	157,15,35,677	4,88,91,305	10,48,96,984	-	151,55,29,998	72,98,02,016	7,97,20,990	6,34,95,088	-	77,87,90,656	77,87,90,656	85,30,27,303

Notes:

* Includes land costing Rs.40,00,000 classified as "held for sale"

** Refer Note No.II (6) of Schedule 17



SCHEDULE - 4		
Investments		
PARTICULARS	As at 31-March-2011 Rupees	As at 31-March-2010 Rupees
A. Long Term:		
In Government Securities		
- National Savings Certificate	1,000	1,000
Non trade Investments - Quoted		
* 281(4500) Equity Shares of Rs.10/- each of RPG Itochu Finance Ltd.	20,700	20,700
250 (250) Equity Shares of Rs.10/- each of Global Boards Ltd.	-	15,000
500 (500) Equity Shares of Rs.10/- each of M/s. De Nora India Ltd.	6,850	6,850
300 (300) Equity Shares of Rs.10/- each of M/s.Sree Rayalaseema Alkalis & Allied Chemicals Ltd	1,095	1,095
300 (300) 0.01% Cumulative Preference Shares of Rs.10/- each of Sree Rayalaseema Alkalis & Allied Chemicals Ltd	1,095	1,095
450 (450) Equity Shares of Rs.5/- each of M/s. Kanoria Chemicals Ltd.	2,408	2,408
B. Short Term		
Non trade investments - Quoted (Fully Paid up)		
1,93,76,601 (P.Y.54,48,958) Units SBI Magnum - Institutional Income- Savings- Dividend **	20,14,94,105	7,02,13,183
Non trade investments - Unquoted (Fully Paid up)		
1,66,465 6% Redeemable Cumulative Preference Shares of Rs.100/- each of Titanium Equipment & Anode Manufacturing Company Limited (Refer Note No. II (6) of Schedule 17)	1,66,46,500	-
Total	21,81,73,753	7,02,61,331
Aggregate Cost of quoted investments	32,148	47,148
Aggregate market value of quoted investments	85,269	1,28,610
Aggregate amount of Investments in units of Mutual funds		
- Cost	20,14,94,105	7,02,13,183
- Net Asset Value	20,14,94,105	7,02,13,183
<p>* Pursuant to a Scheme of Arrangement between RPG Itochu Finance Ltd and Sumit Securities Ltd, Shareholders of Sumit Securities Ltd have been issued 1 Equity Share in RPG Itochu Finance Ltd, for every 16 Equity Shares held by them.</p>		
<p>** During the year ended 31st March 2011, 6,04,38,877 units were purchased and 4,65,11,234 units were redeemed</p>		



SCHEDULE - 5
Inventories

PARTICULARS	As at 31-March-2011 Rupees	As at 31-March-2010 Rupees
Inventories (at lower of cost and net realisable value)		
Stores and Spares	1,41,87,219	1,76,83,553
Raw Materials and Chemicals	93,57,681	88,85,105
Fuel	6,20,059	7,13,490
Work-in-Progress	-	3,77,472
Finished Goods	1,50,97,777	1,58,86,065
Packing Materials and others	59,700	91,852
Goods in Transit	30,18,466	10,60,070
Total	4,23,40,902	4,46,97,607

SCHEDULE - 6
Sundry Debtors

PARTICULARS	As at 31-March-2011 Rupees	As at 31-March-2010 Rupees
Sundry Debtors (Unsecured)		
Over Six Months		
Considered good	11,11,865	1,13,440
Other debts - Considered good	1,26,00,292	8,24,78,797
Total	1,37,12,157	8,25,92,237



SCHEDULE - 7 Cash & Bank Balances		
PARTICULARS	As at 31-March-2011 Rupees	As at 31-March-2010 Rupees
a) Cash on hand	82,167	1,13,269
b) Balance with Scheduled Banks		
On Current Accounts	44,12,743	1,37,46,781
On Margin Money Accounts *	66,87,959	1,02,27,538
On Unpaid Dividend Accounts	16,30,087	15,03,123
Total	1,28,12,956	2,55,90,711
* For bank guarantees and letters of credit		
SCHEDULE - 8 LOANS AND ADVANCES		
PARTICULARS	As at 31-March-2011 Rupees	As at 31-March-2010 Rupees
LOANS AND ADVANCES (Unsecured, considered good)		
a) Advances recoverable in cash or in kind or for value to be received	57,40,215	3,23,73,401
b) Deposits	4,41,19,947	1,45,27,113
c) Balance with Central Excise Authorities	39,48,912	80,07,210
d) Advance Income Tax and Tax deducted at Source (Net of Provision for Tax : Rs.34,17,91,065 P.Y. Rs.29,77,87,343)	36,09,948	10,13,010
Total	5,74,19,022	5,59,20,734
SCHEDULE - 9 CURRENT LIABILITIES		
PARTICULARS	As at 31-March-2011 Rupees	As at 31-March-2010 Rupees
a) Sundry Creditors		
-Dues to Micro Enterprises and Small Enterprises	-	-
-Dues to other than Micro Enterprises and Small Enterprises	1,26,25,218	3,93,61,069
b) Creditors for Capital Goods	1,30,47,201	2,07,60,222
c) Advance received from customers	66,53,394	57,84,894
d) Amount to be credited to Investor Education and Protection Fund* -- Unpaid Dividend**	16,10,075	14,93,117
e) Other Liabilities	1,60,94,832	6,08,29,370
Total	5,00,30,720	12,82,28,672
* There are no amounts due and outstanding as on 31-03-2011 to be credited to Investor Education and Protection Fund		
** These amounts represent warrants issued to shareholders which remained unrepresented and unclaimed as on 31-03-2011		



**SCHEDULE - 10
PROVISIONS**

PARTICULARS	As at 31-March-2011 Rupees	As at 31-March-2010 Rupees
Proposed Dividend	2,29,29,243	2,29,29,243
Tax on Proposed Dividend	38,08,260	38,96,825
Compensated absences	29,36,000	30,41,000
Total	2,96,73,503	2,98,67,068

Schedules forming part of Profit and Loss Account for the year ended 31st MARCH 2011

**SCHEDULE - 11
Other Income**

PARTICULARS	Year Ended 31-March-2011 Rupees	Year Ended 31-March-2010 Rupees
Scrap Sales	12,93,568	15,05,949
Interest Received (TDS-Rs. 86,945 - Previous year Rs.3,43,218)	11,76,822	16,05,020
Commision Received (TDS-Rs.3,37,763-Previous year Rs.4,81,497)	33,77,619	32,46,232
Exchange Variation (Net)	-	28,99,612
Dividend	74,32,444	8,19,985
Profit on Sale of Assets (Net)	-	28,60,414
Profit on Sale of Investments	-	2,02,66,738
Provision no longer required written back	71,73,963	76,62,662
Others	51,83,875	54,96,765
Total	2,56,38,291	4,63,63,377



SCHEDULE - 12		
Materials		
PARTICULARS	Year Ended 31-March-2011 Rupees	Year Ended 31-March-2010 Rupees
1) Consumption of Raw Materials and Chemicals		
Opening Stock	88,85,105	82,59,969
Add: Purchases	7,90,82,807	8,27,13,229
	8,79,67,912	9,09,73,198
Less: Closing Stock*	1,52,36,497	88,85,105
	7,27,31,415	8,20,88,093
Purchase - Trading Stock	5,31,62,062	3,35,96,958
2) Decrease in Work-in-Progress and Finished Goods		
Opening Stock		
Work-in-Progress	3,77,472	14,68,274
Finished Goods	1,58,86,065	1,66,23,750
	1,62,63,537	1,80,92,024
Less : Closing Stock*		
Work-in-Progress	4,14,400	3,77,472
Finished Goods	2,16,98,965	1,58,86,065
	2,21,13,365	1,62,63,537
	(58,49,828)	18,28,487
3) Excise Duty on stock differential	33,191	(4,04,367)
4) Consumption of Stores	34,68,921	37,62,320
Total	12,35,45,761	12,08,71,491
* Includes Raw Materials of Rs.58,78,816, Work in progress of Rs.4,14,400, and Finished Goods of Rs.66,01,188 of Demerged Undertaking at the close of business as on 30.11.2010		
SCHEDULE - 13		
Other Direct Manufacturing Expenses		
PARTICULARS	Year Ended 31-March-2011 Rupees	Year Ended 31-March-2010 Rupees
Power and Fuel	30,37,85,119	31,67,04,784
Labour Charges	1,20,25,465	1,34,11,574
Total	31,58,10,584	33,01,16,358



SCHEDULE - 14 Employee Costs		
PARTICULARS	Year Ended 31-March-2011 Rupees	Year Ended 31-March-2010 Rupees
Salaries,Wages and Bonus (Including compensated absences payable on retirement)	5,63,52,539	5,92,40,670
Contribution to Provident and other Funds	59,34,407	56,36,699
Staff Welfare Expenses	57,65,406	49,14,039
Total	6,80,52,352	6,97,91,408
SCHEDULE 15 Other Expenses		
PARTICULARS	Year Ended 31-March-2011 Rupees	Year Ended 31-March-2010 Rupees
Repairs and Maintenance - Machinery	5,13,14,022	6,08,39,180
- Buildings	30,94,834	1,33,41,290
Rent	19,07,521	29,11,347
Advertisement charges	18,97,922	13,11,765
Rates and Taxes	9,31,446	10,58,208
Insurance	61,03,397	63,15,378
Auditor's Remuneration		
- Statutory audit	9,00,000	8,00,000
- Certification	1,25,000	1,00,000
- For Expenses	44,700	39,700
Commission to Directors	28,35,078	1,05,55,974
Sitting fees	3,00,000	2,30,000
Commission and Discount on Sales	2,54,39,496	2,93,20,938
Travelling Expenses	54,09,582	57,08,736
Exchange variation(Net)	13,84,569	-
Loss on Sale of Assets(Net)	21,24,055	-
Assets Written off	-	1,05,84,802
Bad debts Written off	1,41,516	1,30,254
Miscellaneous Expenses	4,43,50,752	4,81,96,283
Total	14,83,03,890	19,14,43,855
SCHEDULE - 16 Interest / Finance Charges		
PARTICULARS	Year Ended 31-March-2011 Rupees	Year Ended 31-March-2010 Rupees
Interest on Fixed Loan (Refer Note No. II (21) of Schedule 17)	2,23,847	27,25,106
Interest on Working Capital Loans	1,320	5,63,053
Total	2,25,167	32,88,159



SCHEDULE -17

Significant Accounting Policies and Notes to Accounts for the year ended 31st MARCH, 2011

I. SIGNIFICANT ACCOUNTING POLICIES

1) BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with Accounting principles generally accepted in India and comply with the accounting standards notified by the Central Government of India, under the Companies (Accounting Standards) rules 2006 and relevant provisions of the Companies Act, 1956.

2) USE OF ESTIMATES

The preparation of the financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and the disclosures relating to contingent assets and liabilities as on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates.

3) INVENTORIES

Inventories are valued at the lower of cost (net of cenvat where applicable) and net realizable value. Cost includes cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. The method of determination of cost of various categories of inventory are as follows:

a) Raw Materials and Chemicals, Fuel, Stores and Spares and Packing Materials – On weighted average basis.

b) Finished goods and Work in Progress at lower of Cost, which includes appropriate production overheads and Net Realizable Value, the Cost being determined on weighted average basis.

Excise duty payable on manufactured finished goods held in the factory is included in the value of closing stock wherever applicable.

4) FIXED ASSETS AND DEPRECIATION

Fixed Assets are recorded at cost less accumulated depreciation. The company capitalizes all costs relating to acquisition and installation of fixed assets. Cost of spares relating to specific item of fixed assets is capitalized.

Borrowing costs are capitalized as part of qualifying fixed assets. Other borrowing costs are expensed.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and cost of fixed assets not ready to use before such date are disclosed under 'Capital Work- in- Progress and Advances'.

Fixed assets are depreciated pro rata to the period of use, based on straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. In respect of certain plant and machinery, depreciation is provided over an estimated useful life of five years, based on technical assessment by the management which is higher than the schedule XIV rates. Assets costing less than Rs.5000 are fully depreciated in the year of addition.

5) IMPAIRMENT OF ASSETS

The company determines whether there is any indication of impairment of the carrying amount of its assets. The recoverable amount of such assets are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount.

6) OPERATING LEASES

Leases of assets under which the lessor effectively retains all risks and rewards of ownership are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

7) RESEARCH AND DEVELOPMENT

Revenue expenditure incurred on research and development activities is expensed. Fixed assets, relating to research and development are capitalized and depreciation provided there on.

8) REVENUE RECOGNITION

Sale of Finished Goods is recognized upon despatch of goods. Sales are accounted net of Excise Duty, returns, Sales Tax and freight.



Revenue from services is recognized when services are rendered to customers.

Interest income is recognized using time proportion method.

9) FOREIGN EXCHANGE TRANSACTION

Transactions in foreign currencies are accounted at the exchange rates prevailing on the date of the transactions and the realized exchange loss/gain are dealt with in the Profit & Loss Account.

Monetary assets and liabilities denominated in foreign currency are restated at the rates of exchange as on the Balance Sheet date and the exchange gain / loss is suitably dealt with in the Profit & Loss Account.

10) INVESTMENTS

Long term investments are stated at cost of acquisition. Provision for diminution is made when such diminution is considered other than temporary in nature. Current Investments are stated at lower of cost and fair value. Valuation is determined on the basis of each category of investments.

Dividend Income is accounted when the right to receive is established.

11) EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PLAN

a. Fixed contributions to Provident Fund and Employees State Insurance are recognized in the accounts at actual cost to the company.

b. Super Annuation Fund: The Company makes contribution to a scheme administered by the Life Insurance Corporation of India (LIC) to discharge its liabilities towards super annuation to the employees. The Company has no other liability other than its annual contribution.

DEFINED BENEFIT PLAN

a. Gratuity: The Company makes contribution to a scheme administered by the Life Insurance Corporation of India (LIC) to discharge gratuity liabilities to the employees. The Company accounts its liability for future gratuity benefits based on independent actuarial valuation as at the balance sheet date, using Projected Unit Credit Method.

b. Accumulated compensated absence: The Company records its Compensated absence liability based on actuarial valuation as at the balance sheet date, using the Projected Unit Credit Method.

SHORT TERM BENEFITS

Short term employee benefits are recognized as expense as per the company's scheme based on expected obligation on undiscounted basis.

12) TAXATION

a. Current tax is determined on the profit for the year in accordance with the provisions of the Income tax Act, 1961.

b. Deferred tax is calculated at the rates and laws that have been enacted or substantively enacted as of the Balance Sheet date and is recognized on timing difference that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that they can be realized.

13) SEGMENT REPORTING

(i) The accounting policies adopted for segment reporting are in line with the accounting policies of the company.

(ii) Revenue and expenses have identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise a whole and are not allocable to segments on a reasonable basis, have been included under unallocated corporate expenses.

14) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognised, but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.



II. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2011

1. Excise Duty

Excise Duty on sales for the year has been disclosed as reduction from the turnover. Excise duty relating to the difference between the closing stock and opening stock has been included in Schedule 12 “Materials”

	Amount / Rs.	
	31- March-2011	31-March-2010
2. Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for in these accounts (net of advances)	2,06,76,173	1,42,53,278
3. Contingent liabilities in respect of		
(a) Counter Guarantees to Banks for guarantees given by the banks	4,63,90,326	6,11,36,000
(b) Guarantees given by the Company to the customs department on behalf of Teamco Hitech Engineering Limited	50,00,000	50,00,000
(c) Letters of credit	1,18,40,000	1,80,03,054
(d) Sales tax, Income tax and Excise demands against which the Company has filed appeals and for which no provision is considered required as the Company is hopeful of successful outcome in the appeals.	1,03,37,354	3,06,23,177

Sl No.	Name of the Statute	Nature of Dues	Amount/Rs.	Period	Forum where dispute is pending
1	Central Sales Tax Act	C forms pending	57,939	2003-2004	CTO Chengalpet Commissioner(Appeals), Chennai ITAT, Chennai
2	Income-tax Act,1961	Capital gains on Insurance claim	84,60,249	AY2003-2004	
3	Income-tax Act,1961	Disallowance of Nickel Materials for Cathode Stifner plates and half Anode and Cathode shell	18,19,166	AY2004-2005 to AY2007-2008	
			1,03,37,354		

Out of the above , an amount of Rs.56,32,697/- (P.Y. Rs.38,13,531 /-) have been deposited with the concerned authorities.

Note: Show cause notices have not been considered as contingent liabilities.

4. Cash Credit facilities are secured by exclusive first charge on all current assets of the Company,exclusive first equitable mortgage of factory land and building,second charge on the fixed assets of the Company and pledge of other assets of the Company.

5. There was a minor Chlorine gas leak in the Chlor-alkali plant at Puducherry on 26th January, 2011. The District Magistrate and Puducherry Pollution Control Committee had ordered temporary closure of the Plant operations until further orders and investigations. The investigations by the concerned Government Authorities have been completed and Orders are awaited. The Company has also filed a Writ Petition before the Hon'ble High Court of Madras, to issue directions to the concerned authorities for permitting the Company to recommence its operations. The Company is hopeful of a favourable outcome in this matter and hence the financial statements have been prepared on a going concern basis.

6. The Board of Directors, in their meeting held on 05/12/2010, have approved the Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956 to demerge the business and operations relating to “Hollow Fibre Ultra Filtration Membranes, Packaged Drinking and Energy Water, Health Shoppe” (Demerged Undertaking) of the Company into Titanium Equipment and Anode Manufacturing Company Limited (“Resulting Company”) with effect from the 1st December, 2010 (“Appointed



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2011

Date”). This scheme has been approved by the Shareholders, in their meeting convened by the Hon’ble High Court of Madras, held on 31/1/2011 and sanctioned by the Hon’ble High Court of Madras vide its order dated 14/03/2011. The said Order has been filed with the Registrar of Companies, Tamil Nadu on 26/03/2011 which is the effective date of the scheme. In consideration for the above transfer, the Company has been allotted 1,66,465, 6% Redeemable Cumulative Preference Shares of the face value of Rs.100 each at par in the capital of Resulting Company. The demerger surplus of Rs.2,77,78,728 which represents the consideration and excess of liabilities over assets transferred has been disclosed as an exceptional item in the profit and loss account.

7. Director’s Remuneration

31-March-2011

31-March-2010

Amount/Rs.

Amount/Rs.

Net profit as per section 349 of the Companies Act, 1956

9,73,37,681

11,61,15,711

Commission at 3% / 10%

28,35,078

1,05,55,974

9. Break-up of raw materials and chemicals consumed.

Amount / Rs.

	Units	31- March-2011		31-March-2010	
		Quantity	Value	Quantity	Value
Major raw materials					
Salt	MT	52,930.321	5,76,34,790	61,127.786	6,21,43,452
Less : captive consumption	MT	26,383.570	1,84,69,440	45,407.800	3,05,97,221
Net consumption			3,91,65,350		3,15,46,231
Brine	MT	-	-	444.700	2,45,372
Less : captive consumption	MT	-	-	444.700	2,45,372
Net consumption			-		-
Major chemicals					
Soda Ash	MT	172.000	24,65,087	348.000	51,17,767
Sulphuric acid	MT	460.177	26,71,362	497.279	12,42,379
Sodium Sulphite	MT	50,800	11,12,512	73.600	14,49,123
Barium chloride solution	MT	161.616	32,06,803	244.324	45,55,900
Barium chloride crystal	MT	4.000	77,677	-	-
			95,33,441		1,23,65,169
Others *			2,42,22,766		3,89,79,361
Less : captive consumption			1,90,142		8,02,668
Net consumption			2,40,32,624		3,81,76,693
			7,27,31,415		8,20,88,093

* Others include raw materials, components and spare parts, none of which individually accounts for more than 10% of the total consumption.

**CHEMFAB ALKALIS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2011**

9 Capacities, production, stock and turnover

Class of goods	Units	Annual installed capacity	Opening Stock		Production Quantity	Purchase of Traded Goods		Turnover		Sales of Traded Goods		Closing Stock	
			Quantity (in MT)	Amount Rs.		Quantity (in MT)	Amount Rs.	Quantity (in MT)	Amount Rs.	Quantity (in MT)	Amount Rs.	Quantity (in MT)	Amount Rs.
1 Caustic Soda Lye	MT	42,000 (42,000)	291,414 (468,455)	22,10,066 (36,96,929)	29,433,013 (32,971,328)	- (37,876)	(8,25,687)	29,682,614 (33,148,369)	42,69,49,249 (55,04,27,796)	- (37,876)	(8,72,140)	41,813 (291,414)	3,15,500 (22,10,066)
2 Chlorine	MT	37,000 (37,000)	121,420 (94,720)	4,47,697 (3,90,896)	20,448,950 (23,630,040)	208,800 (24,300)	673,567 (1,08,712)	20,570,370 (23,603,340)	12,75,00,487 (8,90,97,830)	208,800 (24,300)	10,95,794 (1,41,663)	- (121,420)	- (4,47,697)
3 Salt	MT		17,847,520 (5,900,780)	1,06,96,447 (93,44,325)	16,982,350 (57,799,240)	- (57,799,240)	- (57,799,240)	26,383,570 (45,852,500)	- (45,852,500)	- (45,852,500)	- (45,852,500)	8,446,300 (17,847,520)	1,46,97,480 (1,06,96,447)
4 Others				25,31,855 (65,92,600)	- (65,92,600)	- (65,92,600)	5,24,88,495 (3,26,62,559)	- (3,26,62,559)	19,03,27,248 (19,29,79,721)	- (19,29,79,721)	5,41,08,792 (3,93,55,806)	- (17,847,520)	84,797 (25,31,855)
Total value (Net of excise duty and taxes)				1,58,86,065 (1,66,23,750)			5,31,62,062 (3,36,96,958)		74,47,76,984 (83,25,05,349)		5,52,04,586 (4,03,69,629)		1,50,97,777 (1,58,86,065)

Notes:

- Figures in brackets are for the previous year.
- Installed capacities, being technical in nature are as certified by the management and have not been verified by the auditors.
- As turnover involves combination of different products for composite prices, quantities and values shown against each item of turnover represent quantity and sale value of the respective products sold as such. Certain items considered to be insignificant have been aggregated and included in "Others".
- Production includes those meant for captive consumption, and value of turnover includes sales of trading items.
- The Company has obtained the environmental clearance for capacity enhancement to 200 TPD Caustic Soda and for other co-products from the Ministry of Environment and Forests, New Delhi.
- The Production of Caustic Soda Lye includes transfer of 48,650 MT from Process stock.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2011

10. Value of Raw Materials, Chemicals and Stores and Spares consumed :				
	Amount / Rs.		Amount / Rs.	
	31- March-2011		31-March-2010	
	Value	%	Value	%
Raw Material and Chemicals:				
Imported	6,57,259	1	30,71,561	4
Indigenous	7,20,74,156	99	7,90,16,532	96
Total	7,27,31,415	100	8,20,88,093	100
Stores and Spares :				
Imported	68,74,506	23	26,62,159	10
Indigenous	2,27,51,075	77	2,59,65,039	90
Total	2,96,25,581	100	2,86,27,198	100
			31-March-2011	31- March-2010
			Amount / Rs.	Amount / Rs.
11. Value of imports on CIF basis				
Raw Materials			6,57,259	30,71,561
Components, Stores and Spare parts			61,49,439	23,61,155
Capital goods			1,07,95,081	1,26,52,625
Finished goods			3,94,79,038	2,04,61,140
			5,70,80,817	3,85,46,481
12. Expenditure in foreign currency (subject to withholding of tax where applicable)				
Travelling expenses			12,487	-
Subscription / Membership Fee			54,495	3,74,848
Advertisement Charges			2,10,490	-
Professional fees			-	10,04,765
			2,77,472	13,79,613
13. Dividend remitted in foreign currency				
Number of non-resident Shareholders			3	-
Number of Shares held			52,25,771	-
Amount remitted			1,30,64,428	-
Year to which relates			2009-10	-
14. Earnings in foreign exchange				
FOB value of exports			56,03,840	73,36,362



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2011

15. Employee Benefits

The Company's obligation towards the Gratuity Fund is a defined benefit plan. The details of actuarial valuation is given below.

	31-Mar - 2011 Amount / Rs.	31- Mar-2010 Amount / Rs.
(I) Change in Benefit Obligation		
Liability at the beginning of the year	1,48,22,000	1,98,05,000
Interest Cost	11,53,000	15,76,000
Current Service Cost	23,31,000	12,69,000
Benefit Paid / Payable *	(22,26,000)	(24,48,000)
Actuarial (gain)/loss on obligations	(9,72,000)	(53,80,000)
Liability at the end of the year	<u>1,51,08,000</u>	<u>1,48,22,000</u>
(II) Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year **	1,41,78,000	1,25,16,000
Expected Return on Plan Assets	11,70,000	10,55,000
Contributions	10,00,000	18,00,000
Benefit Paid	(18,30,000)	(20,10,000)
Actuarial (loss)/gain on Plan Assets	(11,70,000)	(3,96,000)
Fair value of plan assets at the end of the year	<u>1,33,48,000</u>	<u>1,29,65,000</u>
(III) Actual Return on Plan Assets		
Actuarial (gain)/loss on obligations	(9,72,000)	(53,80,000)
Actuarial loss/(gain) on Plan Assets	11,70,000	3,96,000
Actual Return on Plan Assets	<u>1,98,000</u>	<u>(49,84,000)</u>
(IV) Amount Recognised in the Balance Sheet		
Liability at the end of the year	1,51,08,000	1,48,22,000
Fair Value of Plan Assets at the end of the year	1,33,48,000	1,29,65,000
Amount Recognised in the Balance Sheet	<u>17,60,000</u>	<u>18,57,000</u>
(V) Expenses Recognised in the Income Statement		
Current Service Cost	23,31,000	12,69,000
Interest Cost	11,53,000	15,76,000
Expected Return on Plan Assets	(11,70,000)	(10,55,000)
Net Actuarial (Gain)/loss to be recognised	1,98,000	(49,84,000)
Expense Recognised in P & L	<u>25,12,000</u>	<u>(31,94,000)</u>
(VI) Balance Sheet Reconciliation		
Opening Net Liability **	6,44,000	72,89,000
Expense as above	25,12,000	(31,94,000)
Employers Contribution	(13,96,000)	(22,38,000)
Amount Recognised in Balance Sheet	<u>17,60,000</u>	<u>18,57,000</u>
(VII) Actuarial Assumptions : For the year		
Discount Rate Current	8.00%	8.00%
Rate of Return on Plan Assets Current	8.50%	8.50%
Salary Escalation Current	8.00%	8.00%
Mortality	LIC(94-96)	LIC(94-96)

* Includes benefit payable to Chlorates Division ex-employees Rs.3,96,000/-

** Includes adjustments of Rs.12,13,000/- made for the Interest accrual for the previous year

Note: In the absence of relevant information from the actuary, the above details do not include composition of plan assets.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2011

16. Segment Information

a) Primary segment reporting (by Business segments)

(i) The Company has considered business segment as the primary segment for disclosure.

These are:

**Chlor Alkali division
Others**

Since the segment results of Chlorates division has exceeded 10% of the combined segment results in the previous year, it had been identified as a reportable segment. Hence comparative figures for the current year are furnished even though this division is not a reportable segment in the current year.

Amount / Rs.

	Chlor Alkali		Chlorates		Others		Total	
	2010 - 2011	2009 - 2010	2010 - 2011	2009 - 2010	2010 - 2011*	2009 - 2010	2010 - 2011	2009 - 2010
	Segment revenue	73,44,70,791	76,23,69,201	-	1,02,08,248	8,41,70,361	13,19,42,790	81,86,41,152
Segment result	10,86,44,410	10,09,21,629	(17,42,264)	(3,05,04,802)	1,56,05,180	3,84,31,069	12,25,07,326	10,88,47,896
Segment assets	81,86,99,012	91,65,43,681	28,75,153	55,53,846	2,84,47,888	10,49,58,529	85,00,22,053	102,70,56,056
Segment liabilities	7,68,55,017	14,62,32,728	1,23,43,898	1,32,80,326	3,13,09,197	3,90,59,807	12,05,08,112	19,85,72,861
Capital expenditure	2,68,42,092	4,68,56,834	-	-	2,91,120	20,34,471	2,71,33,212	4,88,91,305
Depreciation	7,22,06,830	7,20,33,854	1,24,575	38,46,336	28,48,099	38,40,800	7,51,79,504	7,97,20,990

Reconciliation of reportable segments with the financial statements:

	Gross Revenues		Results / Net profit		Assets		Liabilities		Capital Expenditure		Depreciation	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
	Total of reportable segments	81,86,41,152	90,45,20,239	12,25,07,326	10,88,47,896	85,00,22,053	1,02,70,56,056	12,05,08,112	19,85,72,861	2,71,33,212	4,88,91,305	7,51,79,504
Corporate - unallocated	-	-	-	-	21,81,73,753	7,02,61,331	14,74,55,303	16,59,24,959	-	-	-	-
Inter segment	(1,86,59,582)	(3,16,45,261)	(2,25,167)	(32,88,159)	(4,08,03,889)	(4,04,77,121)	(4,08,03,889)	(4,04,77,121)	-	-	-	-
Interest	-	-	(2,55,34,066)	(3,34,08,784)	36,09,948	10,13,010	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
As per financial statements	79,99,81,570	87,28,74,978	9,67,48,093	7,21,50,953	103,10,01,865	105,78,53,276	22,71,59,526	32,40,20,699	2,71,33,212	4,88,91,305	7,51,79,504	7,97,20,990

* includes transactions pertaining to Demerged Undertaking up to November 30, 2010



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2011

17. Related Party Disclosures - As identified by the management and relied upon by the auditors

a) List of Related parties and description of relationship

(i) Parties with Significant influence	Teamco Hitech Engineering Limited Titanium Equipment and Anode Manufacturing company Limited Teamec Chlorates Limited
(ii) Key Management Personnel	Dr.C.H.Krishnamurthi Rao
Relatives of above	Mr. Suresh Krishnamurthi Rao Mrs. K.M.Padma

b) Transactions with related parties :

Nature of transactions	Parties with significant influence			Key Management Personnel and Relatives
	Teamco Hitech Engineering Limited	Titanium Equipment and Anode Manufacturing Company Limited*	Teamec Chlorates Limited	
Purchase of Plant & Machinery	58,47,151 (1,74,32,234)	-	-	
Sales of Plant & Machinery	2,78,460 (8,43,540)	-	(70,28,820)	
Annual maintenance charges	-	66,18,000 (66,18,000)	-	
Royalty Expenses	-	2,63,476 (8,67,573)	-	
Service Charges	16,95,775 (10,97,477)	13,40,000	-	
Lease Rent	2,32,000 (3,48,000)	2,63,476 (7,14,744)	-	
Sales	56,664 (3,31,496)	-	1,10,531	
Purchases	27,027 (27,93,666)	-	-	
Rental Deposit Paid	-	3,00,00,000	-	
Advances paid	-	-	-	
Advances received	-	-	(10,00,000)	
Earnest Money deposit received	-	-	(10,00,000)	
Others	-	-	(10,00,000)	
Outstanding guarantee to Customs	(7,16,742) 50,00,000 (50,00,000)	(17,19,006)	-	
Receivables	-	-	1,10,531	
Payables	-	-	-	
	(95,35,315)	(13,20,350)	(10,00,000)	
Dr.C.H.Krishnamurthi Rao Commission				23,67,408 (25,50,432)
Dividend				14,17,258
Mr.Suresh Krishnamurthi Rao Commission				-
Dividend				6,42,582 (7,00,000)
Mrs.K.M.Padma Dividend				7,82,253
				-
				13,66,390
				-

* Refer Note No.II (6) for transactions during the year relating to the Scheme of Arrangement (Demerger) sanctioned by the Hon'ble High Court of Madras.
Figures in the bracket indicate previous year figures.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2011

18. Operating Leases

The Company has taken on lease certain vehicles during the year under non cancellable operating lease agreements. The rental expense under such operating leases was Rs.28,86,745 /- (Previous Year Rs.20,24,675/-). Future minimum lease payments on non cancellable lease agreements as at March 31, 2011 are as follows :

Particulars	31-March-2011	31-March-2010
	Amount / Rs.	Amount / Rs.
Not later than 1 year	32,20,476	16,39,592
Later than 1 year and not later than 5 years	47,05,943	3,48,293
Total	79,26,419	19,87,885

General description of lease terms:

- (i) Lease rentals are charged on the basis of agreed terms.
- (ii) Assets are taken on lease over a period of 24 to 36 months

19. Earnings per Share

Net Profit for the year has been used as the numerator and number of shares has been used as denominator for calculating the basic and diluted earnings per share.

	Amount / Rs.	
	31-March-2011	31-March-2010
Face Value Per Share	5	5
Net Profit after Tax	9,67,47,265	7,21,50,953
Weighted average Number of Shares	91,71,697	91,71,697
Basic and Diluted Earnings per Share	10.55	7.87

20. DEFERRED TAXATION	Amount / Rs.	
	31-March-2011	31-March-2010
The break up of net deferred tax liability is as under :		
<u>Deferred tax liabilities :</u>		
Timing differences on account of :		
Depreciation on fixed assets	14,84,30,642	16,69,58,595
<u>Deferred tax assets :</u>		
Timing differences on account of :		
Disallowances under Section 43B of the Income tax Act, 1961	9,75,339	10,33,636
Net Deferred Tax Liability	14,74,55,303	16,59,24,959



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2011

21. The interest on fixed loan amounting to Rs.2,23,847 pertains to the interest on term loan availed from Bank of Baroda by the demerged undertaking for the period from 19th November 2010 to 30th November 2010. The loan has been taken over by the resulting company upon demerger.
22. Repairs to Plant and Machinery include stores and spares consumed amounting to Rs.2,61,56,660 (Rs.2,48,64,878/-)
23. **Micro, Small and Medium Enterprises Development Act, 2006**
In accordance with the Notification No. GSR 719 (E) dt 16.11.2007 , issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Development Act 2006. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is still not available, no disclosures have been made in the accounts.
24. The financial statements of the current year have been prepared after considering the results of the Demerged Undertaking upto 30th November, 2010. Hence the figures for the current year are not comparable with those of the previous year.

For and on behalf of the Board of Directors

C. S. Ramesh
Director

Suresh Krishnamurthi Rao
Vice Chairman

Nitin S. Cowlagi
Vice President - Finance

K. Mohamed Ibrahim
Company Secretary

Place : Chennai
Date : 5th April, 2011



25. Information pursuant to the provisions of Part IV of Schedule VI to the Companies act, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details of 1983 State Code
 Balance Sheet Date

II Capital raised during the year (Amount in Rs. Thousands)
 Public Issue Share pending allotment
 Bonus Issue

III Position of Mobilisation and deployment of Funds (Amount in Rs.Thousands)
 Total Liabilities Total Assets
SOURCES OF FUNDS
 Paidup Capital Reserves & Surplus
 Secured Loans Deferred Tax Liability

Application of Funds
 Net Fixed Assets Investments
 Net current Assets
 Accumulated Losses

IV Performance of the Company (Amount in Rs.Thousands)
 Turnover (Gross Revenue) Total expenditure including Depreciation
 Profit/Loss Before Tax Profit/Loss After Tax
 Earning per share in Rs Dividend %

V Generic Names of the three Principal Products/Services of the Company (As per Monetary Terms)
 Item Code (ITC CODE)
 Product Description
 Item Code (ITC CODE)
 Product Description
 Item Code (ITC CODE)
 Product Description

SIGNATURES TO SCHEDULES "1" TO "17" FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

For and on behalf of the Board of Directors

C. S. Ramesh
DirectorSuresh Krishnamurthi Rao
Vice ChairmanNitin S. Cowlagi
Vice President - FinanceK. Mohamed Ibrahim
Company SecretaryPlace : Chennai
Date : 5th April, 2011



chemfab alkalis limited



Chemfab alkalis limited

Regd. Office : 'Team House', GST Salai, Vandalur, Chennai-600 048.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I/We* hereby Record my/our presence at the 28th Annual General Meeting of Chemfab Alkalis Limited on 23rd May, 2011 at 8.30 AM at the Registered Office 'Team House', GST Salai, Vandalur, Chennai-600 048.

..... Full Name of the Shareholder (in block letters) Signature
Folio No. / DP, Client ID	
..... Full Name of the Proxy (in block letters) Signature

Notes:

*Delete if not applicable

- Shareholders who come to attend the meeting are requested to bring their copies of the Annual Report and their proof of identity.
- Shareholders having any queries on accounts are requested to send them 10 days in advance of the date of AGM to the Company to enable it to collect the relevant information.



Chemfab alkalis limited

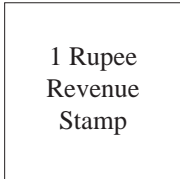
Regd. Office : 'Team House', GST Salai, Vandalur, Chennai-600 048.

PROXY

Folio No. / DP, Client ID

I/We*.....
ofbeing a Member/
Members* of Chemfab Alkalis Limited hereby appoint
of.....or failing him/her.....
.....ofas my/our* Proxy
in my/our* absence to attend and vote for me/us* and on my/our* behalf at the Annual General Meeting of the
Company, to be held at 8.30 AM on 23rd May 2011 and at any adjournment thereof.
As Witness set my/our hand/hands* this day of2011

Signature (s).....



Note : The Proxy must be deposited at the Registered Office of the Company 48 hours before the time fixed for holding the meeting. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

* Delete if not applicable



