



Chemfab Alkalis Limited

Annual Report
2011 - 2012



Dr. C.H. KRISHNAMURTHI RAO
(1940 - 2012)

Founder & Group Chairman
Chemfab-Team Group of Companies



Dr. C. H. Krishnamurthi Rao **07.11.1940 - 19.01.2012**

TECHNOCRAT, INNOVATOR AND A VISIONARY

The many "Firsts" of Dr. C.H.Krishnamurthi Rao

Dr. C.H.Krishnamurthi Rao, Chairman of Chemfab - TEAM Group of Companies and Dr. Rao Holdings Pte Ltd, Singapore, who passed away on Jan 19, 2012 was a technocrat, a visionary and most importantly an extraordinary Innovator.

For the common man, it was the passing of just another Industrialist. Many associate him more with Team " Mineral Water " or his Pondicherry based Chemfab Alkalis Limited. But those closely associated with Dr.Rao remember him more as an Innovator par excellence. An Innovator, who thought from his heart, for the mankind in general and his country India in particular.

It would be a fitting tribute if this great visionary's laurels, achievements and innovations are made known to the world, as it is an impetus for all those budding and enterprising entrepreneurs and technocrats who have the zeal and can contribute their might to this society. Dr.Rao's life is a living example of Corporate Responsibility, which is so much talked about and touted these days.

An Indian born Scientist and Industrial Entrepreneur, Dr.C.H.Krishnamurthi Rao, had over four decades of research experience in the areas of energy conservation, environmental protection, water management and Life Sciences. Dr.Rao who completed his degree in Mechanical Engineering, PSG College of Engineering, Coimbatore, University of Madras, moved on to do his Ph.D in Doctorate of Technology Management at the Birla Institute of Technology and Science, (BITS) Pilani. He also qualified as a P.E from Institution of Engineers India and was awarded fellowship (FNAE) by the Indian National Academy of Engineering. In his career which spanned more than four decades, Dr.Rao had many "firsts" to his credit and received numerous patents and worldwide recognition for the viability of his innovative technologies.

First to introduce Titanium as an import substitute in India.

7-7-77 marked the beginning of an era when India stepped into Titanium Age with the commencement of production of chemical equipment out of Titanium Metal by Titanium Equipment and Anode Manufacturing Co Ltd (TEAM).

About 60% of India's Caustic Soda was produced with TEAM's Titanium Metal Anodes. The grand success of Titanium Metal Anode and coating technology prompted an Australian Company to buy the know-how from TEAM. TEAM was also the first company in India to manufacture equipment out of Titanium. Most of the Titanium Heat Exchangers working in various chemical plants were made by TEAM. One of the greatest contribution to the Soda Ash Industry was the supply of Titanium Heat Exchangers to TATA Chemicals Ltd and Saurashtra Chemicals, situated in Gujarat. Gujarat is a water starved state and had to resort to sea-water cooling and only Titanium Heat Exchangers could meet this challenge.

First to Introduce Membrane Cell Technology, an environment friendly and energy saving technology in India.

It was a time when Japan was hit by the dreaded Miniamata disease and the Japanese government imposed a directive to all caustic soda manufacturers to scrap mercury cells and change over to an alternative system. This led to the birth of membrane process technology. Dr. Rao's Flagship Company, Chemfab Alkalis Ltd (CAL) was the first to introduce Membrane Cell Technology in 1985 in India. Membrane Cell Technology originated in Japan in late 70s as a pollution free substitute to harmful materials like Mercury, Asbestos etc. CAL established India's Membrane Cell Caustic Soda Plant as a substitute to the existing power-guzzling, toxic, 'mercury technology' and commenced production from July, 1985.

The Company was the first in the country to introduce Pollution-free Membrane Cell Technology with total avoidance of mercury and 30% power savings, which became the trendsetter in the Chlor-Alkali Industry. After seeing the successful performance of CAL, the Government of India took a policy decision that "No more Caustic Soda Plant using Mercury Cell will be permitted to expand nor set up. All future Caustic Soda Plants in the country will use only MEMBRANE Cell Technology".

CAL was also the first Company in the country to manufacture Barium Sulphate from solid waste, hold a patent for manufacture of the same. The Company is also the first in the country to get ISO 14001 Certification for its Environmental Management system in the Chlor-Alkali Sector. CAL's outstanding contribution in the field of Environmental protection and energy Conservation, has to its credit, awards given by distinguished Institutions, Government of India and others for its contribution in the field of environmental protection and energy conservation. It is estimated that if all the caustic soda plants in India change over to this technology, the nation will have a power saving of approximately 1 Billion kwh every year besides being saved from the on-slaught of close to 2200 Tonnes of toxic mercury discharge every year.

First to give India its Reverse Osmosis-based Desalination Technology

It was only his concern for the water starved state of Tamil Nadu, especially Chennai that Dr. Rao in the early 1980s put up the country's first 50,000 litres per day RO plant on the Marina beach in Chennai, spending nearly Rs.70 lakhs out of his pocket as a demonstration/proving/production plant. The plant, whose location became a landmark,

caught the attention of the Late Prime Minister Rajiv Gandhi, who made Desalination a part of his 'National Technology Mission for Drinking Water.' This path breaking ambitious project of Team was a grand success. The quality of the water surpassed the norms of W.H.O, validated by Anna University Biotech Lab, King Institute and SISIR Lab in Singapore.

Dr. Rao's dream was to see the creation of a string of desalination plants along the coast of Tamil Nadu, which he said would solve the drinking water problem in the State and also free fresh water for industries. The dream unfortunately died with him and has still not seen the light of the day. A technology, which could have proved a boon to the water starved citizens of this state. Today, almost every plant in middle-east, East and South East has technicians trained by Dr.Rao which is a source of immense satisfaction. Later in March 2010, Dr.Rao was awarded the Life Time Achievement Award for his diligent and path breaking work on desalination. A fitting tribute to a technocrat and master innovator for dedicating a large portion of his life for the cause of water and water preservation.

First to bring in Hollow Fibre Ultra-filtration Membrane (HFUM) Technology to India.

Thanks to the support of Singapore Government, Dr.Rao was encouraged with a grant of 2 million Singapore Dollars from the National Science and Technology Board, Singapore for venturing into the research on Hollow Fibre Ultrafiltration Membranes. Dr. Rao spent another 3 million and within 3 years successfully invented and established and even got the product patented in Singapore.

These membranes are used in recycling of water and in industries to achieve zero discharge. They are used in the pre-treatment of sea water for RO plants. Many industrial boilers use the membranes for removal of colloidal silica. Dr.Rao demonstrated the superiority of HFUM at Chennai Petroleum Corporation Limited (CPCL) for a zero discharge effluent scheme in 2002 by putting up a demonstration plant and operated it for 18 months. On successful proving of the Technology, CPCL was kind enough to place an order for a commercial zero discharge plant.

He founded Membrane Hitec, a one stop shop for desalination for a variety of UF membranes for separation applications including silica removal for boiler feed water.

Dr.C.H.Krishnamurthi Rao's dedication to relate National Priorities to technological Innovation has been approbated through numerous prestigious awards from various distinguished institutions some of which include

- 1.1986 : ICMA Award - For Novel and Complex technology first time in India having widespread impact on Industry & Economy
2. 1987 : CEI Award - For Technology and Innovation
- 3.1988 : FICCI Award - For Excellence & outstanding contribution to Environment preservation and pollution control
4. 1989 : Dupont, USA Award - for Excellent operation of the Ion Exchange Membrane Cell Plant at Pandy for over 4 years without replacement of membrane.
5. 1991 : National Citizen's Award - For Energy Conservation and Environmental protection in the Industrial Sphere

6. 1991 : Indian Institute of Chemical Engineers Award - Lala Shriram National Award for Leadership in Chemical Industry
7. 1992 : Scroll of Honour Award for his outstanding achievements and innovations in technology, thereby making an impact on industry and economy, by PSG College Coimbatore.
8. 1994,1995 & 1996 Ministry of Power Government of India Award - Nation Energy Conservation Award (for three consecutive years)
9. 2002 : CSE's Three Leaves Award - For India's best environmentally clean firm in Caustic Soda Sector
- 10.2010 : INDA Award - For Life Time Achievement for desalination and water reuse.

Dr.C.H.Krishnamurthi Rao also had the distinction of holding various prestigious positions in various public institutions in recognition of his abilities. These include:

1. IDBI - Committee Member Southern Region, 1985-86
2. Director, International Desalination Association, USA, 1991
3. Past President, Alkali Manufacturers Association of India
4. Senate Member, Birla Institute of Technology and Science
5. President, Chamber of Industry, Technology and Environment, Pondicherry
6. President, Society for Advancement of Electro Chemical Science and Technology
7. Committee Member, Development Council, Alkali and Inorganic Industries, Govt. of India
8. Executive Committee member, Small Industries and Business Entrepreneurs Association
9. Committee Member, India-Sri Lanka - South East Chamber of Commerce and Industry
10. Committee Member, Central Research Council: Central Electrochemical Research Institute, Govt. of India Laboratory.
11. Founder President, Indian Desalination Association
12. Fellow of Indian National Academy of Engineering which has distinguished members such as Dr. A.P.J. Abdul Kalam and Dr. R.A. Mashelkar, amongst others.

Blessed are those humans who are born with intellect. Still blessed are those who are born with a vision and the grace of Almighty to fulfill these.

Dr.C.H.Krishnamurthi Rao's engagement with the industry and his various achievements are a stellar example of a dynamic entrepreneur and will continue to be a source of inspiration to CAL and other aspiring technocrats who are born with a vision to take this nation forward.



Chemfab Alkalis Limited

BOARD OF DIRECTORS

Mr. Suresh Krishnamurthi Rao - Vice Chairman
Mr. C. S. Ramesh
Mr. T. Ramabadhran
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@drroaholdings.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@drroaholdings.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@drroaholdings.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 Ninth Annual General Meeting of the Members of the Company will be held on Monday, the 21st May, 2012 at 10.00 AM 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, 2012, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2.To appoint a Director in the place of Mr. Suresh Krishnamurthi Rao, who retires by rotation and being eligible, offers himself for re-appointment
- 3.To appoint a Director in the place of Mr. C.S.Ramesh, who retires by rotation and being eligible, offers himself for re-appointment
- 4.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.”

Place: Chennai
Date : 16th April 2012

By Order of the Board of Directors
K.Mohamed Ibrahim
Company Secretary

Notes :

- 1.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.
- 2.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.
- 3.In terms of Article 33(f) of the Articles of Association of the Company. Mr.Suresh Krishnamurthi Rao and Mr.C.S.Ramesh, 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.
- 4.Members are requested to produce the Attendance Slip, sent along with the Annual Report, duly signed as per the specimen signature recorded with the Company for admission to the Meeting.

5.Members, who hold shares in dematerialised form, are requested to bring their Client ID and DP ID Nos. for easier verification of attendance at the Meeting.

6.The Register of Members and the Share Transfer Books of the Company will remain closed from 12.05.2012 to 21.05.2012 (both days inclusive).

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

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

9.Members are requested to note that any dividend which remains uncashed for a period of seven years will get transferred to Investors Education and Protection Fund in terms of Section 205C of the Companies Act, 1956.

10.Members who have not encashed their dividend warrants declared for the year ended 31st March 2005 and for any financial year thereafter may contact the Company immediately for revalidation of their dividend warrants.

Place: Chennai
Date: 16th April 2012

By Order of the Board of Directors
K.Mohamed Ibrahim
Company Secretary

**DIRECTORS' REPORT**

The Board of Directors are pained to inform the Shareholders of the sudden and sad demise of our beloved Chairman Dr. C. H. Krishnamurthi Rao, on 19.01.2012.

The Board thanks all the Shareholders for the tremendous faith reposed on Chemfab Alkalis Limited, a unique dream project of our beloved chairman, which had made it possible for your Company to achieve various milestones, in this long journey of more than two decades.

All the Staff and Directors of your Company, hereby pledge to follow the ideals and path set by him and achieve greater heights and more milestones in the years to come.

FINANCIAL RESULTS

Your Directors now present the Twenty-Ninth Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

Particulars	Current Year	Previous Year
	31-03-2012 Rs. in lakhs	31-03-2011 Rs. in lakhs
Profit before Interest and Depreciation	1,883	1,998
Less: Interest	17	23
Profit Before Depreciation	1,866	1,975
Less: Depreciation	681	752
Profits before Tax	1,185	1,223
Tax	792	441
Deferred Tax Liability	-354	-185
Net Profits after Tax	747	967
Balance brought forward from previous year	5,606	5,006
Balance available for appropriation	6,353	5,973
Appropriations:		
Proposed Dividend	0	229
Dividend Tax	0	38
General Reserve	0	100
Balance to be carried forward	6,353	5,606

During the year under review, the operations of the Plant, which was ordered to be closed by the Revenue and other Govt Authorities, from 26.01.2011, following a minor Chlorine gas leak, was re-commenced from 10.05.2011, after getting the orders from the High Court of Madras, and consequently from the other Govt Authorities. This along with the intermittent and unscheduled power restrictions and outages, coupled with the downtime due to

Plant equipment maintenance, and total disruption of the operations on account of the cyclone "Thane", for 5 days, has resulted in lower production of 27,661 MT of Caustic Soda Lye during the year as against 30,815 MT production in the last year.

The Salt Division produced only 23,611 MT of Industrial Grade Salt during the last season.

DIVIDEND

Keeping in mind the lower volumes and the resultant lower profitability for the year and the consequent need to conserve the liquid funds of the Company, the Directors have decided not to recommend any Dividend for the year ended 31st March, 2012

FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings: Rs. 53,65,091/-

Outgo : Rs. 84,82,225/-

POWER AND FUEL CONSUMPTION

Particulars	Current Year 31st March 2012	Previous Year 31st March 2011
I. Electricity		
Purchased:		
- Units	7,56,42,728	8,33,58,750
- Total amount/Rs in Lakhs	2,631	2,885
Rate Per Unit [Gross] Rs.	3.48	3.46
Consumption per tonne of electrochemical production - kwh/ac	2,735	2,705
II. Furnace oil		
[a] PURCHASED:		
- Quantity [kl]	412	412
- Total Amount / Rs in Lakhs.	155	109
- Average Rate per KL / Rs.	37,534	26,527
[b] CONSUMPTION:		
- Furnace Oil [KL]	418	418
- Amount / Rs in Lakhs.	154	111
- Amount per KL / Rs.	36,923	26,473

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. Suresh Krishnamurthi Rao
2. Mr. C.S. Ramesh



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 in their report dated 16th April 2012 under the paragraph heading "Basis for Qualified Opinion" have observed that "during the year ended 31st March 2011, the Company had demerged the business and operations relating to Hollow Fibre Filtration Membranes, Packaged Drinking and Energy Water, Health Shoppe (Demerged Undertaking) into Titanium Equipment and Anode Manufacturing Company Limited with effect from 1st December 2010. The necessary disclosures as required under Accounting Standard 24 - Discontinuing Operations pertaining to the demerger were not made in the financial statements for the year ended 31st March 2011. Our audit opinion on the financial statements for the year ended 31st March 2011 was modified accordingly. Our opinion on the current year's financial statements is also modified because of the effect of this matter on the comparability of the current year's figures and the corresponding figures".

With reference to the above, the Board of Directors wish to clarify that the non-disclosure of the corresponding previous year figure for the purpose of comparability has no effect on the current financial reporting. Further the Board of Directors wish to mention that the necessary clarification in this regard was given in the Directors Report for the year 2010 - 11, which is self-explanatory.

COST AUDITOR

In conformity with the directives of the Central Government, the Company has appointed Sri. V. Kalyanaraman, Cost Accountant, No:4, 2nd Street, North Gopalapuram, Chennai – 600 086, as the Cost Auditor under Section 233B of the Companies Act, 1956, for the audit of cost accounts for the chemicals manufactured by the company for the year ending 31st March 2012. For the year ended 31st March 2011, the due date of filing the cost audit report was 30th September 2011, and the actual date of filing the cost audit report was 29th August 2011.

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 in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to 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 that period;

(iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities 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.

The Company has a sophisticated laboratory qualified by DuPont, USA for the analysis of chlor alkali brine. Brine from various chlor alkali industries in India is 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 attached 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

Place : Chennai C. S. Ramesh Suresh Krishnamurthi Rao
Date : 16th April, 2012 Director Vice Chairman



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, 2012.

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 05.04.2011, 23.04.2011, 11.07.2011, 10.10.2011, 11.01.2012 and 27.01.2012 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 14.05.2011 to 23.05.2011, 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 31.03.2011 was held on 23.05.2011, 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.

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 26.05.2011 which was within five days from the date of declaration of such dividend.

(iii) paid/posted warrants for dividends to all the members on 17.06.2011 which was within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividends have been transferred to Unpaid Dividend Account of the Company with the State Bank of India on 29.06.2011.

(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 Wholetime 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 Company has not borrowed any money.

25.The Company has not made any Investment / 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 : 16th April, 2012.

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 : 16th April, 2012

ANNEXURE - B

Forms and Returns as filed by the Company with the Registrar of Companies during the Financial Year ended on 31st March, 2012

1. Form 17 filed on 23.04.2011 under Section 138 of the Act. No Delay
2. Form I – uploaded on 27.05.2011 under Section 205C of the Act
3. Form 23 filed on 27.05.2011 under Section 309(4) and 309 (7) of the Act. No Delay
4. Form 66 filed on 28.05.2011 under Section 383A of the Act. No Delay
5. Annual Return made up to 23.05.2011 – Form 20B uploaded on 17.06.2011 under Section 159 of the Act. No Delay.
6. Cost Audit Report – Uploaded on 29.08.2011
7. Balance Sheet and Profit and Loss Account in respect of the Financial year 2010-11 - Forms 23AC XBRL and 23ACA XBRL uploaded on 30.11.2011 under Section 220 of the Act. No Delay.
8. Form I – uploaded on 09.01.2012 under Section 205C of the Act
9. Return in Form 32 filed on 15.02.2012 under Section 303 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, 2012.

- 01 Form 23C filed on 23.04.2011 under Section 233B of the Act. No Delay

Signature : Sd/-

Name of the Company Secretary : K.Rajagopalan

Place : Chennai

Date : 16th April, 2012.



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 and catering to the requirements of a wide spectrum of manufacturing industries. The financial year 2011-12 was a challenging year for the industry due to mismatch in Caustic/Chlorine demand resulting in lower capacity utilisations and increased cost due to higher energy costs. However industry was able to pass on the costs to the customers.

OPPORTUNITIES AND THREATS

During the year 2011–2012, international caustic prices prevailed at an higher level due to high energy costs and lower chlorine realisations. The caustic international prices ranged between USD 350-380/MT CIF in the first half and around USD 450-500/MT CIF in the second half of the year.

Higher international caustic prices, depreciation of Indian rupee against US dollar and low chlorine derivatives realisations from Q2 of FY 11-12, resulted in higher domestic Caustic prices and weak chlorine prices.

No major capacity expansions happened in 2011-12 and the country capacity remained almost static at around 3.25 million TPA. Due to lower chlorine demand capacity utilisation levels was only around 75-80% levels.

There is robust demand growth happening in caustic with few Alumina plants lined up for commissioning during 2012-13. Therefore outlook for caustic looks very favourable however chlorine demand outlook does not look so encouraging as the demand growth is slower than Caustic demand growth. This mismatch will impact caustic production in the coming year as well.

Manufacturing costs are also set to increase due to higher energy cost and hence although ECU realisations are expected to be higher in 2012-13, the profitability may not improve substantially.

OUTLOOK

The demand for caustic continues to grow at a healthy pace. Higher energy costs have resulted in higher manufacturing costs and hence higher product prices. In the domestic market the demand gap between Caustic and chlorine is set to widen due to faster growth in caustic demand, which will affect the capacity utilisation levels of merchant chlorine sellers.

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.

Besides, the Company has an Audit Committee, comprising Non Executive Directors, to monitor the financial management, operations and systems.

The Company has obtained certification for ISO 14001 and OSHAS 18001 systems to take care of critical operational areas. It 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 bodies and 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 181 persons and indirect employment to 307 persons.

CAUTIONARY STATEMENT

The Statements made in this Report on Management Discussion and Analysis, describing the Company's views may be forward looking statements 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
Vice Chairman

Place: Chennai
Date : 16th April, 2012



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
Vice Chairman

Place : Chennai

Date : 16th April, 2012

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH, 2012

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 Five members, all of whom are Non-Executive Directors.

The Company is Board-managed and hence, it has no Managing Director, Whole-Time Director or Manager as defined in the Companies Act, 1956.

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	3	Present	NIL	NIL	NIL
Mr. Suresh Krishnamurthi Rao	Non Executive Vice Chairman	6	Absent	1	NIL	NIL
Mr. C S Ramesh	Non Executive	6	Present	NIL	NIL	NIL
Mr.T.Ramabhadran	Non Executive Independent	5	Present	1	NIL	NIL
Mr.J.Venkataraman	Non Executive Independent	0	Absent	1	NIL	NIL
Mr.N.Ganga Ram	Non Executive Independent	5	Absent	4	2	1

* till 19th January, 2012 when he passed away.

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

During the financial year 2011-2012, six meetings of the Board of Directors were held on: 05.04.2011, 23.04.2011, 11.07.2011, 10.10.2011, 11.01.2012 and 27.01.2012

C. Disclosures regarding Directors' Reappointment

At the ensuing Annual General Meeting, Mr.Suresh Krishnamurthi Rao, Non-Executive Vice Chairman and Mr.C.S.Ramesh Non-Executive Director, retire by rotation, and being eligible for re-election offering their services. Brief particulars of these Directors are given below.



- i) Mr. Suresh Krishnamurthi Rao, 40 years, a Graduate in Management, has over 16 years of experience of being a Senior Management Team Member.

Mr. Suresh Krishnamurthi Rao, holds Directorship in the following Companies.

- Titanium Equipment and Anode Manufacturing Company Limited
- Dr. Rao Holdings Pte Ltd

Committee position in Chemfab Alkalis Limited :
Member, Shareholders' Grievances Committee

- ii) Mr. C.S.Ramesh, 67 years, is a Member of the Institute of Chartered Accountants of India with 45 years of experience in the areas of Finance, Taxation, Auditing and Management. Mr. C.S.Ramesh does not hold Directorship in any other Company.

Committee position in Chemfab Alkalis Limited :
Member, Audit Committee, Corporate Governance, Shareholders' Grievances and Share Transfer 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.Ramabadhran
- b. Mr. C.S.Ramesh
- c. Mr.J.Venkataraman
- d. Mr.N.Ganga Ram

Mr.T.Ramabadhran 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 2011-12, the Audit Committee Meetings were held on:

05.04.2011, 11.07.2011, 10.10.2011 and 10.01.2012.

Attendance of Members of the Audit Committee Meeting held during the Year:

Name of the Director	Number of Meetings Held	Number of Meetings Attended
Mr. T. Ramabadhran	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 Board-managed and has no Managing Director or Wholtime Director or Manager.

NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES

Details of sitting fees and of commission paid 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	15.35	15.35
2. Mr. Suresh Krishnamurthi Rao	0.00	5.00	5.00
3. Mr. C. S. Ramesh	1.05	5.00	6.05
4. Mr. T. Ramabadhran	1.25	1.50	2.75
5. Mr. J. Venkataraman	0.00	0.00	0.00
6. Mr. N. Ganga Ram	1.40	1.50	2.90
TOTAL	3.70	28.35	32.05

It may be noted that the commission of Rs.28.35 lakhs as above relates to the year 2010-11 actually paid in the year 2011-12. For the year ended 31st March 2012, 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.35,56,242.

5. SHAREHOLDERS/INVESTORS' GRIEVANCES COMMITTEE

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



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

During the Financial Year 2011-12, the Committee met on: 05.04.2011, 07.07.2011, 11.07.2011, 10.10.2011, and 11.01.2012.

During the year 2011-12, 11 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
2008-09	Registered Office	30-04-2009	09.00 hrs	-----
2009-10	Registered Office	07-05-2010	08.30 hrs	-----
2010-11	Registered Office	23-05-2011	08.30 hrs	-----

- During the year 2011-12, the Company had not passed any Special Resolution by Postal Ballot.
- 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 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 as also to help the Company 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 Board managed and there is no Managing/Wholetime Director/Manager. The Board of Directors have 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 the Company Secretary, authorised by the Board, is given 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 Board managed 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 published by the Company in Newspapers as required. 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: ibrahimcal@draaholdings.com
website: www.chemfabalkalis.com

ii. 29th ANNUAL GENERAL MEETING

Day : Monday
Date : 21st May, 2012
Time : 10.00 A.M
Venue : Registered Office

iii. TENTATIVE FINANCIAL CALENDAR

The next Financial Year covers the period from 1st April 2012 to 31st March 2013.



Particulars	Qtr/Year	Period	Expected date of completion
Financial Results for the	1 st Quarter ending	30 th June, 2012	30.06.2012
	2 nd Quarter ending	30 th September, 2012	30.09.2012
	3 rd Quarter ending	31 st December, 2012	31.12.2012
Audited Financial Results for the	Year ending	31 st March, 2013	31.03.2013

iv. DATE OF BOOK CLOSURE : 12.05.2012 to 21.05.2012 (both days inclusive)

v. 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 2011-12.

Stock code : 506894 [BSE] CHEMFALKAL [NSE]
 DEMAT ISIN Nos. : INE479E01028

vi. MARKET PRICE DATA

The High and Low stock quotations during the financial year 2011-12 on BSE and NSE are as under:

Month	BSE		NSE	
	High	Low	High	Low
April 2011	61.70	53.75	60.80	52.75
May 2011	59.40	45.25	59.95	43.00
June 2011	49.95	43.85	50.00	43.10
July 2011	50.50	44.25	50.00	45.00
August 2011	48.90	38.70	47.95	38.50
September 2011	48.80	41.00	46.00	42.00
October 2011	48.85	41.55	49.50	41.40
November 2011	48.00	38.55	48.05	39.00
December 2011	47.85	41.00	47.00	40.50
January 2012	49.95	42.55	49.40	41.75
February 2012	49.80	42.90	50.95	41.70
March 2012	47.95	41.15	48.90	40.75

vii. 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

viii. SHARE TRANSFER SYSTEM

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

ix. (a) DISTRIBUTION OF SHAREHOLDINGS

SHAREHOLDINGS OF NOMINAL VALUE		SHAREHOLDERS		SHARE AMOUNT	
Rs.	Rs.	Number	% TO TOTAL	Rs.	% TO TOTAL
5	5000	5107	93.69	5223115	11.40
5001	10000	175	3.21	1353635	2.95
10001	20000	89	1.63	1324865	2.89
20001	30000	31	0.57	772120	1.68
30001	40000	13	0.24	465355	1.01
40001	50000	12	0.22	570600	1.24
50001	100000	16	0.29	1102190	2.40
100001	And above	8	0.15	35046605	76.43
TOTAL		5451	100.00	45858485	100.00

ix. (b) SHAREHOLDING PATTERN

Category	Equity Shares Nos.	% of Col 2
Promoters	6878326	74.99
Financial Institutions	500	0.01
Trust	210	0.00
Mutual Funds	9100	0.10
Clearing Members	3783	0.04
Bodies Corporate	174728	1.91
NRI and Foreign Nationals	202355	2.21
Public	1902695	20.74
Total	9171697	100.00

x. 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 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.

xi. 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 on 31.03.2012, 95.61 % have been dematerialised.



xii. OUTSTANDING GDR/ADR WARRANTS OR CONVERTIBLE BONDS

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

xiii. PLANT LOCATION

- Chlor Alkali Division at 'Gnanananda Place', Kalapet, Puducherry 605 014

- Salt Division at Kanthadu Village, Marakanam Post, Villupuram District

xiv. ADDRESS FOR CORRESPONDENCE

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

For CHEMFAB ALKALIS LIMITED

Place : Chennai C. S. Ramesh Suresh Krishnamurthi Rao
Date : 16th April, 2012 Director Vice Chairman

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
Date : 16th April, 2012



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, 2012, 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 statement 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 2012, 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, 16th April, 2012

Membership No. 22156

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHEMFAB ALKALIS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of CHEMFAB ALKALIS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair

view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

During the year ended 31st March, 2011, the Company had demerged the business and operations relating to "Hollow Fibre Ultra Filtration Membranes, Packaged Drinking and Energy Water, Health Shoppe" (Demerged Undertaking) into Titanium Equipment and Anode Manufacturing Company Limited with effect from 1st December 2010. The necessary disclosures as required under Accounting Standard 24 "Discontinuing Operations" pertaining to the demerger were not made in the financial statements for the year ended 31st March 2011. Our audit opinion on the financial statements for the year ended 31st March 2011 was modified accordingly. Our opinion on the current year's financial statements is also modified because of the effect of this matter on the comparability of the current year's figures and the corresponding figures.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis of Qualified Opinion paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

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



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

Emphasis of Matter

We draw attention to Note 29 to the financial statements regarding non provision of incremental fuel surcharge levy by the Electricity Department, Puducherry as the Company has preferred an Appeal before the Appellate Tribunal for Electricity against this levy and has obtained an interim stay for further payment of the levy. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1.As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2.As required by Section 227(3) of the Act, we report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

(e) On the basis of the written representations received from the directors as on 31st March, 2012 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1) (g) of the Act.

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

Bhavani Balasubramanian
Partner

Chennai, 16th April, 2012

Membership No. 22156

ANNEXURE TO THE AUDITORS' REPORT (Referred to in our report of even date)

(i) Having regard to the nature of the Company's business/activities/result, clauses 4(vi), 4(x), 4(xi), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xvi), 4(xviii), 4(xix) and 4(xx) of CARO are not applicable.

(ii) 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.

(iii) In respect of its inventory:

(a) As explained to us, the 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 the 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.

(iv) 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.

(v) 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 of special 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. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) 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 in 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.

(vii) 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.

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

(ix) 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, 2012 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, 2012 on account of disputes are given below:

Name of the 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- Chennai	2003-04	57,939
Central Excise Act	Cenvat and Service Tax Credit availment	Commissioner (Appeals), Chennai	April 2006 to October 2011	31,42,572

(x) 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.

(xi) 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
Membership No. 22156

CHENNAI, April 16, 2012

**BALANCE SHEET AS AT 31st MARCH 2012**

Particulars	NOTE No.	As at 31-March-2012 Rupees	As at 31-March-2011 Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	2	4,58,58,485	4,58,58,485
(b) Reserves and Surplus	3	83,27,25,650	75,79,83,854
(2) Non-current liabilities			
(a) Deferred tax liabilities (Net)	4	11,20,54,900	14,74,55,303
(b) Long-term provisions	5	8,22,100	8,27,000
(3) Current liabilities			
(a) Trade payables	6	5,24,20,358	1,83,61,812
(b) Other current liabilities	7	3,79,03,652	3,16,91,835
(c) Short-term provisions	8	3,65,77,489	2,88,46,503
TOTAL		111,83,62,634	103,10,24,792
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	59,53,33,316	67,12,36,571
(ii) Capital work-in-progress		1,78,28,439	1,37,32,260
(b) Non-current investments	10	33,148	33,148
(c) Long-term loans and advances	11	4,91,74,087	4,90,42,093
(2) Current Assets			
(a) Current Investments	12	23,92,07,318	21,81,40,605
(b) Inventories	13	4,40,82,698	4,23,40,902
(c) Trade receivables	14	9,03,49,724	1,37,20,804
(d) Cash and cash equivalents	15	3,06,84,140	73,59,138
(e) Short-term loans and advances	16	5,16,69,764	1,54,19,271
TOTAL		111,83,62,634	103,10,24,792
Significant Accounting Policies	1		

See accompanying notes forming part of financial statements

In terms of our report attached

**For Deloitte Haskins & Sells
Chartered Accountants**

For and on behalf of the Board of Directors

**Bhavani Balasubramanian
Partner****C. S. Ramesh
Director****Suresh Krishnamurthi Rao
Vice Chairman****Place : Chennai
Date : 16th April, 2012****Nitin S. Cowlagi
Vice President - Finance****K. Mohamed Ibrahim
Company Secretary**



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2012

Particulars	Note No	Year Ended 31-March-2012 Rupees	Year Ended 31-March-2011 Rupees
I Revenue from operations (Gross)	17	84,18,33,761	87,05,30,455
Less : Excise Duty		7,66,61,141	7,05,48,885
Revenue from operations (Net)		<u>76,51,72,620</u>	<u>79,99,81,570</u>
II Other Income	18	2,57,63,826	2,56,38,291
III Total Revenue (I+II)		<u>79,09,36,446</u>	<u>82,56,19,861</u>
IV Expenses			
Cost of materials consumed	19	7,49,62,988	7,27,31,415
Purchases of stock in trade	20	1,75,91,874	5,31,62,062
Change in inventories of finished goods and work in progress	21	(99,48,973)	(58,49,828)
Other Direct manufacturing expenses	22	29,26,53,904	31,58,10,584
Employee benefits expenses	23	6,96,00,399	6,80,52,352
Finance cost	24	16,59,499	22,81,273
Depreciation and amortisation expenses		6,80,68,917	7,51,79,504
Other expenses	25	15,78,06,445	14,97,49,896
Total expenses		<u>67,23,95,053</u>	<u>73,11,17,258</u>
V Profit before Exceptional item and tax (III-IV)		11,85,41,393	9,45,02,603
VI Exceptional item : Demerger Surplus		-	2,77,78,728
VII Profit before tax (V+VI)		<u>11,85,41,393</u>	<u>12,22,81,331</u>
VIII Less : Tax expenses			
1) Current tax		4,98,00,000	4,09,50,000
2) Tax relating to prior years		2,94,00,000	30,53,722
3) Deferred tax		(3,54,00,403)	(1,84,69,656)
IX Profit for the year (VII-VIII)		<u>7,47,41,796</u>	<u>9,67,47,265</u>
X Earnings per share (of Rs.5/- each)			
(a) Basic		8.15	10.55
(b) Diluted		8.15	10.55
Significant Accounting Policies	1		
See accompanying notes forming part of financial statements			
In terms of our report attached		For and on behalf of the Board of Directors	
For Deloitte Haskins & Sells		Suresh Krishnamurthi Rao	
Chartered Accountants		Vice Chairman	
Bhavani Balasubramanian		C. S. Ramesh	
Partner		Director	
Place : Chennai		Nitin S. Cowlagi	
Date : 16th April, 2012		Vice President - Finance	
		K. Mohamed Ibrahim	
		Company Secretary	



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	Year Ended 31-March-2012 Rupees	Year Ended 31-March-2011 Rupees
A. Cash flow from Operating Activities		
Net Profit Before Tax	11,85,41,393	12,22,81,331
Adjustment for:		
Depreciation	6,80,68,917	7,51,79,504
Demerger surplus	-	(2,77,78,728)
Finance Costs	2,897	2,25,167
Interest Income	(17,73,920)	(11,76,822)
Dividend Income	(97,798)	-
Bad debts written off	-	1,41,516
Provision for compensated absences	1,88,500	(1,05,000)
Investments Written Off	-	15,000
Loss on sale of fixed assets (net)	95,89,503	21,24,055
Liability no longer required written back	(8,82,368)	(71,73,963)
Unrealised Exchange Variation (Net)	9,26,946	7,67,554
Operating Profit before Working Capital changes	19,45,64,070	16,44,99,614
(Increase) / Decrease in Trade Receivables	(7,66,50,162)	5,34,27,830
(Increase) in Other Receivables	(4,03,10,301)	(13,91,433)
(Increase) in Inventories	(17,41,796)	(1,05,37,700)
Increase / (Decrease) in Trade Payables and Other Payables	3,58,15,056	(5,21,19,608)
Changes in Working Capital	(8,28,87,203)	(1,06,20,911)
Cash generated from Operations	11,16,76,867	15,38,78,703
Taxes Paid, net of refund	(4,04,22,383)	(4,58,36,002)
Net Cash generated from Operating Activities	7,12,54,484	10,80,42,701
B. Cash flow from Investing Activities		
Capital Expenditure	(1,82,35,619)	(4,08,64,161)
Proceeds from Sale of Fixed Assets	1,67,42,032	9,46,246
Proceeds from Sale of Short Term Investments	1,67,44,298	-
(Increase) / Decrease in Bank balances considered as Cash and cash equivalents	(6,06,931)	35,39,579
(Increase) / Decrease in Bank balances included in Other Non Current Assets	(1,61,500)	-
Interest Received	14,15,142	10,15,100
Net Cash used in Investing Activities	1,58,97,422	(3,53,63,236)
C. Cash flow from Financing Activities		
Interest Paid to Financial Institutions	(2,897)	(2,25,167)
Unclaimed Dividend, Dividend Paid/remitted, including Dividend Tax	(2,67,27,603)	(2,67,09,110)
Proceeds from Short Term Loan	-	8,02,23,562
Net Cash (used in) / generated from Financing Activities	(2,67,30,500)	5,32,89,285
D. Net Increase / (Decrease) in Cash & Cash Equivalents	6,04,21,406	12,59,68,750
E. Cash & Cash Equivalents (Opening) as on 1st April 2011 / 1st April 2010	20,59,89,015	8,40,73,233
F. Cash & Cash Equivalents transferred on demerger	-	(40,52,968)
G. Cash and Cash Equivalents (Closing)	26,64,10,421	20,59,89,015
Reconciliation of Cash and Cash equivalents with the Balance Sheet :		
Cash and cash equivalents as per balance sheet (Refer Note 15)	3,06,84,140	73,59,138
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		
- Deposits under Lien	(18,41,072)	(12,34,141)
- Unpaid Dividend Account	(16,39,965)	(16,30,087)
Net Cash and Cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 15	2,72,03,103	44,94,910
Add : Current Investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)	23,92,07,318	20,14,94,105
Cash and cash equivalents at the end of the year	26,64,10,421	20,59,89,015
In terms of our report attached		
For Deloitte Haskins & Sells	For and on behalf of the Board of Directors	
Chartered Accountants	C. S. Ramesh	Suresh Krishnamurthi Rao
Bhavani Balasubramanian	Director	Vice Chairman
Partner	Nitin S. Cowlagi	K. Mohamed Ibrahim
Place : Chennai	Vice President - Finance	Company Secretary
Date : 16th April, 2012		



NOTES FORMING PART OF FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

a. 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.

b. 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.

c. 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 and Stores and Spares – 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.

d. 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 are disclosed as “Capital Advances” under Long Term Loans and Advances and cost of fixed assets not ready to use before such date are disclosed under “Capital Work- in- Progress”.



NOTES FORMING PART OF FINANCIAL STATEMENTS

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.

e. 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.

f. 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.

g. 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.

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

h. 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.

i. INVESTMENTS

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current Investments are stated at lower of cost and fair value. Long term investments are stated at cost of acquisition. Provision for diminution is made when such diminution is considered other than temporary in nature. Valuation is determined on the basis of each category of investments.



NOTES FORMING PART OF FINANCIAL STATEMENTS

j. 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. The actuarial gains/losses are immediately recognized in the statement of profit and loss.

SHORT TERM BENEFITS

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

k. 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.

l. SEGMENT REPORTING

- (i) The accounting policies adopted for segment reporting are in line with the accounting policies of the company.
- (ii) Revenue and expenses are 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, are been included under unallocated corporate expenses.



NOTES FORMING PART OF FINANCIAL STATEMENTS

m. LEASES:

Leases are classified as finance or operating leases depending upon the terms of the lease agreements.

Finance leases

Finance leases, which effectively transfer substantially all the risks and benefits incidental to the ownership of the leased item, are capitalised at the lower of the fair value or present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and the reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income.

Operating leases

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

n. 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.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	As at 31-March-2012	As at 31-March-2011
	Rs	Rs
2. Share Capital AUTHORISED		
3,20,00,000 (P.Y. 3,20,00,000) Equity Shares of Rs 5/- each	16,00,00,000	16,00,00,000
51,00,000 (P.Y. 51,00,000) Equity Shares of Rs 10/- each	5,10,00,000	5,10,00,000
	<u>21,10,00,000</u>	<u>21,10,00,000</u>
4,000 (P.Y. 4,000) 11% Redeemable Cumulative Preference Shares of Rs 100/-each	4,00,000	4,00,000
	<u>21,14,00,000</u>	<u>21,14,00,000</u>
 ISSUED SUBSCRIBED AND FULLY 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	<u>4,58,58,485</u>	<u>4,58,58,485</u>
 (a) Reconciliation of Number of Shares		
Shares outstanding as at 1st April 2011 / 1st April 2010	91,71,697	91,71,697
Shares outstanding as at 31st March 2012 / 31st March 2011	91,71,697	91,71,697
 (b) List of shareholders holding more than 5% of the total number of shares issued by the Company :		
Name of the share holder		
Dr Rao Holdings Pte Ltd	45,71,468	45,71,468
Titanium Equipment and Anode Manufacturing Company Limited	8,80,458	8,80,458
Dr. C.H. Krishnamurthi Rao(*)	5,66,903	5,66,903
Mrs.K.M. Padma	5,46,556	5,46,556
 (*) Dr. C.H. Krishnamurthi Rao passed away on 19th January 2012 and the Registration of nomination of Shares is under process.		
The Company has issued only one class of equity shares having a par value of Rs. 5 per share. Each holder of Equity Share is entitled to one vote per share. The Company declares dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.		



NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As at 31-March-2012	As at 31-March-2011
	Rs	Rs
3. Reserves and Surplus		
(a) Capital Reserves		
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
(b) Capital Redemption Reserve	6,000	6,000
(c) General Reserve		
Opening Balance	19,32,88,211	18,32,88,211
Add: Transfer from surplus in the Statement of Profit and Loss	-	1,00,00,000
Closing Balance	19,32,88,211	19,32,88,211
(d) Surplus in statement of Profit and Loss		
Opening Balance	56,06,22,993	50,06,13,231
Add: Profit for the year	7,47,41,796	9,67,47,265
	63,53,64,789	59,73,60,496
Less: Appropriations		
- Transfer to General Reserve	-	1,00,00,000
- Proposed Dividend - Rate per share NIL (P.Y. Rs 2.50 per share)	-	2,29,29,243
- Corporate Dividend Tax	-	38,08,260
Closing Balance	63,53,64,789	56,06,22,993
Total	83,27,25,650	75,79,83,854



NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As at 31-March-2012	As at 31-March-2011
	Rs	Rs
4. Deferred Tax Liabilities (Net)		
a. Deferred Tax Liabilities		
- Depreciation on fixed assets	11,30,68,644	14,84,30,642
b. Deferred Tax Assets		
- Employee benefits	10,13,744	9,75,339
Net Deferred Tax Liabilities	11,20,54,900	14,74,55,303
5. Long-term provisions		
Provision for Employee Benefits		
- Provision for compensated absences	8,22,100	8,27,000
Total	8,22,100	8,27,000
6. Trade payables		
Trade payables (Refer Note No.41)	5,24,20,358	1,83,61,812
Total	5,24,20,358	1,83,61,812
7. Other current liabilities		
Unpaid Dividend*	16,29,853	16,10,075
Other payables	3,62,73,799	3,00,81,760
Total	3,79,03,652	3,16,91,835
* These amounts represent warrants issued to shareholders which remained unrepresented as on 31st March 2012		
Other payables pertains to:		
(i) Statutory liabilities	27,99,237	13,61,574
(ii) Creditors for Capital Goods	1,74,04,958	1,30,47,201
(iii) Others	1,60,69,604	1,56,72,985
8. Short-term provisions		
Provision for Employee Benefits		
- Provision for compensated absences	23,02,400	21,09,000
Provision for Taxation (Net of Advance Tax of Rs. 38,67,15,976/-)	3,42,75,089	-
Proposed dividend	-	2,29,29,243
Tax on proposed dividend	-	38,08,260
Total	3,65,77,489	2,88,46,503



NOTES FORMING PART OF FINANCIAL STATEMENTS

Amount in Rupees

9. Fixed Assets

Description of Assets	Gross Block						Depreciation				Net Block	
	As at 01-April-2011	Additions during the Year	Deletions during the Year	Transfer on Demerger	As at 31-March-2012	As at 01-April-2011	For the Year	Deletions during Year	Transfer on Demerger	As at 31-March-2012	As at 31-March-2012	As at 31-March-2011
TANGIBLE ASSETS												
Land	2,15,16,875	-	-	-	2,15,16,875	-	-	-	-	-	2,15,16,875	2,15,16,875
Buildings	8,59,52,803	-	-	-	8,59,52,803	25,88,087	-	-	-	2,83,47,127	5,76,05,676	6,01,93,763
Plant and Equipment	1,31,31,04,786	1,42,72,664	3,95,04,889	-	1,28,78,72,561	6,34,49,643	1,41,15,087	-	-	78,57,28,819	50,21,43,742	57,67,10,523
Furniture and Fixtures	1,11,39,148	3,41,124	-	-	1,14,80,272	4,96,211	-	-	-	72,49,591	42,30,681	43,85,768
Vehicles	49,90,575	16,98,003	13,91,712	-	52,96,866	5,31,409	6,44,185	-	-	18,72,012	34,24,854	30,05,787
Office Equipment	1,68,42,306	21,85,406	36,53,470	-	1,53,74,242	1,14,18,451	34,59,264	-	-	89,62,754	64,11,488	54,23,855
Total	1,45,35,46,493	1,84,97,197	4,45,50,071	-	1,42,74,93,619	78,23,09,922	6,80,68,917	1,82,18,536	-	83,21,60,303	59,53,33,316	67,12,36,571
Previous year	1,51,55,29,998	2,71,33,212	89,52,211	8,01,64,506	1,45,35,46,493	74,60,27,918	7,51,79,504	58,81,906	3,30,15,594	78,23,09,922	67,12,36,571	76,95,02,080



NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As at 31-March-2012	As at 31-March-2011
	Rs	Rs
10. Non-Current Investments		
Non trade, Quoted - At cost - Fully paid up		
Investment in Equity Instruments of Other entities		
281 (P.Y. 281) Equity Shares of Rs.10/- each of Summit Securities Ltd.	20,700	20,700
500 (P.Y. 500) Equity Shares of Rs.10/- each of De Nora India Ltd.	6,850	6,850
300 (P.Y. 300) Equity Shares of Rs.10/- each of Sree Rayalaseema Alkalis & Allied Chemicals Ltd	1,095	1,095
450 (P.Y. 450) Equity Shares of Rs.5/- each of Kanoria Chemicals Ltd.	2,408	2,408
Investment in Preference Shares of Other entities		
300 (P.Y. 300) 0.01% Cumulative Preference Shares of Rs.10/- each of Sree Rayalaseema Alkalis & Allied Chemicals Ltd	1,095	1,095
Other non-current investment - Unquoted in Government Securities - National Savings Certificate	1,000	1,000
Total	33,148	33,148
Aggregate Cost of quoted investments	32,148	32,148
Aggregate market value of quoted investments	98,644	85,269
Aggregate Cost of Unquoted investments	1,000	1,000
11. Long-term loans and advances		
(Unsecured, considered good)		
(a) Capital advances	5,25,709	15,74,244
(b) Deposits with related parties (Refer Note No 38)	3,00,00,000	3,00,00,000
(c) Deposits with others	1,30,33,060	1,20,14,031
(d) Others*	56,15,318	54,53,818
Total	4,91,74,087	4,90,42,093
*Represents Cash and cash equivalents that are restricted from being exchanged or used to settle a liability for more than 12 months from the Balance Sheet date		



NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As at 31-March-2012	As at 31-March-2011
12. Current Investments (Valued at lower of cost and fair value)	Rs	Rs
Investments in Preference Shares (Unquoted, fully paid-up) Nil (P.Y. 1,66,465) 6% Redeemable Cumulative Preference Shares of Rs.100/- each of Titanium Equipment & Anode Manufacturing Company Limited	-	1,66,46,500
Investments in Mutual Funds (quoted, fully paid-up) 1,66,210 units of Rs 1,003.25 each (P.Y.1,83,19,654 units of Rs 10.03 each) SBI Premier Liquid Fund - Dividend	16,67,50,759	18,37,89,935
11,292 units of Rs 1,675.03 each (P.Y. 10,56,946 units of Rs 16.75 each) SBI Magnum - Institutional Income- Savings- Dividend	1,89,15,057	1,77,04,170
48,76,230 units of Rs 10.98 each (P.Y. NIL) LIC Nomura Liquid Fund	5,35,41,502	-
Total	23,92,07,318	21,81,40,605
Aggregate amount of investments in Mutual Funds		
- Cost	23,92,07,318	20,14,94,105
- Net Asset Value	23,92,07,318	20,14,94,105
13. Inventories (at lower of cost or net realisable value)		
Raw Materials and Chemicals	28,73,605	93,57,681
Finished Goods	2,50,46,750	1,50,97,777
Stores and Spares	1,50,37,899	1,41,87,219
Spares in Transit	5,06,497	30,18,466
Others - Fuel	6,17,947	6,79,759
Total	4,40,82,698	4,23,40,902
14. Trade Receivables		
Unsecured, considered good *	9,03,49,724	1,37,20,804
Total	9,03,49,724	1,37,20,804
* Includes an amount of Rs. 18,76,871 (P.Y. Rs. 10,92,622), outstanding for a period exceeding six months from the date they are due for payment		
15. Cash and Cash Equivalents		
Cash on hand	22,306	82,167
Cheques on Hand	20,992	-
Balance with Banks		
- Current Accounts	2,71,59,805	44,12,743
- Unpaid Dividend Accounts	16,39,965	16,30,087
Other bank balances		
- Margin Money Accounts for bank guarantees and letters of credit	18,41,072	12,34,141
Total	3,06,84,140	73,59,138
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is:	2,72,03,103	44,94,910



NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As at 31-March-2012	As at 31-March-2011
	Rs	Rs
16. Short Term loans and advances (Unsecured, considered good)		
a) Advances to Related Parties (Refer Note No 38)	3,12,67,407	1,10,531
b) Others		
(i) Advances recoverable in cash or in kind or for value to be received	1,38,95,596	56,43,964
(ii) Deposits	18,74,973	21,05,916
(iii) Balance with Central Excise Authorities	46,31,788	39,48,912
(iv) Advance Income Tax and Tax Deducted at Source (Net of provision for tax Rs. NIL, P.Y Rs.34,17,91,065)	-	36,09,948
Total	5,16,69,764	1,54,19,271
Particulars	Year ended 31-March-2012	Year ended 31-March-2011
	Rs	Rs
17. Revenue from Operations		
Manufactured goods		
Caustic Soda Lye	58,26,66,356	46,93,90,798
Chlorine	11,37,30,064	14,02,90,534
Others	12,43,41,039	20,56,44,537
Total - Sale of manufactured goods	82,07,37,459	81,53,25,869
Traded goods		
Caustic Soda Lye	3,25,963	-
Chlorine	1,64,00,871	10,95,794
Others	43,69,468	5,41,08,792
Total - Sale of traded goods	2,10,96,302	5,52,04,586
Total	84,18,33,761	87,05,30,455
18. Other Income		
Interest Income:		
- Interest from Fixed Deposits	13,58,502	11,76,822
- Other Interest	4,15,418	-
Commission Received	-	33,77,619
Dividend income	1,36,10,857	74,32,444
Liabilities no longer required written back	8,82,368	71,73,963
Other Non Operating Income (Net of expenses directly attributable Rs.1,76,29,980 (P.Y. NIL)	94,96,681	64,77,443
Total	2,57,63,826	2,56,38,291
Dividend income includes:		
a. Dividend from Long Term Investment	4,750	-
b. Dividend from Current Investment	1,36,06,107	74,32,444



NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	Year ended 31-March-2012	Year ended 31-March-2011
	Rs	Rs
19. Cost of Materials Consumed		
Materials Consumed Comprises of:		
Salt	6,64,85,976	3,91,65,350
Soda Ash	25,90,934	24,65,087
Sulphuric acid	28,36,201	26,71,362
Sodium Sulphite	11,09,821	11,12,512
Barium chloride solution	19,40,056	32,06,803
Barium chloride crystal	-	77,677
Others *	-	2,40,32,624
Total	7,49,62,988	7,27,31,415
* Others include raw materials, components and spare parts, none of which individually accounts for more than 10 % of the total consumption.		
20. Purchase of Traded Goods		
Caustic Soda Lye	8,21,016	4,48,16,694
Chlorine	1,15,19,448	6,73,567
Others *	52,51,410	76,71,801
Total	1,75,91,874	5,31,62,062
* Others include purchases none of which individually accounts for more than 10 % of the total purchases.		
21. Change in inventories of finished goods and work in progress		
Opening Stock		
Work-in-Progress	-	3,77,472
Finished goods	1,50,97,777	1,58,86,065
	1,50,97,777	1,62,63,537
Closing Stock		
Work-in-Progress	-	4,14,400
Finished goods	2,50,46,750	2,16,98,965
	2,50,46,750	2,21,13,365
Increase in inventories of finished goods and work in progress - Total	(99,48,973)	(58,49,828)
22. Other Direct manufacturing expenses		
Power and Fuel	28,52,36,954	30,37,85,119
Labour Charges	74,16,950	1,20,25,465
Total	29,26,53,904	31,58,10,584
23. Employee benefits expenses		
Salaries, Wages and Bonus (Including compensated absences payable on retirement)	5,71,03,338	5,63,52,539
Contribution to Provident and other Funds	85,79,590	61,46,753
Staff Welfare Expenses	39,17,471	55,53,060
Total	6,96,00,399	6,80,52,352



NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	Year ended 31-March-2012	Year ended 31-March-2011
	Rs	Rs
24. Finance cost		
Interest expenses	2,897	2,25,167
Other borrowing costs	16,56,602	20,56,106
Total	16,59,499	22,81,273
25. Other expenses		
Consumption of Stores and spares	3,47,81,163	2,96,25,581
Excise Duty on Stock differential	2,71,309	33,191
Rent	10,80,911	19,07,521
Repairs and Maintenance - Machinery	2,64,25,929	2,51,57,361
- Buildings	25,34,188	30,94,834
Insurance	73,81,062	61,03,397
Rates and Taxes	6,76,653	9,31,446
Travelling Expenses	55,76,685	54,09,582
Auditor's Remuneration		
- Statutory audit	10,00,000	10,00,000
- Certification	-	25,000
- For expenses	49,170	44,700
Commission to Directors	35,56,242	28,35,078
Sitting fees	3,70,000	3,00,000
Commission and Discount on Sales	1,29,46,600	2,54,39,496
Freight charges	1,19,58,107	12,33,675
Advertisement charges	11,04,114	18,97,922
Exchange variation(Net)	7,41,633	13,84,569
Loss on Sale of Assets	95,89,503	21,24,055
Bad debts Written off	-	1,41,516
Miscellaneous Expenses	3,77,63,176	4,10,60,972
Total	15,78,06,445	14,97,49,896



II. NOTES FORMING PART OF FINANCIAL STATEMENTS

26 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 Note 25 “ Others Expenses”

Amount / Rs

27 Commitments

Estimated amount of contracts remaining to be executed and not provided for in these accounts (net of advances) in respect of Purchase of Tangible Fixed Assets

31- Mar - 2012	31- Mar - 2011
3,44,01,113	2,06,76,173

28 Contingent liabilities in respect of

- (a) Guarantees given by the Company to the customs department on behalf of Titanium Equipment and Anode Manufacturing Company Ltd.
- (b) 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.

15,00,000	50,00,000
2,30,81,659	1,03,37,354

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
2	Central Excise Act	Cenvat and Service Tax Credit availment	31,42,572	April, 2006 to October, 2011	Commissioner (Appeals), Chennai
3	Electricity Act, 2003	Levy of Fuel Surcharge (Refer Note 29 below)	1,98,81,148	April, 2010 to October, 2010	Appellate Tribunal for Electricity, New Delhi
			2,30,81,659		

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

29. No provision has been made towards the Incremental Fuel surcharge levy by the Electricity Department, Puducherry, amounting to Rs: 1,98,81,148 for the period from April to October, 2010, as the Company has preferred an Appeal against this levy, before the Appellate Tribunal for Electricity, and has obtained an Interim stay for the payment of the same. The Company is hopeful of a favourable outcome. An amount of Rs.85,20,492/- paid under protest to the concerned authorities are included under Note No 16. ‘Short Term loans and advances’.

30. 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. The Company has not utilised these Cash Credit facilities during the current year and in the previous year.



NOTES FORMING PART OF FINANCIAL STATEMENTS

31. Value of Raw materials, Chemicals and Stores and Spares consumed :

	Amount/ Rs.		Amount/ Rs.	
	31 - Mar - 2012		31 - Mar - 2011	
	Value	%	Value	%
Raw Material and Chemicals:				
Imported	-	-	6,57,259	1
Indigenous	7,49,62,988	100	7,20,74,156	99
Total	7,49,62,988	100	7,27,31,415	100
Stores and Spares :				
Imported	20,89,163	6	68,74,506	23
Indigenous	3,26,92,000	94	2,27,51,075	77
Total	3,47,81,163	100	2,96,25,581	100

	31-March-2012	31-March-2011
	Amount/Rs.	Amount/Rs.
32. Value of imports on CIF basis		
Raw Materials	-	6,57,259
Components, Stores and Spare parts	39,33,335	61,49,439
Capital goods	30,93,011	1,07,95,081
Finished goods	-	3,94,79,038
	70,26,346	5,70,80,817
33. Expenditure in foreign currency (subject to withholding of tax where applicable)		
Travelling expenses	3,82,971	12,487
Subscription / Membership Fee	4,12,155	54,495
Advertisement Charges	-	2,10,490
Professional fees	6,60,753	-
	14,55,879	2,77,472
34. Dividend remitted in foreign Currency		
Number of non- resident Shareholders	3	3
Number of Shares held	52,25,771	52,25,771
Amount remitted	1,30,64,428	1,30,64,428
Year to which relates	2010-11	2009-10
35. Earnings in foreign exchange		
FOB value of exports	53,65,091	56,03,840



NOTES FORMING PART OF FINANCIAL STATEMENTS

36. Employee Benefits		
The Company's obligation towards the Gratuity Fund is a defined benefit plan. The details of actuarial valuation is given below:		
	31-March-2012 Amount/ Rs.	31-March-2011 Amount/ Rs
(I) Change in Benefit Obligation		
Liability at the beginning of the year	1,51,08,000	1,48,22,000
Interest Cost	12,22,000	11,53,000
Current Service Cost	45,20,000	23,31,000
Benefit Paid / Payable *	(6,58,000)	(22,26,000)
Actuarial (gain) on obligations	(15,05,000)	(9,72,000)
Liability at the end of the year	1,86,87,000	1,51,08,000
(II) Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year **	1,46,25,000	1,41,78,000
Expected Return on Plan Assets	12,58,000	11,70,000
Contributions	10,00,000	10,00,000
Benefit Paid	(6,58,000)	(18,30,000)
Actuarial (loss) on Plan Assets	(12,49,000)	(11,70,000)
Fair value of plan assets at the end of the year	1,49,76,000	1,33,48,000
(III) Actual Return on Plan Assets		
Actuarial (gain) on obligations	(15,05,000)	(9,72,000)
Actuarial loss on Plan Assets	12,49,000	11,70,000
Actual Return on Plan Assets	(2,56,000)	1,98,000
(IV) Amount Recognised in the Balance Sheet		
Liability at the end of the year	1,86,87,000	1,51,08,000
Fair Value of Plan Assets at the end of the year	1,49,76,000	1,33,48,000
Amount Recognised in the Balance Sheet	37,11,000	17,60,000
(V) Expenses Recognised in the Income Statement		
Current Service Cost	45,20,000	23,31,000
Interest Cost	12,22,000	11,53,000
Expected Return on Plan Assets	(12,58,000)	(11,70,000)
Net Actuarial loss/(Gain) to be recognised	(2,56,000)	1,98,000
Expense Recognised in P & L	42,28,000	25,12,000
(VI) Balance Sheet Reconciliation		
Opening Net Liability **	4,83,000	6,44,000
Expense as above	42,28,000	25,12,000
Employers Contribution	(10,00,000)	(13,96,000)
Amount Recognised in Balance Sheet	37,11,000	17,60,000
(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/- (P.Y. Rs.3,96,000)		
** Includes adjustments of Rs.12,77,000/- (P.Y. Rs.12,13,000/-) made for the Interest accrual for the previous year		
Note: The information on major categories of plan assets and expected return on each class of plan assets / experience adjustments are not readily available		

NOTES FORMING PART OF FINANCIAL STATEMENTS
37. 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**

	Amount / Rs.					
	Chlor Alkali		Others		Total	
	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011
Segment revenues	76,45,46,943	73,44,70,791	1,52,75,120	8,41,70,361	77,98,22,063	81,86,41,152
Segment results	10,48,63,774	10,37,87,042	69,659	1,12,87,012	10,49,33,433	11,50,74,054
Segment assets	88,82,25,016	81,86,99,014	3,87,12,387	3,13,45,968	92,69,37,403	85,00,44,982
Segment liabilities	9,10,91,564	7,68,55,019	5,01,72,181	4,36,76,022	14,12,63,745	12,05,31,041
Capital expenditure	1,80,47,809	2,68,42,092	4,49,388	2,91,120	1,84,97,197	2,71,33,212
Depreciation	6,71,53,490	7,22,06,830	9,15,427	29,72,674	6,80,68,917	7,51,79,504

Reconciliation of reportable segments with the financial statements:

	Gross Revenues		Results / Net profit		Assets		Liabilities		Capital Expenditure		Depreciation	
	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011
	Total of reportable segments	77,98,22,063	81,86,41,152	10,49,33,433	11,50,74,054	92,69,37,403	85,00,44,982	14,12,63,745	12,05,31,041	1,84,97,197	2,71,33,212	6,80,68,917
Corporate - unallocated	-	-	-	-	23,92,40,466	21,81,73,753	11,20,54,900	14,74,55,303	-	-	-	-
Inter segment	(1,46,49,443)	(1,86,59,582)	-	-	(4,78,15,235)	(4,08,03,891)	(4,78,15,235)	(4,08,03,891)	-	-	-	-
Interest	-	-	(2,897)	(2,25,167)	-	-	-	-	-	-	-	-
Dividend	-	-	1,36,10,857	74,32,444	-	-	-	-	-	-	-	-
Taxes	-	-	(4,37,99,597)	(2,55,34,066)	-	36,09,948	3,42,75,089	-	-	-	-	-
As per financial statements	76,51,72,620	79,99,81,570	7,47,41,796	9,67,47,265	111,83,62,634	103,10,24,792	23,97,78,499	22,71,82,453	1,84,97,197	2,71,33,212	6,80,68,917	7,51,79,504

- b) The company does not have any reportable geographical segments.



NOTES FORMING PART OF FINANCIAL STATEMENTS

38. 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 (Direct and Indirect) Dr Rao Holdings Pte Ltd
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 Key Management Personnel Mr. Suresh Krishnamurthi Rao
Mrs. K.M. Padma

(*) Dr.C.H.Krishnamurthi Rao passed away on 19.01.2012 and the Registration of nomination of Shares is under process.

b) Transactions with related parties : Amount / Rs.

Nature of transactions	Parties with significant influence (Direct and Indirect)				Key Management Personnel and Relatives
	Dr Rao Holdings Pte Ltd	Teamco Hitech Engineering Limited	Titanium Equipment and Anode Manufacturing Company Limited **	Teamec Chlorates Limited	
Purchase of Plant & Machinery	-	-	70,37,270	4,00,750	
Sales of Plant & Machinery	-	(58,47,151)	-	-	
Annual maintenance charges	-	(2,78,460)	-	-	1,58,80,346
Royalty Expenses	-	-	66,18,000	-	
Service Charges	-	-	(66,18,000)	-	
Lease Rent	-	-	2,48,738	-	
Sales	-	-	(2,63,476)	-	
Purchases	-	-	16,32,903	-	
Dividend paid during the year	-	(16,95,775)	(13,40,000)	-	
Rental Deposit	-	-	66,180	-	
Others	-	(2,32,000)	(2,63,476)	-	
Outstanding guarantee to Customs	-	-	1,00,772	2,20,29,035	
Trade Receivables	-	(56,664)	-	(1,10,531)	
Other Receivables	-	-	18,98,751	4,00,750	
Payables	-	(27,027)	-	-	
Dr.C.H.Krishnamurthi Rao					
Commission	1,14,28,670	-	22,01,145	-	15,35,078
Dividend paid during the year	(1,14,28,670)	-	(22,01,145)	-	(23,67,408)
Mr.Suresh Krishnamurthi Rao					
Commission	-	-	3,00,00,000	-	5,00,000
Dividend paid during the year	-	-	(3,00,00,000)	-	(6,42,582)
Mrs. K.M Padma					
Commission	-	-	97,224	1,49,270	7,82,253
Dividend paid during the year	-	-	-	-	(7,82,253)
Mrs. K.M Padma					
Commission	-	-	15,00,000	-	13,66,390
Dividend paid during the year	-	(50,00,000)	-	-	(13,66,390)
Trade Receivables	-	-	-	6,93,447	
Other Receivables	-	-	-	-	
Payables	-	-	-	3,12,67,407	
	-	-	-	(1,10,531)	
	-	-	-	2,42,200	
	-	-	-	-	

Figures in the bracket indicate previous year figures.

** Merged with Titanium Equipment and Anode Manufacturing Company Limited w.e.f. 01.04.2011

**NOTES FORMING PART OF FINANCIAL STATEMENTS****39. Operating Leases**

The Company has taken on lease certain vehicles under non cancellable operating lease agreements. The rental expense under such operating leases is Rs. 52,90,536/- (Previous Year Rs.28,86,745/-). Future minimum lease payments on non cancellable lease agreements as at March 31, 2012 are as follows :

Particulars	31-Mar-2012	31-Mar-2011
	Amount/Rs.	Amount/Rs.
Not later than 1 year	73,10,567	32,20,476
Later than 1 year and not later than 5 years	38,02,355	47,05,943
Total	1,11,12,922	79,26,419

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.

40. Earnings Per Share

Net Profit after tax 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.

	31- Mar- 2012	31- Mar- 2011
	Amount/Rs.	Amount/Rs.
Face Value Per Share	5	5
Net Profit after Tax	7,47,41,796	9,67,47,265
Weighted average Number of Shares	91,71,697	91,71,697
Basic and Diluted Earnings per Share	8.15	10.55

41. 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 and Small 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.

42. The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure. The figures for the year ended 31st March 2011 include the figures relating to "Hollow Fibre Ultra Filtration Membranes, Packaged Drinking and Energy Water, Health Shoppe divisions" for 8 months - April to November 2010, which were subsequently demerged from the Company with effect from 1st December 2010. Consequently the figures for the year ended 31st March 2012 are not comparable with the figures for the year ended 31 st March 2011.

For and on behalf of the Board of Directors

C. S. Ramesh
Director

Suresh Krishnamurthi Rao
Vice Chairman

Place : Chennai
Date : 16th April, 2012

Nitin S. Cowlagi
Vice President - Finance

K. Mohamed Ibrahim
Company Secretary



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 29th Annual General Meeting of Chemfab Alkalis Limited on 21st May, 2012 at 10.00 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

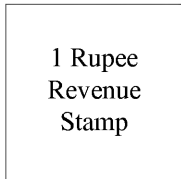
Regd. Office : 'Team House', GST Salai, Vandalur, Chennai-600 048.

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 10.00 AM on 21st May 2012 and at any adjournment thereof.
As Witness set my/our hand/hands* this day of2012

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

Prestigious awards from various distinguished institutions



.1994,1995 &1996 :
Ministry of Power Government Of India Award -Nation Energy Conservation
Award (for three consecutive years)



2002 : CSE's Three Leaves Award - For India's best environmentally
clean firm in Caustic Soda Sector



Dr Visveswaraya Award In Recognition of best Industrialist
introducing with newer Technologies.



Awards for Food and Safety at Singapore



2010 : INDA Award - For Life Time Achievement for
desalination and water reuse.



Beloved Chairman,

You will continue to live in our hearts forever....

An entrepreneur par excellence, you have always been a role model and a symbol of strength for all of us. Your exceptional humility, genuine concern and ever smiling grace are values which we shall cherish for ever. Your bold leadership qualities and statesmanship which you have so often displayed in the toughest of all situations have always been a source of inspiration in our day to day activities.

We pledge to follow your guided path and cherished ideals even as you continue to guide us as a beacon of light in our journey ahead.

CALMATES

Chemfab Alkalis Limited

[Member: Dr. Rao Holdings Pte Ltd, Singapore]

Registered Office:

'Team House',

GST Salai,

Vandalur,

Chennai-600 048.

Phone : 0091-44-22750323 / 24, Fax : 0091-44-22750860

Email : chemfabalkalis@drroaholdings.com

Website : www.chemfabalkalis.com