



Chemfab Alkalies Limited

BOARD OF DIRECTORS

Dr. C. H. Krishnamurthi Rao - Chairman
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@draaholdings.com
website : www.chemfabalkalis.com

FACTORY

Chlor-Alkali Division

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

Salt Division

Kanthadu Village, Tindivanam Taluk, Villupuram District

Marketing Office

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

Dr Rao Holdings Pte Ltd

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

CHEMFAB ALKALIS LIMITED

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

NOTICE OF THE ANNUAL GENERAL MEETING

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

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2011, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in the place of Mr. T.Ramabhadran, who retires by rotation and, being eligible, offers himself for re-appointment
4. To appoint a Director in the place of Mr. J.Venkataraman, who retires by rotation and being eligible, offers himself for re-appointment
5. To appoint Auditors and to fix their remuneration, and in this regard, to consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT the retiring Auditors, M/s Deloitte Haskins & Sells (Registration No. 008072S) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors.”

SPECIAL BUSINESS

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

“RESOLVED THAT consent of the Company is hereby accorded for payment of commission to Directors out of the net profits of the Company within the ceiling prescribed under Section 309(4) (b) (ii) and such other applicable provisions, if any, of the Companies Act, 1956.

RESOLVED FURTHER THAT the commission be divisible among the Directors in such proportion as the Board of Directors may decide.

RESOLVED FURTHER THAT this Resolution be effective for a period of five years from 1st April, 2011, and for determining the commission payable for any broken period of a year, the net profits of the Company shall be arrived at on a proportionate basis.”

By Order of the Board of Directors

Place: Chennai

K.Mohamed Ibrahim

Date : 23rd April 2011

Company Secretary

Notes :

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

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

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

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

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

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

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

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

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

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.
ITEM NO. 6

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

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

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

By Order of the Board of Directors

Place: Chennai

K.Mohamed Ibrahim

Date: 23rd April 2011

Company Secretary

DIRECTORS' REPORT

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

FINANCIAL RESULTS

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

DEMERGER SCHEME

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

CHLORINE GAS LEAK AND PLANT CLOSURE

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DIVIDEND

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings: Rs. 56,03,840/-

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

POWER AND FUEL CONSUMPTION

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

FIXED DEPOSITS

The Company has not accepted any deposits from the public.

DIRECTORS

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

1. Mr.T.Ramabadhran
2. Mr. J.Venkataraman

AUDITORS

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

AUDITORS' REPORT

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

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

COST AUDITOR

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

PERSONNEL

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND CONSERVATION OF ENERGY

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

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

CORPORATE GOVERNANCE

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

SECRETARIAL COMPLIANCE CERTIFICATE

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

INDUSTRIAL RELATIONS

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

For and on behalf of the Board of Directors

Suresh Krishnamurthi Rao	C. S. Ramesh
Director	Director

Place : Chennai

Date : 5th April, 2011

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

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

Registration Number

of the Company : 18-72409 (CIN L24297TN1983PLC072409)

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

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

COMPLIANCE CERTIFICATE

To

The Members of

Chemfab Alkalis Limited

Chennai -600 048.

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

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

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

1. The Company has kept and maintained all Registers as stated in Annexure 'A' to this Certificate, as per the provisions of the Act and the Rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the Forms and Returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies, as prescribed under the Act and the Rules made thereunder.
3. The Company, being a Public Company, has the minimum prescribed Paid-up Capital.
4. The Board of Directors duly met 6 (Six) times on 07.04.2010, 07.05.2010, 06.07.2010, 18.10.2010, 05.12.2010 and 04.02.2011 in respect of which Meetings, proper notices were given and the proceedings were properly recorded and signed, in the Minutes Book maintained for the purpose. The Directors did not pass any Resolution by circulation.

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

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

Signature : Sd/-

Name of the Company Secretary : K.Rajagopalan

Place : Chennai

Date : 5th April, 2011.

Annexure A

Registers as maintained by the Company

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

Signature : Sd/-

Name of the Company Secretary : K.Rajagopalan

Place : Chennai

Date : 5th April, 2011

ANNEXURE - B

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

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

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

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

Signature : Sd/-

Name of the Company Secretary : K.Rajagopalan

Place : Chennai

Date : 5th April, 2011.



MANAGEMENT ANALYSIS AND DISCUSSION REPORT CHLOR ALKALI INDUSTRY STRUCTURE

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

OPPORTUNITIES AND THREATS

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

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

OUTLOOK

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

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

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

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

CAUTIONARY STATEMENT

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

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

For and on behalf of the Board of Directors

Suresh Krishnamurthi Rao
Director

Place: Chennai
Date : 5th April, 2011