



Chemfab Alkalies Limited

DIRECTORS

Shri Suresh Krishnamurthi Rao
Shri C.S. Ramesh
Shri T. Ramabadran
Shri J. Venkataraman
Shri N. Ganga Ram

Chairman
Director
Independent Director
Independent Director
Independent Director

VICE PRESIDENT – FINANCE

Shri Nitin. S. Cowlagi

COMPANY SECRETARY

Shri S.C. Sai Narayanan
Shri K. Mohamed Ibrahim

Company Secretary
Dy. Company Secretary

AUDITORS

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

BANKER TO THE COMPANY

State Bank of India,
Industrial Finance Branch,
Anna Salai, Chennai - 600 002

REGISTERED OFFICE

"TEAM House", GST Salai, Vandalur, Chennai - 600 048
Phone : +91-44-22750323/24, Fax : +91-44-22750860
Email : chemfabalkalis@draaholdings.com
Website: www.chemfabalkalis.com

FACTORY

Chlor-Alkali Division
'Gnanananda Place', Kalapet, Puducherry - 605 014
Phone : +91-413-2655111, Fax : +91-413-2655125
Email : chemfabalkalis@draaholdings.com
Website: www.chemfabalkalis.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 : +91-44-42031444, Fax : +91-44-24347959
Email : chemfabmktg@draaholdings.com
Website: www.chemfabalkalis.com

Dr. RAO HOLDINGS PTE LTD.

31, Cantonment Road, Singapore - 089 747
Email : chkr@draaholdings.com



Chemfab Alkalies Limited

CHAIRMAN'S STATEMENT – 2012 - 13

Dear Shareholders,

I am glad to welcome you to the 30th Annual General Meeting of your Company. At the outset, I thank you for your continued trust, encouragement and support. This is the second AGM being held in the absence of our beloved Founder Chairman, Dr. C. H. Krishnamurthi Rao. I would like to affirm that your Company is committed to follow the ideals enshrined by him and he continues to guide us as a beacon of light in all our endeavors.

It gives me immense pleasure to address you after yet another year of successful operation of your plant. A successful year if I may add, despite a tough external environment as alongside the successful performance, your Company also experienced unprecedented challenges. The relentless focus and dedicated teamwork by our CALmates ensured that we navigated these difficult times successfully.

COMPANY PERFORMANCE

I am sure, all of you are aware that the performance of any Chlor-Alkali industry is dependent upon the following key factors,

- a. Consistent power supply
- b. Reasonable power tariff
- c. Good domestic market

I am glad to inform you that your Company has performed reasonably well during this financial year following the consistency in the grid power supply from the Puducherry Electricity Department (PED), Government of Puducherry, especially during the second half of the year, thanks to the diligent efforts of the PED and your Company.

Moreover with the strong market trend that prevailed during the year, your Company could sustain a very good realisation from the domestic market throughout the year.

The relief, by way of Power Factor Incentive, had partly offset the burden on the annual increase in power tariff along with additional quarterly burden of power-purchase adjustment cost.

Further, with the Salt Division also achieving higher production during the year, the dependence on outside salt at a higher cost, was much less during the year, resulting in considerable reduced material cost.

RESULTS

All the above, have resulted in an all-time high PBT of Rs.34.83 Crores and PAT of Rs.23.48 Crores.

UPGRADATION

Identifying the need for upgrading the technology and modernisation of plant operations, your Company has taken pro-active steps to replace the existing CEC mono-polar electrolyzers, which are operating for well over 25 years, with the latest CEC's bi-polar BiTAC® technology along with complete electrical installations, other critical equipment and accessories.

The existing Caustic-soda Concentration Plant is also due for replacement and hence your Company is going in for a state-of-the-art caustic concentration plant coupled with Flaker unit.

FUTURE OUTLOOK

I look ahead with guarded optimism. Studies indicate that Companies across the world focus on innovation to resurrect growth and profit. Trends in technology, demographics, markets and regulations always provide new and exciting opportunities for innovation, strategy and growth.

In line with the above thinking, your Company, with its remarkable capabilities has set ambitious future targets to achieve, and our vision is to expand our business volume. Your Company is pursuing and scouting for investment opportunities.

As part of our strategic business plan, your Company is in the process of acquiring salt land in the deep South of Tamilnadu, to enhance salt production, in order to be self-reliant.

It was the firm belief of our beloved Founder Chairman that growth must always walk hand in hand with responsibility. Your company is committed to conserve energy and protect the environment.

As a part of green environment initiative, your Company has embarked on a Corporate sustainability plan by venturing into Carbon foot-printing, water foot-printing and energy audit.

MILESTONE IN SAFETY AND POLLUTION ABATEMENT

Since the establishment of CAL in 1985 with the then latest-state-of-the-art, membrane cell technology for the manufacture of Chlor-alkali products, your Company has ventured into many areas to sustain the operations with utmost safety, commitment to conserve the natural resources and save energy.

Modern thinking, creativity and innovations are the most important factors, on which CAL has been established. In line with the above,

- a) Your Company has further improved safety systems by installing the "Fully Enclosed Negative Pressure Operated Scrubbing System" in all the critical areas of chlorine operation in order to enhance the safety in handling, thereby providing a safer work environment for its employees and also to protect the environment.
- b) Your Company's in-house R&D has developed innovative process for the manufacture of Sodium Sulphate and Soda Ash for the reduction of solid waste and the green house gases respectively which are extremely significant contributions on the environment protection front.
- c) Your Company has also completely replaced the existing Fire Hydrant System, which had pipes running under-ground with a new fully automatic system along with the hydrant pipes, above the ground level, to prevent corrosion of pipes and water leakages.

CHALLENGES IN THE ENSUING YEAR

EXPANSION

It is a harsh reality of these times that all businesses are forced to face some constraints or the other. I firmly believe it is better for a business to face its constraints openly and boldly and work resolutely to deal with each of them when they surface before us. It is in this spirit that we had handled the NOC for our expansion project.

Due to inordinate delay in granting the NOC for the expansion proposal, your Company was constrained to approach the National Green Tribunal for legal remedy and after hearing our well documented points, the Hon'ble forum was kind enough to issue time-bound directions to the Appellate Authority to dispose our case.

As mentioned earlier, I look forward to the future with guarded optimism and the challenges ahead must be identified and tackled systematically. To begin with, there is an urgent need for upgradation of critical equipment during the current year.

EB TARIFF

We also need to monitor and control costs, especially the Raw Material and Power costs, as the Puducherry Electricity Department (PED) had recently announced a substantial increase in the power tariff to be effective from 1st April 2013. This approximately works out to 35% over and above the existing power cost. Your Company is confident that these challenges would be met with diligent care and we shall work towards a healthy bottom line for the Company.

DIVIDEND

Considering all the above aspects, your Directors have felt the need to conserve the funds to address the critical areas, and hence the Interim Dividend of 100% declared during the last quarter, shall be treated as the Final Dividend for the year.

ACKNOWLEDGEMENT

We value the importance of our relationships and will continue to remain fair and true in our dealings with all stakeholders.

Our human-capital is the biggest asset. Their commitment has enabled your Company to succeed. On your behalf and on behalf of the Board of Directors, I congratulate them on yet another year of achievements. We also place, on record, our appreciation for our clients, vendor partners, investors, bankers, the Government of India and the Government of Puducherry for their continued support.

The journey to success is possible only with qualities of foresight, strategy and preparedness. But for all these to function, trust is paramount and the core foundation of all our operations. Our inspiration comes from the trust that all you Shareholders have reposed in us, and on behalf of all my other Directors, CALmates, I personally thank all you Shareholders.

I must acknowledge the dedicated work put in by CALmates, at all levels for their whole-hearted efforts and support.

On this occasion, CAL pledges to continue in the path and ideals set by our beloved Founder Chairman and achieve all his cherished dreams and steer the Company to greater heights with many more achievements and laurels in the years to come.

Thank you

Place : Chennai

Date : 11th April 2013

Suresh Krishnamurthi Rao
Chairman





Chemfab Alkalies Limited

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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 30th Annual General Meeting of the Members of the Company will be held on Thursday, the 23rd May, 2013 at 10.00 AM at the Registered Office of the Company at 'Team House', GST Salai, 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, 2013 and the Statement of Profit and Loss 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 Shri N. Ganga Ram, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Shri T. Ramabadran, 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.”

By Order of the Board of Directors

Place: Chennai
Date: 11th April, 2013

S.C. Sai Narayanan
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, Shri N.Ganga Ram and Shri T. Ramabadran, 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 15.05.2013 to 23.05.2013 (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 in respect of dividend declared for the year ended 31st March 2006 and for any financial year thereafter may contact the Company immediately for revalidation of their dividend warrants.

By Order of the Board of Directors

Place: Chennai
Date: 11th April, 2013

S.C. Sai Narayanan
Company Secretary

DIRECTORS' REPORT

Your Directors are pleased to present Annual Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your Company for the financial year ended 31st March, 2013. The summarized financial results for the year ended 31st March, 2013, are as under: .

FINANCIAL RESULTS

Particulars	Current Year 31-03-2013 Rs. in lakhs	Previous Year 31-03-2012 Rs. in lakhs
Profit before Interest and Depreciation	4,151	1,866
Less: Interest	0	0
Profit Before Depreciation	4,151	1,866
Less: Depreciation	668	681
Profit before Tax	3,483	1,185
Tax	1,212	792
Deferred Tax Liability	-77	-354
Net Profit after Tax	2,348	747
Balance brought forward from previous year	6,354	5,607
Balance available for appropriation	8,702	6,354
Appropriations:		
Interim Dividend paid	459	0
Dividend Tax	74	0
General Reserve	240	0
Balance to be carried forward	7,929	6,354

OPERATIONS

During the year under review, the Company achieved normalcy in operations after the Chlorine Gas leak which had adversely affected it in the previous year. Thus, production of Caustic Soda Lye in 2012-13 was higher at 36,151 MT as against 27,661 MT during the previous year, an increase of 30.69%. Consequently, there was an increase in the volume of sales achieved to 34,695 MT, up by 32.35%, as compared to 26,214 MT in 2011-12. This, along with the overall favourable market conditions, enabled the Company to achieve an all-time high PBT of Rs.34.83 crores in the year under review.

DIVIDEND

During the year under review, your Board of Directors had declared an interim dividend of Rs.5 per equity share (being 100 %) for the financial year 2012-13. Having regard to the substantial interim dividend paid, your Board do not recommend any final dividend for the year. The total amount of dividend paid for the year ended 31st March, 2013 amounts to Rs.4,58,58,485.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings: Rs.1,68,77,880/-

Outgo : Rs.67,12,204/-

POWER AND FUEL CONSUMPTION

Particulars	Current Year 31-03-2013	Previous Year 31-03-2012
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I. Electricity Purchased:

- Units	9,94,81,672	7,56,42,728
- Total Amount / Rs in Lakhs.	4,372	2,631
Rate Per Unit [Gross] Rs.	4.40	3.48
Consumption Per Tonne of Electrochemical Production		
- Kwh/Ac	2,752	2,735

II. Furnace Oil

[A] Purchased:

- Quantity [KI]	490	412
- Total Amount / Rs in Lakhs.	204	155
- Average Rate Per KI / Rs.	41,713	37,534

[B] Consumption:

- Furnace Oil [KI]	479	418
- Amount / Rs in Lakhs.	200	154
- Amount Per KI / Rs.	41,747	36,923

FIXED DEPOSITS

During the year under review, the Company did not raise funds by way of fixed deposits from the public and hence, no amount of principal or interest was outstanding as on the balance sheet date.

DIRECTORS

In accordance with Sections 255 and 256 of Companies Act, 1956 and the Company's Articles of Association, the following Directors retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting:

1. Shri N. Ganga Ram
2. Shri T. Ramabadrana

AUDITORS

The present Auditors of the Company, M/s. Deloitte Haskins & Sells, hold office until the conclusion of the ensuing Annual General Meeting and are eligible, to be reappointed. A Certificate has been received from the Auditors to the effect that their re-appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act. The Directors accordingly recommend the re-appointment of M/s Deloitte Haskins & Sells as Auditors of the Company for the year 2013-14.

COST AUDITOR

In conformity with the directives of the Central Government, the Company has appointed Shri A. Madhavan, Cost Accountant,

No: 9, Dr. Ranga Road, Mylapore, Chennai – 600 004, as the Cost Auditor under Section 233B of the Companies Act, 1956, for the audit of cost accounts in respect of the chemicals manufactured by the Company for the year ended 31st March 2013.

The Cost Audit report for the previous year ended 31st March 2012 was to be filed on or before 30th September 2012 and subsequently, the due date was extended till 28th February 2013. The Company has duly filed the Cost Audit Report for the year, before the extended due date, on 15th January 2013.

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.

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 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

As per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, every Company shall disclose particulars about Conservation of energy, Technological absorption etc. In compliance with the said Rule, the Company has an in-house Research Development Department, where the main areas of focus are Energy Conservation, Process Upgradation and Environmental Preservation. The Ministry of Science and Technology, Department of Scientific and Industrial Research, Government of India, has recognized the Company's in-house R & D facilities, and the Ministry's renewal permission is valid upto 31st March 2014.

The Company has a sophisticated laboratory qualified by DuPont, USA, for the analysis of Chlor-Alkali brine. Brine from the various Chlor-Alkali industries in India is being analysed at your CAL-QA Laboratory.

CORPORATE GOVERNANCE

Corporate Governance involves regulatory and market mechanisms, and the roles and relationships between a Company's management, its Board, its shareholders and other stakeholders, and the goals for which the company is governed.

Pursuant to Clause 49 of the Listing Agreement, the Company has been conscientiously 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, together with the Auditors' Certificate is attached as an Annexure to this Report.

SECRETARIAL COMPLIANCE CERTIFICATE

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

INDUSTRIAL RELATIONS

Industrial relations continue to remain cordial.

ACKNOWLEDGEMENT

The Directors thank all the shareholders, customers, dealers, suppliers, bankers, financial institutions and all the other business associates for their continued support to the Company and the confidence reposed in its Management. The Directors also thank the Government authorities for their understanding and co-operation. The Directors wish to record their sincere appreciation of the significant contribution made by the employees of the Company at all levels to its profitable and successful operations.

For and on behalf of the Board of Directors

Place : Chennai	C.S.Ramesh	Suresh Krishnamurthi Rao
Dated : 11 th April, 2013	Director	Chairman