



# ANNUAL REPORT

## 2015-16

*Technological dynamism with environmental commitment*

*A tribute to one of the greatest  
Technocrats, Innovators and Visionaries of our times*



**Dr C H Krishnamurthi Rao**

7.11.1940 – 19.1.2012

Founder Chairman - Chemfab Team Group of Companies  
Dr Rao Holdings Pte Ltd., Singapore



*We at CCAL pledge to carry forward your legacy  
and fulfil your cherished dreams.*

# **CCAL**

## **CHEMFAB ALKALIS LIMITED**

### **DIRECTORS**

Mr. Suresh Krishnamurthi Rao  
Mr. C.S. Ramesh  
Mr. T. Ramabadran  
Mrs. Sujatha Jayarajan  
Mr. N. Ganga Ram

Chairman  
Director  
Independent Director  
Independent Director  
Independent Director

### **CHIEF EXECUTIVE OFFICER**

Mr. V.M.Srinivasan

### **CHIEF FINANCIAL OFFICER**

Mr. Nitin. S. Cowlagi

### **COMPANY SECRETARY**

Mr. G. Somasundaram

### **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@drroaholdings.com](mailto:chemfabalkalis@drroaholdings.com)  
Website: [www.chemfabalkalis.com](http://www.chemfabalkalis.com)  
CIN No : L24297TN1983PLC072409

### **FACTORY**

Chlor-Alkali Division  
'Gnanananda Place', Kalapet, Puducherry - 605 014  
Phone : +91-413-2655111, Fax : +91-413-2655125  
Email : [chemfabalkalis@drroaholdings.com](mailto:chemfabalkalis@drroaholdings.com)  
Website: [www.chemfabalkalis.com](http://www.chemfabalkalis.com)

### **SALT DIVISION**

Kanthadu Village, Tindivanam Taluk, Villupuram District  
Mariyur Salai, Sayalkudi, Ramnad District

### **MARKETING OFFICE**

1A, Jeyam Kondar Towers, First floor,  
12/40, Murray's Gate Road, Alwarpet, Chennai - 600 018  
Phone : +91-44-42031444/ +91-44-24987874  
Email : [chemfabmktg@drroaholdings.com](mailto:chemfabmktg@drroaholdings.com)  
Website: [www.chemfabalkalis.com](http://www.chemfabalkalis.com)

### **REGISTRAR AND SHARE TRANSFER AGENT**

M/s Cameo Corporate Services Ltd.  
Subramanian Building, 1 Club House Road, Chennai - 600 002  
Phone : +91-44-2846 0390 / 2846 0395, Fax: +91-44-2846 0129  
Email : [cameo@cameoindia.com](mailto:cameo@cameoindia.com), Website : [www.cameoonline.net](http://www.cameoonline.net)





**Suresh Krishnamurthi Rao**  
Chairman

## CHAIRMAN'S STATEMENT - 2015 - 2016

*Dear Shareowners,*

I have great pleasure in welcoming you all to the 33<sup>rd</sup> Annual General Meeting of your Company.

At the outset, the year under review has been one of the most challenging years for us and for the Chlor-Alkali Industry in general. The depressed market conditions and its eventual slowdown saw most of the producers in the Industry not operating their plants at the full capacity. The demand for Chlorine and Hydrochloric acid continued to be subdued and hardly showed any signs of revival. The problems were further compounded due to cheaper Caustic imports which put the product realisation under pressure. As if this was not enough, Mother Nature also unleashed her fury by the unprecedented floods during the third quarter of the year resulting in disruption of operations to many of our key customer facilities, adversely impacting our operations.

### COMPANY'S PERFORMANCE FOR THE YEAR

In spite of the above challenges, your Company has performed reasonably well during the year 2015-16 as can be seen from the Annual Report. Though the profitability for the year has declined to Rs.8.66 Crores as against Rs.10.23 Crores for the previous financial year, this was mainly on account of higher accelerated depreciation on redundant equipment and Exchange fluctuations. The EBIDTA has however been maintained at Rs.26.19 Cr as against Rs.26.73 Crores for the previous financial year.

As the famous motivator Dale Carnegie said,

"When fate hands you a lemon, make lemonade."

And we sure did that! The focus this year was on Cost Savings and I am happy to inform that on two of the key inputs viz. Power and Salt, substantial cost savings were achieved. We managed to reduce our power consumption significantly consequent to the stabilization of the New BiTAC Electrolysers, and the tremendous efforts by the operating team in optimizing power consumption.

During the year, your Company also achieved the highest ever production of Salt so far, and hence the procurement of high cost Salt from outside sources, was at a minimum. Eventually this translated to lower salt cost for us.

Both these measures have resulted in significant savings during the year, due to which we were able to maintain the EBIDTA, despite the lower revenues and challenging market conditions.

### EXPANSION

The much awaited statutory clearance for the proposed expansion is still awaited from the National Green Tribunal and we expect to receive the same in due course now.

Plans are also under way to boost up the revenues and the profitability by venturing into newer areas, trading activities and commencement of production at the new Salt field.

#### **PROCESS SAFETY MANAGEMENT**

“Yet another feather in our cap” was the successful implementation of Process Safety Management system for all the fourteen Elements and we are the first plant in the Chlor-Alkali industry to adopt the same.

#### **SUSTAINABILITY REPORT**

I am very happy to inform that your Company has completed the Sustainability Report for the year 2014-15 and the same is also available on our website.

#### **DIVIDEND**

Your Directors are pleased to recommend a dividend of 25% for this year.

#### **ACKNOWLEDGEMENT**

I thank all our Shareholders for the confidence they have reposed in us, which is a testimony of your trust in these difficult times that went past us. On behalf of all your Board of Directors and on my behalf, I would like to express our sincere gratitude to all our Stakeholders, for their valuable support. We also thank all the CCALmates for their diligent efforts, commitment in these difficult times and their valuable contribution to the progress of your Company. I express my gratitude to our Directors on the Board for their valuable guidance.

Your continued support motivates us to create superior value in future for all our stakeholders.

Thank you all for attending this meeting.

Place : Chennai

Date : 18.05.2016

The logo for Chemfab Alkalies Limited, featuring the letters 'CCAL' in a stylized, bold, sans-serif font. The 'C's are connected, and the 'A' is formed by two vertical bars.

Suresh Krishnamurthi Rao  
Chairman

CHEMFAB ALKALIS LIMITED

**CCAL**  
**CHEMFAB ALKALIS LIMITED**

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**CHEMFAB ALKALIS LIMITED**

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

CIN No:L24297TN1983PLC072409

**NOTICE OF THE ANNUAL GENERAL MEETING**

Notice is hereby given that the 33<sup>rd</sup> Annual General Meeting of the Members of the Company will be held on Thursday, the 21<sup>st</sup> July, 2016 at 10.15 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 consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2016 and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, together with the Reports of the Directors and the Auditors thereon as presented to this Annual General meeting, be and are hereby approved and adopted.”

2. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** a Dividend at the rate of Rs 1.25 per Equity Share (25%) be and is hereby declared, on the fully paid-up Equity Shares of Rs. 5/- each in the Paid-up Capital of the Company, to those Members whose names appear in the Register of Members of the Company as on the date of the Book Closure.”

3. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** Mr. Suresh Krishnamurthi Rao (DIN: 00127809), Director, who retires by rotation and, being eligible, offers himself for reappointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

4. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** in terms of Sections 139 and 142 of The Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014, the appointment of Auditors, M/s Deloitte Haskins & Sells (Registration No.008072S), who were appointed as Auditors of

the Company for the two consecutive Financial Years 2015-16 and 2016-17 by the Members at their Annual General Meeting held on 30<sup>th</sup> July, 2015, to hold office from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting of the Company to be held during the calendar year 2017, be and is hereby ratified, on such remuneration as may be fixed in this regard by the Board of Directors of the Company.”

**SPECIAL BUSINESS**

5. 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 be and is hereby accorded for payment of commission to Directors out of the net profits of the Company within the ceiling prescribed under Section 197(1) (ii) (B) and such other applicable provisions, if any, of the Companies Act, 2013.

**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 1<sup>st</sup> April, 2016, 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.”

6. To consider and if thought fit, to pass the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** the Remuneration of Rs. 80,000/-, excluding Service Tax as applicable and Out of Pocket expenses, to Mr. A. Madhavan, the Cost Auditor of the Company for the year 2016-17, as recommended by the Audit Committee and approved by the Board of Directors, be and is hereby ratified.”

By Order of the Board of Directors

Place: Chennai  
Date: 18.05.2016

G. Somasundaram  
Company Secretary

**NOTES:**

1. A Member of the Company, who is entitled to attend and vote at this Annual General 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 Proxy, 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. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to the Special Business is attached.
4. Pursuant to the provisions of Sections 107 and 108 of The Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 read with notification GSR 207(E) dated 19<sup>th</sup> March 2015, the Company is pleased to offer the option of E-Voting facility to all the Members of the Company. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting. The Members who wish to attend the Annual General Meeting can vote electronically/manually. The Company has appointed Mr. S.A. Inbavadvu, Advocate in Practice, as Scrutinizer.
5. The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the Meeting and Members attending the Meeting who have already not cast their votes by remote e-voting shall be able to exercise their right at the meeting.
6. Members who have cast their votes by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again. "Remote e-voting" means the facility of casting votes by a member using an electronic voting system from a place other than venue of a general meeting.

**The instructions for shareholders voting electronically are as under:**

The voting period begins on 18.07.2016 from 09.00 a.m and ends on 20.07.2016 at 05.00 p.m. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 15.07.2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

Click on Shareholders.

Now Enter your User ID

For CDSL: 16 digits beneficiary ID,

For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

Members holding shares in Physical Form should enter Folio Number registered with the Company.

Next enter the Image Verification as displayed and Click on Login.

If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

After entering these details appropriately, click on "SUBMIT" tab.

Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

Click on the EVSN for the Chemfab Alkalys Limited on which you choose to vote.

On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you

assent to the Resolution and option NO implies that you dissent to the Resolution.

Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

#### Note for Non – Individual Shareholders and Custodians

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

The procedure and manner for e-voting are as under:

In case you have any queries or issues regarding e-voting, please contact [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

7. 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.
8. Members, who hold shares in dematerialized form, are requested to bring their Client ID and DP ID Nos. for easier verification of attendance at the Meeting.
9. The Register of Members and the Share Transfer Books of the Company will remain closed from 15.07.2016 to 21.07.2016 (both days inclusive).
10. If and when approved by the Members, the dividend will be paid / warrant will be posted before the expiry of 30 days from the date of AGM.
11. 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 – 600 002.
12. 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.
13. Members are requested to note that any dividend which remains unencashed for a period of seven years will get transferred to Investor Education and Protection Fund in terms of Section 205 C of the Companies Act, 1956 or Section 125 of the Companies Act, 2013.
14. Members who have not encashed their dividend warrants in respect of Dividend declared for the year ended 31st March, 2009 and for any financial year thereafter may contact the Company immediately for revalidation of their dividend warrants.