CHEMFAB ALKALIS LIMITED

(Formerly known as TEAMEC CHLORATES LIMITED)

ANNUAL REPORT

2017-18

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.

CHEMFAB ALKALIS LIMITED
(Formerly Known as Teamec Chlorates Limited)

DIRECTORS

Mr. Suresh Krishnamurthi Rao	Chairman
Mr. C.S. Ramesh	Director
Mr. T. Ramabadran	Independent Director
Mrs. Sujatha Jayarajan	Independent Director
Mr. A. Janakiraman	Independent Director
Mrs. Drushti Desai	Independent Director
Mr. R. Mahendran	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 LLP
ASV N Ramana Tower,
52, Venkatanarayana Road,
T. Nagar, Chennai - 600 017

BANKER TO THE COMPANY
Axis Bank Limited
6, St. Ange Street, Puducherry Branch,
Puducherry - 605 001.

REGISTERED OFFICE
"TEAM House", GST Salai, Vandalur, Chennai - 600 048
Phone : +91-44-22750323/24, Fax : +91-44-22750860
Email : chemfabalkalis@drraoholdings.com
Website: www.chemfabalkalis.com
CIN No : U24290TN2009PLC071563

FACTORIES

Puducherry
'Gnanananda Place', Kalapet, Puducherry - 605 014
Phone : +91-413-2655111, Fax : +91-413-2655125
Email : chemfabalkalis@drraoholdings.com
Website: www.chemfabalkalis.com

Sri City
650, Chigurupalem Road, Sri City,
Andhra Pradesh – Pin: 517646.

Ongole
Plot No.558 & 559, APIIC Growth Centre,
Gundlapalli (Village),
Maddipadu (Mandal), Prakasam (District),
Andhra Pradesh – Pin: 523211.

SALT FIELDS
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@drraoholdings.com
Website : 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, Website : www.cameoonline.net

CCAL
CHEMFAB ALKALIS LIMITED
(Formerly Known as Teamec Chlorates Limited)

Suresh Krishnamurthi Rao
Chairman

CHAIRMAN's STATEMENT - 2017 - 2018

Dear Shareowners,

It gives me great pleasure to present to you the Annual Report of your Company for the FY 2017-18. An overall positivity in the macro economic environment propelled growth in both the domestic and international markets, paving the way for significant upward demand and price movement in the Chlor Alkali industry during the year.

International market

In the global market, there has been a notable increase in the prices for Caustic Soda, attributable to a combination of factors, including removal of 1.3 Million MT of Caustic capacity due to phasing out of Mercury cells in Europe. A series of environmental restrictions in China and a strong demand push for Alumina across the globe have also contributed to the price growth.

Domestic market

The industry posted good performance in the domestic market too during the year. Domestic prices moved in line with the international prices through FY 2017-18. The positive sentiment in the industry was also evident in the fairly robust demand for Caustic Soda in the domestic market across all segments, particularly in the backdrop of strong demand pull from the Alumina sector.

Demand for both Caustic as well as Chlorine has been growing at 5-6 % p.a.

Company's performance

Your Company, with its intrinsic strengths, was well positioned to harness the favourable conditions prevailing in the industry in the year under review.

What gave a major impetus to the Company's business momentum was the approval received in July 2017, for augmenting production from 33000 tpa to 45600 tpa. This immediately led to a scaling up of production, which coupled with the strong realisation for Caustic as per the prevalent market conditions, gave a major boost to the Company's top line as well as the bottom line.

Your Company's performance was manifest in its numbers. Net Revenue from Operations rose by 28% - from Rs. 140.22 Crore in FY 2016-17 to Rs. 179.61 Crore in FY 2017-18. PBT also went up commensurately, posting a growth of 141% to increase from Rs. 16.51 Crore in FY 2016-17 to Rs. 39.78 Crore in FY 2017-18.

The external environment remains favourable for your Company, which is well entrenched to leverage its strengths to move aggressively towards higher levels of production and growth. We have already received In-Principle approval for enhancement of capacity to 200 TPD, which is expected to become operational from the fourth quarter of FY 2018-19. This will give a definite impetus to your Company's performance, both in terms of Revenues and Profitability.

In addition, your Company is in the process of setting up of a Desalination Plant, which is expected to be operational from the last quarter of the next fiscal. We expect this first-of-its-kind plant in Puducherry region to emerge as a key driver in realising our commitment towards preservation and sustenance of natural resources, thus raising the bar for your Company to become an even more environmentally responsible corporate focused on sustainable and sustained growth.

Another factor that we see aiding our continued growth in the coming years is our decision to diversify into the manufacture of Oriented PVC pipes. Manufacturing facility being set up in Sri City, Tada, Andhra Pradesh, with an investment of Rs. 50 Crores and is scheduled to go operational in the third quarter of FY 2018-19. This new, unique and highly advanced pipes have exceptional features, designed to enable conveyance of high pressure water with the best-in-class operational and cost efficiencies.

Our strategic foray into the manufacturing of Oriented PVC pipes is driven by the huge demand that we see coming up for advanced and efficient pipes as a result of the large-scale investments being made by the Government of India to strengthen water connectivity, both in urban as well as rural areas. The diversification, which is in line with our focus on identifying and seeking new opportunities for business growth, will lend further momentum to our plans for adding value to the Company and all its stakeholders.

On behalf of all your Board of Directors and on my own behalf, I express my sincere gratitude to the Government of Puducherry and all our stake holders, for their continued support. I thank all the CCALmates for their efforts, commitments and valuable contribution to the progress of your company.

I am confident that with the support and contribution of all stakeholders, we shall continue our journey to create more value.

Place : Chennai

Date : 10.05.2018

Suresh Krishnamurthi Rao

Chairman

CCAL
CHEMFAB ALKALIS LIMITED

CCAL

CHEMFAB ALKALIS LIMITED

(Formerly Known as Teamec Chlorates Limited)

S. No.	Contents	Page No.
1.	Notice of the Annual General Meeting	7
2.	Board of Directors' Report	11
3.	Secretarial Audit Report	32
4.	Management Discussion and Analysis	35
5.	Report on Corporate Governance	37
6.	Independent Auditors' Certificate on Corporate Governance	55
7.	Independent Auditors' Report	56
8.	Balance Sheet	61
9.	Statement of Profit and Loss	62
10.	Cash Flow Statement	63
11.	Statement of Changes in Equity	65
12.	Notes to Accounts	66

CHEMFAB ALKALIS LIMITED
(formerly known as TEAMEC CHLORATES LIMITED)
(Regd.Office: 'TEAM House', GST Road, Vandalur, Chennai-600 048)
CIN: U24290TN2009PLC071563

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Ninth Annual General Meeting of the Company will be held on Thursday, the 5th July, 2018 at Kalyan Hometel – A Sarovar Hotel, No.247, GST Road, Vandalur, Chennai – 600 048 at 10.30a.m to transact the following business:

ORDINARY BUSINESS:

1. Adoption of Financial Statements:

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

"RESOLVED THAT the Audited Financial Statements i.e., Balance Sheet of the Company as at 31st March, 2018 and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, together with the Reports of the Board of Directors ("the Board) and the Auditors thereon as presented to this Annual General meeting, be and are hereby approved and adopted".

2. Dividend:

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 (12.50%) be and is hereby declared, on the fully paid-up Equity Shares of Rs. 10 /- 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. Retirement by Rotation:

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

"RESOLVED THAT Mr. C. S. Ramesh (DIN: 00019178), 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. Ratification of Appointment of M/s. Deloitte Haskins & Sells LLP (Firm Registration No 117366W /W-100018) as the Statutory Auditors.

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

"RESOLVED THAT pursuant to provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014, the Company hereby ratifies the appointment of M/s. Deloitte Haskins & Sells LLP (Firm Registration No 117366W /W-100018) 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 to be held in the year 2019 on such remuneration as may be fixed by the Board of Directors as recommended by Audit Committee in consultation with them".

SPECIAL BUSINESS:

5. Ratification of Cost Auditor's Remuneration:

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

"RESOLVED THAT the decision to pay a Remuneration of Rs. 1,50,000/- to Mr. A. Madhavan, the Cost Auditor of the Company for the year 2018-19, 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

for **Chemfab Alkalis Limited**
(formerly known as Teamec Chlorates Limited)

Place: Chennai
Date: 10.05.2018

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 set out in the Notice is annexed hereto.
4. Pursuant to the provisions of Sections 107 and 108, read with the Companies (Management and Administration) Rules, 2014 read with notification GSR 207(E) dated 19th 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 S.A. Inbavadivu, 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.
7. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights.
8. Members would be entitled to inspect the proxies lodged, at any time during the business hours of the Company provided not less than three days' written notice is given to the Company in advance.
9. The members are requested to bring their copy of Annual Report and duly filled attendance slips for attending the meeting.

The instructions for shareholders voting electronically are as under:

The voting period begins on 01.07.2018 from 09.00 a.m and ends on 04.07.2018 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 28.06.2018 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.

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 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.

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 used by the demat holders for voting for resolutions of any other company also 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 Chemfab Alkalis Limited on which you choose to vote.