



**ANNUAL REPORT
2019-20**

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. R. Mahendran
Mrs. Sujatha Jayarajan
Mr. A. Janakiraman
Mrs. Drushti Desai
Mr. T. Ramabadhran (from 27.06.2019)

Chairman, Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Director
Independent Director
Independent Director
Independent Director

CHIEF EXECUTIVE OFFICER

Mr. V.M. Srinivasan

CHIEF FINANCIAL OFFICER

Mr. Nitin.S.Cowlagi (up to 07.04.2020)
Mr. S. Prasath (from 07.04.2020)

COMPANY SECRETARY

Dr. V. Rajesh

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@draoholdings.com
Website: www.chemfabalkalis.com
CIN No: L24290TN2009PLC071563

FACTORIES

PUDUCHERRY

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

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@draoholdings.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

ONGOLE

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

SRI CITY

No. 650, Chigurapalem Road
SriCity, Tada, Andhra Pradesh 517646



Suresh Krishnamurthi Rao
Chairman

CHAIRMAN'S STATEMENT - FY - 2019 - 2020

Dear Shareowners,

It gives me great pleasure to present to you the Annual Report of your Company for Financial Year 2019-20. Our Chlor-Alkali business overall has been stable and the company has firmed up its plans for increasing its capacities to take advantage of the growing market demand in the long term for Chlor-Alkali products. This year marks successful first full year of operations of Oriented PVC Pipes business. The operations and results are encouraging and can be a growth engine to reach newer heights of your company.

Chlor-Alkali Segment Outlook

During the year, there was a sharp fall in international caustic soda prices due to various geopolitical issues which affected the Global demand.

Domestic prices moved in tandem with the international prices. During the year, there was a sharp fall by almost 40% in the prices of caustic soda lye. Such a sharp fall was not seen for the last 10 years. The drop in the demand by the end users of the product like the alumina industry coupled with increase in domestic capacities has led to significant pricing pressures in the domestic market.

Caustic Soda being a major inorganic essential commodity, its growth has moved in line with the growth of other segments. The Growth of Caustic and HCL has been between 5- 6 % for both the products in the past. However, the impact of Covid-19 pandemic on the domestic demand is likely to have an impact on the offtake of the Chlor-Alkali products in the coming months.

Your Company has been closely following up with government authorities and other stakeholders to complete the 200 TPD expansion from existing 125 TPD, including setting up of desalination plant for the Chlor-Alkali unit at Puducherry in the financial year 2020-21. However delay in few approvals has postponed the scale up of operations to 200 TPD in the Financial Year 2019-20. This coupled with sharp drop in the prices of Chlor-Alkali products affected the Revenue and profitability of Chlor-Alkali Segment. However, the PVC-O pipes segment of the Company has stabilised well in its first full year of Operations and helped the company in setting off partly the downturn impact of the Chlor-Alkali segment during the year.

In this backdrop, the revenue from operations of the company has increased by about 6% compared to previous year, while the PAT has increased by about 53%.

The financial year gone by was filled with significant challenges. While the domestic economy was showing signs of slowdown since beginning of the calendar year 2020, the world was hit by the Covid-19 pandemic having a significant impact on world economy and societies. This has led to a very deep slowdown in the Indian Economy.

PVC-O pipes Segment Outlook

During the year, we have received BIS approval for our PVCO Pipes in November 2019. This will help in market penetration of our products, especially in the Government segment, which is our major market segment. I believe, in the coming years, this Business would be one of our key focus areas as it has potential for rapid growth. The company has invested in second production line of Orientation and Extrusion Machines, however, we could not commission the same during the year due to global travel restrictions in place due to which the key commissioning team from overseas OEM manufacturers could not travel. The second line is expected to commission during the second quarter of FY 2020-2021 leading to doubling of manufacturing capacity.

Green Field Project at Karaikal

During the year, the company has formed a wholly owned subsidiary company viz, Chemfab Alkalis Karaikal Limited to cater to the ambitious plans of greenfield expansion in the Chlor-Alkali Segment and giving a boost to the 'Make in India' Program of the government. Land for the project has been identified and taken on a long-term lease. The company has plans to start with downstream Chlorine utilisation projects and also thereafter add laid out plans for the design, implementation and commissioning of the new Chlor-alkali Capacity at the new location as well. The new location will help the company in taking a big leap in terms of capacity expansion of the Chlor-Alkali Segment in the coming years.

COVID 19 Impact and Measures adopted

In view of the outbreak of the Coronavirus (COVID-19) pandemic and in compliance with the directives issued by the Government authorities and keeping in mind the safety and well-being of all the employees and stakeholders, the Company had, effective March 23, 2020 onwards shut down its manufacturing operations located at Puducherry (UT) and Sricity in Andhra Pradesh. The operations at PVC-O plant at Sricity resumed post the lifting of lock down restrictions. This has led to loss of production for a period during March to May 2020. The Company expects to catch up to the shortfall in sales in the subsequent period. The operations at Caustic Soda Plant at Puducherry plant was resumed in a phased manner during April 2020 after taking adequate permissions and adhering to the guidelines issued by the government. Company has been able to operate the caustic soda plant at Puducherry at 85% capacity from third week of April by being very agile in resuming plant operations in coordination with government authorities and strong marketing efforts.

Company has mandated employees to work from home, except for minimum workforce required for operations of plant and business on rotational basis. All general precautions are being followed as per the directions of government authorities including office of the district collector. Passes have been obtained from local authorities for travel of employees to work place. Vehicles and trucks coming into the factory are being regularly disinfected. The factory premises and also the office areas are regularly disinfected.

A Covid-19 task force was created in the company with the support of a Doctor and OHS team. Masks and hand sanitizer were provided to all CCALmates and also the contract workers. Thermal scanning and social distancing at workplace have been made mandatory. Employees residing at the hotspot areas have been asked to work from home.

As a part of the CSR budget of the Company, the Company has supplied Sodium Hypo Chlorite to local municipalities during March and April 2020. Sodium Hypo Chlorite has been used as a disinfectant by the municipalities and the support by the company in supplying the product free of cost has been widely appreciated by the Puducherry government.

Further company has organized supply of disposable masks/sanitizers / face shields for preventive purposes via Government authorities and other NGO's and contribution to Puducherry COVID19 Relief Fund.

Even though presently there is a demand slow down, I am confident that the company is now well placed to recover from the slowdown and resume the growth plans. Company would continue to focus on internal cost optimisation and to improve the

margins in these difficult times. Further with strong balance sheet and low leverage, company is better placed to tide over the short-term uncertainties caused due to the outbreak of the pandemic.

On behalf of all your Board of Directors, and on my behalf, I express my sincere gratitude to the Central Government and State Governments of Puducherry and Andhra Pradesh and all our Stakeholders for their continued support. I specially thank all our CCAL mates for their efforts, commitment and their contribution to the progress of your Company.

I also take this opportunity to thank all the Directors on the Board, for their valuable inputs.

I am confident that with the Growth Plans we have in place, we will continue to grow and create more value to all the stakeholders.

Suresh Krishnamurthi Rao
Chairman

CCAL

CHEMFAB ALKALIS LIMITED

S. No.	Contents	Page No.
1.	Notice of the 11th Annual General Meeting	1
2.	Board of Directors' Report	11
3.	Management Discussion and Analysis - Annexure - A	19
4.	Annual Return - MGT - 9 - Annexure - B	22
5.	AOC - 1 - Financial Statement Of Subsidiaries - Annexure - C	32
6.	AOC -2 – Related Party Disclosure - Annexure - D	34
7.	Statement of Conservation of Energy - Annexure - E	35
8.	Corporate Social Responsibility -Details - Annexure - F	36
9.	Remuneration - Details - Annexure - G	38
10.	Corporate Governance Report - Annexure - H	40
11.	Secretarial Audit Report - Annexure - I	58
12.	Certificate for Corporate Governance - Annexure - J	61
13.	Certificate of Non Disqualification of Directors - Annexure - K	62
14.	Certificate for ESOP - Annexure - L	63
	STANDALONE	
15.	Independent Auditor's Report	64
16.	Balance Sheet	72
17.	Statement of Profit and Loss	74
18.	Cash Flow Statement	75
19.	Statement of Changes in Equity	77
20.	Notes to Accounts	78
	CONSOLIDATED	
21.	Independent Auditor's Report	134
22.	Balance Sheet	140
23.	Statement of Profit and Loss	142
24.	Cash Flow Statement	144
25.	Statement of Changes in Equity	146
26.	Notes to Accounts	147

