



Chemfab Alkalis Limited

DIRECTORS

Shri Suresh Krishnamurthi Rao	Chairman
Shri C.S. Ramesh	Director
Shri T. Ramabadrhan	Independent Director
Shri J. Venkataraman	Independent Director
Shri N. Ganga Ram	Independent Director

VICE PRESIDENT – FINANCE

Shri Nitin. S. Cowlagi

COMPANY SECRETARY

Shri K. Mohamed Ibrahim

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
Website: 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
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@drroaholdings.com
Website: www.chemfabalkalis.com

Dr. RAO HOLDINGS PTE LTD.

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



Chemfab Alkalis Limited

CHAIRMAN'S STATEMENT - 2013 - 14

Dear Shareholders,

I have great pleasure in welcoming you to the 31st Annual General Meeting of your Company.

I am sure you share my sense of satisfaction that your Company has completed twenty nine years of its successful business operations.

I am pleased to highlight your Company's performance during last fiscal year:

COMPANY'S PERFORMANCE

The overall profitability, has declined from Rs. 23.48 Crores during the last year to Rs.16.45 Crores, this year. This is mainly due to the steep increase in the power rates and the Fuel Price and Power Purchase Cost Adjustment (FPPCA) demand. However, the silver lining is that, though initially there was a downward trend, the realisation levels have remained stable coupled with other costs which remained under control, helped arrest further decline in the profitability.

CHALLENGES IN THE ENSUING YEAR

Modernization

As you are kindly aware, your Company has already taken proactive steps to replace the existing CEC monopolar electrolysers with the latest CEC bipolar BiTAC[®] technology, including electrical installations and other critical equipment that are due for replacement. Upon receiving the pending local Government clearances which are expected shortly, your Company will complete the proposed modernization.

Expansion

An appeal has also been filed with the National Green Tribunal for legal remedy towards the granting of NOC for the proposed Expansion of Capacity, and we hope for positive directions from the Honourable Bench shortly.

Power Tariff

As highlighted above, the power tariff has seen a steep increase of about 35%. Further, we also received a FPPCA demand this February for quarters Q1 and Q2. This demand was for Rs.176 lakhs and after including the provision for quarters Q3 and Q4, the total demand works out to Rs.329 lakhs.

FUTURE OUTLOOK

I look ahead with guarded optimism. Your Company has taken proactive steps to replace certain old equipment, which upon completion, will result in better operational efficiencies and most importantly, reduction in consumption of power.

Other measures, such as sourcing of alternative cheaper power, optimum production of Salt at our Salt fields, thereby reducing the dependence on outside procurement, are in progress. Upon implementation, these will certainly result in achieving better operational efficiencies.

With all these measures, we are confident that your Company will be able to sustain the operations and emerge with good results in the years to come.

MILESTONE IN SAFETY AND POLLUTION ABATEMENT

Since the inception, your Company is committed to carry on its operations with utmost safety, coupled with the objective of conserving the natural resources and saving energy. In line with this philosophy, a number of measures have been undertaken during the year. Some of them are:

Carbon footprint

Carbon footprint report has been prepared by The Energy and Resources Institute, Bangalore (TERI). This report is first of its kind in the Chlor-alkali sector in India, and serves as a benchmark for other chlor-alkali units in India. Your Company is taking initiative for reduction of the carbon footprint through energy conservation and increasing the carbon sink.

Further an energy audit was carried out by TERI. The energy audit was performed as per the guidelines and tools of Bureau of Energy Efficiency (BEE). The energy audit served as a basis for the reduction of the carbon footprint of the Company.

Keeping in line with Global initiatives on Corporate citizenship, Social responsibility, Climate change or green movement, your Company proposes to prepare a Sustainability Report which will help to measure, understand and communicate the economic, environmental, social and governance performance. Hence, the Sustainability report will be a vital resource for managing change towards a sustainable global economy. Your Company is also taking steps to study the carbon sink which would highlight the initiative taken, towards sequestration of GHG emissions.

Water Recycling

With an objective to maintain the lowest specific water consumption in the Chlor-alkali sector, an attempt has been made for an effective utilization of water in the process. A Reverse Osmosis system was designed to process high TDS water and waste-water for extraction of good water for process use, which would result in reduced raw water consumption thereby lowering the specific water consumption.

SUSTAINED IMPROVEMENT AND INNOVATION FOR CONTINUOUS EXCELLENCE

1. We believe sustained improvement and innovation are key to success for any organisation. Internally, over the past years, we have been streamlining and re-engineering our processes and in line with this we have initiated the process of implementing Process Safety Management (PSM).
2. Your Company continues to acquire Salt lands in South Tamil Nadu, for the production of Industrial grade Salt. This will help to reduce the dependence on outsourced salt.

ACCOLADES

Further, during the year, your Company has won the following awards:

From the Indian Chemical Council, Mumbai - Certificate of Merit - 2012 "for Water Resource Management in Chemical Industry".

From Greentech Foundation, New Delhi – Silver Award in Chemical sector "for outstanding achievement in Environment Management".

DIVIDEND

Considering all the above aspects, your Directors have recommended the payment of a dividend of 25% for this year.

ACKNOWLEDGEMENT

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

I thank all the shareholders of the Company for the confidence they have reposed on us.

Glad to inform you that over the years, we have maintained healthy relations with our business and trade partners, whilst fostering positive industrial relations throughout the Company.

While concluding, on behalf of your Board of Directors, I would like to extend our sincere gratitude to all our stakeholders including our customers and our business partners for their belief in us and in our products. We also thank the various Central and State Government (UT) bodies, banks, auditors, vendors, dealers and other institutions for their valuable support.

Our human capital is the most valued asset. On all our behalf, I thank our CALmates for their commitment and contribution.

I express my sincere gratitude to my Directors on the board for their valuable guidance and contribution.

Thank you all for attending this meeting, Ladies and Gentlemen.

Place: Chennai

Date : 11th April 2014

Suresh Krishnamurthi Rao
Chairman



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 31st Annual General Meeting of the Members of the Company will be held on Tuesday, the 10th June, 2014 at 10.30 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 the following Resolution as an Ordinary Resolution:

RESOLVED THAT the Audited Balance Sheet of the Company as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date, together with the Reports of the Directors and the Auditors thereon, be and are hereby adopted.

2. To consider and if thought fit, to pass 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 Shareholders whose names appeared on the Register of Members of the Company as on the date of the Book closure.

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

RESOLVED THAT Shri.J.Venkataraman be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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

RESOLVED THAT Shri Suresh Krishnamurthi Rao be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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

RESOLVED THAT in terms of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the retiring Auditors, M/s Deloitte Haskins & Sells (Registration No.008072S) who were first appointed as Auditors of the Company for the year 2005-06, are hereby appointed as the Auditors of the Company for 2014-15, 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 the following Resolution as an Ordinary Resolution:

RESOLVED THAT the decision to pay a Remuneration of Rs.80,000/- to Mr.A.Madavan, the Cost Auditor of the Company for the year 2014-15, 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: 3rd May, 2014

K.Mohamed Ibrahim
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 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 of the Companies Act, 2013 relating to the Special Business is attached.
4. Pursuant to the provisions of Sections 107 and 108, read with the Companies (Management and Administration) Rules, 2014, 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 Annual General Meeting can vote at the Meeting. The Company has appointed Mr.A.Ragavan, Practising Company Secretary as Scrutinizer.

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

- i) Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com.
- ii) Now click on "Shareholders" to cast your votes.
- iii) Now, select the Electronic Voting Sequence Number – "EVSNN" alongwith "CHEMFAB ALKALIS LIMITED" from the drop down menu and click on "SUBMIT"
- iv) Now, fill up the following details in the appropriate boxes:

User-ID	For Members holding shares in Demat Form:- a) For NSDL:- 8 Character DP ID followed by 8 digits Client ID b) For CDSL:- 16 digits beneficiary ID For Members holding shares in Physical Form:- • Folio Number registered with the Company
Password	Your Unique password is printed on the Attendance slip
PAN	Enter your 10 digit alpha-numeric PAN issued by the Income Tax Department

- v) After entering these details appropriately, click on "SUBMIT" tab.
- vi) Members holding shares in Physical form will then reach directly to the voting screen.
- vii) Members holding shares in Demat form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of atleast one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password is also to be used by the Demat holders for voting for resolution 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.



- viii) You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
- ix) If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any company, then your existing login id and password are to be used.
- x) For Members holding shares in physical form, the password and default number can be used only for e-voting on the resolutions contained in this Notice.
- xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Enter the number of shares (which represents number of votes) under YES/NO or alternatively you may partially enter any number in YES and partially in NO, but the total number in YES and NO taken together should not exceed your total shareholding.
- xii) 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.
- xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiv) Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at ragageetham@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com.
- xv) In case you have any queries or issues regarding e-voting, please contact helpdesk.evoting@cdslindia.com.
- xvi) The e-voting period commences on 4th June, 2014 and ends on 6th June, 2014.
5. In terms of Article 33(f) of the Articles of Association of the Company, Shri J.Venkataraman and Shri Suresh Krishnamurthi Rao, 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 the Annual Report.
6. 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.
7. 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.
8. The Register of Members and the Share Transfer Books of the Company will remain closed from 2nd June, 2014 to 10th June, 2014 (both days inclusive).

9. If and when approved by the Shareholders, the dividend will be paid / warrant will be posted on 7th July, 2014.
10. 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.
11. 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.
12. Members are requested to note that any dividend which remains unencashed 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.
13. Members who have not encashed their dividend warrants in respect of Dividend declared for the year ended 31st March 2007 and for any financial year thereafter may contact the Company immediately for revalidation of their dividend warrants.

Explanatory Statement relating to the Special Business pursuant to Section 102 of the Companies Act, 2013

ITEM NO. 6

At the Board Meeting held on the 11th April, 2014, after considering the recommendation of the Audit Committee, the Directors have appointed Mr.A.Madhavan, Cost Accountant, as the Cost Auditor of the Company for the year 2014-15 on a remuneration of Rs.80,000. Pursuant to the provisions of Section 148 read with the Companies (Audit and Auditors) Rules, 2014, the aforesaid remuneration approved by the Board of Directors is required to be ratified by the Shareholders.

The Ordinary Resolution appearing in the Notice is sought to be passed for this purpose.

None of the Directors or the Key Managerial Personnel is interested or concerned in the passing of the Resolution.

By Order of the Board of Directors

Place: Chennai
Date : 3rd May, 2014

K.Mohamed Ibrahim
Company Secretary

**DIRECTORS' REPORT**

Your Directors are pleased to present the Annual Report of your Company together with the Audited Statement of Accounts and the Auditors' Report for the financial year ended 31st March, 2014. The summarized financial results for the Financial Year are as under:

FINANCIAL RESULTS

Particulars	For the Year Ended	
	31 st March 2014 Rs. in lakhs	31 st March 2013 Rs. in lakhs
Profit before Interest and Depreciation	3,116	4,151
Less: Interest	14	0
Profit Before Depreciation	3,102	4,151
Less: Depreciation	627	668
Profit before Tax	2,475	3,483
Tax	736	1,212
Deferred Tax	94	-77
Net Profit For the Year	1,645	2,348
Balance brought forward from Previous Year	7,929	6,354
Balance available for Appropriation	9,574	8,702
Appropriations:		
Transferred to General Reserve	165	240
Interim Dividend Paid	0	459
Proposed Dividend	115	0
Dividend Tax	19	74
Balance carried to Balance Sheet	9,275	7,929

OPERATIONS

During the year under review, the Company achieved net sales of Rs.11,206/- Lakhs, as against Rs.11,524/- Lakhs in the previous year and made Profit Before Tax (PBT) of Rs.2,475/- Lakhs as against Rs.3,483/- Lakhs in the previous year. The fall in PBT was mainly due to the steep increase in the cost of power, coupled with the rise in the cost of other raw materials. The Company is taking all possible steps to control its manufacturing costs.

DIVIDEND

Your Directors recommend payment of Dividend of Rs.1.25 per share (25%) for the year ended 31st March, 2014, absorbing a sum of Rs.1,14,64,621/-, subject to the approval of the Members at the ensuing Annual General Meeting.

MODERNIZATION

The Company has taken up a Project for improving process technology and modernizing its Plant. A sum of Rs. 61,84,86,060/- net of Cenvat credit was incurred on the Project during the current Financial Year, out of which Rs. 5,40,12,393/- is capitalised and

Rs. 56,44,73,667/- is shown in the Balance Sheet as part of Capital Work in Progress. The completion and commissioning of the Project is pending subject to the requisite regulatory clearances.

EXPANSION

The Company had proposed expansion of its existing manufacturing capacity and in this connection has filed an appeal with the National Green Tribunal for grant of the necessary NOC. The directions from the Hon'ble Bench in this regard are awaited.

In the meantime, a Public Interest Litigation was initiated against the Company by the Puducherry Environment Protection Association (PEPA), a Non-Government Organization, before the National Green Tribunal (NGT), on the plea that the Company was carrying on its operations even after the expiry of the period of consent issued by the Puducherry Pollution Control Committee (PPCC). The PEPA obtained an *ex parte* Order from the NGT, restraining the Company from carrying on any construction activities and expansion of production capacity. In response, the Company objected to the baseless allegations, and placed all the attendant facts before the NGT, including the information that the Company had applied for the renewal of the consent order well in time and this application was under the active consideration of the PPCC. Therefore, the Company submitted to the NGT that the question of carrying on any activity without the Consent Order did not arise. Subsequently, upon the Company receiving the Consent Order from PPCC, the NGT was so informed and at the hearing held on the 2nd April, 2014, the *ex parte* Interim Stay was vacated.

FIXED DEPOSITS

During the year under review, the Company did not raise funds by way of fixed deposits from the public.

DIRECTORS

In accordance with Sections 255 and 256 of the 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 General Meeting.

1. Shri J. Venkataraman
2. Shri Suresh Krishnamurthi Rao

The details as required under Clause 49 of the Listing Agreement regarding the above Directors are set out in the Corporate Governance Report forming part of this Annual Report.

AUDITORS

The current Statutory Auditors of the Company, M/s Deloitte Haskins & Sells, Chartered Accountants, retire at the ensuing Annual General Meeting. They were first appointed as Statutory Auditors for the year 2005-06 and as such, the year ended 31st March, 2014 is their Ninth year as Auditors of the Company. Under the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder, which came into effect from 1st April, 2014, it is proposed to appoint M/s Deloitte Haskins & Sells as Auditors of the Company for one more year, that is, for the year ending 31st March, 2015. The consent of M/s Deloitte Haskins



& Sells and their consent confirming that their appointment, if made, will be in accordance with the prescribed conditions, have been received by the Company. The Directors recommend the re-appointment of M/s.Deloitte Haskins & Sells as the Statutory Auditors of the Company for the year ending 31st March, 2015.

COST AUDITOR

In conformity with the directives of the Central Government, the Company has appointed Shri.A.Madhavan, Cost Accountant, Chennai, as the Cost Auditor, for the audit of cost accounts for the chemicals manufactured by the Company for the year ending 31st March 2015.

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 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.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings: Rs. 73,13,358/-

Outgo : Rs. 1,15,23,368/-

POWER AND FUEL CONSUMPTION

Particulars	For the Year Ended	
	31 st March 2014 Rs. in lakhs	31 st March 2013 Rs. in lakhs
1. Electricity Purchased:		
- Units	9,47,03,550	9,94,81,672
- Total Amount / Rs in Lakhs.	5,047	4,372
Rate Per Unit [Gross] Rs.	5.33	4.40
II. Furnace Oil		
[A] Purchased:		
- Quantity [KL]	580	490
- Total Amount / Rs in Lakhs.	253	204
- Average Rate per KL / Rs.	43,642	41,713

[B] Consumption:

- Furnace Oil [KL]	586	479
- Amount / Rs in Lakhs.	255	200
- Amount per KL / Rs.	43,485	41,747

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 Ministry of Science and Technology, Department of Scientific and Industrial Research, Government of India, has recognized the Company's in-house R & D facilities, which is valid upto 31st March, 2017. The Company has a sophisticated **Quality Assurance (QA)** Laboratory recognised by DuPont, USA for the analysis of Chlor- Alkali brine. The Brine from various Chlor- Alkali Industries in India is being analysed at CAL-QA Laboratory.

The Company continues to take all possible steps to conserve energy in every area of its operations.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, the Company has been 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 Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

A Management Discussion and Analysis Report is attached in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges and it forms part of this Annual 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 Board of Directors of

CHEMFAB ALKALIS LIMITED

Place : Chennai

Suresh Krishnamurthi Rao

Dated : 11th April, 2014

Chairman



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 (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, 2014.

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 Four (4) times on 11.04.2013, 07.07.2013, 09.10.2013 and 11.01.2014 and in respect of which Meetings, proper notices were given and the proceedings, including the Seven Circular Resolutions passed on 12.02.2014, were properly signed and recorded in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 15.05.2013 to 23.05.2013, 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 31.03.2013 was held on 23.05.2013, after giving due notice to the Members of the Company and the Resolutions passed there at were duly recorded in the Minutes Book maintained for the purpose.
7. No Extraordinary General Meeting was held.
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) not declared any Dividend
 - (iii) 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.
 - (iv) 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 Whole time 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 there under.
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, 2014, are within the borrowing limits of the Company.
25. The Company has not made any fresh Investment or given Guarantees or provided securities to other bodies corporate. The Company has given an Inter-corporate loan to another Company in compliance with the provisions of the Act and has made necessary entries in the Register kept for the purpose.
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 : 11th April, 2014

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 : 11th April, 2014

ANNEXURE B

Forms and Returns as filed by the Company with the Registrar of Companies during the Financial Year ended on 31st March, 2014

1. Form 66 filed on 12.06.2013 under Section 383A of the Act. No Delay.
2. Balance Sheet and Statement of Profit and Loss in respect of the Financial year 2012-13 - Forms 23AC XBRL and 23ACA

XBRL uploaded on 21.06.2013 under Section 220 of the Act. No Delay.

3. Annual Return made up to 23.05.2013 – Form 20B uploaded on 29.06.2013 under Section 159 of the Act. No Delay.
4. Form I – uploaded on 17.07.2013 under Section 205C of the Act. No Delay.
5. Cost Audit Report – Uploaded through Form I – XBRL under Section 233B on 01.10.2013
6. Form 8 filed under Section 135 of the Act on 01.10.2013. No delay.
7. Form 32 filed on 10.03.2014 under Section 303 of the Act. No delay.

Forms and Returns as filed by the Company with the Regional Director, Central Government during the Financial Year ended 31st March, 2014.

- 01 Form 23C filed on 20.06.2013 under Section 233B of the Act. No Delay

Signature : Sd/-

Name of the Company Secretary : K.Rajagopalan

Place : Chennai

Date : 11th April, 2014



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

CHLOR-ALKALI INDUSTRY STRUCTURE

Chlor-Alkali is the basic Heavy Chemical Industry, manufacturing Caustic Soda, with Chlorine, Hydrogen, Sodium Hypo Chlorite and Hydrochloric Acid as by-products. Overall, the Financial Year 2013-14 was a mixed sort of year for the industry which saw the international prices fall steeply from USD 480/MT CIF and then stabilize around USD 360-390/MT CIF. For the year 2013-14, capacity utilization in the Industry is estimated to be about 80% and the % would have been higher but for plant outages and chlorine utilization issues.

OPPORTUNITIES AND THREATS

During the year 2013-14, international caustic prices peaked and ruled high for a brief period in the first quarter but correction set in thereafter, with the prices stabilizing finally around USD 360-390/MT CIF, as mentioned. On the whole, in terms of financials, the year was reasonably satisfactory for the Industry and for your Company.

Also, the sharp depreciation of the Indian Rupee ensured that the price levels remained remunerative. However, there has been a significant appreciation in the Indian Rupee in the last few weeks of FY 13-14, and this will have an impact on the realizations from the middle of the first quarter of FY 14-15.

Capacity increase during FY 13-14, has been marginal with the overall capacity increase from 3.32 million TPA to 3.50 million TPA.

The additional capacities built over the last few years have been largely absorbed in the last 3 years, thus resulting in enhanced capacity utilization. Imports of Caustic Lye into the country in FY 13-14 were higher due to the time lag between drop in import prices and domestic manufacturers reacting to the same. The demand for Chlorine and Chlorine derivatives this year was better especially in the second half, thus resulting in improved realization for chlorine and chlorine derivatives. Overall this year, the ECU has been remunerative even after considering the increased costs of operations due to higher energy costs. The Company is working on long term strategies to reduce the operation costs and step up production efficiency.

OUTLOOK

The demand for both Caustic and Chlorine continues to grow but the demand for Caustic is growing faster than Chlorine. This means that the Chlorine demand mismatch would continue to hamper operations in FY 2014 – 15 as well.

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.

Besides, the Company has an Audit Committee, comprising Non Executive Directors, to monitor its financial management, operations and systems.

The Company has obtained certification for ISO 14001 and OHSAS

18001 systems to take care of critical operational areas. It also utilizes the services of professional bodies like Central Leather Research Institute (CLRI) / Tata Energy Research Institute (TERI) / National Environmental Engineering Research Institute (NEERI) as also Consultants to continuously analyze and upgrade its operations.

MATERIAL DEVELOPMENTS 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 177 persons and indirect employment to 217 persons.

CAUTIONARY STATEMENT

The Statements made in this Report on Management Discussion and Analysis, describing the Company's views may be forward-looking statements within the meaning of the applicable security regulations and laws. These statements are based on certain expectations on demand, imports, availability and cost of power etc. and any change in Government laws and the economic situation in the country would have its impact on 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 its control.

For and on behalf of Board of Directors of

CHEMFAB ALKALIS LIMITED

Place : Chennai

Suresh Krishnamurthi Rao

Dated : 11th April, 2014

Chairman



STATEMENT OF GENERAL BUSINESS PRINCIPLES

The Company's objective is to employ efficiently, responsibly and profitably the resources at its command for the furtherance of its business interests. Your company endeavors to achieve a high standard of performance and aims to maintain a long term position in the competitive environment in which it operates.

RESPONSIBILITIES

To Shareholders

To protect shareholders' investment and ensure an acceptable/ economic return.

To Customers

To add and maintain customers by developing and providing products and services which offer value in terms of price, quality, safety and environmental preservation impact fostered by requisite technological, environmental and commercial expertise.

To Employees

To provide employees with good and safe conditions of work, competitive terms and conditions of service, to promote the development and best use of human talent and equal opportunity employment, and to encourage the involvement of employees in the planning and direction of their work and in the application of these principles within the Company. It is recognized that commercial success depends on the full commitment of all the employees.

In Business

To seek mutually beneficial relationships with contractors and suppliers and to promote the application of these principles in this regard. The ability to promote these principles will be an important factor in the decision to enter into or remain in such relationship.

To Society

To conduct business as responsible corporate members of the society, to observe the law of the country, to give proper regard to health, safety and the environment consistent with the commitments of the Company.

The above areas of responsibility are seen as inseparable.

ECONOMIC PRINCIPLES

Profitability is essential to discharging these responsibilities and staying in business. It is a measure both of efficiency and the value that customers place on your company's products and services. Profit is very essential to augment corporate resources and to support investments required for growth.

Criteria for investment decisions are not exclusively economic in nature but also take into account social and environmental considerations and a critical evaluation of the investment and the return on the same.

BUSINESS INTEGRITY

Your company believes in and adheres to honesty, integrity and fairness in all aspects of its business and expects the same from all those with whom it does business.

HEALTH, SAFETY AND THE ENVIRONMENT

Consistent with commitment for environment friendly business, your company will give utmost priority to health, safety and environmental management in order to achieve continuous performance improvement.

COMPETITION

Your Company seeks to compete fairly and ethically and within the framework of applicable competition laws.

For and on behalf of Board of Directors of

CHEMFAB ALKALIS LIMITED

Place : Chennai

Suresh Krishnamurthi Rao

Dated : 11th April, 2014

Chairman



REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31st MARCH, 2014

1.COMPANY's PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is about commitment to values and about ethical business conduct. It is about how an organization is managed. This includes its corporate structure, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial performance, ownership and material developments in respect of the Company is an integral part of Corporate Governance. Adoption of good Corporate Governance practices helps to develop a good image of the organization, attracts best talents and keeps stakeholders satisfied.

Your Company has been practicing the principles of good Corporate Governance over the years and has been upholding fair and ethical business and corporate practices and transparency in its dealings, laying emphasis on scrupulous regulatory compliances.

2. BOARD OF DIRECTORS

The Company's Board consists of five Members, all of whom are Non-Executive Directors.

The Company is Board-managed and hence, it has no Managing Director, Whole-Time Director or Manager as defined in the Companies Act, 1956.

The composition of the Board as on 31st March 2014, attendance at Board meetings held during the Financial Year under review and at the last Annual General Meeting and number of Directorships and Memberships/Chairmanships in public companies held by Directors as on 31st March 2014 (including the Company) are given below :

A. Information on Board of Directors and Attendance

Sl No.	Name of Director	Category of Directorship	No. of Board Meeting		No. of Other Directorship *	No. of other Committee		Attendance of last AGM
			Held	Attended		Member	Chairman	
1.	Shri Suresh Krishnamurthi Rao	Non Executive Chairman Promoter	4	4	1	0	0	YES
2.	Shri C.S. Ramesh	Non Executive	4	4	1	0	0	YES
3.	Shri T. Ramabadrán	Non Executive Independent	4	4	1	0	0	YES
4.	Shri J. Venkataraman	Non Executive Independent	4	3	1	0	0	NO
5.	Shri N. Ganga Ram	Non Executive Independent	4	4	4	4	1	NO

* The Directorship held by Directors as mentioned above does not include Alternate Directorships and Directorships of Foreign Companies.



B. Number of Board Meetings held during the year along with the dates of the Meetings:

During the financial year 2013-2014, four meetings of the Board of Directors were held on:

Sl No.	Date of Meeting
1.	11 Apr 2013
2.	07 Jul 2013
3.	09 Oct 2013
4.	11 Jan 2014

C. Disclosures regarding Director's Reappointment

At the ensuing Annual General Meeting, Shri J Venkataraman and Shri Suresh Krishnamurthi Rao, both retire by rotation, and being eligible, offer themselves for re-election. Brief particulars of these Directors are as given below:

(I) Shri J.Venkataraman, 70 years, is B.Sc.,(D.M.I.T) Graduate from the Madras Institute of Technology. He worked as Instrument Engineer in DCM Group, Taylor Instruments and Sahu Jain Group. He was the Promoter Director of Jaisun & Hutchison Controls Private Limited, which executed a number of Instrumentation Projects for the Fertiliser, Power and Petrochemical Sectors throughout India. He was also a Promoter Director of J&H Digisys Private Ltd., which developed sophisticated electronic products and anode protection systems for metal anodes.

Shri J.Venkataraman holds Directorship in the following Company:

COMPANY NAME	CATEGORY
Novatron Broadband Private Limited	Director

He is also member of the following Committees of your Company :

- (i) Audit Committee.
- (ii) Corporate Governance Committee.
- (iii) Shareholders' Grievance Committee.

(II) Shri Suresh Krishnamurthi Rao, 42 years, a Graduate in Management from the University of Madras, has over 18 years of experience as Senior Management Team Member. He is a second generation entrepreneur leading the Group.

CAL's proactive efforts to modernize the Plant, and to acquire new Salt lands, are his initiatives.

The Companies that he is heading now, have pioneered many technologies in India, which had their positive impact on energy conservation, environmental protection, potable water, and Membrane technology.

Shri Suresh Krishnamurthi Rao holds Directorship in the following Companies:

COMPANY NAME	CATEGORY
Titanium Equipment and Anode Manufacturing Company Limited	Director
Dr Rao Holdings Pte Ltd., Singapore	Director

He is member of the following Committee in your Company:

- (i) Shareholders Grievance Committee.

3. AUDIT COMMITTEE

The Audit Committee of the Board of Directors is constituted in compliance with Corporate Governance requirements. Out of the total four members of the Committee, three are Non-Executive Independent Directors who have relevant finance exposure. The Committee is chaired by an Independent Director. The head of Internal Audit and Statutory Auditors attend and participate in the meetings of the Audit Committee regularly on invitation.

The terms of reference and scope of the Committee include:-

- (i) To oversee the Company's financial reporting process and disclosure of its financial information.
- (ii) To recommend the appointment/removal of Statutory/Internal Auditors, fixing of audit fees and approval of payments.
- (iii) To review and discuss with the Auditors on internal control systems and the scope of audit, including the observations of the Auditors, adequacy of the internal audit system and major accounting policies.
- (iv) To review compliance with accounting standards and listing agreement entered into with the Stock Exchanges and other legal requirements concerning financial statements and related party transactions.
- (v) To review Risk Management and Legal matters of the Company, and
- (vi) To review the Quarterly, Half-yearly and Annual Financial Statements before submission to the Board of Directors.

The attendance of the Members at the meetings of the Committee was as follows:

Name of the member	Status	Director Category	No. of meeting attended
Shri T. Ramabadrn	Chairman	Independent Director	4
Shri C.S. Ramesh	Member	Non Executive Director	4
Shri J. Venkataraman	Member	Independent Director	3
Shri N. Ganga Ram	Member	Independent Director	4

After resignation of the Company Secretary, Shri S.C.Sai Narayanan with effect from 28th February 2014, Shri K Mohamed Ibrahim, Deputy Company Secretary has been appointed as Company Secretary on 11th April 2014 and he is acting as the Secretary of the Committee and the Statutory Auditors of the Company are permanent invitees to the said Audit Committee meetings.

Minutes of the Audit Committee meetings are circulated, discussed and noted by the Members of the Board.

The Committee met four times during the year under review on the dates as indicated below:

- (i) 11 Apr 2013
- (ii) 07 Jul 2013
- (iii) 09 Oct 2013
- (iv) 11 Jan 2014



4. REMUNERATION COMMITTEE

As your Company is Board-managed, there is no statutory obligation to constitute Remuneration Committee.

NON-EXECUTIVE DIRECTORS COMPENSATION AND DISCLOSURES

Details of sitting fees paid to the Non-Executive Directors and Commission paid to them with the approval of the Shareholders during the year are given below:

Name of the Director	Sitting Fees	Commission	Total
	(Rupees in Lakhs)		
1. Shri Suresh Krishnamurthi Rao	0.00	50.00	50.00
2. Shri C.S. Ramesh	1.40	10.00	11.40
3. Shri T. Ramabadran	1.40	10.00	11.40
4. Shri J. Venkataraman	0.00	0.00	0.00
5. Shri N. Ganga Ram	1.40	5.00	6.40
TOTAL	4.20	75.00	79.20

It may be noted that the commission of Rs. 75.00 lakhs as above relates to the year 2012-13 which is paid during the year 2013-14.

For the year ended 31st March 2014, it is proposed to pay commission not exceeding 3% of the Net Profits of the Company to the Non Executive Directors, absorbing a sum of Rs. 70 lakhs.

5. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

The Board of Directors has constituted a Shareholders'/Investors' Grievances Committee consisting of the following Non-Executive Directors:

Sl No.	Name of the member	Status	Directors Category	No. of meeting attended
1.	Shri N. Ganga Ram	Chairman	Independent Director	4
2.	Shri T. Ramabadran	Member	Independent Director	4
3.	Shri C.S. Ramesh	Member	Non Executive Director	4
4.	Shri J. Venkataraman	Member	Independent Director	3
5.	Shri Suresh Krishnamurthi Rao	Member	Non Executive Promoter	4

The Committee also looks into redressal of shareholders' complaints like delay in transfer of shares, non-receipt of annual report/dividend warrants etc., oversees the performance of Registrars & Transfer Agents and recommends measures for overall improvements in the quality of investor services.

During the Financial Year 2013-14, the Committee met on:

- (i) 11 Apr 2013
- (ii) 07 Jul 2013
- (iii) 09 Oct 2013
- (iv) 11 Jan 2014

During the year 2013-14, a total of 25 letters received from the shareholders seeking clarification on Demat, Dividend, Share Split, Non-receipt of Annual Accounts etc. were responded and at the end of the year, no matter raised by the shareholders, was pending redressal.

After resignation of the Company Secretary, Shri S.C. Sai Narayanan with effect from 28th February 2014, Shri K Mohamed Ibrahim, Deputy Company Secretary has been appointed as Company Secretary on 11th April 2014 and is the Compliance Officer under the relevant SEBI guidelines.

6. ANNUAL GENERAL MEETINGS:

i. The details of the last three Annual General Meetings of the Company are given below.

Year	Location	Date	Time	Number of special resolutions passed
2010-11	Registered Office	23.05.2011	08.30 hrs	---
2011-12	Registered Office	21.05.2012	10.00 hrs	---
2012-13	Registered Office	23.05.2013	10.00 hrs	---

ii) During the year 2013-14, the Company had not passed any Special Resolution by Postal Ballot.

iii) At the forthcoming AGM, there is no item on the Agenda that needs approval by Postal Ballot.

7. DISCLOSURES:

a. Related party transactions during the year have been disclosed as required under Accounting Standard 18. The transactions are not prejudicial to the interests of the Company.

b. No strictures/penalties have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities on any matter related to capital market during the last three years.

c. Accounting Treatment

In the preparation of the financial statements, the generally accepted accounting principles and policies were followed. All the Mandatory Accounting Standards were followed in the preparation of the financial statements.

d. Board Disclosures - Risk Management

The main objective of Risk Management is risk reduction and avoidance as also to help the Company identify the risks faced by the business and optimise the risk management strategies. The Company has a defined risk management framework.

e. Code of Conduct

The Company has adopted a Code of Conduct for the members of the Board of Directors and the Senior Management personnel of the Company. The said Code of Conduct has been posted on the Website of the Company www.chemfabalkalis.com

The Company is Board-managed and there is no Managing/ Whole time Director/Manager. The Board of Directors have authorized the CFO, to make a declaration on compliance of



Code of Conduct by all the Board Members and the senior management personnel.

A Report on the compliance aspect of the Code of Conduct given by the CFO and the Company Secretary, authorised by the Board, is given at the end of this Report.

f. Subsidiary Companies

The Company has no Subsidiary.

g. Proceeds from Public Issues, Rights Issues, Preferential Issues etc.

No money was raised through Public/Rights/Preferential Issues during the year.

h. Management disclosures

Management Discussion and Analysis Report forms part of the Annual Report.

8. CEO/CFO CERTIFICATION

The Company is Board managed and there is also no CEO. However, the Directors have authorized the Company Secretary and the CFO of the Company, to discharge the obligations expected of a CEO under the Corporate Governance Guidelines prescribed by SEBI.

Accordingly, the Board has received the necessary certificate from this committee.

9. MEANS OF COMMUNICATION:

The quarterly/half yearly /yearly results audited/unaudited results were published by the Company in Newspapers as required. Further, the quarterly results were also posted in the Company's Website – www.chemfabalkalis.com

10. GENERAL SHAREHOLDERS INFORMATION:

REGISTERED OFFICE	Team House, GST Salai Vandalur, Chennai – 600 048, India Phone : +91-44-22750323/324 Fax : +91-44-22750860 Email : ibrahimcal@draaholdings.com Website: www.chemfabalkalis.com
ANNUAL GENERAL MEETING, DATE OF BOOK CLOSURE & DIVIDEND PAYMENT DATE	Since, the date of AGM and the Period of the Book Closure and the date of commencement of Book Closure are yet to be decided on the date of this report, we are unable to indicate the exact date of payment of dividend.
FINANCIAL CALENDAR (TENTATIVE) Covering period from 01st Apr 2014 to 31st Mar 2015.	<ul style="list-style-type: none"> ➤ First Quarter's Results By 20th Jul 2014 ➤ Second Quarter's Results By 20th Oct 2014 ➤ Third Quarter's Results By 20th Jan 2015 ➤ Annual Results By 20th Apr 2015

LISTING OF EQUITY SHARES ON THE STOCK EXCHANGES

<u>STOCK EXCHANGE WHERE SHARES ARE LISTED</u>	<u>SCRIP CODE / No.'s</u>
DEMAT ISIN IN NSDL AND CDSL FOR EQUITY SHARES	ISIN INE479E01028
BOMBAY STOCK EXCHANGE LTD. (BSE)*	506894
NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)*	CHEMFALKAL

* The Company has paid Listing Fees to the Stock Exchanges for 2013-14.

MARKET PRICE DATA

The High and Low stock quotations during the financial year 2013-14 on BSE and NSE are as under:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2013	91.95	72.30	92.00	72.35
May 2013	78.95	67.55	76.95	67.90
June 2013	71.95	63.30	70.75	63.00
July 2013	73.35	57.75	74.00	58.00
August 2013	59.95	51.55	59.80	51.30
September 2013	68.00	54.00	68.00	52.45
October 2013	71.45	60.35	70.95	60.70
November 2013	69.90	62.00	70.55	61.55
December 2013	78.00	66.15	78.50	66.15
January 2014	78.60	65.30	78.75	66.15
February 2014	72.05	66.90	73.00	66.10
March 2014	87.50	67.65	87.85	67.05



REGISTRAR AND SHARE TRANSFER AGENT	M/s Cameo Corporate Services Ltd, Subramanian Building, 1 Club House Road, Chennai - 600 002. Phone No.044 2846 0390 / 2846 0395 Fax: 044 2846 0129 Email : cameo@cameoindia.com Website : www.cameoonline.net
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SHARE TRANSFER SYSTEM

A Committee of the Board approves Share Transfers in the physical form on a fortnightly basis.

(a) DISTRIBUTION OF SHAREHOLDINGS

SHAREHOLDINGS OF NOMINAL VALUE		SHAREHOLDERS		SHARE AMOUNT	
Rs.	Rs.	Number	% TO TOTAL	Rs.	% TO TOTAL
5	5000	5005	93.39	4990875	10.88
5001	10000	200	3.73	1547600	3.37
10001	20000	82	1.53	1222555	2.67
20001	30000	26	0.48	647445	1.41
30001	40000	11	0.21	382990	0.84
40001	50000	11	0.21	480315	1.05
50001	100000	16	0.30	1173400	2.56
100001	And above	8	0.15	35413305	77.22
TOTAL		5359	100.00	45858485	100.00

SHAREHOLDING PATTERN

CATEGORY	NO.OF HOLDERS	TOTAL SHARES	% to EQUITY
Resident	4988	1827176	19.92
Foreign National	2	107000	1.17
NRI	125	92891	1.01
Corporate Body	181	237585	2.59
Clearing Member	51	18919	0.21
Mutual Funds	4	9100	0.10
Trusts	1	200	0.00
Bank	2	500	0.01
Promoters	5	6878326	74.99
TOTAL	5359	9171697	100.00

DETAILS OF UNCLAIMED SHARE CERTIFICATES

In terms of Clause 5A of the Listing Agreement, the Company had sent the reminders vide letters dated 27.01.2011, 05.03.2011 and 30.03.2011 to all the Shareholders whose Share Certificates have returned undelivered. The Company will transfer the Shares comprised in the Share Certificates, which are still remaining undelivered into one Folio in the name of Unclaimed Suspense Account (Demat Account). The Company is in the process of opening an Unclaimed Suspense Account and further disclosure under Clause 5A(II)(h) will be made in due course.

DEMATERIALISATION OF SHARES:

The Company has appointed M/s Cameo Corporate Services Ltd., as the Registrars of the Company for establishing connectivity with NSDL and CDSL to facilitate dematerialisation of the shares held by the Members.

As on 31.03.2014, 95.79 % have been dematerialised.



OUTSTANDING GDR/ADR WARRANTS OR CONVERTIBLE BONDS

The Company has not issued any of the securities mentioned above.

PLANT LOCATION

CHLOR ALKALI DIVISION	“Gnanananda Place”, Kalapet, Puducherry - 605 014
SALT DIVISION	Kanthadu Village, Marakanam Post, Villupuram District, Tamil Nadu

ADDRESS FOR CORRESPONDENCE

The Company Secretary Chemfab Alkalis Limited Team House, GST Salai, Vandalur, Chennai – 600 048	Phone : +91-44-22750323 Fax : +91-44-22750860 Email : ibrahimcal@draaholdings.com Website: www.chemfabalkalis.com
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Declaration

As stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct.

K. Mohamed Ibrahim
Company Secretary

Nitin S.Cowlagi
Vice President (Finance)

Place : Chennai
Date : 11th April, 2014

For and on behalf of Board of Directors of

CHEMFAB ALKALIS LIMITED

Place : Chennai
Dated : 11th April, 2014

Suresh Krishnamurthi Rao
Chairman



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Chemfab Alkalis Limited

We have examined the compliance of conditions of Corporate Governance by Chemfab Alkalis Limited ("the Company"), for the year ended 31 March 2014, as stipulated in Clause 49 of the Listing Agreements of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No.008072S)

Sriraman Parthasarathy
Partner

Membership No. 206834

CHENNAI, April 11, 2014

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
CHEMFAB ALKALIS LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of CHEMFAB ALKALIS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mis-statement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give



the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to Note 31 to the financial statements relating to the disallowance of Sales Commission by the Income Tax Authorities for the prior years, the assessment of the same by the Management along with the basis/reasons stated therein and the consequential additional provision for tax made for the said years.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 008072S)

Sriraman Parthasarathy
Partner
Membership No. 206834

CHENNAI, April 11, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/results during the year, clauses 4(vi), 4(x), 4(xii), 4(xiii), 4(xiv), 4(xv), 4(xvi), 4(xviii), 4(xix) and 4(xx) of paragraph 4 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, considering the nature of the products and the industry practice, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) A. The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
B. In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act 1956, according to the information and explanations given to us:
 - (a) The Company has granted a unsecured loan aggregating Rs. 2,00,00,000 to one party during the year. At the year-end, the outstanding balances of such loans granted aggregated Rs.12,00,00,000 (number of parties-one) and the maximum amount involved during the year was Rs. 12,71,14,984 (number of parties-one).
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interest of the Company.



- (c) The receipts of interest have been as per stipulations. However, there have been delays in receipts of interest for which stipulated penal interest was charged and collected. No principal amounts have become due during the year.
- (d) There are no overdue amounts of over Rs. 1 lakh remaining outstanding as at the year-end.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time other than purchases of certain items of fixed assets that are of the Company's specialised requirements for which prevailing market prices at the relevant time were not available for comparison.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011, prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.
- (ix) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor

Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March 2014 for a period of more than six months from the date they became payable.
- (c) Details of dues of Sales Tax, Excise Duty, Service Tax, and Cess and other material statutory dues which have not been deposited as at 31 March 2014 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs.)
The Central Sales Tax Act, 1956	Sales Tax	CTO Chengalpet	F.Y 2003-04	57,939
The Central Excise Act, 1944	Excise duty	Commissioner (Appeals), Chennai	April 2006 to June 2012	50,25,015
The Finance Act, 1994	Service Tax	Commissioner (Appeals), Chennai	January 2005 to March 2013	93,78,435
The Electricity Act, 2003	Fuel Surcharge	Appellate Tribunal for Electricity, New Delhi	April 2010 to October 2010	1,13,60,656

- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loans from financial institutions or issued any debentures.
- (xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31 March 2014, we report that funds raised on short-term basis of Rs. 16,01,44,703 have been used during the year for long-term investment. Further the Company has explained that steps are being taken to augment long term funds.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 008072S)
Sriraman Parthasarathy
Partner
Membership No. 206834

CHENNAI, April 11, 2014



BALANCE SHEET AS AT 31 MARCH 2014

Particulars	Note No.	As at 31 March 2014	As at 31 March 2013
		Rs.	Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	2	4,58,58,485	4,58,58,485
(b) Reserves and Surplus	3	116,53,13,372	101,42,51,743
(2) Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)	4	11,37,81,301	10,43,44,016
(b) Other Long-Term Liabilities	5	63,30,522	33,98,648
(c) Long-Term Provisions	6	29,58,496	25,45,402
(3) Current Liabilities			
(a) Short-Term Borrowings	7	24,18,93,015	-
(b) Trade Payables	8	12,67,95,716	12,16,47,726
(c) Other Current Liabilities	9	8,73,91,256	4,55,10,409
(d) Short-Term Provisions	10	1,37,16,043	1,85,61,845
TOTAL		<u>180,40,38,206</u>	<u>135,61,18,274</u>
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		71,68,46,213	65,91,86,126
(ii) Intangible Assets		10,15,493	-
(iii) Capital work-in-progress (Refer Note 34)		58,71,43,054	2,00,71,278
(iv) Intangible Assets under development		81,20,780	-
(b) Non-Current Investments	12	32,148	32,148
(c) Long-Term Loans and Advances	13	18,89,84,160	18,94,71,829
(d) Other Non-Current Assets	14	-	77,63,118
(2) Current Assets			
(a) Current Investments	15	7,17,95,852	26,32,47,713
(b) Inventories	16	2,79,16,014	2,96,06,347
(c) Trade Receivables	17	10,59,09,762	14,33,82,875
(d) Cash and Bank Balances	18	1,90,31,007	2,79,95,579
(e) Short-Term Loans and Advances	19	7,51,63,429	1,38,66,034
(f) Other Current Assets	20	20,80,294	14,95,227
TOTAL		<u>180,40,38,206</u>	<u>135,61,18,274</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of Board of Directors

For Deloitte Haskins & Sells
Chartered AccountantsC.S. Ramesh
DirectorSuresh Krishnamurthi Rao
ChairmanSriraman Parthasarathy
PartnerNitin S. Cowlagi
Vice President - FinanceK. Mohamed Ibrahim
Company SecretaryPlace : Chennai
Date : 11 April 2014Place : Chennai
Date : 11 April 2014



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

Particulars	Note No.	For the Year Ended	For the Year Ended
		31 March 2014	31 March 2013
		Rs.	Rs.
I Revenue from Operations (Gross)	21	125,86,72,243	129,55,83,829
Less : Excise Duty		13,20,22,851	13,62,70,556
Revenue from Operations (Net)		<u>112,66,49,392</u>	<u>115,93,13,273</u>
II Other Income	22	4,73,09,533	3,63,31,111
III Total Revenue (I+II)		<u>117,39,58,925</u>	<u>119,56,44,384</u>
IV Expenses			
Cost of Materials Consumed	23	5,81,35,972	4,17,57,936
Purchases of Stock in Trade	24	20,603	30,18,692
Changes in Inventories of Finished Goods and Work in Progress	25	(1,56,121)	1,46,26,162
Other Direct Manufacturing Expenses	26	56,11,62,338	48,76,05,854
Employee Benefits Expense	27	9,00,18,113	7,80,74,164
Finance Cost	28	83,30,154	-
Depreciation Expenses	11	6,26,90,230	6,68,07,107
Other Expenses	29	14,62,34,922	15,54,52,482
Total Expenses		<u>92,64,36,211</u>	<u>84,73,42,397</u>
V Profit before tax (III - IV)		24,75,22,714	34,83,01,987
VI Less: Tax expenses			
- Current tax	35	7,36,10,767	12,11,88,900
- Deferred tax	4	94,37,285	(77,10,884)
VII Profit for the Year (V - VI)		<u>16,44,74,662</u>	<u>23,48,23,971</u>
VIII Earnings per share (of Rs 5/- each)			
Basic	47	17.93	25.60
Diluted		17.93	25.60

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of Board of Directors

**For Deloitte Haskins & Sells
Chartered Accountants**

**C.S. Ramesh
Director**

**Suresh Krishnamurthi Rao
Chairman**

**Sriraman Parthasarathy
Partner**

**Nitin S. Cowlagi
Vice President - Finance**

**K. Mohamed Ibrahim
Company Secretary**

**Place : Chennai
Date : 11 April 2014**

**Place : Chennai
Date : 11 April 2014**



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

Particulars	For the Year Ended 31 March 2014	For the Year Ended 31 March 2013
	Rs.	Rs.
A. Cash flow from Operating Activities		
Net Profit Before Tax	24,75,22,714	34,83,01,987
Adjustment for:		
Depreciation Expenses	6,26,90,230	6,68,07,107
Dividend from Non-current Investments	(4,175)	(3,000)
Dividend from Current Investments	(1,75,48,639)	(1,85,65,304)
Interest from Fixed Deposit	(16,64,404)	(14,84,234)
Interest from Inter Corporate Deposit	(1,15,99,640)	(46,84,935)
Interest Expenses	13,71,337	-
Provision for compensated absences	3,04,881	(1,67,875)
Profit from sale of fixed assets (net)	(4,93,491)	(87,46,266)
Excess Provision Reversed	(25,00,000)	(63,174)
Provision for Doubtful Receivables	5,69,733	-
Unrealised Exchange Variation (Net)	(49,65,992)	(5,66,833)
Operating Profit before Working Capital and Other changes	27,36,82,554	38,08,27,473
Decrease / (Increase) in Trade Receivables	3,68,87,665	(5,29,88,018)
(Increase) / Decrease in Other Receivables	(3,97,14,423)	3,66,81,925
Decrease in Inventories	16,90,333	1,44,76,351
Increase in Trade Payables and Other Current and Non-current liabilities	1,25,90,442	6,94,68,490
Changes in Working Capital and Other changes	1,14,54,017	6,76,38,748
Cash generated from Operations	28,51,36,571	44,84,66,221
Direct Taxes Paid (net)	(12,25,86,676)	(13,73,13,368)
Net cash generated from Operating Activities (A)	16,25,49,895	31,11,52,853
B. Cash flow from Investing Activities		
Capital Expenditure	(62,31,13,670)	(18,18,91,209)
Proceeds from Sale of Fixed Assets	24,08,220	2,28,72,010
Sale Proceeds of current investments	500	500
Increase in Bank balances not considered as Cash and cash equivalents	(87,50,575)	(1,44,448)
Inter Corporate Deposit	(2,00,00,000)	(10,00,00,000)
Decrease / (Increase) in Bank balances included in Other Non-Current Assets	77,63,118	(21,47,800)
Dividend Received from Non-current Investments	4,175	3,000
Dividend Received from Current Investments	1,75,48,639	1,85,65,304
Interest Received on Fixed Deposit	10,79,337	10,39,108
Interest Received on Inter Corporate Deposit	1,04,26,215	46,84,935
Net Cash used in Investing Activities (B)	(61,26,34,041)	(23,70,18,600)
C. Cash flow from Financing Activities		
Dividend Paid / remitted, including Dividend Tax	-	(5,32,97,878)
Proceeds from Short Term Borrowings	24,18,93,015	-
Interest paid on Borrowings	(5,55,025)	-
Net Cash generated from / (used in) Financing Activities (C)	24,13,37,990	(5,32,97,878)
D. Net (Decrease) / Increase in Cash and Cash Equivalents (A) + (B) + (C)	(20,87,46,156)	2,08,36,375
E. Cash and Cash Equivalents (Opening) as on 1st April 2013 / 1st April 2012	28,72,56,908	26,64,20,533
F. Cash and Cash Equivalents (Closing)	7,85,10,752	28,72,56,908
Reconciliation of Cash and cash equivalents		
Cash and Cash Equivalents as per Note 18	67,14,900	2,40,09,695
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note 15)	7,17,95,852	26,32,47,213
Cash and cash equivalents at the end of the Year	7,85,10,752	28,72,56,908
See accompanying notes forming part of the financial statements In terms of our report attached		
For and on behalf of Board of Directors		
For Deloitte Haskins & Sells Chartered Accountants	C. S. Ramesh Director	Suresh Krishnamurthi Rao Chairman
Sriraman Parthasarathy Partner	Nitin S. Cowlagi Vice President - Finance	K. Mohamed Ibrahim Company Secretary
Place : Chennai Date : 11 April 2014	Place : Chennai Date : 11 April 2014	



1. SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with Accounting principles generally accepted in India and comply with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 (“the 1956 Act”) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b. USE OF ESTIMATES

The preparation of the financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and the disclosures relating to contingent assets and liabilities as on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates.

c. OPERATING CYCLE

Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

d. INVENTORIES

Inventories are valued at the lower of cost (net of cenvat where applicable) and net realizable value. Cost includes cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition and is net of credit under Cenvat scheme and VAT where applicable. The methods of determination of cost of various categories of inventory are as follows:

- Raw Materials, Fuel and Stores and Spares – On weighted average basis.
- Finished goods and Work in Progress at lower of Cost, which includes appropriate production overheads and Net Realizable Value, the Cost being determined on weighted average basis.

Excise duty payable on manufactured finished goods held in the factory is included in the value of closing stock wherever applicable.

Due allowance is estimated and made by the Management for slow moving / non-moving items of inventory, wherever necessary, based on the technical assessment and such allowances are adjusted against the closing inventory value.

**e. CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

f. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

g. FIXED ASSETS AND DEPRECIATION

Fixed Assets are recorded at cost less accumulated depreciation. The Company capitalizes all costs relating to acquisition and installation of fixed assets. Cost of spares relating to specific item of fixed assets is capitalized. Cost of modifications that enhance the operating performance or extend the useful life of fixed assets are also capitalized, where there is a certainty of deriving future economic benefits from the use of such assets.

Eligible borrowing costs are capitalized as part of qualifying fixed assets. Other borrowing costs are expensed.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as "Capital Advances" under Long Term Loans and Advances and cost of fixed assets not ready to use before such date are disclosed under "Capital Work- in- Progress".

Fixed assets are depreciated *pro-rata* to the period of use, based on straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956 or based on the depreciation rates as per the estimated useful lives of assets whichever is higher as under:

Category	Rate
Buildings	3.34%
Plant and Equipment	
- Continuous process plant	5.28% *
- Others	4.75% to 20%*
Furniture and Fixtures	6.33%
Computers	16.21%
Vehicles	9.50%
Office Equipment	4.75%

* As certified by Management and relied upon by the Auditors, based on the technical assessment of the Management

Assets costing less than Rs.5000 are fully depreciated in the year of addition, as and when capitalized.

Depreciation is accelerated on fixed assets, based on their condition, usability etc. as per the technical estimates of the Management, where necessary.



h. IMPAIRMENT OF ASSETS

The Company determines whether there is any indication of impairment of the carrying amount of its assets. The recoverable amount of such assets are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount.

i. RESEARCH AND DEVELOPMENT

Revenue expenditure incurred on research and development activities is expensed. Fixed assets, relating to research and development are capitalized and depreciation provided there on.

j. REVENUE RECOGNITION

Domestic sale of products is recognised when the products are despatched to the customer which is when risks and rewards of ownership are transferred as per the terms of sale / understanding with the customers. Sales are inclusive of excise duty but excluding other taxes and are net of rebates and discounts.

Export sale of products is recognised when goods are delivered to the carrier, which is when risks and rewards of ownership are transferred as per the terms of sale / understanding with the customers.

Revenues are recognised when collectability of resulting receivables is reasonably assured.

Income from service activities is accounted for on rendering the service in accordance with the contractual terms and when there is no uncertainty in receiving the same.

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

Interest income is recognized using time proportion method.

Dividend Income is accounted when the right to receive is established.

k. FOREIGN EXCHANGE TRANSACTION

Transactions in foreign currencies are accounted at the exchange rates prevailing on the date of the transactions and the realized exchange loss/gain are dealt with in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currency are restated at the rates of exchange as on the Balance Sheet date and the exchange gain / loss is suitably dealt with in the Statement of Profit and Loss.

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date.

l. INVESTMENTS

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

are classified as long term investments. Current Investments are stated at lower of cost and fair value. Long term investments are stated at cost of acquisition. Provision for diminution is made when such diminution is considered other than temporary in nature. Valuation is determined on the basis of each category of investments.

m. GOVERNMENT GRANTS, SUBSIDIES AND EXPORT INCENTIVES

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidies will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Export benefits, if any, are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

n. EMPLOYEE BENEFITS

1. DEFINED CONTRIBUTION PLAN

- a. Fixed contributions to Provident Fund are recognized in the accounts at actual cost to the Company.
- b. Super Annuation Fund: The Company makes contribution to a scheme administered by the insurer to discharge its liabilities towards super annuation to the employees. The Company has no other liability other than its annual contribution.

2. DEFINED BENEFIT PLAN

- a. Gratuity: The Company makes contribution to a scheme administered by the insurer to discharge gratuity liabilities to the employees. The Company records its gratuity liability based on independent actuarial valuation as at the Balance Sheet date using the Projected Unit Credit Method. Actuarial gains and losses are immediately recognized in the Statement of Profit and Loss.
- b. Accumulated compensated absence: The Company records its Compensated absence liability based on actuarial valuation as at the Balance Sheet date by an independent actuary using the Projected Unit Credit Method.



3. OTHER EMPLOYEE BENEFITS

Other employee benefits are estimated and accounted as per the Company's policy and the terms of the employment contract.

o. TAXATION

- a. Current tax is determined on the profit for the Year in accordance with the provisions of the Income tax Act, 1961.
- b. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

p. SEGMENT REPORTING

- i. The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.
- ii. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.
- iii. Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses which, relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under unallocated on a net basis.
- iv. Inter-segment revenue is accounted on the basis of transactions which are primarily market led.

q. LEASES:

Leases are classified as finance or operating leases depending upon the terms of the lease agreements.

Finance leases

Finance leases, which effectively transfer substantially all the risks and benefits incidental to the ownership of the leased item, are capitalised at the lower of the fair value or present value of the



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and the reduction of the lease liability based on the implicit rate of return.

Operating leases

Leases of assets under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

f. EARNINGS PER SHARE:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

S. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognised, but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

t. SERVICE TAX INPUT CREDIT

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs	Rs
2. Share Capital AUTHORISED		
4,22,00,000 (P.Y 4,22,00,000) Equity Shares of Rs 5/- each (Refer Note 2(d) below)	21,10,00,000	21,10,00,000
4,000 (P.Y.4,000) 11% Redeemable Cumulative Preference Shares of Rs 100/- each	4,00,000	4,00,000
	<u>21,14,00,000</u>	<u>21,14,00,000</u>
ISSUED SUBSCRIBED AND FULLY PAID-UP		
91,71,697 (P.Y. 91,71,697) Equity Shares of Rs.5/- each	4,58,58,485	4,58,58,485
Total	<u>4,58,58,485</u>	<u>4,58,58,485</u>
Notes:		
(a) Reconciliation of Number of Shares		
Shares outstanding as at 1 April 2013 / 1 April 2012	91,71,697	91,71,697
Shares outstanding as at 31 March 2014 / 31 March 2013	91,71,697	91,71,697
(b) List of shareholders holding more than 5% of the total number of shares issued by the Company :		
Name of the shareholder (Class of Shares, % Holding)		
Dr. Rao Holdings Pte Ltd (Equity Shares 49.84% (P.Y 49.84%))	45,71,468	45,71,468
Titanium Equipment and Anode Manufacturing Company Limited (Equity Shares 9.60%, (P.Y 9.60%))	8,80,458	8,80,458
Shrimati. K.M. Padma (Equity Shares 5.96%, (PY 5.96%))	5,46,556	5,46,556
Shri. Suresh Krishnamurthi Rao (Equity Shares 9.59%, (PY 9.59%))	8,79,804	8,79,804
(c) Disclosure of Rights		
The Company has issued only one class of equity shares having a par value of Rs.5 per share. Each holder of Equity Share is entitled to one vote per share. The Company declares dividends in Indian rupees. Dividend when proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting, except in the case of interim dividend, if any.		
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.		
(d) Authorised Share Capital		
Authorised Share Capital includes 51,00,000 Equity Shares of Rs.10/- each (P.Y 51,00,000 Equity Shares of Rs.10 /- each) being authorised share capital of Rs. 5,10,00,000 (P.Y Rs. 5,10,00,000 /-) of erstwhile Membrane Technologies Limited which stood combined with the authorised share capital of the Company based on the Scheme of Amalgamation approved by the Hon'ble High Court of Madras vide its order dated 8 March 2006.		



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs	Rs
3. Reserves and Surplus		
Capital Reserve	40,66,650	40,66,650
Capital Redemption Reserve	6,000	6,000
General Reserve		
Opening Balance	21,72,88,211	19,32,88,211
Add: Transferred from surplus in the Statement of Profit and Loss	1,65,00,000	2,40,00,000
Closing Balance	23,37,88,211	21,72,88,211
Surplus in Statement of Profit and Loss		
Opening Balance	79,28,90,882	63,53,64,789
Add: Profit for the year	16,44,74,662	23,48,23,971
	95,73,65,544	87,01,88,760
Less: Appropriations		
- Transferred to General Reserve	1,65,00,000	2,40,00,000
- Interim Dividend on Equity shares (Rate per share - C.Y - Rs. Nil (P.Y Rs 5/- per share))	-	4,58,58,485
- Proposed Final Dividend on Equity shares (Rate per share - C.Y- Rs 1.25/- per share (P.Y Rs. Nil)) (Refer Note below)	1,14,64,621	-
- Tax on Dividend	19,48,412	74,39,393
Closing Balance	92,74,52,511	79,28,90,882
Total	116,53,13,372	101,42,51,743
Note:		
The Board of Directors at its meeting held on 11 April 2014 has recommended a final dividend of Rs 1.25 per equity share.		



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Particulars	As at 31 March 2014	As at 31 March 2013
4. Deferred Tax Liabilities (Net)	Rs	Rs
Deferred Tax Liabilities		
Difference between Depreciation on fixed assets as per Books of Account and as per Income Tax Act,1961	12,69,91,235	10,53,48,971
Deferred Tax Assets		
Employee benefits	11,08,586	10,04,955
Others - (Provisions / Others)	1,21,01,348	-
Total	11,37,81,301	10,43,44,016
5. Other Long term Liabilities		
Trade / security deposits received	53,75,214	26,93,630
Gratuity Payable	9,55,308	7,05,018
Total	63,30,522	33,98,648
6. Long-term Provisions		
Provision for Employee Benefits		
- Provision for compensated absences	29,58,496	25,45,402
Total	29,58,496	25,45,402
7. Short-term Borrowings		
<u>From Banks</u>		
- Secured loan - Buyers Credit (Refer Note below)	24,18,93,015	-
Total	24,18,93,015	-
Note:		
During the current year, the Company has availed Buyers credit from State Bank of India, secured by way of a first charge over the fixed assets created from the said facility. The tenure of the facility is 180 days. Rate of interest varies from 0.98% to 1.11%		
8. Trade Payables		
Trade payables - other than acceptances (Refer Notes 33 and 37)	12,67,95,716	12,16,47,726
Total	12,67,95,716	12,16,47,726
9. Other Current Liabilities		
Interest Accrued but not due on borrowings	8,16,312	-
Unpaid Dividends (Refer Note (i) below)	15,80,012	20,00,364
Other payables (Refer Note (ii) below)	8,49,94,932	4,35,10,045
Total	8,73,91,256	4,55,10,409
Notes:		
(i) Amounts to be credited to Investor Education and Protection Fund towards:		
-Unpaid Dividends	-	-
(ii) Other payables pertains to:		
- Statutory liabilities	40,93,612	41,04,225
- Creditors for Capital Goods	7,28,39,616	2,83,83,603
- Advance from Customers	39,26,593	85,22,217
- Gratuity Payable	20,00,000	25,00,000
- Forward Contract Liability (Net)	21,35,111	-
10. Short-term Provisions		
Provision for Employee Benefits		
- Provision for compensated absences	3,03,010	4,11,223
Provision for Taxation (Net of Advance Tax of Rs. NIL (P.Y.Rs. 52,08,67,899/-))	-	1,81,50,622
Provision for proposed equity dividend	1,14,64,621	-
Provision for tax on proposed dividend	19,48,412	-
Total	1,37,16,043	1,85,61,845



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Particulars	Gross Block					Accumulated Depreciation				Net Block	
	As at 01 April 2013	Additions during the Year	Deletions during the Year	As at 31 March 2014	As at 01 April 2013	For the Year	Deletions during the Year	As at 31 March 2014	As at 31 March 2014	As at 31 March 2013	
TANGIBLE ASSETS - OWNED											
Land (Previous year)	9,27,13,088 (2,15,16,875)	3,34,53,872 (7,56,39,410)	(44,43,197)	12,61,66,960 (9,27,13,088)	-	-	-	-	12,61,66,960 (9,27,13,088)	9,27,13,088 (2,15,16,875)	
Buildings (Previous year)	9,10,20,392 (8,59,52,803)	24,78,489 (56,73,474)	20,86,555 (6,05,885)	9,14,12,326 (9,10,20,392)	3,09,69,073 (2,83,47,127)	30,69,853 (27,50,374)	20,86,554 (1,28,428)	3,19,52,372 (3,09,69,073)	5,94,59,954 (6,00,51,319)	6,00,51,319 (5,76,05,676)	
Plant and Equipment (Previous year)	122,55,46,466 (128,78,72,561)	8,13,63,097 (5,94,10,148)	1,70,48,246 (12,17,36,243)	128,98,61,317 (122,55,46,466)	73,35,68,117 (78,57,28,819)	5,73,77,734 (6,16,09,659)	1,65,13,406 (11,37,70,341)	77,44,32,445 (73,35,68,117)	51,54,28,872 (49,19,78,349)	49,19,78,349 (50,21,43,742)	
Furniture and Fixtures (Previous year)	77,44,633 (1,14,80,272)	4,28,104 (4,84,005)	18,590 (42,19,644)	81,54,147 (77,44,633)	37,39,269 (72,49,591)	5,01,143 (7,09,322)	18,590 (42,19,644)	42,21,822 (37,39,269)	39,32,325 (40,05,364)	40,05,364 (42,30,681)	
Vehicles (Previous year)	44,76,751 (52,96,866)	12,37,420 (16,04,940)	18,43,246 (24,25,055)	38,70,925 (44,76,751)	9,18,118 (18,72,012)	4,09,956 (4,79,865)	4,85,015 (14,33,759)	8,43,059 (9,18,118)	30,27,866 (35,58,633)	35,58,633 (34,24,854)	
Office Equipment (Previous year)	1,22,07,519 (1,53,74,242)	32,69,557 (19,73,683)	1,91,555 (51,40,406)	1,52,85,521 (1,22,07,519)	53,28,146 (89,62,754)	12,97,037 (12,57,907)	1,69,898 (48,92,515)	64,55,285 (53,28,146)	88,30,236 (68,79,373)	68,79,373 (64,11,488)	
TOTAL	143,37,08,849 (142,74,93,619)	12,22,30,539 (14,47,85,660)	2,11,88,192 (13,85,70,430)	153,47,51,196 (143,37,08,849)	77,45,22,723 (83,21,60,303)	6,26,55,723 (6,68,07,107)	1,92,73,463 (12,44,44,687)	81,79,04,983 (77,45,22,723)	71,68,46,213 (65,91,86,126)	65,91,86,126 (59,53,33,316)	
INTANGIBLE ASSETS - OWNED AND ACQUIRED											
Computer Software (Previous year)	-	10,50,000	-	10,50,000	-	34,507	-	34,507	10,15,493	-	
TOTAL	-	10,50,000	-	10,50,000	-	34,507	-	34,507	10,15,493	-	
Previous Year	-	-	-	-	-	-	-	-	-	-	
TOTAL	143,37,08,849 (142,74,93,619)	12,32,80,539 (14,47,85,660)	2,11,88,192 (13,85,70,430)	153,58,01,196 (143,37,08,849)	77,45,22,723 (83,21,60,303)	6,26,90,230 (6,68,07,107)	1,92,73,463 (12,44,44,687)	81,79,39,490 (77,45,22,723)	71,78,61,706 (65,91,86,126)	65,91,86,126 (59,53,33,316)	

Notes:

(1) During the year, the Company has retired the following assets which were fully depreciated:

Particulars	Cost As at 31 March 2014	Cost As at 31 March 2013
Buildings	20,86,555	3,914
Plant and Equipment	1,45,77,699	10,80,32,435
Furniture and Fixtures	18,590	42,08,469
Vehicles	-	1,47,280
Office Equipment	1,47,964	14,080
Total	1,68,30,808	11,24,06,178

(2) Depreciation for the year includes Rs 14,76,148 (Previous year Rs. 61,41,051) towards accelerated depreciation charged on certain assets, based on technical assessment.

(3) Plant and Equipment include written down value of assets used for Research and Development purposes amounting to Rs. 50,04,629/- as at 31 March 2014 (As at 31 March 2013 Rs. 53,12,187/-). Also refer Note 50.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Particulars	As at 31 March 2014	As at 31 March 2013
12. Non-Current Investments	Rs	Rs
<u>Non trade, Quoted - At cost - Fully paid-up</u>		
<u>Investment in Equity Instruments of Other entities</u>		
281 (P.Y.281) Equity Shares of Rs.10/- each of Summit Securities Ltd.	20,700	20,700
500 (P.Y.500) Equity Shares of Rs.10/- each of De Nora India Ltd.	6,850	6,850
300 (P.Y.300) Equity Shares of Rs.10/- each of Sree Rayalaseema Alkalis & Allied Chemicals Ltd	1,095	1,095
450 (P.Y.450) Equity Shares of Rs.5/- each of Kanoria Chemicals Ltd.	2,408	2,408
<u>Investment in Preference Shares of Other entities</u>		
300 (P.Y.300) 0.01% Cumulative Preference Shares of Rs.10/- each of Sree Rayalaseema Alkalis & Allied Chemicals Ltd	1,095	1,095
Total	32,148	32,148
Aggregate Cost of quoted Non-Current Investments	32,148	32,148
Aggregate market value of quoted Non-Current Investments	1,20,489	1,12,736
13. Long-Term Loans and Advances		
(Unsecured, considered good)		
Capital advances	1,54,63,655	4,63,67,065
Deposits with related parties (Refer Note 45)		
- Inter Corporate Deposit	10,00,00,000	10,00,00,000
- Rental Deposit	3,00,00,000	3,00,00,000
Deposits with others	1,26,95,217	1,31,04,764
Advance Income Tax and Tax Deducted at Source (Net of provision for tax Rs. 40,48,79,233/-) (Also Refer Note 31(B))	3,08,25,288	-
Total	18,89,84,160	18,94,71,829
14. Other Non-Current Assets		
Others (Refer Note below)	-	77,63,118
Total	-	77,63,118
Note:		
Represents balances with banks that are restricted from being exchanged or used to settle a liability for more than 12 months from the Balance Sheet date.		



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Particulars	As at 31 March 2014	As at 31 March 2013
	Rs	Rs
15. Current Investments (Lower of cost and fair value)		
<u>Investments in Mutual Funds (quoted, fully paid-up)</u>		
41,302 units of Rs. 1,000 each (P.Y. 2,14,388 units of Rs 1,000 each) SBI Premier Liquid Fund - Dividend	4,14,36,640	21,50,85,153
27,649 units of Rs. 1,000 each (P.Y. 43,863 units of Rs 1,000 each) LIC Nomura Liquid Fund	3,03,59,212	4,81,62,060
<u>Other Current Investments - Unquoted</u>		
In National Savings Certificate	-	500
Total	7,17,95,852	26,32,47,713
Notes:		
(i) Aggregate amount of Quoted / Current Investments in Mutual Funds		
- Cost	7,17,95,852	26,32,47,213
- Net Asset Value	7,17,95,852	26,32,47,213
(ii) Aggregate Cost of unquoted Current Investments	-	500
Current investments include investments in the nature of "Cash and Cash Equivalents" (as defined in AS 3 Cash Flow Statements) considered as part of Cash and Cash Equivalents in the Cash Flow Statement	7,17,95,852	26,32,47,213
16. Inventories (at lower of cost or net realisable value)		
Raw Materials	41,40,710	35,49,163
Work in Progress - Caustic Soda Lye	4,87,937	4,18,176
Finished Goods (other than those acquired for trading)	1,00,88,772	1,00,02,412
Fuel	9,66,424	11,20,116
Stores and Spares	1,22,32,171	1,31,60,568
Goods in Transit		
- Raw Materials	-	5,19,505
- Finished Goods	-	7,49,190
- Spares	-	87,217
Total	2,79,16,014	2,96,06,347



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Particulars	As at 31 March 2014	As at 31 March 2013
17. Trade Receivables	Rs	Rs
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Unsecured, considered good	71,30,167	13,89,011
- Doubtful	5,69,733	-
	76,99,900	13,89,011
Less: Provision for doubtful trade receivables	(5,69,733)	-
	71,30,167	13,89,011
Other Trade receivables		
- Unsecured, considered good	9,87,79,595	14,19,93,864
Total	10,59,09,762	14,33,82,875
18. Cash and Bank Balances		
<u>Cash and Cash Equivalents</u>		
Cash on hand	31,127	17,468
Balance with Banks - Current Accounts	66,83,773	2,39,92,227
Total - Cash and Cash Equivalents (A)	67,14,900	2,40,09,695
<u>Other Bank Balances</u>		
In earmarked accounts		
- Margin Money Accounts for bank guarantees and letters of credit	1,07,36,095	19,85,520
- Unpaid Dividend Accounts	15,80,012	20,00,364
Total - Other Bank Balances (B)	1,23,16,107	39,85,884
Total (A) + (B)	1,90,31,007	2,79,95,579
19. Short Term Loans and Advances		
(Unsecured, considered good)		
Deposits		
- Inter Corporate Deposit with Related Parties (Refer Note 45)	2,00,00,000	-
- Others	14,60,818	11,43,767
Others		
(i) Advance to employees	5,09,490	7,81,538
(ii) Prepaid expenses	21,63,931	22,00,476
(iii) Balance with Central Excise Authorities	4,71,04,082	74,12,855
(iv) Others	39,25,108	23,27,398
Total	7,51,63,429	1,38,66,034
20. Other Current Assets		
(Unsecured, Considered good)		
Interest accrued on deposits	20,80,294	14,95,227
Total	20,80,294	14,95,227



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Particulars	For the Year Ended 31 March 2014	For the Year Ended 31 March 2013
21. Revenue from Operations	Rs	Rs
Sale of Products		
<u>Manufactured goods (Refer Note (i) below)</u>		
- Caustic Soda Lye	101,63,07,661	105,47,54,836
- Chlorine	6,75,55,971	8,18,82,460
- Others	16,87,79,964	14,88,20,416
Total - Sale of Manufactured goods	125,26,43,596	128,54,57,712
<u>Traded Goods (Refer Note (ii) below)</u>		
- Caustic Soda Lye	-	19,98,984
- Chlorine	17,806	6,00,695
- Others	-	6,35,055
Total - Sale of Traded goods	17,806	32,34,734
Other Operating Income		
- Testing Charges (Refer Note (iii) below)	13,74,350	32,87,567
- Scrap sales	46,36,491	36,03,816
Total - Other Operating Income	60,10,841	68,91,383
Total	125,86,72,243	129,55,83,829
Note:		
(i) Sale of Manufactured good comprises:		
Domestic sales	124,91,53,673	127,81,82,736
Export sales	34,89,923	72,74,976
(ii) Sale of Traded goods comprises:		
Domestic sales	17,806	32,34,734
Export sales	-	-
(iii) Testing Charges comprises:		
Domestic sales	9,40,338	6,51,039
Export sales	4,34,012	26,36,528
22. Other Income		
Interest Income:		
- Interest from Fixed Deposits	16,64,404	14,84,234
- Interest from Inter Corporate Deposit	1,15,99,640	46,84,935
- Other Interest	-	3,08,637
Dividend income (Refer Note (i) below)	1,75,52,814	1,85,68,304
Insurance Claims	2,89,343	7,50,000
Profit on Sale of fixed assets (Net)	4,93,491	87,46,266
Excess Provision Reversed (Refer Note (ii) below)	25,00,000	63,174
Exchange variation(Net)	67,55,703	-
Miscellaneous Income	64,54,138	17,25,561
Total	4,73,09,533	3,63,31,111
Note:		
(i) Dividend income includes:		
a. Dividend from Non Current Investment	4,175	3,000
b. Dividend from Current Investment	1,75,48,639	1,85,65,304
	1,75,52,814	1,85,68,304
(ii) Excess Provision Reversed during the current year represents reversal of provision made towards directors' commission during the previous year.		



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Particulars	For the Year Ended 31 March 2014	For the Year Ended 31 March 2013
23. Cost of Materials Consumed	Rs	Rs
Opening Stock	35,49,163	28,73,605
Add: Purchases	5,87,27,519	4,24,33,494
	6,22,76,682	4,53,07,099
Less: Closing Stock	41,40,710	35,49,163
Cost of Materials consumed	5,81,35,972	4,17,57,936
Materials Consumed Comprises:		
Salt	4,55,90,868	3,03,35,867
Soda Ash	54,69,130	50,16,870
Sulphuric acid	26,64,925	28,80,314
Sodium Sulphite	13,92,110	13,38,890
Barium chloride solution	7,51,505	57,848
Others (Refer Note (i) below)	22,67,434	21,28,147
Total	5,81,35,972	4,17,57,936
Note:		
(i) Others include raw materials none of which individually accounts for more than 10 % of the total consumption.		
24. Purchase of Stock in Trade		
Caustic Soda Lye	-	19,69,468
Chlorine	20,603	4,41,008
Others *	-	6,08,216
Total	20,603	30,18,692
* Others include purchases none of which individually accounts for more than 10% of the total purchases.		
25. Changes in Inventories of Finished Goods and Work in progress		
Opening Stock		
Work-in-Progress	4,18,176	4,84,520
Finished goods	1,00,02,412	2,45,62,230
	1,04,20,588	2,50,46,750
Closing Stock		
Work-in-Progress	4,87,937	4,18,176
Finished goods	1,00,88,772	1,00,02,412
	1,05,76,709	1,04,20,588
Total	(1,56,121)	1,46,26,162
26. Other Direct Manufacturing Expenses		
Power and Fuel (Refer Note 33)	53,46,16,328	46,28,92,385
Labour Charges	2,65,46,010	2,47,13,469
Total	56,11,62,338	48,76,05,854
27. Employee Benefits Expense (Refer Note 50)		
Salaries and Wages	7,55,53,114	6,50,87,548
Contribution to Provident and other Funds (Refer Note 43)	86,27,211	81,47,162
Staff Welfare Expenses	58,37,788	48,39,454
Total	9,00,18,113	7,80,74,164



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Particulars	For the Year Ended 31 March 2014	For the Year Ended 31 March 2013
28. Finance Cost	Rs	Rs
Interest on Short Term Borrowings	13,71,337	-
Bank Charges	69,58,817	-
Total	83,30,154	-
29. Other Expenses (Refer Note 50)		
Consumption of Stores and spares	2,66,57,486	2,62,83,993
Rent - Vehicle	38,02,355	73,10,567
- Others	16,78,925	30,90,382
Repairs and Maintenance - Machinery	2,00,97,452	1,71,77,010
- Buildings	53,06,449	44,72,270
Insurance	54,22,017	72,19,181
Rates and Taxes	20,41,283	10,98,662
Travelling Expenses	68,67,628	61,30,214
Auditor's Remuneration (net of service tax input credit, where applicable)		
- Statutory audit	7,50,000	7,00,000
- Other Services	4,50,000	3,00,000
- Expenses	92,750	54,150
Commission to Directors (Also refer Note 22(ii))	70,00,000	1,00,00,000
Sitting fees	4,20,000	4,45,000
Sales Commission	74,41,733	1,15,28,140
Legal and Professional Fees	90,51,086	73,54,910
Freight (Net)	54,25,306	1,02,79,868
Advertisement	3,91,850	16,48,807
Exchange variation (Net)	-	75,069
Provision for Doubtful Trade Receivables	5,69,733	-
Miscellaneous Expenses (Refer Note (i) and (ii) below and Note 48(b))	4,27,68,869	4,02,84,259
Total	14,62,34,922	15,54,52,482
Note:		
(i) Includes Excise Duty relating to the difference between closing stock and opening stock amounting to Rs.1,96,028/- (P.Y Rs. 1,295)		
(ii) Includes Donations amounting to Rs. 30,06,000/- (P.Y Rs 11,03,000). Also refer Note 45.		



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Particulars	Amount in Rs.	
	As at 31 March 2014	As at 31 March 2013
30 a. Commitments		
(i) Estimated amount of contracts remaining to be executed and not provided for in these accounts (net of advances) in respect of purchase of :		
- Tangible assets	20,48,31,068	47,57,63,871
- Intangible assets	24,36,000	-
b. Contingent liabilities in respect of		
(i) Guarantees given by the Company to the Customs department on behalf of Titanium Equipment and Anode Manufacturing Company Limited (Refer Note 45)	80,00,000	75,00,000
(ii) Outstanding letters of credit	2,26,54,655	24,88,41,400
(iii) Income Tax, Sales tax ,Excise, Service Tax and other demands against which the Company has challenged / filed appeals and for which no provision is considered required as the Company is hopeful of successful outcome in the appeals.	2,41,52,812	2,01,77,809

Sl No.	Name of the Statute	Nature of Dues	Amount /Rs.	Period	Forum where dispute is pending
1	The Central Sales Tax Act, 1956	Sales Tax	57,939 (57,939)	F.Y. 2003-2004	CTO, Chengalpet
2	The Finance Act, 1994	Service Tax	51,06,841 (7,19,046)	January 2005 to March 2013	Commissioner (Appeals), Chennai
3	The Central Excise Act, 1944	Cenvat on Excise and Service Tax availment	55,35,015 (55,35,015)	April 2006 to June 2012	Commissioner (Appeals), Chennai
4	The Income-tax Act, 1961	Income Tax (Refer Note 31)	1,34,53,017 (1,38,65,809)	F.Y. 2009-2010	Commissioner of Income Tax (Appeals) Chennai

Note:

- (i) The amounts shown above represent best possible estimate carried on the basis of the available information. The uncertainties and possible reimbursement are dependent on the outcome of the various case proceedings which have been initiated by the Company or the claimants, as the case may be, and therefore cannot be predicted accurately.
- (ii) Figures in bracket indicate previous year figures.

31 Income Tax Demands

A. Orders Relating To Financial Year from 2005-06 to 2008-09 and 2010-11 received during the Financial Year 2013-14

During the year, the Company received orders from the Income Tax Department disallowing a portion of the Sales Commission expenditure aggregating Rs.1,73,26,736 /- for the Financial Years from 2005-06 to 2008-09 and 2010-11 resulting in a total additional tax demand of Rs.64,17,086/- on this account for the said years. The aforesaid disallowance was made on technical grounds in the absence of confirmation letters from some commission agents. The Management, duly considering the legal opinion obtained, the amounts involved and the significant time /cost involved in continuing to litigate this matter, has decided not to prefer any further appeals and has paid and accounted for the tax demand as a charge in the financial statements for the year ended 31 March 2014. Also Refer Note 35 below.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

B. Order relating to the Financial Year 2009-10 received during the previous year 2012-13 which is under appeal

- i. During the previous year 2012-13, the Company received an order from the Income Tax Department for the Financial Year 2009-2010 challenging and disallowing the claim of membrane as a deductible expenditure and the incurrence of the Sales Commission expenditure.
- ii. In the aforesaid assessment order, Sales Commission expenditure amounting Rs.2,93,25,806/-was disallowed by the Department as not being genuine on account of preponderance of probabilities. The Company contends that these are genuine and valid transactions, and that the total amount which was actually paid to the Commission agents for the services rendered was Rs. 2,66,03,358/- and the balance amounts were paid towards quantity and other discounts provided to customers. The Company strongly believes that the disallowance has been incorrectly made by the Department based on certain incorrect assumptions on the method of working of the Commission agents and the question of genuineness of the aforesaid sales commission expenditure incurred by the Company is beyond doubt and such tax claims are not tenable.
- iii. Accordingly, the Company has also filed an Appeal against this order before the CIT (Appeals), Chennai and obtained a stay on the demand. Subsequently, consequent to vacation of the stay the Company has paid the entire amount demanded subject to the disposal of the appeal filed.
- iv. Considering the recent orders received during the current year on a similar matter (Refer Note 31A above), based on legal advice obtained, and by applying the principle of *Res Judicata*, the Management during the current year, has provided for an amount of Rs. 4,12,792/- towards the demand arising on account of sales commission for the Financial Year 2009-10 on grounds of prudence. Hence, the net potential balance Income Tax liability (including the relevant interest) of Rs.1,34,53,017 on this account, is disclosed under "Contingent Liabilities". (Also Refer Note 35 below).

C. The department has issued show cause notice for the aforesaid financial years 2005-06 to 2010-11 for initiating penal proceedings under section 271(1)(c). The Company has requested the department to drop the penal proceedings which is pending disposal. The Company is hopeful of a favorable outcome.

- 32** The National Green Tribunal, South Zone, in an appeal filed by a party, granted an ex parte stay, restraining the construction activities pertaining to the expansion and operation of the plant without valid consent order. The Company strongly objects to the averments of the complainant and had filed its counter for vacating the stay which was granted subsequently. Further, the company's petition seeking directions to authorities concerned for the grant of Consent to Establish (NOC) for the expansion is already pending before the Hon'ble Forum. Based on the professional advice on the matter, the Company expects favorable orders from the Tribunal.
- 33** Power and fuel for the year ended 31 March 2014 includes charge towards the Fuel and Power Purchase Cost Adjustment (FPPCA) amounting to Rs 3,29,41,013. The above includes a provision of Rs. 1,53,42,129/- towards FPPCA for the periods for which demand is not yet received and hence determined based on management assessment. Further, the Company has filed a joint appeal along with certain other applicants against the increase in power tariff fixed by the Electricity Department, Puducherry, with effect from 1 April 2013, which is pending disposal.
- 34** The Company is implementing a project for improving the process technology and modernizing the plant ("the project"), the completion of which is in progress as at 31 March 2014 and is awaiting the required regulatory clearances. The management is hopeful of obtaining the required clearances and commissioning the project in the near future. An amount of Rs. 56,44,73,667/- incurred on the project is included as a part of Capital Work in Progress.
- 35** Provision for current tax for the year has been determined based on the total income of the company for the year ended 31 March 2014 and in accordance with the Income Tax Act, 1961, duly considering the deduction / exemption proposed to be claimed by the Company in the Return of Income. The tax charge for the current year amounting to Rs. 7,36,10,767/- (P.Y Rs. 12,11,88,900/-) includes a net adjustments of Rs. 77,89,233/- (P.Y. Rs. 89,16,900/-) towards prior periods comprising of Rs. 68,29,878/- for additional provision made by the management in connection with the tax demands arising out of sales commission (Refer Note 31 above) and the reversal of tax provisions amounting to Rs 1,46,19,111/- based on the reassessment of tax claims made in the past with respect to various matters considering the developments including completion of tax assessments.
- 36** Cash Credit facilities are secured by exclusive first charge on all current assets of the Company, exclusive first equitable mortgage of factory land and building, second charge on the fixed assets of the Company and pledge of other assets of the Company. The Company has not utilised these Cash Credit facilities during the current period and in the previous year.
- 37** As on 31 March 2014, based on and to the extent of information available with the Company regarding registration of suppliers as Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts outstanding in respect of these vendors.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

38. Value of Raw materials and Stores and Spares consumed				
Amount in Rs.				
Particulars	2013-2014		2012-2013	
	Value	%	Value	%
Raw Materials				
Imported	-	-	-	-
Indigenous	5,81,35,972	100	4,17,57,936	100
Total	5,81,35,972	100	4,17,57,936	100
Stores and Spares				
Imported	24,02,480	9	9,47,960	4
Indigenous	2,42,55,006	91	2,53,36,033	96
Total	2,66,57,486	100	2,62,83,993	100

Amount in Rs.		
Particulars	2013 - 2014	2012 - 2013
39. Value of imports on CIF basis		
Stores and Spare	18,88,452	3,73,429
Capital goods (including items in Capital Work in Progress)	30,98,95,210	58,95,371
Total	31,17,83,662	62,68,800
40. Expenditure in Foreign Currency (Gross of withholding of tax where applicable)		
Travelling expenses	2,18,395	3,71,059
Subscription / Membership Fee	6,90,169	72,345
Total	9,08,564	4,43,404
41. Dividend Remitted in Foreign Currency (on payment basis)		
Number of Non- Resident Shareholders	-	2
Number of Shares held	-	46,58,868
Amount remitted	-	2,32,94,340
Financial Year to which relates	-	2012-13
Nature of dividend	-	Interim
42. Earnings in Foreign Exchange		
FOB value of exports	34,89,923	72,74,976
Testing Charges	4,34,012	26,36,528
Freight Collected	41,30,504	69,66,376
Total	80,54,439	1,68,77,880



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

43. Employee Benefits

A. Defined Contribution Plans

a. The Company makes Provident Fund and Superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 47,15,051 (Year ended 31 March, 2013 - Rs 41,53,553) for Provident Fund contributions and Rs. 13,39,212 (Year ended 31 March, 2013 Rs 11,69,537) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b. The Company's obligation towards the Gratuity Fund is a defined benefit plan and is funded with Life Insurance Corporation of India. The details of actuarial valuation as provided by the Independent Actuary are given below: **Amount in Rs.**

Particulars	2013 - 2014	2012 - 2013
(I) Change in Benefit Obligation		
Liability at the beginning of the year	2,10,28,925	1,90,83,739
Interest Cost	17,76,071	16,53,256
Current Service Cost	36,85,972	52,80,818
Benefit Paid / Payable	(14,75,189)	(14,66,225)
Actuarial (gain) on obligations	(21,87,113)	(35,22,663)
Liability at the end of the year	2,28,28,666	2,10,28,925
(II) Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	1,78,23,907	1,49,76,737
Expected Return on Plan Assets (including interest adjustments)	33,27,368	28,18,862
Contributions	18,64,203	29,44,853
Benefit Paid / Payable	(14,75,189)	(14,66,225)
Actuarial (loss) on Plan Assets	(16,66,931)	(14,50,320)
Fair value of plan assets at the end of the year	1,98,73,358	1,78,23,907
(III) Amount Recognised in the Balance Sheet		
Liability at the end of the year	2,28,28,666	2,10,28,925
Fair Value of Plan Assets at the end of the year	1,98,73,358	1,78,23,907
Amount Recognised in the Balance Sheet	29,55,308	32,05,018
(IV) Expenses Recognised in the Statement of Profit and Loss		
Current Service Cost	36,85,972	52,80,818
Interest Cost	17,76,071	16,53,256
Expected Return on Plan Assets (including interest adjustments)	(33,27,368)	(28,18,862)
Net Actuarial loss/(Gain) to be recognised	(5,20,182)	(20,72,343)
Expense Recognised in the Statement of Profit and Loss	16,14,493	20,42,869
(V) Balance Sheet Reconciliation		
Opening Net Liability	32,05,018	41,07,002
Expense as above	16,14,493	20,42,869
Employers Contribution	(18,64,203)	(29,44,853)
Amount Recognised in Balance Sheet	29,55,308	32,05,018
(VI) Actuarial Assumptions : For the year		
Discount Rate	8.50%	8.50%
Attrition Rate	3.00%	3.00%
Rate of Return on Plan Assets	8.50%	8.50%
Salary Escalation	8.00%	8.00%
Mortality	India Assured Life (2006-08)	LIC(94-96)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Notes :

a.	The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.		
b.	Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated life of the obligation.		
c.	Experience Adjustments		
	Particulars	2013 - 2014	2012 - 2013
	On plan liability loss/(gain)	(21,87,113)	(35,22,663)
	On plan asset loss/(gain)	16,66,931	14,50,320
	Present value of benefit obligation	2,28,28,666	2,10,28,925
	Fair value of plan assets	1,98,73,358	1,78,23,907
	Excess of obligation over plan assets	29,55,308	32,05,018
	Details relating to experience adjustments are provided to the extent available.		
d.	The plan assets comprise insurer managed funds for which details of portfolio are not available.		
e.	Estimated amount of contribution in the immediate next year is Rs. 20,00,000/-		
f.	The actual return on plan assets is Rs. 16,60,437 (P.Y Rs. 13,68,542).		

B Long Term Compensated absences

The key assumptions used in the computation of provision for long term compensated absences as provided by the independent actuary are given below:

Particulars	2013 - 2014	2012 - 2013
Discount Rate	8.50%	8.50%
Salary Escalation	8.00%	8.00%
Attrition Rate	3.00%	3.00%



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

44. Segment Information

The Company has identified business segments as its primary segment and geographical segments as its secondary segment.

a) Primary segment reporting (by Business Segments)

Business segments are primarily Chlor Alkali segment and Other segment.

Particulars	2013 - 14		
	Business segments		Total
	Chlor Alkali	Others	
	Rs	Rs	Rs
Revenue	112,24,95,156 (115,77,71,865)	3,49,29,752 (4,69,10,892)	115,74,24,908 (120,46,82,757)
Less: Inter-segment revenue	- -	3,07,75,516 (4,53,69,484)	3,07,75,516 (4,53,69,484)
Total	112,24,95,156 (115,77,71,865)	41,54,236 (15,41,408)	112,66,49,392 (115,93,13,273)
Segment result	22,60,62,704 (32,44,90,912)	6,37,710 (5,57,836)	22,67,00,414 (32,50,48,748)
Unallocable expenses			83,30,154 -
Operating income			21,83,70,260 (32,50,48,748)
Other income			2,91,52,454 (2,32,53,239)
Profit before taxes			24,75,22,714 (34,83,01,987)
Tax expense			8,30,48,052 (11,34,78,016)
Profit for the year			16,44,74,662 (23,48,23,971)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Particulars	2013 - 14		
	Business segments		Total
	Chlor Alkali	Others	
	Rs	Rs	Rs
Segment assets	155,57,36,322 (96,94,40,139)	2,28,95,159 (2,13,97,910)	157,86,31,481 (99,08,38,049)
Unallocable assets			22,54,06,725 (36,52,80,225)
Total assets			180,40,38,206 (135,61,18,274)
Segment liabilities	21,64,75,183 (16,89,99,876)	49,07,493 (25,13,168)	22,13,82,676 (17,15,13,044)
Unallocable liabilities			37,14,83,673 (12,44,95,002)
Total liabilities			59,28,66,349 (29,60,08,046)
<u>Other information</u>			
Capital expenditure	69,83,66,228 (14,66,89,506)	1,06,867 (3,38,993)	69,84,73,095 (14,70,28,499)
Depreciation and amortisation	6,03,27,594 (6,59,20,561)	23,62,636 (8,86,546)	6,26,90,230 (6,68,07,107)

b) The geographic segments details, which is considered as the secondary segment as defined in the aforesaid Standard are as follows:

Geographical Segment	Revenues for the year ended 31 March 2014	Segment assets as at 31 March 2014	Capital expenditure incurred during the year ended 31 March 2014
	Rs	Rs	Rs
India	112,27,25,457 (114,94,01,769)	180,32,97,125 (132,45,11,479)	69,84,73,095 (14,70,28,499)
Others	39,23,935 (99,11,504)	7,41,081 (3,16,06,795)	- -

Note: 1) Figures in bracket relate to the previous year

2) Also Refer Note 1(p)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

45. Related party disclosures

(a) List of related parties and description of relationship

- | | |
|---|--|
| (i) Individuals exercising significant influence | Mr. Suresh Krishnamurthi Rao - Chairman |
| (ii) Relatives of above | Mrs. K.M. Padma (Mother of Mr. Suresh Krishnamurthi Rao)
Mrs. Meenakshi Ratnam (Wife of Mr. Suresh Krishnamurthi Rao) |
| (iii) Entities in which persons listed in (i) and (ii) above exercise significant influence | CHKR Foundation
Dr Rao Holdings Pte Ltd
Titanium Equipment and Anode Manufacturing Company Limited
Teamec Chlorates Limited |

Note: Related party relationship are as identified by the management and relied upon by the auditors

b) Transactions with related parties :

(Amount in Rs.)

Nature of Transactions	Individuals exercising Significant influence and their relatives	Entities in which persons listed in (a)(i) and (ii) above exercise significant influence			
		CHKR Foundation	Dr Rao Holdings Pte Ltd	Titanium Equipment and Anode Manufacturing Company Limited	Teamec Chlorates Limited
1. Transactions during the year					
a) Income					
Sale of Products	-	-	-	1,21,340	1,55,98,402
	-	-	-	(1,60,677)	(64,58,151)
Interest on Inter Corporate Deposit	-	-	-	-	1,15,99,640
	-	-	-	-	(46,84,935)
b) Expenditure					
Purchase of Materials	-	-	-	22,26,031	-
	-	-	-	(89,00,962)	(25,506)
Annual Maintenance Charges	-	-	-	67,41,600	-
	-	-	-	(67,41,600)	-
Royalty Expenses	-	-	-	418,471	-
	-	-	-	(5,03,834)	-
Lease Rent	-	-	-	67,416	-
	-	-	-	(67,787)	-
Commission (paid out of the provision made during the previous year)					
- Mr. Suresh Krishnamurthi Rao	50,00,000	-	-	-	-
	(25,56,242)	-	-	-	-
Donation	-	5,00,000	-	-	-
	-	-	-	-	-
c) Others					
Sale of Plant and Machinery	-	-	-	-	-
	-	-	-	(11,80,454)	(9,57,714)
Purchase of Plant and Machinery	-	-	-	4,77,18,801	-
	-	-	-	(8,25,172)	-
Inter Corporate Deposit paid	-	-	-	-	2,00,00,000
	-	-	-	-	(10,00,00,000)
Others Advances (given and refunded)	-	-	-	-	2,54,914
	-	-	-	(1,74,012)	(1,47,890)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Nature of Transactions	Individuals exercising Significant influence and their relatives	Entities in which persons listed in (a)(i) and (ii) above exercise significant influence			
		CHKR Foundation	Dr Rao Holdings Pte Ltd	Titanium Equipment and Anode Manufacturing Company Limited	Teamec Chlorates Limited
Guarantee given to Customs (Refer Note 30)	-	-	-	80,00,000	-
	-	-	-	(60,00,000)	-
Guarantees expired during the year	-	-	-	75,00,000	-
Interim Dividend paid	-	-	-	-	-
- Mr. Suresh Krishnamurthi Rao	-	-	(2,28,57,340)	(44,02,290)	-
	(43,99,020)	-	-	-	-
- Mrs. K.M. Padma	-	-	-	-	-
	(27,32,780)	-	-	-	-
<u>II. Balances Outstanding at the end of the year</u>					
Trade Receivables	-	-	-	-	1,58,20,357
Payables	-	-	-	1,27,00,802	-
	-	-	-	(37,90,500)	-
Rental Deposit	-	-	-	3,00,00,000	-
	-	-	-	(3,00,00,000)	-
Inter Corporate Deposit	-	-	-	-	12,00,00,000
	-	-	-	-	(10,00,00,000)
Outstanding Guarantees (Refer Note 30)	-	-	-	80,00,000	-
	-	-	-	(75,00,000)	-

Figures in the bracket indicate previous year figures.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

46. Operating Leases

The Company has taken on lease certain vehicles during the prior years under non cancellable operating lease agreements. The rental expense under such operating leases was Rs. 38,02,355/- (Previous Year Rs. 73,10,567/-).

Future minimum lease payments on non cancellable lease agreements as at 31 March 2014 are as follows :

(Amount in Rs.)

Particulars	2013 - 2014	2012 - 2013
Not later than 1 year	-	38,02,355
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
Total	-	38,02,355

There were no non-cancellable operating lease arrangements as at 31 March 2014.

General description of lease terms:

- (i) Lease rentals were charged on the basis of agreed terms.
- (ii) Vehicles were taken on lease over a period of 24 to 36 months.

47. Earnings Per Share

Net Profit for the year has been used as the numerator and number of shares has been used as denominator for calculating the basic and diluted earnings per share.

(Amount in Rs.)

Particulars	2013 - 2014	2012 - 2013
Face Value Per Share	5	5
Net Profit after Tax	16,44,74,662	23,48,23,971
Weighted average Number of Shares	91,71,697	91,71,697
Basic Earnings per Share	17.93	25.60
Diluted Earnings per Share	17.93	25.60

48. Details on derivatives instruments and unhedged foreign currency exposures

(a) The following forward exchange contracts were open as at 31 March 2014. These forward exchange contracts are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables outstanding as at 31 March 2014.

Currency	Amount	Buy / Sell	Cross currency
CHF	5,49,225	Buy	Rupees
(Previous year)	-	-	-

(b) Premium on Forward Contract

(Amount in Rs.)

Particulars	2013-14	2012-13
Charge to the Statement of Profit and Loss in respect of premium on Forward Exchange Contracts included under Miscellaneous Expenses	12,44,709	-
Charge deferred to be recognised in subsequent accounting periods	2,80,762	-



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(c) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Currency	As at 31 March 2014		As at 31 March 2013	
		Amount in Foreign Currency	Amount in Rs	Amount in Foreign Currency	Amount in Rs
Capital Creditors	EURO	2,22,163	1,82,57,327	1,85,000	1,34,84,650
	JPY	2,15,00,000	1,24,95,800	-	-
Capital Advances	USD	2,050	1,22,508	-	-
	CHF	-	-	2,44,100	1,46,25,862
	JPY	-	-	2,15,00,000	1,43,12,013
Short Term Borrowings	JPY	16,15,79,200	9,39,09,831	-	-
	CHF	16,47,675	11,09,87,388	-	-
Trade Receivables	USD	12,401	7,41,081	49,115	26,68,920

49. Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of inter corporate deposits given to Companies in which Directors are interested:

Name of the party	Relationship	Amount in Rs	
		Amount outstanding as at 31 March 2014	Maximum balance outstanding during the year
Teamec Chlorates Limited	Companies in which directors are interested	12,00,00,000	12,71,14,984
		(10,00,00,000)	(10,00,00,000)

Figures in the bracket indicate previous year figures.

50. Details of Research & Development Expenditure Recognised as an expense (As identified by the management)

Particulars	Amount in Rs	
	2013 - 2014	2012 - 2013
Employee Benefits expense	61,43,829	57,87,193
Professional fees	6,50,000	7,00,000
Consumption of Stores and spares	13,20,719	13,90,262
Travelling expenses	1,40,993	67,942
Depreciation	5,53,652	8,29,495
Total	88,09,193	87,74,892

51. Previous year figures have been regrouped or reclassified wherever necessary to conform to current years classification.

52. In connection with the preparation of the financial statements, the Board has confirmed the propriety of the contracts / agreements entered into and the resultant income earned / expenses incurred and the balance of assets and liabilities arising out of the same after reviewing the levels of authorisation, the available documentary evidences and the overall control environment. Further, the Board of Directors has reviewed the realisable value of all current assets of the Company and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognised in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these financial statements in its meeting held on 11 April 2014.

For and on behalf of Board of Directors

C.S. Ramesh
Director

Suresh Krishnamurthi Rao
Chairman

Place : Chennai
Date : 11 April 2014

Nitin S. Cowlagi
Vice President - Finance

K. Mohamed Ibrahim
Company Secretary



chemfab alkalis limited

CAL SOCIAL INITIATIVES

Free eye medical camp
conducted for workmen &
contractors in collaboration
with Vasan Eye Care



Village Welfare – Financial
assistance to nearby
Villages and Fishermen
hamlets





chemfab alkalis limited

CAL SOCIAL INITIATIVES

Medical Assistance provided



Educational awards to SSLC / HSC Students - Toppers from nearby Villages



CAL contributed to the CM Relief Fund Uttarakhand and handed over personally relief materials for the Flood Victims



FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

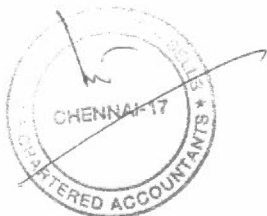
1.	Name of the Company:	CHEMFAB ALKALIS LIMITED
2.	Annual financial statements for the year ended	31 March 2014
3.	Type of Audit observation	<p><u>AUDIT OBSERVATION</u></p> <p>(i) Matter of Emphasis (As per INDEPENDENT AUDITORS' REPORT)</p> <p>We draw attention to Note 31 to the financial statements relating to the disallowance of Sales Commission by the Income Tax Authorities for the prior years, the assessment of the same by the Management along with the basis/reasons stated there in and the consequential additional provision for tax made for the said years.</p> <p>Our opinion is not qualified in respect of this matter.</p> <p><u>MANAGEMENT RESPONSE</u></p> <p>Extracted from Note 31 to Financial statements for the year ended 31 March 2014</p> <p><u>A. Orders Relating To Financial Year from 2005-06 to 2008-09 and 2010-11 received during the Financial Year 2013-14</u></p> <p>During the year, the Company received orders from the Income Tax Department disallowing a portion of the Sales Commission expenditure aggregating Rs.1,73,26,736 /- for the Financial Years from 2005-06 to 2008-09 and 2010-11 resulting in a total additional tax demand of Rs.64,17,086/- on this account for the said years. The aforesaid disallowance was made on technical grounds in the absence of confirmation letters from some commission agents. The Management, duly considering the legal opinion obtained, the amounts involved and the significant time /cost</p>



involved in continuing to litigate this matter has decided not to prefer any further appeals and has paid and accounted for the tax demand as a charge in the financial statements for the year ended 31 March 2014.

B. Order relating to the Financial Year 2009 10 received during the previous year 2012 13 which is under appeal

- i. During the previous year 2012-13, the Company received an order from the Income Tax Department for the Financial Year 2009-2010 challenging and disallowing the claim of membrane as a deductible expenditure and the incurrence of the Sales Commission expenditure.
- ii. In the aforesaid assessment order, Sales Commission expenditure amounting Rs.2,93,25,806/- was disallowed by the Department as not being genuine on account of preponderance of probabilities. The Company contends that these are genuine and valid transactions, and that the total amount which was actually paid to the Commission agents for the services rendered was Rs. 2,66,03,358/- and the balance amounts were paid towards quantity and other discounts provided to customers. The Company strongly believes that the disallowance has been incorrectly made by the Department based on certain incorrect assumptions on the method of working of the Commission agents and the question of genuineness of the aforesaid sales commission expenditure incurred by the Company is beyond doubt and such tax claims are not tenable.
- iii. Accordingly, the Company has also filed an Appeal against this order before the CIT (Appeals), Chennai and obtained a stay on the demand. Subsequently, consequent to vacation of the stay, the Company has paid the entire amount demanded subject to the disposal of the appeal filed.
- iv. Considering the recent orders received during the current year on a similar matter (Refer Para A above) , based on legal advice obtained, and by applying the principle of *Res Judicata*, the Management during the current year, has



provided for an amount of Rs. 4,12,792/- towards the demand arising on account of sales commission for the Financial Year 2009-10 on grounds of prudence. Hence, the net potential balance Income Tax liability (including the relevant interest) of Rs.1,34,53,017 on this account, is disclosed under "Contingent Liabilities"

C. The department has issued show cause notice for the aforesaid financial years 2005-06 to 2010-11 for initiating penal proceedings under section 271(1)(c). The Company has requested the department to drop the penal proceedings which is pending disposal. The Company is hopeful of a favorable outcome.

(ii) CARO – Comment

Paragraph (xi)

In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31 March 2014, we report that funds raised on short-term basis of Rs. 16,01,44,703 have been used during the year for long-term investment. Further the Company has explained that steps are being taken to augment long term funds.

Management Response:

We are in the process of augmenting the long term funds.


4.	Frequency of observation	<p>(i) <u>Matter of Emphasis (As per Independent Auditors' Report):</u></p> <p>Repetitive since year ended 31 March 2013.</p> <p>(ii) <u>CARO Comment - Paragraph (xi)</u></p> <p>Appearing for the first time.</p>
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5 To be signed by

• CEO/ Managing Director Not Applicable

• CFO



• Audit Committee Chairman



• Auditor of the company

Refer our Audit report dated 11 April 2014
on the financial statements of the Company
For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No.008072S)



Sriraman Parthasarathy
Partner
Membership No. 206834
CHENNAI, APRIL 11, 2014

