



Chemfab Alkalis Limited

BOARD OF DIRECTORS

Dr C H Krishnamurthi Rao - Chairman
Mr Suresh Krishnamurthi Rao - Vice Chairman
Mr C S Ramesh
Mr T Ramabhadran
Mr J Venkataraman
Mr N Ganga Ram

VICE PRESIDENT - FINANCE

Mr Nitin S Cowlagi

COMPANY SECRETARY

Mr K Mohamed Ibrahim

AUDITORS

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

BANKERS TO THE COMPANY

State Bank of India
The Lakshmi Vilas Bank Limited
AXIS Bank Limited
Bank of Baroda

REGISTERED OFFICE

'Team House', GST Salai, Vandalur, Chennai-600 048.
Phone : 0091-44-22750323 / 24, Fax : 0091-44-22750860
Email : chemfabalkalis@drroaholdings.com
website : www.chemfabalkalis.com

FACTORY

Chlor-Alkali Division

'Gnanananda Place', Kalapet, Puducherry 605 014
Phone : 0091-413-2655111, Fax : 0091-413-2655125
E-mail : chemfabalkalis@drroaholdings.com

Salt Division

Kanthadu Village, Tindivanam Taluk, Villupuram District

Chennai Marketing Office

1st Floor, Majestic Towers, Old No.1-A, New No.101,
HD Raja Street, Eldams Road, Chennai-600 018
Phone : 0091-44-42031444, Fax : 0091-44 24347959
Email: chemfabmktg@drroaholdings.com

Membrane Hitec Division

'Team House', GST Salai, Vandalur, Chennai-600 048.
Phone : 0091-44 22750323, Fax: 0091-44-22750860
Email: membrane@drroaholdings.com

Dr Rao Holdings Pte Ltd

371 Beach Road, #22-07 Key Point, Singapore 199 597
Phone: 0065-67745994, Fax : 0065-67745997
Email: drhkrao@pacific.net.sg



CHAIRMAN'S STATEMENT - 2009-10



For the first time in its 25-year old history, CHEMFAB is presenting Chairman's Statement only in the Company website. This is an eco-friendly and cost-saving initiative.

Resilient Economy

The Indian Economy has shown remarkable resilience and has almost bounced back from the after-effects of the recent global melt-down. The Finance Minister has stated in his Budget that GDP growth for 2009-10 is estimated at 7.2% and higher. The manufacturing sector has grown 18.5% in December 2009 which is the highest to be recorded in two decades. This is not to say that there are no concerns: annual inflation has climbed to a high of 9.8% in February 2010 and food inflation at 18.5% is worrisome. It is hoped that the Central Government and the Reserve Bank of India will address these concerns most effectively.

Chlor-Alkali Industry

The performance of the Chlor-Alkali industry to which your Company belongs is dependent upon the following.

- a. Consistent power supply from grid by Puducherry Government
- b. Reasonable power tariff.

In the year alone, there is an increase by nearly 40 paise per unit - a steep 14% hike - meaning increase in the direct cost resulting in a clean loss of more than Rs. 4 crores annually, at the present level of operations.

- c. Good domestic market.

The dumping of imported products makes it a tough market.

Company Performance

The set-back in the profitability of the Company is mainly due to the power problems faced by it during the first three quarters of the year under review. The extent of power supplied by the Puducherry Electricity Department was totally inadequate in relation to the Company's requirements and the quality of power was also far from satisfactory, leading to significant production loss. But it improved in last quarter and hope will sustain, due to the efforts of local Government in trying to get more Central allotments.

Possible gas supplies in future is another hope, our proposal of Power plant is cleared by the Government.

During the year, the Company had to take the painful decision to close down its Chlorates Division as it could not operate the Division at economic levels for want of requisite power as also due to labour non-cooperation.

In light of the above, your Company is planning various steps to strengthen our marketing set-up and efforts and also closely review and monitor operational costs under various heads with a view to bringing about as much economy as possible, by implementing innovations and cutting costs.

Results

You would note in spite of problems, your Company has made a reasonable profit and wiped out all debts to the Banks.

IT demand

During the year, the Company has received the demand from the Income Tax Department amounting to Rs.211 Lakhs. This demand is due to reopening of the assessment years 2004-05, 2005-06, 2006-07, which were already assessed and tax paid. The Department on reopening the assessments, disallowed the expenditure which are purely revenue in nature, incurred on replacement of membranes, recoating charges and other attendant expenses on these two areas. Earlier, the Department had accepted the company's stand and issued original order allowing this expenditure as revenue expenditure, but based on the revenue audit, they have reopened the assessment and had made this demand. The assessment for the year 2007-08, was also done by the Income tax department, on the same basis.



It is a Chlor-industry practice to treat the expenditure on replacement of membranes and recoating charges of anodes as capital expenditure, but for the income tax purpose, it is charged as revenue expenditure which is also well recognized under the statute. Your company, for the past 6 years, has been following the method of capitalizing this expenditure for the accounting purpose and writing-off of the entire expenditure incurred on these two areas for the income tax purpose.

Treating expenditure on replacement of membrane and recoating of anodes / cathodes as revenue expenditure are on the basis that these replacement / refurbishment expenditure lasts only for a limited period of 4 or 5 years and have to be necessarily replaced / refurbished, on a continuous basis. Therefore, we are advised, the Department's contention is not right in disallowing this as revenue expenditure and treating them as capital expenditure.

The Company is taking appropriate measures to take this on appeal; however, in the mean time, I would like to draw the attention of the Government and The Ministry of Finance

- a. to come out with a clear guideline to the Department, to avoid long drawn litigations between the department and the companies.
- b. consistent policy to be followed by all IT offices in the country; so all in the same industry are treated alike.
- c. There should be a single decision authority above which no appeal should be entertained, and decision to be awarded within a reasonable time bound limit, so the Government gets its revenues on time and Industry do not lose time in legal battle and end up with huge interest and penalty payments and un-necessary contingent liabilities hanging around.

Dividend

As you are aware, the Company declared 100% dividend for the year ended 31st March 2007. Thereafter, dividend for the subsequent two years, 2007-08 and 2008-09 was deferred as it was considered more desirable to conserve resources and utilize them for bringing down working capital drawings and thereby interest costs, which was achieved.

The Company was established in 1985 and the year ended 31st March 2010 marks its Silver Jubilee Year. This is a significant milestone in the annals of the Company. In this context, I am happy to announce that, subject to your approval, the Company proposes to pay a dividend of 50% for the Silver Jubilee Year.

Expansion

The Company's present installed capacity of Caustic Soda is 42,000 MT per annum and of Chlorine (co-product) is 37,000 MT per annum. We have planned expansion of the Caustic Soda capacity to 70,000 MT per annum (corresponding to 200 TPD) and of Chlorine to 61,600 MT per annum. The environmental clearance for the proposed capacity enhancements has been obtained from the Ministry of Environment and Forests, New Delhi, in August 2007. However, we are yet to get NOC from the Puducherry Government for undertaking the proposed capacity expansion and also for setting up (i) a captive 25 MW power plant and (ii) a 1000 m³/day desalination plant. Our request for the NOC is pending with the Puducherry Government for over 4 long years now. Your Company has appealed for quicker approval of the NOC to Puducherry Government which is under consideration.

The future of the Company largely depends upon getting adequate power supply from the Electricity Department for the present operations as well as for the expansion of capacities as planned. We are determined to succeed in this regard and we will pursue the matter with Government more vigorously and hope that Government will clear our proposals once they realize the extent to which benefits will accrue to the Union Territory. **With the Union Ministry of Environment and Forests, coming out with new norms for environmental clearances, we hope the Puducherry Government, will clear our proposals for expansion and Power Plant, quickly without delay.**

Acknowledgements

I wish to record my deep appreciation of the support received from the Governmental agencies, banks, institutions, our customers, associates and of the confidence reposed in the Company by its shareholders. I must also acknowledge the dedicated work put in by CALmates at all levels.

Place : Chennai
Date : 7th April 2010

Dr. C.H.Krishnamurthi Rao
Chairman



CHEMFAB ALKALIS LIMITED

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

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Seventh Annual General Meeting of the Members of the Company will be held on Friday, the 7th May, 2010 at 8.30 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 receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2010, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares
3. To appoint a Director in the place of Mr. Suresh Krishnamurthi Rao, who retires by rotation and being eligible, offers himself for re-appointment
4. To appoint a Director in the place of Mr. C S Ramesh, who retires by rotation and being eligible, offers himself for re-appointment
5. To appoint Auditors and to fix their remuneration, and in this regard, to consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the retiring Auditors, M/s Deloitte Haskins & Sells be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors."

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. N Ganga Ram be and is hereby appointed as a Director of the Company liable to retire by rotation."

By Order of the Board of Directors

Place: Chennai

K.Mohamed Ibrahim

Date : 7th April 2010

Company Secretary

Notes:

1. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting, is annexed.
2. 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.
3. Instrument of Proxies, in order to be effective, must be received at the Company's Registered Office not less than forty-eight hours before the time fixed for holding the Annual General Meeting. A Form of Proxy is enclosed.
4. In terms of Article 33(f) of the Articles of Association of the Company. Mr. Suresh Krishnamurthi Rao and Mr. C.S. Ramesh, 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.

5. 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.
6. Members, who hold shares in dematerialised form, are requested to bring their Client ID and DP ID Nos. for easier verification of attendance at the Meeting.
7. The Register of Members and the Share Transfer Books of the Company will remain closed from 1st May, 2010 to 7th May, 2010 (both days inclusive) for determining the names of the Members eligible for dividend on Equity Shares, if declared at the Meeting.
8. Members holding shares in physical form are requested to intimate immediately, changes, if any, in their registered addresses, Bank Mandate and Status, quoting their Folio Numbers, to the Share Transfer Agents of the Company, M/s Cameo Corporate Services Limited, "Subramanian Building", No.1, Club House Road, Chennai - 600002
9. 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.
10. 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
11. Members who have not encashed their dividend warrants declared for the year ended 31st March 2003 and for any financial year thereafter may contact the Company immediately for revalidation of their dividend warrants.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

Mr. N Ganga Ram was co-opted as an Additional Director of the Company with effect from the 4th July, 2009. In accordance with the provisions of Section 260 of the Companies Act, 1956, Mr. N Ganga Ram would vacate his office on the date of the ensuing Annual General Meeting. A Notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose the appointment of Mr. N Ganga Ram as a Director of the Company at this Annual General Meeting.

Mr. N Ganga Ram has wide experience in banking and corporate finance. He has been on the Boards of several companies and it will be in the interest of the Company to appoint him as a Director. Accordingly, the Ordinary Resolution under Item No.6 of the Notice is submitted for the approval of the Members.

None of the Directors of the Company, except Mr. N Ganga Ram, is concerned or interested in the Resolution.

By Order of the Board of Directors

Place: Chennai

K.Mohamed Ibrahim

Date: 7th April 2010

Company Secretary



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty Seventh Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

Particulars	Current Year 31-03-2010 Rs. in lakhs	Previous Year 31-03-2009 Rs. in lakhs
Profit before Interest and Depreciation	1,886	2,201
Less: Interest	33	88
Profit Before Depreciation	1,853	2,113
Less: Depreciation	797	917
Profits before Tax	1,056	1,196
Tax	402	280
Deferred Tax Liability	- 68	132
Net Profits after Tax	722	784
Balance brought forward from previous year	4,627	3,843
Balance available for disposal which the Directors appropriate as follows:	5,349	4,627
Proposed Dividend	229	-
Dividend Tax	39	-
General Reserve	75	-
Balance to be carried forward	5,006	4,627

The operations of the Chlorates Division turned unviable due to frequent power problems and labour unrest. Hence, the Chlorates Division had to be closed down permanently from 3rd June 2009. The items of Plant and Machinery of this Division to the extent possible have been relocated to other Divisions of the Company and the remaining assets are being disposed at the best possible price.

The Salt Division produced 64,904 MT of Industrial Grade Salt. The performance of the Membrane Hitec Division and the Health Products Division are satisfactory.

SHIFTING OF THE REGISTERED OFFICE

During the year under review, the Registered Office of the Company was shifted from the Union Territory of Puducherry to the State of Tamilnadu, after obtaining the required confirmation from Chennai Bench of the Company Law Board. With effect from 23rd July, 2009, the Registered Office of the Company is functioning at Team House, GST Salai, Vandalur, Chennai 600048.

DIVIDEND

The year ended 31st March 2010 is the Silver Jubilee Year of the Company. The Directors recommend a dividend of Rs. 2.50 per Equity Share of Rs.5/- each (50 %), absorbing a sum of Rs. 229.29 Lakhs.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings : Rs.73,36,362 /-

Outgo : Rs. 3,99,26,094 /-



POWERANDFUELCONSUMPTION

PARTICULARS		CURRENT YEAR 31ST MARCH, 2010	PREVIOUS YEAR 31ST MARCH, 2009
ALKALI PRODUCTS	I. ELECTRICITY		
	PURCHASED:		
	- UNITS	9,50,48,600	8,63,78,050
	- TOTAL AMOUNT / Rs. in Lakhs	2,936	2,656
	RATE PER UNIT [GROSS] Rs.	3.09	3/-
	CONSUMPTION PER TONNE OF ELECTROCHEMICAL PRODUCTION - KWH/AC	2,736	2,814
	II. FURNACE OIL		
	[a] PURCHASED:		
	- Quantity [KL]	657	508
	- Total Amount / Rs.in Lakhs	160	117
	- Average Rate per KL / Rs.	24,385	23,084
	[b] CONSUMPTION:		
	- Furnace Oil [KL]	653	498
	- Amount / Rs.in Lakhs	157	116
	- Amount per KL / Rs.	24,037	23,316
CHLORATES	I. ELECTRICITY		
	PURCHASED:		
	- Units	58,070	87,54,286
	- Total Amount / Rs.in Lakhs	14	260
	Rate / Unit [Gross] Rs.	N.A.	2.97
	Consumption per Tonne of Sodium Chlorate Production KWH/AC	N.A.	5,988
	II. HUSK		
	[a] PURCHASED:		
	- Quantity [MT]	-	1,411
	- Total Amount / Rs.in Lakhs	-	29
	Average rate per MT/ Rs.	-	2,085
	[b] CONSUMPTION:		
	- Husk [MT]	-	1,401
	- Amount / Rs.in Lakhs	-	29
	- Amount per MT / Rs.	-	2,084



FIXED DEPOSITS

The Company has not accepted any deposits from the public.

DIRECTORS

The following Directors retire by rotation at the ensuing Annual General Meeting.

1. Mr. Suresh Krishnamurthi Rao
2. Mr. C S Ramesh

Your Directors co-opted Mr. N Ganga Ram as an Additional Director on the 4th July, 2009. Under the provisions of Section 260 of the Companies Act, 1956, Mr. N Ganga Ram would vacate his Office at the ensuing Annual General Meeting. However, a Notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose the appointment of Mr. N Ganga Ram as a Director of the Company at the Annual General Meeting.

Mr. Umaid Singh Baid, Director of the Company attained heavenly abode, on 26th May, 2009 in his home city of Kolkatta. The Chairman, during the Board Meeting held on 4th July 2009, referred to the sad demise of Mr. Baid and observed that Mr. Baid was appointed as a Director in April 2008 and during the short span of one year as Director, Mr. Baid had made significant contribution towards the Company's growth. The Board placed on record, its sincere gratitude to Mr. Baid.

AUDITORS

The present Auditors of the Company, M/s. Deloitte Haskins & Sells, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

COST AUDITOR

The Company has re-appointed Mr. V Kalyanaraman, Cost Accountant, as the Cost Auditor of the Company for the year 2010-11, subject to the approval of the Central Government.

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.

The Board of Directors wishes to express its appreciation of the contribution made by the employees at all levels to the operations of the Company during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 [2AA] of the Companies Act, 1956, the Board of Directors hereby confirm -

- (i) that the Annual Accounts had been prepared in line with the accounting standards and proper explanations have been given wherever there has been 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 the 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.
- (iv) that the Directors had prepared the Annual Accounts on a going concern basis.

RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND CONSERVATION OF ENERGY

CAL R & D: The Company has an in-house Research Development Department, where the main areas of focus are, Energy Conservation, Process Upgradation and Environmental Preservation. The recognition of the Company's in-house R & D facilities by the Ministry of Science and Technology, Department of Scientific and Industrial Research, Government of India, is valid up to 31.03.2010. The application for renewal has already been made.

CAL has a sophisticated laboratory qualified by DuPont, USA for the analysis of chlorakali brine. Brine from various chloralkali industry in India are being analysed at CAL- QA Laboratory.

The Membrane Hitec Division is carrying out the research activities to provide innovative and eco-friendly solutions to industrial and domestic customers' requirements of water and effluent treatment.

CORPORATE GOVERNANCE

The Company has been scrupulously 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, is enclosed as an Annexure to this Report.

SECRETARIAL COMPLIANCE CERTIFICATE

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

INDUSTRIAL RELATIONS

Overall, industrial relations at the Chlor Alkali Division remained cordial during the year under review.

Consequent to the closure of the Chlorates Division, the final dues of the workers of the Division along with the compensation, were fully paid.

For and on behalf of the Board of Directors

Suresh Krishnamurthi Rao C S Ramesh
Director Director

Place : Chennai
Date : 7th April, 2010



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 : 18-72409 (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, 2010.

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 5 (Five) times on 02.04.2009, 04.07.2009, 07.10.2009, 07.01.2010 and 10.03.2010 in respect of which Meetings, proper notices were given and the proceedings were properly recorded and signed, including the Five Circular Resolutions dated 20.04.2009(1), 28.05.2009(2), 23.07.2009(1) and 14.12.2009(1) passed, in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 26.04.2009 to 30.04.2009, 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 31.03.2009 was held on 30.04.2009, after giving due notice to the Members of the Company and the Resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extraordinary General Meeting was held. However, the Company conducted two Postal Ballots under Section 192A of the Act read with Section 17 and Sections 198, 309(4) and 310 of the Act, the results of which were announced on 30.04.2009 and 03.02.2010, respectively. The Minutes of the events leading to the passing of the Resolutions through these Postal Ballots have been duly recorded in the Minutes Book.
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 duly constituted Committee of the Board of Directors has approved the issue of duplicate Share Certificates.
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/unclaimed dividend account, which have remained unpaid/unclaimed for a period of seven years, to the Investor Education and Protection Fund, as per the provision of the Act;
 - 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, including an Additional Director, has been duly made.
15. The Company is a Board Managed Company and has no Managing Director or Wholetime 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. The Company has made an application to the Central Government under Section 309(4) of the Act and the approval is still awaited.
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 thereunder.



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, 2010, are within the borrowing limits of the Company and that necessary Resolution as per section 293(1)(d) of the Act has been passed in a duly convened General Meeting.
25. The Company has not made any fresh Investment/ Loan or given any Guarantee.
26. The Company has altered the provisions of the Memorandum with respect to the situation of its Registered Office from the Union Territory of Puducherry to the State of Tamil Nadu after obtaining the confirmation from the Southern Regional Bench of the Company Law Board vide its Order dated 21st July, 2009.
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 : 7th April, 2010.

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 : 7th April, 2010



ANNEXURE - B

Forms and Returns as filed by the Company with the Registrar of Companies during the Financial Year ended on 31st March, 2010

1. Form 17 filed on 30.04.2009 under Section 138 of the Act. No Delay
2. Form 23 filed on 30.04.2009 under Section 17 and 18 of the Act. No Delay
3. Form 66 filed on 08.05.2009 under Section 383A of the Act. No Delay
4. Return in Form 32 filed on 12.05.2009 under Section 303 of the Act. No Delay.
5. Balance Sheet and Profit and Loss Account in respect of the Financial year 2008-09 - Forms 23AC and 23ACA uploaded on 28.05.2009 under Section 220 of the Act. No Delay.
6. E Form 61 – Uploaded on 28.05.2009 (CLB Petition)
7. Return in Form 32 filed on 10.06.2009 under Section 303 of the Act. No Delay.
8. Annual Return made up to 30.04.2009 – Form 20B uploaded on 24.06.2009 under Section 159 of the Act. No Delay.
9. Return in Form 32 filed on 22.07.2009 under Section 303 of the Act. No Delay.
10. Return in Form 21 – uploaded on 23.07.2009 under Section 17(1) of the Act. No Delay.
11. Return in Form 18 filed on 25.07.2009 under Section 146 of the Act. No Delay
12. Return in Form 21 – uploaded on 01.08.2009 under Section 17(1) of the Act. No Delay.
13. Cost Audit Report – Uploaded on 14.09.2009

14. Form I – uploaded on 06.10.2009 under Section 205C of the Act
15. E Form 61 – Uploaded on 23.12.2009 under Section 192A of the Act read with the relevant Rules.
16. Form 1AA filed on 12.01.2010 under Section 5 of the Act. Delayed filing. Additional fees paid
17. Form 1AA filed on 25.01.2010 under Section 5 of the Act. Delayed filing. Additional fees paid
18. Form 23 filed on 05.02.2010 under Section 198,309(4) and 310 of the Act. No Delay
19. Form 61 filed on 03.03.2010 under Section 621A of the Act
20. Form 23AA filed on 11.03.2010 under Section 209(1) of the Act. No Delay.
21. Form 1AA filed on 15.03.2010 under Section 5 of the Act. No Delay
22. Return in Form 32 filed on 16.03.2010 under Section 303 of the Act. No Delay.

Forms and Returns as filed by the Company with the Regional Director, Central Government, Company Law Board, or such other authorities during the Financial Year ended 31st March, 2010.

1. Form 23C filed on 28.04.2009 under Section 233B of the Act. No Delay
2. Form 25A filed on 20.05.2009 under Section 198, 309(4) and 310 of the Act. No Delay

Signature : Sd/-

Name of the Company Secretary : K.Rajagopalan

Place : Chennai

Date : 7th April, 2010.



MANAGEMENT ANALYSIS AND DISCUSSION REPORT CHLOR ALKALI INDUSTRY STRUCTURE

Chlor-Alkali is the basic Heavy Chemical Industry, manufacturing Caustic Soda, Chlorine, Hydrogen, Sodium Hypo Chlorate and Hydro Chloric Acid. In India, Chlor-Alkali industry is quite fragmented with almost 38 producers. The financial year 2009-10 was a challenging year for the industry due to fall in demand as a result of global slowdown resulting lower price realisations as well as lower capacity utilisations.

OPPORTUNITIES AND THREATS

During the year 2009-10, international caustic prices which had peaked at around USD 600/MT CIF crashed and went as low as USD 160/MT CIF. This led to sharp drop in realisations and also increase in the flow of imports into the country especially in the first 7 months of the year. Subsequently, in the second half of the year, the prices recovered somewhat and stabilised around USD 270-290/MT CIF.

A few expansions/new units which were in the pipeline were commissioned in the financial year and the country's total capacity increased from 2.80 million TPA to 3.16 million TPA by the end of 2009-10. Capacity utilisation of the Industry in 2009-10 was only around 70-75%.

The additional capacities built over the last few years will be an overhang on the industry as it is likely to take 18-24 months for the demand to catch up with the already created capacities. The silver lining, however, is that the demand for Chlorine and Chlorine derivatives is looking up and the outlook on Chlorine for the upcoming financial year looks promising.

OUTLOOK

While the worst in terms of pricing could be past and the pricing scenario globally as well as in the domestic markets has stabilised, the likelihood of any sharp upswing in prices in the forthcoming year on caustic looks unlikely. The capacity utilisation levels in the country for FY 2010-11 is likely to be around 75-80% levels. However, the Chlorine front looks promising with improved demand for chlorine and chlorine derivatives.

In this Industry, the market depends largely on regional demand. The Company should have no major problem in marketing its output to the standed customers in the region of its operations.

WATER DIVISION

Water business in the country as well for your company continues to grow.

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 the financial management, operations and systems.

The Company has obtained certification for ISO 14001 and OSHAS 18001 systems to take care of critical operational areas. It also utilizes the services of other professional bodies like Central Leather Research Institute (CLRI) / Tata Energy Research Institute (TERI) / National Environmental Engineering Research Institute (NEERI) and other professional bodies and consultants to continuously analyse and upgrade the operations.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PERSONS EMPLOYED.

During the year under review, the Industrial relations at all divisions except at the Chlorates Division were cordial.

The operations of the Chlorates Division had become unviable due to frequent power problems and labour unrest. Hence, the Chlorates Division was closed permanently with effect from 03.06.2009. Consequent to the closure of the Division, the final dues of the workers of the Division along with the compensation, were fully paid.

The Company has given direct employment to 217 persons and indirect employment to 796 persons.

CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

Place: Chennai
Date : 7th April, 2010.

Suresh Krishnamurthi Rao
Director



STATEMENT OF GENERAL BUSINESS PRINCIPLES OF CHEMFAB ALKALIS LIMITED [CAL]

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

CAL's RESPONSIBILITIES

To Shareholders

To protect shareholders' investment and ensure an acceptable and 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, and good and 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 employees.

In Business

To seek mutually beneficial relationships with contractors, suppliers and to promote the application of these principles in so doing. 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 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 CAL'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

CAL believes and adheres to honesty, integrity and fairness in all aspects of its business and expects the same in their relationship with all those with whom they do business.

HEALTH, SAFETY AND THE ENVIRONMENT

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

COMPETITION

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

Place : Chennai

Date : 7th April, 2010

Suresh Krishnamurthi Rao

Director

**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH, 2010****CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance aims at achieving the long-term viability of the business, keeping in mind the effective relationship with shareholders and the establishment of the systems that help the Board in monitoring risks. The fundamental concern of Corporate Governance is to ensure that the Company's Directors and Managers act in the interests of the Company and its various stakeholders. 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 compliance.

Your Company is fully compliant with the requirements under Clause 49 of the Listing Agreement. Your Company is committed to adhere to the norms of Corporate Governance on a consistent basis for meeting all its obligations towards the stakeholders.

2. BOARD OF DIRECTORS

The Board of Directors consists of six members.

The Company is a Board managed Company and has no Managing Director or Whole-Time Director or Manager or a Chief Executive Officer.

A Information on Board of Directors and Attendance

Name	Category	Attendance particulars at the		Number of other Boards or Board Committees in which a Member or Chairperson		
		Board Meetings	Last AGM	Other Director ships	Committee Member ships	Committee Chairmanship
Dr C H Krishnamurthi Rao	Non Executive Chairman Promoter	5	Present	4	NIL	NIL
Mr Suresh Krishnamurthi Rao	Non Executive Vice Chairman	5	Present	3	NIL	NIL
Mr C S Ramesh	Non Executive	4	Present	1	NIL	NIL
Mr T Ramabhadran	Non Executive Independent	5	Present	3	NIL	NIL
Mr Umaid Singh Baid (*)	Non Executive Independent	1	Absent	NIL	NIL	NIL
Mr J Venkataraman	Non Executive Independent	3	Absent	5	NIL	NIL
Mr N Ganga Ram (Co-opted as Additional Director w.e.f. 04.07.2009)	Non Executive Independent	4	N.A.	3	2	1

* Mr. Umaid Singh Baid attained the heavenly abode, on 26th May 2009, in his home city of Kolkatta. Mr. Baid was closely associated with the Company and the Group for a long period of time including as a Director since April 2008. Mr. Baid had made significant contribution to the deliberations at the meetings of the Board and its Committees and to the overall growth and prosperity of the Company. He was a gentleman to the core who had endeared himself not only to the senior management of the Company but also to its workers and staff members at all levels.



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

During the year 2009-10, the Board of Directors were held on 02.04.2009, 04.07.2009, 07.10.2009, 07.01.2010 and 10.03.2010. Also, the Directors passed 5 Circular Resolutions on 20.04.2009 (1), 28.05.2009 (2), 23.07.2009 (1) and 14.12.2009 (1).

C. Disclosures regarding Directors' Reappointment

At the ensuing Annual General Meeting, Mr. Suresh Krishnamurthi Rao, Non-Executive Vice Chairman and Mr. C S Ramesh, Non Executive Director, retire by rotation, and being eligible for re-election offering their services.

i) Mr. Suresh Krishnamurthi Rao, 39 years, a Graduate in Management, has over 15 years of experience as Senior Management Team Member.

Mr. Suresh Krishnamurthi Rao holds Directorship in the following Companies.

- * Titanium Equipment and Anode Manufacturing Company Limited Director
- * Teamco Hitech Engineering Limited Director
- * Teamec Chlorates Limited Director

Committee position in Chemfab Alkalis Limited

Member, Shareholders Grievance Committee.

ii) Mr.C S Ramesh, 64 years, is a Member of the Institute of Chartered Accountants of India, with 43 years of experience in the areas of Finance, Taxation, Auditing, Management and Corporate Affairs.

Mr C S Ramesh holds Directorship in Teamco Hitech Engineering Limited.

Committee position in Chemfab Alkalis Limited :

Member, Audit Committee, Corporate Governance and Shareholders Grievance Committee.

iii) Mr. N Ganga Ram, aged 75, holds M.A. (Economics) Degree from the University of Madras. He is also C.A.I.I.B (Certified Associate of the Indian Institute of Bankers) and F.E.D.I (Fellow of Economic Development Institute, World Bank, Washington). He joined Reserve Bank of India in December 1965 as Industrial Finance Officer and was deputed to Industrial Development Bank of India where he rose to higher positions. He did project appraisal and post-sanction supervision of industrial projects. After 27 years of service, he retired from IDBI in the year 1992 as Executive Director.

Mr.N Ganga Ram worked as Consultant to World Bank and Asian Development Bank.

Post-retirement, Mr. N Ganga Ram served as an Arbitrator for National Stock Exchange of India Ltd (NSE). He was Advisor (Investment) to Unit Trust of India and also Corporate Advisor to ICRA.

Mr. N Ganga Ram holds Directorship in the following Companies:

- ❖ Sundaram BNB Paribas Home Finance Ltd Director
- ❖ Positive Packaging Industries Ltd Director
- ❖ Juniper Hotels Private Ltd Director

Mr. N Ganga Ram is currently Member of 3 Committees of NSE.

Committee position in Chemfab Alkalis Limited:

Member, Audit Committee, Corporate Governance Committee and Shareholders Grievance Committee.

3. AUDIT COMMITTEE

The Audit Committee consists of four Non-Executive Directors, three of them being Independent. The following Directors are the Members of the Audit Committee:

- a. Mr. T Ramabadhran
- b. Mr. C S Ramesh
- c. Mr. J Venkataraman
- d. Mr. N Ganga Ram

Mr. T Ramabadhran is the Chairman of the Committee. Mr. Nitin S Cowlagi, Vice President - Finance, is the Secretary to the Committee.

(i) Terms of Reference:

The broad terms of reference of the Audit Committee are as under:

- a) To review periodically with the Statutory Auditors and the Internal Auditors of the Company the financial reports, internal control systems, scope of audit and audit reports of the Statutory and Internal Auditors.
- b) To review compliance with internal control system.
- c) To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board.
- d) To review related party transactions.
- e) To investigate any matters within the audit committee's terms of reference, whenever it deems necessary.
- f) To make recommendation to the Board on any matter relating to the financial management of the Company, including the Audit Report.
- g) To recommend the appointment of Statutory Auditors and terms of their remuneration.
- h) To review of statutory compliance.

(ii) Meetings and Attendance during the year:

During the year 2009-10, the Audit Committee Meetings were held on:

02.04.2009, 04.07.2009, 06.10.2009, and 07.01.2010.

Attendance of Members at the Audit Committee Meetings held during the Year.

Name of the Director	Number of Meetings Held	Number of Meetings Attended
Mr. T Ramabadhran	4	4
Mr. Umaid Singh Baid	4	1
Mr. C S Ramesh	4	3
Mr. J Venkataraman	4	2
Mr. N Ganga Ram	4	2



4. REMUNERATION COMMITTEE

There is no need to constitute the Remuneration Committee under Clause 49 of the Listing Agreement. No fixed remuneration is paid to the Directors.

NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES

The details of payment made to the Non-Executive Directors for 31st March 2009 are given below:

Name of the Director	Sitting Fees	Commission (Rupees in Lakhs)	Total
1.Dr.C H Krishnamurthi Rao	0.00	25.50	25.50
2.Mr.Suresh Krishnamurthi Rao	0.00	7.00	7.00
3.Mr.C S Ramesh	0.00	3.00	3.00
4.Mr.T Ramabhadran	1.00	0.39	1.39
5.Mr.Umaid Singh Baid	0.20	0.00	0.20
6.Mr.J Venkataraman	0.00	0.00	0.00
7.Mr.N Ganga Ram	1.10	N.A	1.10
TOTAL	2.30	35.89	38.19

It may be noted that the commission of Rs.35.89 Lakhs as above relates to the year 2008-09 and actually paid in the year 2009-10. For the year ended 31st March, 2010, subject to the approval of the Central Government, it is proposed to a Commission of 10% of the Net Profits of the Company to the Non Executive Directors (including the payment of Commission up to 3% which does not require the approval of the Central Government). The payment of Commission of 10% of the Net Profits of the Company would absorb a sum of Rs.1,05,55,974/-

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

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

- Mr.N Ganga Ram
- Mr.Suresh Krishnamurthi Rao
- Mr.C S Ramesh
- Mr.T Ramabhadran
- Mr.J Venkataraman

During the Financial Year 2009-10, the Committee met on:

02.04.2009, 04.07.2009, 07.10.2009, and 07.01.2010.

During the year 2009-10, 20 letters received from the Shareholders seeking clarifications on Demat, Dividend, Share Split, Non-receipt of Annual Accounts etc. were responded to.

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
2006-07	Registered Office	04-05-2007	09.00 hrs	One*
2007-08	Registered Office	30-04-2008	08.30 hrs	----
2008-09	Registered Office	30-04-2009	09.00 hrs	----

*All the Resolutions were passed on a voting by show of hands.

ii) Resolutions passed by Postal Ballot

During the year the Company obtained approval of shareholders through Postal Ballot for the following items. These Resolutions were passed in accordance with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 read with Section 192A of the Companies Act, 1956 and the applicable Rules were duly followed.

1) Special Resolution : Shifting of the Registered office from the Union Territory of Puducherry to State of Tamilnadu

Details of Voting Pattern

Particulars	No. of Ballots	No. of Shares	%
Assent for the Special Resolution	267	6966137	99.99
Dissent for the Special Resolution	2	815	0.01
Invalid Ballots	8	0	—
Total	277	6966952	100.00

Mr.K Rajagopalan, Practising Company Secretary, Chennai, conducted the Postal Ballot.

2) Special Resolution : Payment of Remuneration by way of Commission to Non Executive Directors

Details of Voting Pattern

Particulars	No. of Ballots	No. of Shares	%
Assent for the Special Resolution	166	6948798	99.77
Dissent for the Special Resolution	47	16323	0.23
Invalid Ballots	9	0	—
Total	222	6965121	100.00

Mr. A Raghavan, Practising Company Secretary, Chennai, conducted the Postal Ballot.



7. DISCLOSURES:

a. Related party transactions during the year have been disclosed as required under the 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. It also helps a Company to 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 a Board managed one and there is no CEO or Managing/ Whole-Time Director/Manager. The Board of Directors has authorized the CFO, to make a declaration on compliance of code of conduct by all Board members and the senior management personnel.

A Report on the compliance aspect of the code of conduct given by the CFO and Company Secretary, authorised by the Board, appears 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 a Board managed Company and there is no CEO. However, the Directors have authorized a Committee consisting of 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 audited Results are generally published by the Company in National dailies. Further, the quarterly Results are also posted in the Company's Website - www.chemfabalkalis.com

10. GENERAL SHAREHOLDERS' INFORMATION:

i. Registered Office:

The Company has shifted its Registered Office from the Union Territory of Puducherry to the State of Tamil Nadu after obtaining the confirmation from the Southern Regional Bench of the Company Law Board vide its Order dated 21st July 2009. The Registered office of the Company is now located at the below mentioned address.

Team House, GST Salai
Vandalur, Chennai – 600 048
Phone: 044-22750323/324
Fax: 044-22750860
Email:chemfabalkalis@draaholdings.com;
ibrahimcal@draaholdings.com
Website: www.chemfabalkalis.com

ii. 27th ANNUAL GENERAL MEETING:

Day : Friday
Date : 7th May, 2010
Time : 08.30 AM
Venue : Registered Office

iii. TENTATIVE FINANCIAL CALENDAR

The next Financial Year covers the period from 1st April 2010 to 31st March 2011.

Particulars	Qtr/Year	Period	Expected date of completion
Financial Results for the	1 st Quarter ending	30 th June, 2010	30.06.2010
	2 nd Quarter ending	30 th September, 2010	30.09.2010
	3 rd Quarter ending	31 st December, 2010	31.12.2010
Audited Financial Results for the	Year ending	31 st March, 2011	31.03.2011

iv. **DATE OF BOOK CLOSURE:** 01.05.2010 to 07.05.2010 (both days inclusive)

v. **DIVIDEND PAYMENT DATE:** Within 30 days from the date of AGM.

vi. LISTING OF EQUITY SHARES ON THE STOCK EXCHANGES

The Company's Shares are listed with following Stock Exchanges
Bombay Stock Exchange Ltd (BSE)
National Stock Exchange of India Limited (NSE)



The Company has paid Listing Fees to the above Stock Exchanges for 2009-10.

Stock code : 506894 [BSE] CHEMFALKAL [NSE]

DEMAT ISIN Nos. : INE479E01028

vii. MARKET PRICE DATA

The High and Low stock quotations during the financial year 2009-10 in BSE and NSE are as under:

Month	BSE		NSE	
	High	Low	High	Low
April 2009	42.00	32.50	42.65	30.60
May 2009	47.50	32.80	50.00	31.00
June 2009	47.60	35.25	48.00	37.40
July 2009	41.70	30.80	41.95	34.55
August 2009	46.00	36.75	47.00	36.05
September 2009	54.40	41.00	57.25	39.10
October 2009	51.95	34.00	54.60	37.65
November 2009	45.90	38.10	48.00	36.15
December 2009	51.85	40.00	47.70	36.15
January 2010	77.90	43.50	78.55	44.00
February 2010	56.30	44.30	56.80	45.20
March 2010	49.80	43.40	50.04	44.35

viii. 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

ix. SHARE TRANSFER SYSTEM

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

x. (a) DISTRIBUTION OF SHAREHOLDINGS

SHAREHOLDINGS OF NOMINAL VALUE		SHAREHOLDERS		SHARE AMOUNT	
Rs.	Rs.	Number	% TO TOTAL	Rs.	% TO TOTAL
5	5000	4576	94.1563	4657195	10.155
5001	10000	154	3.1687	1197810	2.6119
10001	20000	69	1.4197	1017110	2.2179
20001	30000	27	0.5555	675835	1.4737
30001	40000	8	0.1646	288500	0.6291
40001	50000	7	0.1440	331640	0.7231
50001	100000	8	0.1646	609225	1.3284
100001	And Above	11	0.2263	37081170	80.8599
TOTAL		4860	100.00	45858485	100.00

(b) SHAREHOLDING PATTERN

Category	Equity Shares Nos.	% of Col 2
Promoters	6878326	74.99
Financial Institutions	500	0.01
FII	400000	4.36
Trust	200	0.00
Clearing Members	5539	0.06
Mutual Funds / UTI	9100	0.10
Bodies Corporate	187202	2.04
NRI and Foreign Nationals	202386	2.21
Public	1488444	16.23
Total	9171697	100.00

xi. 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 of date, 79.93% have been dematerialised.

xii. OUTSTANDING GDR/ADR WARRANTS OR CONVERTIBLE BONDS

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

xiii. PLANT LOCATION

- Chlor Alkali Division at 'Gnanananda Place', Kalapet, Puducherry-605 014.
- Salt Division at Kanthadu Village, Marakanam Post, Villupuram District.
- Membrane Hitec Division at 'Team House', GST Salai, Vandalur, Chennai-600 048.
- Health Products Division at GST Salai, Vandalur, Chennai-600 048.

xiv. ADDRESS FOR CORRESPONDENCE

The Company Secretary Phone: 044 22750323
Chemfab Alkalis Limited Fax : 044 22750860
'Team House', GST Salai, Vandalur, Chennai-600 048.
Email : chemfabalkalis@drroaholdings.com,
ibrahimcal@drroaholdings.com
website: www.chemfabalkalis.com

For CHEMFAB ALKALIS LIMITED

Place : Chennai Suresh Krishnamurthi Rao C S Ramesh
Dated : 7th April, 2010 Director Director



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
Dated : 7th April, 2010

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Chemfab Alkalis Limited

We have examined the compliance of conditions of Corporate Governance of Chemfab Alkalis Limited, for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement 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 statements 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 no investor grievance is pending against the Company as at 31st March 2010, as per the records maintained by the Shareholders/ Investors Grievance Committee.

We further 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

Bhavani Balasubramanian
Partner
Membership No. 22156

Chennai, 7th April, 2010

AUDITORS' REPORT TO THE MEMBERS OF CHEMFAB ALKALIS LIMITED

1. We have audited the attached Balance Sheet of Chemfab Alkalis Limited ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion we draw attention to note no. II (7) of schedule 18 regarding commission to non-executive directors in excess of the rates prescribed under Section 309 of the Companies Act 1956 by Rs.71,73,963, which is subject to the approval of the Central Government for which necessary applications have been filed.
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (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 Profit and Loss Account 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
6. On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Bhavani Balasubramanian
Partner
Membership No. 22156

Chennai, 7th April, 2010

**Annexure to the Auditors' Report
(Referred to in paragraph 3 of our report of even date)**

1. Having regard to the nature of the Company's business/activities/ result, clauses (10),(12),(13),(15),(16),(18),(19),(20) of CARO are not applicable
2. 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) The fixed assets were physically verified during the year by the Management in accordance with a regular 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.
3. In respect of its inventories:
 - (a) As explained to us, inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and 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.
4. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
5. 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 proprietary in 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.
6. 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 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, except in respect of certain purchases for which comparable quotations are not available due to its proprietary nature and in respect of which we are unable to comment.



7. According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
8. In our opinion, the internal audit function carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
9. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of manufacture of Caustic Soda Lye and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
10. 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, Wealth 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 Income-tax, Sales-tax, Wealth Tax, Custom duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March 2010 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2010 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount Involved (Rs)
Central Sales Tax Act	C forms Pending	CTO-Chengalpet	2003-04	57,939
Income Tax Act, 1961	Capital gains on Insurance Claim	Commissioner (Appeals), Chennai	A.Y 2003-04	84,60,249
Income Tax Act, 1961	Disallowance of Membrane and recoating charges as revenue expenditure	Commissioner (Appeals), Chennai	A.Y 2004-05 to A.Y.2007-08	2,10,37,458
Income Tax Act, 1961	Capital gains on transfer of land	Commissioner (Appeals), Chennai	A.Y. 2005-06	10,67,531
Total				3,06,23,177

Out of the above, Rs.38,13,531 (P.Y- Rs.28,61,756) have been deposited with the concerned authorities.

11. 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.
12. Based on our examination of the records and evaluations of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in shares, securities, debentures and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.
13. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long -term investment.
14. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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

Bhavani Balasubramanian
Partner
Membership No. 22156

Chennai, 7th April, 2010



BALANCE SHEET AS AT 31st MARCH 2010

Particulars	SCHEDULE NO	As At 31-March-2010 Rupees	As At 31-March-2009 Rupees
I SOURCES OF FUNDS			
1. Shareholders' funds			
Share Capital	1	4,58,58,485	4,58,58,485
Reserves and Surplus	2	68,79,74,092	64,26,49,207
2. Loan Funds			
Secured loans	3	-	4,40,47,091
3. Deferred Tax Liability (Net)		16,59,24,959	17,26,92,298
TOTAL		89,97,57,536	90,52,47,081
II. APPLICATION OF FUNDS			
1. Fixed Assets	4		
Gross Block		151,55,29,998	157,15,35,677
Less: Accumulated Depreciation		74,60,27,918	72,98,02,016
Net Block		76,95,02,080	84,17,33,661
Capital Work-in -Progress		92,88,576	1,12,93,642
		77,87,90,656	85,30,27,303
2. Investments	5	7,02,61,331	56,11,199
3. Current Assets,Loans and Advances			
Inventories	6	4,46,97,607	4,60,53,365
Sundry Debtors	7	8,25,92,237	9,59,71,642
Cash and Bank Balances	8	2,55,90,711	2,14,19,128
Loans and Advances	9	5,59,20,734	5,63,35,447
		20,88,01,289	21,97,79,582
Less:Current Liabilities and Provisions			
Liabilities	10	12,82,28,672	16,81,81,003
Provisions	11	2,98,67,068	49,90,000
		15,80,95,740	17,31,71,003
Net Current Assets		5,07,05,549	4,66,08,579
TOTAL		89,97,57,536	90,52,47,081
Accounting Policies and Notes on Accounts	18		

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

C S Ramesh
Director

Dr C H Krishnamurthi Rao
Chairman

Bhavani Balasubramanian
Partner
Place : Chennai
Date : 7th April, 2010

Nitin S Cowlagi
Vice President -Finance

K Mohamed Ibrahim
Company Secretary



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

Particulars	SCHEDULE NO	Year Ended 31-March-2010 Rupees	Year Ended 31-March-2009 Rupees
INCOME			
Gross Sales		93,60,56,592	99,93,64,723
Less: Excise Duty		6,31,81,614	10,03,60,845
Net Sales		87,28,74,978	89,90,03,878
Other Income	12	4,63,63,377	1,85,97,600
Total Income		91,92,38,355	91,76,01,478
EXPENDITURE			
Materials	13	12,08,71,491	11,46,22,418
Other Direct Manufacturing Expenses	14	34,75,51,443	32,53,20,285
Employee Costs	15	6,97,91,408	8,07,81,188
Other Expenses	16	17,40,08,770	17,67,19,071
Interest / Finance Charges	17	32,88,159	88,35,816
Depreciation		7,97,20,990	9,16,74,975
Total Expenditure		79,52,32,261	79,79,53,753
Operating Profit before Loss on sale of Assets		12,40,06,094	11,96,47,725
Loss on sale of Assets (Refer Note No.II.5)		1,84,46,357	-
Net Profit before Tax		10,55,59,737	11,96,47,725
Less : Provision for Tax			
- Current Tax		3,63,10,000	2,71,63,863
- Tax relating to prior years		38,66,123	-
- Deferred Tax		(67,67,339)	1,32,01,202
- Fringe Benefit Tax		-	8,80,952
Net Profit after Tax		7,21,50,953	7,84,01,708
Add: Balance carried from Previous Year		46,27,88,346	38,43,86,638
Amount available for Appropriations		53,49,39,299	46,27,88,346
Less :			
- Transfer to General Reserve		75,00,000	-
- Proposed Dividend		2,29,29,243	-
- Corporate Dividend Tax		38,96,825	-
Balance Carried to Balance sheet		50,06,13,231	46,27,88,346
Basic and Diluted Earnings per Share (Face value of Rs. 5/- each)		7.87	8.55
Accounting Policies and Notes on Accounts	18		

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

C S Ramesh
Director

Dr C H Krishnamurthi Rao
Chairman

Bhavani Balasubramanian
Partner

Nitin S Cowlagi
Vice President -Finance

K Mohamed Ibrahim
Company Secretary

Place : Chennai
Date : 7th April, 2010



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

Particulars	Year Ended 31-March-2010 Rupees	Year Ended 31-March-2009 Rupees
A. Cash flow from Operating Activities		
Net Profit Before Tax	10,55,59,737	11,96,47,725
Adjustment for:		
Depreciation	7,97,20,990	9,16,74,975
Interest / Finance Charges	32,88,159	88,35,816
Interest Income	(16,05,020)	(22,04,751)
Dividend Income	(8,19,985)	(8,12,309)
Bad debts written off	1,30,254	4,76,057
Inventories written off	-	57,40,862
Profit on sale of Investments	(2,02,66,738)	-
Provision for compensated absences no longer required	(19,49,000)	(17,43,000)
Loss on Sale of Fixed Assets (Net)	1,55,85,944	6,31,087
Assets Written Off	1,05,84,802	-
Liabilities no longer required written back	(57,13,662)	-
Unrealised Exchange Variation (Net)	(12,91,890)	25,23,795
Operating Profit before Working Capital changes	18,32,23,591	22,47,70,257
Decrease in Sundry Debtors	1,24,59,590	19,98,718
Decrease / (Increase) in Other Receivables	33,28,293	(2,32,98,470)
Decrease in Inventories	13,55,758	18,50,139
Increase / (Decrease) in Trade Creditors and Other Payables	99,30,838	(85,30,119)
Changes in Working Capital	2,70,74,479	(2,79,79,732)
Cash generated from Operations	21,02,98,070	19,67,90,525
Taxes Paid (Advance Tax and Fringe Benefit Tax), net of refund	(3,24,96,000)	(4,38,21,756)
Net Cash generated from Operating Activities	17,78,02,070	15,29,68,769
B. Cash flow from Investing Activities		
Capital Expenditure	(9,70,26,427)	(13,04,04,518)
Proceeds from Sale of Fixed Assets	1,56,93,892	24,84,631
(Purchase) / Sale proceeds of Short Term Investments, Net	(6,55,69,996)	1,09,00,000
Proceeds from Sales of Long Term Investments	2,18,55,287	-
Dividend Received*	1,50,700	1,20,770
Interest Received	27,37,417	8,82,085
*Net of an amount of Rs.6,69,285/- (P.Y-Rs.6,91,539/-) being dividend from Mutual fund, reinvested.		
Net Cash (used in) Investing Activities	(12,21,59,127)	(11,60,17,032)
C. Cash flow from Financing Activities		
Interest Paid to Financial Institutions	(37,38,765)	(91,66,698)
Unclaimed Dividend, Dividend Paid / remitted, including Dividend Tax	(3,04,529)	(30,124)
Repayment of Term Loan	(4,40,47,091)	(7,03,62,325)
Net Cash (used in) Financing Activities	(4,80,90,385)	(7,95,59,147)
D. Net Increase / (Decrease) in Cash & Cash Equivalents	75,52,558	(4,26,07,410)
E. Cash & Cash Equivalents (Opening)	63,07,492	4,89,14,902
F. Cash & Cash Equivalents (Closing)	1,38,60,050	63,07,492
Reconciliation of Cash and Cash equivalents		
Closing Cash and cash equivalents as per balance sheet	2,55,90,711	2,14,19,128
Less: Fixed deposits exceeding 3 months	-	1,80,236
Less: Deposits under lien	1,02,27,538	1,31,23,748
Less: Unpaid dividend accounts	15,03,123	18,07,652
	1,38,60,050	63,07,492

In terms of our report attached

**For Deloitte Haskins & Sells
Chartered Accountants**

**Bhavani Balasubramanian
Partner**

Place : Chennai
Date : 7th April, 2010

For and on behalf of the Board of Directors

**C S Ramesh
Director**

**Nitin S Cowlagi
Vice President -Finance**

**Dr C H Krishnamurthi Rao
Chairman**

**K Mohamed Ibrahim
Company Secretary**

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2010**

SCHEDULE - 1		
Share Capital		
PARTICULARS	As at 31-March-2010 Rupees	As at 31-March-2009 Rupees
AUTHORISED		
3,20,00,000 (3,20,00,000) Equity Shares of Rs.5/- each	16,00,00,000	16,00,00,000
51,00,000 (51,00,000) Equity Shares of Rs.10/- each	<u>5,10,00,000</u>	<u>5,10,00,000</u>
	21,10,00,000	21,10,00,000
4,000 (4,000) 11% Redeemable Cumulative Preference Shares of Rs 100/- each	<u>4,00,000</u>	<u>4,00,000</u>
	<u>21,14,00,000</u>	<u>21,14,00,000</u>
ISSUED SUBSCRIBED AND 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	4,58,58,485	4,58,58,485

Of the above shares :

- 10,60,000 shares of Rs. 5/- each were allotted as fully paid up for consideration other than cash to erstwhile share holders of M/s Chemfab Chlorates Ltd in the year 2000-01, pursuant to a scheme of amalgamation approved by The High Court of Madras vide its order dated 26-07-2001.

- 22,31,697 shares of Rs.5/- each (net of 12,43,948 shares of Rs.5/- each earlier held by erstwhile M/s Membrane Technologies Ltd in the company , which was subsequently cancelled on amalgamation) are allotted as fully paid up for consideration other than cash to other share holders of erstwhile M/s. Membrane Technologies Limited , in accordance with the scheme of amalgamation approved by The High Court of Madras vide its order dated 08-03-2006.



SCHEDULE - 2		
Reserves and Surplus		
PARTICULARS	As at 31-March-2010 Rupees	As at 31-March-2009 Rupees
CAPITAL RESERVE		
Central Subsidy received from the District Industries Center, Union Territory of Puducherry	25,00,000	25,00,000
Transfer from erstwhile Membrane Technologies Limited pursuant to the scheme of amalgamation	14,00,000	14,00,000
Profit on Re-issue of Shares	1,66,650	1,66,650
	40,66,650	40,66,650
Capital Redemption Reserve	6,000	6,000
General Reserve		
Balance as on 01.04.2009/01.04.2008	17,57,88,211	17,57,88,211
Add : Transfer from Profit and Loss Account	75,00,000	-
	18,32,88,211	17,57,88,211
Surplus in Profit and Loss Account	50,06,13,231	46,27,88,346
Total	68,79,74,092	64,26,49,207



SCHEDULE - 3 Secured Loans		
PARTICULARS	As at 31-March-2010 Rupees	As at 31-March-2009 Rupees
Term Loans From Banks		
- State Bank of India	-	4,40,47,091
Amounts repayable within one year - Rs.Nil (P.Y Rs. 3,10,09,121)		
Cash Credit		
- State Bank of India	-	-
Total	-	4,40,47,091

NOTES:

Term Loans:
Term Loans from State Bank of India, Chennai which were secured by first charge on fixed assets of the Company, have been fully repaid during the year and the Company is in the process of completing the formalities relating to the satisfaction of charge.

Cash Credit:
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 residual fixed assets of the Company;
- pledge of other assets of the Company.

SCHEDULE - 4
Fixed Assets

Rupees

Particulars	Gross Block				Depreciation				Net Block	
	As at 01-April-2009	Additions during the Year	Deletions during the Year	As at 31-March-2010	As at 01-April-2009	For the Year	Deletions during the Year	As at 31-March-2010	As at 31-March-2010	As at 31-March-2009
Tangible Assets										
Land and Development*	3,03,16,875	-	-	3,03,16,875	-	-	-	-	3,03,16,875	3,03,16,875
Road and Building	9,52,34,426	45,80,561	2,17,342	9,95,97,645	2,32,19,852	42,60,330	43,580	2,74,36,602	7,21,61,043	7,20,14,574
Plant and Machinery	142,07,51,383	4,25,75,876	10,20,46,893	136,12,80,366	69,29,38,700	7,40,12,634	6,23,66,766	70,45,84,568	65,66,95,798	72,78,12,683
Furniture and Fixtures	1,08,88,479	6,35,350	1,34,011	1,13,89,818	62,46,133	4,85,624	1,04,938	66,26,819	47,62,999	46,42,346
Vehicles	1,03,27,505	10,99,518	24,98,738	89,28,285	33,80,322	9,62,402	9,79,804	33,62,920	55,65,365	69,47,183
Intangible Assets										
Technical Know How	40,17,009	-	-	40,17,009	40,17,009	-	-	40,17,009	-	-
	157,15,35,677	4,88,91,305	10,48,96,984	151,55,29,998	72,98,02,016	7,97,20,990	6,34,95,088	74,60,27,918	76,95,02,080	84,17,33,661
Capital Work-in Progress	-	-	-	-	-	-	-	-	92,88,576	1,12,93,642
Previous year	138,33,46,002	19,28,94,433	47,04,758	157,15,35,677	63,97,16,081	9,16,74,975	15,89,040	72,98,02,016	85,30,27,303	77,92,82,235

Notes:

* Includes land costing Rs.40,00,000 classified as "held for sale"

Consequent to the closure of the Chlorates division, assets amounting to Rs.19,73,928 and having net book value of Rs.3,67,397 have been classified as held for sale and included in the respective category of assets.



SCHEDULE - 5		
Investments		
PARTICULARS	As at 31-March-2010 Rupees	As at 31-March-2009 Rupees
A. Long Term:		
In Government Securities		
- National Savings Certificate	1,000	1,000
Non trade - Quoted		
* Nil (4,500) Equity Shares of Rs.10/- each of K.E.C.International Ltd.	-	19,000
4,500 (4,500) Equity Shares of Rs.10/- each of Summit Securities Ltd.	20,700	20,700
250 (250) Equity Shares of Rs.10/- each of Global Boards Ltd.	15,000	15,000
500 (500) Equity Shares of Rs.10/- each of M/s. De Nora India Ltd.	6,850	6,850
300 (300) Equity Shares of Rs.10/- each of M/s.Sree Rayalaseema Alkalis & Allied Chemicals Ltd	1,095	1,095
300 (300) 0.01% Cumulative Preference shares of Rs.10/- each of M/s.Sree Rayalaseema Alkalis & Allied Chemicals Ltd	1,095	1,095
* Nil (1,050) Equity Share of Rs.10/- each of M/s. Reliance Industries Ltd.	-	67,800
* Nil (52) Equity Shares of Rs.10/- each of M/s. Reliance Capital Ltd.	-	1,690
* Nil (1,050) Equity Shares of Rs.5/- each of M/s. Reliance Communications Ltd.	-	50,310
* Nil (78) Equity Shares of Rs.10/- each of M/s. Reliance Infrastructure Ltd.	-	9,490
* Nil (1,050) Equity Shares of Rs.5/- each of M/s. Reliance Natural Resources Ltd.	-	910
450 (450) Equity Shares of Rs.5/- each of M/s. Kanoria Chemicals Ltd.	2,408	2,408
* Nil (50) Equity Shares of Rs.10/- each of M/s. MRF Ltd	-	1,10,000
* Nil (2,500) Equity Shares of Rs.10/- each of M/s. India Cements Capital Ltd.	-	19,950
* Nil (14,240) Equity Shares of Rs.10/- each of Industrial Development Bank of India Ltd.	-	11,57,000
* Nil (12,500) Equity Shares of Rs.2/- each of Divi's Laboratories Ltd.	-	1,50,000
* Nil (360) Equity Shares of Rs.10/- each of Octav Investments Ltd.	-	2,400



SCHEDULE - 5		
Investments		
PARTICULARS	As at 31-March-2010 Rupees	As at 31-March-2009 Rupees
B. Short Term:		
Non trade investments -Quoted (Fully Paid up)		
54,48,958 (P.Y. 2,54,372) units of SBI Magnum - Institutional Income- Savings- Dividend **	7,02,13,183	39,74,501
Total	7,02,61,331	56,11,199
Aggregate cost of quoted investments	47,148	16,35,698
Aggregate market value of quoted investments	1,28,610	1,50,77,904
Aggregate amount of investments in units of Mutual funds		
- Cost	7,02,13,183	39,74,501
- Net Asset Value	7,02,13,183	39,74,501
 * Represents Investments sold during the year		
** During the year ended 31st March, 2010, 2,70,33,469 units were purchased and 2,18,38,883 units were redeemed		



SCHEDULE - 6		
Inventories		
PARTICULARS	As at 31-March-2010 Rupees	As at 31-March-2009 Rupees
Inventories (at lower of cost and net realisable value)		
Stores and Spares	1,76,83,553	1,77,35,173
Raw Materials and Chemicals	88,85,105	82,59,969
Fuel	7,13,490	4,87,553
Work-in-Progress	3,77,472	14,68,274
Finished Goods	1,58,86,065	1,66,23,750
Packing Materials and others	91,852	72,543
Goods in Transit	10,60,070	14,06,103
Total	4,46,97,607	4,60,53,365
SCHEDULE - 7		
Sundry Debtors		
PARTICULARS	As at 31-March-2010 Rupees	As at 31-March-2009 Rupees
Sundry Debtors (Unsecured)		
Over Six Months		
Considered good	1,13,440	11,29,167
Other debts - Considered good	8,24,78,797	9,48,42,475
Total	8,25,92,237	9,59,71,642



SCHEDULE - 8		
Cash & Bank Balances		
PARTICULARS	As at 31-March-2010 Rupees	As at 31-March-2009 Rupees
a) Cash on hand	1,13,269	1,33,797
b) Balance with Scheduled Banks		
On Current Accounts	1,37,46,781	61,73,695
On Fixed Deposit Accounts	-	1,80,236
On Margin Money Accounts *	1,02,27,538	1,31,23,748
On Unpaid Dividend Accounts	15,03,123	18,07,652
Total	2,55,90,711	2,14,19,128
* For bank guarantees and letters of credit		
SCHEDULE - 9		
LOANS AND ADVANCES		
PARTICULARS	As at 31-March-2010 Rupees	As at 31-March-2009 Rupees
LOANS AND ADVANCES (Unsecured, considered good)		
a) Advances recoverable in cash or in kind or for value to be received	3,23,73,401	1,46,50,112
b) Deposits	1,45,27,113	1,48,07,669
c) Balance with Central Excise Authorities	80,07,210	1,93,05,110
d) Advance Income Tax and Tax deducted at Source (Net of Provision for Tax : Rs.29,77,87,343 P.Y. Rs.25,76,11,220)	10,13,010	75,72,556
Total	5,59,20,734	5,63,35,447
SCHEDULE - 10		
CURRENT LIABILITIES		
PARTICULARS	As at 31-March-2010 Rupees	As at 31-March-2009 Rupees
a) Sundry Creditors		
-Dues to Micro Enterprises and Small Enterprises	-	-
-Dues to other than Micro Enterprises and Small Enterprises	3,93,61,069	2,11,96,702
b) Creditors for Capital Goods	2,07,60,222	7,04,37,668
c) Advance received from customers	57,84,894	1,00,75,404
d) Amount to be credited to Investor Education and Protection Fund*		
-- Unpaid Dividend**	14,93,117	17,97,646
e) Other Liabilities	6,08,29,370	6,42,22,977
f) Interest accrued but not due on loans	-	4,50,606
* There are no amounts due and outstanding as on 31-03-2010 to be credited to Investor Education and Protection Fund		
** These amounts represent warrants issued to shareholders which remained unrepresented and unclaimed as on 31-03-2010		
Total	12,82,28,672	16,81,81,003



SCHEDULE - 11 PROVISIONS		
PARTICULARS	As at 31-March-2010 Rupees	As at 31-March-2009 Rupees
Proposed Dividend	2,29,29,243	-
Tax on Proposed Dividend	38,96,825	-
Compensated absences	30,41,000	49,90,000
Total	2,98,67,068	49,90,000
Schedules forming part of Profit and Loss Account for the year ended 31st MARCH 2010		
SCHEDULE - 12 Other Income		
PARTICULARS	Year Ended 31-March-2010 Rupees	Year Ended 31-March-2009 Rupees
Other Income		
Scrap Sales	15,05,949	44,78,009
Profit on Sale of Investments (Net)	2,02,66,738	-
Interest Received (TDS-Rs. 3,43,218 - Previous year Rs.2,96,311)	16,05,020	22,04,751
Commision Received (TDS-Rs.4,81,497-Previous year Rs.4,80,338)	32,46,232	21,19,762
Exchange Variation (Net)	28,99,612	-
Dividend	8,19,985	8,12,309
Profit on Sale of Assets (Net)	28,60,414	-
Liabilities no longer required written back	76,62,662	17,43,000
Others	54,96,765	72,39,769
Total	4,63,63,377	1,85,97,600



SCHEDULE - 13		
Materials		
PARTICULARS	Year Ended 31-March-2010 Rupees	Year Ended 31-March-2009 Rupees
1) Consumption of Raw Materials and Chemicals		
Opening Stock	82,59,969	55,99,237
Add: Purchases	8,27,13,229	8,48,62,942
	9,09,73,198	9,04,62,179
Less: Closing Stock	88,85,105	82,59,969
	8,20,88,093	8,22,02,210
Purchase - Trading Stock	3,35,96,958	2,27,21,001
2) Decrease in Work-in-Progress and Finished Goods		
Opening Stock		
Work-in-Progress	14,68,274	11,14,587
Finished Goods	1,66,23,750	2,26,22,228
	1,80,92,024	2,37,36,815
Closing Stock		
Work-in-Progress	3,77,472	14,68,274
Finished Goods	1,58,86,065	1,66,23,750
	1,62,63,537	1,80,92,024
3) Excise Duty on stock differential	(4,04,367)	(3,84,330)
4) Consumption of Stores	37,62,320	44,38,746
Total	12,08,71,491	11,46,22,418
SCHEDULE - 14		
Other Direct Manufacturing Expenses		
PARTICULARS	Year Ended 31-March-2010 Rupees	Year Ended 31-March-2009 Rupees
Power and Fuel	31,67,04,784	30,97,89,854
Labour Charges	3,08,46,659	1,55,30,431
Total	34,75,51,443	32,53,20,285



SCHEDULE - 15		
Employee Costs		
PARTICULARS	Year Ended 31-March-2010 Rupees	Year Ended 31-March-2009 Rupees
Salaries,Wages and Bonus (Including compensated absences payable on retirement)	5,92,40,670	6,60,84,045
Contribution to Provident and other Funds	56,36,699	1,00,76,700
Staff Welfare Expenses	49,14,039	46,20,443
Total	6,97,91,408	8,07,81,188
SCHEDULE 16		
Other Expenses		
PARTICULARS	Year Ended 31-March-2010 Rupees	Year Ended 31-March-2009 Rupees
Repairs and Maintenance - Machinery	4,34,04,095	6,39,53,584
- Buildings	1,33,41,290	96,67,989
Rent	29,11,347	29,17,907
Advertisement charges	13,11,765	18,17,327
Rates and Taxes	10,58,208	13,79,138
Insurance	63,15,378	45,02,237
Auditor's Remuneration		
- Statutory audit	8,00,000	8,00,000
- Certification	1,00,000	1,00,000
- For Expenses	39,700	35,400
Commission to Directors	1,05,55,974	35,89,432
Sitting fees	2,30,000	1,15,000
Commission and Discount on Sales	2,93,20,938	2,59,49,735
Travelling Expenses	57,08,736	87,96,744
Exchange variation(Net)	-	39,53,125
Loss on Sale of Assets(Net)	-	6,31,087
Assets Written off	1,05,84,802	-
Bad debts Written off	1,30,254	5,83,364
Less : Provision for bad and doubtful debts	-	(1,07,307)
Miscellaneous Expenses	4,81,96,283	4,80,34,309
Total	17,40,08,770	17,67,19,071
SCHEDULE - 17		
Interest / Finance Charges		
PARTICULARS	Year Ended 31-March-2010 Rupees	Year Ended 31-March-2009 Rupees
Interest on Fixed Loan	27,25,106	82,29,389
Interest on Working Capital Loans	5,63,053	6,06,427
Total	32,88,159	88,35,816



SCHEDULE -18

Significant Accounting Policies and Notes to Accounts for the year ended 31st MARCH, 2010

I. SIGNIFICANT ACCOUNTING POLICIES

1) 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 by the Central Government of India, under the Companies (Accounting Standards) rules 2006 and relevant provisions of the Companies Act, 1956.

2) 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.

3) 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. The method of determination of cost of various categories of inventory are as follows:

- a) Raw Materials and Chemicals, Fuel, Stores and Spares and Packing Materials – On weighted average basis.
- b) 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.

4) 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. 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 and cost of fixed assets not ready to use before such date are disclosed under “Capital Work-in-Progress and Advances”.

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. In respect of certain plant and machinery, depreciation is provided over an estimated useful life of five years, based on technical assessment by the management which is higher than schedule XIV rates. Assets costing less than Rs.5000 are fully depreciated in the year of addition.

5) 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.

6) OPERATING LEASES

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

7) 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.

8) REVENUE RECOGNITION

Sale of Finished Goods is recognized upon despatch of goods. Sales are accounted net of Excise Duty, returns, Sales Tax and freight.



Significant Accounting Policies and Notes to Accounts for the year ended 31st MARCH, 2010

Revenue from services is recognized when services are rendered to customers.

Interest income is recognized using time proportion method.

9) 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 Profit & Loss Account.

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 Profit & Loss Account.

10) INVESTMENTS

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

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

11) EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PLAN

a. Fixed contributions to Provident Fund and Employees State Insurance 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 Life Insurance Corporation of India (LIC) to discharge its liabilities towards super annuation to the employees. The Company has no other liability other than its annual contribution.

DEFINED BENEFIT PLAN

a. Gratuity: The Company makes contribution to a scheme administered by the Life Insurance Corporation of India (LIC) to discharge gratuity liabilities to the employees. The Company accounts its liability for future gratuity benefits based on Independent actuarial valuation as at the balance sheet date, using Projected Unit Credit Method.

b. Accumulated compensated absence. The Company records its Compensated absence liability based on actuarial valuation as at the balance sheet date, using the Projected Unit Credit Method.

SHORT TERM BENEFITS

Short term employee benefits are recognized as expense as per the company's scheme based on expected obligation on undiscounted basis.

12) 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 calculated at the rates and laws that have been enacted or substantially enacted as of the Balance Sheet date and is recognized on timing difference that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that they can be realized.

13) SEGMENT REPORTING

(i) The accounting policies adopted for segment reporting are in line with the accounting policies of the company.

(ii) Revenue and expenses have been 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, have been included under unallocated corporate expenses.

14) 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.



II. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010

1. Excise Duty

Excise Duty on sales for the year has been disclosed as reduction from the turnover. Excise duty relating to the difference between the closing stock and opening stock has been included in Schedule 13 "Materials"

2. The land of erstwhile Membrane Technologies Limited, is in the process of being transferred in the name of the Company.

	Amount / Rs.	
	31- March-2010	31-March-2009
3. Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for in these accounts (net of advances)	1,42,53,278	1,76,01,686
4. Contingent liabilities in respect of		
(a) Counter Guarantees to Banks for guarantees given by the banks	6,11,36,000	7,15,34,947
(b) Guarantees given by the Company to the customs department on behalf of Teamco Hitech Engineering Limited	50,00,000	50,00,000
(c) Letters of credit	1,80,03,054	5,15,72,788
(d) Sales tax, Income tax and Excise demands against which the Company has filed appeals and for which no provision is considered required as the Company is hopeful of successful outcome in the appeals.	3,06,23,177	1,47,73,869

SI No.	Name of the Statute	Nature of Dues	Amount/Rs.	Period	Forum where dispute is pending
1	Central Sales Tax Act	C forms pending	57,939	2003-2004	CTO Chengalpet
2	Income-tax Act,1961	Capital gains on Insurance claim	84,60,249	AY2003-2004	Commissioner(Appeals), Chennai
3	Income-tax Act,1961	Dis-allowance of Membranes and Recoating Charges as Revenue Expenditure	21037458	AY2004-2005 to AY2007-2008	Commissioner(Appeals), Chennai
4	Income-tax Act,1961	Capital gains on transfer of land	10,67,531	AY2005-2006	Commissioner(Appeals), Chennai
			3,06,23,177		

Out of the above amounts of Rs.38,13,531/- (P.Y. Rs. 28,61,756/-) have been deposited with the concerned authorities.

Note: Show cause notices received have not been considered as contingent liabilities

5 Closure of Chlorates Division during the year

The Chlorates Division of the company at Puducherry has been closed with effect from 3rd June 2009. The cost and the net book value of the fixed assets as on date of closure was Rs. 8,41,09,623 and Rs. 4,07,20,964 respectively. As this division does not represent a major separate line of business or geographical area of operations, this has not been considered as a discontinuing operation.

The management has evaluated the options of alternate use of fixed assets at other Divisions of the company, disposal, except land and building.

Consequent to such evaluation, assets amounting to Rs. 6,84,49,001 and having a net book value of Rs.2,79,31,967 have been disposed and the loss on such disposal amounting to Rs. 1,84,46,357 has been considered in these accounts.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010

In respect of fixed assets transferred to other divisions amounting to Rs.66,83,020 and having a net book value of Rs.39,52,162, the management is of the view of that no impairment losses need to be provided as they are capable of being put to alternate use.

The balance fixed assets amounting to Rs.19,73,928 and having a net book value of Rs.3,67,397 have been classified as "held-for-sale" and included in the respective category of assets in Schedule IV to the financial statements.

6. Director's Remuneration	31-March-2010	31-March-2009
	Amount/Rs.	Amount/Rs.
Net profit as per section 349 of the Companies Act, 1956	11,61,15,711	12,32,37,157
Commission at 10% / 3% (Note No.7)	1,05,55,974	35,89,432

7. During the year, the Company has obtained the approval of its members for payment of remuneration by way of commission to its Non-Executive Directors, at rates which are in excess of those prescribed under Sec.309 of the Companies Act, 1956 and accordingly provision at such higher rates amounting to Rs.1,05,55,974 have been made in these accounts. The excess amount of Rs.71,73,963 is however subject to the approval of the Central Government for which necessary applications have been filed.

8. The fixed assets of water division of the company include certain assets amounting to Rs.21,98,631 and having a net book value of Rs. 15,39,956 which have not been put to use. The management is evaluating alternate use of these assets and is of the opinion that no impairment losses need to be provided.

9. Break-up of raw materials and chemicals consumed.

Amount / Rs.

	Units	31- March-2010		31-March-2009	
		Quantity	Value	Quantity	Value
Major raw materials					
Salt	MT	61,127.786	6,21,43,452	55,121.727	5,91,91,254
Less : captive consumption	MT	45,407.800	3,05,97,221	40,064.160	2,68,40,583
Net consumption			3,15,46,231		3,23,50,671
Brine	MT	444.700	2,45,372	4,490.531	19,59,222
Less : captive consumption	MT	444.700	2,45,372	4,479.760	13,78,267
Net consumption			-		5,80,955
Major chemicals					
Soda Ash	MT	348.000	51,17,767	373.250	66,73,876
Sulphuric acid	MT	497.279	12,42,379	420.222	40,89,596
Sodium Sulphite	MT	73.600	14,49,123	59.500	13,87,070
Barium chloride solution	MT	244.324	45,55,900	129.810	28,09,283
Barium Carbonate	MT	-	-	74.750	15,09,306
			1,23,65,169		1,64,69,131
Others *			3,89,79,361		3,43,28,884
Less : captive consumption			8,02,668		15,27,431
Net consumption			3,81,76,693		3,28,01,453
			8,20,88,093		8,22,02,210

* Others include raw materials, components and spare parts, none of which individually accounts for more than 10% of the total consumption.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010

10. Capacities, Production, Stock and Turnover

Class of goods	Units	Annual installed capacity	Opening stock of finished goods		Production of finished goods Quantity	Turnover / services of finished goods		Closing stock of finished goods	
			Quantity (in MT)	Amount Rs.		Quantity (in MT)	Amount Rs.	Quantity (in MT)	Amount Rs.
1 Caustic Soda Lye	MT	42,000 (42,000)	468.455 (242.701)	36,95,929 (15,55,146)	32,971.328 (29,229.322)	33,148.369 (29,003.568)	55,04,27,798 (57,39,64,084)	291.414 (468.455)	22,10,066 (36,95,929)
2 Chlorine	MT	37,000 (37,000)	94.720 (194.890)	3,90,896 (11,67,264)	23,630.040 (22,078.800)	23,603.340 (22,178.970)	8,90,97,830 (9,31,07,071)	121.420 (94.720)	4,47,697 (3,90,896)
3 Salt	MT		5,900.780 (13,005.640)	39,44,325 (1,09,64,276)	57,799.240 (33,079.490)	45,852.500 (40,184.350)	- -	17847.520 (5,900.780)	1,06,96,447 (39,44,325)
4 Others		- -	- -	85,92,600 (89,35,542)	- -	- -	23,33,49,350 (23,19,32,723)	- -	25,31,855 (85,92,600)
Total value (Net of excise duty and taxes)				1,66,23,750 (2,26,22,228)	- -	- -	87,28,74,978 (89,90,03,878)	- -	1,58,86,065 (1,66,23,750)

Notes:

- 1 Figures in brackets are for the previous year.
- 2 Installed capacities, being technical in nature are as certified by the management and have not been verified by the auditors.
- 3 As turnover involves combination of different products for composite prices, quantities and values shown against each item of turnover represent quantity and sale value of the respective products sold as such. Certain items considered to be insignificant have been aggregated and included in "Others" .
- 4 Production includes those meant for captive consumption, and value of turnover includes sales of trading items.
- 5 The Company has obtained the environmental clearance for capacity enhancement to 200 TPD Caustic Soda and for other co-products from the Ministry of Environment and Forests, New Delhi.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010

11. Value of Raw Materials, Chemicals and Stores and Spares consumed :					
		Amount / Rs.		Amount / Rs.	
		31- March-2010		31-March-2009	
		Value	%	Value	%
Raw Material and Chemicals:					
Imported		30,71,561	4	24,37,925	3
Indigenous		7,90,16,532	96	7,97,64,285	97
Total		8,20,88,093	100	8,22,02,210	100
Stores and Spares :					
Imported		26,62,159	10	49,21,111	10
Indigenous		2,59,65,039	90	4,31,00,465	90
Total		2,86,27,198	100	4,80,21,576	100
				31-March-2010	31- March-2009
				Amount / Rs.	Amount / Rs.
12. Value of imports on CIF basis					
Raw Materials				30,71,561	15,95,425
Components, Stores and Spare parts				23,61,155	50,78,414
Capital goods				1,26,52,625	6,06,01,234
Finished goods				2,04,61,140	66,84,517
				3,85,46,481	7,39,59,590
13. Expenditure in foreign currency					
(subject to withholding of tax where applicable)					
Travelling expenses				-	2,08,108
Subscription / Membership Fee				3,74,848	5,79,986
Commission paid to Directors				-	54,65,612
Professional fees				10,04,765	16,28,600
				13,79,613	78,82,306
14. Earnings in foreign exchange					
FOB value of exports				73,36,362	85,47,531



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010

15. Employee Benefits

The Company's obligation towards the Gratuity Fund is a defined benefit plan. The details of actuarial valuation is given below.

	31-Mar - 2010	31- Mar-2009
	Amount / Rs.	Amount / Rs.
(I) Change in Benefit Obligation		
Liability at the beginning of the year	1,98,05,000	1,51,96,000
Interest Cost	15,76,000	9,12,000
Current Service Cost	12,69,000	42,85,000
Benefit Paid / Payable *	(24,48,000)	(17,35,000)
Actuarial (gain)/loss on obligations	(53,80,000)	11,47,000
Liability at the end of the year	<u>14,822,000</u>	<u>1,98,05,000</u>
(II) Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year **	1,25,16,000	1,07,82,000
Expected Return on Plan Assets	10,55,000	8,82,000
Contributions	18,00,000	22,10,000
Benefit Paid	(20,10,000)	(17,35,000)
Actuarial (loss)/gain on Plan Assets	(3,96,000)	130,000
Fair value of plan assets at the end of the year	<u>1,29,65,000</u>	<u>1,22,69,000</u>
(III) Actual Return on Plan Assets		
Actuarial (gain)/loss on obligations	(53,80,000)	11,47,000
Actuarial loss/(gain) on Plan Assets	3,96,000	(1,30,000)
Actual Return on Plan Assets	<u>(49,84,000)</u>	<u>10,17,000</u>
(IV) Amount Recognised in the Balance Sheet		
Liability at the end of the year	1,48,22,000	1,98,05,000
Fair Value of Plan Assets at the end of the year	1,29,65,000	1,22,69,000
Amount Recognised in the Balance Sheet	<u>18,57,000</u>	<u>75,36,000</u>
(V) Expenses Recognised in the Income Statement		
Current Service Cost	12,69,000	42,85,000
Interest Cost	15,76,000	9,12,000
Expected Return on Plan Assets	(10,55,000)	(8,82,000)
Net Actuarial (Gain)/loss to be recognised	(49,84,000)	10,17,000
Expense Recognised in P & L	<u>(31,94,000)</u>	<u>53,32,000</u>
(VI) Balance Sheet Reconciliation		
Opening Net Liability **	72,89,000	44,14,000
Expense as above	(31,94,000)	53,32,000
Employers Contribution	(22,38,000)	(22,10,000)
Amount Recognised in Balance Sheet	<u>18,57,000</u>	<u>75,36,000</u>
(VII) Actuarial Assumptions : For the year		
Discount Rate Current	8.00%	6.00%
Rate of Return on Plan Assets Current	8.50%	8.00%
Salary Escalation Current	8.00%	8.00%
Mortality	LIC(94-96)	LIC(94-96)

* Includes benefit payable to Chlorates Division ex-employees Rs.4,38,000/-

** Includes adjustments of Rs.2,47,000/- made for the Interest accrual for the previous year



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010

16. Segment Information

- a) Primary segment reporting (by Business segments)
 (i) The Company has considered business segment as the primary segment for disclosure.
 These are:

Chlor Alkali division
Chlorates division
Others

The segment results of Chlorates division has exceeded 10% of the combined segment results, during the current year. Hence it has been identified as a reportable segments.

Amount / Rs.

	Chlor Alkali		Chlorates		Others		Total	
	2009 - 2010	2008 - 2009	2009 - 2010	2008 - 2009	2009 - 2010	2008 - 2009	2009 - 2010	2008 - 2009
	Segment revenue	76,23,69,201	77,09,78,707	1,02,08,248	5,88,15,021	13,19,42,790	9,89,56,431	90,45,20,239
Segment result	10,09,21,629	12,59,29,598	(3,05,04,802)	23,88,343	3,84,31,066	1,65,600	10,88,47,893	12,84,83,541
Segment assets	91,65,43,681	97,89,39,349	55,53,846	5,37,98,552	9,10,73,131	9,51,35,736	101,31,70,658	112,78,73,637
Segment liabilities	14,62,32,728	14,90,58,805	1,32,80,326	3,10,20,230	3,90,59,807	5,57,31,276	19,85,72,861	23,58,10,311
Capital expenditure	4,68,56,834	18,71,70,923	-	9,21,230	20,34,471	48,02,280	4,88,91,305	19,28,94,433
Depreciation	7,20,33,854	8,29,51,830	38,46,336	42,39,775	38,40,800	44,83,370	7,97,20,990	9,16,74,975

Reconciliation of reportable segments with the financial statements:

	Gross Revenues		Results / Net profit		Assets		Liabilities		Capital Expenditure		Depreciation	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
	Total of reportable segments	90,45,20,239	92,87,50,159	10,88,47,893	12,84,83,541	101,31,70,658	112,78,73,637	19,85,72,861	23,58,10,311	4,88,91,305	19,28,94,433	7,97,20,990
Corporate - unallocated	-	-	-	-	7,02,61,331	56,11,199	16,59,24,959	21,67,39,389	-	-	-	-
Inter segment	(3,16,45,261)	(2,97,46,281)	-	-	(2,65,91,723)	(6,26,39,308)	(4,04,77,121)	(6,26,39,308)	-	-	-	-
Interest	-	-	(32,88,159)	(88,35,816)	-	-	-	-	-	-	-	-
Taxes	-	-	(3,34,08,781)	(4,12,46,017)	10,13,010	75,72,556	-	-	-	-	-	-
As per financial statements	87,28,74,978	89,90,03,878	7,21,50,953	7,84,01,708	105,78,53,276	107,84,18,084	32,40,20,699	38,99,10,392	4,88,91,305	19,28,94,433	7,97,20,990	9,16,74,975

- b) The company does not have any reportable geographical segments



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010

17. Related Party Disclosures - As identified by the management and relied upon by the auditors

a) List of Related parties and description of relationship

- | | |
|---|---|
| (i) Parties with Significant influence | Teamco Hitech Engineering Limited
Titanium Equipment and Anode Manufacturing company Limited
Teamec Chlorates Limited |
| (ii) Key Management Personnel
Relatives of above | Dr.C.H.Krishnamurthi Rao
Mr. Suresh Krishnamurthi Rao
Mrs. K.M.Padma |

b) Transactions with related parties :

Nature of transactions	Parties with significant influence			Key Management Personnel and Relatives
	Teamco Hitech Engineering Limited	Titanium Equipment and Anode Manufacturing Company Limited	Teamec Chlorates Limited	
Purchase of Plant & Machinery	1,74,32,234	-	-	
Sales of Plant & Machinery	8,43,540	-	70,28,820	
Annual maintenance charges	-	66,18,000	-	
Royalty Expenses	-	(67,31,300)	-	
Service Charges	(2,13,026)	8,67,573	-	
Lease Rent	10,97,477	-	-	
	3,48,000	7,14,744	-	
	(3,19,000)	(12,57,006)	-	
Sales	3,31,496	-	-	
	(34,36,451)	(32,032)	-	
Purchases	27,93,666	-	-	
	(4,70,77,477)	-	-	
Advances paid			10,00,000	
Advances received			10,00,000	
Earnest Money deposit received			10,00,000	
Others	7,16,742	17,19,006	-	
	(17,64,718)	(16,59,800)	-	
Outstanding guarantee to Customs	50,00,000	-	-	
	(50,00,000)	-	-	
Payables	95,35,315	13,20,350	10,00,000	
	(1,37,19,628)	(27,96,579)	-	
<u>Dr.C.H.Krishnamurthi Rao</u> Commission				25,50,432 (54,65,612)
<u>Mr.Suresh Krishnamurthi Rao</u> Commission				7,00,000 (5,00,000)

Figures in the bracket indicate previous year figures.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010

18 Operating Leases

The Company has taken on lease certain vehicles during the year under non cancellable operating lease agreements. The rental expense under such operating leases was Rs.20,24,675/- (Previous Year Rs.19,91,892/-). Future minimum lease payments on non cancellable lease agreements as at March 31, 2010 are as follows :

Particulars	31-March-2010	31-March-2009
	Amount / Rs.	Amount / Rs.
Not later than 1 year	16,39,592	17,59,091
Later than 1 year and not later than 5 years	3,48,293	3,13,046
Total	19,87,885	20,72,137

General description of lease terms:

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

19. 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 / Rs.	
	31-March-2010	31-March-2009
Face Value Per Share	5	5
Net Profit after Tax	7,21,50,953	7,84,01,708
Weighted average Number of Shares	91,71,697	91,71,697
Basic and Diluted Earnings per Share	7.87	8.55

	Amount / Rs.	
	31-March-2010	31-March-2009
20. DEFERRED TAXATION		
The break up of net deferred tax liability is as under :		
<u>Deferred tax liabilities :</u>		
Timing differences on account of :		
Depreciation on fixed assets	16,69,58,595	17,43,88,399
<u>Deferred tax assets :</u>		
Timing differences on account of :		
Disallowances under Section 43B of the Income tax Act, 1961	10,33,636	16,96,101
Net Deferred Tax Liability	16,59,24,959	17,26,92,298



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2010

21. Repairs to Plant and Machinery include stores and spares consumed amounting to Rs.2,48,64,878/- (P.Y. Rs.4,35,82,830/-)

22. Micro, Small and Medium Enterprises Development Act, 2006

In accordance with the Notification No. GSR 719 (E) dt 16.11.2007 , issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Development Act 2006. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is still not available, no disclosures have been made in the accounts.

23. Shifting of Registered Office during the year

During the year, the Registered Office of the Company was shifted from the Union Territory of Puducherry to State of Tamil Nadu after obtaining necessary approvals.

24. Previous year figures are regrouped wherever necessary to conform to current year's classification.

For and on behalf of the Board of Directors

**C S Ramesh
Director**

**Dr C H Krishnamurthi Rao
Chairman**

**Nitin S Cowlagi
Vice President -Finance**

**K Mohamed Ibrahim
Company Secretary**

**Place : Chennai
Date : 7th April, 2010**



chemfab alkalis limited

**25. Information pursuant to the provisions of Part IV of Schedule VI to the Companies act, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I Registration Details of 1983 State Code
Balance Sheet Date

II Capital raised during the year (Amount in Rs. Thousands)
Public Issue
Bonus Issue Share pending allotment

III Position of Mobilisation and deployment of Funds (Amount in Rs.Thousands)
Total Liabilities Total Assets
SOURCES OF FUNDS
Paidup Capital Reserves & Surplus
Secured Loans Deferred Tax Liability
Application of Funds
Net Fixed Assets Investments
Net current Assets
Accumulated Losses

IV Performance of the Company (Amount in Rs.Thousands)
Turnover (Gross Revenue) Total expenditure including Depreciation
Profit/Loss Before Tax Profit/Loss After Tax
Earning per share in Rs Dividend %

V Generic Names of the three Principal Products/Services of the Company (As per Monetary Terms)
Item Code (ITC CODE)
Product Description
Item Code (ITC CODE)
Product Description
Item Code (ITC CODE)
Product Description

SIGNATURES TO SCHEDULES "1" TO "18" FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

For and on behalf of the Board of Directors

C S Ramesh
Director

Dr C H Krishnamurthi Rao
Chairman

Place : Chennai
Date : 7th April, 2010

Nitin S Cowlagi
Vice President - Finance

K Mohamed Ibrahim
Company Secretary





Chemfab alkalis limited

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

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I/We* hereby Record my/our presence at the 27th Annual General Meeting of Chemfab Alkalis Limited on 7th May, 2010 at 8.30 AM at the Registered Office 'Team House', GST Salai, Vandalur, Chennai-600 048.

..... Full Name of the Shareholder (in block letters) Signature
Folio No. / DP, Client ID	
..... Full Name of the Proxy (in block letters) Signature

Notes:

*Delete if not applicable

- Shareholders who come to attend the meeting are requested to bring their copies of the Annual Report and their proof of identity.
- Shareholders having any queries on accounts are requested to send them 10 days in advance of the date of AGM to the Company to enable it to collect the relevant information.



Chemfab alkalis limited

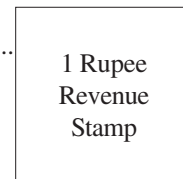
Regd. Office : 'Team House', GST Salai, Vandalur, Chennai-600 048.

PROXY

Folio No. / DP, Client ID

I/We*
ofbeing a Member/
Members* of Chemfab Alkalis Limited hereby appoint
.....of.....or failing him/her.....
.....of.....as my/our* Proxy
in my/our* absence to attend and vote for me/us* and on my/our* behalf at the Annual General Meeting of the
Company, to be held at 8.30 AM on 7th May 2010 and at any adjournment thereof.
As Witness set my/our hand/hands* this day of2010

Signature (s).....



Note : The Proxy must be deposited at the Registered Office of the Company 48 hours before the time fixed for holding the meeting. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

* Delete if not applicable



